

OUR COMMITMENT

« The The UniCredit Group Sustainability Report provides an overview of our strategies and the impact of our business operations on a variety of economic, social and environmental issues. We strongly believe that dialogue with our stakeholders is crucial to our understanding of their interests and needs, especially those that are not explicitly stated in formal contracts. Our Sustainability Report serves as an important instrument in our program of active two-way communication addressing the Group's approach to long-term value creation for our stakeholders. »

2008 Sustainability Report

The report describes our performance and key initiatives, both business-related and otherwise, in matters relating to the relevant needs and expectations of our stakeholders. The main topics of this document are:

1. the global financial crisis;
2. developments in the governance of the Group, with a focus on our approach to reputational risk;
3. stakeholder engagement initiatives that we believe merit special attention;
4. our relationships with customers, with a focus on customer satisfaction, financial inclusion and responsible lending;
5. our commitment to local communities and the environment;
6. our 2008 financial communication plan to ensure transparency to our investors in the context of ongoing market turmoil.

2008 Sustainability Report Supplement

The supplement contains in-depth additional information on the issues covered in each chapter of this Sustainability Report.

It also contains a section on sustainability practices at Koç Financial Services, a joint venture between UniCredit Group and the Koç family, which falls outside the scope of the main report.

Lastly, the supplement provides an index of GRI-G3 indicators, a grid of UN Global Compact principles and a glossary.

UniCredit S.p.A

Registered Office: Rome, A. Specchi, 16

General Management: Milan, Piazza Cordusio

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

Entered in the Register of Banks

Parent Company of the UniCredito Italiano Banking Group

Banking Group Register No. 3135.1

Member of the Interbank Deposit Protection Fund

Capital Stock: € 7,170,400,150.00 fully paid in



Our Commitment is Our Strength

2008 was a year that posed significant challenges to the global economy, to the financial services industry and to our business.

To date, our business model remains sound, and our outlook is positive for our future operations.

We remain positive because we know that we can count on our greatest strength. It is our solid and rigorous commitment - to our customers, to our people, to our investors, to the communities we serve, to our core values, to culture, to quality in everything we do, and to the sustainable success of our enterprise.

Every day we renew that commitment through the efforts and expertise of more than 174,000 people in 22 countries.

That is why this year's Annual Report features the photographs and words of UniCredit Group employees. No one could express our commitment more eloquently than the men and women who live it every day.

They speak to you from our branches and offices across Europe. Each message is different. Each expresses what commitment means to them, to their customers, and to their colleagues every single working day.

We feel that their words, their ideas truly capture the spirit of UniCredit Group - the spirit of commitment, our greatest strength.

Edina Fajkovic
Croatia

«Commitment means giving your heart, time and dedication at work until everyone is satisfied with the result. Extraordinary results are not possible without my colleagues and I appreciate the opportunity to work with talented people. Together we provide creative and effective business solutions for our customers.»



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CEO'S Letter



Dear Stakeholders,

It is difficult to imagine an event that could have more significantly underscored and tested the importance and viability of sustainable business practices than the financial crisis of 2008.

The international financial system's rapid rate of development over the past several years was made possible by increased levels of market integration, which accelerated the impact of numerous economic and financial forces.

Innovation in financial products and practices encouraged new lending products, which quickly gained in popularity as a result of the returns generated compared to traditional banking products. Yet extreme innovation coupled with poor transparency led to a lack of information, which hindered the proper appraisal of underlying risk and caused an unparalleled loss of confidence as it became clear that such business practices were not consistent with long-term sustainability.

In order to restore stable conditions to the international financial system, banks and financial institutions need to act rapidly to rebuild trust.

At UniCredit Group we are acutely aware that our employees, customers, shareholders and all other stakeholders were severely affected by the crisis and everything we want to put in place is aimed at rebuilding confidence among our stakeholders. As the sustainability of the banking business has become increasingly relevant and urgent, we recognized the compelling need to undertake a review of our business model.

We concluded that we would benefit by maintaining many of the key pillars already in place at our Group. At the same time, we recognized the need to modify certain aspects of our approach in order to better address the new environment and to improve our capability to generate long-term value for our stakeholders.

Our view on the value of our identity as a large European player remains unchanged, as we continue to benefit from the geographic and cultural diversification of our businesses in meeting the expectations of our customers, our people and all other stakeholders. Within this European framework we remain focused on traditional commercial banking activities centered on our customers' needs. Given the growing importance of relationship banking to the consumer, banks that are able to deliver an extended physical network are likely to perform better. In this respect, UniCredit Group is well positioned, as a result of our strong network in 22 European countries.

Customers are of the utmost importance to us. That is why we have reaffirmed

our choice of a divisional model, placing customers at the core of our activities. We are extending the divisional model to all the countries where the Group is present and enhancing it by instituting a simplified governance approach that clearly separates distribution networks and product factories. We also aim to simplify, strengthen and empower our support functions to focus more effectively on delivering services to our business lines.

Among key aspects to be revised, product development will be subject to important changes from the past. The quest for increased transparency will favor innovations by responding to the fundamental needs of our different types of customers. We are making a commitment to offer products that are simpler for our customers to understand and more in line with their goals.

Some concrete examples already prove the effort we put in accomplishing this task. With a view to the international potential of SMEs, we have committed, through the initiative "Imprendo Export", to provide full support to SMEs which are operating and expanding abroad. We offer them devoted services such as foreign market acknowledgements, research into commercial counterparts, reliability assessments of business partners.

We also offer to our corporate customers the Global Transaction Banking, which is a product line deployed across the Group providing a set of common international products for cash management, documentary business and trade finance, with fully dedicated teams in each country.

The fresh resources that banks have received from governments and shareholders to strengthen their capitalization must be directed to support families and enterprises. To mitigate the effects of the ongoing crisis, the Group has taken concrete impromptu steps to support households and corporate customers. For example, the "Insieme 2009" program supports Italian families who earn less than €25,000 and have mortgages with UniCredit Group. Additionally, the "Impresa Italia" initiative, in cooperation with Italian business associations, provides financial flexibility to small and medium-sized enterprises.

Recent turmoil has also brought industry reward practices under scrutiny, prompting reevaluation of performance management in a profoundly changed scenario. At UniCredit Group we have further enhanced our pay for performance approach and the alignment of reward with overall Group results, focusing on operational and sustainability goals and deferring up to two-thirds of executive incentives, with final payout subject to future performance. By driving company values and behaviors, our performance management system is a key enabler of our long-term sustainable results.

We are redesigning the operational mechanisms through which our organization works. This is done in an effort to ensure unity and consistency across the Group in the implementation of our strategy and of the changes necessary to overcome the current financial crisis. Through the institution of clear governance rules, we are

redefining the accountability, procedures and monitoring as well as communication activities required to implement decisions approved at the group level throughout the organization. Our goal is to enhance our capacity for change execution and management and to foster the timely and effective support and control roles played by the Group's parent company.

In light of the current market turmoil and macroeconomic scenario, the strengthening of our control functions has become particularly relevant with respect to risk. We are reorganizing the overall system for Group risk management. The new structure will reinforce the independence of the management and control of risk from the valuation of risks inherent to banking transactions. This principle will also guide the restructuring of the risk committees that report directly to the Board of Directors, thereby strengthening the Board's supervisory role in risk matters.

We believe that this set of initiatives clearly demonstrates how UniCredit Group has been working towards a governance that aims to assure the generation of long-term value for all our stakeholders.

We enter 2009 with renewed commitment to the United Nations Global Compact and we will continue to place a high priority on our investments in sustainability and stakeholder dialogue, which represent the core of the present report.

Sincerely,



Alessandro Profumo
CEO

Report Structure

The UniCredit Group Sustainability Report, approved by the company's Board of Directors, reflects the full operational scope of the Group in 2008 and describes the connection between our business strategies and stakeholder relationship management.

The scope of this report covers the Group's activities in Italy, Germany, Austria and key Central and East European countries, including some countries that were not included in our 2007 Sustainability Report.

Reporting criteria

This document was written in compliance with guidelines published by the Global Reporting Initiative in 2006, referred to as "GRI-G3". A table summarizing the contents

of this report with reference to GRI indicators is found on page 158.

The GRI-G3 outlines three application levels (C, B and A). These measure the degree to which a company has successfully met GRI-

G3 guidelines in its reporting. Organizations subject to external assurance are permitted to add a "+" to their level of achievement. The 2008 UniCredit Group Sustainability Report satisfies G3 requirements at a B+ application level.

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



Reporting process

For information not available at the Group's central level, the process of collecting data from legal entities of UniCredit Group was accomplished through the systematic use of "CSR cards", which were created based on GRI guidelines and distributed to legal entities.

In order to maximize the reliability of information reported, data was included that can be measured directly, while limiting approximate calculations as much as possible. The data is based on the best information available or on sample analyses, and figures that are approximate in value and are clearly disclosed as such. An important goal for future years is the extension of the Sustainability Report's scope through increased standardization of our data gathering procedures.

Reporting period and scope

The reporting period and scope of this document, which is published annually, correspond with that of the UniCredit Group 2008 Consolidated Reports and Accounts, unless otherwise noted.

The economic and financial data included herein are derived from this year's Consolidated Reports and Accounts, which notes that due to certain reclassifications, some values for 2007 are different than originally published in that year's report.

Social data for 2007 now include companies belonging to the former Capitalia Group, in order to better evaluate against 2008 data.

Environmental data refer to the main legal entities of the company's Banking Group as of December 31, 2008, which are based in: Italy, Germany, Austria, Bulgaria, Croatia, the Czech Republic, Hungary, Romania¹, Russia, Serbia, Slovakia and Slovenia, and cover roughly 114,000 employees.

External assurance

This report was subject to the limited review of KPMG S.p.A. and in accordance with the criteria established for review engagement by the "International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB).

A KPMG S.p.A. report describing the completed activities and resulting conclusions related to this document is found on page 162.

Relevant issues

Information on social, environmental and economic performance was identified according to important issues warranting examination. Selection was based on an approach incorporating both an internal analysis and an external view of UniCredit Group. As described in the "Stakeholder Engagement" chapter, we are implementing a number of methodologies aimed at identifying those issues most relevant to

our stakeholders. We particularly focus on matters that could influence the Group from the standpoints of financial, social or environmental issues, and work to identify ways to achieve concrete improvement.

This report seeks to achieve the above objectives by incorporating the following principles:

- *materiality*: a combination of internal and external factors was used in determining whether information was material, such as the Group's corporate mission and values, concerns expressed directly by stakeholders and the most significant indicators of GRI;
- *inclusiveness*: we identify our different stakeholders and explain how the Group has attempted to respond to their various expectations and interests;
- *sustainability context*: we present the Group's performance in relation to broader concepts of sustainability and define the levels and methods of our contribution to local and regional development;
- *completeness*: this report covers those material topics and indicators sufficient to reflect significant economic, environmental and social impact, and to enable stakeholders to assess the Group's performance within the reporting period.

1. For Romania, 2006 figures are not available due to the merger of three differently structured banks (Tiriac Bank, HVB Bank Romania and UniCredit Romania) in 2006 and 2007.

UniCredit Group Profile

Highlights

UniCredit Group operates in 22 European countries, with more than 174,000 employees and over 10,200 branches.

UniCredit Group benefits from a strong European identity, extensive international presence and broad customer base. Its strategic position in Western and Eastern Europe allows it to have one of the region's highest market shares.

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



(€ million)

Operating Income	26,866
Operating Profit	10,174
ROE*	9.5%
Shareholders' equity	54,999
CORE TIER 1	6.45% ³

* Calculated on the basis of the average shareholders' equity for the period (excluding dividends to be distributed and reserves in respect of AfS assets and cash-flow hedge), net of goodwill arising from the business combination with HVB and Capitalia, which were carried out with an exchange of shares and recorded in accordance with IFRS3.

1. FTE = number of employees including delegation from, excluding delegation to and unpaid leaves. All the people are counted for the rate of presence (paid quota). This number includes Apprentices. The number differs from the one commented in the Our People chapter and in the Annex, where the Head Count of 186,684 is reported.

2. These figures include all branches of subsidiaries consolidated proportionately, such as Koç Financial Services Group branches. The increase over December 31, 2007 is partly due to the inclusion of Ukrspbank (472 branches as at December 31, 2008).

3. After Capital Strengthening.

4. Item 120 in profit and loss.



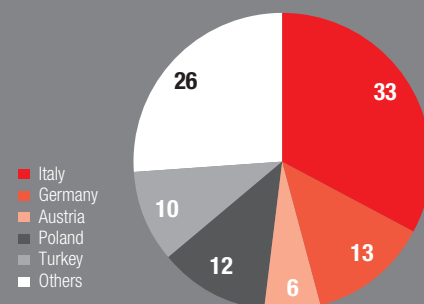
EMPLOYEES¹

over 174,000

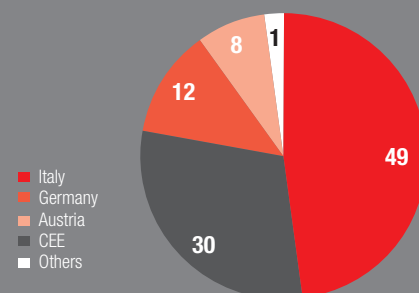
BRANCHES²

over 10,200

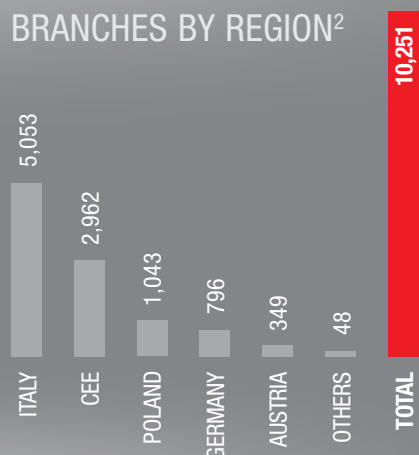
EMPLOYEES BY COUNTRY¹ (%)



REVENUES BY GEOGRAPHIES COMMERCIAL BANKING ACTIVITIES⁴ (%)



BRANCHES BY REGION²

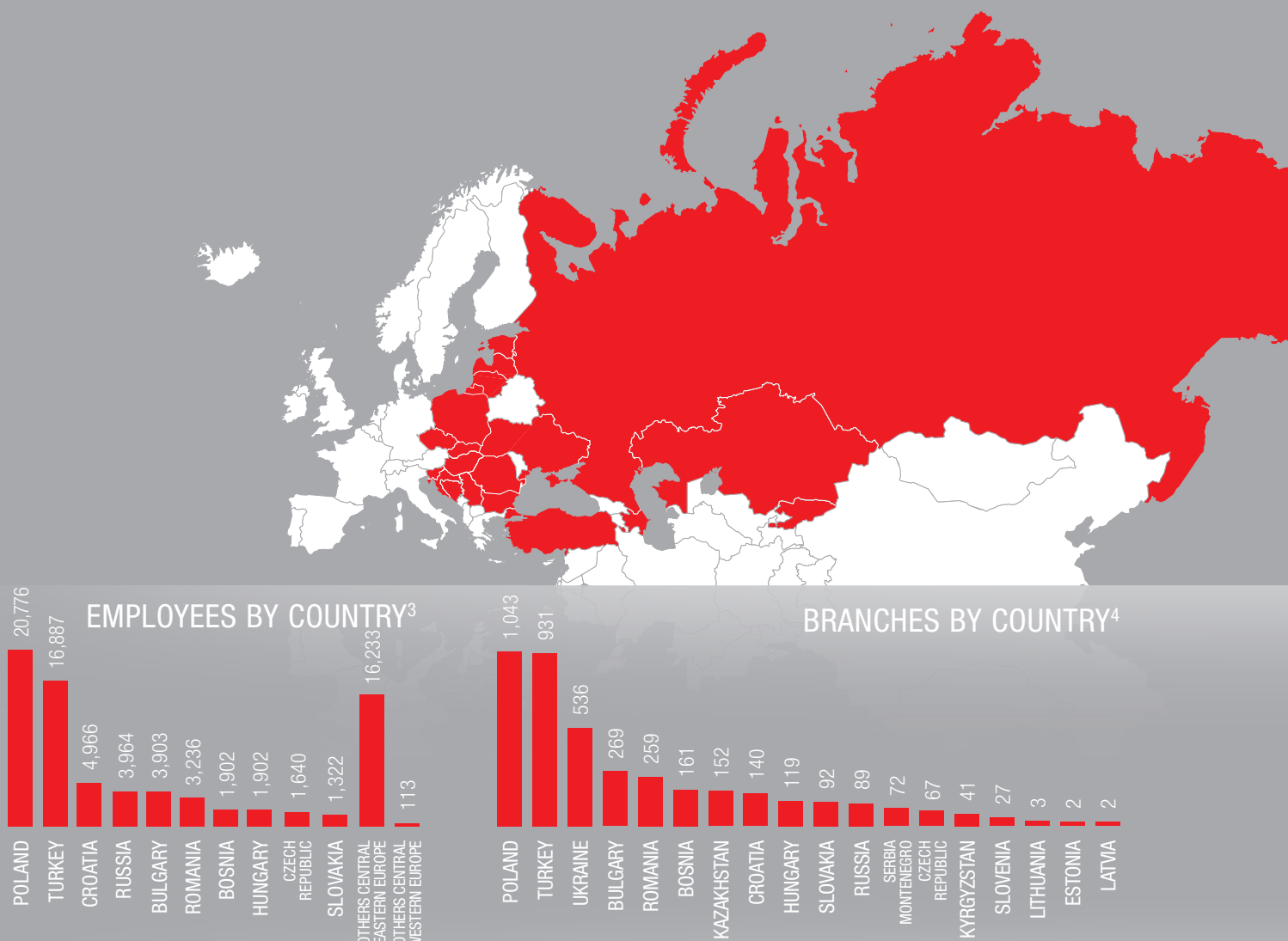


UniCredit Group Profile (CONTINUED)

Focus on CEE

UniCredit Group is a market leader in Central and Eastern Europe. As long-term investor, its approach has always been the pursuit of growth through a well-articulated strategy, carefully executed that builds on the region's structural strengths.

Operating in 19 CEE countries, UniCredit Group benefits from geographical diversity and lends its strength to its local CEE banks in the form of substantial competitive advantages, which include its strong brand and reputation, its network's access to international markets and significant economies of scale.



3. FTE = number of employees including delegation from, excluding delegation to and unpaid leaves. All the people are counted for the rate of presence (paid quota). This number includes Apprentices. The number differs from the one commented in the Our People chapter and in the Annex, where the Head Count of 186,684 is reported.

4. These figures include all branches of subsidiaries consolidated proportionately, such as Koç Financial Services Group branches. The increase over December 31, 2007 is partly due to the inclusion of Ukrsofsbank (472 branches as at December 31, 2008).

Divisional Model

NETWORK MANAGEMENT

Retail Networks, Corporate Banking and Private Banking - in charge of customer coverage to maximize long-term value and Customer Satisfaction.

CENTRALIZED PRODUCT FACTORIES/ KEY BUSINESS FUNCTIONS

Markets & Investment Banking, Asset Management, Leasing, Household Financing, Global Transaction Banking and Retail Marketing & Segments - as value added centers for all geographies.

Divisional Model

GLOBAL SERVICE FACTORIES

Back office, ICT, credit collection, procurement services and real estate - supplying network management divisions and product factories with specialized services.

MULTI-LOCAL APPROACH

Empowering Group's local banks to oversee distribution network and customer relationships.

Andre Nolting
Germany



« I think that we are always close to our customers. Even more so if the markets are difficult, as last year. We organized events for our customers to discuss the situation in the financial markets. We keep our promise always to be there - especially in times of need. »

Highlights for 2008

- We could be in the deepest post-war era recession, despite coordinated responses by banks and governments
- The Eurozone may be affected more than originally anticipated
- In 2008, decreased capital inflows dimmed prospects for Central and Eastern Europe
- Eurozone and CEE household spending and demand for credit declined
- Eurozone corporate sector prospects weakened, prompting a scale down in investment plans and deceleration of lending demand
- Liquidity constraints on CEE companies led to decreased investment and production
- The European banking system's profitability contracted and CEE supply side lending growth was curbed

Prospects for the banking sector 2009

- We expect lending growth to weaken further in 2009
- In 2009, the expected deterioration in net interest income should only be partly offset by a modest increase in non-interest income
- Profitability will also be affected by a further increase in risk provisions
- CEE banks are expected to increase provisions while cutting costs in order to maintain a measure of positive margins

The 2008 Global Financial Market Turmoil

The 2008 global financial crisis significantly impacted macroeconomic conditions, as seen in rates of GDP growth, unemployment and inflation - and despite the efforts of central banks and governments to quell market turmoil. Household and corporate behavior in the Eurozone and Central and Eastern Europe reflect these economic conditions and banking profitability in these regions will continue to be impacted.

Impact on GDP growth, unemployment, inflation and monetary policy

The financial turmoil, which began in August 2007 in the United States following the subprime crisis, escalated in the second half of 2008. Over the summer, it became clear that the restructuring of bank balance sheets would take much longer than expected. Stock markets markedly contracted in the second half of 2008, with the banking sector at the forefront of the decline. The S&P 500 sank 37% in 2008, while the Dow Jones Stoxx 600 index in Europe lost 46% and the banking sector index even more than that, falling by 65%. These events marked the beginning of a loss of investor confidence in the banking system as a whole, both in the United States and Europe.

In response, central banks and governments acted in unison, with liquidity injections and coordinated cuts in interest rates, as well as far-reaching bailout plans designed to protect banks and savers, restore confidence in the markets and ease the impact of the crisis on the economy by extending public funding to the worst-affected financial institutions.

Due to the systemic nature of the financial crisis, the macroeconomic situation has worsened since the last quarter of 2008. The crisis has spread from sector to sector, from the United States to Europe and on to Central and Eastern Europe and other emerging markets.

The global economy appears to be in its deepest recession of the post-war era. In the United States, GDP shrank by a 6.2% annualized rate in Q4, after having contracted at a rate of 0.5% in Q3; manufacturing sector output fell at the rate of 16% in Q4; and the labor market continues to deteriorate, following its contraction by more than two million jobs in 2008.

In the Eurozone, the recession may cut much deeper than expected. GDP contracted by nearly 1% on an annualized basis in Q3 and by 6% in Q4. Industrial production has continued to decline. Business and household confidence hit new lows in the final months of 2008.

The unemployment rate in the Eurozone increased from 7.2% in December 2007 to 8.0% in December 2008. Banks in particular have reacted to deteriorating profits by cutting costs worldwide. From the beginning of the financial crisis in August 2007 to the end of September 2008, roughly 2.9% of the total banking sector workforce in Europe was cut. This percentage increased in the last quarter of 2008, bringing total staff reductions to 5.2%.

In this ominous global context, the United States Federal Reserve (the Fed) adopted an aggressive easing policy in the last months of 2008. The European Central Bank (ECB) repeatedly cut interest rates as well to the current level of 2%. Despite official rate cuts and liquidity injections, credit conditions deteriorated in the Eurozone, with the 3M Euribor peaking at 5.11% in October, implying a further tightening of liquidity.

In alignment with these events, economic prospects for Central and Eastern Europe (CEE) have changed over the course of 2008. In conjunction with decreased international growth, strong risk aversion in international markets reduced in capital inflows to emerging markets. Therefore, countries that were more reliant on external financing, where the slowdown was particularly rapid, were most severely affected.

With economic growth decelerating across the CEE and commodity prices falling, the major inflation drivers faded at the end of 2008, and inflation declined rapidly in all CEE countries during the second half of the year.

The favorable change in inflation and deepening economic slowdown has led the central banks in the region to move toward easing monetary policy in order to improve liquidity.

With respect to foreign exchange, most of the currencies in the CEE region, including the Polish zloty, began to lose value during the second half of 2008.

The 2008 Global Financial Market Turmoil (CONTINUED)

Impact on households and corporate behavior

In the Eurozone, the household sector suffered from the crisis. The growth of households' real disposable income slowed markedly in 2008, reflecting weak economic activity, worsening labor market conditions and a sharp increase in the rate of inflation.

Continued contractions in equity markets also served to weaken household financial asset growth.

Household demand for credit, particularly mortgages, declined due to rising interest rates and deteriorating real estate markets. In Italy, lending growth turned negative for the first time in a decade. While in Germany, household lending growth has been trending negative since the second half of 2007.

Up until mid-2008, the corporate sector drove economic growth from its solid financial position, particularly in Germany. Since the summer, however, investment demand has slowed sharply, and lending growth has begun to decelerate in all main European countries. Prospects remain negative, with further weakening export demand and anemic private consumption prompting a scaling down of corporate investment plans.

Given these trends, indications have already emerged that the corporate sector will cease to be the main driver of credit demand. On a positive note, the reductions in official interest rates, a gradual abatement of the tensions in the money and financial markets and the capital strengthening of banks could help to ease lending conditions in the coming months.

In the CEE, the deterioration of the labor market and slower income growth, combined with tightening credit market conditions, forced households to pull back on consumer spending. Since the second half of 2008, retail sales have slowed chiefly in Central and Southeastern Europe, and growth has turned negative in Hungary, Croatia and the Czech Republic.

Business confidence dropped during the last quarter of the year due to weaker external and domestic demand. Liquidity constraints on companies have been evident when viewed according to the decline of corporate deposits recorded throughout the region, especially at the conclusion of 2008. This has resulted in decreased investment levels and production plans.

Banking profitability implications

In the Eurozone, there was a general contraction in the profitability of the European banking system for 2008 as a whole. This was primarily driven by large losses in non-interest income and by strong increases in risk provisions. Net interest income, on the other hand, continued to increase as it continued to benefit from relatively robust banking volume growth derived from loans to the corporate sector.

Looking ahead to 2009, the worsening economic cycle will further adversely affect banks' profitability. We expect lending growth to continue to weaken in the main Eurozone countries. Mortgage lending growth will suffer from the crisis, and consumer credit is likely to contract.

The expected deterioration in net interest income in 2009 should only be partly offset by a modest increase in non-interest income. Profitability will also be affected by a further increase in risk provisions likely to occur in 2009, extending a trend that began at the end of 2007.

In the CEE, pre-tax profit growth was still in the double digits in the first nine months of 2008. However, the delay of personal consumption and investment decisions, the increasing cost of funding and rising risk aversion have curbed lending growth on the supply side. In some CEE countries, declining volume growth and tightening margins began to affect banking sector net interest income, while the negative performance of the financial market and Assets under Management (AuM) adversely influenced trading results and fee and commission income.

In the coming quarters, we expect banks to increase provisions from one side while cutting costs on the other in order to maintain a certain level of positive margins.



Gordana Jedinak
Croatia



« I went to the grocery store to buy some food for lunch. The cashier was interested in getting firsthand information about a banking product he saw in a television advertisement. I ended up with neither lunch nor dinner because I was so focused on giving her an explanation that I forgot to buy anything. This is either commitment or obliviousness...»

Key Achievements 2008

- Supporting the consolidation of a robust system of governance that enforces transparency of rules, responsibilities and processes through a number of committees within the Group's Board of Directors
- Hosting our third Groupwide Integrity Charter Day, dedicated to the promotion and dissemination of our shared values
- Consolidating the work of our Restorative Justice System in its resolution of conflicts among internal staff, with 341 of 369 cases in 2008 resolved
- Establishment of a Reputational Risk Committee that aims to prevent reputational risks and respond proactively to reputational damage

Priorities 2009

- Moving forward from reputation assessment and stakeholder dialogue to full-fledged reputation management, facilitated by the launch of a stakeholder perception analysis
- Supporting the extension of a compliance culture across all levels of the Group
- Strengthening the Board of Director's supervisory role in risk matters through the restructuring of risk committees that report directly to it

Governance

Governance organizational structures

At UniCredit Group, we ultimately make every effort to achieve corporate governance that pursues sustainability and the generation of long-term value for all our stakeholders. We have built a robust system of governance that enforces transparency of rules, responsibilities and processes. Several committees within the Board of Directors work to ensure an effective and efficient reporting and consultation system that will enable the Board to best perform its duties.

Reporting directly to the Chairman of the Board, our Restorative Justice System function was instituted to ensure that the values of our Integrity Charter, the foundation of the Group's identity, retain power in action. A set of shared values is a prerequisite to achieving sustainability.

The Board of Directors

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

The current Board of Directors was appointed at the Annual General Meeting on 16 December 2005 for the financial years 2006, 2007 and 2008. Its mandate expires at the date of the shareholders' meeting convened to approve the financial statements for 2008. The Board of Directors is invested with all the Issuer's powers of ordinary and extraordinary administration, with the exception of those legally and statutorily assigned to the shareholders' meeting. In addition, the Board of Directors has adopted a set of rules on its own functionality and jurisdiction, in compliance with the law and By-Laws.

Independence of Directors

In accordance with the application criteria stipulated by the Code, the independence of Directors is to be periodically assessed by the Board of Directors based on information provided by each interested party or available to the issuer. The results of the Board's assessments shall be communicated to the market.

With regard to Directors in office on 12 February 2009, the company's Board of Directors confirmed, and announced to the market, that 17 Directors met the qualification of "Independent Director".

Governance organizational structures (CONTINUED)

STATUS AND ACTIVITIES OF DIRECTORS

Board of Directors										
	NAME	POSITION	IN OFFICE SINCE	LIST	EXEC.	NON EXEC.	INDEP. AS PER CODE	INDEP. AS PER TUF	% ATTENDANCE AT BOARD OF DIRECTORS	OTHER POSITIONS
	Dieter Rampl	Chairman	16-12-2005	n/a		X	NO	YES	100%	2 ⁵
	Gianfranco Guty	Deputy Ch. Senior	16-12-2005	n/a		X	YES	YES	100%	-
	Franco Bellei	Deputy Ch.	16-12-2005	n/a		X	NO	YES	100%	-
	Berardino Libonati	Deputy Ch.	3-8-2007 ¹	n/a		X	YES	YES	92.86%	4 ⁵
	Fabrizio Palenzona	Deputy Ch.	16-12-2005	n/a		X	NO	YES	92.86%	3
	Anthony Wyand	Deputy Ch.	16-12-2005	n/a		X	YES	YES	85.71%	4 ⁵
	Alessandro Profumo	CEO	16-12-2005	n/a	X		NO	NO	100%	3 ⁶
	Manfred Bischoff	Director	16-12-2005	n/a		X	YES	YES	71.43%	6
	Vincenzo Calandra Buonauro	Director	16-12-2005	n/a		X	YES	YES	100%	2
	Enrico Tommaso Cucchiani	Director	18-9-2007 ²	n/a		X	NO	YES	50%	14 ⁵
	Donato Fontanesi	Director	3-8-2007 ¹	n/a		X	YES	YES	100%	2
	Francesco Giacomini	Director	16-12-2005	n/a		X	YES	YES	100%	-
	Piero Gnudi	Director	16-12-2005	n/a		X	YES	YES	78.57%	2
	Friedrich Kadmoska	Director	16-12-2005	n/a		X	YES	YES	92.86%	8
	Max Dietrich Kley	Director	16-12-2005	n/a		X	YES	YES	71.43%	5
	Marianna Li Calzi	Director	8-5-2008 ³	n/a		X	YES	YES	100%	-
	Salvatore Ligresti	Director	3-8-2007 ¹	n/a		X	YES	YES	50%	4
	Luigi Maramotti	Director	16-12-2005	n/a		X	YES	YES	100%	8
	Antonio Maria Marocco	Director	20-5-2007 ⁴	n/a		X	YES	YES	100%	3
	Carlo Pesenti	Director	16-12-2005	n/a		X	YES	YES	71.43%	5
	Hans Jürgen Schinzler	Director	16-12-2005	n/a		X	YES	YES	78.57%	2
	Nikolaus von Bomhard	Director	16-12-2005	n/a		X	NO	NO	28.57%	2
	Franz Zwickl	Director	18-9-2007 ²	n/a		X	YES	YES	92.86%	7
The Board of Directors met 14 times.										
1. Co-opted on August 3, 2007 and appointed by the Shareholders' Meeting on May 8, 2008										
2. Co-opted on September 18, 2007 and appointed by the Shareholders' Meeting on May 8, 2008										
3. Director appointed by the Shareholders' Meeting on May 8, 2008										
4. Co-opted on May 20, 2007 and appointed by the Shareholders' Meeting on July 30, 2007										
5. Number of positions changed during the 2008 financial year										
6. Number of positions changed since the closing of the 2008 financial year										
- The Director Salvatore Mancuso, during the financial year 2008 held his office until 1 April.										
LEGEND										
Position: Chairman, Senior Deputy Chairman, Deputy Chairman, Chief Executive Officer, Director										
List: M/m depending on whether the director was elected from the list voted by the majority or by a minority (art. 144 (10) of the Consob Issuer Rules); n/a: not applicable										
Exec.: Director who qualifies as executive										
Non exec.: Director who qualifies as non-executive										
Indep. as per Code: Director independent or not according to the criteria set out in the Code										
Indep. as per TUF: Director independent or not pursuant to article 148, para. 3 of the TUF (art. 144 (10) of the Consob Issuer Rules).										
% Attendance at Board of Directors: percentage of the director's participation in board meetings (reference is made to the number of meetings that the director has attended with respect to the number of board meetings held during the period or after taking up the directorship)..										
Other positions: Total number of positions held in other companies listed on regulated markets (both in Italy and abroad), including financial services companies, banks, insurance companies or other large companies, identified based on the criteria defined by the Board. There is a list of such companies for each director attached to the Report on Corporate Governance, specifying whether the company that the position is held in belongs to the group that the Issuer is related to.										

Committees appointed by the Board of Directors

To ensure that the Board is well informed and advised and can thus effectively assess specific matters falling within its jurisdiction, four committees work with the power to provide advice and make proposals; the committees feature limited membership and focus on separate issues.

The Committees are:

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

Each Committee adopted its own independent operating rules, tailoring them to specific needs. Such rules permit dissenters to inform the Board of the reasons for their disagreement.

With the exception of the Members by right, in each Committee the choice of the Members is based upon their expertise and willingness to accept the office.

Committee members must ensure that any other corporate positions they may hold in other companies are compatible with the commitment, time and effort required by their office.

In order to perform their duties, committees may make use of the facilities provided at the Company's registered office and, if satisfactorily justified, also avail themselves of outside consultants.

Members of the Group's Management may be invited to attend Committee meetings in relation to specific issues.

Board Committees

NAME	CGHRN COMM.	% ATTENDANCE AT CGHRN	REMUN. COMM.	% ATTENDANCE AT REMUN. COMM.	INT. CONTR. & RISKS COMM. ¹	% ATTENDANCE AT INT. CONTR. & RISKS COMM.	PERM. STRAT. COMM.	% ATTENDANCE AT PERM. STRAT. COMM.
Dieter Rampl	C	100%	C	100%	M	100%	C	100%
Gianfranco Guty	M	100%	M	100%	M	100%	M	100%
Franco Bellei	--		M	85.71%	--		M	90%
Berardino Libonati	--		M ²	33.33%	M ³	50%	M	70%
Fabrizio Palenzona	--		M	71.43%	--		M	90%
Anthony Wyand	--		--		C	100%	M	100%
Alessandro Profumo	M	100%	--		--		M	100%
Manfred Bischoff	--		--		--		M	90%
Vincenzo Calandra Buonauro	M	100%	--		--		--	
Francesco Giacomini	M	100%	--		--		--	
Friedrich Kadmoska	M	87.50%	--		--		--	
Max Dietrich Kley	--		M	71.43%	--		--	
Marianna Li Calzi	--		--		M ²	100%	--	
Luigi Maramotti	M	100%	--		--		M	90%
Carlo Pesenti	--		M	42.86%	--		--	
Hans Jürgen Schinzler	--		--		--		M	80%
Franz Zwickl	--		--		M	100%	--	

1. Formerly Audit & Risks Committee until 22 January 2008

2. Since 25 June 2008

3. Position held until 25 June 2008.

- The Director Salvatore Mancuso, during the financial year 2008 held his office in the Remuneration Committee until 1 April.

LEGEND:

CGHRN Comm.: Corporate Governance, HR and Nomination Committee

Remun. Comm.: Remuneration Committee

Int. Contr. & Risks Comm.: Internal Control & Risks Committee

Perm. Strat. Comm.: Permanent Strategic Committee

% Attendance at CGHRN, Remun., Int. Contr. & Risks and Perm. Strat. Comm.: Attendance, as a percentage, of the director at committee meetings (when calculating this percentage, the number of meetings in which the director participated with respect to the number of committee meetings held during the year or after taking the position, was taken into account)

C/M: Chairman or Member of committee.

Governance organizational structures (CONTINUED)

Permanent Strategic Committee

This Committee is comprised of 10 members, the majority of whom are non-executive Directors.

The Chairman of the Board and Chief Executive Officer are members by right. The Chairman of the Committee is the Chairman of the Board.

The main task of the Permanent Strategic Committee is to provide the Board of Directors with opinions concerning proposals formulated by the CEO to the Board concerning:

- a) the Group 3 Year Plan;
- b) Group yearly budget;
- c) Group yearly capital allocation;
- d) Group yearly strategy related to transactions involving shareholdings (M&A/reorganisations);
- e) approval of transactions on shareholdings above a certain limit (300 million euros for transactions in high-risk countries, and 500 million euros for transactions in low-risk countries);
- f) extraordinary capital allocations and dividend policy, both for the Holding Company and the Group Companies, unless already included in the annual general Capital Allocation guidelines indicated under para. c) above;
- g) other transactions/initiatives of strategic relevance to the Group, such as: decisions to enter new geographical and business markets, high-profile joint ventures with industrial and/or financial Groups.

Internal Control & Risks Committee

The Committee is comprised of five non-executive directors, the majority of whom are independent.

The Chairman of the Board and the Deputy Vice Chairman are members by right. The Committee elects a Chairman among

the members who do not belong to the Committee by right.

In particular, the Internal Control & Risks Committee shall:

- a) support the Board in defining guidelines for the internal audit system and at least once a year inspecting the adequacy, efficiency and effectiveness of the system, ensuring that all principal corporate risks are being correctly identified and adequately measured, managed and monitored; also support the Board in determining criteria for ensuring the compatibility of such risks with the sound and proper management of the Company (i.e. risk appetite), overseeing the Compliance function to ensure that it implements the risk and non-compliance management policies defined by the Board, and that the Audit function implements the Board's guidelines in respect of conducting third level inspections;
- b) analyze periodical reports on the audit system. In particular, at least once a year, analyze the periodical report on the adequacy of the non-compliance risk management system and any relevant compliance breaches; examine the annual report on investment services, and also the half-yearly overall report on UniCredit's complaints, based on data supplied by the complaints function;
- c) analyze the Group guidelines for Audit activities and assess the annual audit plan prepared by the Head of the Internal Audit Department, receive periodical reports, and if necessary ask for specific audits to be conducted outside of the annual audit plan;
- d) examine the information received by the Manager in charge of preparing company's financial reports to verify the proper application and consistency of accounting standards for the purposes of the consolidated financial statements;

- e) in accordance with the responsibilities assigned by Italian regulations to the Audit function, examine the criteria and methods to be used for choosing the accounting firm, and the criteria for choosing which Group companies to exempt from auditing; also monitor relations with accounting firms, also based on consultancy agreements that may be in place with the Holding Company and the Companies belonging to the Group;
- f) assess the work carried out by the Group's accounting firm(s) and the results set out in the report(s) and letter(s) of recommendation; supervise the effectiveness of the audit process;
- g) examine the quarterly and half-yearly situations and the annual accounts, based on the reports received from the Executive in charge of drafting the corporate and financial statements;
- h) assess any remarks contained in the audit reports received from UniCredit's Audit Department, or from the Board of Statutory Auditors of the companies belonging to the Group, or from third party investigations and/or analyses;
- i) examine the qualitative and quantitative adequacy of the organisations regarding the Compliance and Internal Audit Functions, inviting the Head of each function to formulate proposals for ensuring their adequacy, and in respect of these proposals concerning the Internal Audit Function, ask for the Chief Executive Officer's non-binding opinion;
- j) express its views on the proposal formulated by the Chairman of the Board concerning the appointment or replacement of the Head of the Internal Audit Function, and the variable portion of the latter's compensation package;
- k) support the Board in formalizing policies for governing risks that the Group may be exposed to, periodically reviewing them to ensure their effectiveness and

supervising the actual functioning of risk management and control processes in compliance with current legal and regulatory requirements;

- l) express its views on the procedures in place for approving and implementing transactions undertaken by UniCredit and Companies belonging to the Group with related parties.

The Internal Control & Risks Committee shall also report to the Board at least every six months on its activities and the adequacy of the internal audit process, when it meets to approve the financial statements and interim report.

In order to carry out its duties, the Internal Control & Risks Committee shall rely on efficient tools and sufficiently detailed information flows provided by the internal audit functions, such as to enable the Committee to make all the necessary assessments.

The Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the aforesaid Chairman shall attend the meetings of the Internal Control & Risks Committee. Other Statutory Auditors may be invited to attend, along with members of the Accounting firm.

The Committee will ensure the establishment of suitable relations with the Board of Statutory Auditors so as to carry out activities deemed to be common to the two bodies, with each handling the aspects that come within their specific scope.

Corporate Governance, HR and Nominations Committee

This Committee consists of seven members, the majority of whom are non-executive and independent.

The Chairman of the Board and Chief Executive Officer are members by right. The Chairman of the Committee is the Chairman of the Board.

In particular, the Committee shall provide the Board of Directors with opinions concerning proposals formulated by the Chairman/CEO to the Board concerning:

- a) the definition of UniCredit's corporate governance system, the corporate structure and governance models/guidelines of the Group;
- b) the definition of policies for appointing UniCredit Directors and policies for evaluating the Board of Directors;
- c) the appointment of the CEO office members and other members of the Management Committee (Senior Executive Vice Presidents, Senior Head Office Executives and Heads of Department reporting directly to the Chief Executive Officer);
- d) the definition of policies concerning the appointment and succession planning of the CEO office members, the members of the Management Committee (Senior Executive Vice Presidents), Group Management Team (Executive Vice Presidents) and Leadership Team (Senior Vice Presidents);
- e) the definition of policies for appointing corporate officers (members of the Board of Directors, Board of Statutory Auditors, and Supervisory board of Group Companies);
- f) the appointment of corporate officers (members of the Board of Directors, Board of Statutory Auditors, and Supervisory Board) of the Main Group Companies;
- g) the designation of candidates to the position of director of UniCredit in the event of cooptation, and of candidates to the position of independent director to be submitted to the approval of the UniCredit shareholders' meeting, based

also on recommendations received from shareholders;

- h) the appointment of members of the UniCredit Board Committees, upon the proposal of the Chairman.

Remuneration Committee

This Committee consists of 7 members, the majority of whom are independent.

The Chairman of the Board and the Deputy Vice Chairman are members by right. The Chairman of the Committee is the Chairman of the Board.

The main task of the Remuneration Committee is to provide the Board of Directors with opinions concerning proposals formulated by the CEO to the Board concerning:

- a) the remuneration of UniCredit Directors who hold specific duties, and especially the remuneration of the CEO;
- b) the remuneration of UniCredit's Managing Director, in the event that the Managing Director is also the CEO;
- c) the remuneration structure of the CEO Office Members;
- d) the remuneration policy for the members of the Management Committee (Senior Executive Vice Presidents), Group Management Team (Executive Vice Presidents), Leadership Team (Senior Vice President) and Heads of Department reporting directly to the Chief Executive Officer;
- e) approval of Group incentive plans based on financial instruments;
- f) the remuneration policy for corporate officers (members of the Board of Directors, Board of Statutory Auditors, and Supervisory Board of Group Companies).

In the cases specified under letters a) and b), the proposals that the Committee will be called upon to express its opinion on will be formulated by the Chairman.

Governance organizational structures (CONTINUED)

The Committee members about whose remuneration the Chairman must express his opinion in respect of their specific positions, shall not attend meetings scheduled to discuss the proposal concerning the aforesaid remuneration.

Board of Statutory Auditors

Five standing Statutory Auditors and two alternate Auditors are elected by an ordinary shareholders' meeting.

The standing and alternate Auditors may be re-elected.

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

The candidate who has obtained the highest share of votes among the candidates belonging to the list that obtained the highest number of votes among the minority lists shall be elected by the Shareholders' Meeting as Chairman of the Board of Statutory Auditors.

The Board of Statutory Auditors was appointed by the shareholders at a meeting in May 2007 and remains in office until the approval of the accounts for 2009.

The Board is made up of Messrs. Giorgio Loli (Chairman), Gian Luigi Francardo, Siegfried Mayr, Aldo Milanese and Vincenzo Nicastro (Standing Auditors). Massimo Livatino and Giuseppe Verrascina are alternate Statutory Auditors of UniCredit S.p.A..

For more information and details see the UniCredit Corporate Governance Report (http://www.unicreditgroup.eu/en/Governance/corporate_governance_report.htm).

Number of meetings	
	2008
Board of Directors	14
Permanent Strategic Committee	10
Internal Control & Risks Committee	14
Corporate Governance, HR and Nomination Committee	8
Remuneration Committee	7
Board of Statutory Auditors	21

Board of Directors and Board of Statutory Auditors compensation

Board of Directors of UniCredit S.p.A.

Pursuant to our Articles of Association, the Board of Directors receives overall annual compensation that is decided by Shareholders at the Annual General Meeting. The breakdown of the compensation is decided by the Board of Directors which, subject to the opinion of the Board of Statutory Auditors, also establishes the remuneration of the Chairman, the Vice Chairmen and the Chief Executive Officer, in accordance with para. 3, section 2389 of the Civil Code.

The AGM also decides on the annual retainer payable to Members of individual Committees.

All Directors receive a Board and Committee meeting fee, and are entitled to a refund of expenses incurred in connection with the performance of their official duties.

Reference should be made to the 2008 UniCredit Group Consolidated Reports and Accounts for details concerning individual amounts.

Board of Statutory Auditors of UniCredit S.p.A.

Shareholders at the Annual General Meeting determine the annual compensation of Statutory Auditors upon appointment for the duration of their term in office.

All Statutory Auditors receive a Board meeting fee and are entitled to a refund of expenses incurred in connection with the performance of their official duties.

Reference should be made to the 2008 UniCredit Group Consolidated Reports and Accounts for details concerning individual amounts.

Integrity Charter & Restorative Justice

The Integrity Charter

UniCredit Group

The Integrity Charter represents the foundation of the UniCredit Group's identity through a set of shared values.

These common values provide guidelines for our behavior and support in handling dilemmas in our everyday professional life.

The Charter was drawn up according to this set of shared values that we call the "Foundations of Integrity: fairness, transparency, respect, reciprocity, freedom to act and trust".

Thus, integrity for us means identifying with the above core set of values to allow us to foster sustainable growth. At all times, and particularly during this year's unprecedented series of events, it is essential that we stay true to our values. The Integrity Charter is the result of an ongoing process that brought our employees together to discuss our corporate culture and the principles that should guide our everyday professional lives.

The Integrity Charter is not a static document, but rather a living tool designed to evolve over time in order to stay current with the changing needs of the environment of UniCredit Group.

As such, all Integrity Charter projects are linked and based on the concept of participation and listening. Integrity Charter projects are not stand-alone initiatives, but are part of an articulated path, in which all colleagues are involved. Among these projects, the most important is Integrity Charter Day.

Integrity Charter Day

Integrity Charter Day is the annual Group event devoted to thinking about "where we

are" in the daily application of our values. On this day, the whole company devotes several hours to allow employees to discuss the Group's. It is a prime example of senior management's commitment to the full engagement of our colleagues, which enables them to express themselves and live according to our shared set of values.

The last edition of the Integrity Charter Day was held on September 24, 2008, in all of the countries in which the Group operates. As with the last Integrity Charter Day, more than 180,000 employees gathered to discuss this charter and how to further apply our values. The aim of the day was to define, in teams, the behavior we should reference in order to achieve our goal of sustainable growth.

For Integrity Charter Day, employee teams were asked to create their own "Values / Stakeholders Matrix" (available at the end



of the Integrity Charter booklet that outlines the conduct expected of employees when dealing with our stakeholders) out of a poster distributed before the event. Each team identified and stated the sustainable behavior they intended to adopt for their own business activities to make our values more relevant and apparent to the stakeholders each team interacts with in the course of their daily work.

Through Integrity Charter Day and the posters displayed in each branch and office,

we achieved two concrete goals: first, a clear declaration of the sustainable behavior to be adopted by each team to apply our values; and second, an opportunity for a continuous exchange of ideas and opinions about our Integrity Charter. In September 2009, the next Integrity Charter Day will be held Groupwide.

The Restorative Justice System

The Restorative Justice System is a process introduced in our Group to promote individual responsibility and the voluntary resolution of conflict between parties. If internal relationships have been damaged by behavior deemed inconsistent with the values set out in the Integrity Charter, the Restorative Justice System serves as a forum in which the dispute can be mediated through dialogue. It is the first time that a company has combined an Ombudsmen structure with a system aimed at guaranteeing the true application of its values.

**Restorative Justice
in 15 countries: we
are the first company
combining an
Ombudsmen structure
with a system aiming
at guaranteeing the
real application of its
values**

Integrity Charter & Restorative Justice (CONTINUED)

Restorative Justice works through three specific tools:

- **mediation**, which is the best tool for resolving violations of the Integrity Charter between individuals;
- **notice**, to point out corporate policies or decisions that appear to be in conflict with the Values of the Charter;
- **meetings**, for dealing with individual or group situations involving poor transparency in work processes and discretionary decision-making by single corporate functions.

Currently the Restorative Justice System is fully functioning in 15 countries where UniCredit Group

operates: Austria, Bulgaria, Croatia, the Czech Republic, Estonia, Germany, Hungary, Italy, Latvia, Lithuania, Poland, Romania, Serbia, Slovakia and Slovenia. Other countries will follow, as our goal is to extend the system across the entire Group. As of November 2008, 377 colleagues applied for Restorative Justice, generating 369 cases¹. As of December 2008, 341 of the 369 cases were closed, 28 were pending.

**369 cases worked
in three years by
the Restorative
Justice System,
92% of which
were closed**

The Ombudsmen Network

A Groupwide Ombudsmen network has been established to bring the Restorative Justice System to life. The network is composed of Ombudsmen and Mediators. The Ombudsmen are appointees who are independent and report directly to the Chairman of UniCredit Group. They

are responsible for assessing the validity of the claims of each case. The Mediators are third parties external to UniCredit Group who seek to facilitate dialogue between conflicted parties. The Ombudsmen and Mediators guarantee confidentiality.

Going forward, the process of selecting Ombudsmen continues with the aim of extending this process to all Group countries underscoring that we mean what we say in the Integrity Charter and that we are strongly committed to bringing these words to life.



Communicating the Integrity Charter and the Restorative Justice System to Our People

We have developed many different ways to tell our employees about how the Restorative Justice System works and about our efforts to make the Integrity Charter widely known and applied.

"Values in Action" is one of our newsletters, published on the OneGate intranet portal. It is specifically devoted to providing all of our employees with updates on the application of the Integrity Charter in our everyday working life and about how we are bringing it to life within our corporate network.

The newsletter is published in English, German and Italian, and provides regular updates on the Restorative Justice System. Since February 2007, five issues of the newsletter have been published on OneGate.

The Ombudsmen road show is an open forum on the Restorative Justice System. In a series of meetings with Group employees, Ombudsmen explain what the system is, how it works and when it should be applied. To date, the road show has traveled to Milan, Bologna, Turin, Verona, Rome, Naples, Vienna, Munich, Hamburg, Leipzig and Nuremberg involving more than 600 employees. Moreover, Ombudsmen in all relevant countries regularly meet employees who want to receive further information on how the Restorative Justice System works.

Devoted sections on the Integrity Charter and Restorative Justice on OneGate and the various intranets maintained by our legal entities provide employees with essential information on how to apply for Restorative Justice. From January 2008 to January 2009, the Integrity Charter section on OneGate registered around 42,000 page views.

1. Some countries do not have any cases, as the Restorative Justice System was recently introduced. One case concerns a whole office.

Number of cases accepted by the Restorative Justice System: breakdown by country and cases* 2006-2008

COUNTRY	STARTING DATE	TOTAL NUMBER OF CASES FROM 2006 TO 2008	2008	2007	2006	NUMBER OF CLOSED CASES	NUMBER OF PENDING CASES
Italy	10.01.2006	167	80	68	19	159	8
Germany	01.01.2007	57	28	29		52	5
Austria	03.01.2007	23	12	11		23	
Poland	01.01.2008	33	33			26	7
Bulgaria	03.01.2008	13	13			12	1
Croatia	03.01.2008	17	17			17	
Czech Republic	10.01.2008	3	3			3	
Hungary	09.01.2007	38	22	16		37	1
Slovak Republic	09.01.2007	6	4	2		4	2
Slovenia	02.01.2008	12	12			8	4
TOTAL		369	224	126	19	341	28

* The Restorative Justice System was expanded in 2008, making it necessary to reorganize the way information is handled and to specify new rules and definitions - now made available in a printed guide to the system. This guide was distributed to all Central Ombudsmen to provide them with standardized information on reporting and communication procedures. In conjunction with this new system of rules and definitions, all the involved functions were asked to reorganize, in a consistent manner, all the relevant data gathered since the Restorative Justice System was instituted. This coordinated effort led to a realignment of the data previously reported in the 2007 Sustainability Report.

Focus on closed cases by the Restorative Justice System: breakdown by country and adopted tools

COUNTRY	CLOSED CASES	NOT ADMITTED CASES	MEDIATION REFUSED	RENOUNCED CASES	CASES SORTED WITHOUT RJS TOOLS	TOTAL NUMBER OF CASES DEPLOYING RJS TOOLS	TOOLS USED		
							MEDIATION	MEETINGS	NOTICE**
Italy	159	28	6	26	20	79	15	41	23
Germany	52	2		7	19	24	3	4	17
Austria	23		1	3	1	18	1	4	13
Poland	26	3		6	3	14		6	8
Bulgaria	12	2		1		9		7	2
Croatia*	16	8				8		2	6
Czech Republic	3	1				2		2	
Hungary	37	8		9	2	18		5	13
Slovak Republic	4					4			4
Slovenia	8			2	2	4		2	2
TOTAL	340	52	7	54	47	180	19	73	88

* One case out of all categories.

** Notice concerns relationships between companies of the Group and their employees. It is a mechanism whereby employees report situations in which the company's conduct is found to be inconsistent with the Values set out in the Integrity Charter.

Reputation Management

It is important for a bank to institute practices, products and processes that meet or exceed the expectations of its stakeholders and achieve sustainability and social legitimacy. Because a strong reputation serves to confirm and enhance social legitimacy, a robust organizational investment in reputational risk management is crucial. That is why UniCredit Group instituted its Reputational Risk Management Framework, which included the establishment of the Reputational Risk Committee. This Committee supports the Group's management in preserving and promoting the Group's reputation.

Our approach to sustainability

Recently, the issue of the sustainability of the banking business has become quite relevant. It is difficult to imagine an event that could have more strongly underscored and tested the importance and viability of sustainable business practices than the financial crisis of 2008.

In this context, a bank's reputation, best defined as the way the bank is perceived over time by its stakeholders, assumes an even more important role. Banks must respond by taking a multi-stakeholder approach and by establishing coherent objectives, over both the medium and long term.

It might be possible to increase short-term profits while disregarding sustainability considerations. Certainly, profits are necessary for a company to operate over time, because shareholder satisfaction assures the company's independence. However, a profit-only focus endangers the sustainability

of results in the medium to long term. That is why sustainable practices are essential to the long-term health of any enterprise.

« The creation of value means generating sustainable profits over the long run, which in turn means social legitimization with respect to customers, colleagues, investors and local communities. Creating value means responding, as best possible, to the needs of these four stakeholders. That hardly seems like an outmoded concept to me. In fact, it seems more needed than ever. »

Alessandro Profumo,
UniCredit Group CEO

A company is able to transform profit into long-term value for stakeholders by considering their interests in its decision-making process. This means putting in place practices, products and processes that meet or exceed stakeholder expectations, leading to sustainability and social legitimacy.

Social legitimacy is, in turn, continuously confirmed and enhanced by a strong reputation. Therefore, reputation management is crucial to a company's ability to understand what business factors and behaviors are the keys to building a strong reputation.

A structured approach to reputation management includes the anticipation of the warning signals, needs and social expectations specific to each stakeholder that are not expressed in the course of their formal contacts with the company.

Reputation is not to be confused with brand. Although both are affected by corporate actions and communication, they are not one and the same. Reputation is the stakeholders' perception of a company. Brand is the company's promise to stakeholders of what it stands for - and the strength of a brand depends on the fulfillment of this promise. The strength of reputation depends on a variety of factors, such as financial performance, commitment to the environment and the fulfillment of the brand promise. Thus the brand is one of the drivers of reputation, which, in turn, significantly affects the value of the brand.

The Reputational Risk Management Framework

The path to a strong reputation and sustainability is a robust overall organizational investment. UniCredit Group passed its first milestone when it instituted a Reputational Risk Management Framework¹ that focused on two main pillars:

- **prevention:** how to stop reputational risks from occurring;
- **recovery:** how best to respond to reputational damage.

The prevention pillar ensures, through risk monitoring and regular reporting, that potential reputational damage is considered

in the process of making risk management decisions. In practice, prevention at UniCredit Group consists of two approaches:

- **inside-out:** assessing where the potential for reputational risk lies within our business;
- **outside-in:** monitoring stakeholder views of our reputation.

The inside-out approach ensures that all the relevant risks inherent to Group activities are adequately identified and assessed in order to accurately measure the knock-on impacts on the Group's reputational risk exposure. The outside-in approach allows the Group to integrate both risk identification and risk cause analyses to formulate a more complete reputational risk impact measurement.

Within the recovery pillar, data gathered in the context of the prevention pillar from

monitoring and assessment activities is used to enhance UniCredit Group's crisis management capability, enabling us to respond consistently to adverse reputational events.

Proper communication with stakeholders and the market is vital to any recovery effort. To be effective for reputational risk recovery purposes, such communication must be timely, transparent and make use of appropriate channels of communication.

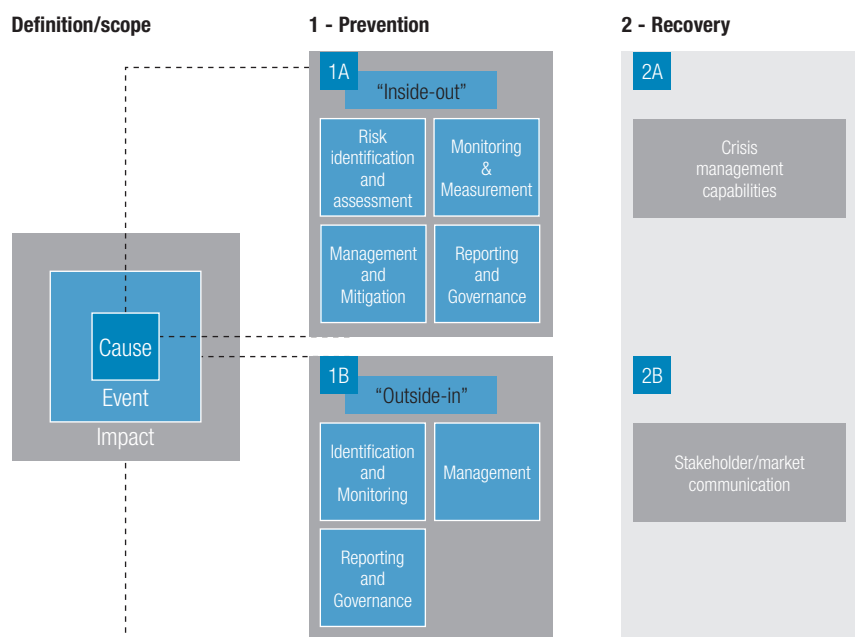
The Reputational Risk Committee (RRC)

Within the Group's Reputational Risk Management framework, we have established a Reputational Risk Committee (RRC). Its mission is to support the Group's management in preserving and promoting the Group's reputation, with a focus on reputational risk issues.

The RRC is composed of three permanent voting members: the Group Chief Risk Officer, the Head of the Group Identity and Communications Department and the Head of the Legal and Compliance Department and one non-voting member, the Head of the Internal Audit Department.

The Committee issues opinions on the reputational risk policies adopted by the Group, as they relate to special cases and exceptions to policies. In just two months of activity since its inception, the Committee analyzed eight applications and issued four negative non-binding opinions. It also submits proposals to the Risk Committee² that relate to the development of the reputational risk management framework and the issuance of general and special reputational risk policies. In the event of

Reputational Risk Management Framework



1. Approved at the UniCredit Board of Directors meeting of 21 October 2008.

Reputation Management (CONTINUED)

a major reputational risk occurring, the Committee supports crisis management activities and stakeholder communication efforts.

The departments represented on the RRC are integral to its operations.

The Compliance Department

Compliance is a source of value creation and consolidation for UniCredit Group. To be effective, the compliance culture must continue to be extended across all levels of our organization, from colleagues on the front-line to senior management.

The Compliance Department's mission is to prevent and manage compliance risk and risk associated with conflicts of interest, in order to safeguard the name of the Group and the trust of its customers and to contribute to Group sustainability in all Group compliance activities by providing:

- strategic guidance in the form of policies and opinions;
- support and monitoring by mapping compliance risk and providing compliance validations, among other activities.

The Compliance Department focuses on those regulations that most affect the Group's external clients and pose a high potential risk of reputational damage. To be truly accepted at all levels of the Group, the department must also serve as a business partner to its internal clients, always working to identify the most suitable solutions to challenges.

The department is a driver of significant cultural change across the Group. It adheres to and promotes several key principles. It advocates *substantial compliance*, which means going beyond merely respecting norms and regulations to understanding and implementing the "spirit of the letter" intended by legislators.

Such cultural change needs to be supported by a communication plan. Communications and training are key priorities, and dedicated initiatives have started to be carried out in 2008.

These initiatives include: involving Compliance staff in technical and managerial training to facilitate their transition from functioning as legal staff to serving as business partners; engaging top management and banking staff with the aim of increasing awareness on compliance themes; and communicating with Group governing bodies to support the overall supervision of the compliance risk system and assessments of its adequacy.

The plan also includes external communications initiatives aimed at supervisory bodies, with a view to providing information and verifying the proper implementation of requirements. Further communications initiatives are targeting the Italian Banking Association and other financial institutions in order to promote the exchange of ideas.

The Chief Risk Officer Department

Within UniCredit Group's Reputational Risk Management Framework, the Department of the Chief Risk Officer (CRO) manages the inside-out perspective, evaluating reputational issues and measuring their impact on the Group's risk profile.

Specifically, the CRO manages and coordinates reputational risk management activities Group-wide. It is charged with developing reputational risk management methodologies; managing reputational risk management databases and software applications; ensuring proper data collection and analysis of events, scenarios and risk indicators; reporting; and defining reputational risk management policies and strategies.

UniCredit Group's Reputational Risk Management function³ verifies that the reputational risk policies and their limits are effectively implemented and respected, notifying the RRC of any breach. It cooperates with the other functions represented on the RRC in the analysis of reputational risk impacts; and provides regular training on reputational risk control (e.g., for special policies relating to reputational risk).

2. The Risk Committee meets with consulting and suggestion functions for the decisions of the CEO or the definition of CEO's proposals to the Executive Committee / Board of Directors, about the strategic guidelines and Group policies for all types of risk, and the definition of ALM (Asset-Liability Management) guidelines.

3. The Reputational Risk Management function is performed by the Operational Risk Management Unit.

The Group Identity and Communications Department

The Group Identity and Communications Department (GI&C), through the newly set up Corporate Sustainability Unit, manages the outside-in aspect of the Reputational Risk Management Framework, evaluating the perspectives of all relevant stakeholders on specific reputational issues and the overall impact of these issues on the company's reputation.

In this role, GI&C develops the methodology for defining and describing the factors that contribute to the Group's reputation. It identifies and develops sustainability indicators to provide a multifaceted assessment with a focus on core stakeholders, with an overarching goal of improving the Group's reputation.

Lastly, GI&C provides the RRC with a full state of the art assessment of best practices in the field of sound reputational risk practices.

From reputation assessment and stakeholder dialogue to reputation management

The Corporate Sustainability Unit was established at the end of 2008 with the aim of raising awareness of corporate sustainability issues throughout the Group, translating the Integrity Charter values into concrete action and supporting our Business and Competence Lines in identifying day-to-day sustainable business practices.

In 2009, it will launch a stakeholder perception analysis. This analysis is part of a broad initiative to progress from reputation assessment and stakeholder dialogue to full-fledged reputation management.

The goals of the perception analysis are:

- identifying and constantly monitoring all relevant drivers for each stakeholder group to attain better reputation performance;
- assessing UniCredit Group's capacity to meet stakeholder needs;

- identifying the actions necessary to address potential issues and to enhance the visibility of assets by appropriately addressing internal behavior and internal and external communications;
- reinforcing the social legitimacy of the company by identifying the behaviors most effective at engendering trust;
- developing a common Group methodology for measuring reputation according to internationally recognized indicators, thereby enabling the Group to compare its performance with international peers and to monitor trends.

Anthony John Robbins
Italy



« In nearly 32 years with the Group I have learned that each day, each hour, each customer, each colleague, each task should be treated like a newborn child: what may seem small and insignificant is full of potential, promise and strength, requiring care, attention to detail, dedication and integrity. Strength achieved through unflagging commitment. »

Key Achievements 2008

- Joint Declaration on “Training, Learning and Professional Development” signed by European Works Council and the Group
- 2008 People Survey with 80% response rate
- UniCredit Health Day launched in Italy to inform employees on disease prevention
- Agreement signed with national consumer associations to support customer-centric policies
- Strengthening Territorial Committees to enhance dialogue with local communities, institutions and leaders
- Dialogue with NGOs on development of reputational risk policies

Priorities 2009

- Joint Declaration on Equal Opportunities and non discrimination strengthening dialogue with the EWC
- Implementation of UniCredit Health Day in key Group headquarter cities across Europe
- Development of an engagement process with consumer associations, focused on information and educational activities, and on products that meet customer needs in period of crisis

Stakeholder Engagement

Our comprehensive approach to engaging stakeholders uses dialogue as a strategic means of strengthening our reputation and social legitimacy. This includes continuous and structured dialogue with our employees, to keep them informed of company matters and involved in Group decisions; partnerships with customer associations to help us better understand and address client needs; feedback from local communities; and an ongoing engagement with NGOs.

UniCredit Group's Stakeholder Engagement Framework

« Stakeholder Engagement is the systematic process through which a company brings together different perspectives on strategic issues, thereby establishing constructive dialogue and continuous communication with its key stakeholders. »

« It represents a means of interaction between the organization and its main stakeholders, working to include their views and expectations in production processes and restore any confidence lost during a crisis.¹ »

At UniCredit Group, these two principles have served as a starting point as we have begun to work on gradually constructing a more proactive, broad and continuous engagement with our primary stakeholders.

This work and the progress it has yielded is based on a comprehensive program of dialogue that is evolving into a sophisticated and systematic approach to stakeholder engagement. This approach has been designed to increase our stakeholders' understanding as well as our ability to manage risk and resolve conflicts.

We believe that the Group should utilize a multi-stakeholder approach and a medium to long-term horizon in setting objectives and that it should extend its area of oversight to include social expectations. By taking the interests of our stakeholders into account within our decision-making process and by implementing practices and products that meet or exceed their expectations, the Group will achieve sustainability and social legitimacy.

1. ABI, Italian Banks Association; www.sustainability.com: "Stakeholder Engagement".

Within this framework, our dialogue with stakeholders is crucial because it:

- enhances the Group's understanding of complex business environments, including market development and the identification of new strategic opportunities;
- allows the Group to improve the quality of products and services and to increase its responsiveness to customer needs;
- reduces reputational risk by ensuring an early awareness of controversial issues raised by stakeholders;
- ensures transparency and reinforces trust between the Group and its stakeholders, particularly by improving communication channels;
- contributes to the support of the Group's social legitimacy with stakeholders.

As discussed in the Governance chapter of this Report, in 2009 UniCredit Group will launch a stakeholder perception analysis. This is one part of a broader program to shift from reputation assessment and stakeholder dialogue to reputation management. Gradual development of our stakeholder dialogue into a systematic engagement process is one facet of this broad change.

Stakeholder Engagement (CONTINUED)

The European Works Council: a best practice to strengthen the social dialogue with employees in all countries

The UniCredit European Works Council (UEWC) is a unique example in the European scenario due to its high complexity and its recognized role as governance body responsible for strengthening the social dialogue and the cooperation between employee representatives and management.

Established in January 2007 the EWC includes 44 members from 27 countries and it represents a concrete example of the fundamental role played by Industrial Relations in UniCredit Group.

Thanks to processes in place, there was a timely and structured information flow throughout the year on all cross-border operations and relevant projects, supporting a true understanding and a productive debate on all the Group's principal initiatives with, as a consequence, a significant improvement of the relationships between employee representatives and management.

In addition to the continuous dialogue on transnational issues and reorganizations over the past year, two General Meetings

were held. At these meetings the principle of information and consultation, which is a core element of the UEWC Agreement, formed the basis for open discussions and the sharing of strategies, scenarios and results.

UniCredit Group's commitment to social dialogue and to comprehensively interpret the provisions of European Directive 94/45, currently under revision, was again demonstrated by the presentation of the Strategic Plan 2008-2010 to the EWC before its disclosure to the market and analysts.

By recognizing the role of the EWC as a governance body, UniCredit Group highlights the role of employees, whose value and potential make them our central asset and an indispensable part of our effort to guarantee the sustainability of our business.

On 16 December 2008, the EWC and Group Central Management signed the Joint Declaration on "Training, Learning and Professional Development".

The text was produced by one of the two Joint Commissions founded in April 2008, comprised of EWC members, UniCredit Group HR representatives and internal experts. The Joint Declaration is intended to serve as a point of reference for all

strategies, activities and initiatives developed in the field of training, learning and professional development. Being the only one of its kind in the banking sector, it is a concrete example of how the principles of Corporate Sustainability and Social Dialogue,

Joint Declaration on Training Learning and Professional Development

as well as the values of our Integrity Charter, can be integrated into the daily lives of our people.

In addition to this initiative, during 2009 the other Joint Commission on Equal Opportunities and Non-Discrimination is

working to formulate a declaration based on common principles to be promoted and supported across the entire Group.

Using funds provided by the European Community in 2007, the "Improving Cooperation to Strengthen Social Dialogue" project was developed and completed with the main goal of enhancing the development of the skills and knowledge of EWC members and HR representatives, with a view to strengthen cooperation and mutual understanding.

Involving people: "Your Voice, Our Future"

Our employees are our greatest asset. Thanks to their daily contributions, we are able to achieve important goals.



To ensure UniCredit Group's continued growth, we must listen to our employees in a structured way and on a Groupwide level as we work to strike the proper balance between internal needs and external goals. That is why

European Works Council:
44 members in
27 countries

we developed “Your Voice, Our Future”, our annual² Groupwide internal People Survey.

A total of 140,810 out of 176,139 employees participated in the People Survey 2008. This 80 percent response rate was a significant achievement, particularly for an organization with a large, diverse and newly consolidated employee base. Such a level of participation is normally achieved by “high-performing companies” (an elite category of multinational companies with strong financial performance and highly engaged employees) and global companies with a long history of employee survey activities.

In order to have a clear picture of our situation, results are compared with internal and external benchmarks³.

When reviewing the results, our premise is that an internal historical comparison would be less significant due to the enlargement process our Group went through (the Company population, in fact, grew in number and diversity year by year).

However we can identify - in comparison with the 2006 results - some improvements on leading indicators such as company image, clarity of goals and objectives and leadership.

Regarding the external benchmarks, the transformation we accomplished during these period made compelling and particularly meaningful our comparison with

2. The first People Survey at Group level was launched in 2006 and it was planned to take place every 18 months; that is the reason why in 2007 People Survey was not conducted.
3. Benchmarks utilized include the 2006 Group Results and Division Results; the Towers-Perrin ISR Global Financial Services Norm; and the Towers-Perrin ISR Early Transformation Companies Norm.

80% response rate, a significant achievement for a newly consolidated workforce

With regard to the Global Financial Services Norm, mainly composed of well-established companies with a rooted background in people surveys, results show that there is still room for improvement in many categories such as speed of change and workload.

The engagement indicator warrants special focus since it significantly influences company performance. Therefore, our analysis of the 2008 People Survey results includes a detailed cluster

the “early transformation companies”, where data emerge as outstanding and confirm the effectiveness of our integration programs in developing a high level of involvement and engagement among new employees and units.

Men’s engagement is slightly higher than women’s, but women have a stronger sense of belonging

study on engagement that shows:

- our employees’ engagement level with UniCredit Group is equal to 70 percent;
- based on a gender analysis, men are slightly more engaged than women. At the same time, women show a greater sense of belonging to the company;
- in comparison with external benchmarks, our employees are slightly less engaged with UniCredit Group than the norm for the financial services sector. Yet in comparison with companies in the process of unprecedented or particularly significant structural and/or cultural change, our employees’ level of engagement with UniCredit Group is well above the norm.

Following the 2008 People Survey, heads of the Group’s divisions and competence lines produced action plans aimed at working on high-priority areas identified through the data analysis. These action plans have a long-term perspective,

2008 Your Voice, Our Future Survey

	NUMBER OF PEOPLE INVOLVED	NUMBER OF PARTICIPANTS	RESPONSE RATE
UniCredit Italy*	36,752	28,125	77%
Former Capitalia Group	25,402	16,606	65%
HVB	23,157	17,814	77%
Bank Austria	9,938	7,701	77%
CEE	50,943	43,406	85%
Leasing**	2,567	2,204	86%
Markets & Investment Banking	3,279	2,390	73%
Asset Management	2,343	2,091	89%
Poland’s Markets	21,758	20,473	94%
Total	176,139	140,810	80%

* UniCredit Italy includes: UniCredit Holding, UniCredit Audit, UniCredit Banca, UniCredit Banca d’Impresa, UniCredit Private Banking, UniCredit Processes and Administration, UniCredit Global Information Services, UniCredit Banca per la Casa, UniCredit Clarima Banca, UniCredit Factoring, UniCredit Infrastrutture, Quercia Software, Xelion Banca, BAC San Marino, I-Faber, Real Estate, UniCredit Broker, UniCredit Assicura, UGC, Cordusio Fiduciaria.

** Leasing includes: UniCredit Global Leasing (UGL Milano, Wien, Vienna Branch), Locat, BACA Leasing Austria, Hvb Leasing Germany, UniCredit Leasing Corporation IFN (Romania), UniCredit Leasing (Hungary), UniCredit Leasing AD (Bulgaria), UniCredit Leasing CZ, (Czech Republic), UniCredit Leasing Croatia, UniCredit Leasing Slovakia, UniCredit Leasing (Slovenia), UniCredit Leasing BIH (HVB Leasing), UniCredit Leasing Srbija / UniCredit Rent, SIA UniCredit Leasing (Latvia), IMB Leasing Company (Russia), Locat Leasing Russia, UniCredit Leasing (Ukraine).

Stakeholder Engagement (CONTINUED)

with a horizon of at least one year. Their execution and the measurement of their engagement level are now within the scope of the Executive Development Program meetings that take place between the heads of division and competence lines and UniCredit Group's CEO.

The rollout of action plans starts soon after the presentation of the data. Action plans are shared with employees through the Group's intranet portal OneGate, and periodic updates enable us to track our progress on their implementation.

The majority of action plans concerned three themes: leadership, training & development and clarity of goals and objectives. In a number of Divisions, including Corporate Banking, Household Financing, Retail and Poland's Markets, the need to develop leadership, mainly through training, emerged. The Private Banking Area and Global Banking Services Area also addressed the perceived lack of clarity of goals and objectives in their 2008 action plans.

Internal Communications: keeping our people updated on key Group issues

In 2008, we continued our commitment to providing our people with the best internal communication services possible. We aim to keep colleagues constantly informed about the Group's objectives, strategies,

results and projects in a transparent, comprehensive and timely way.

Our key internal communication channel is OneGate, the Group's intranet portal. OneGate allows us to connect with our entire network, to disseminate our strategic goals clearly and to update our people fully on the Group's activities.

OneGate is a space where all employees can share best practices and ideas from all divisions and across all business lines. It

offers more than 3,500 pages in three languages (English, German and Italian) with consistently updated information. In 2008, 1,465 news items were published with 6,718,808 page views, representing an increase of 42 percent from 2007.

A well-informed staff is a well-prepared staff. That is why we issue regular communications regarding key economic results and strategy, with the CEO personally delivering video comments on our quarterly and annual results via our intranet.

These reports are periodically supplemented with updates on our most significant business initiatives. For example, the "Point of View - Market Scenario" area, first published in September 2008, is where all communications from our top management regarding market trends and their impact on the Group are collected. From September to December 2008, "Point of view - Market Scenario" was one of the most visited sections on OneGate, with more than 39,200 page views.

UniCredit Group seeks to be the first source for all our news for our people, informing them of key developments before they are disseminated externally. This is one way in which we maintain transparency and show respect for our people. By keeping our colleagues aligned on the key messages of our top management, we also reinforce our approach of presenting "one voice" to our customers.

UniCredit Health Day: promoting prevention of diseases

In June 2008, UniCredit Group launched an initiative for our people involving the prevention of serious diseases



that have professional consequences and are generally linked to long absences.

The main objectives were to:

- increase employee awareness of the prevention of serious diseases;
- promote the understanding and implementation of healthy lifestyles (e.g., diet, exercise, sleep);
- support colleagues returning to work after prolonged absences;
- disseminate information and clinical

best practices throughout UniCredit Group's local territories;

- provide employees with a new opportunity to interact with their international colleagues in a non-business context.

**1,500 new items
published with
7 million page
views**

**"Point of View -
Market Scenario",
our top management
communication
section, is one of
the most visited**

Cancer prevention was highlighted in 2008, but other diseases with significant social and professional ramifications were included.

The pilot event was launched in Cologno Monzese in Milan, where UniCredit Processes & Administration, HypoVereinsbank and UniCredit Banca are based. Participation was high.

The event was organized in two parts. The first consisted of a roundtable on cancer and its prevention with a panel of internal opinion leaders and international experts. The second part consisted of two in-depth seminars for men and women, along with private meetings between doctors and employees to give them an opportunity to receive detailed information on prevention, diagnosis, treatment and recovery.

The participation of doctors, psychologists and NGOs (including Lega Italiana Lotta Tumori, AttiveComePrima, EuropaUomo and EuropaDonna) contributed to the success of this pilot event. In 2009, UniCredit Health Day will be held at key Group headquarter locations across Europe with a view to sharing best medical practices and developing effective prevention methodologies throughout UniCredit Group's European perimeter.

The program's first international event was held simultaneously in Reggio Emilia, Italy and Sofia, Bulgaria on January 20, 2009.

UniCredit Group and Consumer Associations: a strategic partnership

At UniCredit Group, we value our engagement with Consumer Associations. It is an important part of our work to strengthen our relationships with our customers, and through continuous dialogue we are better able to anticipate and meet their needs.

By strengthening our relationships with Consumer Associations, it is possible to create new opportunities in risk prevention and to support our Customer Satisfaction policies in periods of crisis as well as in normal times. That is why in 2008 the Group signed an agreement that detailed our relationships with Consumer Associations.

The agreement, which was signed by 12 Italian Consumer Associations registered with the Italian Ministry of Economic Development and representing customers at the national level, is aimed at reinforcing our win-win relationship with Consumer Associations and customers. It focuses on:

- creating public awareness of banking services and products and filling gaps in knowledge of these services and products;
- supporting the Group in its work to make contracts and technical information on Group products and services more transparent and easier for customers to understand;
- identifying new products that meet customers' needs, especially in times of crisis;

- promoting awareness of consumer protection issues in local territories.



The "Noi & UniCredit" logo was formulated in the course of the meeting held between the top managements of UniCredit Group and 12 Consumer Associations. Its aim is to convey the spirit of collaboration and dialogue existing between UniCredit Group and the Consumer Associations. "Noi" ("we") refers to both our customers and the Consumer Associations.

UniCredit Group's top management met with the top management of the Consumer Associations to launch the project "Noi & UniCredit" in July 2008.

The parties then presented the details of the cooperative project, identifying two strategic working groups. The first working group will study and analyze economic trends as well as the orientation of customers and their expectations of the financial sector.

The second working group will focus on "Innovative Information and Education Services", which, in line with European Union policies, should improve levels of customer knowledge of and trust in the financial sector through appropriate educational and informational activities.

Stakeholder Engagement (CONTINUED)

The following Associations signed the Framework Agreement with UniCredit Group:

Adiconsum	Confconsumatori
Adoc	Federconsumatori
Assoutenti	Legaconsumatori
Casa del Consumatore	Movimento Consumatori
Cittadinanzattiva	Movimento Difesa del Cittadino
Codacons	Unione Nazionale Consumatori

In 2008, our activities with Consumer Associations have been focused on four main areas.

Transparent communication

Between May and November 2008, the Group met with management from

the Consumer Associations to analyze retail initiatives and new products aimed at supporting client needs (e.g., new mortgages, "salary loans", maximum overdraft charges), before they were launched on the market. Several consumer association proposals which came out of the meetings were adopted for the initial product or initiative launch (e.g., the suspension of mortgage installment payments for homeowners in difficult situations through the "Insieme 2009" project).

Constructive dialogue with local territories

From July to October 2008, as a part of the "Open Bank" project, nationwide meetings were held for UniCredit Group branch managers, UniCredit Group Customer Satisfaction managers, consumer association experts and consumer association regional managers. The

meetings focused on initiatives targeted for improvement (e.g., information services in the branches) and initiatives to be carried out in collaboration with Consumer Associations. The first meetings, which were held in Palermo, Catania and Naples and resulted in proposals for educational initiatives related to banking products and services.

Mystery Shopping - Cittadinanzattiva, a fruitful cooperation

UniCredit Group supported Cittadinanzattiva in the development of a working group on service quality in the Italian banking system. Implemented in 2008, the project observes services delivered with a focus on quality and cost transparency. Mystery Shopping was used in order to provide Cittadinanzattiva with an overview of the banking system, starting with a pilot project in UniCredit Banca branches in 2008. UniCredit Banca's additional support includes providing special training in Mystery Shopping for Cittadinanzattiva's local representatives. To date, Mystery Shopping has been used primarily to study mortgages and current accounts in one hundred branches in the cities of Milan, Genoa, Naples, Palermo and Bologna.

Information Points

In order to meet customers' needs for information on critical consumer issues, experts from Italian Consumer Associations are available at Information Points in approximately 200 UniCredit Group branches to provide a wide range of advice.

To support this service, we have developed, in cooperation with Consumer Associations, a unique web support system, or virtual consumer desk, in Italy to provide customers with information on the following topics:

- **insurance**, including policies, accident claims, reimbursement processes, rights and obligations;

- **housing**, including purchase and lease contracts, security, utilities;
- **trade and guarantees**, including purchase contracts and guarantees, EC labels and markings;
- **public administration processes**, filing self-certification documents, renewing government documents online, making certificate requests from home;
- **transport, including traffic laws**, handling fines, penalty points on drivers' licenses, public transportation options;
- **tourism, including passenger rights**, lost luggage, travel cancellations.

How Mystery Shopping Works

A representative of Cittadinanzattiva enters the bank posing as a potential customer who is planning to open a bank account and/or wishes to apply for a loan. The representative asks employees for information. After leaving the bank, the representative fills out a form with a list of pre-established questions and a comments section for general observations.

Increasing consumer awareness

Through Information Points, which were introduced in our branches in 2005, customers can now rely on the daily presence of consumer association experts in roughly 200 branches in Italy, who provide free and independent information on important consumer protection issues.

In 2009, we intend to implement a more proactive, broad and continuous engagement with Consumer Associations through regular dialogue. We expect this process to evolve steadily into a more sophisticated and systematic approach to stakeholder engagement. This approach will increase our understanding of our customers' needs and improve our overall performance in meeting them, in order to become the benchmark in customer service.

Future activities with Consumer Associations will focus on the following main areas:

- **information**, to expand awareness and understanding of financial services and products;
- **education**, to support customers and their communities as they develop their knowledge of finances and other consumer issues;
- **product Factories & Communication**, to enhance the transparency of our products;
- **extension to the rest of Europe**, to implement our successful experiences with Consumer Associations in the other European countries in which the Group operates.

Italian Territorial Committees: monitoring local trends and developments

The Territorial Committees are advisory bodies appointed by UniCredit Group's Board of Directors. They are comprised of key external representatives in specific territories from the worlds of business, trade associations, local independent bodies, culture, charity and research. They serve in the committees alongside bank managers and, as members by right, the Board of Directors and/or other UniCredit Group legal entities.

The Committees were established in 2003 to serve as working groups and to provide an opportunity for meetings with and for the local population. They are a fundamental vehicle through which we interpret what is happening in our local communities. They also enable us to get to know each territory better and to contribute to its development. Thus the committees provide a forum for debate and exchange between corporate and local cultures.

The committees have developed considerably over time so as to warrant the creation of a dedicated Territorial Relations Department. This department reports directly to one of the Deputy CEOs and performs the following functions:

- listening to identify the dynamics of change and from time to time acting as a working group on socioeconomic phenomena, aggregating information, stimuli and recommendations;
- guiding the direction of territorial development by analyzing the information gathered with the objective of creating

"I Territori del Sistema-Italia", an opportunity for dialogue between UniCredit Group and local stakeholders

In early 2009, UniCredit Group promoted a series of group forums in Italy through the Territorial Committees network. The project, called "I Territori del Sistema-Italia," provided an opportunity to listen to and dialogue with stakeholders in areas where the Group is active.

The initiative is designed to stimulate a cooperative analysis of the relationships between banks and territories in light of the current global economic and financial crisis. The objective of the project is to identify measures that can help address the current environment.

The project entails three principal steps to be implemented in cities across Italy:

- conducting out preliminary interviews with key local stakeholders (including entrepreneurs, and operators from associations, institutions and culture) and heads of UniCredit Group's entities at central and local level;
- organizing meetings between the Group's top management and representatives from local institutions and associations to discuss and share viewpoints;
- taking follow-up actions to develop and implement proposals, initiatives, products and services aimed at enhancing UniCredit Group's relations with its local communities.

Stakeholder Engagement (CONTINUED)

projects for economic and social improvement, while also acting as a monitor and driver for local economic growth;

- fostering and promoting development of local economies, acting as a link between local and global networks and facilitating the identification of new business opportunities.

Through the Territorial Committees, we have significantly enhanced the Group's local via constant engagement with territorial communities, their institutions and local leaders.

In 2009, UniCredit Group plans to implement the project in a number of the most important cities in Italy.

Key goals for the Territorial Committees Department in 2009 are:

- further strengthening dialogue and relations among the Group, the Committees and the territories;
- encouraging the exchange of experiences within the territorial network to increase the level of dialogue and collaboration among the members of different Committees.

An open dialogue between UniCredit Group and Non-Governmental Organizations

One central element of our stakeholder dialogue is our engagement with civil society and with social and environmental non-governmental organizations (NGOs). Over the past few years, we have started to build up a comprehensive network of contacts with national and international NGOs. We are constantly working to improve these network and to use it to ensure that we are taking the expertise and knowledge of NGOs into account early in our processes. Our interaction occurs on a variety of issues and levels:

- a general ongoing dialogue;
- open dialogue regarding grievances and criticism;
- the Reputational Risk Policy Development Process.

General ongoing dialogue

Our general dialogue forms the basis of our relationships with NGOs. We strive to develop open channels of communication with these organizations to enable us to stay constantly updated on current developments and best practices. The dialogue also allows us to update the NGO community on our activities and processes concerning our social, environmental and reputational standards.

Open dialogue regarding grievances and criticism

The dialogue between banks and NGOs is, of course, not without conflict. There are cases in which NGOs are critical of and actively campaign against companies, sponsors and banks. In these cases it is particularly important to keep all communication channels open and to enter into constructive dialogue.

Last year's sustainability report described the Ilisu Dam project under construction in Turkey. Although the dam's hydroelectric power plant will create job opportunities, it will also flood the Kurdish city of Hasankeyf and displace many people. In 2008, UniCredit Group exchanged views regarding the environment, cultural heritage and resettlement with NGOs, the other pool banks and the export credit agencies involved in developing the Ilisu Dam project. The project is currently suspended.

Although no bank likes to be the subject of protests and criticism, this kind of attention can have a positive impact by serving as early warning signals. It raises awareness about the concerns of civil society and affected communities and can improve the sustainability of a transaction at an early stage.

The reputational risk policies development process

During the development of our reputational risk policies on defense/weapons and nuclear power, we engaged in consultation with many external industry experts, business representatives and NGOs. The number of NGOs is constantly growing, as is their expertise in many industry sectors, which enables us to draw on their comprehensive knowledge as we develop policies that leverage best practices and current developments.

In our last sustainability report, the Group provided information on the development of our defense/weapons and nuclear policies. In 2008 we continued our consultation process and began to review and strengthen both policies. In January, we met with a group of international NGOs as we began to update our defense/weapons policy, and we received additional important input from them concerning our nuclear policy in April. We also developed the first draft of a mining policy and discussed it with NGOs. This process will include final consultations in 2009.

Equator Principles Financial Institutions NGO Working Group

Since 2008, UniCredit Group has chaired the NGO Working Group of the Equator Principles Financial Institutions (EPFI) network. In this role, we are organizing a dialogue between EPFIs and NGOs. Currently we are planning a one-day meeting with the other EPFIs in the working group and several NGOs, which will take place in Washington, D.C. in May 2009. This meeting will be hosted by the World Resources Institute and the agenda will address such areas of mutual interest as governance, transparency, implementation, training and grievance mechanisms at the project level.

Urska Kolar Stuklek
Slovenia



« Any offering or proposal I prepare for customers or colleagues is always checked by my conscience. I ask myself, “Have I considered all options? Is this the best solution?” I can only commit to my customers and colleagues if the proposal would satisfy me were I standing in their shoes. »

Key Achievements 2008

- Development of the “Together in Diversity” project that generated understanding on GBS Area diversity and promoted equal opportunities and a healthy work-life balance
- Involvement of 2,800 executives and 950 talents in the “Executive Development Plan” and “Talent Management Review” to ensure a leadership pipeline
- Life Long Learning Center created to develop employees’ technical and linguistic competence
- UniCredit-Capitalia merger closed in record time and Three-Year Plan goals achieved two years early by Industrial Relations
- An estimated 100,000 participants in employee stock plan “Let’s Share”
- “Wellness@work” project launched to improve our work environment

Priorities 2009

- Extension of the International Women’s Network road show to a number of the Group’s locations in Italy
- Increase by 40% y/y the number of participants in the EDP and TMR processes
- A new Internal Job Market to promote fair and broad internal mobility, create a flexible and motivated workforce and foster the growth of talent
- Commitment of Industrial Relations to developing and promoting social dialogue within a context of the ongoing economic and financial crisis

Our People

Introduction

Maximizing our human capital is a constant process at UniCredit Group. We fully understand that our people are key assets in our pursuit of sustainable growth. Our workforce now numbers 186,684 individuals. Successfully managing diversity and promoting international mobility are core strengths of Human Resources, and we aim to become the employer of choice in all of our markets. We also engage our employees in a continuous and structured dialogue to keep them informed of company matters and involved in the Group's decisions. Our career development programs are designed to support our employees and to leverage our valuable human assets. The health and safety of our employees workers is among our key concerns of ours, and we aim to provide them with a safe and stimulating work environment.

We view our people as important stakeholders as well as key assets in our pursuit of long-term value creation for all stakeholders. Consequently, we aim to be the employer of choice in all our core markets. The UniCredit Group workforce now numbers 186,684 people, a moderate increase from the previous year.

Our international reach represents a clear competitive advantage in the management of our human resources, as it enables us to attract and retain people at a time when the financial industry is suffering from a poor reputation.

In light of the two major mergers with HVB Group and Capitalia executed in the space of three years and in the context of the current financial crisis, our present ability to expand our workforce further is clearly limited. Instead we have devoted significant effort to building upon the high-quality workplace we provide to all of our employees.

These efforts revolve around our strong commitment to maintaining an open dialogue with our employees. On this front, we have developed an integrated approach that includes our annual People Survey, the Integrity Charter and the Restorative Justice System.

Clear and structured two-way communication is crucial, because our people are our ambassadors, shaping the Group and our relationships with customers and with the local communities we serve.

We strive to have our people to live the values expressed by the Integrity Charter on a daily basis. For this to occur, our values must be integral to the way we manage and evaluate our people.

We seek to provide our employees with a work environment in which they can develop their full potential, even as the Group derives a competitive advantage in terms of Group identity, growth and the capacity to retain talents. We achieve this by:

- valuing cultural, age and gender diversity through a strategic management approach;
- further enhancing social dialogue;
- measuring internal Customer Satisfaction, which provides a paradigm for the Group and a standard for all our performance systems;
- recognizing merit as the key criterion for the accomplishments of our employees;
- fostering a spirit of collaboration among colleagues.

The quantitative data here refer to the UniCredit Group head count as of December 31, 2008, unless otherwise noted. We use the symbol (97.7%) to indicate data covering 97.7 percent of our employee head count.

Our People (CONTINUED)

UniCredit People: a portrait in numbers

At the end of 2008 our 186,684 represented a moderate increase from previous year.

The Central and Eastern European (CEE) Division is the Group's largest in terms of employees, followed by Retail; Asset Management is the smallest.

The majority of our colleagues work in Italy and CEE, followed by Germany, Poland and Austria.

Although we concluded two major mergers in the past three years and have faced a difficult macroeconomic environment, we increased the ranks of our employees in 2008. We hired roughly 8,200* new employees within the scope of this report of whom roughly 6,500* are under the age of 35.

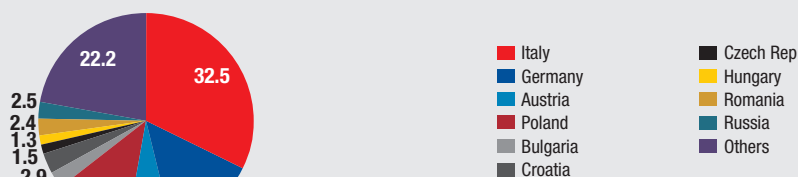
We also maintained our hiring practices with respect to temporary workers, as these assignments can serve as a significant hiring pipeline. For example, through our agreement with trade unions to manage the impacts of the last three-year strategic plan on employment levels, we ultimately have committed to transform roughly 400 fixed-term or seasonal contracts into long-term contracts by 2010.

The proportion of fixed-term contracts was 4 percent in 2008. The ratio of full-time to part-time contracts has remained stable over time, with full-time contracts at 92.2 percent.

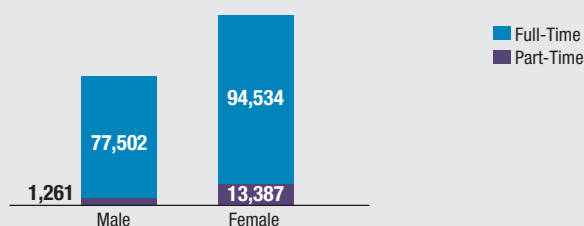
Percentage of employees by division, 2008



Percentage of employees by country, 2008



Number of employees by contract type and gender, 2008



The overall turnover rate for our workforce in 2008 was 11.8 percent (*).

With 5,126 (*) protected-class employees (representing 2.7 percent of our total

workforce), we are compliant with all national regulations addressing this category of workers.

* Data cover the 98.4 percent of our employee head count.

Diversity

In organizations, the term “diversity” encompasses diversity of age, gender, race, sexual orientation and other personal attributes that are fixed and unalterable. It also includes more flexible attributes that a person may acquire or change during his or her lifetime, such as education, family background, national and regional connections, religious affiliation, professional role and economic status.

At UniCredit Group, when we refer to “diversity management”, we mean both the promotion of a culture that embraces diversity and a diversified approach to human resource management, valuing the individual potential of each employee as a lever for the achievement of organizational and business objectives. We prefer to talk about “variety” rather than “differences”, thereby emphasizing the unique contribution that each individual can make to the development of our businesses.

We fully believe that managing diversity goes beyond simply preventing discrimination. It represents a genuine competitive advantage. In managing diversity, we begun by ensuring our access to the broadest pool of talent. This entails maintaining a truly international outlook and properly evaluating the full potential of women. These practices ultimately result in a qualified workforce that is balanced in its composition and supportive of business sustainability.

Moreover, by emphasizing and leveraging employee diversity, we aim to create a work environment in which people can fully build on their own potential. In 2007, we developed a new organizational approach to support professional diversity management that was implemented by the appointment of a Group Program Manager for Diversity. Diversity Managers have also been appointed in countries where the

issue has been a priority for many years, such as Austria and Germany. Similar organizational positions have been created within certain divisions, including Retail Italy and, more recently, within the Global Business Services (GBS) area and the Corporate Division.

In 2008, we assigned joint responsibility for managing Group diversity initiatives to the Corporate Culture Department and the Corporate Sustainability Unit. UniCredit Group’s strategy initially focused on diversity related to age, culture and gender.

With respect to cultural and geographical diversity, our approach to integration in the course of executing a cross-border merger is to value and utilize local resources, while taking care to ensure that local competencies are properly leveraged. Our emphasis on cultural diversity is consistent with our identity as a large European financial institution

61% of the members of the Management Committee and 69% of the Executive Vice Presidents are non - Italian

and is reflected in the composition of our top management. We stand out among our European peers with a high percentage of non-Italian Management Committee members (61%) and Executive Vice Presidents (69%).

With respect to age diversity, we take active steps to utilize the

talent available across all age classes. To achieve this, consistent and integrated HR processes have been developed, including the Executive Development Plan and the Talent Management Review, aimed at identifying and developing a talent pipeline at both the Group’s junior and executive levels throughout the Group. Similarly,

Leadership Programs such as UniQuest, Lead for Value and UniFuture are tailored to selected groups of participants at different stages of their leadership development.

We value age diversity through dedicated development plans and training programs

Percentage of UniCredit Group employees by age and employment tier 2008¹ (*)

EMPLOYMENT TIER	UP TO 30 YEARS	31-40 YEARS	41-50 YEARS	ABOVE 50 YEARS
Top Management - Executive & Middle Management	0.86%	4.60%	5.71%	3.73%
Staff	22.86%	25.73%	22.04%	14.47%
Total	23.72%	30.33%	27.75%	18.20%

1. In 2008, a new classification methodology for employment tiers was adopted.

Our People (CONTINUED)

Diversity (CONTINUED)

Percentage of UniCredit Group employees by employment tier and gender 2007-2008

EMPLOYMENT TIER	2008		2007	
	% MALE	% FEMALE	% MALE	% FEMALE
Top Management	1.07	0.17	1.17	0.17
Executive & Middle Management	14.22	8.70	14.86	8.22
Staff	26.75	49.09	27.80	47.78
Total	42.04	57.96	43.83	56.17

Percentage of UniCredit Group female employees with part-time contracts out of all women by employment tier 2008 (*)

EMPLOYMENT TIER	2008 ²
Executive & Middle Management	2.81
Staff	13.31
Total	16.12

2. In 2008, a new classification methodology for employment tiers was adopted.

Women represented 58 percent of our employees at the close of 2008, an increase of one percent y/y. Since they represent a very large talent pool, we devote particular attention to making sure that they are increasingly able to attain leadership positions. In the field of gender diversity, the following is a snapshot of key initiatives:

- “Women and Leadership”, is a Group program focused on increasing the number of women in leadership positions. Key initiatives launched in 2008 included the establishment of a UniCredit International Women’s Network (UWIN) and the implementation of a study of success factors and barriers for women’s careers in the Group, which includes an assessment of differences in leadership style between men and women. In 2008, the UWIN road show visited Munich, Bucharest, Prague, Budapest and Vienna, and had a participation of more than 500 women. It was held in Warsaw and

Women represented 58 percent of our workforce at the close of 2008

Turin in January 2009 and will be extended to other Italian locations in the first half of the year. Concrete results of the initiative are evidenced by the number of women participating in the Management Committee (three out of 19 members, vis-à-vis no women participating

in 2006¹). With women constituting 16 percent of our Management Committee members and 10 percent of the Group’s Executive Vice Presidents, we are in the lead among European banks concerning women at the top;

- the “*Oltre la Parità*” (Beyond Parity) project remained active in Retail Italy during 2008. Launched in 2007, it focuses on self-development and coaching initiatives,

With 16% of Management Committee members being women, UniCredit Group is leading among European banks as for women at the top

targeting high-performance and high-potential middle managers. 240 colleagues participated in the project. In 2008 the number of women in top and middle management positions increased by 29 percent from the previous year;

- “Together in Diversity” is the GBS diversity management project launched in 2008. Its goal is to assess the range of diversity at GBS and to promote equal opportunity for all. Gender diversity is one of the project focuses;
- childcare services are offered in many countries in which UniCredit Group operates. In Italy, the expansion of childcare services has proceeded along the lines of previous programs. For example, the Retail Division has instituted new daycare centers in multiple cities, including Rome, Milan, Turin, Verona, Vicenza and Bologna. A childcare facility in Bologna, now under construction, will open by the end of 2009. Among the holiday programs set up in 2008, the “*Campi Avventura*” initiative involved more than 220 colleagues and their families. In Germany, childcare services are provided through “Familienservice”,

an independent service provider offering nationwide childcare counseling, arrangements for au pairs and nannies, holiday programs for children and partnerships with facilities such as “International Kindergarten” and “KITA am Englischen Garten”. In Austria, there are two company kindergartens in different locations in Vienna, accommodating up to 220 children. These kindergartens offer an

1. Excluding the Head of Internal Audit as permanent guest.

excellent educational program that includes English lessons, music lessons, field trips and sports. In the summer, holiday programs include tennis camps held at our own sports facilities;

- the “Our People and You” contest was launched in advance of the 2008 CEE convention. Roughly 80,000 CEE employees were asked to present projects addressing topics selected by the top management with the aim of engaging all our different Divisions, legal entities and competence lines in the CEE Division. One of the selected topics was “How to Encourage the Professional Development of Women”. Proposals were solicited to promote gender equality in employment and career development and to develop a better balance between the professional and personal lives of women. In the framework of the Professional Program, among the three finalists in this category, the winning project selected was “Women Ambassadors - An Initiative to Encourage Women's Professional and Leadership Growth”, submitted by Helena Suchánková of UniCredit Bank Czech Republic. The objective of the initiative was to encourage women to realize their full potential and to take an active role in shaping their professional futures. Other goals included:
 - identifying and removing of internal barriers hindering women's ability to develop their potential and to advance professionally;
 - identifying promising new female talent;
 - broadening women's roles in management and business to encompass strategic thinking, innovation and sustainable business performance;
 - shaping an inclusive, new, participatory and inspirational corporate culture in which women feel welcome, valued, fairly treated and have equal opportunities in terms of professional development, advancement and

compensation, and in which all talents are utilized and the goals of the organization are met;

- several new Industrial Relations initiatives have emerged from cooperation between management and employee representatives. In particular, the European Works Council/HR Joint Commission has been established to develop a statement of principles on “Equal Opportunities and Non-Discrimination” at the Group level, to become part of the Group's governance in 2009. Another initiative between the Group and the trade unions is the “Joint Commission for Equal Opportunities” in Italy, which is evaluating proposals for relevant Group actions.

Overall in 2008, 2.7 percent (♀) of all female employees received promotions to higher contractual job grades, compared with 3.3 percent of male employees.

“Together in Diversity” the Global Banking Services (GBS) diversity management project

“Together in Diversity” is the GBS diversity management project launched in January 2008. The project was based on a need to develop a clearer view of the GBS Area's makeup and diversity in order to promote equal opportunity and a healthy work-life balance for our employees. The

project was also designed to increase the value of gender, age, cultural backgrounds and physical disabilities through focused initiatives in each of the involved GBS legal entities.

The main objectives of the project were to:

- endorse diversity within GBS;
- create a common culture for managing diversity;
- support employee satisfaction through engagement;
- strengthen the culture of work-life balance by ensuring equal opportunities for all employees;
- contribute to the development of a sustainable work environment in GBS;
- enhance external reputation.

The project included a survey of 5,400 employees from four of the Group's legal entities. With a response rate of more than 60 percent, the survey provided a detailed picture of the GBS Area and the awareness of diversity issues within GBS. Results indicated that:

- our cultural diversity must be managed with the aid of different organizational and work models;
- our age diversity results in a need to integrate different cultural models from different generations;
- there is room for improvement in terms of providing equal employment opportunities, particularly with respect

to differences based on age, gender and disability;

- diversity-related difficulties may result from trying to optimize a work-life balance. The results also indicated that diversity-related difficulties may stem from difficult family situations.

**We aim to increase
our people's
awareness of diversity
management:
in 2008 over 40%
of GBS interviewees
were unaware of it**

Diversity (CONTINUED)

The survey also helped us understand employees' perceptions and knowledge of diversity management. There is an understanding that a diverse workforce brings economic value and competitive advantages in terms of attracting a wider customer base and enhancing Customer Satisfaction.

However, 43 percent of respondents are unaware that a structured approach to diversity management has been implemented. In terms of the perceived benefits of diversity management, respondents pointed to innovation, motivation and the ability to attract high quality employees.

In addition to the survey, the "Together in Diversity" project included the following components:

- **Innovation Lab:** a network involving different opinion leaders and external advisors created to analyze survey results and international best practices, in order to develop concrete projects supporting recommendations from the survey and to propose an internal policy on diversity;
- **GBS Diversity Network:** an area dedicated to diversity on the OneGate intranet portal to counter the low levels of awareness revealed by the survey. The main purpose of the section is to keep employees up to date on all our projects and to disseminate knowledge about diversity;
- **GBS Diversity Workshop:** a top-level GBS workshop held in Milan for first and second-line GBS managers. Fifty participants from across Europe represented the different legal entities and the holding company. A general overview of diversity was provided to top management, along with information about the results of the survey, in order to generate proposals from them.

Germany: Charter of Diversity, Genderdax and E-Quality

HVB signed the "Charta der Vielfalt"



charta der vielfalt

(www.charta-der-vielfalt.de), a commitment made by German companies, in April 2008. The Charter of Diversity represents a fundamental commitment to appreciate and treat people fairly in business organizations. By signing it, organizations pledge to provide a work environment free of prejudice and discrimination. The charter aims to recognize and include people with differing talents in and outside the workforce in order to better serve customers' diverse needs.

Since April 2008 HVB has also been included in the internet portal genderdax (<http://www.genderdax.de>).



The prerequisite for inclusion in the genderdax is a focus on the promotion of women in the fields of HR management and diversity management. In this manner, HVB is positioning itself as an attractive company for career-oriented women, along with the 39 other companies included on the platform. As genderdax offers a listing of employment possibilities and career opportunities with German companies, HVB is thereby represented in an important job-seeking forum. In light of the increasing importance of finding

skilled and high-potential people, the Group has thus acquired a competitive advantage.

HVB earned the label of "Total E-Quality" (<http://www.total-equality.de>) in May 2008. Total E-Quality Germany promotes equal opportunity for men and women in business,



politics and administration and its incorporation in all applicable HR processes. This goal is achieved when the aptitude, potential and competence of both genders

are equally recognized and supported. The organization grants the Total E-Quality label for positive achievements by HR management in the field of equal opportunity. HVB is one of one hundred companies that have received this label to date.

Austria: mentoring and networking in support of diversity

Bank Austria uses mentoring as a tool for diversity management, personnel development and the advancement of women. A diverse range of people work together within the framework of the program (i.e., employees of different gender, age, professional background, language, experience, cultures and countries).

In 2008, 50 mentoring pairs worked together. The mentors (people in senior positions, including Board Members and heads of departments, regions and units) shared their experiences with mentees (gifted and committed employees demonstrating potential) while accompanying them for one year on their career path.

Approximately two-thirds of the mentees were women. The high proportion of women participating in the program serves to support women in their career development and ultimately to increase their share of higher-level positions within the Group.

**Mentoring at
Bank Austria:
two-thirds of the
mentored are
women**

Through the mentoring program, young and less experienced future managers

exchange of ideas.

In addition to monthly meetings between mentors and mentees, networking is an

have an opportunity to learn from experienced senior managers. The program also provides mentees with a chance to become familiar with colleagues from different areas and levels of the Group, to learn about other departments and to benefit from the

essential part of the mentoring program. A special seminar serves as the basis for a mentee network. In the course of multiple network meetings, conversations are held with members of the Board of Directors and top managers. Mentees also bond through various self-organized social events and activities, for example, sailing tours to Croatia and work projects in Vienna.

Leadership pipeline, training and development

Our commitment is to make UniCredit Group an employer of choice. Our people management processes are based on our Group values, guaranteeing that human resources management, development and compensation are based on merit, fairness and transparency.

We also reflect our values in the Leadership Competency Model of UniCredit Group, which provides the basis for development and performance appraisals of all company executives. The Group has made significant investments in learning and development. We have created UniManagement, the executive learning center of UniCredit Group, which is housed in an innovative building designed to host key meetings of the Group and is designed to offer tailored learning programs for top and middle management.

We deeply consider motivational and professional factors. We focus on engaging people, adopting systems of people management and development based on a culture of continuous feedback. We do so through a variety of training and development programs.

The Group applies professional development programs that embrace international mobility, leverage our international structure, take advantage of cross-cultural opportunities and invest in diversity.

Performance management and development processes

UniCredit Group has defined homogeneous performance appraisal and development

processes aimed to guarantee a solid leadership pipeline at all levels throughout the Group.

The Executive Development Plan (EDP) and the Talent Management Review (TMR) are annual processes based on the Leadership Competency Model and the values of the Group and aim to reinforce the UniCredit Group Leadership Pipeline by focusing on the development of our key resources, executives and talent.

In 2008, about 2,800 executives and 950 talents were involved in these processes. Activity in 2009 is targeting approximately 3,600 executives and 1,650 talents from all the Group's legal entities. The performance appraisal linked to these processes

guarantees participants a standardized and transparent procedure, based on our values and on our culture of providing feedback, focused on professional development. At an individual level, the process aims to support and guide executives and talents to achieve their

individual development plan in alignment with the Group's business objectives.

Through the above processes, the Group offers development programs as mentoring, coaching and leadership training, based on the development plan of the executives or talents.

For all the other UniCredit Group Employees throughout the Group all countries have a Performance Management System which reinforces the importance of a performance-driven culture. These Performance Management Systems are country based and reflect the local needs of each legal entity.

2009 goal for EDP and TMR: increase overall number of participants by 40 percent y/y

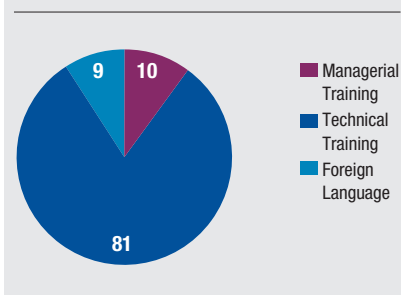
A principled approach to training

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

In 2008³ we delivered 39 hours of training per capita, compared to 35 in 2007.

At UniCredit Group, we follow a principled approach to training that has been recently renewed and reinforced through the Joint Declaration on "Training, Learning and Professional Development" signed with the UniCredit European Works Council. We pursue our training objectives according to our UniCredit Group Golden Rules of Learning and Development, a set of precepts that codify our belief that the learning process is a continuous experience that integrates both personal and business development.

UniCredit Group hours of training - breakdown by type of training 2008³ (%)



3. 2008 data covers the 93.8 percent of our employee head count.

The UniCredit Group's Golden Rules of learning and development

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

We pursue a flexible training model. Executives may become individually involved in UniCredit Group learning activities, while all Competence Lines and Divisions determine their own training needs and select their own content for general basic skills training in line with our shared training framework under the Golden Rules. Furthermore, Divisions and Competence Lines define, design and deliver necessary technical training and manage and coordinate the process internally.

UniManagement: development needs of our leaders

All leadership training activities are developed in accordance with the Leadership Competency Model, which has been designed to highlight market and product knowledge, adherence to UniCredit Group values, leadership abilities and personal character. UniCredit Group designed UniManagement, which is the UniCredit Group executive learning center, to meet the growing training and development needs of our leaders, who guide the Group through the demanding challenges of today and, more importantly, tomorrow.

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

The UniCredit Group Leadership Curriculum

The Leadership Curriculum is organized around different activities according to the target group:

- Building Blocks are for the personal skills development of the first managerial levels;
- Learning Labs are for higher managerial levels;
- Leadership Programs (such as UniQuest, Lead for Value and UniFuture) are for selected groups of participants at different stages of their leadership development.

Deploying the latest learning approaches: Building Blocks and Learning Labs

Building Blocks and Learning Labs are learning paths based on the latest findings in adult learning research and follow two distinct approaches. The Building Blocks challenge new managers with a combination of interactive learning methods, direct experimentation and shared experiences. The Learning Labs present our more experienced managers with powerful peer to peer knowledge-sharing experiences.

In 2008, we welcomed 890 managers to Building Blocks and 330 senior managers to our Learning Labs.

The path for new managers, called "Basic Leadership Training", has been promoted through the delivery of "Leadership for Results" (L4R) and "Basic Leadership Skills", with 10 cycles during the year. The L4R program is based on the Emotional Intelligence Model developed by Daniel Goleman. The underlying concept is that

Leadership pipeline, training and development (CONTINUED)

developing one's "emotional intelligence" will lead to "resonance", which in turn can generate results. This three-day intensive immersion program, in the form of an experimental workshop supported by facilitators, is designed to support the personal development of individual leadership team members. In 2008, more than 3,000 employees across the Group attended the L4R program.

890 managers participated in Building Blocks and 330 senior managers in Learning Labs in 2008. Over 3,000 people attended the Leadership for Results program and 200 began new coaching paths

L4R Coaching is a program in the Retail Division of UniCredit Banca.

It provides a coaching service consisting of meetings between enrolled managers and a professional coach employed by the bank. The coach makes use of targeted questionnaires and activities to help the manager fully explore the situations he or she is experiencing and discover his or her own development objectives. The facilitation process clarifies these objectives and highlights the actions and strategies necessary to achieve them. The coach supports the manager's self-reliant translation of these goals into practice. In 2008, 200 new coaching paths started.

UniQuest: developing promising young professionals

UniQuest is an international development program for promising young professionals working for UniCredit Group. It was established to achieve two main goals. First, UniQuest is tasked with facilitating the integration of UniCredit Group's various legal entities and fostering the development of a European corporate culture based on a shared belief in the value of differences, a common set of values and a single objective - sustainable growth. Second, UniQuest's mission is to invest in internal growth and ensure that there is a steady supply of young and promising talent in our leadership pipeline.

UniQuest is designed to encourage a diverse workplace environment where employees can experience international and multicultural exchanges by making use of innovative technologies and distance-work systems to interact with colleagues from different countries. In 2008 we concluded the 2nd edition and we started the 3rd, with 100 selected participants for each generation.

UniFuture: promoting change and providing paths

UniFuture is a leadership development track for UniCredit Group senior managers. The program has two objectives. First, UniFuture is intended to promote change, sustainable business, product development and process innovation. Second, UniFuture is tasked with providing individuals with tailored leadership development paths. This program encourages employees to share experiences and to take the necessary time for individual development and learning. In 2008, the second generation of UniFuture included 40 participants from across the Group.

Lead for Value: creating a common sense of belonging

Lead for Value is designed to improve the awareness of participants from senior management participants about what it means to be a part of UniCredit Group. Participants work on how to develop a common framework for the cross-border leveraging of existing resources and capabilities and to enhance and empower our sustainability. Lead for Value aims at exploring new ways of thinking, behaving, and leading that can drive success within the Group according to our values. It also strives to make participants stronger organizational assets who perform at higher levels. In 2008, the first pilot program was run with 60 participants.

Innovation and problem solving

Teams@work are special event-based programs designed to encourage creative and collaborative problem solving, increase decision-making efficiency in complex organizations and facilitate the integration of the nationalities, cultures and organizational components embraced by UniCredit Group. During 2008, UniManagement welcomed more than 4,000 persons to 50 events.

Sharing experiences with the communities

In 2008, UniCredit launched the program "Shape Tomorrow Today". By leveraging our learning and leadership investments currently in place, we built a two-day program ready to be delivered to local communities. The basic idea is that we can benefit our employees and communities while furthering UniCredit Group's overall strategy and demonstrating our values. Key values featured in this program are the Freedom to Act, offering everybody the chance to practice the values of entrepreneurship and develop her or his own professional personality, and Reciprocity, in terms of creating spaces for discussion and dialogue in which the mutual exchange of information may increase our legitimacy and reputation. The program was launched with a pilot in 2008 and Train the Trainers will follow.

The Lifelong Learning Center

During 2008, the Lifelong Learning Center (LLC) was launched in order to develop the technical and linguistic competences of all Group employees.

The continuous training perspective

The mission of the LLC is to strengthen the knowledge of the Group population by developing a Continuous Training regimen as a priority investment, by improving flexibility in an innovative organizational context and by generating additional knowledge.

The increase of the human capital within shared values and goals contributes to create value for all stakeholders (workers,

clients, shareholders, institutions, local communities).

LLC Goals

The implementation of the Lifelong Learning approach allows us to realize several goals in the field of training:

- quality improvement through the adoption of best practices;
- efficiency increase and effective control of costs;
- Group integration enhancement by developing trans-national networks;
- competitiveness development through the adoption of leadership market strategies;
- fostering the growth of intangibles as ratified by the accounting principle IAS 38⁴, which refers to values that do not monetary but productive resources such as human capital, structural capital, social relations and reputation.

The activities of Lifelong Learning follow the life-cycle of employees by developing educational techniques, innovative methods and an integrated and international catalogue of courses which is divided into macro-segments:

- initial training for new employees, i.e. the Banking Induction;
- continuing training and development of competencies for professional growth and the creation of value by innovation;
- re-training opportunities as support for the reorganization of the Group.

4. IAS 38 not yet applied to LLC initiatives in 2008.

Training on the job for Kenyan workers

In 2008, UniCredit Processes & Administration (UPA) hosted, for the second time, two representatives of the Amani community in Kenya for a nine-month in-house internship. The initiative carried out with the support that UniCredit has been contributing to the Amani Community for years and confirms the Group is a proactive key player in developing knowledge and competencies abroad.

In this spirit, UPA Training Department created a training program aimed to blend the experiences made in Kenya with the fundamentals of a services sector company.

Designed to develop administrative personnel for medium to large companies, this internship offers skills and competencies on budget development, board general secretariat, communication and HR management, which can be used in contexts outside of banking.

International mobility

UniCredit Group's International Mobility Program has become a powerful career development tool, exceeding its original mandate to promote the alignment of business models across the Group. Designed to match resources to positions, the program attracts and retains talents in a cost-efficient manner. The rules, tools and processes for a uniform, transparent and effective management of the program are clearly articulated in a dedicated policy.

Our People (CONTINUED)

Leadership pipeline, training and development (CONTINUED)

UniCredit Group employee cross-border transfers			
NUMBER OF CROSS-BORDER TRANSFERS BY HOST COUNTRY BY EMPLOYMENT TIER AT 31.12.2008	MANAGEMENT	STAFF	TOTAL
Italy	10	71	81
Germany	14	23	37
Austria	14	40	54
Poland	6	10	16
Bulgaria	8	3	11
Croatia	2	0	2
Czech Rep	4	3	7
Hungary	4	2	6
Romania	8	15	23
Russia	7	8	15
Others	55	65	120
Total	132	240	372

The merger with HVB Group in 2005 significantly increased the complexity of our International Mobility Program. In less than three years, the number of expatriate employees rose from 150 to about 400, with about 100 women expatriates. With 24 percent of all expatriates being women, the Group compares favorable with other international banks, which average of 15 percent. Increasingly, non-executives are being tapped for International Mobility.

Number of expatriates increased by 148 percent in three years

Women represent 24 percent of total expatriates: an outstanding figure compared to an average 15 percent at other international banks

The growing dimension of the international mobility phenomenon and the need to fully exploit its potential led us to rethink the scope of the Program acting in two areas:

- creating a strong HR International Mobility Community to develop, implement and manage global policies, processes and tools;
- extensively benchmark UniCredit Group's Expatriate Management Model capturing the best international practices.

Job Posting - Internal job market

Job Posting

We make it easy for employees to find or fill open positions through Job Posting, an online tool launched in October 2003 to promote internal mobility and help employees meet their personal and professional goals. The Job Posting portal, accessible to all our employees, allows them to identify and monitor internal career opportunities, interact with colleagues directly and transparently, stimulate intercultural and professional exchanges and identify and encourage internal competencies.

Since 2003, the Job Posting portal has steadily provided an outlet for our employees to seek out international postings. Since its inception, more than 18,000 colleagues have submitted their curricula vitae.

More than 18,000 colleagues have submitted their CVs on the Job Posting portal since its inception in 2003

New internal job market: E-Recruiting

Following the experience of Job Posting, we are launching E-Recruiting, a new and more effective internal job market. This online tool allows employees to diversify their range of professional skills without having to go out to the external job market.

There is a strong economic rationale behind this new initiative. We recognized that the departure of employees often results in the loss of unique and valuable knowledge about our structure, processes and corporate life. That is why we are now focusing on making opportunities on our internal job market as transparent and fair as the external market. This initiative also addresses the clear demand for fair and broader internal mobility that has emerged from our People Survey 2008.

E-recruiting marks a significant HR cultural change, allowing employees to build on their current professional skills and determine their own career path. While fostering internal mobility, the new Internal Job Market is a more selective recruiting process that focuses on matching the qualifications of a larger pool of applicants with available positions.

The major objectives of the Internal Job Market are:

- improving the retention of key employees;
- creating a flexible and motivated workforce;
- empowering talent possibilities to grow;
- enhancing job rotation.

The pilot phase will be launched in March 2009, covering all job openings in Italy and global positions and extending Group-wide by the end of 2009.

The Internal Job Market is an example of the Integrity Charter at work as it follows a set of rules mirroring the Integrity Charter values:

- **freedom:** every employee is free to apply for jobs and be involved in a selection process that supports diversity;
- **respect:** internal applicants are the first to be considered for open positions and, if hired, must be released from their current positions no later than three months after their selection;
- **fairness:** all applicants receive equal consideration for positions, according to their abilities, and compensation offers follow HR guidelines;
- **transparency:** every job posting includes a job description and HR functions monitor and enforce the application of rules and regulations;
- **trust:** vacant positions are posted for at least three weeks and applications will be treated with the same standard of confidentiality required for external candidates;
- **reciprocity:** rejected candidates receive brief feedback while selected candidates have to inform the releasing line manager once they are chosen.

Temporary staff and internships

In line with our core values of Fairness and Transparency and with a view of supporting a sustainable labor market, we have always regarded our temporary employees as first hiring pipeline, provided an open long-term position is confirmed and the candidate's performance is positive according to his or her manager's appraisal.

Temporary people are also recruited through the same selection processes and criteria that apply to all external long-term hiring.

In Italy, after the renewal of the 2005 National Bargaining Agreement, "Apprenticeship contract" became the first hiring step. This contract is intended to provide training and tutoring, as well as to open the door for the Apprentice to gradually enter the organization. Almost every Apprenticeship contract has been transformed into long-term contract.

However, the economic and financial changes of 2008 have required the Group to take a more focused and selective approach to temporary and external hiring, with a view to leveraging internal expertise as much as possible.

Nevertheless, even in our last agreement with the trade unions, that was aimed at managing the employment impacts of the three year Strategic Plan, we committed, in line with our values and principles, to convert four hundred fixed-term /seasonal contracts into long-term contracts.

We also support internships, which allow talented students to gain valuable professional experience. We usually provide interns with a monthly allowance, which is of particular benefit to those young students who are working and living far from their hometown.

**Roughly 400 seasonal/
short term contracts
converted into
long-term contracts**

Compensation

UniCredit Group aims to attract, retain and motivate a highly qualified global workforce to support the achievement of superior performance, thereby enhancing long-term value creation for all stakeholders and encouraging behavior consistent with the values embodied in the UniCredit Group Integrity Charter.

We are a company with high standards of integrity. That is why we demand consistency in the conduct of our business. We strive to adopt remuneration practices capable of guaranteeing that distinctive and effective compensation solutions will drive the success of our business and people management strategies while enhancing and protecting our reputation. Our compensation policy defines the key pillars that uphold these principles.

Compensation philosophy and approach

Our compensation approach is performance oriented, market aware and aligned with business strategy and stakeholder interests. In order to ensure competitiveness and effectiveness of remuneration as well as fairness and transparency towards internal and external stakeholders, our policy is based on the following principles:

- clear and transparent governance: the Board of Directors annually approves the Group Compensation Policy proposed by the Remuneration Committee, before a final endorsement is made at the UniCredit Group Annual Shareholders' Meeting;
- full compliance with regulatory requirements and principles of conduct;
- continuous monitoring of market trends and practices to ensure our compensation structure is competitive, comparable, consistent and transparent, both internally and externally;

- sustainable pay for sustainable performance: maintenance of a strong link connecting compensation to long-term sustainable results as well as to the achievement of annual targets; this is assured by balancing the fixed and variable components of remuneration and by establishing appropriate risk-weighted systems and mechanisms;

- motivation and retention of all employees, with a particular focus on talents and resources critical to the Group.

Our total compensation approach consists of a balanced package of both fixed and variable elements in order to assure the consistency of the remuneration structure with prudent risk management, the alignment of shareholders' interest and the interests of management and employees in sustainable business achievements and with regards to long term strategies:

- the base salary is designed to reflect the experience, responsibilities and skills required for each position;
- annual incentives remunerate the achievement of performance objectives, both quantitative and qualitative, by providing for a variable bonus payment linked to sustainable business results and value-creation over time as key drivers of performance;
- the long-term incentive plan values the contributions of our key resources to the sustainable growth of our business, and reflects the depth of our long term commitment to them.

Moreover, from time to time UniCredit Group rewards the efforts and commitment of its employees by offering them an opportunity to invest in the Group's future achievements by purchasing UniCredit Group shares at favorable conditions.

The remuneration package also offers a number of benefits for employees and their families that vary according to country, in line with the local social and regulatory environment.

2008 special achievements

In October 2008 the Group launched "Let's Share", the UniCredit Group Employee Stock Ownership Plan. It provides eligible employees with the opportunity to share in our future achievements by purchasing UniCredit Group shares at a discount and also to receive additional shares at no cost; entitlement to these additional shares is subject to the continued active employment status of the participant at the end of a three-year holding period.

The plan has initially been introduced in five countries - Italy, Germany, Austria, Bulgaria and Hungary - and involves roughly 100,000 employees. The goal is to extend it progressively to all of the countries in which the Group operates.



Welfare and work-life balance

Our employees enjoy welfare, healthcare and work-life benefits that supplement all social security plans and minimum contractual requirements. These benefits are designed to provide substantial guarantees for the well-being of staff and their family members during their active careers and beyond into retirement.

Always allowing for the different practices and legal frameworks specific to each country in which the UniCredit Group does business, we believe that it is important to give our employees the opportunity to invest a percentage of their salaries in a pension fund. These plans, complementing any national welfare system, represent an important benefit designed to contribute the quality of life and well-being of our people. Based on this philosophy, many UniCredit Group legal entities in different countries do in fact offer our employees the opportunity to participate in such pension plans. Please see the "Our People" Appendix for a complete list.

Most of these complementary pension plans take the shape of defined contribution funds. In some cases, defined benefit pension plans, which are no longer available to new employees, may still be in place. In most of these cases, the pension plans have assets segregated from the assets of the legal entity which holds the plan. Only a few plans have non segregated assets. In 2008, the liabilities associated with these plans, estimated on an actuarial basis pursuant to international accounting standards, appear to be adequately funded. (For further details, please see the 2008 Consolidated Reports and Accounts). Such benefits may vary substantially from country to country and are tailored to local market practices as well as to the applicable social and regulatory framework.

Additional benefits are sometimes available to support colleagues and their families at different stages of their lives - including childcare services, health screenings,

provision of meals, the operation of company canteens and access to special terms and conditions on a variety of banking products.

Such benefits may vary substantially from country to country in line with the local market practices and regulatory requirements.

Industrial Relations

In UniCredit Group Industrial Relations have always played a fundamental and innovative role, characterized by a strong cooperation between management and employee representatives in strengthening the social dialogue in a constructive and positive dimension.

The principles drawn from the "ILO Tripartite Declaration concerning Multinational Enterprises and Social Policy", the ILO's eight core conventions, the OECD's "Guidelines for Multinational Enterprises" and the contents of the United Nations' Global Compact framework, together with the UniCredit Group Integrity Charter, serve as inspirational principles in this field, supporting each action or process.

As a company operating in the financial sector, our workforce is composed of highly skilled personnel. Thus, issues related to human rights or child and forced labor are not relevant to our daily internal operations. The UniCredit Group is nonetheless aware of the sensitive nature of these subjects in other industries.

In 2008, the financial scenario in which we operate was marked by a continuous instability, reorganizations, high volatility and rapid change. UniCredit Group faced all these challenges while maintaining a strong commitment to investing in social dialogue, recognized as a key factor to smooth the social impacts of the economical crisis.

At the international level, the reinforcement of the role of the European Works Council and the strong effort to improve cooperation and knowledge sharing among all the countries in which UniCredit Group is present have been key drivers. For a more detailed description of the 2008 activities of the EWC, please see "Stakeholder Engagement" chapter.

Over the course of the year, the activity of the Group Industrial Relations Unit at Italian level has been focused on the management of the complex process of Capitalia merger, in which we were able to achieve high-quality results that we shared with the trade unions.

For 2009, within a context of economic and financial crisis, Industrial Relations at UniCredit Group remains committed to the goal of fostering and developing the social dialogue, which is crucial to combining the interests and needs of all the involved parties, guaranteeing a fair and transparent balance among stakeholders.

In Italy, the main goal of Industrial Relations, undertaken within the general frame of shared solutions and social dialogue that marked the year 2008, will be the consolidation of the newly completed merger process, managing the resulting redundancies through an even stronger focus on the need for rationalization and the maximization of operational efficiency.

2008 accomplishments

This section includes major agreements and activities at a national level. Please see the Appendix for additional data on Industrial Relations.

Italy

The management of the complex process represented by the Capitalia merger continues to prove that UniCredit Group Industrial Relations is at the forefront of its field, in both banking and other economic sectors.

During 2008, since the start of the merger, the Group's management has been engaged in tough and constructive meetings with employee representatives, and shared solutions have always been reached while avoiding conflict.

Since the very beginning of the year the, the characteristic high quality of UniCredit Industrial Relations has made possible to react promptly to the economic crisis, sharing with employees representatives the inherent difficulties that the entire economic and financial system is going through, while minimizing the negative impacts and consequences of the crisis.

In the final months of the year, the complex Capitalia-UniCredit Group merger, started in July 2007, was closed. This was done in record time. Thanks to the positive state of industrial relations within the Group, it was possible throughout the process to identify the appropriate tools and solutions needed to reach the goals of the Three-Year Plan two years ahead of schedule. This was achieved without employment shocks through a shared path of decision actions and consequences.

Two agreements were particularly decisive and characteristic:

- **normative/salary harmonization agreement, May 31, 2008:** the main goal of the Agreement was to combine the need for a unique set of rules inside the Group with the strong will to respect the different historical and cultural backgrounds of all the companies involved in the merger process. In the new context, all the former Capitalia Group employees have a clear compensation structure to refer to, fully aligned with that of their UniCredit Group colleagues. The same clear and transparent policies and norms, together with shared professional and career paths, contribute to the creation of a unique context where inclusion and cohesion are highlighted;
- **agreement on redundancies in specific hot areas, December 4, 2008:** together with the banks agreement dated October 28 (Agreement on the reorganization project of the Commercial Banks of the New UniCredit Group), this elaborated Agreement has realized a smooth management of the reorganization process. It did so by introducing the concept of the so-called “multipolarità”, an organizational solution based on the transfer of activities where redundancies were present, thereby minimizing the social implications that could have resulted from the merger.

Germany

HVB settled the needed works agreement to introduce the first steps of a Groupwide Information System for the handling of personal data - a tool necessary to the development of a shared and aligned Headcount and Overall Employee Cost Management. Further works agreements connected with recent reorganizations have also been realized.

Austria

In UniCredit Bank Austria several agreements were concluded in the field of data handling (both personal and otherwise). Additionally, a number of other subjects have been addressed including tele-working, sabbaticals, allowance and incentive systems and performance management. This last item was also a central issue in the works agreements of other Austrian companies.

Further agreements have been signed in the area of flexibility, social welfare and pension funds.

Czech Republic

The Collective Agreement that expired on December 31, 2007, has been renewed, with the central terms valid for three years and benefits to be re-discussed yearly.

Health and Safety

UniCredit Group is strongly convinced that a safe and healthy working environment is an essential element to guarantee quality of work and well-being to all employees.

In compliance with all legal requirements and in line with the Integrity Charter, UniCredit Group supports, in all countries where it is present, the same set of values and the same key message. To achieve high quality and concrete results in this field, it is essential to interpret law provisions as a starting point, with the strong will of going beyond them through an approach that embraces the topic of Health and Safety in all its different facets, underlining the major roles played by prevention, information and training.

In this context, cooperation among different functions becomes a key element in the creation of added value for employees. It contributes to the realization of many different initiatives on a general and local level, according to specific cultural and social backgrounds. For more information on initiatives relating to the health and safety of our colleagues, please refer to the section on "Highlights of initiatives for managing healthcare and work-life balance" in "Our People" Appendix.

Italy

In Italy in 2008, detailed measures of prevention and protection were planned according to a methodology that surpasses the minimum legal requirements. These measures incorporated a preventive system focused on company risks evaluation, healthy monitoring, emergency management and training.

The risk evaluation process starts from the identification of the activities to be monitored, keeping in mind the possible effects of exposure to potential noxious agents present in the workplace or the impacts of the work activity itself (e.g., the use of video monitors).

Wellness@Work

In 2008, we launched "Wellness@Work" to address the Group's work environment, starting with our headquarters building at Cordusio Square in Milan.

The project aims to move our approach beyond simple legal compliance towards a true "quality standard". The goal is to transform our work environment into a place where people feel they can express their full potential, cooperate more fully with their colleagues and exchange ideas in line with our values.

Based on employee inputs and feedback, the project has three steps:

- ethno-semiotic environment analysis of the relationship among employees, workplace, Integrity Charter values and type of work performed;
- focus groups to listen to employees' viewpoints on the effects of the workplace on quality of work, work-life balance and performance;
- interviews with selected members of senior management to review key findings and solicit guidance.

The results of the study have been used to plan and implement a shared action program.

The Wellness@Work project has also been embedded within the UniQuest "Sustainable Workplace: Shape the Future Working Environment for UniCredit Group" project, which has a Groupwide focus on young talents.

In strict cooperation with HR functions and employee representatives, a consistent process of making information available, monitoring and the selection of prevention and protection measures are defined and implemented. Training represents a major aspect of this preventive and global approach to Health and Safety, involving all employees in different ways according to specific needs and requirements.

Germany

In Germany, HVB has a joint management / workers' council committee on health and safety. As the works council is part of this committee, all non-managerial employees are represented. HVB has no formal agreements with trade unions specifically addressing health and safety.

Austria

In Austria, all activities concerning Prevention, Health and Safety are provided for by law (e.g. the "Employee Protection Act"). Several additional initiatives have been realized through specific collective agreements.

At UniCredit Bank Austria, a Health Center provides a wide range of programs in order to guarantee a high level of safety, information and awareness to the whole workforce. For example, it organizes courses in physical and mental fitness, ergonomics, fire protection and evacuation processes and first aid for members of the emergency team.

Croatia

In the field of Health and Safety, Zagrebačka Banka has undertaken a series of preventive measures and initiatives with the goal of achieving a high level of safety, protection and preservation of the health of its employees.

The safety process is organized and implemented on the model of systems

used elsewhere in Europe, paying special attention to the prevention of injuries in the workplace. The purpose of these measures is to educate employees and enable them to carry out their work in safety. We regularly monitor the implementation of occupational safety measures, inspect all job-related equipment and the work environment and continually improve the work methods and safety of employees in accordance with new technological development. We particularly focus on the issues faced by special categories of employees.

In the area of prevention, we have dedicated a special focus on health care, offering all employees both general and specific health screenings. In the course of 2008, nearly 2,000 workers received specialized health screenings.



Niccolò Ceci
Italia

«There is always a way to meet the customer's needs. Along this path, our experience serves as our compass and the customer's satisfaction is our final destination. The work we do along the entire journey is our commitment. The certainty of the result is our strength.»

Key Achievements 2008

- Customer Satisfaction was affected by financial crisis but remained solid compared to competitors
- Internal Customer Satisfaction made efforts to better understand network's major constraints/better serve clients
- Increased capacity to manage verbal claims
- Created Extra-Financial Risk Advisory Desk
- Cooperation with European Bank for Reconstruction and Development on its new environmental policy
- Supported small business start-ups with programs to enhance entrepreneurial spirit
- Supported families facing difficulties through renegotiation for floating-rate mortgages and extension of mortgage terms
- Reduction of robberies and card fraud

Priorities 2009

- Further improve our customer listening/customers satisfaction rating
- Implement internal client listening initiatives in all Group banks
- Improve complaint management process to achieve higher customer retention
- Groupwide adoption of Equator Principles
- Groupwide training program for project finance staff, credit officers and top management
- Further cooperation with multilateral institutions/EBRD
- Provide SMEs our full support/assist their internationalization
- Continue helping families struggling against financial difficulties

Our Customers

Listening to Customers and Customer Satisfaction

Creating a mutually beneficial relationship with our customers and serving them well and responsibly is at the heart of everything we do at UniCredit Group. Sustainability plays a central role in that relationship. That is why we listen to our customers' perceptions of all aspects of our business, actively respond to their complaints, promote responsible lending and investment practices in all fields, strive for transparency in all we do and take measures to protect the security of our customers wherever practicable.

UniCredit Group has made significant investments to enhance our customer-listening and Customer Satisfaction skills. The object of these investments is to set high standards for client relationships, thereby contributing to our overall business sustainability through the constant improvement and consolidation of our clients' satisfaction levels.

We began implementing these initiatives in Italy at UniCredit Banca and have gradually extended them to all other banks and countries where our Group operates.

Our approach to Customer Satisfaction, which we measure according to the common indicator generated by the TNS TRI*M index, has been in use at all of the Group's retail banks since 2007 and enables us to:

- interview a consistent number of clients and competitors at least once year on year to ensure the availability of reliable data;
- compare our results with our principal competitors;
- think strategically, as the data gives us a clear understanding of Customer Satisfaction dynamics and an ability to generate consistent solutions;
- include the TRI*M index within our management-by-objectives (MBO) system of performance measures.¹

**Number of clients interviewed for Customer Satisfaction surveys 343,000 in Italy
60,000 in Germany
54,000 in Austria
At least 2,300 for each of the CEE Banks**

The Asset Management Division uses the same TRI*M methodology to understand and prioritize its needs and opportunities, as well as to compare its results with other Group units and competitors.

In addition to Customer Satisfaction surveys, we have employed an additional listening channel called "Instant Feedback" to give our clients the opportunity to express their opinions immediately on services provided through our multifunction and PC kiosks, touch screens and ATMs in Italy. This initiative is built around:

- **listening**, enabling us to review client feedback instantaneously;
- **action**, as we use data to improve and reinforce our Customer Satisfaction performance;
- **communication**, by showing our commitment to fulfilling our promises to customers.

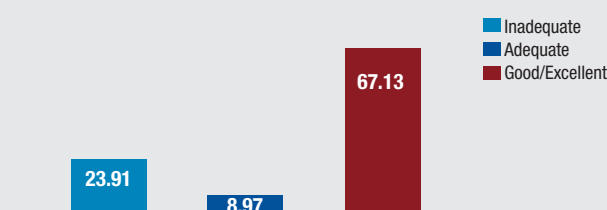
There are more than 1,400 multifunction kiosks and more than a thousand PCs already installed in Italian branches. These units not only collect feedback, but also provide services, including:

- access to internet banking for families and small businesses;
- online documentation;
- payment processes.

Listening to and satisfying our Retail Customers

A comprehensive approach to engaging stakeholders must start with our clients' voices, expectations and daily experiences in our retail branches.

Customer service feedback results from kiosks in Italy (%)



1. Of the variable compensation paid to employees in our network, 15 to 20 percent is linked to performance in customer satisfaction.

Our Customers (CONTINUED)

Listening to Customers and Customer Satisfaction (CONTINUED)

In Austria, a pilot project to provide similar terminals with Customer Satisfaction input capabilities was launched in 11 branches.

As a financial institution, our role is to work closely with our clients and help them to pursue their goals. Especially in difficult times like the current economic and financial crisis, when the confidence of customers is in doubt, it is essential that we remain prepared to have in-depth discussions about why and how our relationship with them is sustainable. That is why our structured and intensive process of listening to our clients is vital. It enables us to analyze their perceptions, feelings and expectations, improve our service levels and product range and otherwise respond to their evolving needs.

In Italy, the Group's TRI*M compares well with the competition, especially considering that results from former

Capitalia banks were integrated into the data and in light of to the financial crisis's negative impact on overall client satisfaction and trust in the banking system as a whole.

In Germany and Austria, despite the pressure on Customer Satisfaction caused by the financial crisis, we maintained a steady level of satisfaction in Germany and even improved our results in Austria. We also closed the gap between us and the competition, whose results declined slightly in 2008, and remain committed to our long-term effort to build stronger customer loyalty.

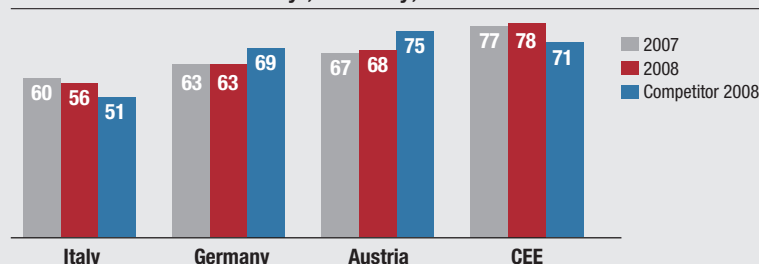
In the CEE, our overall TRI*M trended upward, while our competitors were unable to improve on their 2007 results. The financial crisis affected Customer Satisfaction only in certain countries. In Bulgaria, our negative trend was

nevertheless better than our most important competitor's performance in the same period. In Romania we decreased just slightly more than the sector average despite the excellent results achieved in Small Business. In Russia, a negative overall trend did not affect our leadership position in Customer Satisfaction. In other CEE countries, including Croatia, the Czech Republic and Hungary, our performance was strongly positive.

Based on these survey results, each CEE country developed a specific action plan to be implemented in 2009. Among other initiatives, some banks decided to undertake further improvements in:

- complaint management processes to achieve better levels of customer retention;
- employee training, with a specific focus on customer satisfaction to propagate a customer-oriented culture;
- internal customer satisfaction, to improve service levels by removing daily network difficulties and increasing internal efficiency.

TRI*M Index Results for Italy², Germany, Austria and the CEE³



2. Data for Italy from 2007 has been adjusted to reflect the integration of the former Capitalia.

3. Data for the CEE includes Bosnia, Bulgaria, Croatia, the Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine.

Listening to and satisfying our Corporate Customers

In 2007, UniCredit Group's Corporate Division initiated a new Customer Satisfaction program. In 2008, this program encompassed all UniCredit Corporate Banking customers in Italy, HVB customers in Germany and Bank Austria customers in Austria. According to our 2008 results, revenues generated by satisfied customers are more than 70 percent higher than those from dissatisfied customers; and satisfied customers generate more business, while dissatisfied customers eventually depart altogether.

The object of our new program, which is supported by international market research, is to develop and implement a new Customer Satisfaction concept, called "Listen to Act", as well as to support and coordinate all Corporate Division legal entities in the adoption of a common strategy and approach.

In 2008 we interviewed more than 28,400 corporate customers, including 19,000 customers in Italy, 6,300 in Germany and 3,100 in Austria.

We based our approach on immediately responding to complaints. In Italy, for example, almost 3,400 suggestions made by dissatisfied UniCredit Corporate Banking customers during a phone survey were relayed to our network, and 2,300 customers were contacted with prompt responses to their complaints. At Bank Austria, more contacts were made and meetings were held from September to December of 2008 as we strengthened our bond with our customers. Each quarter, reports showing the results of telephone interviews are relayed across our network.

In HVB, each region set up its own action plan addressing the principal critical areas. Dedicated periodic team meetings have been arranged among multiple branches in order to discuss and share best practices on products and activities to improve customer satisfaction.

The program also has a qualitative component, which included more than 150 face-to-face interviews with UniCredit Corporate Banking, HVB and Bank Austria clients to analyze customer needs in depth and to discuss any ideas customers offered on the implementation of our service model. In addition, the top management of each of these three banks conducted more than 300 interviews at the end of their business meetings to assess the effectiveness of the "Listen to Act" program.

For 2009, the Corporate Division intends to further develop our approach to Customer Satisfaction by implementing an action plan formulated for each country, measuring satisfaction in comparison with market competition, applying benchmarks and assessing the correlation between Customer Satisfaction and employee satisfaction.

In all CEE banks, customer satisfaction surveys are performed with a common methodology that applies a new indicator (SLI - Satisfaction and Loyalty Index). More than 7,000 UniCredit Corporate customers and roughly 6,000 competitors' clients were interviewed.

The survey results showed that our CEE customers' level of satisfaction was in line with our major competitors, and is trending upward.

Listening to and satisfying our Private Banking Customers

At UniCredit Private Banking, we build long-term relationships with our customers by listening to their needs and expectations through an annual customer satisfaction survey performed by external specialists via mail and telephone interviews.

Our clients are regularly informed of outcomes related to their feedback. For example, each year, all UniCredit Private Banking customers who participated in the previous year's survey receive a letter of thanks from the CEO, with a description of the most significant initiatives we undertook as a result of their input.

Such surveys are also supplemented by "Mystery Shopping" initiatives, which allow us to collect detailed information about the whole advisory process and to leverage such information to further improve the quality of services provided to our clients.

The importance of our customer satisfaction initiatives is evidenced by the results of the surveys. For example, despite high market volatility in 2008, Fineco received strong customer satisfaction results, with 91 percent of all clients satisfied and recommending Fineco to relatives and friends, compared with the 39 percent registered on average by our competitors.

An additional confirmation is represented by the awards recently received from third-party specialists in the markets where we operate, including the one for "Excellent Consulting Services" and a rating of "highly recommended" made in October 2008 by Focus Money and n-tv in Germany, and the one for "Best Private Domestic Bank" in Italy, given in 2008 to UniCredit Private Banking by the magazine Euromoney.

Engaging corporate customers in Italy:
19,000 corporate customers contacted
3,400 corporate customer suggestions
2,300 corporate customers received prompt responses

Our Customers (CONTINUED)

Listening to Customers and Customer Satisfaction (CONTINUED)

Retail Service Quality

Mystery Shopping

Intensive Mystery Shopping plays a key role in the monitoring and evaluation of the quality of service delivered.

Designing and delivering excellent customer service means being able to assess whether, in each “moment of truth” in our interactions with our customers, our employees, products, processes and facilities succeed in meeting their expectations and providing us with a competitive advantage through their added value. Mystery Shopping represents the most important fieldwork we do to strengthen our service levels and reinforce our advisory skills. We do this by evaluating the perceptions of prospective clients regarding the overall impression we make, our consultancy services and commercial expertise. In 2008 we conducted:

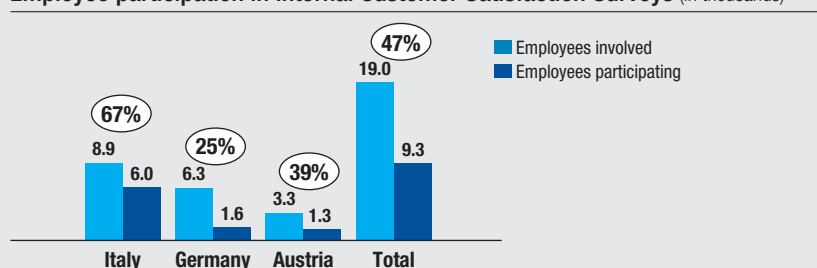
- 1,883 visits in Italy;
- roughly 3,300 checkups on individuals and families, 2,300 telephone calls to small businesses and 500 checkups on competitors' services in Germany;
- 1,080 visits, telephone calls and email checkups in Austria.

All the CEE banks in our network are adopting the approach we use in Italy, Germany and Austria, with biannual assessments of all branches, consisting of two visits apiece.

Internal Customer Satisfaction

Our ability to understand our customers' needs is a prerequisite for sustainable business results. Customer satisfaction measurements, however, should not

Employee participation in Internal Customer Satisfaction Surveys (in thousands)



serve solely as a driver for front office practices. We also measure our capacity to provide excellent service by evaluating the contributions made by all departments in the value chain.

improving internal and external customer satisfaction.

Not unlike the system in place to manage external Customer Satisfaction, internal customer service level is measured using an internal service quality index.

Preliminary results from Italy, Germany, and Austria show that the initiative is being well-received. Roughly 19,000 employees have received the survey, with a participation rate of 49 percent.

This approach and methodology will be progressively extended Groupwide to further enhance our employees' already strong sense of belonging and customer orientation across the whole Retail Division. We are already working to establish the internal customer listening process in the Czech Republic, Romania and Slovakia for 2009.

In addition, in Bulgaria, Croatia, Hungary, Romania and Russia, we have implemented the “Customer Care” program to identify key variables that affect customer satisfaction. The program analyzes the service quality delivered, both externally and internally, by making use of Mystery Shopping fieldwork and key data on operational excellence. The program also analyzes external and internal quality perceptions through customer satisfaction and employee perception surveys.

783 days
of Mystery Shopping

6,263 Mystery
Shopping visits

Our goal is to orient the entire organization around the customer. That is why in 2008 we implemented the cross-border “Internal Customer Satisfaction” initiative in Italy, Germany and Austria to:

- establish a process of listening to our network, in the form of extensive surveys of branch employees, measuring their perceptions of the internal departments and product factories that support the Group's front-line operations;
- detect and analyze the gaps between the actual service provided by internal functions and product factories and the perceptions of the network in its role as an internal client;
- implement an action plan for each internal department and product factory to improve the level of service provided to internal customers and, ultimately, external customers;
- leverage the existing incentive system to enhance the Group's commitment to

A Day in a Branch

Another successful initiative has been “A Day in a Branch”, designed to consolidate and disseminate a customer-centric culture across the Group. It provides concrete support to our network colleagues in delivering the excellent service our customers are looking for. Starting with retail branches in Italy in 2006, the initiative was expanded to Germany and Austria in 2007 and was tested in 2008 in Bulgaria, Croatia and Slovenia.

In 2008, 600 top managers and headquarters staff from the holding company and Group legal entities participated. During their branch visits they gathered new ideas, impressions and recommendations related to improving customer service. The value of the initiative applies to managers and branch employees alike, as it represents a means to:

- increase the effectiveness of our service;

- bring the holding company and the network closer together;
- transform suggestions and recommendations into concrete factors for success;
- eliminate daily challenges faced by branch employees;
- promote the adoption of our customer’s point of view across the Group.

The “A Day in a Branch” tradition will be extended across the Group in 2009.

BEST!

The BEST! project in Germany focuses on employees’ daily behavior, commercial attitude and competences. It aims to increase employee motivation and Customer Satisfaction through an intensive exchange of experiences and the development of a leadership culture and related skills.

Beginning in October 2007, the project started with an “active listening” phase

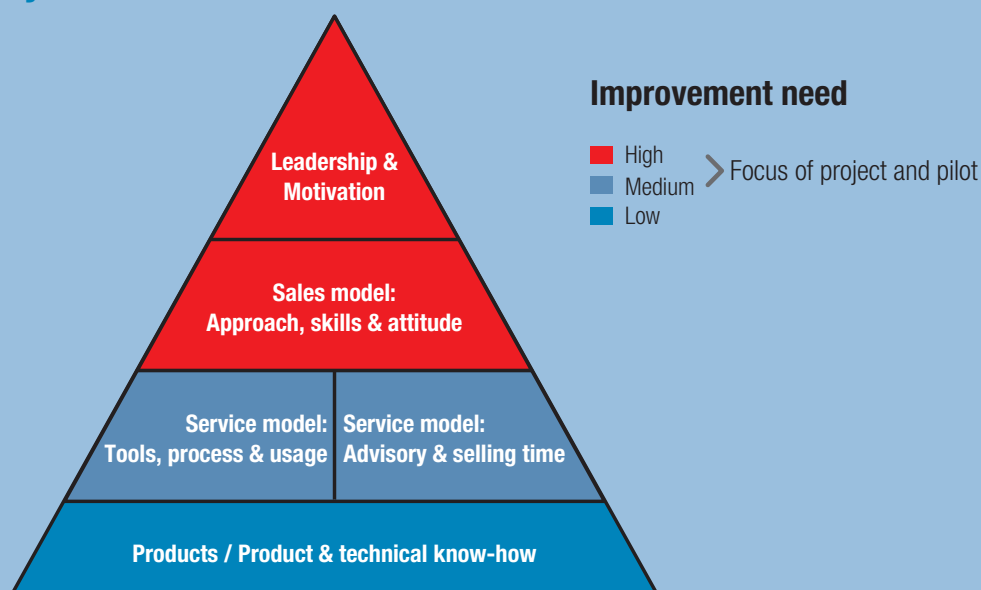
involving 40 workshops and a series of interviews. These reached across all sales roles and employee levels in order to identify the main issues faced by our network. BEST! also sent an online questionnaire to more than 2,000 of our people during the project startup phase.

Employee feedback highlighted key areas for improvement, including:

- individual behavior, with a focus on leadership culture;
- branch network management, with a role for motivational events;
- clearer communication of expectations associated with each position;
- sharing of best practices and development of new ideas.

In response, the BEST! project development team created five task forces and drafted seven handbooks giving summary descriptions of and best practices for each position. Each

BEST! Project Model



Our Customers (CONTINUED)

Listening to Customers and Customer Satisfaction (CONTINUED)

handbook is designed to serve as a daily reference for employees versed in the language of sales.

By March 2008, these solutions were pilot-tested for eight weeks in 12 branches in two structurally distinct markets, Thuringia and Munich Schwabing-Bogenhausen. In July 2008, we started rolling out and implementing BEST! across the Retail Division.

BEST! combines six central elements encompassing training, motivation and support and it is designed to cascade from top management to our frontline employees in the branches:

- 16 leadership training sessions for top management, market and branch managers;
- 55 motivational events, including launches, in regions and markets;
- 4 mandatory employee workshops for each position per branch;
- 7 mandatory, topic-specific periodic modules for each position per branch;
- ongoing appraisal interviews and active coaching provided to each employee by his or her manager to strengthen leadership culture and leadership skills;
- 26 onsite fulltime BEST! facilitators (during the workshop phase) to support managers and all employees.

Altogether, BEST! was introduced in roughly 640 branches to more than 6,200 employees across Germany. Approximately 9,000 workshops and regularly scheduled sessions were held in the branches addressing all roles, including all experts in the Retail Division.

Supporting Customers with our knowledge

UniCredit Group has always been particularly intent on improving the general creditworthiness of the Small Business

and Corporate segments by developing customized funding solutions to improve the structure of their balance sheets.

For this purpose, UniCredit Corporate Banking developed the "Benchmarking Tool" for these segments, simplifying the task of relationship managers in explaining how the new risk measurement methodologies introduced by Basel II have affected loan pricing. The tools provide concrete simulations based on the actual market positions and financial structures of our customers.

Bank Austria also designed two financial service tools to support corporate customers. Since 2003, "Rating Consultancy", which aims to combine practical support with a high level of transparency, has been useful in the field of corporate credit rating management. In 2008, changes in Basel II put additional focus on the extension of knowledge of the new principles and broadened the reliance on ratings in corporate business. The Rating Consultancy tool prefates a conversation with our clients in which we offer insights into the internal credit rating process, explain the internal rating model and its qualitative and quantitative inputs, and then specify the relevant financial ratios that apply to them.

In 2008, Bank Austria's "Working Capital Check" liquidity analysis tool proved effective for consultation, simulation and analysis. It is now being used in direct, onsite consultations, free of charge, for our corporate customers. It was developed specifically for companies with a turnover of from €3 million to €250 million and speaks to today's increased focus on professional liquidity management.

It analyzes the company's balance sheet structure and liquidity situation based on

financial data provided. It assesses working capital, simulates potential changes to it under future scenarios, and calculates its impact on other financial ratios. The benefit is an active liquidity management approach that aids our customers, distributors, business partners and banks in achieving a solid credit standing - especially in financially challenging times - in order to support corporate growth targets.

Complaint management

Managing customer complaints is an important part of our business, both from a regulatory and a customer service perspective. The capacity to provide fast, clear and concrete answers to complaints is a key driver of Customer Satisfaction, and it helps ensure our reputation for service.

Complaint management is the formal process that allows us to record and resolve every complaint properly. Each complaint reflects the direct experience and opinion of one of our customers and provides a valuable reference point from which to improve our performance. It is essential that all complaints be entered into our formal complaint management system because a higher percentage of recorded complaints translate into a smaller “blind spot”.

Managing Retail Customer complaints

In a retail bank, the majority of complaints are addressed directly to our staff, with the expectation of an immediate response. That is why we have been working for years to ensure that our clients do not need to go through an excessively formalized process to obtain a response from us.

One of the steps that we have taken to improve our response time was the development and implementation of the Q48 complaint solution process for our Retail branch network in Italy. Q48 provides for the handling of complaints within 48 hours of their being lodged. The process and its related systems enable our network colleagues to track a complaint from the beginning to the end, and to resolve most of them directly at the first point of contact. This approach allows us to build credibility in the eyes of customers by giving our

employees a certain level of autonomy in the settlement of procedural errors, streamlining the process.

Our strength in this area is reflected by the numbers. In 2008 in Italy, 255,639 complaints were registered in the system as verbal interactions.

Of these complaints, 99 percent were resolved within 24 hours, 0.6 percent were resolved within 48 hours and just 0.4 percent took longer than 48 hours to address.

The Q48 system has produced positive results in overall Customer Satisfaction, employee behaviors, efficient bank processes and the establishment of a culture of Customer Satisfaction

Additionally in 2008, professional complaint management was addressed through key projects in Germany and Austria.

In Germany, besides the fine-tuning of complaint handling within the central complaint management unit, the focus of

activities in 2008 was on improving the soft skills of branch employees in dealing with customer complaints in a way that is customer- and solution-oriented.

In Austria, the implementation of a new complaint registering IT system aims to

promote excellent complaint handling processes (e.g., resolution within 48 hours and authorization of branch managers to provide clients with compensation payments, among other changes strengthening the role of branch managers).

The system includes a

registration function that makes all customer data available in real time, allowing for real-time management and regional reporting.

This lead project was launched with nine road shows organized by the customer satisfaction team in cooperation with the head of sales for Austria (380 participants). It was further supported with a range of communication materials, branch workshops and e-learning modules delivered to more than 3,000 employees.

**In Italy 99%
of complaints
solved
in 24 hours**

Recorded and written complains in Italy, Germany and Austria

	ITALY ⁴		GERMANY		AUSTRIA	
	2008	2007	2008	2007	2008	2007
Recorded (written + verbal)	272,003	114,815	64,575	39,496	12,975	7,969
Written complaints	16,364	4,271	7,430	4,267	3,771	4,122

4. These data are not directly comparable due to the effect of the 2007 merger with Capitalia.

Our Customers (CONTINUED)

Complaint management (CONTINUED)

The number of customers expressing dissatisfaction with the resolution of their complaints decreased. For example, among the “affluent” segment, the figure declined from 60 percent in 2007 to 43 percent in the third quarter of 2008.

Italy, Germany and Austria also offer customers the option to directly addressing any issue by writing an email to our top management, thereby promoting a sense of proximity.

Most of UniCredit Group's banks in the CEE in 2008 brought a strong focus to complaint management. A new IT platform was introduced in Bulgaria, the Czech Republic and Hungary, and a process review was also undertaken to ensure the provision of optimal customer solutions in the shortest possible time. All complaint management processes have been designed to facilitate the early detection of problems. Board Members are also engaged quickly in order to secure a high level of commitment for the initiation of systematic changes to prevent the same issues from recurring.

Managing Customer complaints in Private Banking

In the Private Banking Division, we proactively ask our clients to keep the appropriate quality departments apprised of any unsatisfactory experience they may have.

IT support processes are generally already in place within our Private Banking legal entities, registering all contacts made by our clients, monitoring the resolution process and ensuring a quick and satisfactory answer within a few days.

The complaint management process is structured in such a way as to guarantee that the customer's complaint is heard, responded to and resolved. The objective at this critical juncture in the relationship is to achieve a full understanding of the complaint and to transform it into an opportunity for contact and communication.

For this reason, our complaint office works closely with other departments, specifically collaborating with the branch network. This is particularly the case when the office needs technical advice or when it submits proposals to decision-making bodies.

The complaint office composes a response to each complaint, which is then shared with the branch and the area in question and is sent to the filer of the complaint in compliance with the terms prescribed by all relevant internal and external regulations.

Transparency

Transparency is one of the values represented in our Integrity Charter. Thus, one of our most important objectives is to improve openness and transparency in our relationships with our customers.

The global financial crisis has cast a spotlight on the banking sector. One of the biggest lessons learned has been that the risks inherent in the products in which customers invested were not adequately transparent. That is why we continue to invest in our customized advisory services so that we can offer the right product for the client's needs in a manner that is clear and understandable.

Our first priority is to find out exactly what our clients' needs are. Even though every client naturally wants to earn the best possible return, we are committed to making it clear that risk and return need to be balanced. Our second priority

is to make certain our clients understand the products they are investing in and especially the risks associated with them.

UniCredit Banca was one of the first Italian banks to propose and initiate a revision of our pricing structure in an effort to achieve a simpler and more transparent approach. We sought out the cost items that were regarded as less comprehensible to our customers, including maximum overdraft fees. Since July 2008, the maximum overdraft fee structure has been simplified to offer customers the option to predefine fee amounts and to compare costs with our competitors.

During 2008, most of our Group's banks expanded the use of their internet sites and other tools with the aim of increasing transparency for our customers. On the Fineco website, customers can research the value and characteristics of a

range of financial products, and, if they choose, contact their Personal Financial Advisors to request further details and make investments. These services were positively received by customers, judging from usage data and from the fact that our website won the "Premio www" recognition from Il Sole 24 Ore for being the best website in Italy and first in Customer Satisfaction as well.

In March 2008, the UPB website went online, enabling customers to extend their areas of activity to foreign markets and to access more in-depth information on share valuations, financial products and market prices in real time.

Our banks in the Czech Republic, Hungary, Poland and Russia are similarly engaged, making all financial product agreements and conditions openly accessible on their websites, in support of our clients.

Our Customers (CONTINUED)

Sensitivity and proximity

The financial crisis has caused customers to lose faith in the financial sector's ability to deliver profitable investment products and to safeguard their savings with the provision of reliable investment advice.

In response, we have redoubled our focus on relationships, Customer Satisfaction and the needs of the different territories we serve. We have stayed close to our internal and external customers and worked to meet their present and future needs through clear and continuous communications and personal relationships. We have provided professional economic analysis to support our clients' understanding of the major issues and effects of the financial crisis. This system enables us to provide professional advice to our clients and help them stay aware of risks.

Sensitivity and proximity to Retail Customers

The bankruptcy of Lehman Brothers has increased customers' fears about the security of their savings. In particular, 13 CNP UniCredit Vita index-linked products based on Lehman Brothers bonds, subscribed to by 25,000 customers from 2001 to 2003 through the former Capitalia network, were unexpectedly exposed to risk. In response, UniCredit Group and CNP launched a €400 million investment protection plan for the products at the end of November 2008, replacing them with new contracts and guaranteeing the customers' equity at the end of the investment period. With this intervention, UniCredit Group strongly underlined its closeness and commitment to our investors' needs by working to maintain their trust and protect them against extraordinary events.

Overall, the Group has responded by providing our network and our people with

information through multiple channels to enable them to manage this challenging period. In addition to the standard information we always provide to our network on a weekly and monthly basis, we have focused on current economic and political events to ensure a proper assessment of the impact of government interventions on markets and customers and a thorough understanding of the main products in our customers' portfolios.

We also launched a "market point" section of our website to provide daily economic news, created a dedicated email inbox, called "Your Bank is Answering" for receiving and then responding to customers' questions and augmented our intranet portal to facilitate the dissemination of information. By staying in close contact with our customers, we quickly developed new investment products to match their lower tolerance for risk and preference for short-term plays. This new range of products is linked to market performance, but provides customers with the security of a repayment guarantee for invested capital in the event of negative trends.

Sensitivity and proximity to Asset Management Customers

The range of Pioneer Group's investment funds and assets under management (AuM) has been reexamined as we work to provide simplified solutions for customers in response to the current market environment.

Pioneer Group provided timely communications on key events throughout the crisis in order to inform customers about our asset allocation and portfolio holdings. We furnished them with market views, product performance data and strategy outlooks.

Since the news of the alleged Madoff fraud broke in mid-December, we have been working to support this client communication strategy. The Group immediately communicated its own

exposure and confirmed that certain funds belonging to the alternative investments unit of Pioneer Investments were indirectly exposed to Madoff through feeder funds, adding that these funds were not included in any of the fund portfolios of hedge funds governed by Italian law. Full disclosure was confirmed in the UniCredit Group capital raising prospectus at the end of December, where it was also reported that 90 percent of the total exposure was distributed to institutional international clients

Pioneer Group also provided advice to customers with a view to protecting their savings and positioning their portfolios to take advantage of future opportunities. The credit crisis has had an adverse influence on some of our funds. Well aware of our role as asset managers in safeguarding people's wealth over the long-term, we have made a significant effort to keep our sales teams, distributors and shareholders informed with statements, presentations and performance analyses.

We are also involved, along with other members of the financial community, in the

discussion of topics related to long-term investments, social stability and savings, as well as in the promotion of initiatives and research activities involving leading personalities in the economic, financial and political fields.

The Third European Colloquia was a forum hosting 200 top clients and leading authorities from the economic and financial fields to address both key economic issues and specific topics, including individual portfolio choices and the related responsibilities of asset gatherers and asset managers. Nobel Prize-winners and high-profile researchers discussed issues of international interest for the benefit of customers, academics, the media, institutional investors and the broader financial community. The main topics touched were the prospects for global growth and the importance of understanding the effects of behavioral factors, the current controversies over monetary policy on both sides of the Atlantic, the need to reshape financial portfolios in recognition of the impact of the current crisis, and the new growth paradigm.

Responsible lending

Social and Environmental Management

When financing socially and environmentally sensitive industries, it is essential that a bank utilize transparent decision-making processes. Nevertheless, the primary task of social and environmental management is to minimize loan defaults and risks in order to preserve the bank's reputation. In particular with corporate customers, we have seen that environmental risks may have a distinct impact on their credit ratings and the value of collateral provided to the bank.

For example, controversial materials such as asbestos and lead may be banned, giving rise to sizable claims for compensation. Obsolete plants and new environmental legislation can trigger high investment costs and even result in partial closure of some facilities. All this influences the credit standing of a customer and at worst can result in defaults.

In project finance, in which projects are financed based on the expected cash flow from the project instead of on the credit standing of the company sponsoring the project, ecological and social risks can vastly increase the likelihood of default under certain circumstances.

In addition, there is the threat to a company's reputation, for example, through demonstrations by such non-governmental organizations (NGOs) as WWF, Greenpeace and Urgewald.

To minimize these risks, UniCredit Group has clearly stipulated in its General Group Credit Policy that every loan must be examined for its ecological and social

impacts. The minimum standards to be applied are the national and international laws effective locally and the environmental and social standards of the World Bank Group (specifically the "Performance Standards" and "Environmental, Health and Safety [EHS] Guidelines").

We are currently in the process of implementing these standards throughout the Group, relying on the experience and processes of the major legal entities of the Group, including HVB and Bank Austria. Examining social risks and environmental risks is thus an integral component of every credit rating and every credit decision made by most legal entities of UniCredit Group.

Before loans are granted to corporate customers (in the large- and mid-cap segments), the environmental risk is assessed as part of the credit rating process by the credit specialist in charge. In this analysis, our credit specialists make use of the following tools: sector information and analyses, sector checklists and environmental contamination questionnaires. This ensures that the analysis is on a very sound footing.

If risks are detected, our sector specialists and environmental experts or even external assessors can be called in to assist. The result of the analysis becomes part of our credit rating for the company and thus influences the terms of financing. High risks may mean that the credit application is rejected.

Foreign trade finance can also result in negative ecological and social consequences in the importers' or exporters' countries. Additional problems can also arise. Foreign trade finance transactions frequently involve such small volumes that external experts cannot

be called in, and, in contrast to project finance, banks are often resorted to at a very late stage, giving them little time to study the entire situation and only a limited overview. Options for the banks to exercise influence on a transaction are limited, since foreign trade finance transactions are often guaranteed by export credit agencies (ECAs), such as SACE, Euler-Hermes and Österreichische Kontrollbank (OeKB). These are the institutions that bear the main risk, and thus it is their requirements that are critical. We can only consider the individual loans within the limited scope outlined above. Here again, the yardsticks are the EHS Guidelines and, where applicable, the Performance Standards of the World Bank.

In 2007, the OECD countries agreed on new common approaches in the form of the OECD environmental guidelines for export credit guarantees. The new guidelines make the application of international standards, especially those of the World Bank Group, more binding and therefore have the effect of partially aligning the ECAs with the Equator Principles.

Last year we reported in our Sustainability Report about the Ilisu Dam. In 2008, we began a discussion with the NGOs campaigning against Ilisu, and we had a first informal meeting with several of them in Rome in July. In the beginning, our aim was to listen carefully to them and their arguments and to consider all their grievances. In February 2009, we organized another and more comprehensive roundtable with all involved NGOs in Milan to discuss all recent developments.

UniCredit Markets & Investment Banking (MIB) Project Finance: the Equator Principles

Protecting UniCredit Group's reputation is of key interest to management and stakeholders. Increased credibility and trust not only have a positive influence on relations with communities and stakeholders, but also facilitate access to capital markets.

In investment banking, where large industry projects are financed, we apply the Equator Principles, the single global standard and accepted benchmark for managing and mitigating environmental and social risk in project finance. The Equator Principles form the core of an environmental and social risk management approach for the Group's investment banking arm.

The Equator Principles protect the local communities in which our clients operate, which is a prerequisite for sustainable finance. They also contribute to the establishment of long-term trust, by requiring careful analysis of each project's ecological and social implications, transparent reporting and permanent community dialogue.

Project finance is a financing method used for large industrial projects and for investments in emerging markets, often in countries with weak governance, and the Equator Principles support us in averting the risk of human rights violations and ensure employment conditions that adhere to international labor laws. Cash flow from the underlying asset is the main source for repayment of the loans. Large projects like power plants, dams, mines

and sewage treatment plants carry not just economic, but also ecological and social risks during their construction, operation and decommissioning. Ecological and social risks may negatively affect not only the local communities in which our customers operate, but also the economic viability of our customers' investments and UniCredit Group's reputation. Therefore the avoidance and - if avoidance is unfeasible - the mitigation of such risks are imperative to the well-being of local communities and to business sustainability, both for our customers and ourselves.

An important part of the assessment of environmental and social risk is the management capacity of the client to cope with such risks, along with the client's record of accomplishment, corporate policies and successful implementation of those policies.

The application of the Equator Principles guarantees better access to international capital markets, the sustainability of a greater proportion of the projects in UniCredit Group's portfolio, lower reputational risk and the improved management of environmental and social project risks. These benefits translate into protected project cash flows and a reduction in project delays and cost overruns, thus providing enhanced value to our shareholders.

UniCredit Group has a seat on the Steering Committee of the Equator Principles Financial Institutions (EPFI) network,⁵ and headed the Outreach working group within the EPFI management structure. We conducted an intense dialogue with ECAs on cooperation regarding the categorization of projects in terms of their different levels

of environmental and social impact. Our cooperation with the European Bank for Reconstruction and Development (EBRD) on its new environmental policy during 2008 will be continued in 2009. We have worked on building capacity in emerging markets like China and Russia together with different partners and civil society. Regional events held in cooperation with key stakeholders, multilateral institutions, EBRD and other EPFIs are planned for Russia and China in 2009.

In addition, we chair two more working groups. The NGO working group provides a forum for dialogue and communication with the NGOs for whom the Equator Principles are relevant and who closely monitor implementation at individual banks. The Scope Review working group is concerned with assessing the suitability of other banking products and services for inclusion in the Equator Principles in the future.

In the course of developing expertise that extends beyond the project finance business itself, in 2008 MIB created an Extra-Financial Risk Advisory Desk. It is responsible for advising on the mitigation of extra-financial risk in project finance transactions and serves as a competence center. It organizes Equator Principles training, updates management and staff on new developments and provides tools to assist in the assessment and categorization of projects. The desk is also involved in screening environmental and social risks at the project level and in developing a management and mitigation strategy utilizing the Environmental and Social Management System and embedded action plans.

HVB has offered in-house training by qualified external trainers ever since the Equator Principles were adopted. The training focused on social issues in 2008.

5. A list of network participants may be found at www.equator-principles.com.

Our Customers (CONTINUED)

Responsible lending (CONTINUED)

UniCredit Group is building on these achievements and successes. The main task for 2009 is the extension of the Equator Principles to a Groupwide basis. We will also take the following steps to progress toward a broader environmental and social risk management strategy based on internationally-accepted environmental and social standards such as the World Bank standards. We will proceed by extending the spirit of the Equator Principles to other forms of structured finance in a joint effort with other banks. It was with this in mind that we volunteered to co-chair the Scope Review working group within the EPFI network.

MIB will test an environmental and social risk management tool, which will allow MIB to quantify the effects of mitigation and risk management efforts on structured finance. With external partners, we are currently working on a new training program for Groupwide project finance staff, which will first train 200 people in MIB project finance, including credit officers and top management. These programs are not standardized and are adjusted to meet the specific needs of the participants.

Social and environmental policies

Last year's report addressed UniCredit Group's policies regarding the defense industry and the nuclear energy sector. In 2008, we started the development of our new mining policy and aim to finalize it in 2009. As in the past, we shared the policy with key NGOs to obtain their initial feedback, and we will have a roundtable with NGOs before finalizing it.

Due to the significant controversial implications related to dealing with the defense industry and the high risk of negative potential impacts on our market reputation, UniCredit Corporate Banking has further improved its internal processes in

HVB and Bank Austria Financed Projects in 2008

Equator Principles - Number of projects reviewed within HVB and Bank Austria	
	2008
Category A	1
Category B	14
Category C	11

2008 Equator Principles - Number of projects financed by risk category and sector within HVB and Bank Austria			
	CATEGORY A	CATEGORY B	CATEGORY C
Resources*		5	1
Energy	1	3	10
Energy: fossil fuels		1	
Infrastructure		5	
Total	1	14	11

* Resources includes oil & gas, mining & metals.

2008 Equator Principles - Number of projects financed by risk category and regions within HVB and Bank Austria			
	CATEGORY A	CATEGORY B	CATEGORY C
Europe: EU	1	6	4
Europe: non-EU		1	1
North America		2	5
South America		2	
Asia/Australia		3	1
Total	1	14	11

order to increase still further our awareness of these issues across our network and to improve the monitoring of credit and reputational risk exposures.

We redesigned internal processes to serve this segment of customers more efficiently through an integrated and coordinated process, in particular by:

- setting up a central unit responsible for all commercial banking initiatives (financing and transactional banking) related to the defense industry;
- defining the internal preliminary evaluation process for credit decisions

and for offering transactional services related to the trading and import or export of defense-related products;

- improving the monitoring tools for commercial activities involving the defense industry;
- developing our internal regulations to provide our network with detailed instructions, rules and processes to follow in dealing with defense industry customers.

Derivatives

UniCredit Group provides corporate customers with a comprehensive range of treasury products and services across various asset classes, ranging from the traditional foreign exchange and money market instruments to the most sophisticated derivative solutions.

A derivative is a financial instrument whose value changes in response to a change in a specified interest rate, foreign exchange rate, commodity price, index of prices or rates, or similar variables. There are two distinct groups of derivative contracts:

- exchange-traded derivatives - products that are traded on an exchange;
- over-the-counter (OTC) derivatives - contracts that are traded directly between two parties without going through an exchange.

Treasury products, including derivatives, represent a useful tool allowing corporate clients to hedge or diversify financial markets exposure, customize investment returns and find solutions to all their risk management needs.

The rapid growth of this market segment in the last decade, in which UniCredit Group has played a significant role, has led to an increasing awareness of the reputational damage linked to litigations based on the possible inadequate understanding of future obligations under a derivative contract.

The introduction of MiFID (effective since November 1, 2007) has further increased the focus on the suitability and appropriateness of derivative products being offered to customers, particularly those classified as retail clients.

Derivative products in general, and the most complex products in particular, will be offered

only to users who understand the nature of the risks inherent in these transactions. Furthermore, the products being offered should be consistent with clients' businesses, financial operations, skill level, sophistication and internal policies as well as risk appetite.

In line with the regulatory framework, a new organizational model was defined in 2008 to strengthen the governance of the corporate treasury business throughout UniCredit Group and to ensure better understanding and satisfaction of customer needs, thereby increasing Customer Satisfaction and minimizing reputational risk.

The new organization, called the CTS Department, is based on the establishment at Group level of a dedicated department, responsible across Divisions and regions for corporate treasury services and products distribution (including derivatives) structuring and advisory activities for corporate customers.

The CTS Department's goals are to ensure the highest transparency in the pricing of treasury products, to match a product's suitability and appropriateness with a customer's needs and risk awareness, and to monitor and supervise relevant distribution activities.

As part of the effort to comply with the regulatory framework, new derivatives policies are under discussion in an ongoing process. The main objective of these policies is to protect the clients from the consequences of an inadequate understanding of the nature and risks of OTC derivatives transactions. These rules were approved in Italy for corporate retail customers and will be rolled out to the other countries where the Group operates. Under the new policies, corporate retail customers are allowed to engage only in OTC derivative transactions considered suitable to the needs and experience of non-sophisticated users.

Before a transaction is executed, a retail client receives information on the basic features of the product and its inherent risks.

UniCredit Group is also aiming to improve the post-execution communication with its corporate customers as part of the general effort to increase the services provided to clients. As an example, the mark-to-market value of each OTC derivative transaction is made available to clients for their information.

Fostering Economic Development

UniCredit Group's Retail and Corporate Divisions have contributed to the improvement of our business model by implementing best practices drawn from across the Group, particularly Italy, Germany and Austria. This cross-fertilization of best practices is intended to create new ways to foster entrepreneurial spirit, promote internationalization and offer concrete support in the economic and financial crisis we are facing.

Supporting start-ups

Our focus on financing new businesses is evidenced by our "Start Up" program. This initiative, which provides strong support for the critical start-up phase at SMEs, is based on the experience of UniCredit Banca di Roma, which financed 1,072 projects for a total of €30 million in 2008. Key partnerships with Medio Credito Centrale and Unionfidi Lazio guaranteed start-up companies' exposures, access to preferred credit channels, and online processing of loan requests, thereby allowing for a faster response from the bank and more rapid disbursement of funds.

In the German market, HVB developed *Concept Grün* (short for "Gründung und

Our Customers (CONTINUED)

Responsible lending (CONTINUED)

Nachfolge”, meaning “Start-ups and Successors”) for start-ups, with a view to supporting both entrepreneurs and the German economy. For years now, Germany has been home to a large number of business start-ups - between 800,000 and 960,000 every year from 1996 to 2007⁶. In 2008, 634,700 new businesses were registered between January and September⁶. Fully 90 percent of these start-up businesses require less than €50,000 in financing, even though, aside from savings banks, few institutions cater to their requirements⁷.

HVB has demonstrated its commitment to start-ups through business start-up competitions, including its sponsorship of the Munich business plan competition and the Germany-wide “enable2start” start-up initiative run by The Financial Times Deutschland. Through these competitions, individuals starting businesses may win cash awards as well as support in the form of extensive professional advice.

At HVB, we further support high-quality start-ups through our ten special business start-up relationship managers across Germany. They are available to support customers through the entire start-up phase, for up to three years. The bank uses a business check-up tool to help clients prepare business, liquidity and profitability plans and to filter promising start-up projects from those with little chance of success. Promising projects are routed to a specialist, while the others are declined. Once the start-up phase is over, customers

receive ongoing support from business relationship managers.

Depending on their financing requirements, customers receive three different start-up packages:

- 1) for founders with no borrowing needs;
- 2) for founders requiring less than €50,000;

- 3) for founders requiring more than €50,000.

These packages contain all the key product solutions: financing, pension provisions and accounts.

In 2008, HVB received 2,300 start-up requests, out of which 490, or 21 percent, were approved.

These 490 projects

generated on average 80 percent more revenues than our normal retail business clients. Currently we have 822 start-up clients at HVB.

Supporting SMEs

With a view to the international potential of SMEs, we have committed to being their number one business partner, providing full support for their internationalization. We first focused on analyzing the main difficulties SMEs face in each phase of their growth abroad. The result was the “Imprendo Export” initiative. This initiative is designed to support SMEs that are just beginning to expand abroad, as well to provide more effective support to companies already operating abroad. Imprendo Export allows customers to use a dedicated online portal to take advantage of services including:

- foreign market acknowledgements;
- research into commercial counterparts or business partners;

- reliability assessments of commercial counterparts;
- network support from a dedicated International Desk (a novelty in the retail segment).

Imprendo Export’s capabilities are possible due to the Group’s network with a presence in 22 countries, and due to our partnerships with some of the major international business service providers, including Europages, Informest and Coface. The Imprendo Export service went into effect on February 2, 2009.

UniCredit Corporate Banking renewed its partnerships with the Consorzi Fidi and Confapi business associations in 2008. These partnerships enable us to stay attuned to their perceptions of economic trends and expectations for their businesses. In this way, we can better support the growth of SMEs and develop an approach that is more focused on their needs.

At the end of 2008, in response to the marked deterioration in the economic environment, UniCredit Group launched the “Impresa Italia” initiative. This project is jointly undertaken by UniCredit Retail and the Corporate Division, together with trade associations and the Italian Confidi, to finance Italian small enterprises, which are among the most important driving forces of the Italian economy.

The project aims to support Italian SMEs that are experiencing challenges during this difficult time, and it expresses our commitment to developing financial solutions that are, in terms of products and prices, in alignment with our clients’ difficulties.

1,072 start-up projects managed by UniCredit
822 start-up projects managed by HVB

6. Source: German Federal Statistical Office.

7. Source: DIHK Gründerreport (German Chambers of Industry and Commerce Association, report on business start-ups) 2008.



1) Select where to export the business:

to launch a successful initiative abroad requires in-depth knowledge of your final destination. That is why Imprendo Export offers free online Country Guides with detailed information on the economy, commercial exchanges, investments, customs, and fiscal and corporate rules.

2) Find a commercial counterpart: the correct selection of qualified commercial counterparts is essential. Imprendo Export has the right tools to help clients select the right partners and to easily and quickly contact them with commercial letters in different languages diversified for sellers and buyers.

3) Present your company:

as the root business contact at the base of each successful relationship, Imprendo Export allows companies to send, directly through the bank, a presentation letter in which UniCredit Group recognizes the client's status and offers the right guarantees.

4) Verify the counterpart solidarity: thanks to the Imprendo Export rating

system, it is possible to verify the selected counterpart's average risk on the market, evaluating their financial situation and their ability to respect commercial agreements.

5) Find the most effective financial solutions:

Imprendo Export provides many services, including foreign current account, cash in and cash out with an easy and convenient pricing system and dedicated collateral and funding.

6) Trust in a professional advisory service with international desks:

Imprendo Export includes the International Desk, which is the link between company owners and UniCredit Group's European network.

Through the Impresa Italia project, the Group takes advantage of Confidi's guarantee of €5 billion in new financing to SMEs, giving them access to both short-term loans to increase short-term liquidity and mid- to long-term loans for investment. Although jointly developed by the Retail and Corporate Divisions, this project has particularly supported the reputation of our retail banks, which serve as direct partners to the real economy in all our local territories.

Supporting Corporate Business

In 2008 we made a strong effort to improve the level of cooperation among local CEE corporate departments and UniCredit Group product factories. The object was to offer

our corporate customers a wider range of international products, such as leasing, factoring and transaction services as well as a higher level of expertise.

In order to enlarge the range of services available to our clients, we reinforced the integration between the Group Leasing product line and our banks across the CEE region.

The Global Transaction Banking product line was deployed across the CEE Division, with fully dedicated GTB teams in each country belonging to the local corporate banking department. UniCredit Group clients can now benefit across our Group from a common

set of international products for cash management, documentary business and trade finance.

In the current corporate service model, we have created dedicated teams and products for cross-border customers. In each CEE corporate department, an international desk with Italian, German and English speakers provides one-stop shopping to support customers from abroad in developing businesses in the local market. Our customers benefit from efficient access to tailored international products, as well as from easy access to the UniCredit Group's international network.

Our Customers (CONTINUED)

Responsible lending (CONTINUED)

Financial inclusiveness

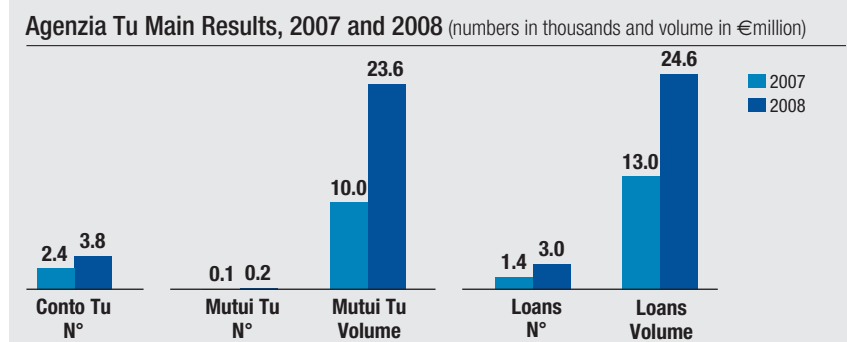
We aim to develop, adapt and fine-tune new and existing service models while providing a product range that not only meets clients' needs, but also increases our social legitimacy in the eyes of the community through the provision of business solutions that have economic and social merit. That is why we also focus on underprivileged members of our community.

Our work expresses our commitment to helping change the systemic issues that contribute to the social and economic disadvantages faced by immigrants and families in difficulty; or sometimes it is simply about providing support to students to continue their studies.

Immigrants

"Agenzia Tu" is one of the many ways we respond to the needs of a customer segment made up mainly of workers who are foreign nationals. Agenzia Tu branches offer products tailored to segments of the population that, despite their growing impact on the Italian economy, are still underserved by the banking system and other financial companies.

Agenzia Tu has a network of 12 branches (three in Milan and one each in Turin, Verona, Treviso, Bologna, Brescia, Florence, Genoa, Rome and Modena) and a staff comprised of 39 multilingual employees from Italy, Albania, Algeria, China, Ecuador, Ghana, Morocco, Pakistan, the Philippines, Peru, Romania and Sri Lanka. Brochures and handbooks for our services are produced in many foreign languages for the benefit of our customers. Internet workstations are provided for customers to surf our website or make online banking transactions with the assistance of our multilingual staff. Our opening hours are



**3,383 Agenzia Tu
new clients in 2008**

also arranged for the benefit of working people.

The number of our clients has increased from 2,499 in 2007 to 5,882 in 2008, thanks in part to cooperation agreements with local institutions, including consulates, public agencies, immigrant associations, multiethnic associations, cultural mediators and temporary employment agencies.

Agenzia Tu offers certain exclusive products, including:

- the checking account "Conto Tu" grew y/y by 58 percent, from 2,410 to 3,809 clients. It includes a prepaid card (Easy Tu), two international debit cards (Cash Tu), a revolving credit card (Money Tu) and the possibility, with an additional annual fee, to acquire one credit card (Credit Tu). The activation fee for "Conto Tu" includes registration for our "Online Tu" multichannel bank, offering online and telephone banking, and many additional non-banking benefits designed for this demographic;

- "Mutui Tu", a mortgage product exclusively for the purchase of a first home, covers up to 80 percent of the purchase price. Sales grew y/y 156.25 percent by number and 135.90 percent by volume. "Mutuo tu All jobs" is a mortgage product dedicated to unemployed workers;
- "Fido Tu", for the financing of small enterprises, provides up to €30,000 of funding, repaid over 12 to 36 months. "Prestito Tu" provides loans to meet personal and family needs, and "Compact Tu" provides loans for refinancing debt (both ranging from €2000 to €15,000, repaid over 12 to 60 months and 18 to 60 months, respectively). "Fido Tu" and Personal Loans have a y/y growth of 106.43 percent in sales and 90.35 percent by volume.

Low-income earners

Our community investment strategy focuses on developing and delivering programs or implementing legislative requirements to help some of our community's most vulnerable people improve their lives.

The mortgage market is currently in a transformative phase, as the financial crisis has increased pressure on households. According to the Bank of Italy, 12 percent of Italian families (three million out of 24 million families living in the country) have

a mortgage loan on their apartment. More than 420,000 of these families are falling behind on payments, due to rising interest rates and cost of living increases, while another 110,000 families have liquidity problems.

In our review of how we interact with these customers, we believe that our first responsibility as bankers is to create payment plans that are in line with what they can afford.

In December 2007, when we first noticed the changes in the economic climate in Europe, we activated a special program to refinance Retail customers with floating-rate family mortgages.

To support families further, we launched the "Insieme 2009" initiative at the end of 2008. This program enables a customer with a residential mortgage and an annual gross income of less than €25,000 who is suffering from certain difficulties - including temporary unemployment, "ordinary and extraordinary redundancy payments" (*"cassa integrazione guadagni ordinaria e straordinaria"*), legal separation or divorce for families with children, and death - to stop making mortgage payments for up to 12 months, with no additional costs.

During this 12 month period, the mortgagor is better able to resolve his or her difficulties by looking for a new job, completing the lengthy process of receiving an inheritance or just finding the most suitable solution under changed circumstances.

All 4,500 of our Italian branches are at the disposal of our clients to help them evaluate different alternatives and find the best solution in terms of products and time, free of charge. "Insieme 2009" will potentially be available to 260,000 Italian

families, representing 30 percent of the Group's total residential mortgages.

Sensitive to social issues, in 2008 UniCredit Banca allowed customers with temporary economic problems and in recent default (i.e., from one to four payments missed) to roll over the terms and conditions of their mortgage contracts in a relaunch of the successful 2007 pilot initiative "No More 1", under the name "No More 2". It is designed for mortgagors in recent default for whom it appears feasible to renegotiate their terms, and it supports families in their efforts to make regular installment payments. This initiative allows for the extension of the original term of a mortgage (up to ten years) and the postponement of the missed payments to the end of the loan term. Moreover, it becomes possible to switch between a fixed rate and a variable one and to change the payment date according to the mortgagor's salary payment schedule. All these services are free of charge.

The "No More 2" initiative has engaged the Group's network for support in contacting and enrolling the program's target customers. Working together with the Credit Department, the Credit Quality Support Team and Ge.Mo., which are the bodies responsible for managing credit defaults and soft collection, has allowed us to achieve good credit risk management and to respond better to the needs of our local customers.

Another initiative to support mortgagors with payment difficulties is the ABI-MEF plan, which allows customers who wish to extend the terms of their mortgages to recalculate their monthly installments on the basis of 2006 average interest rates. In 2008, we sent a renegotiation proposal to 390,000 clients, in line with legal

requirements, and we enrolled 16,673 participants.

To help pensioners having difficulties, we developed "*Cessione del quinto della pensione*", a credit product designed through an agreement between UniCredit Group and the National Institute for Social Security (INPS), allowing pensioners to obtain loans on favorable terms. Monthly installments are directly withdrawn from pension accounts and cannot exceed a fifth of the monthly pension. This assures the affordability of the installment with a view to meeting the clients' needs and ensuring full transparency. In 2008, the total volume under this plan was €1,235,543.

Support for future generations

In 2008, the Retail Division invested in building stronger relationships with young people. Our approach included offering a full range of free products for those under the age of 18 and more advanced ones for those over 18, on favorable terms.

We take the same approach to university students, providing them with products that suit their needs, for instance, by having no monthly fee, and including personal loans for master's degree candidates and those with other university expenses. Through student loans for tuition and living expenses, UniCredit Banca, UniCredit Bulbank, UniCredit Czech and Zagrebačka banka, among other UniCredit Group banks, make higher education accessible to more people.

One loan UniCredit Banca offers to university students is "UniCredit Ad Honorem," provided in partnership with the university, which arranges the terms with us. UniCredit Ad Honorem enables students to complete their studies without financial concerns and to postpone principal and interest payments until the

Our Customers (CONTINUED)

Responsible lending (CONTINUED)

time when they graduate and start working. In 2008, we established partnerships with seven Italian institutions, which determined the number of loans made on the basis of their trust funds. A total of 182 loans were made, averaging €10,500 each.

Furthermore, in the field of credit facilities for university students, in 2008 UniCredit Banca agreed to participate in "Diamogli Credito", a program developed by the Italian government's Department for Youth Programs and Sports Activities. This program enables all resident Italian university and postgraduate students to apply for financial loans without parents' signatures. To qualify for this loan the student must provide a "merit of study" certification obtained from the university. The project is still in its start-up phase. For 2008 there were 257 total loans for an average amount of €2,230 each.

**In 2008 in Italy,
more than
€13 million
to support
students**

In addition to "UniCredit Ad Honorem" and "Diamogli Credito," UniCredit Group in 2008 delivered 3,000 loans to support students' purchases of PCs and books and payments of school charges and master and study tours.

Bank Austria provides a savings account for Austrian high school and University students. Students remain eligible for this account up until the age of 30. The account comes free of charge and offers higher interest rates than ordinary accounts. Students also receive a debit card free of charge, along with half-price credit cards.

In further support of students, Bank Austria offers student loans with terms designed to provide financial solutions for specific needs:

- consumer loans up to €8,000 with a maturity of up to either 60 or 84 months;
- consumer loans up to €16,000 with a maturity of up to 120 months.

Zagrebačka banka, in cooperation with individual institutions of higher education and local management, developed a special model for financing students, treating them as a class of clients with specific needs. In addition, teachers, educators, nurses, medical doctors, judges and public notaries are all offered loans on favorable terms in order to support their enrollment in professional training programs.

UniCredit Group also provides strong support for youth in general, designing products for this demographic. The "MegaCard" account is Bank Austria's product for young people between the ages of 14 and 20. By the end of 2008, more than 49,637 people had enrolled. The account comes free of charge, with an interest rate slightly higher than for an ordinary current account. In compliance with Austrian laws, the MegaCard has no overdraft for young people up to 18 years. The account can be accessed via a dedicated homepage and includes "OnlineBanking" to facilitate cashless payments. MegaCard also gives its customers access to cheaper tickets as well as discounts in some shops.

Financial education

There is a strong correlation between socioeconomic status and levels of financial literacy. That is why we are focused on developing and delivering programs to help vulnerable people make better and more informed choices about their money, while deepening their financial knowledge, skills and confidence.

Many financial education initiatives are aimed at those who are not yet capable of participating confidently in the financial world because of their age, experience and culture. In Italy, all of our retail banks have an internet banking section dedicated to young people. This section provides easy-to-understand explanations of youth-specific products, along with all the information one needs to find one's way in the financial world, starting from the most basic level, including a virtual tour of a branch.

We specifically focused on Italian university students, providing them with such guides as *A Banking Services Manual for University*

Students. This handbook provides a transparent explanation of the products and solutions we offer, describing their defining characteristics and helping students make educated financial decisions. We also send our banking experts to the university to answer students' questions.

The UniCredit Observatory for International Retail Financial Studies and the UniCredit MBA - Retail in the Banking and Financial Industry, offered in cooperation with the University of Bologna, promote new international approaches to economic research and financial and managerial training. For these initiatives, the Retail Division works together with the university's Alma Graduate School in such areas as economics and business administration.

To support financial education for youth in Hungary, six branch directors gave educational presentations on banking in schools, explaining key banking processes and credit and debit cards, among other topics.

In Croatia, we instructors from our retail bank participate in organizing workshops under the theme "How to manage income and expenses", focused on helping people manage their income and expenses while achieving their financial savings and investment goals.

In Italy, we started a new training program, "Change to grow" (Cambiare per crescere) to meet demand from SMEs for growth investments. In a related program, together with Banco di Sicilia and the Sicilian Territorial Committee, we addressed Sicilian SMEs with strong growth prospects on the topic of enhancing their managerial skills to better support their development. The program aimed to promote the development of more entrepreneurial leadership through concrete tools designed for the small business world. The format of the program was decidedly modern, including classroom workshops and tutoring.

Our Customers (CONTINUED)

Security

The UniCredit Group Security Department contributes to corporate sustainability in terms of human resources, customers and local communities wherever the Group operates.

This field of activity has been successfully consolidated since the creation of a single competence line, led by the Group Security Department, in January 2007. In line with the Group's strategy, we have developed a common approach to face global risks in all the countries where we operate.

In 2008, we focused our attention on issues such as the prevention of robberies and thefts in bank branches, prevention of card fraud, the security of online transactions, cooperation with law enforcement institutions, the protection of customer information and business continuity and crisis management. For each area of activity, we established security indicators and ongoing intelligence activities in order to support the Group's business in risk areas.

The common feature of all our security activities has been a basis in objective data, a necessity when making critical decisions to protect both people and business. Our use of quantitative data has been expanded to ensure a consistent view of the risks the Group is facing and to provide a standard by which to measure our progress towards the goals we have set.

Robberies and theft

In 2008, along with relevant Retail security units in Italy, we concentrated on the reduction of robberies and thefts in bank branches in an effort to protect our employees and customers from the associated dangers.

In recent years, we have also emphasized investments in long-range video surveillance technologies to protect Group offices and branches. We focused on the riskiest locations as well as those that have not demonstrated any decline in robbery risk levels. In Retail in Italy, the result of this effort was a reduction in the number of robberies by roughly 45 percent from 2007 to 2008, demonstrating that our preventive strategy of reducing the circulation of cash continues to deliver good results.

In the other countries where UniCredit Group operates, there has also been a decrease in robberies and theft, with the only exceptions being Austria, which nonetheless experienced no thefts at all and only one additional robbery (16 in 2008 compared with 15 in 2007).

**In Italy robberies down
by 45 percent y/y**

Card fraud

In recent years, many of the countries where UniCredit Group operates have seen an exponential increase in fraud cases involving identity theft connected with point-of-sale (POS) payments and ATM systems.

Our strategy to combat this trend includes the adoption of new technologies and protection standards, the constant monitoring of payment transaction systems and communications directed to customers. The internal management of anti-fraud activities has been applied since August 2008 to the former Capitalia, which has experienced a consistent reduction in fraud, experiencing, for example, a decline of 79 percent at UniCredit Banco di Roma.

During 2008, with the adoption of microchipped credit cards, in alignment with the Single European Payment Area law, the new level of security for cards has contributed to a dramatic decline of fraud in this sector. Given that Italy has always been considered one of the most at-risk countries for this problem, UniCredit Group's results in 2008 were particularly impressive, with a decrease in cases for Retail in Italy of 46 percent since 2007.

The adoption of the Payment Card Industry Data Security Standard (PCI DSS) has facilitated the prevention of financial fraud by safely managing transaction data relating to cash cards. This earned the increased trust of our customers, who can see that their data is being better protected, and it has enhanced our reputation.

**-46 percent y/y card
fraud in Italy**

UniCredit Corporate Banking, in cooperation with Quercia Software, continued to be directly active in payment card fraud management, in connection with both the issuing of credit and debit cards and the use of POS devices. In 2008, 228 corporate credit cards were blocked for fraudulent uses, while 745 fraud complaints were managed via our e-commerce business, "pagonline". In addition, in December 2008 a new domestic fraud management system for payment cards was activated, in compliance with Italian law n. 166/2005.

UniCredit Corporate Banking, at the request of the Italian Ministry of Economy and Finance, feeds a national centralized data warehouse managed by UCAMP (Central Office against Fraud on Payment Systems). In this context, we provide data relating to the owners of payment cards issued by us that have been deactivated for security reasons, to the owners of payment cards that have been reactivated, and to transactions that are not recognized by the owners of the payment cards.

At Zagrebačka Banka in Croatia, we are particularly focused on card fraud prevention. We implemented a system to monitor card transactions on a daily basis. An application generates near real-time alerts of risk situations involving cards issued by the bank. Daily monitoring is performed in two shifts from Monday to Saturday, and we plan to introduce monitoring on Sundays and holidays. We additionally communicate on a daily basis with other banks in Croatia and the region and with the Croatian Ministry of the Interior in order to ensure the exchange of information on card fraud and potential card fraud. Monitoring MasterCard and Visa Alerts has also proven useful to the prevention of the fraudulent use of cards issued by Zagrebačka.

In addition, more and more UniCredit Group banks, including UniCredit Private Banking, HVB Wealth Management and banks in Bulgaria, Croatia and the Czech Republic, have begun converting their magnetic strip cards to new hybrid cards, equipped with magnetic strip and a microchip, to prevent potential card fraud.

Online banking

Online risk management represents an opportunity to increase Customer Satisfaction.

UniCredit Banca recognizes that online business is a vital part of our Italian retail banking operations, as online current accounts are increasing at twice the rate of traditional accounts⁸. Fully 35 percent of all Italian retail transactions are performed online, and these clients are 50 percent more satisfied than the average⁹. Sixty-five percent of Italian online clients say that security is a fundamental prerequisite to their participation in internet banking, while 49 percent of non-users would like to use online banking if security is assured¹⁰.

In the past, despite secure online banking systems, the lack of information on security provided to the customer, combined with unsecured home computers, generated risks that eroded trust. We are conscious that online security is and must be a bank problem, and that we must work closely with customers to ensure that they can use online banking services without fear. That is why we work to:

- educate clients on how to protect themselves;
- cooperate and partner with Symantec, as well as with other financial institutions, to avoid common risks;
- institute strong protection measures;
- carry out monitoring and prevention.

Based upon a careful study of internet fraud, UniCredit Banca has mitigated customers' risk of online fraud by providing them with the UniCredit Pass, an electronic key that generates single use temporary passwords valid for no more than 60 seconds at a time. In 2008 in Italy, one million clients adopted UniCredit Pass, which now has a market penetration of 85 percent. UniCredit Banca experienced a 49 percent increase in online transactions in 2008. Of these new UniCredit Pass holders, 450,000 were newly acquired clients, who can rely on the fact that UniCredit Pass has successfully protected 100 percent of all users since its introduction.

"SMS Alert" and "Temporary PIN" are the most popular methods to protect online transactions. Other methods used by our Group's retail banks include single transaction limits on withdrawals, electronic keys in the form of tokens and mobile tokens, two-factor authentication systems, digital signatures, the mTAN mobile transaction authentication system and 3-D secure online certification.

UniCredit Corporate Banking offers corporate clients the "UniWeb" banking service, providing a high level of security and strong operational efficiency. Corporate clients can access this service using a digital signature system that replaces traditional "username and password" systems. Each client receives a digital signature certification, which they can make use of within legal requirements.

8. KPMG Advisory, e-Retail Finance.

9. Nielsen NetRatings/CommStrategy - Digital Finance.

10. Research from GfK Eurisko Finance and ABI, "Internet Banking in Italy", March 2006.

Our Customers (CONTINUED)

Security (CONTINUED)

In addition to traditional information and transaction services, we now make it possible to manage online all processes related to obtaining invoices in advance, market transactions and documentation connected with opening new credit facilities. It is also possible to check credit card and POS transaction details. With "DocOnLine" all bank documents are available in electronic format.

Other solutions provided include:

- "InvoiceComm", an *ad hoc* integrated solution for the management of corporate invoice cycles, using electronic invoices saved through a legally compliant data storage process;
- "European Gate", which allows clients to send all payments in accordance with their own specific national standard across our entire network.

UniCredit Corporate Banking has consolidated its electronic banking operations. Today 50 percent of Italian corporate clients active on the Corporate Banking Interbancario (C.B.I.) internet platform use UniCredit Corporate Banking as their primary remote banking system. In 2008, the number of corporations using UniCredit Corporate Banking software increased to 44,000, up from 38,000 in 2007.

Cooperation at the national and international levels

At UniCredit Group, we have also initiated meetings and stronger cooperation with public security institutions at national and international levels, with the aim of assessing areas of mutual concern and improving communications in order to decrease security risks for employers and customers.

Data and information exchange is carried out between bank association working groups in each country and Criminalpol to share protection standards and study the most suitable defensive strategies.

In Germany, all business segments of HVB work together with the German Anti-Money Laundering Department to prevent customers from becoming victims of commercial crime, and to protect the Group against fraud perpetrated by organized crime and other criminals.

UniCredit Hungary also continues to update its use of identification forms in line with Hungarian Act CXXXXVI of 2007 for the Prevention and Combating of Money Laundering and Financing of Terrorism.



Gabriele Gori
Italy



« We strongly believe that a life of integrity is the fundamental basis of personal worth. The commitments we make to ourselves and to our stakeholders and the integrity we bring to those commitments are the essence of our lives and the strongest contributors to our past and future achievements. »

Key Achievements 2008

- Open dialogue drove Investor Relations' activities, despite the difficult environment of the global financial crisis
- Major efforts helped stakeholders understand the complex financial issues of the 2008 market, providing data/explanations on all potential exposures
- Most activities included the CEO, deputy CEOs, the CFO and division heads
- The "Institutional Investor European Equities 2008 Perception Study" awarded top ranking to the Group's CEO, confirming our commitment to transparency
- Rollout of broad communication plan with two financial meetings, 14 conferences and 365 other meetings - an average of one meeting per day

Priorities 2009

- Confirming our commitment to open dialogue with investors and constant and fully transparent financial information

Investors and Markets

We provide investors and markets with the information they need about UniCredit Group's strategies and results. Investor Relations works to keep this information flow constant, fully transparent and up to date on financial developments. Throughout the financial crisis of 2008, we maintained our strong commitment to openness and are pleased to be included in major international sustainability indexes and rankings, including Dow Jones and many others.

Serving investors and markets with a continuous flow of information

UniCredit Group is committed to providing investors and markets with clear-cut information enabling them to evaluate our strategies and results accurately. We greatly value the market's appraisal of our progress towards the generation of long-term value for all our stakeholders. We are pleased that markets have recognized our sustainable practices by including us in major sustainability indexes.

The mission and philosophy of UniCredit Group Investor Relations is to maintain an open channel of communication with our stakeholders about Group and divisional results and strategies.

The external communication activities of Group Investor Relations are targeted towards

diverse stakeholders, with interactions, when needed, adapted to the specific needs of institutional investors, sell-side (broker) analysts and rating agencies, including Fitch, Moody's and Standard & Poor's.

As of the latest survey, conducted in November 2008 in the context of the shareholders' meeting¹, institutional investors, with more than 400 identified institutions, represented a high percentage (44.58 percent) of the Group's shareholder base.

The geographical mix of UniCredit Group's institutional investors is quite diverse, even if, consistent with the structure of the financial markets, a large part of the shareholder base is located in the UK and US.

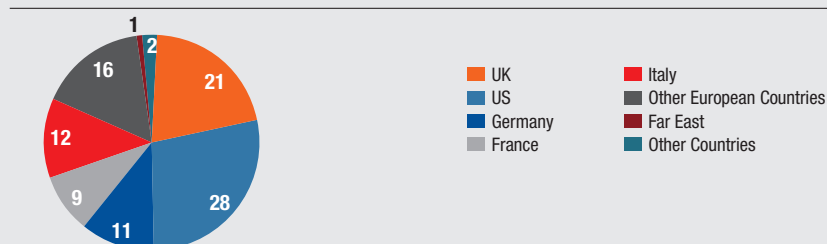
In order to provide our stakeholders with a continuous and appropriate flow of communications, Investor Relations activities involve:

- an Investor Relations Department dedicated to responding to questions on a daily basis (as of December 2008, this office consisted of nine people with varying degrees of seniority and strong market experience);
- a dedicated section of the Group's website dedicated to providing significant financial information, with full contact details;
- events and activities across Europe to enhance the reach and effectiveness of Group communications.

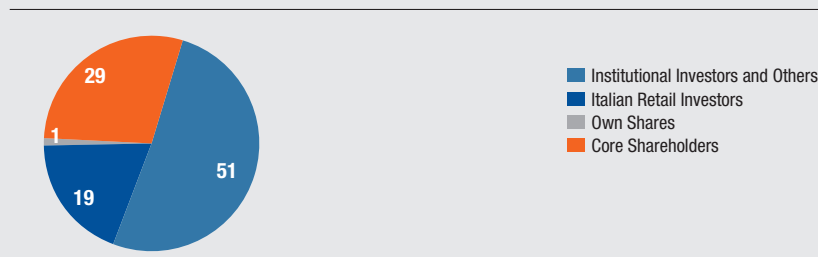
The vast majority of events and activities included the presence of top managers, particularly the CEO and CFO, as well as the three Deputy CEOs and the Division Heads in order to provide the market with direct access to all of the main group business areas.

The top management of the Group is actively involved in Investor Relations communications, and they are constantly briefed on what the

Institutional Shareholders of UniCredit Group - Geographical mix 2008¹ (%)



UniCredit Group global shareholder base 2008¹ (%)



1. Source: Georgeson.

Investors and Markets (CONTINUED)

market requires of our company. The Investor Relations staff provides a daily update on developments in financial markets as well as views and input from analysts and investors on the company. Our top management's strong commitment to transparency and openness toward the market was confirmed by the top ranking given to CEO Alessandro Profumo by buy-side investors in the "Institutional Investor European Equities 2008 Perception Study".

The key driver for activities implemented in 2008 was our commitment to maintaining a high degree of openness despite a singularly tough economic environment resulting from the global financial crisis. We mounted a significant effort to help our stakeholders understand the complex financial issues raised by the uniquely turbulent and volatile market, providing data and explanation on exposures to crisis areas.

The following figures detail the frequency and scope of Investor Relations communications in 2008:

- four Institutional Results presentations, which were broadcast via live audio and video webcasts on the Investor Center section of our website (www.unicreditgroup.eu);
- two financial meetings:
 - Capital Increase presentation;
 - Capital Markets Day, including a live video broadcast of presentations by top management to the financial community regarding the Group's Three-Year Strategic Plan. In addition to speeches by the CEO and Deputy CEOs, the top managers of UniCredit Group's Divisions were on hand to provide detailed information and figures in separate breakout sessions and to meet with investors and analysts
- 14 conferences in six countries;
- 26 road shows;
- 365 meetings with 328 companies and a total of 514 people, broken down as follows:

- 44 *ad hoc* meetings for analysts with management (31 one-on-ones and 13 conference calls, particularly during the last four months of the year) in addition to our daily contacts with these professionals throughout the year;
- 191 one-on-one meetings;
- 93 expanded meetings, including breakfasts, conference calls, video conferences, luncheons, dinners and group meetings;
- 37 meetings with rating agencies.

**Communication:
a must!**
**One meeting
a day**

Rating agencies

	SHORT-TERM INDEBTEDNESS	MEDIUM/ LONG-TERM INDEBTEDNESS	OUTLOOK	PUBLISHING DATE
Fitch Ratings	F1	A+	NEGATIVE	2-Oct-08
Moody's Investor Service	P-1	Aa3	STABLE	7-Oct-08
Standard & Poor's	A-1	A+	NEGATIVE	6-Oct-08

Share Information

	2008	2007
Share price (€)		
- maximum	5,697	7,646
- minimum	1,539	5,131
- average	3,768	6,541
- end of period	1,728	5,659
Number of outstanding shares (millions)		
- at period end**	13,368.1	13,278.4
- shares with dividend	13,372.7	13,195.3
- of which: savings shares	21.7	21.7
- average**	13,204.6	11,071.6
Dividend		
- total dividends (€ millions)	*	3,431
- dividend per ordinary share	*	0.260
- dividend per savings share	*	0.275

* 2008 dividend is to be distributed in the form of newly issued shares (see UniCredit Group 2008 Consolidated Reports and Accounts).

** The number of shares is net of treasury shares.

Earnings Ratios

	IAS/IFRS		
	2008	2007	2006
Shareholders' equity (€ millions)	54,999	57,690	38,468
Group portion of net profit (€ millions)	4,012	5,901	5,448
Net worth per share (€)	4.11	4.34	3.72
Price/Book value	0.42	1.30	1.79
Earnings per share (€)	0.30	0.53	0.53
Payout ratio (%)	*	58.14	45.63
Dividend yield on average price per ordinary share (%)	*	3.97	3.90

* 2008 dividend is to be distributed in the form of newly issued shares (see UniCredit Group 2008 Consolidated Reports and Accounts).

SUSTAINABILITY INDEXES

UniCredit Group is included in major international sustainability indexes and rankings:

Dow Jones Sustainability Index



UniCredit Group was again selected in 2008 as an index component of the Dow Jones Sustainability Index (DJSI) and holds one of the 70 DJSI licenses issued to financial institutions in 16 countries. The companies that are part of this sustainability index represent the top corporate sustainability performers in terms of economic, environmental and social issues. According to the *Corporate Sustainability Assessment* performed by SAM¹, UniCredit Group has improved in terms of its overall performance year-on-year in absolute value, in particular in environmental and social areas. UniCredit Group's scores in the social area are substantially above the global sector average with excellent performance in human capital development, financial inclusion and social reporting.



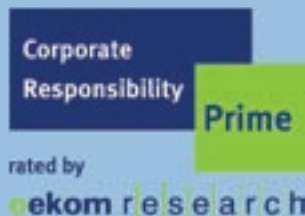
FTSE4Good Index Series

UniCredit Group is a member of the FTSE4Good Index Series. Created and managed by FTSE Group, the series provides an innovative set of indexes designed to reflect the performance of companies that meet globally recognized CSR standards and to promote investment in those companies. A committee of independent SRI and CSR experts periodically reviews the indexes to ensure that they are an accurate reflection of current CSR best practices.



ETHIBEL Excellence Index®, Europe & Global

UniCredit Group has been included in the ETHIBEL Excellence Europe and Global Indexes. The ETHIBEL Excellence Europe Index® consists of 200 European stocks (DJStoxx 600 Europe Universe) and the ETHIBEL Excellence Global Index® consists of stocks from Europe, North America and Asia Pacific (DJStoxx Universe). Both indexes include companies demonstrating, on the basis of Vigeo² ratings, above-average performance in terms of social and environmental sustainability and which, in addition, meet the ethical criteria established by the independent organization Forum ETHIBEL.



oekom research AG

In 2008 oekom research classified UniCredit Group as "Prime". This means UniCredit Group ranks among the world's best companies within its industry and fulfills the sector-specific minimum requirements.

1. SAM (Sustainable Asset Management) was founded in 1995 as one of the world's first asset management companies for sustainability investments. Every year SAM evaluates and analyzes leading companies on the basis of industry-specific sustainability criteria, considering economic, environmental and social dimensions. Based on SAM assessment, companies are ranked within their industry group and selected for the Dow Jones Sustainability Indexes.
2. Vigeo is a leading European corporate social responsibility ratings agency. It measures companies' performance on environmental, social and governance (ESG) criteria, providing analyses, ratings and benchmarks which constitute decision tools for socially responsible investments.



Rosmarie Reiter
Austria

« I help our customers even if I cannot sell them one of our products. A woman who had to help pay a debt for her son could not qualify for credit from us at the time. So I helped her through asking her son's creditor for a repayment extension and I was able to make her a very happy and satisfied customer! »

Key Achievements 2008

- Roughly €79 million in support to communities, €22 million in donations and €57 million in sponsorships
- Strengthening Territorial Committees and creating "Territorial Relations" Department
- 11 institutional missions/40 institutional meetings in the Eurozone, the CEE and other regions; 15 meetings with high level representatives of EU institutions; 6 open consultations launched by EU and CEBS
- 106 beneficiaries of academic grants and competitions promoted at Group level
- Supporting young artists through Arnaldo Pomodoro Foundation and Furla awards
- Over 9,900 employees involved in Gift Matching Program, with more than €2 million contributed to non-profit organizations

Priorities 2009

- Develop "*I Territori del Sistema Italia*" and "*East_Gate on Tour 2009*" projects
- Enhance and expand our engagement with the university system through the development of the *UniCredit & Universities Foundation*
- Develop the Migrations Program launched in 2008 throughout Germany, Serbia and Romania by Unidea - UniCredit Foundation

Communities

Developing our local roots: the Italian Territorial Committees

As part of our effort to generate long-term value for our stakeholders, we work to be good corporate citizens and are committed to building the kind of strong local markets that are essential to the future of our enterprise. That is why UniCredit Group paid more than €2 billion in dividends over the last five years to shareholder foundations, an amount that has increased at an annual average rate of roughly 18 percent. Of this total, 95 percent has been paid to Italian foundations.

Over
€2 billion
in dividends
in five years
to core local
shareholders

Territorial Committees are advisory bodies, appointed by UniCredit Group's Board of Directors, comprising a variable number of members external to the Group, selected from key figures in the worlds of business, trade associations, local independent bodies, culture, charitable organizations, research in specific territories, segment bank managers and, as members by rights, the UniCredit Board of Directors and/or Group segment banks.

The Territorial Relations Department was created in 2008, and the Committees were given a new identity. Following the merger with Capitalia, there was a need to extend our territorial program to other areas. Therefore we strengthened the Territorial Committee network and redrew geographical boundaries. In some cases we combined a number of provincial committees into a single regional committee based on synergies. In other cases, the boundaries of the territories associated with committees were expanded¹.

In the five years since their creation, the Committees have enabled the Group to identify and develop territorial strategies, promote its strong international base of the Group and strengthen its solid local roots by engaging in open dialogue with representatives of local interest groups.

Developing concrete projects

Territorial Committees projects are selected based on:

- research and studies published by the research departments of UniCredit Group and by the consulting companies that work with the Committees, describing the socioeconomic features of different areas and highlighting specific needs;
- proposals and contributions from the members of the Territorial Committees, drawing upon their understanding of the needs of their territories.

€2,7 million
for Territorial
Committees
programs

When certain projects (so called "extended area projects") promoted by the Territorial Committees are focused on topics of broad interest they are handled jointly by more than one Committee, with the aim of achieving better results and improving the allocation of professional and financial resources. In 2008, our preferred approach was to launch a fewer number of projects, with a sharply targeted impact on numerous geographic areas.

Within the context of local conditions each Committee assesses the effectiveness of a project's approach and its potential impact. In 2008, assessments addressed:

- deteriorating macroeconomic conditions in the Eurozone, coupled with a general lack of confidence in the banking system;
- the reorganization of UniCredit Banca, UniCredit Banca di Roma and Banco di Sicilia;
- other key findings drawn from a series of interviews held with the members of the Territorial Committees and presented in the report "L'Italia vista dai Comitati Territoriali",

1. See "Supplement" for Territorial Committees new reference areas.

Developing our local roots: the Italian Territorial Committees (CONTINUED)

which was drafted in consultation with A.A.Ster Consortium and highlights important changes occurring in Italy.

2008 projects and activities

Territorial Committees projects promoted in 2008 focused on:

- social cohesion, immigration and corporate social responsibility;
- culture and the development of corporate intellectual capital;
- enterprise, innovation, business changes and internationalization;
- mobility, infrastructure and logistics;
- territorial development, environment and agriculture;
- tourism.

Convention Travel

Targeting economic growth in Sicily, UniCredit Group and the Sicilia Territorial Committee launched a project aimed at boosting convention tourism in eastern Sicily (Taormina, Catania, Siracusa and Ragusa). This pilot project seeks to establish a "Convention Bureau" to promote and develop the tourism sector related specifically to conventions and business meetings. This bureau would organize fairs, exhibitions, conferences and travel services on a par with those provided by similar leading organizations elsewhere. This project of cooperation with local areas in Sicily, targeting events and executive retreat segments, was presented on October 24 in Catania during the meeting "Convention Travel: an opportunity for Sicily".

Socioeconomic report for southwestern Piedmont

The Alpi del Mare Territorial Committee, in collaboration with the Economics Faculty

of the University of Turin and the CRESAM research center carried out a valuable socioeconomic study of the territory, which is home to more than 28 percent of Piedmont's population. The report's findings highlight matter of effective governance in the territory with respect to southwestern Piedmont's particular socioeconomic dynamics. The study portrays a territory with a multitude of manufacturing SMEs and samples of excellence in the enogastronomic, tourism and cultural sectors. The report also underscores a need for implementation of an integrated infrastructure system supporting the development within this area. The project was presented on 28 October at University of Turin.

Alpine Arch

Launched in 2007, this project involves the cooperation of the seven Territorial Committees of Val d'Aosta, Torino-Canavese, Alpi del Mare, Verona-Vicenza, Trento-Bolzano, Treviso-Belluno-Padova-Rovigo-Venezia and Friuli Venezia Giulia. It analyzes different models of development in the Alpine areas and identifies pilot initiatives to support the economies of these territories. The project focuses on development topics that include water and energy resources, tourism, industrial

modernization, infrastructure, transport and communication. It will continue through 2009.

Dialogue with territories

Communication is essential to the Territorial Committees' relations with local stakeholders. The dissemination of information on their activities enables the Committees to gauge the views of the public and of local enterprises, assess the impact of their work and gather data for potential new projects. The Committees use dedicated IT tools, have strong relationships with local media and organize *ad hoc* events, often in connection with ongoing projects.

Events organized in 2008 involved key local figures from research institutions, universities and charities and key local figures. Issues of business development and partnerships between banks and local enterprises received particular attention.

In particular, a series of roundtables were organized in Reggio Emilia, Palermo and

Territorial Committees projects by type

TYPE OF PROJECT	NUMBER OF PROJECTS 2003-2008	NUMBER OF PROJECTS IN 2008
Corporate Social Responsibility	8	5
Social Cohesion - Immigration	21	1
Enterprise - Innovation	20	5
Enterprise - Internationalization	9	3
Enterprise - Continuity	2	
Infrastructure - Logistics	5	2
Sector Research	6	
Development (Territorial - Environment - Agriculture)	30	7
Tourism	8	2
Total	109	25

Rome - cities located in areas of high growth potential or with existing industries that could be further leveraged. Involving institutions, businesses and associations, these meetings generated ideas and issues for further analysis regarding the needs of the territories, guidelines for new projects and the role of banks in development.

To bring together the best resources of the territories, a seminar on creativity, innovation and design in Turin and Milan was held in Turin. The seminar enabled designers, entrepreneurs, academics, politicians and journalists to discuss new business opportunities in emerging sectors.

Numerous events presented the results of local initiatives promoted by the Committees. For example, in Luserna, Trento province, a new information and communications technology firm, LANT, was spotlighted. The company, founded exclusively by women, was established with the cooperation of local authorities, Euram Sas (a local ICT business) and the Trento-Bolzano Territorial Committee. The firm works to counter the risk of populations decline.

The Territorial Committees report on their activities and engage stakeholders through several channels:

- **MenteLocale:** a monthly newsletter sent to all Territorial Committees members that reports on the Group's local activities and initiatives;
- **external and internal websites:** a project to build Territorial Committees website linked to www.unicreditgroup.eu began in 2008 and will go online in 2009. The section will present the activities of the Committees with a view to reaching all interested external stakeholders. The "Territorial Relations" Department and the Territorial Committees will also maintain a dedicated section on the intranet portal to inform and involve all Italian employees. Additionally, a quarterly publication available on the OneGate multilanguage intranet portal will keep employees across our network up to date on developments in Italy.
- **Itaca - Territorial Reports:** a triannual publication examining current strategic issues relevant to local economies and providing a basis for constructive dialogue with territorial organizations and local institutions.

Next steps

Along with "I Territori del Sistema Italia²" the "East_Gate On Tour 2009" project is in the pipeline for this year. Following the success of last year's event in Brescia, this year's event will be a road show, involving several Italian businesses. Through workshops and roundtables, entrepreneurs will share experiences gained by the Group throughout Central and Eastern Europe, with the aim of promoting the internationalization of Italian companies. "East_Gate on Tour 2009" will provide a platform for networking, a "Gateway to the East". It will help develop the potential of Italian companies and provide support to SMEs that see the East as an opportunity for growth.

Moreover a project connected with the building of the Pedemontana Lombarda motorway is going to be launched. This project aims to link the six provinces of Milano, Varese, Como, Monza, Lecco and Bergamo within a series of initiatives handled by the Pedemontana Lombarda Committee that will involve the local communities in shows, cultural events, traveling exhibits and seminars.

EVENTS 2008

February 4, Reggio Emilia	"Banking in the heart of Via Emilia"
March 4, Palermo	"The interests and the passions of the territory meet the banking business - a Sicilian Company for the History of the Homeland"
May 30, Rome	"Banking in the capital city: the Rome platform"
July 3, Luserna (Trento)	"Press conference to present LANT srl"
July 11-12, Calveto - Abriola (Potenza)	"Development and Small Municipalities"
October 6, Turin	"Creativity, Innovation, Design: Strategies and Policies between Turin and Milan"
October 24, Catania	"Convention Travel: an opportunity for Sicily"
October 28, Turin	"Socio-Economic report of South Western Piedmont"

2. See "Stakeholder Engagement" chapter for further details.

Institutional Relations: strengthening dialogue at the international level

The activity of our “Institutional and International Affairs” Unit is aimed at ensuring a continuous dialogue with institutions and building on UniCredit Group’s role as a valuable counterpart in interactions with the EU and relevant regulatory institutions at the national level. We strive to be a valued participant in financial policy discussions held at the EU and at the national level on issues of critical importance to the financial sector. In all the major countries where we operate, UniCredit Group has always actively participated in and supported the activities of local banking associations.

With the goal of supporting and developing an ongoing dialogue with our institutional counterparts in the countries where we operate, in 2008 the Group organized the following:

- 11 institutional missions to the CEE and other markets we recently entered to consolidate existing institutional relations and to introduce the Group and its international activities;
 - approximately 40 institutional meetings in Italy, Germany, Austria, the CEE and in other countries recently added to the Group’s perimeter. These meetings were organized with the participation of high-level institutional counterparts (e.g., members of governments, governors of central banks, heads of supervisory authorities) and local authorities;
 - 15 institutional meetings with high level representatives of the EU Institutions have been organized (Commission, Parliament and Permanent Representatives of some Member States), and participation in 6 open consultations was launched by the European Commission and the CEBS (Committee of European Banking Supervisors) on the efficiency of supervisory systems and consumer protection issues, among others.
- In order to further strengthen our relationship with national and European institutions, UniCredit Group promoted research, conferences and seminars aimed at fostering a broader European integration process. Key activities undertaken in this area in 2008 included:
- **The Venice Forum:** an international conference held each year in Venice to bring together qualified representatives from the worlds of politics, economics and academia;
 - **The Italian-Turkish Forum:** organized in cooperation with the Ministries for Foreign Affairs of both countries, the fourth edition of the forum was held in Rome; it launched a working group to identify new areas of cooperation in the field of cultural dialogue between Turkey and Italy;
 - **Forum on German-Turkish Economic Relations:** a conference held in Munich to support Germany’s acceptance of Turkey’s accession to the European Union;
 - **the publication of *east*:** a bimonthly magazine dealing with economic, political and cultural themes, with a focus on the EU and its relations with Asia;
 - **support to the Italian government:** analyses and studies aimed at
 - the implementation of effective youth policies (carried out in collaboration with the non-profit research organization Forum Nazionale dei Giovani);
 - the innovative use of available solidarity funds to provide economic support to Italian families with real estate loans;
 - **the release of key research findings:** material drawn from a research on “M&A Operations in the European Banking Sector” in cooperation with Arel and Università Cattolica di Milano and from a research on “The Italian System’s Role in the Mediterranean Countries” carried out in collaboration with CeSPI.

€1,4 million
for Institutional
Relations
activities

Regulatory Affairs: a constructive approach to policy makers over regulatory and social issues

Financial integration and development play an important role for increasing productivity and employment and boosting economic growth. A high quality regulatory framework is crucial for supporting and guiding this process. In order to develop better regulation UniCredit favours and supports the European dialogue between financial services firms (and their associations) and regulators. In this respect, UniCredit wants to cooperate with all authorities and supervisors - both at the national and international level - as well as favours and promotes European convergence programmes, and in general financial sector modernisation programmes.

Regulatory Affairs supports the better regulation approach which seeks to simplify current regulation and develop a better regulatory business environment: simple, understandable, effective and enforceable. The policy-making process should be based on solid evidence and a thorough analysis of options. This ensures good-quality by testing whether policies are workable and will help create a level plain field.

Given the Group's broad presence across EU countries and neighbouring states, European policy makers represent one of the broader stakeholders. Regulatory Affairs Unit's mission is to enhance the effectiveness of dialogue with policy makers and other relevant stakeholders to bring the market participants' views to the policy making process. This approach is represented in all formal and informal European fora and international financial circles.

Since its establishment, Regulatory Affairs Unit has developed an intense and close working practice with relevant policy makers and market participants/social stakeholders. Examples of collaboration include ECOFIN (contributing to the debate over the supervisory architecture for cross-border financial groups,) and the European Commission (proposals to support the stability of EU and neighbouring countries). With regard to the market participants examples include the European Banking Federation and the European Financial Roundtable.

Due to the Group's open dialogue with authorities and social networks we were able to bring to the attention of the company and to Unidea - UniCredit Foundation, as well as of the national and European authorities, the requests and the needs coming from the different social realities with which we work. This facilitated the proposal of solutions and the development of scenarios.

With the goal of achieving sustainable-growth stance, a balanced trade off between as-a-single-entity action and country-specific aspects is managed and implemented also through the set up of a Groupwide network that operates on a regular basis both at executive and professionals level. The network represents a permanent platform for the sharing of knowledge, teamwork, channelling information and coordination. These actions help enhance effective policy dialogue which is inherently active on multiple, institutional and geographical fronts. In this dialogue, always transparent, UniCredit assumes all the social and political responsibilities originating from its role of market leader and service provider to the broad public.

Investing in our future: cooperation with universities

At UniCredit Group, we understand that a strong higher educational system is vital to satisfy our society's need for innovation and progress. In the pursuit of excellence we are constantly seeking to develop opportunities for cooperation with the world of academia and research in the pursuit of excellence. In 2008, the initiatives launched at the Group level principally involved masters and other academic programs, international partnerships, professional development programs, scholarships and general financial support to students.

Master's degree programs

In 2008, UniCredit Group established the "UniCredit MBA - Retail in the Banking and Financial Industry" a master of business administration program developed in collaboration with the Alma Graduate School of Bologna. The degree program is designed to provide the knowledge and competencies needed to pursue a managerial career in retail banking and finance. In 2008, 21 students from different countries enrolled in the MBA program. Every year, full and partial scholarships are granted to the MBA students.

The "New Europe Master in Banking and Entrepreneurship", which is an ASFOR-accredited post graduate program, aims at providing a technical and practical understanding of the European banking system and of the multifaceted relationships between banks and business communities. It was initiated in 2003 as a joint effort of UniCredit Group and Fondazione Cassamarca. This post-graduate program brings the fields of banking and entrepreneurship into sharp focus for a talented student body drawn largely from the

CEE. The program lasts one year. Students participate in at least 1,000 hours of classes, workshops and seminars followed by a 3-month internship and the final thesis.

International cooperation and partnerships

We support educational and cultural growth through a number of international cooperation and partnerships agreements with universities and academic institutions.

UniCredit Group is a *corporate partner* of the CEMS network, a strategic alliance of 27 leading business schools and more than 50 multinational companies. With CEMS, we firmly believe in the development of the strong bonds between the academic and corporate worlds. The geographical scope of the CEMS network fits well with the pan-European profile of UniCredit Group.

Bank Austria and the Vienna University of Economics and Business Administration have jointly organized the "UniCredit CEE Student Cercle". The Cercle is intended for the more than 3,000 students from Central and Eastern Europe in Vienna. It supports the recruitment of qualified university graduates and eases the path to starting careers at UniCredit Group.

Many other academic initiatives took place in the course of 2008. In Italy, we renewed our support for the "UniCredit Chair in Economic Ethics and Corporate Social Responsibility" at the University of Trento. In Germany, HVB supported the Technical University of Munich, the Frankfurt School of Finance and Management and the European School of Management and Technology, among

others. Zagrebačka banka, in cooperation with the University of Zagreb, organized a "Fundamentals of Business Administration" program for relationship managers servicing affluent clients. In Russia at ZAO UniCredit Bank, we continued our sponsorship of the University of Solikamsk at Cherdyn, in the Perm region, which provides higher education in the hospitality industry, with the goal of expanding the tourism industry in Perm.

Internship programs and job opportunities

Active student internship programs are important means of identifying talented individuals. In 2008 UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia, Bipop Carire, FinecoBank, HVB, Bank Austria, UniCredit Bulbank and Zagrebačka banka all provided numerous internship opportunities in 2008 for a number of talented young people. Information about internships and other projects and initiatives concerning students, graduates and cooperation with universities is regularly updated at www.careers.unicreditgroup.eu, the careers section of the UniCredit Group's website.

Cooperation with AIESEC, the world's largest student organization, has been of great benefit to the Group in countries like Italy and Romania. In Romania UniCredit Tiriac Bank became partner of AIESEC within the framework of the educational program "Leaders of Tomorrow" which took place in April 2008. The program, hosting top companies and also high potential young people looking to upgrade their future careers, represented a very good tool for recruiting talented graduates.

FinecoBank created “Progetto Giovani” for recent graduates who intend to become financial planners. The program provides instruction in the necessary technical and commercial skills and additional on-the-job training. In 2008, 45 junior personal financial advisors completed the program successfully.

In addition to these activities, the Group’s regular participation in student *career days* has furthered our ability to recruit international students.

Scholarships and general financial support to students

In 2008, UniCredit Group held the seventh competition for two financial scholarships named after Giovanna Crivelli. The grants are offered to students who plan to attend a Ph.D. program at a non-Italian university in the fields of political economics or the economics of financial markets. One of the two scholarships is awarded to a woman. In early 2009 we also awarded a research scholarship designed to promote *brain return* through the support to the work of young researchers at the Italian universities with which we partner.

We began implementing a project to extend the Crivelli program to Germany and Austria. Consequently, during the annual HVB Business Academy hosted by the HVB Talent Center in October, we introduced the “HypoVereinsbank - UniCredit Group in memoriam Giovanna Crivelli trust foundation for students in banking”. This Foundation will serve as an umbrella for a number of student seminars to be held across Germany, reaching hundreds of

students. Austria will launch a comparable initiative in 2009.

The Associazione Borsisti Marco Fanno, named after the prominent economist, is a non-profit organization connected with the scholarships named after the famous economist. The Association promotes cultural exchange in the fields of economics and finance, both nationally and internationally, through debate and dialogue among its members and in conjunction with a variety of organizations, associations, universities and research centers. Every year, the association holds a competition for five scholarships named after Marco Fanno and for a research scholarship dedicated to Franco Modigliani in economics and finance. The scholarships support both students enrolled in programs outside of Italy and young researchers working in Italy.

The Group also offered scholarships in cooperation with the University of Naples “Federico II”, the University of Bologna and the “Ca’ Foscari” University of Venice, among others.

Other scholarship and funding programs we participate in include the “Vocational Training Fund” in Hungary. Companies in Hungary have the option either to pay a certain annual tax to the government or to make a contribution to schools, universities or colleges. Of the total gross salary of any employee, 1.5 percent goes to the company’s educational fund. In 2008, UniCredit Group’s Vocational Training Fund was used to support 89 projects at universities and colleges.

In Romania in 2006 UniCredit Tiriac Bank became a partner of the National University of Fine Arts in Bucharest, offering scholarships to promising art students enrolled in master’s programs.

In the context of ongoing integration activities at UniCredit Group, we have upgraded the management of our relationships with universities. To enhance the level and quality of our engagement, at the end of 2008 we created the UniCredit & Universities Foundation³. The primary purposes of the Foundation will be:

- to promote academic studies and initiatives in the fields of finance, economics, law, politics and the social sciences;
- to grant one or more scholarships per year;
- to establish awards for dissertations or for special academic work in finance, economics, law, politics and the social sciences.

The UniCredit & Universities Foundation will become a clearing house for cultural and educational initiatives, primarily in the fields of economics, finance and credit at the university level, in all the countries in which our Group operates.

3. Developed from the pre-existing “Fondazione Cavaliere del Lavoro Ugo Foscolo già Presidente del Banco di Roma”, connected with the former Capitalia Group before its merger with UniCredit Group in October 2007.

Art & Culture: a valued experience

Partnerships with museums

UniCredit Group regards museums not just as exhibition centers, but as places for education and for building consensus in local communities. Among the major partners we work with in Italy on projects in the contemporary visual arts, are:

Castello di Rivoli, Museum of Contemporary Art, Rivoli - Turin: we have a very strong relationship with the museum's Education Department, the European leader in experimental teaching methodologies for all audiences. The department's motto is "Educate in art through art", and it promotes an understanding of contemporary creativity with the ultimate aim of stimulating the application of imagination and critical thinking to everyday life.

Arnaldo Pomodoro Foundation - Milan: UniCredit Group has supported the Arnaldo Pomodoro Foundation since 2005, when a new exhibition space was opened in a post-industrial factory site. The foundation's mission is the presentation of sculptural works, the fostering of young artists in this discipline and the generation of an interdisciplinary dialogue capturing the languages of different times and different generations.

MAMbo, The Museum of Modern Art of Bologna: since opening in its new quarters in May 2007, the museum has partnered with the Group in a three-year program supporting projects by Italian artists, intended for major international events. The Group finances research in the field of visual arts and the works then become part of the museum's permanent collection, available for public enjoyment and international exchanges.

MART - Trento and Rovereto: this collaboration began in 2005 as a partnership to develop projects for the diffusion of contemporary creative languages, with an emphasis on training and promotion of young artists. It is currently focused on the production of catalogues aimed at a broad international audience.

UniCredit's cultural centres abroad

Kunsthalle der HYPO-Kulturstiftung - Munich: HypoVereinsbank maintains this exhibition space in Munich, boasting 350,000 visitors per year and passing a total of six million visitors in 2005. Its last two shows, "Skythen" and "Mark Rothko", were among the year's top ten most-visited shows in Germany.

YAPI Kredi Cultural Center - Istanbul: UniCredit Group supports the YAPI Kredi Cultural Center in Istanbul, where roughly 500 different artistic and cultural events per year are held. The offerings include exhibitions, forums, panel discussions and other productions of international significance. The 60th anniversary of the YAPI Kredi art publishing house will be celebrated in 2009.

Bank Austria Kunstforum - Vienna: opened in 1980, this exhibition space supported by Bank Austria annually welcomes 300,000 visitors to its shows of modern and contemporary art. The Bank Austria Kunstforum is a top destination for art lovers, especially in the field of classical modern painting of the post-war years.

Partnerships in the field of music

Music offers society long-term benefits, contributing to its cultural development and strengthening relationships across social boundaries. Here below our major partners in Italy:

Filarmonica della Scala - Milan: UniCredit Group began supporting the Filarmonica della Scala since 2000 and, for the fifth consecutive year, has served as a major partner. The Group has also supported the orchestra's active program of international tours.

Filarmonica '900 of the Royal Theatre - Turin: UniCredit Group has provided support to this important orchestra since its founding in 2003 as it explores the breadth of 20th century music. Its repertoire embraces the masterpieces and major themes of 20th century symphonic repertoire, with a particular emphasis on identifying the nexus between classical music and the newer idioms of jazz, film soundtracks and pop music.

Arena di Verona: with the presentation of Aida in 1913, the Arena di Verona became the largest outdoor theater in the world. The arena's venerable Festival Lirico celebrated its 86th anniversary in 2008. For ten years, UniCredit Group has provided its support to this festival.

At UniCredit Group, we believe that art and culture are fundamental to sustainable social and economic growth. Our initiatives in this field can be categorized according to the following four areas:

- **building a network of cultural partnerships** in the countries where the Group operates, through which we engage communities, governments and institutions in order to promote art and culture as tools for sustainable social development;
- **engaging employees** in activities promoting an understanding and acceptance of art and culture as a way to foster open-mindedness, dialogue and social development and to draw value from cultural and social differences;
- **supporting young talent** as a way of fostering innovation and new perspectives;
- **supporting cultural heritage** in the many communities where we operate in order to safeguard our distinctive cultural roots.

A cultural network

At UniCredit Group, we consider art a means to building relationships and meeting our responsibilities to promote the cultural growth of society. Our company takes a long-term, collaborative approach to art and culture by partnering with local communities, governments and institutions throughout our areas of operation. The result is a substantial network of artistic and cultural projects that UniCredit Group supports not only financially and technically, but with our ideas and our networking and organizational skills. We also support the creation of new projects by commissioning promising, undiscovered artists when we believe in their ideas.

Engaging employees

At UniCredit Group, we promote the arts inside our organization, by using them to enhance our employees' personal and professional lives. "UniCredit Art Day", presented in collaboration with our broad network of contemporary art museum partners, including the Association of Contemporary Art Museums of Italy (AMACI), offers our employees and their families an opportunity to visit museums, go on guided tours and participate in educational laboratories developed by some of the museums. This initiative, together with others, promoted a valuable sense of community among our employees. "UniCredit Art Day" began in Italy in 2006 and as of 2008 has expanded to include 11 additional countries in which the Group operates.

During 2008 we encouraged our employees to experience art-based learning through such creative initiatives such as "Arte in Piazza", a series of public events developed with the educational departments of several Italian museums. UniManagement and UniCredit Private Banking also collaborated with artists and other cultural professionals, who led training programs designed to develop a broader knowledge of contemporary art among our employees.

Young artistic talent

In recognition of their creative power and innovative potential, UniCredit Group actively promotes young talent in the countries it operates in and provides strong support for the diversity of ideas that creativity can inspire. In 2008, many initiatives involved the company's sponsorship of young artists through the awarding of prizes and study grants in the fields of the visual arts, music, theatre and literature. One example of the many such scholarships offered by UniCredit Group is the Furla Prize, awarded by UniCredit Group in collaboration with the Querini Stampalia Foundation, the MAMbo Museum and Furla

S.p.A. It is annually awarded to support and promote the work of a young Italian artist.

During 2008, UniCredit Group supported a variety of young musicians and musical initiatives. In Germany, for example, HVB hosted its annual concert with the European Union Youth Orchestra, while continuing to support a training program for young musicians at the Opera Academy of Gut Immling.

Bank Austria's ongoing and deeply rooted commitment to young artists is reflected in its ongoing 35 year partnership with "Jeunesse", the most prominent Austrian institution in the field of concerts for young audiences. In collaboration with the Vienna

The "Acrobazie" project

The "Acrobazie" project was conceived in 2005 with the aim of developing a relationships between the world of contemporary art, young artists and artists from the "Atelier di Pittura Adriano e Michele", based at the Fatebenefratelli psychiatric hospital in San Colombano al Lambro.

UniCredit Group supports "Acrobazie", committing itself to increase visibility of marginalized worlds where art means socializing, integration and embracing differences.

The fourth edition in 2008 featured Francesco Simeti as visiting artist. Simeti spent six months with the artists living in the hospital and suggested new contents and production processes. He identified the theme of the construction of a utopian home and the artificial re-creation of nature indoors as an expression of the contemporaneity in all

spheres of creativity: art, architecture and theatre. The result was a group installation describing hopes and dreams of the San Colombano artists while imagining spaces of freedom, houses that express all their dreams and their desire for normality: a work that will be presented at the Artist Space in NYC in April 2009. Thanks to this concept, Simeti has conceived the project to set up a school in Brooklyn.

The Acrobazie project is part of a wider policy of involvement in both the cultural sector and the social sphere. On the one hand, UniCredit commissioned the visiting artist's work, now part of the Group's art collection. On the other hand, UniCredit launched the first Italian Art Outsider collection, which includes around 150 works by 12 artists from the "Atelier di Pittura Adriano e Michele", on display in seven branches of UniCredit Private Banking.

Communities (CONTINUED)

Art & Culture: a valued experience (CONTINUED)

Philharmonic, Bank Austria also established a specialized course for young violinists in Trenta, Slovenia, a city known for the development of orchestral talent.

The "Ö1 Talent Exchange" is another important project supported by Bank Austria, providing young artists with a broad-based platform for their skills. Every week, a radio feature presents a rising star from a music, drama or art school with an opportunity to showcase his or her art.

On a broader level, many of UniCredit Group's 2008 initiatives - including the "International Arnaldo Pomodoro Foundation Award" and the "Furla Award" in Italy, the "Young Stars of the CEE" program in Austria and the "Literature Debut Award" in Romania - served to advance the careers of young artists by facilitating their interactions with collectors, auction houses, galleries, critics and the press. By working within the contemporary art system, we hope to empower new voices and ideas.

Cultural heritage

At UniCredit Group, we value the distinctive heritage associated with each of the countries in which we operate. That is why we support initiatives designed to protect and promote the artistic and cultural expressions of our communities. This commitment is reflected by the UniCredit Group Art Collection, comprised of more than 60,000 works of art with origins spanning the entirety of the company's regional scope. It is one of the richest corporate collections in Europe and includes works from early Mesopotamia to the great masters of the Renaissance to contemporary works of the 21st century. An international scientific committee is responsible for new acquisitions, which are usually new artworks, created with support from our partner cultural institutions.

In 2008 the collection was continuously updated through a program of acquisitions; a range of public exhibitions drawn from the collection's works were held in the countries where we operate; and we lent more than 750 artworks for display in international exhibitions.

Unidea - UniCredit Foundation

- Established in: March 2003
- Legal status: Foundation
- Staff: 10 employees
- Funds: €10 million per year
- Intervention areas: Europe (mainly Central and Eastern Europe) and Sub-Saharan Africa

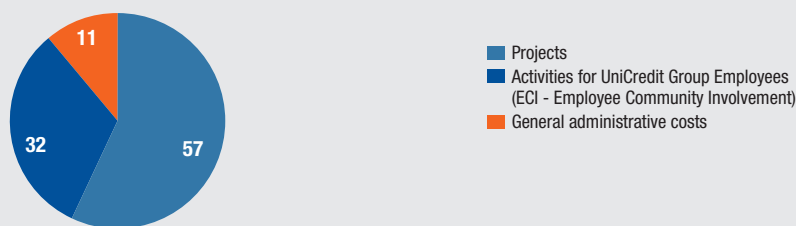
Unidea - UniCredit Foundation is a corporate foundation established in March 2003 by UniCredit Group to promote the Group's values and principles. The Foundation is entirely financed by UniCredit Group and is an independent legal entity with its own Board of Directors made up of prominent figures from the worlds of culture and civil society.

As an acting foundation, Unidea - UniCredit Foundation implements development projects both in the countries where UniCredit Group is present and in regions where it is not, particularly in Sub-Saharan Africa. The Foundation is also interested in studying issues of social economy and, more generally, the relationship between the for-profit and non-profit sectors.

The Foundation lastly acts as a link between the employees of UniCredit Group - supporting them in harnessing their energies and skills through personal engagement - and the needs of the

Allocation of funds for financial year 2008

Total allocation of funds (%)



Project: allocation of funds by sector (%)



communities. For this reason, while projects are expressly designed to promote economic and social development, they include a component to involve the employees both through communications and by means of participatory and interactive programs within the framework of a clear Employee Community Involvement plan.

In 2008, the Foundation continued or launched projects and activities in Sub-Saharan Africa (Benin, Burkina Faso and Mali), while the Migrations Program was launched in the countries where UniCredit Group operates, with specific initiatives in Serbia, Germany and Romania.

The Migrations Program

The Migrations Program was begun with the primary goal of increasing cultural awareness of the migration phenomenon, recognized as one of the most pressing and important social issues our society faces today. All 22 countries where UniCredit Group is now present are affected by migration, with a wide variety of distinct circumstances and issues contributing to the complexity and significance of this phenomenon.

Migrations is a multi-year program that poses a challenge on questions of cultural development and social commitment - a challenge that Unidea - UniCredit Foundation and UniCredit Group have decided to meet. Moreover, it is part of the mission of the Foundation to promote

Unidea - UniCredit Foundation (CONTINUED)

corporate philanthropy across the countries in the “UniCredit Continent” supporting and encouraging the social commitment of the Group’s employees and by providing them with new tools and new opportunities to get involved.

The Migrations Program follows the guidelines of the Foundation and consists of two macro-components:

- development projects in support of local social initiatives focused on migration issues in partnership with non-profit organizations in different countries;
- Employee Community Involvement activities aimed at involving UniCredit Group employees in their reference communities in different ways.

Within the framework of planned Employee Community Involvement activities, employees will also have opportunities to learn about and express opinions on migration issues, using the information channels provided by the Foundation. Their input will help produce original materials, including, for example, stories focused on migration experiences.

In the light of the expansive, multinational nature of the UniCredit Group, most activities will only be proposed and implemented via intranet and internet. Thus a website dedicated to the Migrations Program was created to update employees on initiatives while serving as a window to important facts and events concerning international migrations, both at the global and national levels.

The Migrations Program development projects in Serbia, Germany and Romania

The Migrations Program provides for the implementation of development projects in the countries where UniCredit Group is present, in partnership with local non-profit

organizations, to support social initiatives focused on migration issues. The first projects were launched in 2008 in Serbia, Germany and Romania.

Migrations - Serbia

includes three projects principally aimed at the social and economic integration of individuals who, following the conflicts in the Balkans, were forced to migrate and spend several years in “Collective Centers”.

The “EaSIER” project (*Economic and Social Integration Enhancement for Refugees and IDPs [Internally Displaced Persons] living in collective centers*) is being implemented in partnership with GRUPA 484⁴.

The project is aimed at the refugees and IDPs who now live in official and unofficial collective centers on Serbian territory in very poor private housing facilities, people subject to forced repatriation from Western Europe, and the local non-refugee population with similar needs. Its main goal is to promote the social and economic integration of these individuals into local communities. An important part of this activity involves furnishing direct support of a legal, medical, psychological and social nature to about 3,500 individuals. In addition to providing professional training courses for younger participants, the Project provides for the establishment of a pilot social company in the Belgrade region.

The “RAISE” project (*Rural and Agricultural Integration within a Supportive Environment*) is being implemented in

4. GRUPA 484 is a non-governmental organization active in Serbia and Southeastern Europe and founded in 1995 to support the organization of 484 refugee families who had taken refuge in Serbia after fleeing Krajina and “Operation Storm” of the Croatian Army. GRUPA 484 takes its name from these 484 families.

EaSIER:
direct support
to 3,500
individuals

partnership with Humanitarian Organization Divac (HOD). The project is aimed at one hundred refugee and IDP families in Serbia

who have been selected to receive a house in rural regions and participate in a care and financial support scheme to promote their satisfactory social and economic integration. The beneficiary families will be supported economically, socially and psychologically

throughout the process of settlement into the host community. At the same time, the project will work to ensure that the families develop an in-depth knowledge of their new environment. The project focuses on rural communities located mainly in the Vojvodina region and in central Serbia.

The “Scholarships Program” initiative falls within the framework of a broader project designed to prevent the emigration and brain drain of young Serbs. The project is led by the NGO 1,000 Young Serbian Leaders, and is supported by the People’s Office of the President of the Republic of Serbia. The scholarships will be granted to young graduates, who will be encouraged to start their professional careers in Serbia.

Migrations - Germany includes two different projects that share the objective of providing more support to the social integration of children with immigrant backgrounds, both through language training support to ensure better integration into the school system and through the sport of football, which is used as means to promote cultural and social exchange among youths.

The “Early Childhood Education for Equal Opportunity” project implemented in partnership with the City of Munich - Social Services Office, is aimed at improving

and strengthening the quality of services available to for children from migrant backgrounds and improving their language skills. The project was designed with a view to the needs of migrants attending the German Federal Government's "integration courses" for women and parents, who have access to a parallel childcare service (*Kindergarten*). The project provides for specific training for the operators in the *Kindergarten* included in the language schools where the integration courses are held. Such training is focused on language teaching and on the development of the key competences of children in their pre-school age.

The "Colorful Teams Kick Well" project, implemented in partnership with the Buntkicktgut association, focuses on the Munich metropolitan area. The project is a cross-cultural exchange initiative with street football as its cornerstone, and it targets foreign and naturalized children who came to Germany as immigrants or refugees. Thanks to the popularity of football among them, children are willing to participate in their free time, with the purpose of preventing social marginalization, exclusion and youth crime.

Migrations - Romania is conducted in partnership with the Alternative Sociale association. The initiative is built around the "Supporting Children and Elders Left Behind" project. Its main objective is to counter the negative impacts of emigration on the most vulnerable individuals, specifically minors and the elderly, by ensuring material support, legal protection, psychological support and social care. The project is implemented in the urban and rural areas of Iași County, in the North-east of the country, where a high level of labor emigration, particularly of women, was recorded in recent years. The project focuses on minors deprived of one or

both parents, who emigrated in search of jobs abroad. It also aims to reduce the "care deficit" affecting elderly people by means of psychological, social and material support services, as well as by developing volunteer activities involving university students. An information campaign is also being implemented to support the migrant population by increasing their awareness of the rights of minors with one or both parents abroad and of the conditions of elderly people left alone.

Projects in Africa

Ever since its establishment, Unidea-UniCredit Foundation has operated in Sub-Saharan Africa through interventions in social and medical fields. The Foundation's projects, implemented in cooperation with local public health institutions, take a cross-sector approach. Actions aimed at strengthening primary healthcare services by means of staff training and infrastructure improvement are combined with actions aimed at promoting access to health services by improving the population's social and economic conditions. The Foundation's main efforts in 2008 focused on Benin, Burkina Faso and Mali both in the form of renewed support for existing projects and in the launching of new initiatives.

**Total allocated
funds for projects
in Africa
since 2003:
€21,6 million**

The "Tata Somba" project:

- Country: Benin
- Region: Department of Atakora, Tanguiéta District
- Period: January 1, 2005 - December 31, 2010

In 2008 the Foundation renewed its commitment to the "Tata Somba" project, which is principally aimed at promoting the improvement of primary healthcare among the people of the Department of Atakora, in the northwestern Benin, and particularly among women of childbearing age and children five years and under.

The project is implemented in cooperation with the hospitals and healthcare services of the country's public health system. The activities are aimed at improving access to primary healthcare services, particularly in remote areas, through direct support to existing health facilities, in constant coordination with local personnel. The project provides for the following:

- refurbishing health centers and improving basic equipment;
- strengthening the infrastructure of the Saint Jean de Dieu Hospital in Tanguiéta;
- training health staff;
- improving coordination between hospitals and rural villages;
- carrying out community activities: awareness campaigns, training health officers in villages, training health center management boards;
- strengthening management skills at healthcare facilities;
- consolidating the local AMCES associations (a non-profit organization involved in strengthening the "private-social" sector within the national health system).

Main results for year 2008:

- building of Mamoussa Health Center and refurbishment of Datori and Tonougou Health Centres;

Unidea - UniCredit Foundation (CONTINUED)

- expansion of AMCES health training centre;
- 488 villages committees members trained;
- training and updating for nurses and obstetrician in 16 health centres;
- 30 nursing auxiliaries trained;
- 1 scholarship for nurses;
- awareness-raising campaigns on malaria through concerts and theatres within local market throughout villages.

The “An Ka Here Sso” project:

- Country: Burkina Faso
- Region: Hauts Bassins and Cascades
- Period: January 1, 2004 - December 31, 2010

“An Ka Here Sso” is an integrated health cooperation project aimed at promoting access to basic health services for the population of the regions of Hauts Bassins and Cascades in southwestern Burkina Faso through the strengthening of infrastructure, improvement of primary healthcare services, increased accessibility to health centers and reinforcement of the community involvement.

The project is implemented in partnership with the NGO ProgettoMondo Mlal of Verona. It includes activities designed to improve local public health services, accessibility to health services and community participation in the management of health issues:

- medical training and requalification of health center staff, with a special focus on on-the-job training designed to improve the skills of primary healthcare personnel;
- refurbishment of 16 health centers;
- provision of medical equipment and material to health centers;
- medical studies and research and associated applications;
- introduction of the Community Epidemiology Studies *curriculum* at the National Nursing School;
- improving economic accessibility to health services through the promotion of income-generating activities and microcredit;
- health education campaigns;
- community epidemiology.

Other projects were also initiated or continued in Africa in 2008, including:

- **“LocatForBenin”** for the establishment of a health center in the village of Tchatingou;
- **“A Si Jiwe”** for complementary initiatives, including income-generating activities and the promotion of literacy, in addition to the improvement of health facilities and services in southwestern Burkina Faso;
- **“Sahel Formation”** for improving health services in the Gao region of Mali by supporting the activities of the Nursing School through the construction of facilities and provision of scholarships;

- **“Gnion Tinkakperera”** for the improvement of living standards in the village of Tinkakperera, Burkina Faso, by digging a well for potable water;
- **“People Survey 2008 for Keoogo”** for donating €1 to the Keoogo association for each questionnaire filled out for the People Survey 2008 to support activities for street children in Ouagadougou, Burkina Faso.

Initiatives for the employees of UniCredit Group

Unidea - UniCredit Foundation and UniCredit Group work to implement a wide range of initiatives promoting the participation of the Group's employees in socially significant activities and projects. Such initiatives include:

- the development and implementation of tailor-made projects with the Group's legal entities (including the above-mentioned projects, "LocatForBenin" with Locat S.p.A., "A Si Jiwe" with UniCredit Private Banking, "Gnione Tinkakperera" with Cordusio Fiduciaria S.p.A., "Sahel Formation" with UniCredit Banca, and "People Survey 2008 for Keoogo" with UniCredit Group);
- the organization of travel for employees to visit the Foundation's projects ("Passage to Benin");
- the Gift Matching Program.

"Passage to Benin" is an initiative through which Unidea-UniCredit Foundation offers employees the opportunity to visit "Tata Somba" project locations in Benin. The aim is to provide them with an opportunity to experience the social and cultural conditions of this country and gain direct insight, with a special focus on the world of development cooperation. "Passage to Benin" is also meant as a way to promote a conscientious and responsible approach to travel, respecting local cultures and traditions.

In 2008, numerous employees from 21 countries and 39 legal entities applied for selection. Of these, 10 were selected and went on their visit in May. "Passage to Benin" will be repeated in 2009.

In 2008, the Foundation launched the sixth edition of the Gift Matching Program. Through this Program the Foundation integrates the donations by UniCredit Group employees in favour of non-profit organizations.

Gift Matching Program 2008 figures

- over 9,900 Group employees involved in 15 countries
- over €2 million to non-profit organizations
- 100% integration of employee donations
- almost 300 different projects benefiting from the Program

Casa della carità

Casa della carità was established in 2004 in Milan with the aim of tending to people and families in difficulty regardless of their age and nationality.

In addition to social and reintegration work, projects and activities have been undertaken in many sectors of social need: from old people to children, from mental illness to the illegal occupation of abandoned fields and spaces.

Unidea - UniCredit Foundation has supported the Casa della carità in organising Accademia della carità cultural and training activities since 2004. In 2008, as in the previous year, it once again helped Casa della carità in meeting the needs of the Rom community living in Milan and other towns in this province.



Stefan Beck
Germany

« If I see a light left on, I turn it off. It saves the environment.
If I see a problem, I try to solve it. It improves our processes.
If I see something is too complicated, I try to simplify it.
It makes work easier. If I have an idea, I try to make it happen.
It represents a chance for us and our customers. »

Key Achievements 2008

- Strategic partnership with WWF Italy to build a consistent path to sustainable development
- Increased attention to the environment in lending activities and credit policies
- Achieved 3.75 billion of euro in corporate loans for renewable energy projects in our portfolio
- Renovations and improved systems for the Group's real estate to reduce energy consumption
- Intranet platform designed to expand environmental awareness of employees

Priorities 2009

- Perform a Groupwide carbon audit for direct emissions
- Development of green product range in Retail and Corporate
- Develop new credit policies on environmentally sensitive topics
- Implement specific "green product" and "knowledge tools" for employees
- Meet important new goals in energy efficiency
- Upgrade environmental criteria in global procurement processes

Environment & Suppliers

Our environmental approach

UniCredit Group understands the significant role a bank can play in meeting large-scale environmental challenges. We are committed to leveraging our position as a large financial institution to protect the environment and to address the climate change problem. We demonstrate our commitment to sustainability through our environmentally sound business practices and initiatives. Our long-standing memberships in international organizations mark our cooperative approach to environmental issues. In addition, we work together with our suppliers with a view to maintaining a consistent approach to the management of our indirect environmental impact.

Environmental policy

Our environmental policy is based on our mission to develop a new way of banking capable of generating long-term value for our stakeholders and for current and future generations.

It is our aim to take responsibility for the potential impact our business decisions may have on the integrity of natural resources and in matters of sustainability in the short, medium and long term. This requires a commitment on our part to properly manage and, if possible, mitigate any adverse environmental impact associated with our activities.

We recognize the need to consider environmental sustainability in all of our operations. This is why in 2007 UniCredit Group developed a new environmental policy, signed by the CEO, which affects all of our institutions and activities.

Climate change framework

Our commitment to address climate change challenges was made in 2007. As signatories of the United Nations Environment Programme Finance Initiative (UNEP FI) Declaration on Climate Change, we are committed to advancing knowledge and understanding of both the risks and opportunities in the field of climate change. We intend to quantify those risks and opportunities, lend technical assistance to

our clients, reduce our own footprint and incorporate climate change issues into our business decisions.

The first step in our process was to draft a detailed feasibility study to assess how climate change affects a financial institution, how to address the topic while adhering to clear guidelines, and how to lay a foundation for further development.

In 2008, we engaged an independent agency to conduct a Group Environmental Performance Assessment. The assessment, which benchmarked our performance against our peers in the financial industry, took stock of potential areas for improvement, with a view to developing a concrete strategy and establishing a leadership position in this field.

Beginning in Italy last year, we developed a strategic partnership in the form of a four-year "long-term cooperation agreement" with a major, international environmental NGO, WWF Italy. This cooperation was implemented to enhance our environmental capabilities through a continuous exchange of best practices and know-how between WWF experts and our managers. We began the program in 2008 as a pilot in Italy, but our objective is to extend it across the full Group. The first step of this cooperation, building on our 2007 feasibility study and our 2008 environmental assessment, was to develop a finance sector strategy to address climate change. In the first half of 2008, a group of experts reviewed strategic options for the best way to support the EU targets known as "20-20-20" and to generate an integrated, Groupwide program of priorities.

Due to an improved data collection and calculation process, some figures may differ from data presented in the 2007 Sustainability Report.
We use the symbol (★) to indicate data covering 95 percent of considered population (about 114,000 head count).

Environment & Suppliers (CONTINUED)

Our environmental approach (CONTINUED)

From 2009 onward, the Group Framework Strategy on Climate Change - now being finalized - will provide a model of environmental sustainability policies for the financial industry. It will also offer specific targets for the management and reduction of CO₂ emissions year by year, particularly with respect to direct emissions, and will generate a model enabling the management of financed emissions.

As a member of the Carbon Disclosure Project, the Group annually publishes an estimate of greenhouse gas emissions resulting from our energy consumption. In 2009, our commitment to develop the framework described above will require us to develop more accurate and comprehensive measurements of our 2008 baseline categories, including energy, mobility, etc. That is why one

of our major action items for 2009 is a Groupwide carbon audit. We will also develop challenging, concrete quantitative targets in the course of incentivizing and facilitating our organization's efforts to increase investment in energy efficiency and renewables.

UniCredit supports renewable energies

Corporate and Investment Banking

In 2008, we intensified our attention to the environment with respect to our lending activities and credit business policy. It is an important obligation in corporate and project finance, as well as in asset management, to leverage any opportunity to contribute to sustainable development.

In project finance, MIB specialists from the Power and Environment Team work on structuring and financing global projects in the energy sector, with a focus on renewables, waste and water treatment. In the energy segment, we principally finance gas-fuelled power plants and decentralized, combined heat and power generation plants, both of which have limited environmental impacts. Our renewable energy financing principally involves wind, solar, biomass and hydropower projects. The team also specializes in structuring and financing sewage and desalination plants.

At the end of 2008, UniCredit Group had in portfolio a total €3.75 billion in loans for renewable energy projects. Projects, which also engage the Corporate Division, primarily involve photovoltaic plants, wind parks, biomass and building renovations.

**€3.75 bn
in loans for
renewable
energy projects
in portfolio**

Financing renewable energy

		€ billions
DIVISION	SEGMENT	AMOUNT OF LOANS
Markets & Investment Banking ¹	Project Finance	1.7
Corporate Banking ²	Others	2.05
Total		3.75

Retail banking

In 2008, we began to develop a more complete and detailed catalogue of financial products for use with environmental projects, including new retail products.

These include "CreditExpress Energia", a credit line for use in financing energy-saving building renovations, and a special series of credit offerings for use with photovoltaic installations.

Special residential housing loans

HVB has in its portfolio a total of €476 million (approximately 11,500 loans) in

special residential housing loans (for climate protection) from the state-operated Kreditanstalt für Wiederaufbau (KfW). These include new loans from 2008 totaling €104 million (approximately 1,500 loans). The result is that HVB provides customers with access to KfW loans at lower interest rates to finance their residential property investments.

The state lending program used for investments related to climate protection, includes:

- the KfW "Generate Solar Power" program to finance solar equipment;
- the KfW "Ecological Construction" program to finance KfW-compliant energy-efficient houses, "passive houses" and heating technology using renewable energy sources;
- the KfW CO₂ renovation program to finance extensive residential projects aimed at reducing CO₂ emissions and energy consumption.

KlimaKredit

In January 2009, Bank Austria began offering its retail banking customers a KlimaKredit loan to finance environmentally sound renovation and retrofit projects. The loan features an "UmweltBonus", a rebate of up to €600, depending on the energy efficiency class achieved in the project's certification.

1. Figure refers to HVB and Bank Austria.

2. Figure refers to Italy, Austria and Germany.

Direct impact

Our daily banking operations have a direct impact on the environment primarily in the forms of energy consumption, the building materials used in our facilities and the transportation needs of our employees. We are always working to minimize the impact we have on the environment through our daily business activities. We will further strengthen our efforts to reduce energy consumption at our facilities. Part of that objective will be achieved by shifting our energy mix in favor of renewable sources.

Our direct emissions program, launched in 2008, is largely focused on the "Green Real Estate Energy Project" and on "Green ICT". The former involves upgrades of equipment, developing energy-efficient layouts in green branches, the use of intelligent monitoring displaying technology and shifting to renewable energy sources. "Green ICT" focuses on improving the energy efficiency of data centers and PCs, an important issue in both central facilities and all branch offices. Because employee behavior is one of the keys to meeting our commitment, e-learning tools we developed in 2008 will be implemented starting in 2009 to raise the energy-consciousness of all our employees.

Energy efficiency

We aim to reduce our energy consumption and have developed a number of initiatives across the Group to achieve this target. Among them:

Tapping renewable energy

The percentage of electrical power supplied by renewable sources to all legal entities of UniCredit Group in Italy was around 94 percent as of our last accounting in 2008.

The Green Network

This initiative calls for the creation of a network of branches and headquarter offices achieving the following standards:

- a 25 percent reduction in energy use, achieved through better insulation of walls and windows;
- the capacity to produce 3kW of power per branch or headquarter for by means self-generation of green energy (i.e. via solar panels, wind turbines);
- supervisor-controlled conditioning systems.

In 2008, three important buildings in Bologna, Verona and Bassano Bresciano were upgraded to meet this initiative's criteria. The project has a combined total of 31kW in photovoltaic power.

By the end of the first half of 2009, our goal is to generate 123,500 kWh from Green Network and consequently to achieve a CO₂ emissions reduction of 68 tons. Furthermore, we will install energy monitors in the main buildings in our Green Network to raise employee and customer awareness of environmental impact.

Building renovations

We will carry out energy audits for large buildings that are consuming energy at atypically high rates, thereby ensuring properly targeted upgrades and repairs, including the replacement of inefficient systems and the adoption of new technology. In 2008, we renovated 51 branches (a total of 15,300 square meters of space) to meet current efficiency criteria.

LED technology

We will replace the display systems in our German branches to make use of energy-efficient LED technology.

Supervisor-controlled automated conditioning systems

These new systems, which have already been installed in 600 smaller buildings, resulted in the reduction of 16.5 percent in the operating hours of heating and air conditioning systems. We are planning to extend the project's reach to include an additional 50 mid-sized buildings. The expected reduction in energy consumption related to heating and air conditioning will be roughly 15 percent.

A Self-Sustaining Branch

In 2008, we decided to build the first self-sustaining pilot branch in Italy in Reggio Emilia. The plan is to significantly reduce CO₂ emissions by reducing energy consumption and by employing renewable energy sources, both photovoltaic and geothermic, in this pilot branch. The project has been developed in collaboration with Politecnico di Milano University and WWF Italy and is based on new technologies that may be deployed in the future across the Group's network. The renovation of the pilot branch will begin in 2009.

Cooling systems

In Germany, we are planning to implement an efficient, new solution for cooling and electrical generation at the Tucherpark Data Center in Munich. Water from the nearby Eisbach River will be used in a cooling system that can be operated year-round, allowing existing cooling towers and refrigeration units to be relegated to backup use.

In Italy, our electronic data processing units in Verona have been enhanced with new air-conditioning systems that can reuse the heat generated by the data processing equipment. We intend to reduce our consumption of energy by 4.9 GWh as a result of these new systems.

In Austria, we make sure that most of the cooling and ventilation systems in our branches are run at a reduced level or are shut down during off-hours.

Energy consumption per employee (kWh/capita) (*)			
COUNTRY	2008	2007	2006
Italy	10,238	10,705	11,263
Germany	14,328	13,257	15,609
Austria	14,695	14,008	13,682
CEE	9,218	9,924	9,966

CO ₂ emissions from energy consumption per employee ³ (tons CO ₂ /capita) (*)			
COUNTRY	2008	2007	2006
Italy	0.90	0.94	1.23
Germany	3.24	1.94	3.23
Austria	2.22	2.15	2.30
CEE	2.54	2.68	2.47

3. Figure based on the CO₂ calculation tool of the Greenhouse Gas Protocol Initiative (World Resources Institute and World Business Council for Sustainable Development) and emissions factors related to specific energy suppliers.

CO ₂ emissions from business travel per employee ⁴ (tons CO ₂ /capita)			
COUNTRY	2008	2007	2006
Italy	0.48	0.44 ⁵	0.32
Germany	0.83	0.73	0.62
Austria	0.31	0.26	0.22
CEE	0.44	0.43	0.49

4. Data cover 91 percent of considered population. Figure based on the CO₂ calculation tool of the Greenhouse Gas Protocol Initiative (World Resources Institute and World Business Council for Sustainable Development).

5. Figure includes the former Capitalia Group.

Paper consumption per employee (Kg/capita)			
COUNTRY	2008	2007	2006
Italy	76	82	79
Germany	45	54	55
Austria ⁶	103	108	100
CEE	70	85	82

6. Figures include all paper products used internally as well as for clients' servicing.

Paper consumption

At UniCredit Group, the paper we use must be produced in an environmentally sound way. In Italy, Germany and Romania we use recycled paper at levels of 38, 22 and 15 percent, respectively. The majority of our paper is produced through the TCF (total chlorine free) environmentally friendly production method.

Water consumption

We are aware of the increasing global importance of water conservation. By upgrading the technological infrastructure of our buildings, we have sought to reduce and optimize our water usage. Additionally, our employees, through a more environmentally conscious approach to water consumption, are capable of making a positive impact,

despite most of our water usage being linked to building infrastructure facilities.

Mobility management

Emissions produced by business travel are one of the major direct environmental impacts generated by a financial institution. As mobility is essential to our business operations, it is important that we make ecologically sound and efficient choices to moderate the negative effects of business travel to the greatest extent possible. We have implemented many initiatives with the goal of reducing business travel and the environmental impact of our employees' daily work commutes.

Video conferencing

To decrease the number of business trips we take, in 2008 we completed the installation of the first 3,000 powerful, real-time office communication tools, designed to promote a high level of "e-collaboration" between colleagues based in different locations.

**3,000
real-time office
communication
tools installed
in 2008**

The results have been positive. In Austria, for example, the number of videoconferences increased from 606 in 2007 to 791 in 2008.

Environment & Suppliers (CONTINUED)

Direct impact (CONTINUED)

By the end of 2009, we will have expanded the program beyond Italy, Germany and Austria and installed 30,000 additional units. UniCredit Group has also installed four "TelePresence" rooms at its main headquarter offices in Milan, Munich, Vienna and London, so that top management is able to participate in meetings in a near virtual-reality setting.

Greening the fleet

A major replacement campaign was carried out, involving 263 gasoline-powered vehicles, vehicles more than ten years old and vehicles with more than 150,000 kilometers. We replaced these vehicles with "Euro 4"-compliant, methane-powered cars and "Euro 4"-compliant motorcycles. Emissions in the HVB pool are now limited to a maximum of 120g CO₂/km. In Italy, through the Province of Milan, Group employees can receive 25 percent toward the cost of converting their cars to methane or liquefied petroleum gas.

Enhanced travel guidelines

UniCredit Group's Travel Policy encourages employees to switch from air travel to high-speed rail transportation for business trips of up to four hours' duration. For normal, in-town business travel, employees must use public transportation.

Training for fuel savings

We inaugurated a fuel saving training program in Austria in 2008 in cooperation with the Austrian Ministry of Life. The program was attended by 33 employees and met with impressive results. They achieved a 10.9 percent reduction in fuel consumption in tandem with a speed increase of 4.5 percent. Overall calculations indicate that participants now drive their cars 17.3 percent more economically.

The awareness education platform

It is our goal to improve the effectiveness of our environmental projects through the consistent and substantial involvement of employees and managers. That is why we have launched two intranet projects to expand knowledge and awareness.

In the last quarter of 2008, at the Group level, we designed the "Green Box" intranet platform, to be regularly updated with content provided by environmental experts and editors in cooperation with WWF Italy. The platform will be launched in the first half 2009, as an interactive and comprehensive tool addressing climate change and the Group's environmental performance. It includes a set of interactive learning tools for employees, as well as various videos and tips. It will offer a regularly updated section with information from opinion leaders, studies on the effects of climate change and relevant news items on economic challenges and international policies and agreements.

In Germany, environmental communication efforts have also utilized the intranet. This includes online sections offering detailed information on environmental performance, initiatives, projects and responsibilities.

Up-to-date environmental information appears on the intranet's main homepage and employees have access to information through leaflets, intranet pop-ups and tips, working groups and corporate social responsibility events.

Environmental sustainability initiatives

Offsetting CO₂ emissions

The greenhouse gas emissions associated with the paper used in the publication of the “2008 Consolidated Reports and Accounts” and Sustainability Report are offset by a contribution to a biomass-fueled district heating plant in Italy.

Providing energy performance certificates

In Germany, HVB offers “Energy Performance Certificates” (EPCs) to both customers and non-customers, free-of-charge and online. Since July 2008, EPCs are required in Germany for the selling or leasing of real estate. EPCs include renovation recommendations and information about modernization requirements. HVB distributed roughly 9,000 EPCs in 2008.

Providing customers with sustainable investment options

Pioneer Investments, the core of our Asset Management Division, offers two sustainability-oriented asset management products - the Global Sustainable Equity Fund and the Global Ecology Equity Fund. The Global Ecology Equity Fund targets retail and institutional investors and invests a minimum of two-thirds of its assets in a range of equities and equity-linked instruments issued by companies

manufacturing or producing environmentally friendly products or technologies that contribute to the development of a cleaner and healthier environment.

The Global Sustainable Equity Fund invests its assets in a range of equities and equity-linked instruments issued by companies satisfying strict ethical, environmental and social criteria.

Electronic waste project (RAEE)

We first began this collaboration with Nova Spes Onlus in 2005. The partnership is based on a strong commitment to refurbish and donate older electronic equipment discarded by UniCredit Group, including personal computers, printers, faxes, monitors and copiers, to non-profit associations. The project involves prison inmates in Lombardy who are being taught new skills to facilitate their reintegration into society.

Trail improvements on Vitosha Mountain

At the end of December 2008, UniCredit Bulbank completed an important green project involving the restoration of two major hiking trails on Vitosha Mountain. More than 30 kilometers of trails were rehabilitated and now provide visitors a pleasant and safe destination for a restful stroll or a vigorous trek. The green project was realized in cooperation with the Vitosha Nature Park Directorate. The program began in April 2008. Since then, we have invested more than €51,000 in

the planting of trees and the restoration of more than 40 hectares of acacia, cedar, spruce, fir, oak and white fir forestland.

**In 2006, 2007
and 2008 the
Nova Spes
Onlus delivered
5,588 personal
computers and
2,215 printers**

Supply chain sustainability

Our approach with suppliers

Our suppliers are important business partners and also our stakeholders. This belief is founded on the values set forth in UniCredit Group's Integrity Charter. We work together with our suppliers with a view to maintaining a consistent approach to the management of our indirect environmental impacts. We believe in supplier relationships characterized by fairness, trust and mutual respect. This entails negotiating agreements that satisfy all the participants.

In the process of procuring services and products, all relevant units are involved in order to assure the highest degree of fairness and objectivity. It is the task of all involved parties to see that the most up-to-date and effective solutions are implemented in an atmosphere of respect and open communication.

In the course of defining procurement standards, we maintain a close dialogue with external stakeholders (e.g. producers of paper, printers and giveaways), in order to remain current on quality, technical and scientific issues.

Selection criteria

We choose our suppliers on the basis of qualitative criteria as well as on that of strict economic criteria. With respect to criteria of sustainability, Global Sourcing selects our suppliers based on:

- compliance with laws, regulations and environmental requirements;
- capacity to provide services and goods of adequate quality in the required timeframe;
- best use of technology to minimize adverse environmental impacts to the extent possible.

In the first assessment phase, ISO 14001 and EMAS certification are not compulsory, but Global Sourcing encourages suppliers to be compliant. As a consequence, UniCredit Group maintains regular business relationships with many suppliers compliant with certification standards such as ISO9001, ISO 14001, OHSAS 18001 and SA8000. In the context of tenders and negotiations, certified suppliers are preferred.

Selection and management of locally-based suppliers

Global Sourcing does not discriminate based on an organization's size, and we work with many locally-based suppliers, particularly in services. For example, the HVB subsidiary "Food & More" emphasizes the procurement of food and other products for the employee cafeteria from local producers.

In 2010, we will institute a new supplier registration process under which only suppliers who meet UniCredit Group's minimum requirements of sustainability will be listed in UniCredit Group's approved supplier base. The bulk of these requirements relate to a supplier's compliance with the norms of the International Labor Organization.

In all countries we utilize a supplier evaluation process. In Italy, for example, an electronic questionnaire requests certifications for compliance with quality and social and environmental standards to ensure that we may correctly evaluate the supplier's capacity to meet our requirements.

We take matters of sustainability very seriously. Since before the merger between UniCredit Group and HVB, sustainability played an important role in the separate procurement units. Today we have almost completed the integration of our practices as we work to embed our common criteria both in our global procurement processes and in our local procurement offices.

We distinguish between two areas of assessment - the quality level of the supplier and the quality level of the products and services provided. For supplier assessments, we currently make use of supplier questionnaires that we treat as voluntary self-declarations and as a means of reducing the procurement-related risks connected with environmental, social and labor law issues.

In the area of product quality, we include product specifications in all requests for quotations (RFQs) and e-auctions according to our risk class model approach. A decision was recently made to devote a minimum of five percent to CSR-related criteria within the evaluation process of multi-parametric RFQs.



Paolo Massola
Romania

«Often, at the end of a demanding day of hard work, we feel beat and dead tired and look for the meaning of all this. Often enough we don't need to look very far, because it's there, in our email inbox: a message from an unknown colleague with "a big thank for your help" in the subject field.»



Supplement

APPENDIXES

THE VALUE DISTRIBUTION

GOVERNANCE

OUR PEOPLE

OUR CUSTOMERS

INVESTORS AND MARKETS

OUR COMMUNITIES

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FOCUS ON TURKEY

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REPORT OF THE EXTERNAL AUDITORS

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Supplement (CONTINUED)

1. Appendix - The value distribution

Calculation and allocation of Added Value

Value added is calculated by reclassifying consolidated Income Statement items with the aim of showing how it is allocated and expressing in monetary terms the relationship between the business and the socio-economic system with which it interacts, special reference being made to its main stakeholders: shareholders, minority interests, the community, human resources, corporate structures and public bodies & institutions. As regards the level of aggregation of income components, we chose the formulation of value added developed by ABI (the Italian Banking Association) for banks. This takes into account the special characteristics of the banking business.

Analytical statement to determine total gross Added Value		(€ million)
	2008	2007
REVENUE		
10. Interest income and similar revenues	54,113	42,022
40. Fee and commission income	11,125	11,354
70. Dividend income and similar revenue	1,666	1,056
80. Gains and losses on financial assets and liabilities held for trading	(2,522)	541
90. Fair value adjustments in hedge accounting	17	22
100. Gains (losses) on disposals of:	198	1,286
<i>a) loans</i>	(7)	14
<i>b) available-for-sale financial assets</i>	170	1,275
<i>c) held-to-maturity investments</i>	-	1
<i>d) financial liabilities</i>	36	(3)
110. Gains and losses on financial assets/liabilities at fair value through profit and loss	(350)	(3)
250. Gains and losses on tangible and intangible assets measured at fair value	(84)	0
220. Other net operating income	995	883
240. Profit (loss) of associates	416	223
310. Total profit or loss after tax from discontinued operations	-	-
1. TOTAL NET REVENUES	65,574	57,384
CONSUMPTION		
20. Interest expense and similar charges	(36,069)	(28,057)
50. Fee and commission expense	(2,032)	(1,924)
180.b Other administrative expense	(5,515)	(4,743)
130. Impairment losses on:	(4,667)	(2,330)
<i>a) loans</i>	(3,582)	(2,141)
<i>b) available-for-sale financial assets</i>	(904)	(113)
<i>c) held-to-maturity investments</i>	(77)	(54)
<i>d) other financial assets/liabilities</i>	(104)	(22)
190. Provisions for risks and charges	(254)	(622)
200. Impairment/write-backs on property, plant and equipment	(819)	(841)
210. Impairment/Write-backs on intangible assets	(715)	(620)
260. Impairment of goodwill	(750)	(144)
2. TOTAL CONSUMPTION	(50,821)	(39,281)
150. Premiums earned (net)	112	115
160. Other income (net) from insurance activities	(86)	(82)
NET RESULT OF INSURANCE MANAGEMENT	26	33
3. TYPICAL GROSS ADDED VALUE	14,779	18,136
270. Gains and losses on disposal of investments	785	530
4. TOTAL GROSS ADDED VALUE	15,564	18,666
180.a Cost of labour (staff expenses)	(10,025)	(9,097)
180.b Other administrative expense: indirect taxes and duties	(527)	(348)
180.b Other administrative expense: donations	(17)	(14)
5. PROFIT BEFORE TAX	4,995	9,207
290. Tax expense (income) related to profit or loss from continuing operations	(465)	(2,589)
330. Minorities	(518)	(717)
6. NET PROFIT FOR THE YEAR	4,012	5,901

The 2007 Income Statement includes Q4 data of the former Capitalia Group and is different from the Income Statement published in 2007 due to PPA ("Purchase Price Allocation") completion.

Allocation of total gross Added Value			(€ million)
	2008	2007	
TOTAL NET REVENUES	65,574	57,384	
TOTAL CONSUMPTION	(50,821)	(39,281)	
NET RESULT OF INSURANCE MANAGEMENT	26	33	
GAINS AND LOSSES ON DISPOSAL INVESTMENTS	785	530	
TOTAL GROSS ADDED VALUE	15,564	18,666	
Allocated as follows:			
MINORITY INTERESTS	518	717	
SHAREHOLDERS - Dividend*	0	3,425	
Private	0	3,025	
Foundations	0	400	
HUMAN RESOURCES	10,025	9,110	
Cost of labour:			
- direct	7,022	6,086	
- indirect	3,003	3,011	
Portion of net profit allocated to the medium-term Group staff incentive provision	0	13	
PUBLIC BODIES & INSTITUTIONS	992	2,937	
Indirect taxes and duties	527	348	
Tax expense for the year	465	2,589	
COMMUNITY	22	26	
Donations**	22	26	
CORPORATE STRUCTURE	4,007	2,451	
Retained profit and allocation to reserves	4,007	2,451	
TOTAL GROSS VALUE ADDED	15,564	18,666	

* 2008 dividend is to be distributed in the form of newly issued shares (see UniCredit Group 2008 Consolidated Reports and Accounts).

** This figure of €22 million comprises some €17 million being donations made by UniCredit Group entities and €5 million set aside as a reserve.

Allocation of Value Added 2008 (%)



2. Appendix - Governance

The Compliance Department at UniCredit Group

In 2008 a new organizational model was defined for the Compliance Function at Group level, which centralized at Holding Company level the compliance activities of the Group's Italian Legal Entities as well as the monitoring, strategic guidelines and control activities for the Group's other Legal Entities.

Its responsibilities cover the usual regulations related to:

- banking services (e.g., anti-money laundering, transparency, privacy);
- financial services (e.g., market abuses, financial instruments, products issued by banks).

In particular, the Compliance Function:

- interprets laws and issues Groupwide policies and guidelines;
- provides input for the definition or updating of processes;
- evaluates proactively the compliance of processes, products, structures and agreements;
- provides support and assistance through the preparation of opinions;
- provides support for training activities;
- manages conflicts of interest;
- continuously monitors the effectiveness and adequacy of processes in investment services;
- identifies the Compliance areas with greater Compliance risk, to support the yearly planning of Compliance actions;
- reports to the bank's governing bodies and/or supervisory bodies on all matters that fall within its area of competence.

Compliance's responsibilities do not extend to fiscal matters, labor law (including Decree 81/08), financial statements (including law 262/05), BIS-II rules or business continuity-related rules and regulations, as these areas are overseen by other functions.

UniCredit Group's approach to Antitrust laws

In the framework of antitrust provisions (Arts. 81-89 of the EC Treaty and the Regulation on Mergers¹) and regulations relating to unfair commercial practices (EC Directive 2005/29²), a Groupwide Compliance Policy, addressing all legal entities, is to be issued in 2009, providing guidelines for the entire regulatory scope of correct behavior by all employees.

Key features of the Antitrust Policy (to be issued in 2009) will be designed to:

- guarantee healthy and virtuous competition, in order to assure high-quality products and services and appropriate prices;
- discourage unfair commercial practices detrimental to the confidence of clients;
- avoid agreements that may affect trade between member states and have the purpose or result of preventing, restricting or distorting competition within the market;
- avoid abusive behavior in case the Group or legal entity has a dominant position;
- respect the rulings imposed to assure that merged operations between companies do not significantly impede effective competition in the common market, especially if this is due to the creation or reinforcement of a dominant position;
- guarantee the wide-ranging powers of national authorities to obtain access to the company's documents during preliminary investigation proceedings aimed at ascertaining unlawful antitrust practices;
- avoid commercial practices that are likely to alter consumers' abilities to make informed decisions, causing them to make transactional decisions they would not otherwise have made.

1. Council Regulation (EC) 139/2004 of 20 January 2004: EC Regulation on mergers.

2. Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004.

Open legal actions for anti-competitive behavior

COUNTRY	LEGAL ACTIONS PENDING	REMARK
Italy	YES	<p>The Italian Antitrust Authority, on July 2008, initiated proceedings against one of the banks controlled by UniCredit Group; it seemed that there was improper commercial practices in the application of Maximum Overdraft Commission. This Bank offered commitments, pursuant to Article 27 of Legislative Decree No. 206/2005, towards the Authority that decided to accept them and render binding, so on December 2008 the procedure has been closed and no sanctions were applied.</p> <p>The Italian Antitrust Authority, in August 2008, applied sanctions to some of the banks of UniCredit Group for alleged unfair commercial practices with reference to loan portability related to consumers qualified as mortgage loan holders. Those banks of the Group have appealed the decision, and the competent Authority communicated at the beginning of 2009 the appeal's acceptance.</p> <p>The Italian Antitrust Authority, in December 2008, sanctioned one of the companies in the Group for allegedly having made arrangements to harm competition in 1996, in the context of its management of the cash treasury of the Istituto Nazionale per l'Assicurazione degli Infortuni sul Lavoro (INAIL). The company appealed the decision at the beginning of 2009.</p>
Germany	NO	
Austria	YES	As already reported in the 2007 Sustainability Report, Bank Austria paid a fine for alleged illegal fixing of interest rates. Bank Austria's appeal of this decision in the European Court of Justice is still pending.
Bulgaria	NO	
Croatia	NO	
Czech Republic	NO	
Romania	YES	<p>On October 30, 2008, the Competition Counsel performed a dawn raid on UniCredit Tiriack Bank S.A. The object of the dawn raid was alleged cooperation between certain companies acting within the financial system, considered to be a breach of the competition law in force.</p> <p>In December 2008, the Competition Counsel required supplementary documentation/information. At present, the investigation is ongoing.</p>
Russia	YES	<p>On December 3, 2007, the Chelyabinsk regional agency of the Federal Antitrust Service of Russia found the bank guilty of anti-competitive behavior (having agreements with several insurance companies). On April 11, 2008, the Arbitration court of Chelyabinsk region found the decision of Chelyabinsk regional agency unlawful, saying that it is the right of the bank to cooperate with any insurance company. On July 27, the Appellate court reversed the judgment, saying that the agreement itself between the bank and any insurance company is a violation of the Antitrust Law. On November 6 the Federal Circuit court affirmed the decision of the Appellate court using the same arguments. On February 6, 2009, the bank filed a petition to the Highest Arbitration Court of the Russian Federation.</p>
Hungary	YES	<p>An investigation regarding a "Cartel on interchange fees" was begun in 2008 against UniCredit Hungary Zrt, 22 other banks and MasterCard and VISA; at present the procedure is still ongoing.</p> <p>Additionally, three other cases were closed in 2008; see further details below.</p> <ul style="list-style-type: none"> • Cartel on Stock Exchange fees: no infringement of law was found; • Unfair advertising: UniCredit Megtakarítás imposing fine and commitment taken; • Unfair advertising on credit cards: imposing fine.

Supplement (CONTINUED)

2. Appendix - Governance (CONTINUED)

UniCredit Group's approach to Anti-Money Laundering (AML) laws

UniCredit Group is fully aware of the importance of combating money laundering and terrorist financing as well as of the legal, reputational and operational risks arising from the absence or inadequacy of a program of anti-money laundering and anti-terrorism activities. We therefore believe that the establishment of a common set of Group rules and, consequently, of a common organizational model and adequate IT systems is necessary in order to counter money laundering and terrorist financing activities more effectively.

In such a perspective, the UniCredit Board of Directors resolved the Anti-Money Laundering Policy, *"Guidelines of the Program for UniCredit Group Companies"* (AML Policy), which will be updated in 2009, with the purpose of establishing rules at Group level and adopting a common organizational model.

The AML Policy provides with the minimum standards that the procedures and information and control systems of the Group's individual companies must comply with. Obviously, when implementing this policy, the Entities must take into account the mandatory rules in force within their jurisdictions, which, in the event of conflict, shall prevail over the provisions of AML Policy.

In 2008, the majority of UniCredit Group's legal entities adopted the AML Policy.

- number of legal entities contacted to apply the AML Policy: 50
- number of legal entities that applied the AML Policy (as of October 2008): 39³

Each legal entity is obliged to cooperate actively with the competent authorities in order to identify any so-called "suspicious transactions". For this reason, legal entities have to make a specific report whenever they know, suspect or have reasonable grounds to suspect, that money laundering is being or has been committed or attempted.

Number of suspected transactions communicated to the authorities*	
COUNTRY	
Italy	1,714
Germany	132
Austria	46
Bulgaria	68
Croatia	1,120
Czech Rep.	245
Romania	101
Russia	25,748
Hungary	373

* Note that in some jurisdictions it is mandatory to notify the transactions exceeding a certain amount to the local authorities, even if such transactions are not qualifiable as suspect operations pursuant to Anti Money Laundering law.

Directive no. 2005/60/EC on the "Prevention of the use of the financial system for the purpose of money laundering and terrorist financing" (so-called "Third Directive"), imposes a series of obligations on intermediaries, which may be summarized as:

- customer due diligence;
- operating procedures for the assignment and management of risk profiles;
- keeping records and recording information;
- reporting suspicious transactions.

3. Even though the remaining legal entities do not accept the AML Policy (because the competent authorities of the relevant countries have not acknowledged the Third Directive), they are conforming to our guidelines with respect to their IT systems.

The above requirements (some of which are already included in the current AML Policy) will be duly acknowledged in the new AML Policy, which will be issued in 2009.

UniCredit Group's approach to Preventing Corruption

In Italy, UniCredit Group's strategy for the prevention of corruption is encompassed in an *Organizational and Management Model According to Provisions of Art. 6 of Legislative Decree 231/2001 Establishing the Administrative Responsibility of Companies (the "Model")*. Legislative Decree No. 231, dated June 8, 2001, defines the concept of administrative liability of legal entities, companies and associations, including entities without any legal personality (entities).

This Model is part of a wider Group policy that is enforced through initiatives that involve all UniCredit Group employees. These initiatives encourage UniCredit staff (management and subordinates), external collaborators and commercial partners to espouse the principles of transparency and conscientious management to comply with current legislation, and to embrace fundamental ethical principles in the pursuit of the company's objectives.

In the meeting of August 1, 2008, the Board of Directors of UniCredit S.p.A. approved a new version of the Model.

It became necessary in 2008 to update the Model in response to the following circumstances:

- significant structural and organizational modifications to the Holding Company structure;
- numerous legislative interventions that broadened the relevant category of offenses.

Corruption is one of the main crimes for which the company could be held liable, pursuant to the Legislative Decree No. 231/2001. In order to monitor corruption-related risk, the "Model" serves as follows:

- to notify all UniCredit S.p.A. staff and all those with whom the Company operates or with which it has business relations, that the Company unequivocally condemns any conduct that is contrary to law, regulations, or rules of supervision, or is contrary to internal rules of governance or to the principles of sound and transparent business activities that guide the Company;
- to remind Company staff, collaborators and external partners of the severe administrative sanctions that shall be imposed on the company if offenses are committed;
- to prevent wrongdoing, including the commission of criminal offenses, within the Company by maintaining constant control over all areas of risk and by training staff in the proper discharge of their duties.

In order to monitor corruption-related risks, a series of activities are identified, which are to be monitored because they are deemed particularly delicate in relation to the possible commission of corruption crimes. These include:

- relations with officers of public authorities (institutions, public entities). In addition to adhering to the regulations set out in the "Ethics Code," these must conform to the criteria of transparency, loyalty and full collaboration and must be applied by the personnel involved in the same;
- visits and/or inspections by public officers. For these visits, the attendance of two employees must be guaranteed, whenever possible, in order to avoid any conduct or behavior that might wrongfully affect the behavior and decisions of the public officers in question.

At the time of the development of UniCredit S.p.A.'s Organizational and Management Model, a corruption risk map was made that included the 107 organizational units in Italy. As a result of this assessment, 29 units were noted to be of high risk.

Please refer to www.unicreditgroup.eu for further information with reference to the Organizational and Management Model pursuant to Legislative Decree 231/2001⁴.

4. http://www.unicreditgroup.eu/en/Governance/policies_nd_documents.htm.

Supplement (CONTINUED)

2. Appendix - Governance (CONTINUED)

Focus on Pioneer Investments

Corporate governance and independence

For Pioneer Investments, corporate governance is a strategic matter. International corporate governance best practices safeguard and guarantee Pioneer Investments' independence. They enable Pioneer Investments to avoid potential conflicts of interest. They inform Pioneer Investments and implementation of clear investment processes.

It is no accident that Pioneer Investments was the first asset management company in Italy to sign the "Protocollo di Autonomia" of the Italian Association of Asset Managers (Assogestioni) in 2001 and to add to its corporate bye-laws an article that defined the responsibilities of Independent Directors. All Pioneer Investments companies worldwide adopted this protocol. In this vital area, the company has made steady progress, nominating a significant number of Independent Directors to its Board since 2000. Currently 7 out of 13 Board Members, including the Chairman, are unaffiliated with UniCredit Group. Independent Directors play a major role in the corporate governance and monitoring of the internal control system of Pioneer Investments. Seven out of eight members of the Audit Committee are Independent Directors.

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

While UniCredit Group's banking networks still account for the bulk of Pioneer Investment's assets under management, Pioneer Investments distribution capability and the growing level of net sales the company has processed through third parties over the last few years have demonstrated the ability to develop autonomous business.

Compliance at Pioneer Investments

The Compliance Unit guarantees that all relevant compliance matters are appropriately addressed and resolved within a comprehensive and transparent framework. Compliance ensures that Pioneer Investments actions adhere to applicable laws and regulations and align with best practices in the industry in order to assure the protection of Pioneer Investments investors.

The unit has oversight, inter alia, of compliance in the following: investments (pre-allocation of orders/trade allocation, best execution, conflicts of interest, investment breaches/trading errors, proxy voting); distribution and marketing (anti-money laundering, advertising and marketing, distributor selection); operations (fund portfolio evaluation and fair value, related parties, depositary and registrar, transfer agency); codes of ethics, insider trading and market abuse.

Also, investments in securities issued or syndicated by the Group or related to Group clients are monitored closely by compliance and investment control.

Additionally, the own-account trading of Pioneer Investments is subject to restrictions imposed by the various regulatory bodies, most notably the US Securities and Exchange Commission (SEC). Staff members with access to market sensitive information ("access persons") are subject to rigorous controls on their personal accounts.

A "Global Code of Ethics Principles and Guidance" was approved in 2008 by the Pioneer Global Asset Management (PGAM) Board of Directors. The provisions of the code follow best practice and are also compliant with the MiFID Directive. According to the code, Pioneer employees are expected to ensure high standards of competence, integrity and fair dealing in conduct - in particular:

- to make an honest commitment to the welfare of clients. The interest of the client must be placed first all times;
- to abstain from all questionable behavior, use reasonable care and exercise independent professional judgment when engaging in professional activities;
- to deal fairly and objectively with all clients and avoid conflicts of interest that could weaken the ability to make objective and free decisions in the best interest of the clients or funds, without taking inappropriate advantage of own positions.

In addition to addressing insider trading, market abuse and manipulation, a section of the code is dedicated to personal transactions. The purpose of the personal transactions internal regulation is to establish adequate arrangements to avoid personal transactions that:

- could give rise to conflicts of interests;
- are based on inside information relating to the issuer that are non-public as defined by the Market Abuse Directive;
- are based upon confidential information relating to clients or to transactions with clients.

A new “Conflict of Interest Global Policy” was also issued in 2008 by PGAM Compliance in order to keep in line with the best market practices and the most relevant conflicts of interest regulations, including MiFID. This policy was implemented worldwide Pioneer. In accordance with the policy, each Pioneer firm is required to establish, through a local procedure, a process for disclosing to the client and for managing any securities judged to be in conflict of interest according to the information received from PGAM Compliance. Each firm shall also put in place arrangements to identify and manage conflicts of interest that may arise between the firm and the clients and between different clients. To this end, each Pioneer firm shall put in place, where possible, internal Chinese walls, based on such organizational arrangements as: physical separation of departments potentially in conflict to insulate them from each other (Investments - Operations); emphasis on the importance of not improperly or inadvertently divulging confidential information; strict and carefully defined procedures for dealing with situations where it is thought the wall should be crossed; and the maintaining of proper records where this occurs.

Moreover, the policy stresses:

- the independence of asset management activities in order to manage conflicts of interest;
- the fact that the corporate system of the Group is designed to provide a complete juridical separation of divisions engaged in different businesses (Retail Banking, Investment Banking, Asset Management);
- that PGAM Board of Directors must include from two to seven Independent Directors with the duties, among others, of identifying potential conflicts of interest for subsequent examination by the Board of Directors and monitoring companies of strategic interest for UniCredit Group.

Supplement (CONTINUED)

3. Appendix - Our People¹

Our People: a portrait in numbers

Number of UniCredit Group employees by country 2006-2008			
COUNTRY	HEAD COUNT 2008	HEAD COUNT 2007	HEAD COUNT 2006
Italy	60,673	64,384	37,242
Germany	25,790	26,657	27,599
Austria	12,517	12,734	13,098
Poland	21,918	27,123	26,910
Bulgaria	4,598	4,303	5,250
Croatia	5,422	5,224	5,143
Czech Rep	2,777	2,184	515
Hungary	2,351	1,750	1,863
Romania	4,544	3,833	3,248
Russia	4,574	3,134	2,081
Others	41,520	28,612	24,512
Total	186,684	179,938	147,461

Percentage of employees by employment tier 2006-2008			
EMPLOYMENT TIER	2008	2007	2006
Top Management	1.2%	1.3%	1.2%
Executive & Middle Management	22.9%	23.1%	21.2%
Staff	75.9%	75.6%	77.6%
Total	100.0%	100.0%	100.0%

Percentage of UniCredit Group employees by contract type 2007-2008		
CONTRACT TYPE	2008	2007
Fixed term	3.95%	3.89%
Not-fixed term	96.05%	96.11%
Total	100.00%	100.00%

1. The quantitative data here refer to the UniCredit Group head count as of December 31, 2008, unless otherwise noted. We use the symbol (✚) to indicate data covering 97.7 percent of our employee head count, and the symbol (✚) to indicate data covering 90.6 percent of the same population.

Percentage of UniCredit Group employees by education level and employment tier 2008¹ (❖)

EMPLOYMENT TIER	ADVANCED DEGREE	BACHELOR'S DEGREE	HIGH SCHOOL DIPLOMA	OTHERS	TOTAL
Top Management	23.83%	57.17%	14.52%	4.48%	100.00%
Executive & Middle Management	6.46%	52.55%	38.27%	2.72%	100.00%
Staff	3.11%	39.46%	49.16%	8.27%	100.00%

1. In 2008, a new classification methodology for employment tiers was adopted.

Percentage of UniCredit Group employees by tenure of employment and employment tier 2008 (✳)

EMPLOYMENT TIER	0-10	11-20	21-30	>30	TOTAL
Top Management	47.02%	29.47%	14.07%	9.44%	100.00%
Executive & Middle Management	33.05%	29.51%	23.12%	14.32%	100.00%
Staff	46.64%	24.72%	18.82%	9.82%	100.00%

Percentage of UniCredit Group employees leaving employment by reason 2008

LEAVING REASONS	2008
Retirement	20.00%
Restructuring	5.92%
Individual Agreement	6.88%
Employer Resignation	43.74%
Employer Dismissal	4.82%
Others (including death)	18.64%
Total	100.00%

Turnover rate by gender 2008¹

GENDER	2008
Male	5.10%
Female	6.70%

1. Data for the turnover rate covers 69.1 percent of the Group's head count. The rate is calculated as: (total departures)/(beginning of period head count).

Turnover rate by age 2008¹

RANGE	2008
up to 30 years	5.02%
31-40 years	3.25%
41-50 years	1.62%
above 50 years	1.91%

1. Data for the turnover rate covers 69.1 percent of the Group's head count. The rate is calculated as: (total departures)/(beginning of period head count).

Supplement (CONTINUED)

3. Appendix - Our People (CONTINUED)

Diversity

Percentage of UniCredit Group employees by contract type and gender 2006-2008

KIND OF CONTRACT	2008		2007		2006	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Part-time	0.68%	7.17%	0.67%	7.57%	0.90%	7.98%
Full time	41.51%	50.64%	43.16%	48.60%	40.91%	50.21%
Total	42.19%	57.81%	43.83%	56.17%	41.81%	58.19%

Number of UniCredit Group employees by educational level and gender 2008 (❖)

GENDER	ADVANCED DEGREE	BACHELOR'S DEGREE	HIGH SCHOOL DIPLOMA	OTHERS
Male	1.87%	16.73%	20.72%	3.67%
Female	1.79%	24.67%	26.77%	3.79%
Total	3.66%	41.40%	47.48%	7.46%

Number and percentage of promotions to higher contractual job grade by gender and country 2008

COUNTRY	2008		% 2008	
	MALE	FEMALE	MALE	FEMALE
Italy	1,189	937	55.93%	44.07%
Germany	193	125	60.69%	39.31%
Austria	106	36	74.65%	25.35%
Poland	184	287	39.07%	60.93%
Bulgaria	32	63	33.68%	66.32%
Croatia	17	26	39.53%	60.47%
Czech Rep	11	5	68.75%	31.25%
Hungary	27	51	34.62%	65.38%
Romania	60	181	24.90%	75.10%
Russia	211	392	34.99%	65.01%
Others	569	820	40.96%	59.04%

1. Data cover the 87.75 percent of our employee head count.

Number of UniCredit Group employees in protected categories ¹ 2008	
COUNTRY	2008
Italy	3,871
Germany	698
Austria	302
Poland	87
Bulgaria	56
Croatia	111
Czech Rep	4
Hungary	1
Romania	not available
Russia	not available
Others	5
Total	5,126

1. Protected categories are defined according to local legislation. Data cover the 58.36 percent of our employee head count.

Leadership pipeline, training and development

Number of training hours by employment tier and type of training 2008 ¹			
EMPLOYMENT TIER	MANAGERIAL TRAINING	TECHNICAL TRAINING	FOREIGN LANGUAGE
Top Management - Executive & Middle Management	267,543	649,520	158,961
Staff	402,695	4,913,943	449,724
Total	670,238	5,563,463	608,685

1. Data cover the 93.7 percent of our employee head count.

Number of UniCredit Italian employees trained ¹ by type of compulsory training 2008	
TYPE OF COMPULSORY TRAINING	NUMBER OF EMPLOYEES TRAINED
Training on Anti Corruption (D.Lgs 231/01)	5,094
Anti Money Laundering Training	16,319
MiFid Training	4,752
Training on Privacy Protection	2,688

1. Only online courses have been included.

Compensation

Ratio of average female to average male base compensation by employment tier 2008 ¹	
EMPLOYMENT TIER	RATIO
Top Management	56.61%
Executive & Middle Management	74.80%
Staff	80.75%

1. Data cover the 92.7 percent of our employee head count.

Supplement (CONTINUED)

3. Appendix - Our People (CONTINUED)

Compensation for members of the highest governance body: Chief Executive Officer and Deputy CEO

Compensation for the CEO and Deputy CEOs is defined within a rigorous governance process.

The compensation policy of UniCredit Group is market-driven and performance-oriented. The alignment of the policy with market trends and consolidated best practices at the international level provides the guiding principles to ensure the competitiveness and effectiveness of compensation as well as internal equity and transparency.

The overall compensation policy framework is designed with the aim of assuring the consistency of the remuneration elements and systems while adhering to prudent risk management and long-term strategies. The framework provides a correct balance between the fixed and variable components of the remuneration. Risk-weighted systems and mechanisms are in place for variable compensation and are designed to assure the link between compensation and actual and sustainable results.

On an annual basis, the UniCredit Board of Directors approves the Group Compensation Policy proposed by the Remuneration Committee with particular reference to the executive positions of Group CEO, Deputy-CEOs and Top & Senior Management.

During the year, the Remuneration Committee analyzes and monitors the overall compensation trends of the market with the support of an independent advisor, defining a list of selected competitors that represent the peer group of companies against which specific compensation benchmarking analyses are performed.

The peer group is comprised of the main European and international competitors of UniCredit Group in terms of market capitalization, total assets, business scope and dimension.

The Group Compensation Policy provides for the definition of a consistent and harmonized framework aimed at supporting processes for the attraction and retention of strategic resources and the creation of value for the shareholders, through the identification of:

- criteria and guidelines to perform market benchmarking analyses for each position in terms of compensation levels and pay-mix structure, including the definition of specific peer groups at Group, Divisional and Regional level and a list of preferred external "executive compensation providers";
- reference policy target positioning in terms of value of overall remuneration package in line with the relevant market's competitive levels, defining the operational guidelines to perform single compensation reviews as required;
- pay-mix structure for top positions, defining the blend of fixed and variable compensation elements, consistent with the market trends that emerged from the analysis performed.

The Compensation Policy for the overall executive population is approved by the Board of Directors. At the same time, the Board of Directors approves the annual compensation levels and pay mix structure for the Group CEO and Deputy CEOs. The main elements are then presented for approval at the annual Shareholders' Meeting.

The overall balance between the fixed and variable elements of compensation is defined in line with market trends and best practices in the relevant banking and financial sector.

A relevant part of compensation is directly linked to performance results in order to strengthen the alignment of the interests of shareholders and management and to ensure the link between compensation values and shareholder satisfaction.

The weight of fixed compensation within the overall package is relevant and consistent with market practices and, in particular, with the approach of southern European banks. Such approach allows the reduction of exposure to excessive risk-oriented behavior or of initiatives focused on short-term results, which might jeopardize mid- to long-term business sustainability and value creation.

Moreover, in order to balance the achievement of short- and long-term performance, the Board of Directors annually approves the criteria and features of annual incentive programs and of long-term incentive plans, ensuring a balanced opportunity for rewards linked to the two initiatives.

The annual incentive program provides for the definition of a maximum bonus amount payable at the end of the performance year according to the assessment of achieved results and based upon a set of quantitative and qualitative goals defined at the beginning of the year.

For 2008, CEO and Deputy CEO quantitative goals represented 70 percent of the individual scorecard, providing for a mix of performance indicators focused on earnings per share (EPS) and economic value added (EVA). This allows appreciating profitability adjusted for cost of risk and capital in order to guarantee a sustainable performance in the medium and long term.

Financial goals are set in line with the annual budget approved by the Board of Directors. This budget is annually aligned with the three-year strategic plan framework that is periodically approved.

Qualitative goals represent 30 percent of CEO and Deputy CEO individual scorecards, providing for specific targets linked to Group key initiatives (Sustainability Projects, People Survey Engagement, Customer Satisfaction, Efficiencies and Process Optimization) and adherence to leadership and corporate values standards.

Notwithstanding appreciable results given the complex market situation, the rigorous application of the system in 2008 led to no bonus payout for CEO and the Deputy CEOs.

The Long-Term Incentive Plan (LTIP) allows an appropriate balance between short-term results and long-term performance. The 2008 Plan structure leveraged two different instruments to align long-term value creation for shareholders within the medium-term company planning process:

- Stock options, which allow the alignment of the interests of management with shareholders (awards are paid out only if the stock price increases);
- Performance shares, which are focused on the achievement of goals under direct managerial responsibility, and which determine a payout only if such specific goals, coming from the Group strategic plan, are achieved over a three-year performance period. Failing to achieve performance results, no shares are granted to executives. Performance results are based on the definition of three-year performance targets (EVA and EPS) and on additional performance metrics related to the market (total shareholder return [TSR] or similar indexes).

To recognize, at various managerial levels, the different responsibility and the different impact on final results, the mix between stock options and performance shares in terms of granted value vary according to the seniority of the management, and for CEO and Deputy CEOs 60 percent of value is represented by stock options and 40 percent by performance shares.

Both the CEO and Deputy CEOs have open-ended employment contracts regulated within the general framework of the National Labor Agreement for Italian Banking Executives, providing for different notice periods depending on the circumstances leading to termination. Such contracts do not contain "change of control" clauses.

Supplement (CONTINUED)

3. Appendix - Our People (CONTINUED)

Welfare and work-life balance¹

Welfare Systems 2008			
COUNTRY	NATIONAL MANDATORY WELFARE SYSTEM	VOLUNTARY COMPANY WELFARE SYSTEM	PERCENTAGE OF EMPLOYEES ADHERING TO THE VOLUNTARY COMPANY SYSTEM
Italy	Yes	Yes	94.44%
Germany	Yes	Yes	100%
Austria	Yes	Yes	not available
Bulgaria	Yes	No	-
Croatia	Yes	No	-
Czech Rep	Yes	Yes	65%
Hungary	Yes	Yes	50%
Romania	Yes	No	-
Russia	Yes	Yes	21.3%

Contribution by employee and/or employer to the Voluntary Company Systems 2008		
COUNTRY	CONTRIBUTION BY THE EMPLOYER	CONTRIBUTION BY THE EMPLOYEE
Italy *	2% or 3%	min 2%
Germany	range of 10% - 2.5% of the monthly or yearly gross salary	range of 2.5% - 1.25%
Austria **	contribution depends on legal entities: UniCredit Bank Austria AG: 2.7% or more Schoellerbank Aktiengesellschaft AG: 2.7% or more UniCredit Leasing GmbH: 1 - 1.5 % BA-CA Administration Services GmbH: 2.7% or more Wave Solutions Information Technology GmbH: 2.5%	the agreement between pension fund and employee is made on an individual basis
Czech Rep ***	0.00%	0.60%
Hungary	0.00%	from 0 to 6%
Russia	7.00%	7.00%

* The reported contribution percentages refer to the "second section" of the "Fondo Pensione per il personale delle Aziende del Gruppo UniCredito Italiano", the pension fund currently open to new participants. The participation percentage for this fund is 21.76%.

** The systems are graded (about ten systems are currently in use), and are annually adjusted to reflect the collective bargaining salary increase; therefore they vary.

*** Every employee has the option to join a voluntary pension insurance program. He or she signs a contract with an insurance company, choosing the conditions independently. We are only privy to the amount the employee asks to be contributed from the bank benefit system.

1. In some cases data refer to a partial subset of legal entities.

Germany: Bayerische Hypo-und Vereinsbank AG

Austria: UniCredit Bank Austria AG

Bulgaria: UniCredit Bulbank AD

Croatia: Zagrebačka banka d.d.

Czech Republic: UniCredit Bank Czech Republic a.s.

Hungary: UniCredit Bank Hungary Zrt.

Romania: UniCredit Tiriack Bank S.A.

Russia: ZAO UniCredit Bank.

Highlights of initiatives for managing healthcare and work-life balance

Italy

The healthcare expenses of UniCredit Group's Italian employees are covered by the UniCredit Cassa di Assistenza (UniCA), a special fund of which the directors and auditors are partly appointed by UniCredit Group companies and partly elected by trade unions. UniCA has been operational since 2007 and offers employees a variety of insurance policies. Of the roughly 800 available healthcare facilities, 210 are hospitals and the rest are diagnostic centers. In 2008, UniCA successfully handled roughly 140,000 claims.

Germany

Following the motto "Strong and Fit", the HVB Health Forum supports the employees of HypoVereinsbank. The Health Forum, which is managed by HR, serves as a platform for the activities of the company's health program. Its main focuses are on health education and preventive medicine.

Internal cooperative partners include occupational doctors, the company health insurance fund, the workers' council, the social counseling service, CSR management and the HVB-Club, which is the sports and recreation club of HypoVereinsbank and its subsidiaries.

Seminars and informational meetings are designed to improve health awareness and to teach personal responsibility. These events include offers of colon cancer screenings, flu shots, blood sugar testing and information on preventive measures involving balanced diet and physical fitness (e.g., the Leichter Leben initiative that was part of "Deutschland - Aktion 2008"). The staff canteens at HypoVereinsbank (operated by Food & More GmbH) encourage a healthy and balanced diet, offering organic foods and dishes appropriate to calorie-limited diets.

Additionally, the HVB-Club provides employees with a variety of appealing activities in the fields of sports, wellness, fitness and art & culture.

Austria

At UniCredit Bank Austria, the Health Center provides a wide range of tools and services to improve the health and well-being of our employees. Among others, it offers the "medical vaccination program", general preventive healthcare check-ups and medical crisis management in response to traumatic incidents (e.g., bank robberies) or change-induced crises.

Bulgaria

UniCredit Bulbank is deeply committed to the well-being of our employees, and we show this through our well-developed health insurance program, covering the medical needs of all staff through the "Doverie" health fund. This insurance plan offers employees access to outpatient and inpatient medical treatment, as well as to health improvement and prevention packages. Employees are entitled to free use of medical services in all medical institutions across the country, and transport from home to the hospital is included. Additional homecare benefits are also available, making it possible to be visited and treated by medical professionals at home.

The bank has gone one step further in managing a special fund designed to provide assistance to employees suffering from serious illnesses requiring expensive and prolonged treatment.

Croatia

In order to create a healthy environment, Zagrebačka banka engages in a variety of preventive measures designed to ensure the highest possible levels of safety and health for its employees and to preserve a positive work-life balance.

Among other initiatives, the bank has introduced flexible working hours for its employees, making it possible to split each work day into a core period and a flex period. In this way, our employees can organize their work days to suit both business and personal needs.

Supplement (CONTINUED)

3. Appendix - Our People (CONTINUED)

Employees are also offered a wide range of sports activities and recreation through Zabasport, with athletic facilities all over Croatia, thus enabling each employee to choose the type of recreation and the location that suits them best.

Czech Republic

In 2007, UniCredit Bank Czech Republic introduced UniFlex, a flexible benefits platform allowing employees the freedom to select from a wide spectrum of benefits. All colleagues have access to an online application in which they can select those benefits that best suit their needs, ranging from life and pension insurance plans to travel, from cultural and sports activities to language courses.

The UniFlex budget available to employees is settled upon annually by the bank through negotiations with trade unions.

Hungary

Since 2004, the employees of UniCredit Bank Hungary, Jelzalogbank and Factoring have enjoyed a fringe benefit system, or "Cafeteria" plan, giving them the opportunity to spend a percentage of their gross salaries on a series of "à la carte" benefits. These include retirement pensions, a health fund, internet services, holidays, local transportation and "School Start" tickets.

Beginning in 2009, our employees can select their benefits via a dedicated web-based system, allowing for monthly changes to their benefits packages, as well as improved administrative services (e.g., automatic update of their "shopping" budget following a salary increase, and various instantaneous news updates).

Industrial Relations¹

Unionization, meetings with employee representatives and diffusion of collective bargaining agreement

Percentage of unionized personnel 2006-2008*			
COUNTRY	2008	2007	2006
Italy**	73.70%	71.30%	N.D.
Germany***	est. 10 - 16%	est. 10 - 16%	est. 10 - 16%
Austria	52.00%	54.00%	54.00%
Bulgaria	33.30%	29.00%	not available
Croatia	41.5%	43.3%	45.1%
Czech Rep	12.00%	12.00%	12.00%
Hungary****	not available	not available	not available
Romania	0.00%	0.00%	0.00%
Russia	26.00%	31.00%	39.00%

* Local laws and collective agreements govern the specific terms and conditions defining employee rights to exercise freedom of association or collective bargaining. Even while every country has its own social, cultural and political background, the position of UniCredit Group is, while respecting specific, local conditions, to remain fully committed to recognizing and supporting the role of social dialogue. Employee Representatives: according to the different industrial relations systems based on specific national labor laws and on the level of representation (national, local), workers may be represented by trade unions, works councils or other representatives.

** Data on Italy for 2007 exclude Capitalia Group.

*** Germany does not have any data for employee membership in or association with trade unions because of domestic data protection laws; according to information provided by the German Banking Association, we estimate that about 10-16% of our employees are members of a trade union.

**** Data is not available because of Hungarian data protection law.

1. In some cases data refer to a partial subset of legal entities.

Germany: Bayerische Hypo-und Vereinsbank AG; Austria: UniCredit Bank Austria AG; Bulgaria: UniCredit Bulbank AD; Croatia: Zagrebačka banka d.d.; Czech Republic: UniCredit Bank Czech Republic a.s.; Hungary: UniCredit Bank Hungary Zrt.; Romania: UniCredit Tiriac Bank S.A.; Russia: ZAO UniCredit Bank.

Number of meetings between company and employee representatives 2008*	
COUNTRY	NUMBER OF MEETINGS
Italy**	approximately 1,000
Germany***	more than 1,000
Austria	50
Bulgaria	6
Croatia	24
Czech Rep	23
Hungary	15
Romania	0
Russia	2

* Employee Representatives: according to the different industrial relations systems based on specific national labor laws and on the level of representation (national, local), workers may be represented by trade unions, works councils or other representatives.

** According to the national collective bargaining agreement and to domestic labor law, there are several specific situations at the national, local and company level in which the employer must meet with employee representatives. In addition to these legal provisions, and as per our long tradition of continuous, transparent and constructive dialogue with employee representatives, meetings are also scheduled at the request of employee representatives. Thus we estimate that we have about 1,000 total meetings with employee representatives per year.

*** According to German law, the Central Works Council and the 23 local works councils have monthly ordinary meetings and some extraordinary meetings as necessary. In addition, there are monthly meetings of several committees of the Central Works Council. The 23 local works committees predominantly have weekly meetings, and there are periodic meetings with other local committees. The Central Works Council has quarterly ordinary meetings and some extraordinary meetings as necessary. There are also monthly meetings between HVB and the representatives of executive employees. All in all, we estimate that in 2008 we had more than 1,000 meetings with different employee representatives.

Percentage of employees covered by collective bargaining agreements 2006-2008			
COUNTRY	2008	2007	2006
Italy	100.00%	100.00%	100.00%
Germany	58.30%	60%	57.60%
Austria	100.00%	100.00%	100.00%
Bulgaria	100.00%	100.00%	not available
Croatia	97.3%	97.3%	97.1%
Czech Rep	100.00%	100.00%	100.00%
Hungary*	0.00%	0.00%	0.00%
Romania	100.00%	100.00%	100.00%
Russia	100.00%	100.00%	100.00%

* National collective bargaining agreement not existing.

Supplement (CONTINUED)

3. Appendix - Our People (CONTINUED)

Notice period typically provided to employees, and their elected representatives, prior to the implementation of significant operational changes that could substantially affect them

COUNTRY	LEGAL NUMBER OF MONTHS/WEEKS/DAYS NOTICE	NOTES
Italy	25 days	The Italian labour law states that unions must be informed and consulted 25 days prior to any changes becoming effective. The National Collective Bargaining Agreement of the credit sector provides for different notification and consultation procedures that may vary from 15 to 50 days, depending on the nature of the changes undertaken.
Germany		National regulations do not specify the number of weeks notice typically provided for consulting the employee representatives. The information must be provided to the Works Council before any decision is taken by the management, so that substantial negotiations about the implementation of measures are possible. Employer and Works Council have to reconcile their interests, and major alterations may not begin unless this reconciliation of interests is achieved or at least unsuccessfully attempted.
Austria		The information must be provided to the Works Council before the decision is taken by the management, so that substantial negotiations about the implementation of the measures are possible. Austrian legislation does not state any specific timeframe for this issue.
Bulgaria	45 days	Bulgarian labor law stipulates: "Right to information upon Collective Dismissal: When an employer is contemplating collective dismissals, said employer shall be obliged to begin consultations with the trade union organizations' representatives and with the factory and office workers' representatives in good time but not later than 45 days before the said dismissals are to take effect, and to make efforts to reach an agreement with said representatives so as to avoid collective dismissals or reduce the number of workers affected and to mitigate the consequences of the said dismissals".
Croatia	8 days	
Czech Rep	2 weeks	Every major operational change must be discussed with the Trade Union and communicated to employees. The time provided before the change is implemented is typically two weeks. In the Collective Agreement, there is no specification for the timing or nature of changes.
Hungary	30 days	Usually the notice period is 30 days. The Works Council must be informed by the company and has 15 days in which it can give its comments. After these 15 days, changes may be implemented.
Romania		No specific notice period for this issue. Employees must be informed in time, before any major change within organization.
Russia	2 months	The legal requirement is a minimum of two months' notice. The requirement need not be specified in collective agreements, since it is in any case an obligation.

Absentees

Number of absentee days 2008*

COUNTRY	NUMBER OF DAYS
Italy	183,618
Germany	208,488
Austria	111,360
Poland	307,365
Bulgaria	24,824
Croatia	46,794
Czech Rep	16,990
Hungary	13,427
Romania	4,209
Russia	1,593
Others	283,916
Total	1,202,584

* Data cover the 95 percent of our employee head count.

Days for family leaves 2008*

COUNTRY	NUMBER OF DAYS
Italy	123,040
Germany	270,660
Austria	11,727
Poland	13,009
Bulgaria	53,141
Croatia	57,084
Czech Rep	3,086
Hungary	42
Romania	122
Russia	4,360
Others	265,386
Total	801,657

* Data cover the 95 percent of our employee head count

Strikes

The economic scenario in 2008 was characterized by growing instability and tension. These elements have influenced the work dynamics of most banks and companies in Europe. UniCredit Group was affected by only sporadic events related to strikes or similar initiatives. In Italy, on September 1 at one retail bank, a one-day strike was called by trade unions to protest a staff shortage in the related network; similar initiatives have taken place in other localities. The agreement signed on December 4 is focused on the effects of the Strategic Plan 2008-2010 on employment levels and made it possible to come to an agreement with the trade unions; it settled on specific solutions to the headquarters staffing problems at retail banks, and, through the implementation of the so-called "multipolarità", allows for the transfer of activities where redundancies are present.

In Germany, in the context of the pay negotiations between the trade unions and the German private and public banks, HVB, like other German banks, had to face some warning strikes in the summer of 2008. The protests also addressed the job cuts envisaged at HVB in the context of the Strategic Plan.

Workplace injuries and lost day rate¹

Workplace injuries by country (not including commuter travel-related) 2006-2008

COUNTRY	2008	2007	2006
Italy*	299	320	183
Germany**	106	105	90
Austria	4	4	7
Bulgaria	0	0	0
Croatia	6	13	17
Czech Rep	4	3	4
Hungary	5	4	5
Romania	0	0	0
Russia	2	1	1

* Data on Italy for 2007 exclude Capitalia Group.

** Data on Germany for 2007 differ from the preliminary data published in the 2007 UniCredit Group Sustainability Report.

1. In some cases data refer to a partial subset of legal entities.

Germany: Bayerische Hypo- und Vereinsbank AG; Austria: UniCredit Bank Austria AG; Bulgaria: UniCredit Bulbank AD; Croatia: Zagrebačka banka d.d.; Czech Republic: UniCredit Bank Czech Republic a.s.; Hungary: UniCredit Bank Hungary Zrt.; Romania: UniCredit Tiriac Bank S.A.; Russia: ZAO UniCredit Bank.

Supplement (CONTINUED)

3. Appendix - Our People (CONTINUED)

Workplace injuries *in itinere* by country 2006-2008

COUNTRY	2008	2007	2006
Italy*	676	645	379
Germany**	184	167	180
Austria	9	6	3
Bulgaria	3	1	5
Croatia	32	30	33
Hungary	5	6	3
Romania	0	0	0
Russia	0	0	0

* Data on Italy for 2007 exclude Capitalia Group.

** Data on Germany for 2007 differs from the preliminary data published in the 2007 UniCredit Group Sustainability Report.

Lost day rate 2008*

COUNTRY	2008
Italy	0.043
Germany**	0.023
Austria	0.003
Croatia**	0.020
Czech Rep	0.001
Hungary	0.016
Russia	0.003

* The lost day rate is calculated as: (lost days due to injury) * 1000 / (hours scheduled to be worked by FTE).

** The lost day rate is calculated as: (lost days due to injury) * 1000 / (hours scheduled to be worked by head count).

Disputes concerning labor and welfare issues¹

According to the internal regulations and practices of each legal entity, and in compliance with the different social, labor and legal systems of the countries in which UniCredit Group is present, company obligations related to disputes may vary.

Number of disputes concerning labor issues 2008

COUNTRY	CLAIMS DERIVING FROM DISCIPLINARY FILES	OTHER NATURE / INDIVIDUAL CLAIMS	OTHER NATURE / COLLECTIVE DISPUTES
Italy*	215	913	82
Germany	0	32	1
Austria*	0	340	0
Bulgaria*	5	26	0
Croatia	7	5	0
Czech Rep*	1	0	0
Hungary	0	0	0
Romania	0	1	0
Russia	0	0	0

Number of disputes concerning welfare issues 2008

COUNTRY	CLAIMS DERIVING FROM/ AGAINST A SOCIAL SECURITY INSTITUTION	CLAIMS AGAINST THE COMPANY REGARDING WELFARE ISSUES / INDIVIDUAL CLAIMS	CLAIMS AGAINST THE COMPANY REGARDING WELFARE ISSUES / COLLECTIVE CLAIMS
Italy*	17	60	53
Germany	0	1	0
Austria*	0	0	0
Bulgaria*	0	0	0
Croatia	0	2	0
Czech Rep*	0	1	0
Hungary	0	0	0
Romania	0	0	0
Russia	0	0	0

Number of disputes concerning administrative bodies 2008

COUNTRY	NUMBER OF DISPUTES
Italy*	3
Germany	0
Austria*	0
Bulgaria*	0
Croatia	0
Czech Rep*	1
Hungary	0
Romania	0
Russia	0

* Data are related to claims at 31.12.2008 regardless the year of rising.

1. In some cases data refer to a partial subset of legal entities.

Germany: Bayerische Hypo-und Vereinsbank AG; Austria: UniCredit Bank Austria AG; Bulgaria: UniCredit Bulbank AD; Croatia: Zagrebačka banka d.d.; Czech Republic: UniCredit Bank Czech Republic a.s.; Hungary: UniCredit Bank Hungary Zrt.; Romania: UniCredit Tiriac Bank S.A.; Russia: ZAO UniCredit Bank.

Supplement (CONTINUED)

4. Appendice - Our Customers

Socially Responsible Investments

Pioneer Investments is responsible for the worldwide development of UniCredit Group's asset management business.

Its mission is to apply its financial expertise to create sustainable value for clients through growing and preserving their assets.

Pioneer Investments strives for excellence in investment management and advisory services in line with market best practices.

Our commitment to serving clients' needs drives Pioneer to provide best-in-class investment vehicles to meet clients' expectations for any investment, matching them with products of appropriate risk levels and time horizons.

Pioneer Investments offers two main asset management products designed to enable investors to balance the need to maximize returns with a desire to adhere to ethical or sustainable values:

- the Global Ecology Equity Fund;
- the Global Sustainable Equity Fund.

Pioneer Investments also offers two local, socially-responsible investment products: a bond distribution fund, the Obbligazionario Euro Corporate Etico (Bond Euro Corporate Ethical Fund), and the PIA Ethik Fonds in Austria.

Pioneer Investments also manages the BdS Arcobaleno Etico, which devotes 20 percent of its management fee pool to initiatives of local social development.

Funds performance				
FUND	1 YEAR		3 YEARS ANNUALISED	
	FUND	BMK	FUND	BMK
Pioneer Obbligazionario Euro Corporate Etico a distribuzione.	-5.66%	-3.80%	-2.55%	-1.33%
Pioneer Funds - Global Ecology - Class A	-38.60%	-39.10%	-5.20%	-14.70%
Pioneer Funds - Global Sustainable Equity - Class E	-39.97%	-40.25%	-14.61%	-15.47%
Pioneer Funds Austria - Ethik Fonds	-9.67%	----	-2.81%	----

Security

Information protection

After the Security Department issued new Groupwide information security policies in 2007, our legal entities now follow a common approach to information protection.

Monitoring is carried out 24 hours a day, 365 days a year, on data flowing on the information networks of UniCredit Group to prevent and address any activity threatening the Group's data. This process is based on the collection, analysis and correlation of data, undertaken to identify and prevent risks to information security.

Among the major risks to corporate information is the theft of laptops, because of their capacity to carry large amounts of information and the ease with which they can be removed from the Group's offices. Inside every UniCredit Group laptop, we have begun to install Pointsec cryptography software. This software is produced by Check Point, a multinational data security leader, and it prevents any form of access to the files contained within. Five thousand laptops are already secured in this way, and the number continues to increase, due to ongoing integration processes.

In recent years, one of the most common risks threatening information networks has been represented by viruses. In addition to using the most advanced antivirus software, currently installed on 81,000 PCs in Italy and constantly updated in conformity with Group policies, UniCredit Group has a team of experts working to counter the threats posed by viruses to our systems.

Today all systems carry out preventive screening in real time on all files before allowing users to access them. Along with antivirus systems, firewalls are deployed to limit access to the web and to personal computers. Thanks to these systems, we can identify threats that are not yet classified among definitions of known viruses. Before the introduction of any new security system, there is always an extensive period of testing and integration of the best protection solutions available on the market.

Business Continuity

Business sustainability is also based on the long-term ability to guarantee the operational continuity of all vital activities, as well as to recover from disasters.

In 2008, UniCredit Group focused intensely on continuity planning. After a Groupwide coordination effort, several initiatives at the local level to implement emergency plans in accordance with our guidelines were launched. Moreover, our banks updated their own continuity plans to guarantee the recovery of activities within four hours in case of serious incidents that might halt critical processes in the financial system.

These continuity plans have increased our flexibility to face operational risks in the countries where the Group operates.

In 2008, after the periodic internal audit assessment of internal processes at UniCredit Corporate Banking, the “repurchase operations” led by the UniCredit Corporate Banking ALM & Treasury Department were identified as critical. Consequently, a plan was developed to assure business continuity for this process.

After the merger with the former Capitalia Group and subsequent organizational changes, the composition of the Business Continuity Committee was revised. Furthermore, in 2008 the Bank of Italy set forth requirements for the business continuity of processes considered critical to the banking system and capable of significantly affecting the functioning of the Italian financial markets - in particular, payment systems and procedures to access financial markets and to settle financial system liquidity. UniCredit Group's business continuity plan is already compliant with the new Bank of Italy requirements, and no further changes or integrations are required.

In 2008, there were several incidents and threats that tested our current business continuity solutions. Examples included the bomb threat on October 22, 2008, at UniCredit Group headquarters in Milan, the flooding of the Tiber River in Rome, an earthquake in the Reggio Emilia area, the terrorist attack in Mumbai and the terrorist alert on Election Day in the United States, which triggered the pre-activation of crisis plans in New York, Australia and London.

In the future, we will work to assure continuity even in the event of a pandemic. The holding company and several legal entities have issued a comprehensive Pandemic Management Plan, with guidelines on preventative measures and specific actions in case of such an event.

5. Appendix - Investors & markets

Squeeze out update & main pending lawsuits

Voidance actions challenging Bayerische Hypo-und Vereinsbank AG's (HVB's) squeeze-out resolution (Shareholders' Meeting resolution of 27 June 2007)

The Annual General Meeting of HVB's held on 27 June 2007 passed, inter alia, a resolution approving the transfer to UniCredit of the shares of the minority shareholders in exchange for a cash settlement of €38.26 per share (a so-called "squeeze-out").

More than 100 shareholders filed suits challenging this resolution asking the Court to declare it null and void.

In its judgement of 27 August 2008, the Regional Court of Munich rejected the action. Various minority shareholders have filed an appeal with the High Regional Court.

In the meantime, HVB, which believes that such lawsuits are clearly unfounded, filed an unblocking motion in December 2007 asking the Court to grant clearance for the transfer resolution to be entered in the Commercial Register, notwithstanding the pending claims of minority shareholders challenging this resolution.

The Munich Court accepted HVB's request on the grounds that the procedural deficiencies of the resolution in question claimed by the claimants were unfounded. The minority shareholders challenged the judgement in the Higher Regional Court, which, in its judgement of 3 September 2008, rejected the appeal (the so-called Unblocking Motion of second instance). The judgement is final, and no resort can be made to higher levels of jurisdiction.

Accordingly, on 15 September 2008, the Commercial Register of Munich recorded the squeeze-out, and UniCredit became the shareholder of the entire share capital of HVB.

The matter can only be considered to be resolved in a definitive manner, however, with the outcome of the action for nullification of the resolution of the shareholders' meeting referred to above that is currently being appealed. The decision may, in the final instance, be further challenged at the Court of Federal Justice. Due in part to the fact that the court of appeal has already issued a decision in favour of HVB in the form of an Unblocking Motion, HVB believes that the Court of Appeal will consider the action for nullification brought by HVB's minority shareholders to be unfounded.

Squeeze-out of minority shareholders of HVB (Appraisal Proceedings)

Currently about 300 former minority shareholders of HVB have filed a request to revise the price obtained in the squeeze-out (so-called "Appraisal Proceedings"). The number of shareholders may increase since the office of the clerk of the court has not completed the review of applications filed. The dispute mainly concerns profiles regarding the valuation of HVB.

With regard to the first group of requests from former shareholders, the court has set a deadline of 2 March 2009 for HVB to file initial defence statements, while for the second group, the hearing has been scheduled on 2 April 2009. It is likely that both dates will be postponed.

Squeeze-out of the minority shareholders of Bank Austria

After a settlement was reached on all legal challenges to the transaction in Austria, the resolution passed by the Bank Austria shareholders' meeting approving the squeeze-out of the ordinary shares held by minority shareholders (with the exception of the so-called "Golden Shareholders") was registered in the Vienna Commercial Register on 21 May 2008.

Accordingly, UniCredit became the owner of 99.99% of the Austrian bank's share capital with the resulting obligation to pay minority shareholders a total amount of about €1,045 million including the interest accrued on the squeeze-out price in accordance with local laws.

The minority shareholders received the payment for the squeeze-out and the corresponding interest.

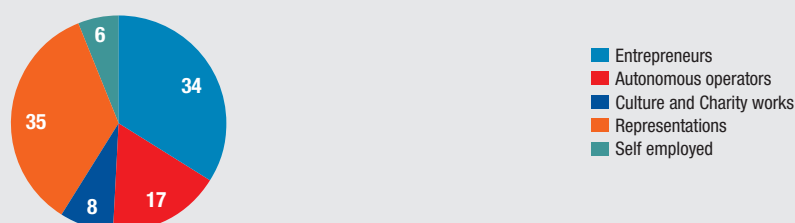
Several shareholders who felt the price paid for the squeeze-out was not adequate have initiated proceedings at the Commercial Court of Vienna in which they are asking the court to review the adequacy of the amount paid to them (Appraisal Proceedings). UniCredit immediately contested the competence of the Vienna court. In a judgement of 14 October 2008, the latter believed that it had the competence to review the case without going into the matter. UniCredit then contested the decision at the High Regional Court of Vienna. Upon the appeal of the parties, and if warranted by specific requirements, the case could be submitted, in the third and final instance, to the Austrian Supreme Court. Each of the judicial bodies could also stay all action and refer the assessment regarding which court actually has competence to the European Court of Justice.

Supplement (CONTINUED)

6. Appendix - Communities

The Italian Territorial Committees

Members of the Territorial Committees by business category (%)



Territorial Committees - New reference areas

As mentioned in the “Communities” chapter, the new Territorial Relations Department was created in 2008, while new committees have been developed and some geographical boundaries have been redrawn.

Territorial Committees new reference areas	
PREVIOUS REFERENCE AREA	NEW REFERENCE AREA
Valle d'Aosta	Valle d'Aosta
Torino-Canavese	Torino-Canavese
Alessandria-Asti-Cuneo	Alpi del Mare
Bergamo-Brescia	Brescia ¹
Pedemontana lombarda	Pedemontana Lombarda ¹
Mantova-Cremona-Lodi	Bassa Padana
Verona - Vicenza	Verona - Vicenza
Treviso-Venezia-Padova	Treviso-Belluno-Padova-Rovigo-Venezia
Trento-Bolzano	Trento-Bolzano
Udine-Pordenone-Trieste-Gorizia	Friuli Venezia Giulia
Modena-Parma-Piacenza-Reggio Emilia	Via Emilia
Ravenna-Rimini-Ferli-Cesena-Bologna-Imola-Ferrara	Emilia Est-Romagna
Marche	Marche
Umbria	Umbria
Roma	Roma
Puglia	Puglia
Campania	Campania
	Sicilia
	Sardegna

1. Bergamo has been added to the Pedemontana Lombarda Committee.

Institutional Relations

Monetary value of financial and in-kind contributions (€ 1000s)			
INITIATIVES	2008	2007	2006
International Conferences and seminars	880	810	750
Publications and "east" magazine	500	510	600
Research	30	36	80
Total financial and in-kind contributions	1,410	1,356	1,430

Cooperation with universities

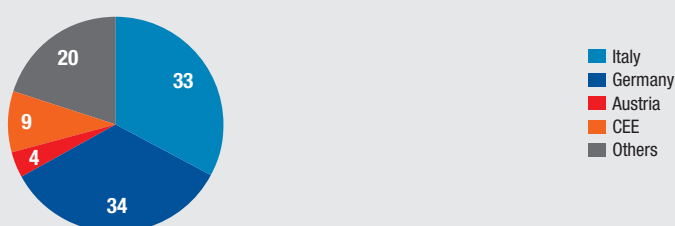
Scholarships (per country): number of beneficiaries 2008		
COUNTRY	SCHOLARSHIP	NUMBER OF BENEFICIARIES 2008
Italy	"Giovanna Crivelli" (scholarships to support students studying outside of Italy; one beneficiary is always a woman)	2
Italy	"Marco Fanno" scholarships	5
Italy	"Franco Modigliani" scholarship	1
Italy	University of Naples "Federico II" - "Monte Sant'Angelo" Marketing Faculty	5
Italy	University of Naples "Federico II" - Philosophical Studies Institute	20
Italy	University of Bologna - Economic Sciences Dept., Economics Faculty - "Premio ARCES - Universo Donna"	1
Italy	University of Bologna - Economic Sciences Department (research contract)	1
Italy	University Venezia "Cà Foscari" - Euroasiatic Studies Dept. - M.I.M. course	1
Italy	University Venezia "Cà Foscari" - Philosophy Dept. - Master in Immigration	1
Italy	New Europe Master in Banking and Entrepreneurship	24
Croatia	Scholarships Zagrebačka banka	23
Hungary	UniCredit Bank Hungary - "UniCredit MBA in Retail MBA Retail in the Banking and Financial Industry" (cooperation with University of Bologna for project launched in 2008)	3
Romania	The National University of Arts	4
Russia	Scholarship Program	15
Total		106

Supplement (CONTINUED)

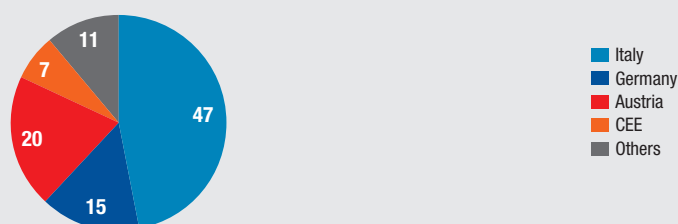
6. Appendix - Communities (CONTINUED)

Donations and sponsorships

Donations by country 2008 (%)



Sponsorships by country 2008 (%)



Focus on Pioneer Investments: charities

At a global level, Pioneer Investments supports the Roberto Bazzoni Onlus (RBO) a charitable, non-profit association that was officially founded to honor and to continue the mission of Roberto Bazzoni, the eldest son of Sebastiano Bazzoni, director of Pioneer Investments. RBO provides viable social and humanitarian aid in the areas of health, education and general assistance in developing countries.

In 2008, the association continued its support of projects in Kosovo, Kazakhstan (Almaty and Talgar), Zimbabwe and Congo.

Pioneer Investments also provides active support to several associations that are engaged in the execution of projects in the local communities where our company is present.

In Ireland, Pioneer Investments is engaged in supporting the Dublin Simon Community (DSC), which works with over 2,000 homeless people in Dublin every year.

We also support Barretstown, a non-profit association founded to help children with serious illnesses regain confidence and self-esteem. Barretstown provides a program of adventure, activities and fun that is fully sanctioned by the medical establishment.

Finally, Pioneer Investments supports the global Special Olympics movement, a year-round sports training and competition program for people with mental disabilities.

In Germany, Pioneer Investments made a donation of Lufthansa Miles & More miles to Médecins Sans Frontières. Miles will be used to send medical volunteers to crisis regions worldwide and represent a value of €140,000.

In the United States, Pioneer Investments US, with 650 associates, founded its “Pioneer Helping Others” program in 2001 as an integral part of its Mission Vision Values. The program focuses on at-risk children and women around the world. Each spring, Pioneer Investments US associates participate in fundraising walks, runs and tournaments, including the AIDS Walk, Project Bread (to alleviate hunger), the Pan Mass Challenge (for cancer research), the Chase Corporate Challenge, Junior Achievement Bowling and the Vision 5K (benefiting the blind).

In 2008, Pioneer Investments US received *Boston Business Journal's* Corporate Philanthropy Award and was nominated by the Home for Little Wanderers for *Boston Magazine's* Corporate Partner of the Year Award.

Pioneer Investments US also made a donation to Medical Relief for India. Medical Relief for India was begun in 2000 by Dr. K. S. Charak and a small team of medical volunteers to provide free surgical and medical treatment to the poor and needy of rural India.

In 2008, our major social initiative in the CEE region was the provision of regular support to the Open Society Fund, which makes grants to send talented students from underprivileged backgrounds in the CEE to study at prestigious American and British high schools.

Supplement (CONTINUED)

6. Appendix - Communities (CONTINUED)

Art & Culture

Art & Culture significant projects in 2008

ITALY

UniCredit Art Day	UniCredit Art Day is an initiative dedicated to UniCredit Group employees and their families. In cooperation with the association of major Italian contemporary art museums, AMACI, now extended to all countries in which the Group operates. UniCredit Group offered an opportunity to its employees and their families to learn about contemporary art.	- employees and their families: to share the UniCredit Group's commitment in promoting culture and young talents, by developing aggregation and sense of common identity, cultural skills and art appreciation, open minds;
AAA project (Are you An Artist?)	The aim of the project was to discover and support employees creativity and give them the opportunity to show their projects to the public. The initiative took place in Spazio Milano, a special multi-functional space placed inside UniCredit Banca 's Cordusio branch, Milan.	- cultural institutions: to involve a new public, increase visibility through the Group's network and communication tools, implement new projects, mainly focused on accessibility and education to art;
Art-based learning	A multi-disciplinary project targeting managers aiming at developing open minds and differences through the art experience. UniCredit Group also organized a number of events in collaboration with the educational departments of our museum partners. The art experience was shared with communities also through creative happenings, such as: <i>Arte In Piazza</i> , a public event held in Piazza Maggiore in Bologna) which involved 5,000 participants.	- communities: to increase awareness of culture as a source of wellness, social connection and sustainable growth.
Award, Fondazione Arnaldo Pomodoro. International contest for Young Sculptors	UniCredit has been supporting for 2 editions a young sculptor by acquiring the winning artwork which entered in the Group's art collection. The winner is selected among the participants to the Young Sculptors contest. This international award dedicated to young talents in sculpture is a unique in this field.	- artists: to support the development of young creative talents in the international art market; to create exhibition opportunities and the possibility of training; - museums: to involve a new public; to increase visibility through the collaboration with the UniCredit Group; to enrich the permanent art collections; - cultural institutions: to develop projects fostering the diffusion of new languages to a wider sectors of population.
Scholarship in the Economics of Art, "Giovanni Agnelli," by UniCredit Private Banking	UniCredit Private Banking launched a contest in collaboration with Giovanni Agnelli Foundation to support young researchers in the economics of culture to publish new studies, promoting the issue of new studies in this field. This is the only scholarship of its type in Europe.	- young researchers: to support training and research, dissemination through publication.
MAMbo, Contemporary Art Museum in Bologna	UniCredit Group cooperated with the Museum in designing a three-year program to re-launch young Italian art, by supporting the production of new art works for international projects.	- artists: to support research in visual arts and to increase the circulation of new ideas; - cultural institutions: to enrich the museum's collections in line with its approach and sustain the public fruition and exchange with international museums.

	Name of the project		Description		Stakeholders involved & objectives pursued
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Furla Award	UniCredit Group participated with Fondazione Querini Stampalia in Venice, the MAMbo museum, and Furla S.p.A., supporting the 2007 and 2009 editions of the Furla Award. The award is dedicated to young Italian artists, selected by young curators. The winning artist was awarded with a residence period at Gaswork in London. The winner was also commissioned the production of a new art work and the opportunity to present his/her output at the Venice Biennale. His/her work is included in the collection of the MAMbo in Bologna, a consolidated partner of the UniCredit Group.	<ul style="list-style-type: none"> - artists: to support research through training and experimentation and also cultural institutions at international level; - young curators: to support the development new figures promoting new artistic languages and dissemination among different audiences.
Unidee in residence international program	UniCredit sustains young artists from the CEE with three scholarships at the residency for artists at Città dell arte Fondazione Pistoletto.	<ul style="list-style-type: none"> - creatives: to support training and research on relations between art and economy.
Special project for the deaf in partnership with the educational department of the Castello di Rivoli Contemporary Art Museum	Courses are held to prepare art guides for the deaf, and subsequently the first art dictionary for the deaf was developed, published entirely in sign language.	<ul style="list-style-type: none"> - communities: to foster new opportunities of social connection, through the art experience - cultural institutions: to promote a new idea of museum as a laboratory open to all sectors of population, including those with different abilities.
Special project for the blind in partnership with the educational the MAMBo museum in Bologna	With this initiative, UniCredit Banca tries to draw attention to the non-visual aspects of art. A variety of sensual engagements represents an invaluable field of experimentation for both the sighted and the blind, prodding participants to experience works of art with new tools and in a new way. The Cavazza Institute for the Blind in Bologna, following the project, published a monograph both in conventional print and in Braille, with essays by the curators and each of the artists.	<ul style="list-style-type: none"> - communities: to develop social integration through the art experience.

GERMANY

850th Anniversary of Munich	HVB organized the celebrations of its "Premium Partner", also providing economic support.	<ul style="list-style-type: none"> - communities: to develop the visibility of art and foster art contacts with a new public; - local community: to strengthen our identity and brand awareness.
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AUSTRIA

Ö1 Talent Scholarship	The Group promoted young artists, offering a rising star from a music, drama or art school an opportunity to present their art publicly with the help of Ö1 (Austria's leading quality radio station).	<ul style="list-style-type: none"> - young artists: to develop their visibility and expand their networks.
Young Stars from the CEE	The Group supports young artists by presenting their works of art at the "Tresor," an exhibition space at BA Kunstforum.	<ul style="list-style-type: none"> - young artists: to develop their visibility with the possibility of presenting their work and their approach in a catalogue, and to develop networking opportunities through the Group's contacts; - public/Bank Austria customers: to offer insight into the art scene of the CEE, the "next-door neighbour region".

Supplement (CONTINUED)

6. Appendix - Communities (CONTINUED)

Art & Culture significant projects in 2008 (CONTINUED)

BULGARIA

Bulgaria from above

The Group supported the organization of a photo exhibition of Bulgaria taken from a paraplaner.

- communities: to develop the visibility of art and foster art contacts with a new public;
- UniCredit Group employees: to develop corporate identity and a sense of belonging to the company.

CROATIA

"German Expressionism" exhibition in Zagreb

The Group supported the marketing of the event and provided ten works from HVB for inclusion in the exhibition.

- community: to develop the visibility of art and to foster art contacts with a new public;
- UniCredit Group employees: to develop corporate identity and a sense of belonging to the company, open minds.

ROMANIA

Literature Debut Award

UniCredit Group supported the launch and promotion of young writers' works.

- community and employees: to develop new talent and contribute to culture.

Bucharest International Biennial for Contemporary Art

The Group offered a branch as the Biennial info center and a core space for exhibiting international artworks (UniCredit Pavilion).

- communities: to develop the visibility of art and to foster art contacts with a new public at international level.

The Unidea - UniCredit Foundation governing bodies

Chairperson

Paola Pierri

Deputy Chairpersons

Maria Antonella Massari¹, UniCredit Group - Head of Group Identity and Communications Department

Salvatore Piazzolla, UniCredit Group - Head of Human Resources Department

Directors

Roberto Bertazzoni, Smeg S.p.A. - Chairperson

Giuseppe De Rita, Fondazione Censis - Secretary General and Chairperson

Marco Gaudiomonti, Fondo Banche Assicurazioni - Director

Severino Salvemini, Bocconi University, School of Management, Milan - Chairperson

Chiara Saraceno, University of Turin, Faculty of Political Sciences - Full Professor of Family Sociology

Jean-Léonard Touadi, Journalist and Member of the Chamber of Deputies of the Parliament of the Italian Republic

Don Gianni Zappa, Milan Diocese - Moderator Curiae

General Secretary

Paolo Cocchi

1. Since October 22, 2008 following the resignation of Marc Beckers.

7. Appendix - Environment & suppliers

Environmental Management System

UniCredit Group's Environmental Management System (EMS) consists of a set of processes and practices designed to enhance our environmental efficiency, implement our environmental policies, ensure the commitment of top management and strengthen our consistent efforts to address the direct and indirect environmental impact of our financial institution.

The institution of an ISO 14001 and Eco-Management and Audit Scheme (EMAS)-certified environmental management system at UniCredit Group, HVB and UPA (and shortly at Bank Austria) underscores our commitment to measurable targets, proper evaluation and public communication.

Awards

Energy efficiency

On 11 February 2009, the European Commission recognized UniCredit Real Estate with the Energy Service Award.

The honor acknowledged an improvement program, begun in 2006, involving the air conditioning systems at the Sant'Elia site in Milan.

The changes consisted of replacing the cooling units with brand-new, high-performance equipment. The new system is characterized by an impressive level of efficiency (combining high operating performance with reduced energy consumption) and the incorporation of a heat exchange process, enabling waste energy to be reused to serve the building's heating needs.

The results of the program have been remarkable:

- reduced energy consumption of roughly 4,000,000 kWh per year;
- deactivation of the heating plant and elimination of gas consumption (previously amounting to 143,000 cu. m. per year);
- reduction of CO₂ emissions by roughly 2,500 tons;
- cost savings of roughly €400,000 per year.

Mobility management

In June 2008, HVB received two awards in recognition of its commitment to sustainability in its mobility policies:

- on June 5, the European GreenFleet Awards ceremony took place in Brussels. The competition, formerly limited to the UK, was held this year at the European level. The object of the competition was to encourage companies and organizations to implement new and innovative approaches to sustainable fleet management. HVB's fleet management was selected for an award in the European Private Sector category for its consistent efforts to cut emissions;
- on June 10, HVB received an award for best overall mobility management concept in the Large Companies category, at the ceremony for this year's "CSR Mobility Awards - Environmentally Aware Business Travel". This competition was launched in 2007 by VCD, the German Transportation Club, the magazine *Der Mobilitätsmanager* and B.A.U.M. (the German Environmental Management Association). The purpose of this annual competition is to provide companies with an incentive to address environmental issues in relation to business travel and to support their efforts in the area of corporate social responsibility.

Due to an improved data collection and calculation process, some figures may differ from data presented in the 2007 Sustainability Report.

We use the symbol (★) to indicate data covering 95 percent of considered population (about 114,000 head count).

Partnerships and affiliations

UniCredit Group has developed a significant network of partners and participated in numerous initiatives in various countries. These partnerships include:

- Austrian Society for Environment and Technology (ÖGUT);
- Austrian Society for the Management of Contaminated Sites (ÖVA);
- Carbon Disclosure Project;
- Clean Up the World (*Puliamo il Mondo*);
- Forum of Socially Responsible Investment;
- Italian Forum for Sustainable Finance;
- Kyoto Club;
- Munich Regional Center of Expertise;
- ÖNORM Workgroup;
- Respect - Austrian Business Council for Sustainable Development;
- The Global Compact;
- United Nations Environment Programme Finance Initiative (UNEP FI);
- WWF Italy.

Energy consumption by source (%) (*)				
COUNTRY	SOURCE	2008	2007	2006
Italy	Renewable sources	68.3%	61.4%	57.9%
	Fossil fuel	31.7%	38.6%	42.1%
	Nuclear power	0.0%	0.0%	0.0%
Germany	Renewable sources	10.8%	11.2%	10.8%
	Fossil fuel	74.7%	60.0%	61.5%
	Nuclear power	14.5%	28.8%	27.7%
Austria	Renewable sources	60.4%	60.0%	53.3%
	Fossil fuel	39.6%	40.0%	46.7%
	Nuclear power	0.0%	0.0%	0.0%
CEE	Renewable sources	8.6%	8.0%	5.2%
	Fossil fuel	78.4%	78.2%	77.4%
	Nuclear power	13.0%	13.8%	17.4%

Water usage per employee (m³/capita) (*)			
COUNTRY	2008	2007	2006
Italy	34	35	33
Germany	16	17	20
Austria	35	33	34
CEE	16	15	14

Supplement (CONTINUED)

7. Appendix - Environment & suppliers (CONTINUED)

Waste production per employee (kg/capita) (*)			
COUNTRY	2008	2007	2006
Italy	114	142	157
Germany	457	287	285
Austria	230	225	194
CEE	170	231	236

8. Appendix - Focus on Turkey

Yapı Kredi is the fourth largest private bank in Turkey. We design and implement a wide variety of initiatives to help us better serve our internal and external customers. Internal training and development programs, particularly through the Yapı Kredi Banking Academy, are well complemented by our educational outreach to youth, among other initiatives. Yapı Kredi's provides strong support to environmental conservation.

YAPI KREDİ

Yapı Kredi (YKB) is organized around a segment-based service model comprised of five main strategic business units: Credit Cards, Retail, Private, Corporate and Commercial. Yapı Kredi's structure also includes International Operations and domestic subsidiaries, which serve as product factories. At Yapı Kredi, our vision is to become an undisputed leader of the finance sector through sustainable growth and value creation and to be the first choice of customers and employees.

For our six million customers served by 861 branches, we focus on transparency, one of our core values. In 2008, we displayed a complete list of fees and commissions both at our branches and on our website, and we continue to openly communicate changes in rates and the introduction of new services and fees through multiple channels in order to stay in close contact with our customers and keep them up to date.

Customer Satisfaction

Customer Satisfaction is one of our key commitments and priorities at Yapı Kredi. We continually monitor and invest in this area, which is why it was a key item in our strategy for 2008. Our commitment is further evidenced by the inclusion of Customer Satisfaction in the performance and bonus system for all Yapı Kredi employees, including Head Office staff. Customer Satisfaction is such a key driver of organizational behavior that we conduct an annual Customer Satisfaction survey covering all aspects of our clients' relationships with our bank, and we regularly measure Customer Satisfaction at the branch level throughout the year.

These surveys aim to increase our understanding of client-bank relationship dynamics, satisfaction levels and expectations. Retail Customer Satisfaction analyses are performed using the TRI*M methodology, which is accepted and used Groupwide. In 2008, more than 120,000 clients participated in our various surveys. In comparison with 2007, there was significant improvement in overall satisfaction in 2008, a positive reflection on the efficacy of our investments in improved service models and client relationships.

Customer feedback, managed through different channels, is very important to our work and is handled through a structured complaint management process. All complaints are registered, and a dedicated Complaint Management Team monitors the process, shares the major outcomes with relevant internal parties and regularly reports statistics to the Turkish Banking Association. To expand our complaint management capacity, a newly designed tool enables all employees to view all client complaints in an integrated and regularly updated manner. It will be officially launched at the beginning of 2009.

To enhance our service model, we also regularly use mystery shoppers, who visit our branches to observe and report on the service behaviors and sales capabilities of our employees.

In 2008, with the launch of the "A Day in a Branch" initiative, our Head Office managers were able to spend the day together with our front-line employees, closely observing the conditions and customer service in our branches. We then collected their observations and impressions, enabling us to prioritize problems and initiate corrective actions to support our network better as we strive for service excellence. In a related effort to understand the quality level of internal services that have Customer Satisfaction-related impacts, we carried out an Internal Customer Satisfaction survey, in which nearly 13,000 employees participated.

Supplement (CONTINUED)

8. Appendix - Focus on Turkey (CONTINUED)

We continue to develop our products and services in response to the special needs of our clients. We organize road shows and seminars with various experts and commercial associations to cover topics of interest to small and medium enterprises (SMEs); tax seminars for private clients; international business environment meetings for our corporate clients; and seminars conducted by economic experts for different segments.

The Yapı Kredi Banking Academy

In order to provide a proactive and continuous learning environment, to become the perceived leader in the financial sector in Turkey, and to be the first choice for our customers and our employees, we restructured our training and development activities in May 2008. Since June 2008, the Yapı Kredi Banking Academy has employed well-defined training methodologies and focused on four pillars:

- **Banking Training** programs, helping employees to inspire confidence and Customer Satisfaction through their expert knowledge, skills and education;
- **Leadership Training** programs, supporting YKB's leaders to serve as role models within a context of freedom, fairness and transparency;
- **Personal Development** Training programs, coaching employees to be competent, respectable and successful at work and in their private lives;
- **Social Responsibility** projects, stressing the relevance of employee social responsibility, consciousness and contributions to society.

Most Academy development programs are designed in cooperation with domestic and international universities, business schools and consulting firms. The Academy also contributes to the financial sector by supporting *ad hoc* research projects and studies by academics and experts in the field of finance.

In 2008, the Academy launched a series of new programs, including:

- **Academy seminars**, with the cooperation of notable experts, to provide a continuous and accessible development resource open for all to use;
- **Web seminars**, in partnership with IMD, one of the leading business schools in Europe. These seminars have been held every Wednesday since the beginning of 2008 and address such topics as globalization, leadership and marketing, through the cooperation of academics and experts;
- **"Leaders as Trainers"**, a pilot Academy seminar that aims to increase the sharing of corporate strategy experiences between top management and employees. The full seminar will be offered at the Academy in 2009.

Customized certification programs, including the Call Center Development Program and Mortgage Expert Certification, are also offered at the Academy.

Approximately 250 senior employees and managers support the Academy by serving as internal trainers, delivering courses on subjects in their areas of expertise and participating in important Academy projects. The Academy's dedicated new building, equipped with modern equipment and technology, will be completed by the second half of 2009. It will have a daily total training capacity of roughly 1,500 participants.

In an effort to enhance the financial awareness of and general availability of information to our customers, the Academy has also developed online training materials for them. The project was launched in January 2009 with two courses: "Internet Banking Safety" and "General Checking Applications".

In November 2008, the International Quality and Productivity Center awarded the Academy the "Best New Corporate University" prize for innovative applications and training and development programs developed in parallel with our strategic goals.

Our focus on engaging our employees is evidenced by our strong annual participation in UniCredit Group's People Survey. Fully 89 percent of all employees participated in the 2008 People Survey, exceeding the 80 percent target we set for ourselves. Survey results were shared with top management and departments heads, and departments prepared action plans based on key departmental improvement areas, including:

- meeting with regional managers;
- holding periodic sub-department meetings to increase knowledge and awareness of overall bank strategy;
- reviewing training plans and prioritizing personal development programs.

Educational programs

At Yapı Kredi, we recognize and highly value educational programs, particularly those dedicated to youth on a variety of topics, not all related to finance.

The Vocational High Schools project initiated in 2006 aims to increase the attractiveness of secondary schools because, as a major employer of blue-collar workers, Koç Holding is attuned to the needs both of skilled workers and of the unemployed. Through this project, Koç Holding and the Koç Holding Foundation (VKW) are funding scholarships, providing internship opportunities and practicing affirmative action in the employment of vocational school graduates. At the same time, Group employees (400 in 2008) help the students at 42 vocational high schools by actively tutoring them throughout their school years. In addition, a Yapı Kredi Vocational School for Girls began providing academic services in 2008.

In 2008, Yapı Kredi, in cooperation with the Turkish Volunteers Foundation (TEGV), supported the Creative Reading Project. The project aims to support elementary school students with limited financial resources by encouraging their listening and reading skills, promoting curiosity and creativity, and providing educational extracurricular activities. In line with Yapı Kredi's goals in supporting education, the project has been put into practice nationwide at TEGV's 66 locations, including 11 education parks and 55 learning centers. One room at each of the parks and centers is set up to facilitate the project. Using volunteer teachers, the project was initiated on December 4, 2006, with a target of reaching 50,000 children by 2010. By the end of 2008, 37,832 students had participated in the project.

Another project for elementary and high school students is the "Unlimited Blue" project. Implemented by TURMEPA and Yapı Kredi, the project aims to create awareness of the need to protect and safeguard Turkey's natural resources. Since it started five years ago, this project has trained 8,586 teachers and 2,973,284 students in 5,023 schools. The project has established clear targets, aiming to reach 300,000 teachers and over 6.5 million students.

Environmental conservation

In line with our principles of corporate citizenship, we engage not only in the fields of art, culture and education, but also of environmental conservation. Our activities include reducing paper consumption through an e-statement initiative for credit card statements. In 2008, it involved 839,531 clients and all of our employees. We have also encouraged the use of personal computers and visual presentations in our branches in place of printed documents and reports. We deliver used paper to the SEKA processing facilities for recycling.

Our actions extend beyond the branches, as we are actively working to restore forests destroyed by the fire in Gülnar, Mersin. Within the "700,000 Saplings in Seven Regions" initiative, we launched the "Forests for My Country" reforestation project. In collaboration with the Turkish Foundation for Combating Soil Erosion for Reforestation and the Protection of Natural Habitats (TEMA) and the Ministry of Forestry, 100,000 trees have already been planted in Gülnar.

Support for reforestation will not, however, be enough to prevent environmental degradation. That is why at Yapı Kredi we have pledged not to produce any promotional materials like calendars or diaries for 2009 as a part of our "Save Paper" project. By using electronic greeting cards for major holidays and electronic banking statements since 2007, we have saved 3,150 tons of paper and 55,000 trees a year. Furthermore, we annually send 942 tons of paper to be recycled.

To prevent the accidental release of toxic gases in our headquarters and branch facilities, we regularly analyze and measure all pertinent flue gas levels. We also give preference to natural gas for heating, and we properly dispose of all batteries after use. To reduce our energy consumption, we procured energy-efficient "A+ class" air conditioners late in 2007.

GRI-G3 index

Some indicators are represented with a partial coverage, although the most significant information related to Corporate Responsibility has been stated in the report. All the core indicators have been inserted in the table, while the additional ones have been reported only if they are stated in the Sustainability Report.

Legend:

Total	Indicator completely covered
Partial	Indicator partially covered
N/A	Not applicable
NI	Not included
EC-EN-LA...	Core indicator
EC-EN-LA...	Additional indicator

	Coverage	Page
PROFILE		
1 Strategy and analysis		
1.1 Statement of the most senior decision-maker of the organization	Total	4-5
1.2 Main impacts, risks, and opportunities	Total	12-16, 30, 26-29, 40, 60, 86, 90, 106
2 Organization profile		
2.1 Organization name	Total	Cover
2.2 Main brands, products and/or services	Total	11; 2008 Consolidated Reports and Accounts (Annual Review) 48, 56, 62, 68, 72
2.3 Operational structure of the organization	Total	8-11
2.4 Headquarters	Total	Cover
2.5 Countries of operations	Total	8-11
2.6 Ownership structure and type of legal entity	Total	87; 2008 Consolidated Reports and Accounts (Annual Review) 129
2.7 Markets served	Total	8-11
2.8 Scale of the organization	Total	8-9
2.9 Significant changes	Total	2008 Consolidated Reports and Accounts (Annual Review) 104-116
2.10 Awards received	Total	63, 69, 88-89, 147, 152
3 Report parameters		
Profile		
3.1 Reporting period	Total	7
3.2 Previous report's date of publication	Total	7
3.3 Reporting frequency	Total	7
3.4 Contact point for information on report	Total	Inside back cover

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3.5 Process for defining contents	Total	7
3.6 Report scope	Total	7
3.7 Limitations of report purpose or scope	Total	7
3.8 Information on other associate companies	Total	7
3.9 Data measurement techniques and basis of calculation	Total	7
3.10 Modifications compared with previous report	Total	7
3.11 Significant changes compared with previous report	Total	7
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3.12 Table of reference	Total	158-161
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3.13 External assurance	Total	162
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Governance		
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4.2 Indicate whether Chairman also holds an executive role	Total	18
4.3 Independent and/or non-executive directors	Total	17-18
4.4 Mechanisms for making recommendations to Board of Directors	Total	32; 2008 Corporate Governance Report 57-58
4.5 Link between directors' remuneration and performance	Total	21-22, 54, 130-131; 2008 Corporate Governance Report 33-35; UniCredit S.p.A. 2008 Reports and Accounts 239-242
4.6 Mechanism of conflicts of interest's avoidance	Total	2008 Corporate Governance Report 18-19, 52
4.7 Directors' qualifications	Total	21; 2008 Corporate Governance Report 30-32
4.8 Mission, values, codes of conduct, and principles	Total	23; Integrity Charter
4.9 Procedures to identify and manage economic, environmental, and social performance	Total	20-21, 26-29
4.10 Process to assess BoD's performance	Total	130-131; 2008 Corporate Governance Report 20-21
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4.11 Way in which prudential principle or approach is applied	Total	20-21, 26-29, 120-123
4.12 Adoption of external codes and standards in the economic, social, and environmental fields	Total	73-74, 153
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Stakeholder Engagement		
4.14 List of stakeholders engaged	Total	31-39
4.15 Principles for stakeholders' identification and selection	Total	31
4.16 Stakeholder engagement activities	Total	31-39
4.17 Key aspects and criticalities emerging from stakeholder engagement and related actions	Total	31-39
ECONOMIC PERFORMANCE		
DMA EC Information on management approach	Total	2008 Consolidated Reports and Accounts (Annual Review) 37-42
EC1 Direct economic value generated and distributed	Total	118-119
EC2 Financial implications and other risks and opportunities due to climate change	Total	107-108
EC3 Coverage of the organization's defined benefit plan obligations	Total	132; 2008 Consolidated Reports and Accounts (Consolidated Accounts) 322-323
EC4 Significant financing received from Public Administration	NI	
EC6 Policy, practices, and percentage of expenditure concentrated on local suppliers	Partial	114

Supplement (CONTINUED)

(follows)

	Coverage	Page
EC7 Procedures for local hiring	Partial	43
EC8 Development and impact of investments in infrastructures and public utilities	Total	96-105, 145-147
EC9 In direct economic impacts	Total	78-81, 91-93
ENVIRONMENTAL PERFORMANCE		
DMA EM Information on management approach	Total	106-108, 152
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EN2 Percentage of materials coming from waste recycling operations	Partial	111
EN3 Direct energy consumption by source	Total	111, 153
EN4 Indirect energy consumption by source	Total	111, 153
<i>EN5 Energy saving</i>	<i>Total</i>	<i>110-111, 152</i>
<i>EN6 Initiatives to provide energy-efficient or renewable energy based products and services</i>	<i>Total</i>	<i>109, 113</i>
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EN8 Water consumption by source	Total	153
EN11 Land owned, rented or managed in protected areas	NI	
EN12 Description of greatest impacts on biodiversity	N/A	
EN16 Greenhouse gas emissions	Total	111
EN17 Other indirect greenhouse gas emissions	Total	111
<i>EN18 Initiatives to reduce greenhouse gas emissions</i>	<i>Total</i>	<i>107-113, 152</i>
EN19 Emissions of substances harmful for the ozone layer	NI	
EN20 Other atmospheric emissions	N/A	
EN21 Water discharges	N/A	
EN22 Waste production and disposal methods	Partial	154
EN23 Total number and volume of pollutant discharges	N/A	
EN26 Initiatives to mitigate impacts of products and services	Total	72-74, 109, 113
EN27 Reclaim rate of products sold	N/A	
EN28 Fines and penalties for non compliance with environmental law and regulations	NI	
<i>EN29 Impact of transportation for the business and staff travel</i>	<i>Total</i>	<i>111-112</i>
SOCIAL PERFORMANCE		
DMA LA Information on management approach	Total	40-42
LA1 Breakdown of staff by type, contract, and region	Total	42, 126
LA2 Turnover by age, gender, and region	Total	127
LA4 Degree of coverage of collective labor contracts	Total	135
LA5 Minimum period of notice for operational changes	Total	136
<i>LA6 Percentage of total workforce represented in formal health and safety committees</i>	<i>Partial</i>	<i>58-59</i>
LA7 On-the-job accidents and illness	Partial	136-138
LA8 Programs for management of serious diseases	Total	34-35, 58-59, 133-134
LA10 Staff training	Total	48, 129
<i>LA11 Programs for skills management and lifelong learning</i>	<i>Total</i>	<i>48-53</i>
<i>LA12 Employees receiving regular performance reviews</i>	<i>Total</i>	<i>48</i>
LA13 Breakdown of employees by gender and other diversity indicators	Total	43-44, 129
LA14 Ratio between salaries of men and women	Total	129
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DMA HR Information on management approach	Total	56; Integrity Charter
HR1 Operations with human-rights considerations	Partial	72-74
HR2 Suppliers assessed as regards respect of human rights	NI	

(follows)

	Coverage	Page
HR4 Cases of discrimination	Total	23-25
HR5 Risks for right to freedom of association and collective bargaining	Total	56
HR6 Risks for use of juvenile labor	Total	56
HR7 Risks for use of forced labor	Total	56
IMPACTS ON SOCIETY		
DMA SO Information on management approach	Total	90, 96, 98, 101
SO1 Management of impacts on community	Total	96-105, 148-150
SO2 Analysis for risks related to corruption	Total	123
SO3 Staff trained in the prevention of corruption	Partial	129
SO4 Actions taken following cases of corruption	NI	
SO5 Positions concerning public policy and lobbying	Partial	94-95
<i>SO7 Legal actions for anti-competitive behavior</i>	Total	121
SO8 Sanctions for non-compliance with laws or regulations	Total	121;142-143; 2008 Consolidated Reports and Accounts (Consolidated Accounts) 508
PRODUCT LIABILITY		
DMA PR Information on management approach	Total	60-61
PR1 Healthiness and safety of products and services	Total	82-84, 140-141
PR3 Information on products and services	Total	35-37, 69
<i>PR4 Non-compliance with regulations concerning product and service information and labeling</i>	Total	67-68, 121
PR5 Customer satisfaction	Total	61-65
PR6 Laws, standards, and voluntary codes concerning marketing communications	NI	
PR9 Sanctions for non-compliance with laws or regulations	Total	75, 121; 2008 Consolidated Reports and Accounts

Global Compact

CATEGORIES	PRINCIPLES	GRI INDICATORS
Human Rights	Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights	LA4, LA 7-8, LA13-14, HR 1-2, HR 4-7, SO5, PR1
	Principle 2 - Businesses should make they are not complicit in human rights abuses.	HR 1-2, HR 4-7, SO5
Labour	Principle 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA 4-5, HR 1-2, HR5, SO5
	Principle 4 - Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR 1-2, HR7, SO5
	Principle 5 - Businesses should uphold the effective abolition of child labour.	HR 1-2, HR6, SO5
	Principle 6 - Businesses should uphold the elimination of discrimination in respect of employment and occupation.	EC7, LA2, LA 13-14, HR 1-2, HR4, SO5
Environment	Principle 7 - Businesses should support a precautionary approach to environmental challenges.	EC2, EN26, EN30, SO5
	Principle 8 - Businesses should undertake initiatives to promote greater environmental responsibility.	EN 1-4, EN8, EN 11-12, EN 16-17, EN21, EN26, EN28, SO5, PR3
	Principle 9 - Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN26, SO5
Anti-corruption	Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery.	SO 2-5

Source of the correspondences between Global Compact principles and GRI indicators: report "Making the Connections by GRI and Global Compact".
(www.globalreporting.org)



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

Review report on the sustainability report

To the board of directors of
UniCredit S.p.A.

- 1 We have carried out the review of the sustainability report of the UniCredit Group (the “group”) at 31 December 2008, prepared in compliance with the “Sustainability Reporting Guidelines” established in 2006 by GRI - Global Reporting Initiative, as set out in the “Report Structure” section. The parent’s directors are responsible for the preparation of the sustainability report in accordance with the above-mentioned guidelines. Our responsibility is to issue this report based on our review.
- 2 We carried out our work in accordance with the criteria established for review engagements by “International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standard Board (IAASB), carrying out the following procedures:
 - verifying that the financial data and information in the “Calculation and allocation of Added Value” paragraph of the Appendix of the sustainability report are consistent with those included in the group’s consolidated financial statements as at and for the year ended 31 December 2008, upon which we issued our report dated 9 April 2009 with reference to article 156 of Legislative decree no. 58 of 24 February 1998;
 - analysing how the processes underlying the generation, recording and management of quantitative data included in the sustainability report operate. In particular, we have performed the following procedures:
 - interviews and discussions with management delegates of UniCredit S.p.A. and personnel of UniCredit Banca S.p.A., UniCredit Corporate Banking S.p.A., UniCredit Private Banking S.p.A, FinecoBank S.p.A., Pioneer Investment Management SGR.p.A., UniCredit Real Estate S.p.A., UniCredit Bank Austria AG, Bayerische Hypo- und Vereinsbank AG, Domus Facility Management GMBH, Zagrebacka Banka DD, UniCredit Bank Czech Republic AS, to gather information on the IT, accounting and reporting systems used in preparing the sustainability report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the sustainability report;
 - sample-based analysis of documentation supporting the preparation of the sustainability report to confirm the effectiveness of processes and their adequacy

in relation to the objectives described, and that the internal control system correctly manages data and information;

- analysing the completeness of the qualitative information included in the sustainability report and its consistency throughout;
- verifying the stakeholders' involvement process, in terms of methods used and completeness of persons involved, and analysis of the minutes of the meetings or of any other information available, with regard to the salient features identified;
- obtaining the representation letter signed by the legal representative of UniCredit S.p.A. on the compliance of the sustainability report with the guidelines indicated in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000, and, therefore, it offers a lower level of assurance that we have become aware of all significant events that would be identified during an audit.

- 3 As required by the guidelines referred to in paragraph 1, the sustainability report presents the prior year's figures and information for comparative purposes, with respect to which reference should be made to our report dated 23 April 2008.
- 4 Based on our review, we are not aware of any aspects that may lead us to believe that the group's sustainability report at 31 December 2008 is not in conformity with the guidelines referred to in paragraph 1.
- 5 As indicated by the directors in the "Report Structure" section of the sustainability report at 31 December 2008, the group intends to continue to extend the reporting scope of the sustainability report through further standardisation of the existing information and data gathering procedures.

Milan, 10 April 2009

KPMG S.p.A.

(Signed on the original)

Mario Corti
Director of Audit

Glossary of acronyms

AIESEC - Association Internationale des Etudiants en Sciences Economiques et Commerciales (International Association of Students in Economics and Business Management)	GWh - Gigawatt-Hours
AMACI - Associazione dei Musei d'Arte Contemporanea Italiani (Association of Italian contemporary art museums)	HR - Human Resources
Arel - Agenzia di ricerche e legislazione (Agency for research and legislation)	HVB - HypoVereinsbank
ASFOR - Associazione Italiana per la Formazione Manageriale (Italian association for managerial training)	ISO 14001 - An international standard that specifies a process for controlling and improving a company's environmental performance.
ATM - Automatic Teller Machine	ISO - International Organization for Standardization
BoD - Board of Directors	IT - Information Technology
CDP - Carbon Disclosure Project	kWh - Kilowatt-Hours
CEBS - Committee of European Banking Supervisors	LED - Light Emitting Diode
CEMS - Community of European Management Schools and International Companies	M&A - Mergers and Acquisitions
CeSPI - Centro Studi di Politica Internazionale (Centre for international politics studies)	MAMbo - Museo d'Arte Moderna di Bologna
CEE - Central and Eastern Europe	MART - Museo di Arte Moderna e Contemporanea di Trento e Rovereto
Censis - Centro Studi Investimenti Sociali	MBA - Master of Business Administration
CEO - Chief Executive Officer	MIB - Markets and Investment Banking
CFO - Chief Financial Officer	MiFID - Markets in Financial Instruments Directive
CO ₂ - Carbon Dioxide	NGO - Non-Governmental Organization
CRESAM - Centro Ricerche Economiche, Sociali, Aziendali e Manageriali (Centre for economic, social, entrepreneurial and managerial research)	OECD - Organization for Economic Cooperation and Development
CS - Customer Satisfaction	ÖGUT - Austrian Society for Environment and Technology
CSR - Corporate Social Responsibility	OTC - Over-The-Counter
DJSI - Dow Jones Sustainability Indexes	ÖVA - Society for the Management of Contaminated Sites
ECI - Employee Community Involvement	PC - Personal Computer
ECOFIN - Economic and Financial Affairs Council	PFA - Personal Financial Advisor
EHS - Environmental Health and Safety	PIN - Personal Identification Number
EMAS - Eco-Management and Audit Scheme	POS - Point of Sale
EMS - Environmental Management System	SAM - Sustainable Asset Management
EP - Equator Principles	SME - Small and Medium Enterprise
EPFI - Equator Principles Financial Institutions	SMS - Short Messaging Service
EPS - Earning Per Share	SRI - Socially Responsible Investment
EVA - Economic Value Added	TCF - Total Chlorine Free
FSC - Forest Stewardship Council	TSR - Total Shareholder Return
FT - The Financial Times	UCG - UniCredit Group
FTSE - FTSE Group, provider of financial indexes and data services	UN - United Nations
GHG - Greenhouse Gas	UNEP-FI - United Nations Environment Programme Finance Initiative
GJ - Giga-Joule	UPB - UniCredit Private Banking
GRI-G3 - Third edition of the Global Reporting Initiative Guidelines	WEM - Wealth Management
GS - Global Sourcing	WRI - The World Resources Institute
	WWF - World Wildlife Fund
	YKB - Yapı ve Kredi Bankası A.Ş.

At UniCredit Group we are aware that our business activities have an impact on the environment,
and always factor environmental sustainability into our strategic decisions.

In 2009 the greenhouse gas emissions associated with the paper used for the publication
of 2008 Consolidated Reports and Accounts and Sustainability Report have been offset by a contribution
to a biomass-fueled district heating plant in Italy (Valtellina).

The offsets for the 2008 Consolidated Reports and Accounts and Sustainability Report
were executed in association with AzzeroCO₂



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