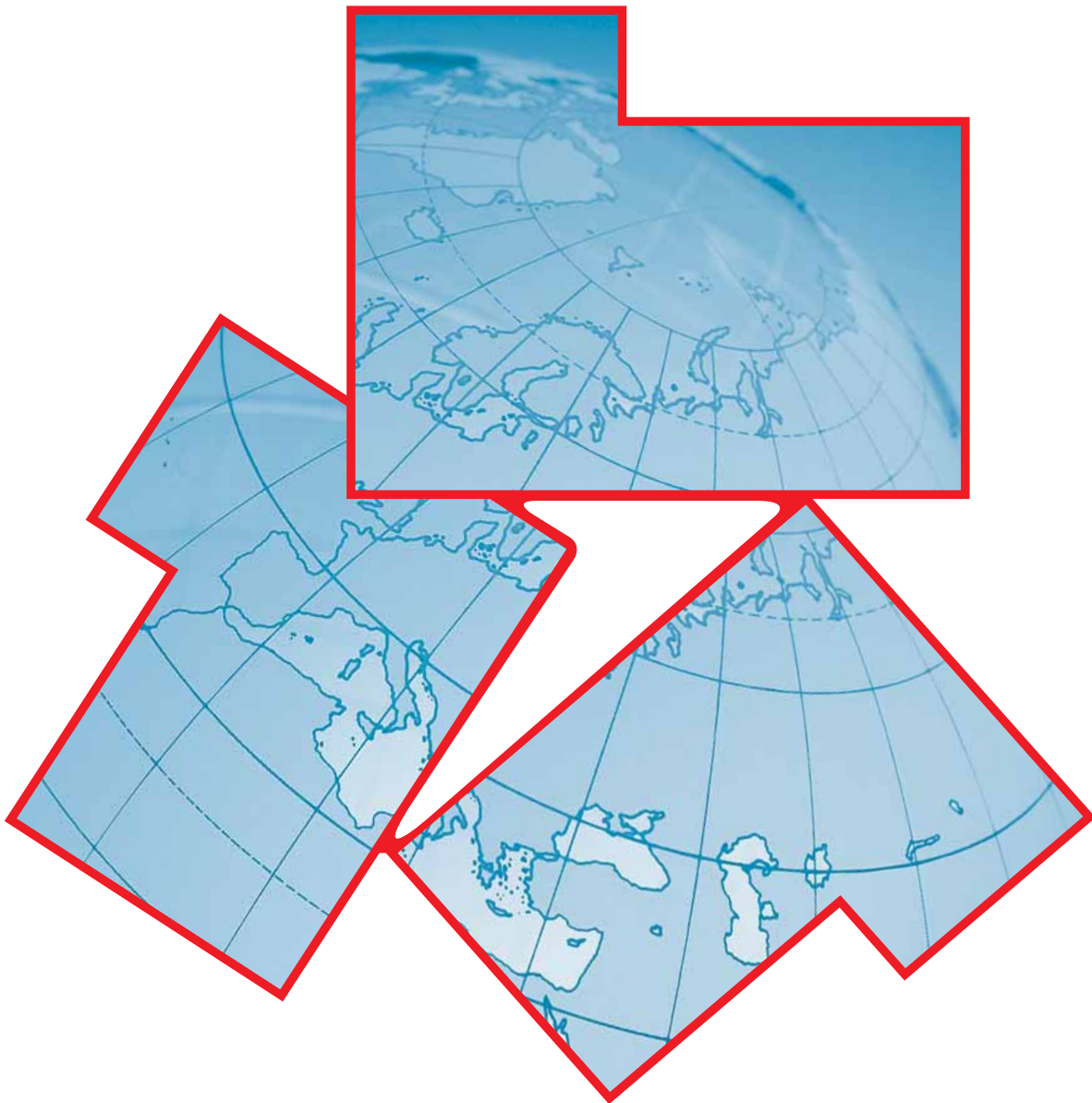


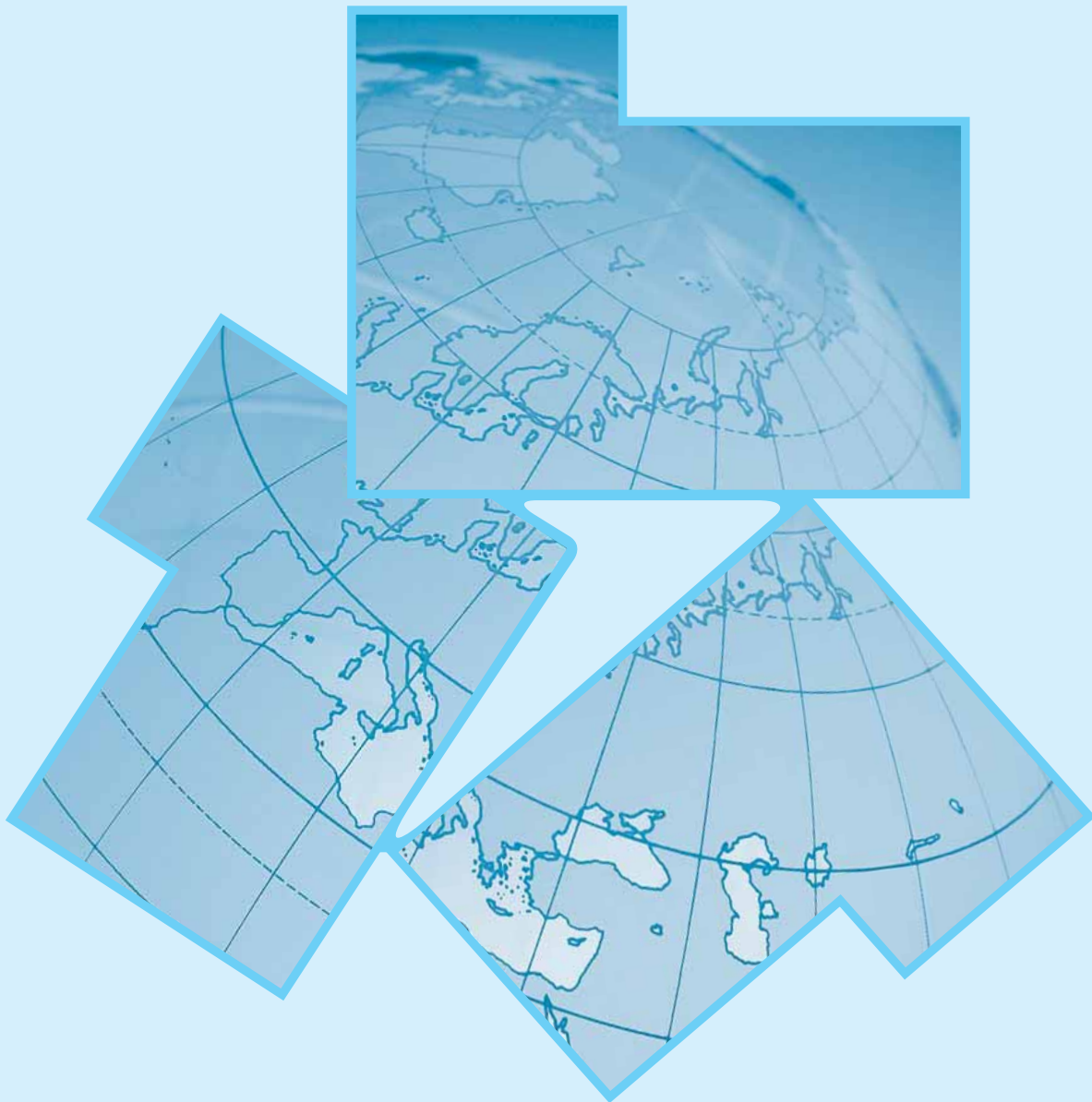
Social and Environmental Report 2005



THINK GLOBALLY, MOVE LOCALLY

UniCredito Italiano
Italian Joint Stock Company
Registered office: Genoa, Via Dante, 1
General management: Milan, Piazza Cordusio
Registered in Genoa Trade and Companies Register
(Court of Genoa)
Tax Code and VAT Reg. No. 00348170101
Entered in the Register of Banks and
Parent Company of the UniCredito Italiano
Banking Group
Banking Group Register No. 3135.1
Member of the Interbank
Deposit Protection Fund
Capital stock: € 5,213,388,513 fully paid in

Social and Environmental Report 2005



THINK GLOBALLY, MOVE LOCALLY

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Letter from the Managing Director/CEO

2005 marked a turning point and was a year of considerable change, with which we are highly satisfied. We have become a new European bank with 28 million customers in 19 countries, 7,200 branches and 148,000 employees. The results achieved are fairly positive, and prove that UniCredit is an extremely strong Group, with excellent productivity and excellent growth prospects.

The challenge we have to face makes us proud of the choices made and the path taken to do so: through a friendly approach between UniCredit, HypoVereinsbank (HVB) and Bank Austria Creditanstalt (BA-CA) – based on reciprocal “elective affinities” of concreteness and awareness in Central Eastern Europe and with the same view of the development of the financial markets – we built the opportunity to undertake a common road. Our operation, in fact, should not be confused with an Italian, German or Austrian operation: we have produced it together.

It is a great cultural challenge, a challenge where differences are not just obstacles, but opportunities to be grasped. Today we are able to pool the experience of three large banks, but we will measure the success of this operation by the ability to create a single entity involved in the same project. Only in these terms has it been possible to create new opportunities for growth for our people, our customers, shareholders and regional communities, which we would not be able to achieve alone. And Europe is the foundation on which they are built.

We believe that Europe is a work that cannot be achieved just by government undertakings: it also requires the contribution of several economic persons and society in general. In this sense, our project is an example of how European integration can be fully achieved, overcoming barriers and boundaries and contributing, in a responsible manner, towards the stability and solidity of the financial market. We have to feel that we are European citizens, aware that our future depends on the ability to reconcile our deep local roots and histories with the aspiration to be a great entity able to operate with competence at international level. Our aim is to manage to think at a supranational level without losing sight of the local realities in which we are rooted.

For this reason, we are aware that we need time to achieve full integration. We are not undervaluing the question; we are committed to establishing a large group through open dialogue with all our constituent parts, mixing and receiving ideas from all the cultures that encourage them, allowing our company to foster a social and cultural pluralism. This assumes a propensity to listen in order to gain knowledge and change, making a joint effort to know each other fully. True integration cannot be established if



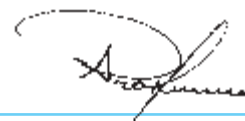
we do not recognize the values and differences of each one, and put them together, as we have done so many times, interpreting multiculturalism in terms of a collective learning process, and knowing that the values we hold are unique because they are always related to other values.

We have started to take the first steps, and the first real challenge is to extend our Group identity to create not just one with a German or Austrian or Italian character but a European one. We want to adopt a multilocal approach, to be perceived everywhere as the strongest player: so for instance in Bavaria, in Bologna or in Vienna and in all Central Eastern European Countries, as in fact we are. Only in that way will our stakeholders be able to perceive this added value, which derives from the fact that they are served by a wealth of professional resources that will enable us, in all the domestic markets in which we are present, to compete with excellence in terms of quality of services and prices.

The operation concluded with our German and Austrian colleagues has certainly offered us visibility and enabled us to consolidate our reputation. It is clear, however, that expectations of us have grown too. Choices that are consistent with our mission are therefore needed in order to do our job well and with conscience, and assume our responsibilities with integrity and transparency, with a view to a serious and competitive entrepreneurial challenge.

We are proud to be a Group with good financial indicators and we want to maintain this, as it should increasingly aim at a new banking model committed not to a mere search for profit but to value creation for our shareholders and ensuring that they are happy now and in the future.

It is therefore up to us to show who we are and how we will do what we have promised to do, achieving the targets we have set ourselves. Once again, we should be aiming to satisfy the people working in the Group, our customers and the regions in which we operate. Once again the social and environmental report and its dash board (tableau de bord) have accounted the way and the performance of the Group activities, also providing ideas and sharing mechanisms for us and for our stakeholder.



Alessandro Profumo
Managing Director/CEO

Report Structure

The sixth edition of the Social and Environmental Report (the Report), a document illustrating the Group's fundamental changes and transformations and explaining the connection between business strategies and stakeholders relationship management, is heavily affected by the merger between UniCredit Group and HypoVereinsbank Group (HVB), which began in 2005 and led to the creation of the first truly European bank.

The Report is structured into the following presentations:

A New Truly European Bank

The presentation describes the new mission and the set of values guiding the new UniCredit Group, its geographical presence, some significant data and organizational structure. Particular attention has been given to the description of the fundamental stages of the merger with the HVB Group, which have led to the creation of a new European Bank. The presentation shows the main changes in the methods of management and administration of the business based on the new corporate structure.

Our vision of social responsibility is also presented through the Value Creation analysis, which shows the link between the quality of relations with the various stakeholders, which play an ever increasing role in the Group strategies, and the economic value expressed by the market.

The strategies we are referring to are those relating to the 2004-2007 Industrial Plan.

In July 2006, the Plan will be presented in view of the formation of the new Group.

Think globally, act local levels

The merger was completed at the end of the year. Consequently, the activities designed to create value for the various stakeholders are reported maintaining the scope of the Group before the merger. The report sought to indicate the common action strategy with HVB, reporting the main activities that enable common objectives to be pursued.

This section is organised by stakeholder; the link between the individual activities and the respective strategic guidelines is made easier through the specific table “Strategies and Projects”. Moreover, wherever it was possible and significant, the investments maintained have been reported.

For the year 2005, HVB will continue to publish its “Sustainability Report”. The structure will be similar to this, and the content defining the characteristics of the new UniCredit Group will be common to both. This effort has been made in order to make the two documents comparable.

The data and information are consistent with the international outlines (Global Reporting Iniziative guidelines 2002). The scope of reference is the UniCredit Group before the merger, unless indicated otherwise. The data has mainly been obtained from the information report on social responsibility (drawn up in 2004 in order to periodically monitor a range of indicators enabling measurement of the quality and quantity of relations with our stakeholders) integrated with other procedures in order to add data and information not automatically managed.

Next Steps

In the last years the Group has dramatically grown up, shifting from the Italian contest and becoming a New Truly European Bank. For this reason the Social and Environmental Report will progressively wide its accountability range. The Group is committed to face in the next future the following issues:

- ongoing reporting perimeter enlargement on social and environmental topics to all the Group foreign Legal Entity;
- stakeholders relation activities reinforcement in Italy to be progressively extended to all foreign Legal Entity.

A New Truly European Bank

- > Overview
- > UniCredit and HVB together: the New Truly European Bank
- > Geographical presence and main data
- > Our mission
- > Organisational model
- > Corporate governance
- > Values, Profit and Responsibility
- > Strategies
- > Value Creation



transparency
прозрачность
trasparenza

fairness
esitlik
equita

fiducia
zaufanie
trust

libertà
Freiheit
szabadság
freedom

uzajamnost
reciprocity
reciprocità

Respekt
rispetto
spoon respect

Overview

UniCredit stems from the consolidation of seven large banking institutions with deep roots in Italy and then grew internationally, especially on the Central and Eastern Europe markets.

1998

Credito Italiano and Rolo Banca 1473 merge with Cariverona, Cassa di Risparmio di Torino and Cassamarca.

1999

The Group acquires Cassa di Risparmio di Trento e Rovereto and Cassa di Risparmio di Trieste. International acquisitions include Poland's Bank Pekao, and later (1999 – 2000) Slovakia's Pol'nobanca, currently UniBanka; Bulgaria's Bulbank, the country's largest banking institution, and Croatia's Splitska Banka (sold to Bank Austria in April 2002).

2000

Acquisition of several investment management companies from Pioneer Group of Boston, and incorporation of Pioneer Global Asset Management. Other acquisitions completed in 2000 include: Zagrebacka Banka (Croatia), Demirbank Romania, renamed UniCredit Romania, Zivnostenska Banka (Czech Republic). Lastly, a deal is closed with Turkish Koc Group for a 50/50 partnership in banking and financial services.

2001

Launch of the S3 (3 Segments) restructuring project, whereby the organisational structure is organised into four Divisions (Retail, Corporate, Private & Asset Management and New Europe). Three new banks, specialising in different client segments, are created: UniCredit Banca, addressing the needs of households and small businesses; UniCredit Banca d'Impresa focusing on mid and large sized companies and agencies; UniCredit Private Banking, dedicated to high-worth individuals and families.

2004

A fifth division, Global Banking Services, is created to optimize cost structures and processes within the Group.

2005

After acquiring the German HypoVereinsbank (HVB), UniCredit becomes the fourth largest market cap banking group in the Eurozone.

UniCredit and HVB together: a New Truly European Bank

At the end of October the first truly European bank emerged following the merger between UniCredit and the German group HypoVereinsbank (HVB).

The process took several months. The most significant moments are reported below.

30 May 2005

UniCredito Italiano and HVB confirmed that talks were being held for a possible merger.

12 June 2005

12 June 2005: UniCredit Board of Directors and HVB Management and Supervisory Boards approved the merger of HVB and UniCredit. UniCredit Board of Directors and HVB Management Board, with the consent of HVB Supervisory Board, decided to draw up a Business Combination Agreement (BCA) defining the terms of the merger.

The transaction provided for the launch of three voluntary exchange offers by UniCredit for HVB, Bank Austria Creditanstalt (BA-CA) and Bank BPH SA (BPH), subject to authorization from local authorities. The offers for BA-CA and BPH would also include an alternative cash offer.

- The offer for HVB is based on an exchange ratio of 5 newly-issued ordinary UniCredit shares for each HVB share.
- The offer for BA-CA is based on an exchange ratio of 19.92 newly-issued ordinary UniCredit shares for each BA-CA share.
- The exchange offer for BPH is based on an exchange ratio of 33.13 newly-issued ordinary UniCredit shares for each BPH share.

22 June 2005

UniCredit Board of Directors resolved a further capital increase to be proposed at the general meeting of shareholders, instrumental to the bid for HVB, BA-CA and BPH shares.

29 July 2005

The Extraordinary Meeting of Shareholders resolved to increase the share capital of UniCredito Italiano.

5 August 2005

UniCredit submitted its offer for BA-CA and increased its cash offer for BA-CA.

26 August 2005

UniCredit received the necessary approvals to bid for HVB and BA-CA.

7 October 2005

UniCredit amended the offer for HVB. The period of acceptance therefore ends on 24 October 2005; Consequently, for the HVB offer to be successful, the minimum level of acceptance of 65% has to be reached by that date.

18 October 2005

UniCredit received approval for the HVB offer from the European Commission.

24 October 2005

UniCredit achieved 88.14% acceptances to the HVB bid.

3 November 2005

UniCredit achieved a level of acceptance of 10.64% in the BA-CA bid which, together with the BA-CA shares held by HVB, amounts to a total of 88.17% of the share capital.

17 November 2005

UniCredit announced that, at the end of the additional period for acceptance of the Public Exchange Offer for HVB shares on 11 November last, the number of shares granted corresponded to around 93.93% of HVB nominal share capital and voting rights.

21 November 2005

UniCredit shares have been listed on the Frankfurt stock exchange.

23 November 2005

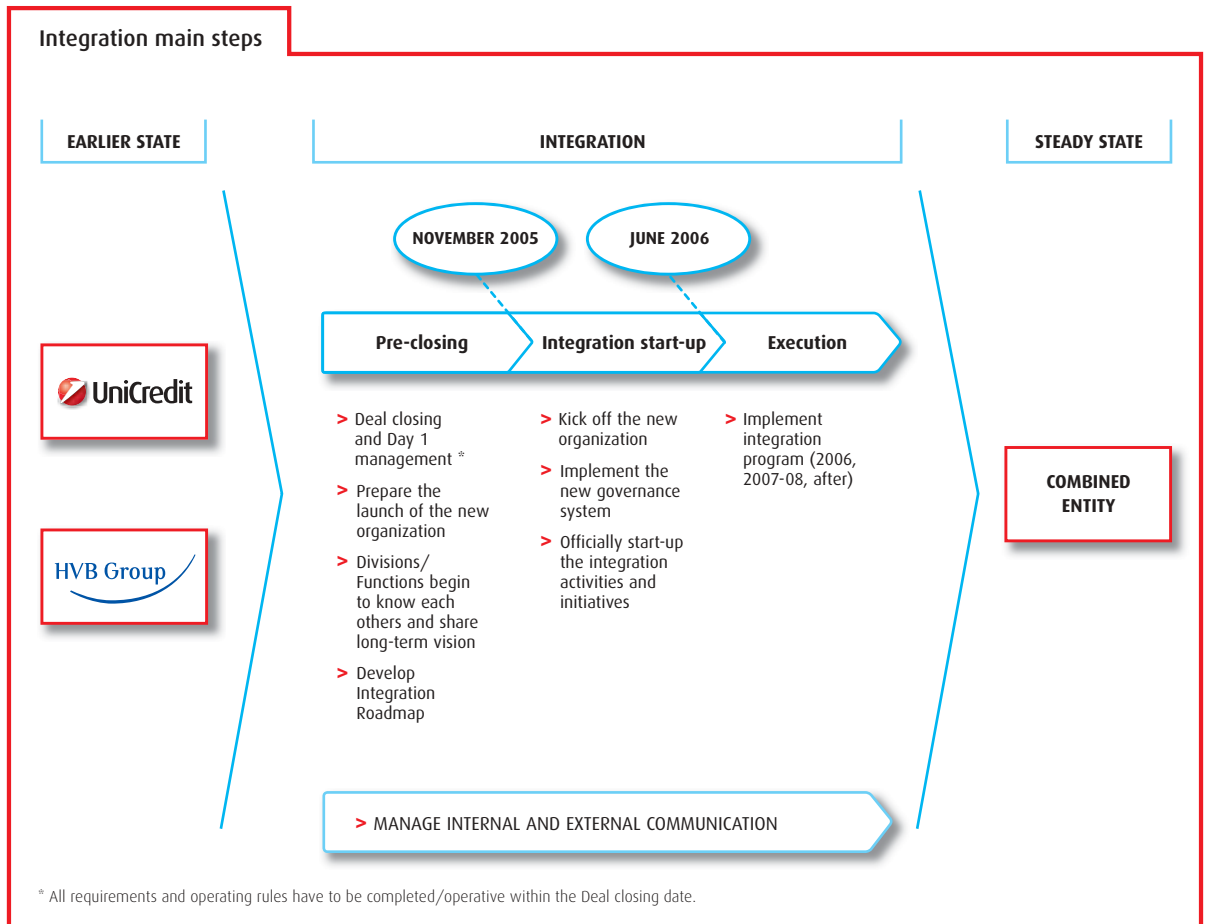
At the end of the additional period for acceptance of the BA-CA bid, UniCredit achieved around 17.46% of BA-CA capital, which, in addition to the BA-CA shares held by HVB, corresponded to around 94.99% of BA-CA share capital.

The signing of the agreement between UniCredit and the HypoVereinsbank Group is the legal commencement of our new entity, but to make our actions significant and worthy of external approval and social endorsement, we need to share a mission and the values through which we seek to pursue it.

What it entails is not merely the start of an organisational engineering project, made up of procedures and processes that must become consistent, but also the weaving of a network of allegiances able to support strong commitment to a clear business project.

When different worlds and cultures come together, indeed, the aspects that are most linked to identity and values are those that tend to emerge immediately and forcefully, creating potential gaps. In this respect, the integration process in which all of us are strongly involved is a momentous and unprecedented challenge.

With regard to internal communications, this process is underpinned by organization and communication activities to report periodically on progress made, by answering frequently asked questions on integration issues, hosting interviews with top leaders, and making all efforts for each of us to feel and experience personally this change with a sense of adventure.



At the beginning of July, immediately after the announcement of the transaction, UniCredit and HVB agreed to approach the merger in three stages:

1. **“Pre-Closing”**: the two groups, still separate Legal Entities, began to get to know each other and to plan the future merger stages.
2. **“Commencement of merger”**: this stage, which runs from the transaction conclusion to the end of June 2006, will establish the system of governance and the key processes as well as the master merger plan. The key projects identified in the previous stage will also be launched.
3. **“Execution”**: from June 2006 and throughout the process duration, the Master Merger Plan will be executed, making it possible to achieve synergies and the expected results, in line with those originally agreed between the parties.

To govern the merger process, the parties agreed to set up an **Integration Office** reporting directly to the CEO. The main aim of the structure is to direct and coordinate the entire merger process in accordance with the strategy and the business and governance principles defined in the Business Combination Agreement.

During the “Pre-closing” stage, selected members of the two banking groups set up **“Cooperation Teams”** composed of the heads of the most significant Divisions and Units within the different Legal Entities (UniCredit, HVB and BA-CA). Besides acquiring a reciprocal knowledge of the respective business models (fully observing the regulatory limits applied to the sharing of information), the teams established the basis of a possible merger roadmap in the respective areas of competence. In the meantime, the CEO, supported by specific Holding Units, has taken the leadership over various initiatives mainly relating to the measures connected with the conclusion of the transaction and activation of the key governance processes to be implemented as from the first day of start-up of the new Group.

The Cooperation Teams identified were as follows: Retail, Corporate, Private Banking, Asset Management, Multinationals & Investment Banking, Central and Eastern Europe (CEE), Global Banking Services (GBS), Chief Risk Officer (CRO) e Chief Financial Officer (CFO). The Cooperation Teams and the CEO Projects delivered the expected results in line with the closure timing of the offer (18 November 2005).

Besides contributing significantly to the two groups reciprocal knowledge, the results emerging from the pre-closure stage made it possible to focus on the areas of improvement in operating performances, which is the main objective of the “Commencement of merger” stage.

This stage, which will last approximately until June 2006, will be concluded with the release of the three-year merger plan. During this period, the organizational requirements will be established (kick-off of the new organizational structure and the new systems of governance), facilitating the merger projects formal launch.

The merger programme final stage, Execution, will focus on the implementation of the three-year merger programme that will establish the basis for the Group’s future success. The aims of the programme will be achieved in the months to come thanks to a large number of Global and Regional projects with both short- and long-term prospects and impacts.

The complex interdependence between functions and business units combined with the need to coordinate and balance the trade-offs between routine business management and the merger projects have led to a new structure of the merger programme. Initially based on the Cooperation Teams’ architecture, the programme implementation will be managed by the main Divisions and Units at central and regional level, assuming responsibility both for managing the merger projects and for monitoring operations and results.

To govern and facilitate this process, the following have been established:

- regional project structures responsible for the merger initiatives having a local impact known as the **“Regional Integration Offices”**. These structures assist regional entities managers in guiding, coordinating and monitoring the regional implementation of the integration projects and are responsible

for facilitating coordination between Divisional and Regional initiatives and for ensuring alignment between Group and Regional initiatives.

- **“Corporate Performance Committee”** at Group level, composed of Management Committee members. The committee meets monthly in order to check the overall integration process and resolve potential critical points in the process.
- **“Regional Reviews”** dedicated to checking the progress of the integration programme and to solve issues rising at regional level.
- Monthly **“Divisional and Functional Reviews”** with the Integration Office to focus and facilitate the integration projects progress in each individual Division and Unit involved.

Concerning the external communication several initiatives have been implemented: deepen interviews with management, stakeholders and opinion leaders have been structured in order to better understand the UniCredit brand positioning on the different national markets.

In order to support this analysis an international brand equity research has been set up providing important information and ideas. The survey, in fact, analyzed several market contests perception about UniCredit and its peers, investigating moreover consumers expectations about banks and financial services.

A fundamental stage of the UniCredit - HVB merger was represented by the first UniCredit Leadership Meeting. On 19 and 20 January 2006, the 370 managers of the entire new Group met in Munich to share strategies and vision with the company's top management. This event was the first occasion on which the managers from over 20 countries met to work together and were able to feel part of a single entity.

Geographical presence and main data

- > Presence in 19 Countries
- > 28 million of customers
- > 7,184 branches
- > 148,000 employees
- > Net Profit: € 2.5 bn
- > Total Assets: € 787 bn
- > Direct Deposits: € 462 bn
- > Loans: € 427 bn





UniCredit Group	
Representative Offices	19
International Branches	25
Pioneer Investments	21

Our mission

We're one of Europe's leading financial groups, we're proud of our geographical root heritages which is the foundation of our common identity. We commit ourselves passionately to create a new way of banking by constantly thriving to serve our clients with innovative solutions. Our reputation is built on trust, accountability for results and quality in our businesses. Our set of values is based on integrity as sustainability condition, which makes it possible to transform profit into value for our stakeholders.

Our Customers

We want to be the Bank of Choice for our customers by putting their interest at the forefront of every company initiative. The relationship with customers is based on trust a strong and widespread service culture with the objective to build with them a common understanding based on quality, mutual trust, expertise and transparency.

Our Employees

We provide professional growth and development to our people recognizing their merit based on their professional accomplishments; we aim to be the ideal business for capable, motivated people by listening to their input and feedback. We're committed to our people and we treat them with dignity. We promote respect for and attention to the diversity of cultures and heritages within the Group. The principle of civil freedom: religious, political, sexual and cultural freedom must always be respected.

Our shareholders and Markets

Business must make a sustainable profit. We want our shareholders and markets to be satisfied with our results and proud of the distinctive way in which we achieve them. We must place constant emphasis on leadership in term of profitability and growth; we'll accomplish it with a distinctive entrepreneurial mind set, in a spirit of compliance and with total adherence to the principles of our integrity charter.

Local communities

We want to be perceived as a strong innovative Group who can bring the best global opportunities to foster the development of our local communities. We're active corporate citizen and wherever the Group operates it promotes sustainable economic growth and social responsibility. We accept this responsibility, aware of our geographical root heritage, playing an important role within society and the local communities where we operate.

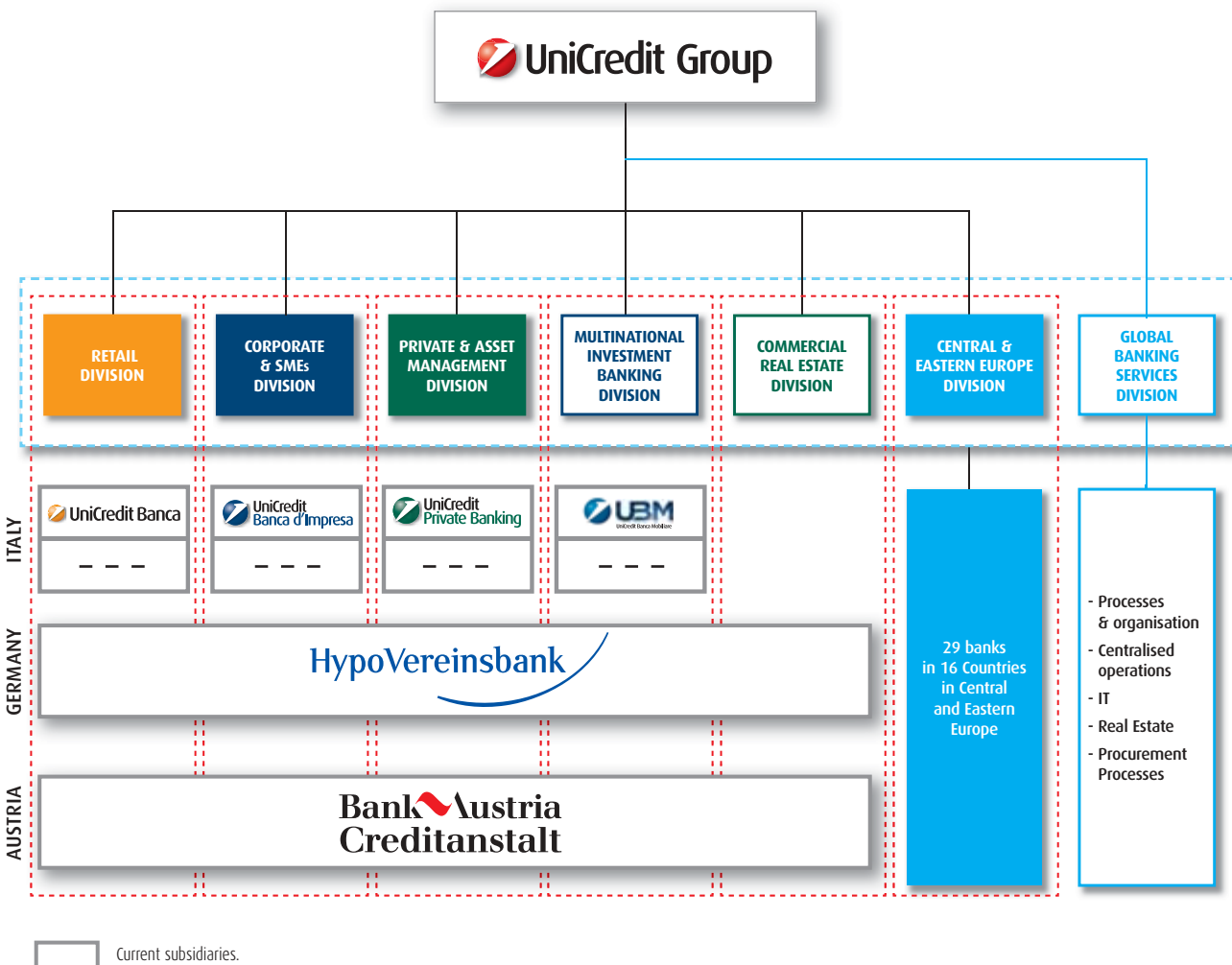
Organisational model

Though large in size, the Group maintains its strategy with respect to the other markets and territorial presence.

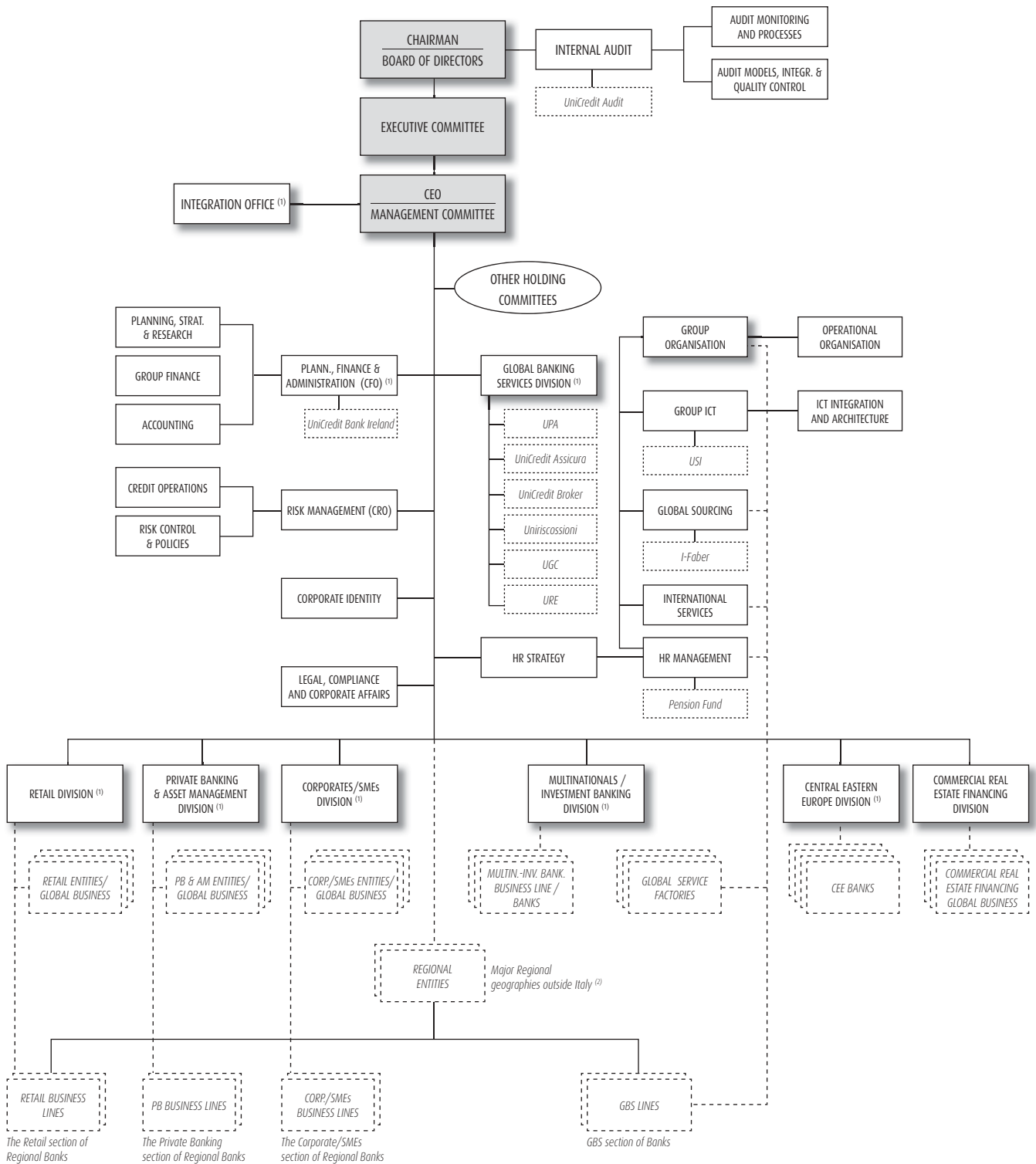
We will organise our operations in 19 different European markets by extending our approach based on:

1. applying one and the same organisational model for all regions,
2. fully respecting each Country's specific characteristics,
3. carefully identifying and developing local excellences.

Organisational model



UniCredit Headquarter



1 Position covered by General Manager;

2 Germany, Austria

Our Divisions' Strategies

Retail Division

This Division (whose scope includes customers belonging to the mass-market, affluent and small business segments) directs, supports and controls its business lines and entities, with the primary objective of pursuing a European retail strategy based on the provision of high-quality, reliable and transparent services to meet customers' financial and investment needs, and transactional services with a favourable perceived price-quality trade-off. The strategy is equally based on a priority commitment to customer satisfaction, to be measured, promoted with the use of incentives and culturally encouraged at all levels of the Division, and on the development of global banks and companies specialising in particular products.

The Retail Division is responsible for the development of the retail segment in Italy, Germany and Austria. In all geographical areas, including Central and Eastern Europe (CEE), it directs, supports and controls business development and promotes and manages banks and other subsidiaries specialising also in such services as consumer credit, mortgage lending and life insurance.

Private Banking and Asset Management Division

This Division directs, supports and controls its business lines and entities, with the principal objective of becoming a pan-European private bank. This is achieved by: offering high-value, locally-based advisory services consistent with the brand promise and banking to new or established high net-worth individuals, relying on a model that maintains links with the local customer base in the retail and corporate segments; and by concentrating the local presence in each national market and promoting the off-shore offer to sophisticated customers; by positioning itself as one of Europe's leading private banking groups; and by building a solid asset management business extending to both proprietary and other distribution channels, as well as to other institutional counterparties.

The Private Banking and Asset Management Division is responsible for the development of the private banking segment in Italy, Germany and Austria, for asset management as a global business in all geographical areas including CEE, and for supporting and monitoring business development at regional level.

Corporate/Small Medium Enterprises (SMEs) Division

This Division directs, supports and controls its business lines and entities with the principal objective of becoming the European bank of choice for businesses in the Corporate and SME segment in its key markets in Germany, Austria and Italy. This is achieved by offering: value-added products of higher quality than those of the competition; services and products which provide the mid-cap segment with individual, made-to-measure solutions; widespread know-how in specialised products; decentralised management, bringing the bank closer to customer needs; development of its global businesses; and implementation of a customer-oriented credit process designed to ensure that finance is extended promptly and is of high quality, as well as guaranteeing overall credit quality.

The Corporates/SMEs Division is responsible for the development of its segment in Italy, Germany and Austria; directing, supporting and monitoring business development at regional level; and promoting and managing as global businesses its specialist banks and companies in such sectors as leasing in all geographical areas including CEE.

Multinationals/Investment Banking Division

The primary objective of this Division is the establishment of one of the leading and most profitable European investment banks specialising in derivatives and cash products, structured finance, equity capital markets, debt capital markets and corporate finance advisory services. This is achieved by exploiting the Group's strong position in key European markets, including CEE, and forging strong links with domestic markets in Italy, Germany, Austria and CEE countries; achieving the best cost/income ratio and return on capital of the sector; and establishing a long-term relationship with institutional and corporate clients (including client acquisition through the Retail, Private Banking and Corporate distribution networks).

The Multinationals/Investment Banking Division is responsible for the development of the Multinationals and Large Corporate segment in Italy, Germany and Austria, and for the development of investment banking as a global business, including in CEE, by supporting and monitoring regional business development through the sharing of best practices and specific business skills.

Central Eastern Europe (CEE) Division

The primary objective of this Division is to maximise the creation of long-term value in Central Eastern Europe and, by consolidation of the Group's position as market leader in the relevant countries and the integration of banks, to become the leading banking franchise for retail/private and corporate customers (existing and potential) in Central Eastern Europe, focusing principally on customer management, product development, marketing and distribution.

The Central Eastern Europe Division is responsible for the development of banking activities in the CEE regions, directing, supporting and monitoring the development of the CEE Banks.

Commercial Real Estate Financing Division

The principal objective of the Commercial Real Estate Financing Division is to ensure the development of the property finance business in support of corporate investors, ensuring co-ordination of the global business in all geographical areas including CEE, in close liaison with the relevant departments of the Holding Company and other Group entities.

Global Banking Services (GBS) Division

The primary objective of this Division, as preferred provider of banking services to Group entities (Group banks and companies), through its Global Service Factories, is to provide strategic support for the sustainable growth of Group businesses and to generate added value for the entities ensuring the maximum quality of the services offered – by meeting specific needs and local requirements – on the basis of indicators which are defined in collaboration with its clients and regularly monitored and reported with full transparency.

GBS is also responsible for optimising the Group's cost structures and internal processes, ensuring the greatest possible synergy and savings, as well as operational excellence, through the promotion of a culture of cost management, process remodelling and a constant striving for best practice.

GBS has further responsibility for minimising the costs of products and services common to the Group by managing procurement at a global level, as well as that of maximising the net financial contribution and long-term growth of international and correspondent banking activities by supplying efficient services to Group customers.

GBS Division directs, supports and controls the GBS lines of Group entities and co-ordinates its Global Service Factories, viz.: back office, credit collection and recovery (including the Government debt collection agency), ICT services, procurement and purchasing, insurance brokerage (P&C), property management, and securities custody and settlement.

Corporate governance

Running a business also requires the ability to constantly and efficiently reconcile many interests that have to be represented in various forms. The main aspects of our Corporate Governance system are set out below; with these we would like to highlight how achieving a balanced distribution of responsibilities can provide specific answers to the need for transparency and accountability.

General picture

Following the recent merger with the German Group HVB, the Corporate Governance system has undergone several changes, including the following:

- the renewal of the entire Board of Directors, which has increased from 20 to 24 members, in order to plan for the participation of 8 members appointed by HVB (1/3 of the members of the Board), including the Chairman of the Board of Directors;
- the creation of a “Management Committee” to provide advice for the Managing Director;
- the creation of a Group Management Team described in the Group Policy.

Moreover:

- the division of the Remuneration and Appointments Committee into two separate Committees;
- the creation of a Corporate Governance steering commission.

In general, our Corporate Governance model is defined in accordance with the current regulations and the recommendations of the Italian Stock Exchange. The Group has a code of self-discipline for financial brokers providing investment services. It follows the code of conduct of the banking and financial sector drawn up by the Associazione Bancaria Italiana [*Italian Banking Association*] (ABI). UniCredit S.p.A., since it's listed on the stock market, follows the code of self-discipline drawn up by the Italian Stock Exchange.

According to the TUIF new discipline of art. 114, paragraph 7 and according to the subsequent changes made by Consob to its policy (n.11971/99), the Group has adopted a new policy concerning Internal Dealing issues, valid from the 1st of April 2006, in order to monitor financial transactions conducted by persons holding significant positions in the Group.

This policy replaces the previous existing Internal Dealing code of conduct, voluntarily issued by the Group in December 2002.

Board of Directors - 12.31.2005

		Independent	Committees			nr of office*
			Executive	Audit	Compens. and appoint.	
Chairman	Carlo SALVATORI					4
Vice President Deputy	Franco BELLEI					7
Vice President	Gianfranco GUTTY					3
Vice President	Fabrizio PALENZONA					12
Managing Director/CEO	Alessandro PROFUMO					12
Director	Roberto BERTAZZONI					4
Director	Vincenzo CALANDRA BUONAURA					3
Director	Mario CATTANEO					3
Director	Philippe CITERNE					1
Director	Giovanni DESIDERIO					2
Director	Giancarlo GARINO					
Director	Francesco GIACOMIN					3
Director	Piero GNUDI					7
Director	Luigi MARAMOTTI					6
Director	Gianfranco NEGRI-CLEMENTI					5
Director	Carlo PESENTI					5
Director	Giovanni VACCARINO					
Director	Paolo VAGNONE					1
Director	Anthony WYAND					4
Total	19**	16	8	6	6	
average by age	60 years					
nr of meetings	16		12	7	13	
average of presence	87.50%					
meeting average time	2h and 15 min.					

* nr of managing roles covered in other listed, finance, banking, insurance companies or large companies.

** on 10.19.2005 Mr Ambrogio Dalla Rovere has presented his resignation, so on 12.31.2005 number of Director was 19.

Board of Directors

The Board of Directors is the body in charge of guaranteeing the management of the company by means of a series of duties laid down by law and by the general meeting of shareholders. These specific duties are supplemented by several specific tasks defined in the articles of association (art. 23).

It is called by the Chairman or by the person replacing him (article 21 of the Articles); it has to be called with reasonable notice and all members must be notified of all issues at least 24 hours in advance in order to guarantee proper knowledge of issues and topics for the deliberation.

Board of Directors - 03.22.2006

				Independent	Committees					nr of office*
					Executive	Audit	Appointment	Compensation	Corporate Governance	
Munich - 1947	Bachelor's Degree in Economics	Chairman	Dieter RAMPL							
Trieste - 1938	Laurea Honoris Causa in Economics	Vice President Deputy	Gianfranco GUTTY							3
Modena - 1944	Bachelor's Degree in Biological Science and in Sociology	Vice President	Franco BELLEI							7
Novi Ligure (AL) - 1953	Bachelor's Degree in Law	Vice President	Fabrizio PALENZONA							12
Sora (FR) - 1941	Bachelor's Degree in Economics and in Banking Sciences	Vice President	Carlo SALVATORI							4
Genoa - 1957	Bachelor's Degree in Economics	Managing Director/CEO	Alessandro PROFUMO							12
Guastalla (RE) - 1942	Bachelor's Degree in Economics	Director	Roberto BERTAZZONI							4
Calw (D) - 1942	Bachelor's Degree in Economics	Director	Manfred BISCHOFF							11
Reggio Emilia - 1946	Bachelor's Degree in Law	Director	Vincenzo CALANDRA BUONAURO							3
Bosconero (TO) - 1948	Surveyor Diploma	Director	Giovanni DESIDERIO							2
Hamburg - 1936	Bachelor's Degree in Law	Director	Volker DOPPELFELD							3
Verona - 1934	Accountancy Diploma	Director	Giancarlo GARINO							
San Polo di Piave (TV) - 1951	Bachelor's Degree in Law	Director	Francesco GIACOMIN							3
Bologna - 1938	Bachelor's Degree in Economics	Director	Piero GNUDI							7
Vienna - 1951	Bachelor's Degree in Economics	Director	Friedrich KADRNOŠKA							9
Berlin - 1940	Bachelor's Degree in Law	Director	Max Dietrich KLEY							9
Reggio Emilia - 1957	Bachelor's Degree in Economics	Director	Luigi MARAMOTTI							6
Munich - 1936	Bachelor's Degree in Law	Director	Diether MÜNICH							2
Milan - 1963	Bachelor's Degree in Engineering	Director	Carlo PESENTI							5
Madrid - 1940	Bachelor's Degree in Law	Director	Hans Jürgen SCHINZLER							3
Tronzano Vercellese (VC) - 1941	Bachelor's Degree in Political Sciences	Director	Giovanni VACCARINO							
Turin - 1963	Bachelor's Degree in Engineering	Director	Paolo VAGNONE							1
Gunzenhausen (D) - 1956	Bachelor's Degree in Law	Director	Nikolaus von BOMHARD							4
Crowbourough (UK) - 1943	BA 1 st class Honours, MA Degree	Director	Anthony WYAND							4
		Total	24	11	12	5	7	7	6	

* nr of managing roles covered in other listed, finance, banking, insurance companies or large companies.

Independent directors

An adequate number of non-executive directors are independent, meaning that:

- they do not engage, directly or indirectly or on behalf of third parties, nor have they recently engaged in economic relations with the company, its subsidiaries, the executive directors, the shareholder or group of shareholders controlling the company, of such significance as to affect their independence of judgment;
- they do not hold, directly or indirectly or on behalf of third parties, shareholdings of such an amount as to allow them to exercise control or have a considerable influence over the company, nor do they take part in coalitions for the control of the company;
- they are not close relatives of executive directors of the company or persons finding themselves in the situations indicated in letters a) and b) above.

The independence of the directors is periodically assessed by the Board of Directors, taking into account the information supplied by the individuals concerned. The market is informed of the result of the Board assessments.

Executive Committee

The Executive Committee holds all the powers and duties conferred on it by the Board, particularly with regard to credit matters. Within the scope of the powers conferred on it, it determines the criteria to manage the business and supervises company operations. The Executive Committee can take urgent decisions on any business brought to the knowledge of the Board of Directors during the first subsequent meeting.

Remuneration Committee

The duties of this Committee are to inform, propose and consult. It gives its opinion on the following, among other things:

- the remuneration of members holding particular positions in the Group companies;
- the remuneration of senior management and to link part of that remuneration to the achievement of specific objects;
- the fee payable to members of the Board of Directors and the Executive Committee of “relevant companies”;
- the examination of the documents relating to the preparation and revision of the stock option and stock granting plans intended for Group employees.

Appointments Committee

The duties of this Committee is to inform, propose and consult. It gives its opinion on the following, among other things:

- the formulation of opinions on the appointments to the positions of Chairman, Vice Chairman, Managing Director, Member and Auditor of the “relevant companies”;
- the appointment of members of the Executive Committee and the advisory committees of the Group parent company;
- the appointment of new members of the parent company’s Board of Directors by co-opting;
- the formulation of opinions on the appointment of the parent company’s Senior Management.

Audit Committee

Among its various duties, this Committee assists the Board of Directors in establishing the guidelines of the internal audit systems, periodically checking their suitability and actual functioning and the activities conducted by the Board itself to ensure that the main business risks are identified and adequately dealt with.

Corporate Governance Commission

This Commission has been set up in view of the increasingly international dimension of the Group; it is a body within the Board of Directors with the task of revisiting the subjects of corporate governance, dealing with the following among other things:

- Examination of the powers conferred on the Managing Director with regard to holdings;
- Distribution of duties among the Board of Directors and the Executive Committee.

Board of Auditors

This is the controlling body of the company. Its duties are focused on controlling legitimacy and merit, the compliance with the rules of good administration. More over the Board of Auditors has the duties to check the pertinence of the company organization structure, auditing processes and managing and accounting systems. The appointment of full and alternate members of the Board of Auditors is made based on lists submitted by shareholders representing at least 1% of the shares with voting rights.

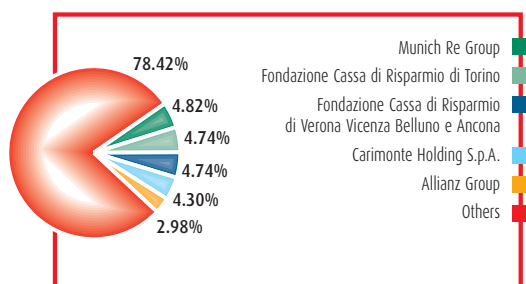
Over the course of 2005, 17 meetings were held.

		Nr. of other positions
Chairman	Gian Luigi Francardo	
Statutory Auditors	Giorgio Loli	1
	Aldo Milanese	2
	Vincenzo Nicastro	2
	Roberto Timo	
Alternate Auditors	Giuseppe Armenise	
	Marcello Ferrari	

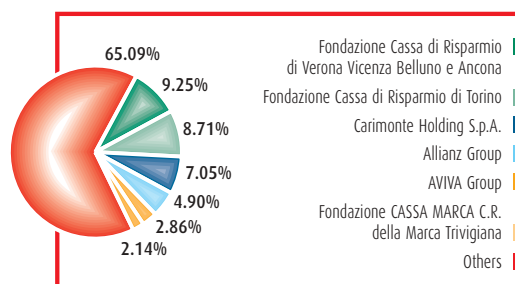
The Shareholders' Meeting

The Shareholders' Meeting provides the most significant occasion for shareholders and the Board of Directors to examine the management and future developments of the Group's business. For this reason, UniCredit endeavours to guarantee all possible conditions to facilitate broad shareholder participation. In particular, it is possible for all persons entitled to participate in the meeting to be represented by third parties who need not be shareholders without having to submit an authenticated power of attorney (art.13 of the articles of association). This favours the right to participate, doing away with measures which, had they been kept, would have contributed towards increasing the rate of absenteeism of small shareholders.

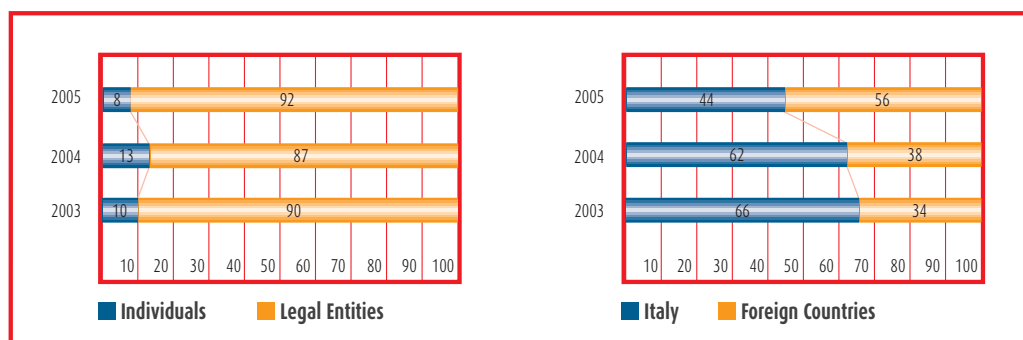
Main shareholders 2005
% of ordinary shares



Main shareholders 2004
% of ordinary shares



% composition of the share capital



Composition of the share capital		
	2005	2004
Total shares	10,390,554,706	6,336,709,283
Ordinary shares	10,368,848,154	6,315,002,731
Savings shares	21,706,552	21,706,552
Price per share (nominal value)	€ 0.50	€ 0.50

Management Committee

This Committee provides advice for the Managing Director, supports the managing activities within the Group and ensures that decisions are executed.

MANAGING DIRECTOR

Genoa, 02/17/57. Degree in Business Economics from the Luigi Bocconi Commercial University.

1977 - 1987: Banco Lariano.

1987: McKinsey & Company, responsible for strategic and organizational projects for financial businesses.

1989: Bain, Cuneo & Associati, responsible for relations with financial institutions and integrated organizational and development projects.

1991: RAS, Central Manager.

1994: Credito Italiano, Joint Central Manager, with responsibility for the Group Planning and Control Office. Appointed General Manager a year later. Appointed Managing Director on 29 April 1997.

Currently also Member of the Supervisory Board of Deutsche Börse in Frankfurt and Member of the Board of Mediobanca.

In **2004**, was appointed *Cavaliere al Merito del Lavoro* by the President of the Republic Carlo Azeglio Ciampi.



Alessandro Profumo

CHIEF FINANCIAL OFFICER

Livorno, 01/08/1961. Degree in Economics from the L.U.I.S.S. University of Rome and Master in Business Administration from the INSEAD of Fontaineblau.

1987: Italcable, financial analyst.

1988: Procter & Gamble.

1990 - 2003: General Electric Group: from 1990 to 1997 held the position of Chief Auditor for Europe; from 1995 to 1997 Manager of the Finance and Commercial Development Division; from 1996 to 1997 appointed Financial Planning Manager for GE Power Systems. Between 1997 and 2001 appointed General Manager for the Finance area in Nuovo Pignone. In 2001 promoted to Vice Chairman and Finance Manager on behalf of General Electric, Oil & Gas Division.

In May **2003** he joined UniCredito Italiano SpA as Group CFO.



Ranieri de Marchis



Sergio Ermotti

HEAD OF MULTINATIONALS/INVESTMENT BANKING DIVISION

Lugano (Switzerland), 05/11/1960. Obtained a federal master's diploma as Swiss Certified Banking Expert and was awarded a degree by the Oxford University Advanced Management Program.

1985: Citibank NA, Zurich, negotiation of equity-linked products and subsequently promoted to Internal Vice Chairman.

1987: Merrill Lynch & Co., Zurich, Vice Chairman with the task of establishing and managing commercial activities in Swiss francs on the financial markets in Switzerland.

1993: appointed Managing Director, Manager of the European Share Derivatives Division.

1996: Manager of the Global Share Derivatives Division, with offices in New York.

1997 - 1999: Manager of the Global Equity-Linked Products Division.

1999 - 2001: Manager of the Stock Markets Division for Europe, Middle East and Africa, responsible for regional share business.

2001 - 2003: co-manager of global stock markets and member of the Operating Committee of Merrill Lynch & Co.

In December **2005**, joined UniCredit as Head of the Multinational/Investment Banking Division.



Paolo Fiorentino

HEAD OF GLOBAL BANKING SERVICES DIVISION

Naples, 01/23/1956. Degree in Economics and Business from the University of Naples.

1981: Credito Italiano.

1991 -1994: Assistant Manager of Human Resources and Organization/Audit for one of the main branches of Credito Italiano.

1994 - 1996: Regional Deputy Manager and Regional Manager of Human Resources and Organization.

1996 - 1999: Manager of Organization and Information Systems in the General Management of UniCredito Italiano.

1999: Manager of the UniCredito Integration Process.

1999 - 2003: Vice Chairman and Chief Operating Officer of Bank Pekao SA.

2000: appointed Vice Chief Operating Officer of UniCredito Italiano and Manager of the New Europe Division.

Since **July 2004**, Head of the Global Banking Services Division of the UniCredit Group.

HEAD OF PRIVATE BANKING & ASSET MANAGEMENT DIVISION

Monza, 1962. Degree in Economics and Business from the Luigi Bocconi Commercial University.

1988: Credito Italiano, financial analyst.

1989: Domestic and international treasury management.

1991: Manager of bond and currency investments in the Asset Management Division.

1997: Investments Manager on behalf of CreditRolo Gestioni SpA.

2000: Pioneer Investment Management Limited, Managing Director.

2001: Pioneer Global Asset Management, Boston, Managing Director

2004: appointed Vice General Manager of the UniCredit Group and Managing Director of UniCredit Private Banking.



Dario Frigerio

HEAD OF CEE DIVISION

Vienna, 02/25/1951. Degree in Political Sciences and Economics.

1975: Citibank Austria.

1977: Österreichische Postsparkasse, Austrian Cassa di Risparmio Postale. Vice Governor in 1985 and Governor and Managing Director since 1996.

1997: BA-CA Group, Managing Director of Creditanstalt.

2000: Director of Bank Austria Board of Directors.

2004: Managing Director of Bank Austria Creditanstalt.



Erich Hampel



Andrea Moneta

CHIEF INTEGRATION OFFICER

Naples, 1965. Degree in Political Sciences and Economics.

1989: Andersen Consulting Co., Financial Services Division.

1999 - 2000: European Central Bank, Frankfurt, Strategic Planning Manager.

2000: Unicredito Italiano, Group Chief Financial Officer, Manager of Group Treasury and Capital Markets, Group Planning and Control, Allocation of Capital and Risk Management, M&A and Business Development, Cost Management, Research and Economic Studies and Investor Relations.

2002: appointed Group Vice General Manager, Manager of the Private & Asset Management Division including UniCredit Private Banking, Xelion Banca, Pioneer Global Asset Management and the respective national and foreign subsidiaries.

2004: Manager of the New Europe Division.



Roberto Nicastro

HEAD OF RETAIL DIVISION

Trento, 12/09/1964. Degree in Business Administration.

1989 - 1991: Salomon Brothers, London, M&A Department.

1991 - 1997: McKinsey & Company, Senior Manager responsible for strategic and organizational projects relating to banks, financial institutions, regulatory authorities and manufacturers of consumer goods in Italy and Latin America.

1997: Credito Italiano, Manager of the Planning and Participations Office.

2000: appointed Manager of the New Europe Division of the UniCredit Group.

2001: appointed Group Vice General Manager.

2003: appointed Head of the Retail Division of the UniCredit Group and Chief Executive Officer of UniCredit Banca.

HEAD OF CORPORATES/SMEs DIVISION

Turin, 1958. Graduate in Economics from the University of Turin.

1983: Price Waterhouse, where he acquired experience in the auditing field.

1985: Citybank N.A. and he worked in the field of Corporate Banking, Corporate Finance and Investment Banking in Turin, Milan and London.

1988: Fiat SpA, Treasury and Capital Markets Manager. In the same year, he was appointed Manager of the Finance Division and subsequently General Manager of Fiat Deutschland, the financial company of the Fiat Group in Germany.

1994: Barilla Group as Manager of the Finance Division.

1998: Chief Financial Officer (CFO) of Barilla America.

1999: CFO for Barilla G&R Fratelli.

2003: appointed Managing Director and Chief Financial Officer of Barilla Holding.

In **2005**, he joined UniCredit.



Vittorio Ogliengo

HEAD OF COMMERCIAL REAL ESTATE FINANCING

Mühldorf/Inn (Germany), 01/04/1960.

1976: Bayerische Vereinsbank

1991 - 1995: Finance and Risk Management Manager in the Berlin-Brandenburg Regional Division.

1995 - 1997: Manager of activities in the Corporate client area, in the Monaco Regional Division.

1997: Manager of Development and Reorganization Activities, Corporate clients, Monaco Regional Division.

2001 - 2003: co-director of Commercial Real Estate Financing in North America, in the regional New York branch of HVB AG, Monaco.

In **2003** appointed member of the Management Committee of Hypo Real Estate Holding AG and Hypo Real Estate Bank AG, Monaco, where he became spokesman for the Management Committee and Chief Risk Officer in October **2003**.

Since April **2005**, he has been a member of the Management Committee of the HVB Group.

In December **2005**, become Head of Commercial Real Estate Financing, UniCredit Group.



Johann Berger



Henning Giesecke

CHIEF RISK OFFICER

Munich, 05/06/1960. Degree in Economics at Ludwig-Maximilians-Universität of Munich.

1985: Hypo Bank.

1996 - 1998: Head of Financing for the Rhein-Main-Saar Business Division of Hypo Bank in Frankfurt.

1998: Head of Liquidations at the Head Office of HypoVereinsbank in Munich.

2000 - 2003: Head of the Liquidations and Workout Division of HypoVereinsbank in Munich.

2004: Member of the Divisional Board of HVB Group and served as Chief Credit Risk Officer.



Franz Herrlein

DEPUTY INTEGRATION OFFICER

Regensburg (Germany), 1967. Degree in Business Administration from the Goethe University of Frankfurt sul Meno.

1995: Bayerische Vereinsbank, risk management.

1998: Boston Consulting Group.

In the HVB Franz J. Herrlein Group, was appointed Division Manager as from March this year, where he has worked for the Corporate Center of the HVB Group, as Chief Operating Officer (COO), and Chief Financial Officer (CFO) and Chief Risk Officer (CRO) for the group bodies.

Also held roles of Group Chief Procurement Officer (CPO) as Division Manager since August 2002. Herrlein manages corporate purchases for the HVB Group with centres of competence in Germany, Austria and Poland.

HEAD OF HUMAN RESOURCES STRATEGY

Milan, 03/05/1953. Degree in Philosophy from the State University of Milan.

1981 - 1989: S.C. Johnson Wax Italy.

1989 - 1993: European HQ in London where he was responsible for H.R. in the Region.

1993 - 1996: Pepsico, H.R. Director Global HQ in Somers, NY USA.

1996 - 1997: H.R. Director Europe & Africa in London.

1997 - 1999: General Electric Human Resources in the Oil and Gas Division with based in Florence.

1999 - 2005: General Electric Plastics and General Electric Infrastructure, Global Human Resources Corporate Vice President, United States.

2005: UniCredit.



Rino Piazzolla

HEAD OF GERMAN REGION STRATEGIC ADVISORY STAFF

Tübingen (Germany), 03/12/1945. Degree in Business Administration.

1976: Bayerische Vereinsbank AG, Executive Officer in the Department for principle accounting policy.

1983: Head of the division for investment - and accounting topics.

1987: Director for the Department for Group Accounting.

1996: Chief Financial Officer with responsibility for Accounting, Controlling, Internal Audit, Law and Tax.

2006: Spokesman of the board of Bayerische Hypo - und Vereinsbank AG and Head of the German Region Strategic Advisory Staff in the Management Committee of UniCredit Group.



Wolfgang Sprißler

Organisational and management model pursuant to Legislative Decree 231/01

Legislative Decree 231/01 introduced into Italian law company responsibility for several crimes committed in their interests or to the advantage of senior managers of the company or people under their responsibility. The Decree itself provides, however, that the company can rule out its own liability if it can prove, among other things, that:

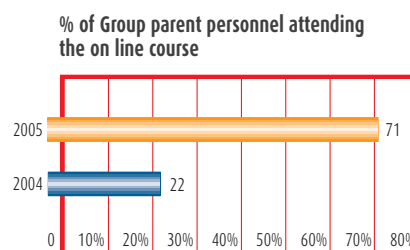
- it has adopted and efficiently implemented suitable organizational and management models to prevent crimes of the type that have taken place;
- it has assigned to an internal body the task of supervising observance and functioning of the models.

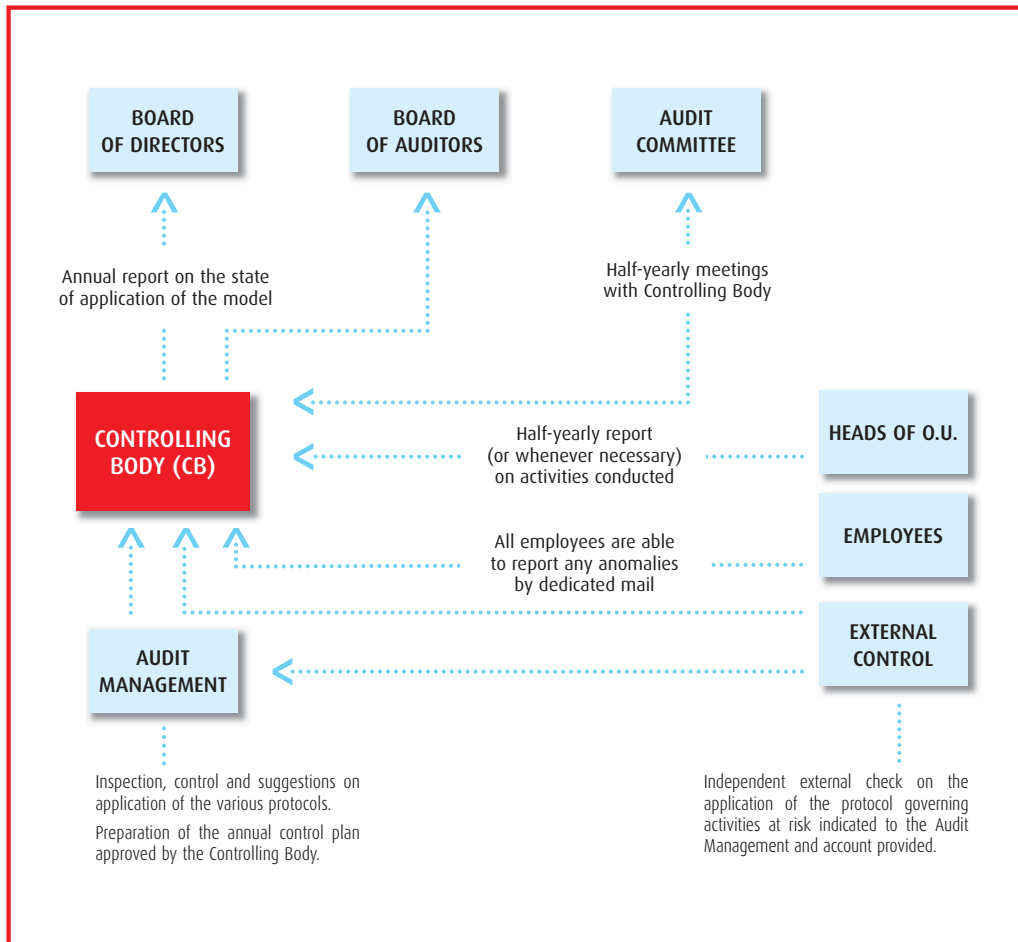
Aims of the model

The choice of an organizational and management model is in line with all the initiatives taken to make all personnel, external collaborators and commercial partners aware of transparent and correct management, complying with the current legal regulations and the core of business values listed in the Integrity Charter.

By adopting the Model, the Board of Directors intends to pursue the following aims:

- make all UniCredito Italiano S.p.A. staff and all those collaborating or maintaining business relations with the company aware that the company maintains a zero tolerance policy towards conduct contrary to laws, regulations, supervisory rules or any conduct in breach of the internal rules and principles of healthy and transparent management of company business;
- inform staff and external collaborators and partners of the heavy administrative penalties imposed on the company if crimes are committed;
- guarantee the prevention of offences and crimes within the scope of the company by constant control over all business areas at risk and train employees in the correct performance of their tasks. In this sense, an on-line training course is available to personnel of the Group parent company, illustrating the principles of the regulations and providing details on the characteristics of the model established by UniCredit.





With regard to the model implemented, the Controlling Body is the central body with the task of guaranteeing its correct functioning. It is formed of a Chairman, identified as a non-executive and independent director, the Managers of the Resources and Organization Office, the Group Audit Office, the Corporate and Legal Affairs Office and the Corporate Identity Office of UniCredito Italiano S.p.A.

It performs the following tasks:

- supervises the functioning and observance of the model;
- checks that the model is up-to-date.

CB Members

Gianluigi **Vaccarino** – Chairman
 Paolo **Fiorentino** – Global Banking Service Div.
 Maurizia **Angelo Comneno** – Corporate & Legal Affairs Off.
 Elisabetta **Magistretti** – Group Audit Off.
 Edoardo **Massaglia** – Corporate Identity Off.
 Rino **Piazzolla** – Human Resources Off.

Implementation of the model

Over the course of 2005, the Controlling Body submitted proposals to amend the following protocols to the Managing Director, who has approved them:

- Holdings
- Employee management and administration
- Compliance
- Credit Recovery
- Management of purchases

Certain parts of the Spending Rules were also amended and a new set of procedures were drawn up for the "Financial Products Tax Research" department.

Group companies that have implemented an organizational and management model at 12.31.05

UniCredito Italiano
UniCredit Banca
UniCredit Banca di Impresa
UniCredit Private Banking
UniCredit Sistemi Informativi
UniCredit Produzioni Accentrate
UniAudit
Locat
UniCredit Factoring
UniCredit Clarima Banca
UniRiscossioni
UniCredit Gestione Crediti
TLX

The amendments - resulting from recommendations by "Unit Heads" or suggestions contained in reports by the Internal Audit Department - are consistent with the principle, underlying all procedures, of ensuring that the various stages of the decision-making process are documented and can be verified, thereby making it possible to trace the reason for the decision. Specifically as far as the Spending Rules are concerned, the revised version continues to be based on the principles of accountability, verifiability and relevance to company business.

The introduction of new offences in Decree 231/01 and the structural amendments arising from UniCredit's reorganisation have made a general revision of the model necessary, particularly where the written procedures are concerned. At the Supervisory Committee's request, the Process, Analysis and Monitoring Unit has prepared, in collaboration with the Compliance Unit and Internal Audit Department, a proposal for implementing the Model. Amongst other things, this involves preparing procedures which take account of the stated statutory and organisational changes, and of the need to regulate the activities carried out on UniCredit's behalf by group companies. There are also plans to review the adequacy of the Model's revision process.

Supervisory and Control Plan activities

Implementing the control plan approved for 2005, the Group's Audit Office carried out inspections of all the Organizational Units receiving protocols. The overall result of these inspections showed a satisfactory protection against the specific risks. Only in a few limited cases were situations of weakness noted, attributable to cases of adoption of operating procedures not in line with the relevant protocols, or insufficient traceability of the processes and controls conducted or non-observance of certain provisions of the model.

Those same Organizational Units of the Group's Audit Office receiving protocols were in turn inspected by Deloitte Consulting. The inspection report shows the correct balance between risk and relevant protection.

The aim of the 2006 control plan is as follows:

- check follow-up of Organizational Unit specifications;
- examine the half-yearly reports of the Unit Managers, in order to identify possible shortcomings in the functioning of the model and/or possible infringements thereof;
- check that the Organizational Units undergoing intervention in 2006 have the necessary functional powers to conduct the activities with characteristics mapped at risk pursuant to Legislative Decree 231/01.



www.unicredit.it

Values, Profit and Responsibility

On 12 April 2005, the Board of Directors approved the Group's Integrity Charter following its joint preparation and drafting across the entire business structure.

The editing process started in the year 2004 by means of several different initiatives: a national and international codes of conduct benchmarking activity and specific interviews to the top management and some members of the Board of Directors. Moreover a cross – functional working group has settled up in order to drive the company commitment process through ad hoc focus groups and meetings. Trade Unions have also been involved in proper seminars which provided many important ideas.

The Charter today constitutes the cornerstone of our community. Within it may be found pointers on how to deal with the dilemmas arising in work situations. It sets out and attempts to diffuse in deep the principles in which we identify our self and which are used to direct and guide us in our daily business.

The Charter has been drawn up based on a core of shared values, the "Foundations of Integrity" (see box) and, for each of the four main stakeholder categories supporting our business life (see box), we have indicated how we interpret those values which we consider to be essential to do our job and to guarantee the company reputation which represents the key element to prospering in the long-run.

In the Charter, we talk about profit and value creation for our shareholders, which should be pursued through behaviour in line with our values, respecting expectations of all our shareholders and fulfilling all engagements with transparency. For this reason, social responsibility subject is becoming important as much as profit and efficiency. We know that profit is a necessary but not sufficient condition to sustain a fair equity remuneration in the long-run. It's necessary to reconsider the company not only with regard to our stakeholders but also with regard to our employees, our customers, our suppliers, and the local community.

Foundations of integrity

- > Fairness
- > Respect
- > Freedom
- > Transparency
- > Reciprocity
- > Trust

Interested parties

- > Colleagues
- > Investors
- > Customers / suppliers
- > Local communities

With this in mind, to ensure we guarantee sustainable results, we intend to emphasise the entrepreneurial ability of our employees: we are aware that, owing to the nature of our business activities, levels of discretionary power can involve unacceptable risks to our reputation. However, it would be unthinkable to use command and control systems alone to manage every decision-making step of almost 148,000 people, so we must have a set of values with which our employees can identify.

We are binding our future to the quality of this relationship: above all it is connected with the professionalism of our people – and it is on that our services are guaranteed – with customer loyalty and with the development of the local communities in which we operate. In our commercial transactions, we

pay heed to our reputation, seeking the social legitimacy for our measures on the market that is required to maintain expectations of growth and productivity.

The observance of rules enables us to be good “citizens”, but we need to go further, focusing on duties and responsibilities which result from our belonging to a community, good and proper management, on the obligation to truth and transparency and taking responsibility for what we do. For this reason, it is fundamental for us to have strong core values that clearly set out the boundaries within which we operate.

By way of example, with regard to the indications given by the Integrity Charter, maintaining **transparency** towards customers means always providing information on the products and services offered in a timely manner, while **respect** means protecting the confidentiality of information obtained, both with regard to customers and with regard to the business, its assets or its decisions. **Reciprocity** means offering the customer returns and security in exchange for payment of our services. The key aspect is the value of the service provided, achieved through listening to the client’s needs to create products and services accordingly. **Freedom** involves managing interpersonal relations on free and equal bases, without being intimidated by the stronger nor arrogant towards the weaker. Finally, by **trust** we mean taking actions that constantly confirm our reputation.

We therefore pay great attention to the way in which we operate, considering it fundamental at all times in the relationship between the people that make up our worlds, be they colleagues or customers.



	FAIRNESS	TRANSPARENCY	RESPECT	RECIPROCITY	FREEDOM	TRUST
COLLEAGUES	<p>Ban discrimination on the grounds of sex, race, political opinion or trade-union activity.</p> <p>Practise respect and care towards people at all times.</p> <p>Ban favouritism in recruitment, promotion, and incentive policies.</p>	<p>Share your knowledge without monopolising it to your own advantage.</p> <p>Ensure transparency in career paths.</p>	<p>Clearly define roles and responsibilities for everybody employed in the company.</p> <p>Listen and offer constant attention to people, respecting their values, feelings, moral stance; never use any form of undue pressure or offence.</p>		<p>Create the proper environment freedom of dissent and the freedom to say what one thinks.</p> <p>Offer everybody the chance to practise the values of entrepreneurship and develop her or his own professional personality.</p>	<p>Keep your word, admitting the possibility of mistakes made in good faith.</p>
CUSTOMERS AND SUPPLIERS	<p>Strive for customer satisfaction at all times.</p> <p>Pay appropriate attention to all kinds of customer.</p> <p>Show impartiality in the selection of suppliers, so as to turn the relationship with them into a competitive advantage for the company.</p>	<p>Ensure timely information on our products and services at all times.</p> <p>Select suppliers with impartiality.</p>	<p>Safeguard the confidentiality of any information acquired, both in relation to customers and the Company itself, its assets and its decisions.</p> <p>Open a communication channel with suppliers aimed at supporting the most innovative and responsible processes implemented.</p>	<p>Offer a good return and a feeling of certainty to customers, to receive the equivalent in return.</p> <p>Listen to requirements and transform them into products and services.</p> <p>Promote co-operation with suppliers, so that they and the company can create value and give their corporate identity legitimacy.</p>	<p>Handle interpersonal relations in free and equal terms without being in awe of those who are stronger and without arrogance towards those who are weaker.</p>	<p>Build up confidence through behaviours that constantly confirm our reputation.</p>
INVESTORS	<p>Pay appropriate attention to to all types of investor, without discrimination or favouritism, in order to make markets increasingly open and competitive.</p>	<p>Turn market communication into an economic and cultural value; aim to be clear, complete and timely; and use the most effective communication channel for each investor.</p>	<p>With investors adopt rules of behaviour in line with corporate values and the professional ethics required by the market's highest standards.</p>	<p>Listen without prejudice to any indications investors may send through the established channels.</p>	<p>Achieve freedom of action such that you can keep the promises you make to the market without undue conditioning.</p>	<p>Develop lasting and continuous relationships with the financial community; safeguard your consistency and credibility and willingly accept any criticism expressed by the market.</p>
LOCAL COMMUNITIES	<p>Establish suitable relations with stakeholders in order to offer assistance, service and opportunities without discrimination.</p> <p>Promote local growth by supporting those initiatives that pay greater attention to the actual needs of the community.</p>	<p>Keep the community you work in informed of what we do and how we do it.</p>	<p>Promote growth which is ecologically and socially sustainable.</p>	<p>Create spaces for discussion and dialogue, in which mutual exchange of information may increase our legitimacy and reputation.</p>	<p>Respect individual moral codes and local cultures when acting in your territory.</p>	<p>Establish social and cultural relations with local communities, whose distinctive feature should be reciprocity.</p>

The Charter in this sense does not seek to prescribe individual morals: we want respect for cultures to be one of the features that characterises us, but our relations must be marked by strong common principles. For this reason, the Charter seeks to propose ways of governing conduct in those situations in which potential conflicts may arise during the course of everyday operations. It defines the space within which the sphere of responsibility moves in our business activities, which we have called the “third sphere of justice”, that attributes legitimacy to the role, duties, expectations and authority of everyone at UniCredit.

During the course of 2005, we have therefore worked towards building a consistent system of responses to any situation that goes against the values of the Charter. By means of a consensual mediation approach, we want to make it possible to resolve conflicts, but also to promote continuous reflection within the Group and arrive at the concept of integrity. This work is something profoundly different from having a system of approval, because the “restorative justice” approach aims to be an occasion for conflicting parties to achieve a “reconciliation” through intermediation, which leads to recognizing the mistake and the damage, and establishes liability for the injured party.

An important moment in the initial testing and sharing of all the business factors took place on Integrity Charter Day on 22 September, when all employees in Italy (around 40,000) met during working hours to discuss the content and its fundamental elements.

This initiative has been structured through the organization of important sharing processes driven by almost 150 prepared persons coming from all the Group Italian Banks and Companies head quarter units. Moreover 5,000 colleagues have been involved in order to enliven the Integrity Charter Day debates and in order to fill in a report to collect the most significant comments and observations emerging during the meetings, which will be very useful to make the Charter an ongoing tool.

We will continue in this vein in 2006, involving all other employees who can now read the Charter in the 22 languages spoken by the Group.

Strategies

The ability to respond factually to the responsibilities deriving from our activities must characterise the Group's strategy and all of its lines of action. This is why our strategic policies are consistent with our mission and with the values and behaviour guidelines contained in the Integrity Charter.

The pursuit of this consistency directs our main activities, aimed at seeking growing short and long-term profitability while enacting behaviours that will improve the quality of relationships with our multiple business counterparties.

This Social and Environmental Report provides an account of the initiatives and main results achieved with respect to the objectives set forth in the 2004 – 2007 Strategic Plan; however, the plan will be reviewed in the course of 2006 in light of the recent acquisition of the German Group HVB.

The two key strategic lines that have guided our actions so far, and which have significant effects on the quality of relationships with the different stakeholders – in particular with our clients and our people – concern:

A) Improvement of Client Service. This means building a strong service culture, so that profitability stems from a superior ability to serve clients and to establish long-lasting relationships with them based on trust and transparency. This strategic line was implemented during 2005 through the following main activities:

A1) Service efficiency – offer a service increasingly able to meet the clients' needs in terms of responsiveness, promptness and security;

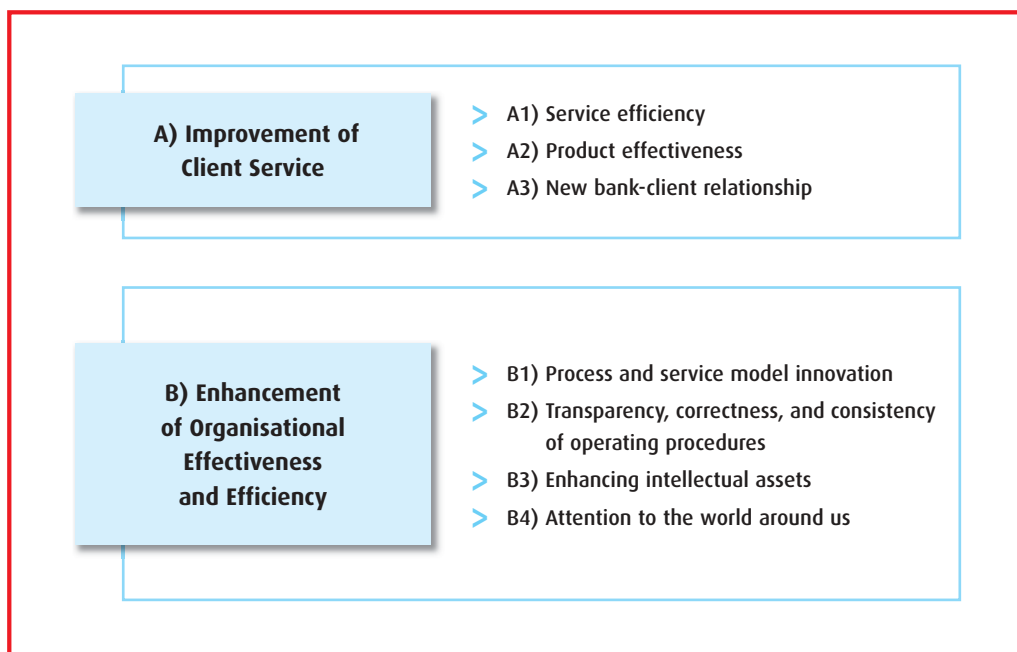
A2) Product effectiveness – focus constantly on the quality of our product offering, as a competitive edge enabling us to meet the different expectations, also with respect to the prudent management of the risk/return ratio;

A3) New bank-client relationship – develop innovative mechanisms and relation channels with clients and key players in the markets where we operate.

B) Enhancement of Organisational Effectiveness and Efficiency. This means improving the organisational structures, the operating processes and the technologies that we use, while focusing on the organisational culture, skills, knowledge and abilities of our people. In 2005 we applied our efforts to:

B1) Processes and service model innovation – constantly supporting our relation networks by continuing to streamline our processes, improving our use of new information technologies, and offering innovative organisational solutions;

- B2) Transparency, correctness and consistency of operating procedures** – orienting our procedures and processes so as to facilitate internal and external relationships consistent with our principles;
- B3) Enhancing intellectual assets** – developing and strengthening the knowledge, skills and motivation of our people;
- B4) Attention to the world around us** – developing innovative ways to listen to and interact with all players inside and outside the corporate boundaries, to acquire a distinctive ability to understand social and economic scenarios.



Value Creation

Like all listed companies, we are subject to continuous valuation by the financial markets, which take different variables and events into account, including entrepreneurial philosophy and the strategic choices that illustrate our capacity to generate income in a sustainable way in the long term.

Our value creation is expressed by the difference between the market value (ability to generate income over time) and the risk remuneration (present value of the cost of capital invested). This difference expresses how much the market values the ability to generate extra income over time (i.e. income that exceeds the average rate of return).

Value Creation in 2005

The following methods were used to determine value creation during the financial year:

- a) The market value was determined by multiplying the arithmetical average of the closing prices of UniCredit shares in 2005 by the number of shares.
- b) Risk remuneration represents the return expectations of shareholders on investments with a risk profile similar to UniCredit, and is calculated as the present value of the cost of capital invested net of self-financing, taking into account:
 - the expected growth in investments, portfolio securities, assets under management, securitisation operations;
 - the Group's capitalisation objectives.

In order to ensure clarity, it is worth illustrating the calculation procedure by distinguishing between two elements:

- the value of capital invested over time – represents, for each financial year, the extent to which the Group finances its activities with its own means, taking into account the equity increase objectives;
- the cost of capital invested – is obtained by multiplying the value of the capital invested by the risk capital cost (K_e). The risk capital cost is equal to 8.58% for 2005 and is obtained by adding the risk free rate of 3.83% to the risk premium on share investment in UniCredito of 4.75%. In the light of these considerations, the risk capital cost is also used as the discount rate.

For the current year, in view of the acquisition of HVB, a decision has been taken to calculate the value creation by limiting it to the first five months of the year (January – May), therefore excluding the subsequent period, which was most influenced by the specific circumstances of the integration process. The period considered therefore expresses a valuation that precedes the acquisition operation (arithmetical average of closing prices between 1/1/05 and 5/31/05). The number of shares considered is 6,336,709,283, of which 21,706,552 are savings shares, and the average market price is approximately 4.39 Euro. The total market capitalisation was 27,830 million of euro.

The value creation for 2005 that preceded the HVB operation, amounting to over 11 billion of euro, was higher than the value creation achieved in 2004, which amounted to 9.5 billion of euro.

Data in million of euro

27,830	-	16,369	=	11,461
Mkt Cap	-	Risk Rem.	=	Value Creation

Value Creation in the three years between 2003 and 2005

The aim of creating sustainable value over time, through the pursuit of profit, is the fundamental element of our entrepreneurial approach, as explicitly stated in the Integrity Charter.

This year we have therefore tried, for the first time, to show the value created over a period of time that is longer than the individual financial year, making the connection between value creation and our strategies aimed at maximising the quality of relations with the company's main stakeholders clearer and more direct. Value creation is calculated over a period of three years, from 2003 to 2005, because it was with the Company Environmental Statement of 2003 that we first attempted to show the link between the ability to respond to stakeholder expectations and the measurement of the value created.

Value creation over this three-year period was therefore calculated as follows:

- the market value was calculated as the arithmetical average of the closing prices of shares over the three years, multiplied by the average number of shares over the same period. The number of shares considered was the same as in 2005, and was therefore 6,336,709,283, of which 21,706,552 were savings shares. The average market price is equal to 4.08 euros and the total market capitalisation is equal to 25,878 million of euro. The purpose of considering a period longer than the financial year is to reduce the effects of share price fluctuations caused by market phenomena thus not directly associated with the Group's performance;
- as far as the calculation of the risk remuneration is concerned, the arithmetical average of the values for 2003, 2004 and 2005 was calculated (for the latter only the first 5 months of the year were considered in view of the above considerations).

The resulting risk remuneration was equal to 16,126 million of euro.

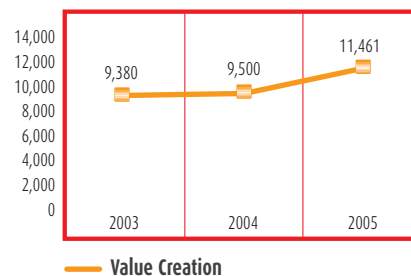
In view of the above, the value creation for the three-year period 2003 – 2005 was determined to be 9.7 billion of euro.

The Value Creation in the years period 2003 – 2005 has a positive trend, particularly marked between the years 2004 and 2005.

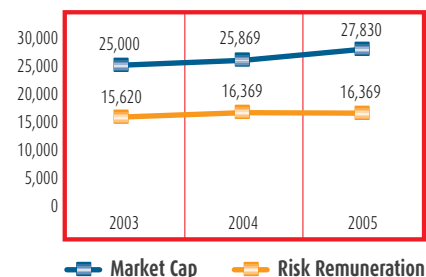
This performance is explainable analyzing the value creation components: the market capitalization and the risk remuneration.

The two components have different growth ratio: the market capitalization is marked and ongoing while the risk remuneration tends to be steady in the time framework considered.

Value Creation
(million of euro)



Value Creation components
(million of euro)



Think globally, act local levels

- Projects and results for our Stakeholders
- Our people
- Customers
- Investors and market
- Relationships with the local areas
- Community
- Environment
- Unidea – UniCredit Foundation



transparency
прозрачность

fairness
esitlik
equita

fiducia
zaufanie
trust

libertà
szabadság
freedom
Freiheit

reciprocity
reciprocita
uzajamnost

Respekt
rispetto
respect

Projects and results for our stakeholders

The Mission, the values in which we believe and the strategy we have designed, are the elements that will guide our daily decisions and actions at operation level.

The two main strategic purposes (to improve customer service and to increase organisational effectiveness and efficiency) have been translated into numerous projects, which have had obvious impacts on the quality of relations between the Group and its main stakeholders.

This part of the Statement reports on the objectives, nature and implementation methods of these projects, as well as on the results achieved as regards the 2005 financial year. Therefore, considering the nature of our main stakeholders, the report will address the following areas individually:

> Our people > Customer > Investors and market
> Relationship with the local areas > Community > Environment

For each stakeholder, we have tried to provide as much information as possible, taking care to make the presentation as accessible and easy to understand as possible. In this respect, the intensive use of performance indicators satisfies the specific objective to go beyond mere words and to quantify the commitment made and the results achieved.

Furthermore, we feel it is important to demonstrate that all the steps actually taken in favour of our stakeholders are an integral part of the strategic plan and are directly or indirectly related to the strategic purposes mentioned and illustrated above. In the following table, the **53 projects** on which the Company Environmental Statement reports, are all placed within **one of the 7 main** strategic activities of the Group. Note that for most of the projects there is also a further indirect connection to another of the 7 strategic activities, which seeks to highlight the Group's structured and highly integrated approach, in which a specific action or project is functional to the achievement of multiple strategic objectives.

The reporting effort made to show the link between the steps taken in favour of stakeholders and our strategic actions is intended to show clearly that the projects agreed and launched are the result of a strategic plan, which is consistent with the Mission and values of the Group. The 53 projects are therefore neither incidental nor residual to the broad range of our company's activities but an integral part of our existence as a company.

Finally, for the financial year 2005, in order to make the information contained in the Company Environmental Statement more meaningful and clear, we have decided to enrich the indicators associated with the projects by adding details of the costs incurred to launch them and carry them out. The costs relate to 2005, although in some cases values from previous financial years are shown.

Costs amounting to a total of **around 20 million of euro** are therefore recorded. We are aware that this amount is only a minimal part of the costs actually incurred by our stakeholders. Our general and management accounting systems do not yet allow us to fully identify and value the efforts and investments made in this direction.

This is nonetheless a first attempt at providing more transparent and comprehensive information that is also more in line with the principles adopted in preparing the financial statements.

STRATEGIES		Indirect impact of strategies
A) IMPROVING CLIENT SERVICES		
A1) Service efficiency	UniCredit Pass Bancomat OLI Fraud prevention	B1 B1 B1
A2) Product effectiveness	Genius Revolution Responsible Finance UniCredit for Kyoto The environmental variable in credit policies Project Finance	B1 B2 B1 B2
A3) New bank-client relationship	Satisfaction Surveys Quality Protection Claim Management Streamlined bank-client relationship Local Committees Relationship with Academia Open Doors in Basel 2 OK Italia Award - Small Businesses Grow Up UniCredit Banca d'Impresa Report on Small Businesses Champions on Made in Italy UniCredit Banca d'Impresa and Confindustria deal Construction Equipment LAB Second Generation project	 B1 B2 B1 B1 B3 B1 B1 B1 B1 B1 B1 B1
B) ENHANCING ORGANISATIONAL EFFICIENCY AND EFFECTIVENESS		
B1) Process and service model innovation	Development of advanced channels Documents OnLine Model "First" Job Posting Direct Aspects - Internal ecoefficiency Supplier qualification Office Integration	A2 A1 A2 A
B2) Transparency, correctness and consistency of operating procedures	Step Internal communications Labor organisation relations Financial Reporting Funds and Indexes	
B3) Enhancing intellectual assets	Induction Programme UCILearning Technical/professional courses UniCredit Management & Banking Academy Leadership for result Young Talents Pogramme Master Corporate & Investment Banking Incentives Key resources management Special Benefits	A A A A A A A A A A
B4) Attention to the world around us	Portale Safety Daycare service "Bimbo in banca" Gift matching and Employee volunteering Sports Meetings Unidea AIRC Sponsorship Art "All the Invisible Children"	

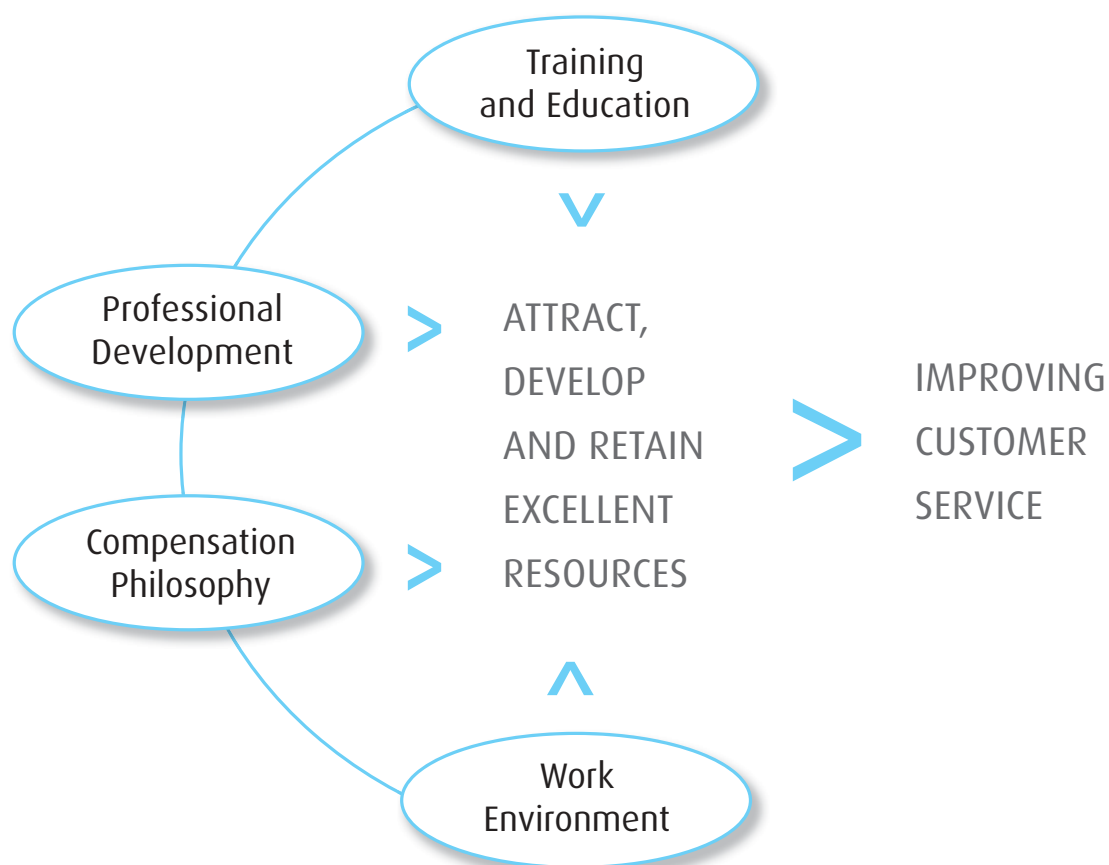


Our people

- Training and Education
- Professional Development
- Compensation Philosophy
- Work Environment
- HVB Group

Our People

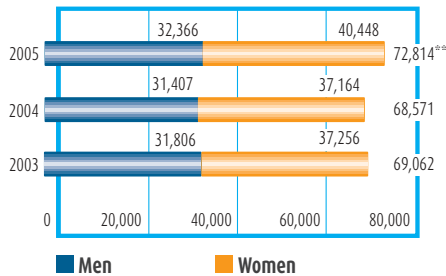
We believe that investing in our people's professionalism is the best way to offer excellent customer service; a priority for us is to help our employees in their professional development through constant training and education, aimed at improving their competencies and fulfilling their potential. In this way, personal ambitions converge with the company's needs.



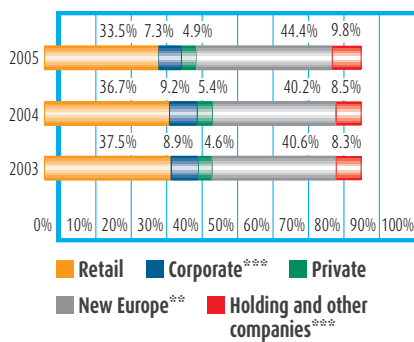
**Protected categories employed by banks and companies in Italy - 2005
(number of employees)**

Disabled (art. 1 of Law 68/99)	1,655
Orphans, widows and refugees (art. 18 of Law 68/99)	1,051
Total	2,706

Employees total brakedown* - Men and Woman



% of Employees per Division*

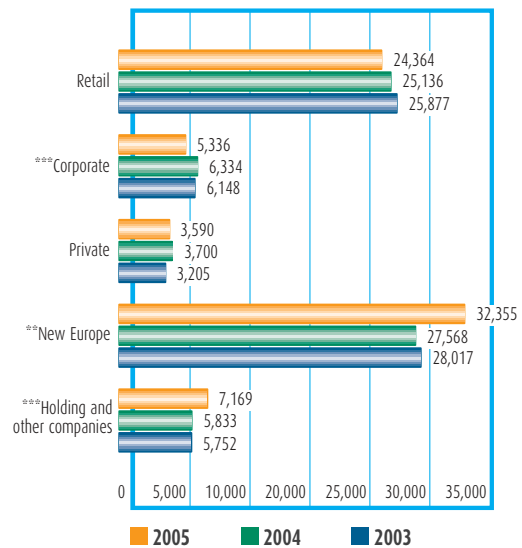


* Proportional data aggregation for KOC and YAPI Groups. Employees number in different Division published in the 2005 Group Consolidated Report should be different because of Full Time Equivalent method. Employees total number published in 2005 Group Consolidated Report is 71,470.

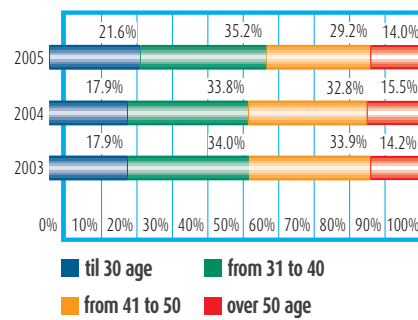
** YAPI entry in the data aggregation perimeter has generated an increase of around 3,500 persons.

*** In 2005 UGC and Uniriscossioni has been assigned from "Holding and other Companies" to Corporate.

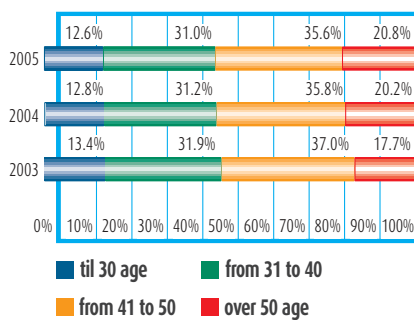
Brakedown Employees per Division*



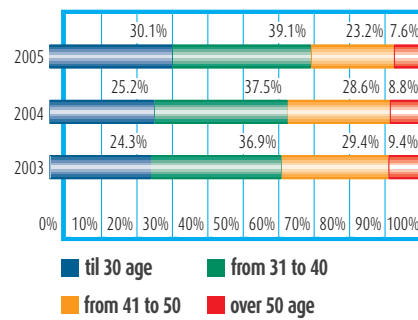
% Employees by age*



% Employees by age - Italy*



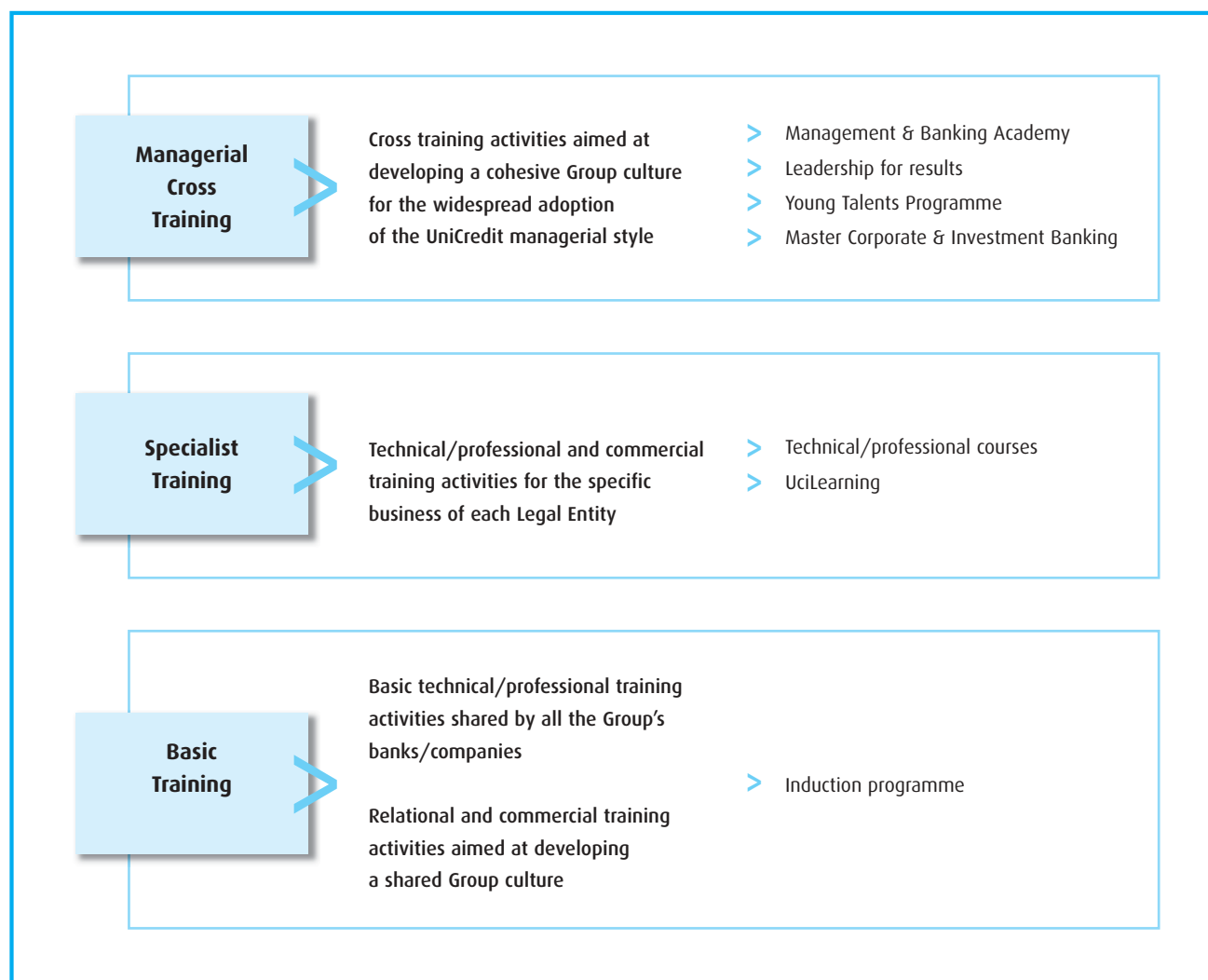
% Employees by age - New Europe*



* Integral data aggregation for KOC and YAPI Groups.

Training and Education

Training and education are provided both internally and through outside instructors and the general picture of the training offer can be summarised as follows:



Induction Programme

This is an entry and development path, distributed over a three-year time frame, in which all newly hired personnel participate. The purpose is to build a shared base of skills and company culture on which a technical/specialist training curriculum can be developed.

The first step is dedicated to the presentation of the Group and of its values; the Integrity Charter, which is the value base for our activity, is then illustrated. We deem it essential that all our people share a system of common values, which allows to follow behaviour that will engender confidence and reputation and make the UniCredit style distinctive and unique.

From the technical point of view, subjects range from communication to collaboration to problem solving and time management, to client relationship, as well as basic technical/professional notions, applicable to all the Group's Banks/Companies. The curriculum is complemented by initiatives focused on the specific resource, to fill any gaps which may have emerged in the base assessment.

UciLearning

This is the IT platform that enables to attend long-distance courses. The training and education offering available is centred on technical/professional, language and IT courses and it comprises multimedia modules focused on the following areas:

Reference Area	Number of available modules
Regulatory/Legal	13
Finance	31
Communication/Marketing	15
Credits	16
IT/Procedures	30

In 2005, to provide users with an even higher level of performance quality, work was started for the introduction of a new E-learning platform.

UniCredit Banca, first among the Group's companies, leveraging the innovative features introduced, was thus able to complete the "STEP" competency development project (see next section).

Technical/professional courses

Technical/professional training is the responsibility of the single companies in the Group and it is formulated through course catalogues and specific training curricula, both related to the individual company's business and to the different roles present in single firms.

By way of example:

Number of courses	UniCredit Banca	UniCredit Banca d'Impresa	UniCredit Private Banking
Classroom	120	31	119
Textbooks	11	30	2
CD or other support	7	4	3

According to New Europe experience, Bank Pekao, for instance, has implemented a training and professional growth program – Programme Absolwent – dedicated to Graduates. Special sales carrier path and constant Coordinator support allows to grow within the company. The aim of the Program is to prepare a mid management staff in the timing of 2 - 3 years and the specialists for Head Quarters.

UniCredit Management & Banking Academy

This is UniCredit's Corporate University and its goal is to support the development of a Group-wide management culture that assures UniCredit's recognition.

The catalogue of training offered is organised both by theme areas and by competencies. This allows to identify quickly which courses can best meet personal development needs consistently with the required competencies and with any deficiencies highlighted in the assessment process.

Theme Areas	Nr. courses	Total duration (dd)
Relational	6	12
Managerial	11	29
Organisational	4	8
Commercial	5	10
Theme curricula & professional families	4	15

The Management & Banking Academy also runs the Top Management School, which has about 500 students among the Group's top managers and organises annual theme curricula. The choice of guiding themes is strictly linked to the change process our Group is undergoing, the international opening and the reorganisation by business segment. In 2005, the theme of collaboration was developed.

In 2005, around 2 million of euro were invested for the activities of the Management & Banking Academy.

Leadership for results

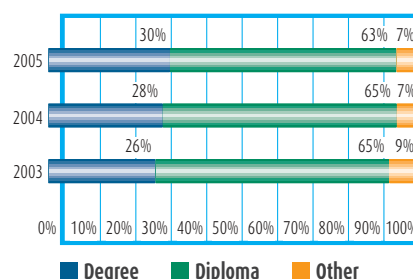
This project is based on the concept of emotional intelligence, i.e. on the ability to recognise one's own feelings and those of others and to manage emotions positively, both on a personal level and in social interactions. The goal is to spread a leadership style in our Group that is focused on the quality of interpersonal relations, in order to build a strong corporate identity which will reflect on the quality of the service we provide to our clients and on their satisfaction.

Leadership for results	
	2005
Participants	273
Total Training Hours	5,184

Young Talents Programme

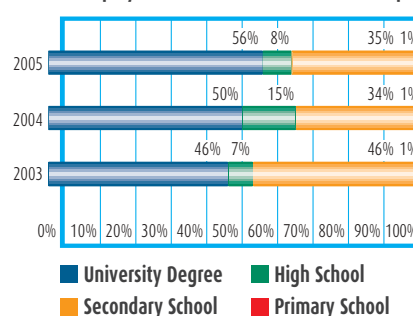
This is a one-year curriculum, put together in collaboration with the Sda Bocconi and Mip Politecnico business schools of Milan, and it is dedicated to the Group's excellent young resources. The purpose is to promote accelerated growth in an international managerial perspective.

% Employees' education level - Italy*



* Group Legal Entities different from New Europe. In 2005: 1,647 over 40,459 employees are settled at not Italian Legal Entities.

% Employees' educational level - New Europe*



* Integral data aggregation for KOC and YAPI Groups.

The course has now reached its fifth edition and it is entirely delivered in English, as classes are made up both of young Italians and foreign colleagues.

Participation is voluntary and, in addition to objective prerequisites (having been born between 1972 and 1978, good knowledge of English, degree, two years' seniority in the company), it requires the candidate to be sponsored by his/her supervisor.

The initiative has been highly successful: about 700 candidates applied and a selection had to be conducted, as there were only about 100 slots available. In 2005, around 1,5 million of euro were invested in the programme.

Young Talents Programme

	2005
Participants	103
Total Training Hours	39,522

Master Corporate & Investment Banking

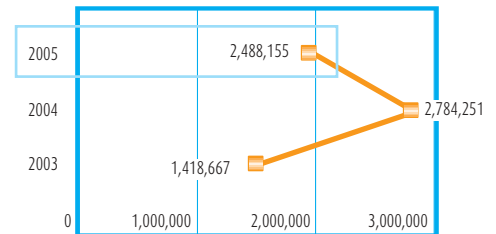
Put together in collaboration with the Sda Bocconi and Mip Politecnico business schools of Milan, the goal of this course of studies is to train professionals who will be able to communicate with the business world and to handle the operating logic of companies as complex systems, by acquiring in-depth technical-financial skills in a system-wide vision of the credit and financial requirements deriving from strategic and/or managerial problems.

The curriculum lasts over two and a half years in all, and it calls for alternating classroom work with working days, individual study time and team activities. In 2005, the second edition of the master course started and the second year of 2004 took place. In 2005 investment was of around 200 thousand euro.

Master Corporate & Investment Banking

	2005
Participants	90
Training days	1,607

Total training hours

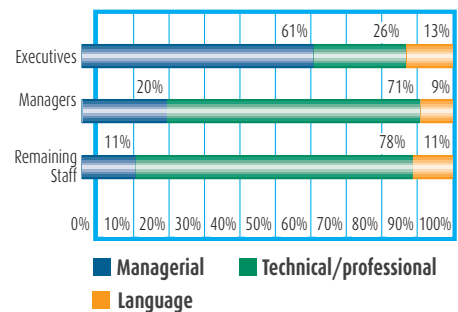


Training in 2005 has been characterized by containment of training hours, due to the increase of on-line training that involved a major number of participants in respect of the previous year.

The use of this methodology has permitted subjects condensation in training course shorter than classroom training courses.

Moreover, in order to support the competences of specific professional training processes, "ad Hoc" trainings with blended methodology (classroom + e-learning) of high quality in brief time have been realized.

Type of training by category professional



Professional Development

Evaluation and development of distinctive competencies

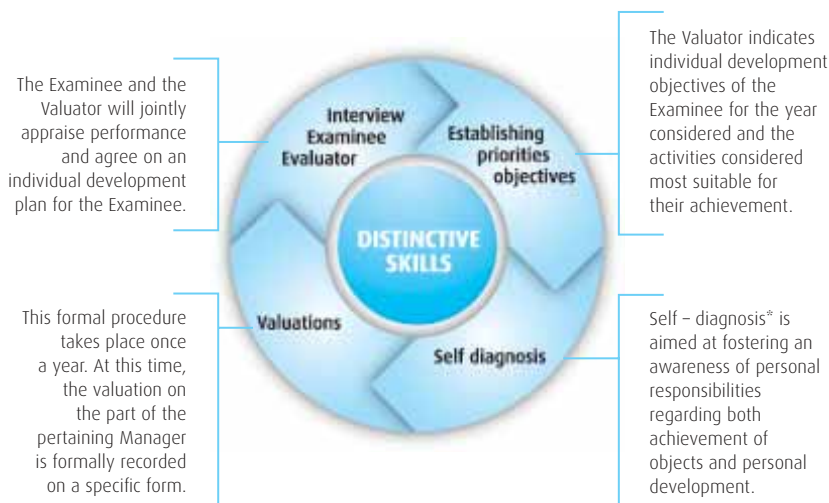
In the UniCredit Group, the evaluation and development of our people revolve around the model of “distinctive competencies”, i.e. a set of professional notions, abilities and orientations that are expressed in observable behaviour and allow to “make the difference” in the pursuit of the Group’s strategic objectives.

Distinctive competencies are:

- resource organisation and development
- integration
- leadership
- entrepreneurship
- quality in the results

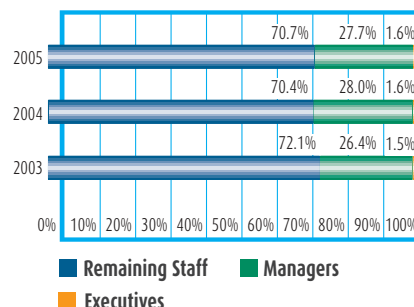
The evaluation system examines the way our people interpret their role, leveraging their aptitudes, knowledge and experience, with respect to the distinctive competencies. Based on these evaluations, each manager proposes a specific individual development plan every year for all evaluated resources, which can take the form of a training path with the dual purposes of:

- correcting any faults, highlighted in the evaluation process, with respect to the ideal profile for their job description
- improving their competencies for professional development purposes.

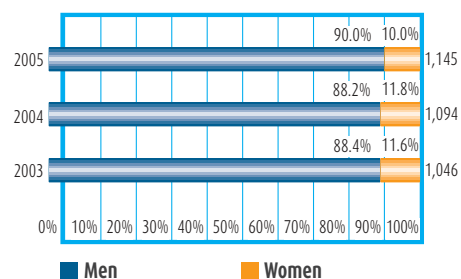


* Not provided for professional areas other than Managers and Executives.

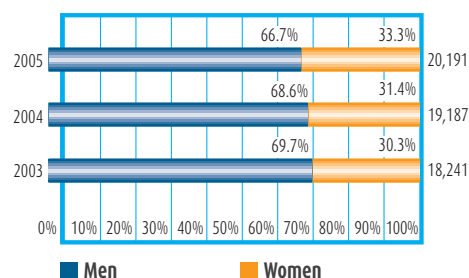
% Employees by professional categories*



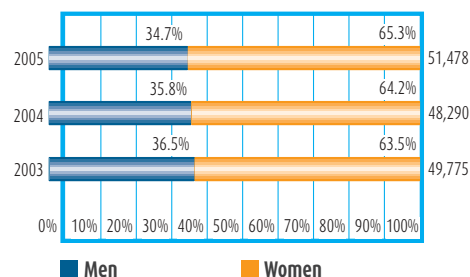
% Executives - Men and Women*



% Managers - Men and Women*



% Remaining Staff - Men and Women*



* Proportional data aggregation for KOC and YAPI Groups.

The evaluation and development system, and the incentive systems, sets up the UniCredit Performance Management system following described.

STEP

To grow within a complex structure it is necessary to have a clear vision of the path to follow and the steps required to travel over it. For this reason, UniCredit Banca created *Sviluppare Talenti E Professionalità* (STEP: Developing Talents & Professionalism), a system whose aim is to enhance resources' professionalism and value. The purpose is to make the employee clearly aware of growth opportunities and to facilitate individual career paths. More over the system allows everyone to define its training gaps through technical competences self-diagnosis, making explicit the training processes and the strong company will to create the best opportunities, in addition it makes available customized training tool in relation with the professional role.

STEP follows a bottom up logic, that overburden both the employee and the direct manager in the professional growth. This kind of logic allows to make everyone protagonist of their own professional development, giving the possibility to produce an efficient coaching activity.

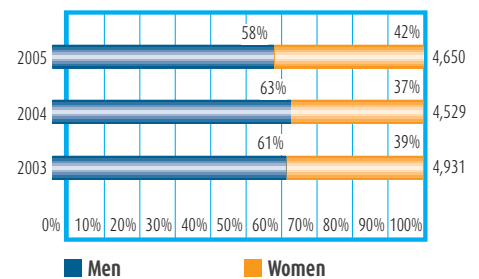
Analogous to professional development tools (appraisal of the performance, incentive, training), the Step tool is Intranet Web site, by which the employees can:

- self evaluate on technical and specialist skills as condition of system access;
- sail on growing process (know the job description and the future possible steps of development), finding the expected skills of actual positions and the future professional possibilities, together with skills to realize and/or deepen;
- direct access to training course requests concerning the gap resulted by skills validation.

About 20,000 colleagues of the branches are involved, 75% have completed the self evaluation, on the other hand 5,000 colleagues from the General Directions are involved and 60% have completed the self evaluation. The courses requested through STEP are now more than 3,000.

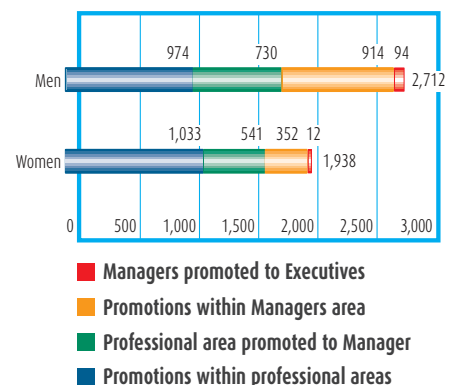
Recently STEP has introduced the opportunity to book the Fast Assessment. This opportunity is dedicated to professional roles which were not subjected to potential analysis. Colleagues potentially involved are about 4,500. In one month 543 people have been enrolled and one week lessons have already been completed.

Promotions - % Men and Women - Italy*



* Group Legal Entities different from New Europe. In 2005: 1,647 over 40,459 employees are settled at not Italian Legal Entities.

Advancement - Men and Women - Italy*



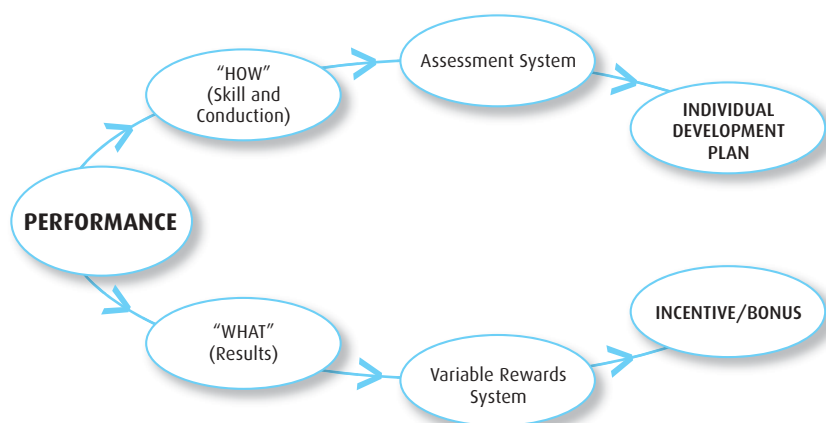
* Group Legal Entities different from New Europe. In 2005: 1,647 over 40,459 employees are settled at not Italian Legal Entities.

Compensation Philosophy

Performance Management

The UniCredit Performance Management System is made up of two distinct but closely correlated elements:

- assessment: using a distinctive skills model, the Group directs and assesses the way in which people view their role while deploying their own skills, knowledge and experience. Specific individual development plans are drawn up for each person on the basis of this assessment process. On a yearly basis, specific individual development plans are drawn up for each person assessed;
- the variable award system is the instrument used yearly by the Group to set basis, the individual qualitative and quantitative objectives our personnel is to strive for the payment of economic incentives is determined in proportion to the level of achievement of the objectives.



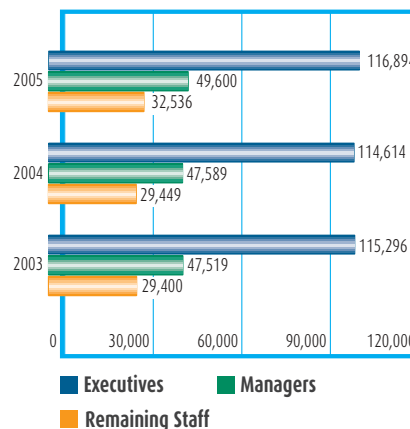
The fundamental components of the compensation package offered to each employee are:

- base salary, defined in relation to the employee's duties, specific experience and competence;
- the variable yearly incentive, strictly linked to the person's performance during the reference year;
- medium-to-long term incentive, connected to individual and Group performance.

With regard the last point, during 2005, the three-year medium/long term incentive plan for the Group's personnel was prepared; it is meant for Top Managers, Middle Managers and all the Group's employees.

In particular, in view of the Group's new organisation, the long term incentive plan for the Top Management was put together encompassing the Group's entire perimeter

Average gross compensations - Italy (euros)



resulting from the integration of UniCredit with HVB and BACA. The plan, which calls for assigning stock options and promising free UniCredit common stock ("performance share"), is aimed at motivating Top Management to achieve the objectives set out by the Strategic Plan and to facilitate the Group's cohesion in the process of integrating the different entities.

With regard to Middle Management, with the goal of stressing the correlation between the value of individual and company results, free UniCredit restricted common stock were assigned ("restricted share") in the presence of particularly good results within the yearly variable award system.

To the other employees in Italy, in order to reinforce their sense of belonging and provide a tangible sign of their achievements, free restricted common UniCredit stock were assigned within the scope of a restructuring of the company bonus.

UniCredit also offers some benefits for its employees:

- loans at favourable conditions: mortgages and personal loans at particularly favourable conditions; lending products offered only to employees "guaranteed" by the TFR (severance indemnity);
- complementary social security: to assure them a more secure future even at the end of their professional activity;
- supplementary health care coverage, to assure attention and care for their well-being.

According the New Europe activities, Zagrebacka Banka provides its employees periodical medical - specialist assistance (almost 21% of female personnel have took part at chest examination) and the possibility to take part at a blood donation program, twice a year. Bank Pekao supports different sport and cultural activities, provides general and individual insurance plans and health benefits. KOC Group, on the other hand, provides for workers and retires 4 diagnostic centers (2 in Istanbul, 1 in İzmir, 1 in Ankara).

Days of Absence (Full Time Equivalent) in 2005 - Italy

Reason	Days F.T.E.
Illness, injuries and medical exams	314,200
Pregnancy, delivery and post partum	138,500
Family or personal reasons (assistance to relatives, death, child birth, breastfeeding, disabled leave, school related reasons)	49,000
Union leave	56,075
Blood donation	4,000
Wedding leave	7,200
Leave for public functions	9,300
Leave for sundry reasons	14,400
Unpaid leave	20,500
Strike	5,050
Total	618,225

Addition hours worked in 2005 by professionals at the Group's Banks and Companies in Italy

	Men	Women	Total
Works deposited in the hour bank for subsequent retrieval	245,557	203,799	449,356
Works compensated at overtime rate	475,743	369,592	845,335
Total additional hours	721,300	573,391	1,294,691

Key Human Resource Management and Development

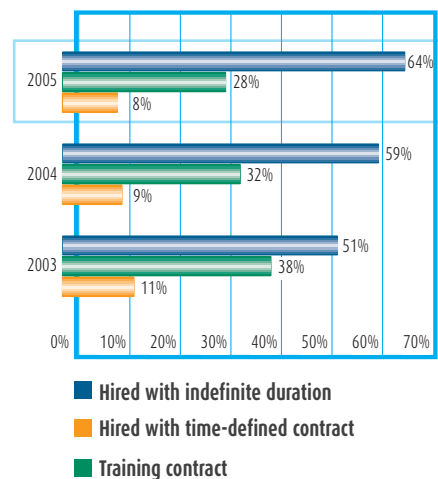
The ability to attract, retain, incentive and develop high quality resources is entrusted to Key Resource Management through:

- the preparation and monitoring of the key resource Development plan assuring, consistently with the line, their managerial growth in line with the Group's development strategies and promoting their mobility for individual and business development requirements;
- the coordination of the Management Performance Systems for key resources and of medium term Incentive Systems for all the Group's entities;
- the definition of consistent Group wide compensation policies and systems, aimed at enhancing resources' loyalty and motivating them to implement the corporate strategy;
- the contribution to the organisational design of strategic relevant positions for all the Group's Entities;
- participation in recruiting key resources from outside, proposing the Remuneration Package consistent with company compensation policies and suitable to attract best in class resources.

Among the main activities carried out in 2005, particularly relevant was the completion of the system for weighing the organisational positions, which started in 2004 for top positions, and the expansion of the perimeter for assessing positions in banks and companies in the Group, instrumental for better governance of the integration of the Group's development and compensation policies.

Activities relating to the Strategic Career Planning process for identifying and developing high value resources, capable of filling strategically relevant roles in the Group, were consolidated, starting the design of individual development paths for some of the value resources identified by the Strategic Committee.

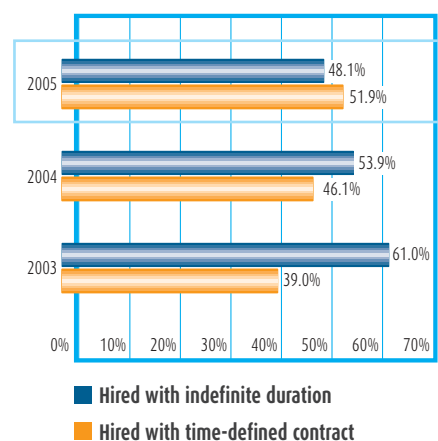
% New Hired - Typology contract - Italy*



* Group Legal Entities different from New Europe.
 In 2005: 1,647 over 40,459 employees are settled at not Italian Legal Entities.

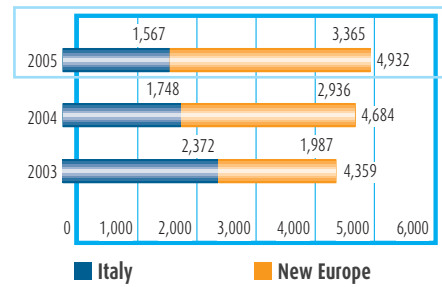
During 2005, 512 time-defined contracts and 152 training contracts have been switched in indefinite duration contracts.

% New Hired - Typology contract - New Europe

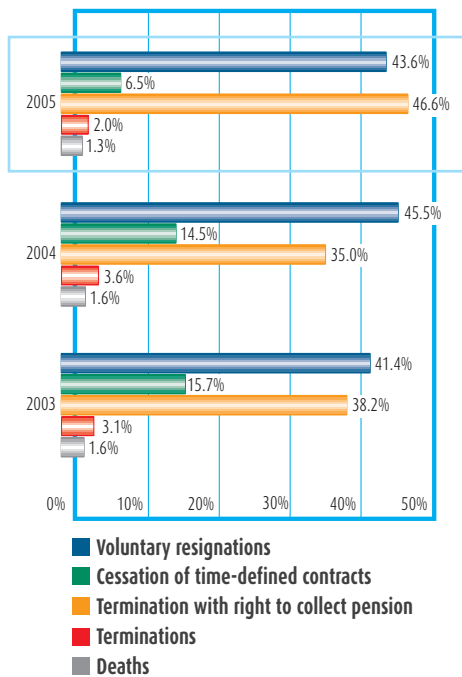


Turn over

New Hired



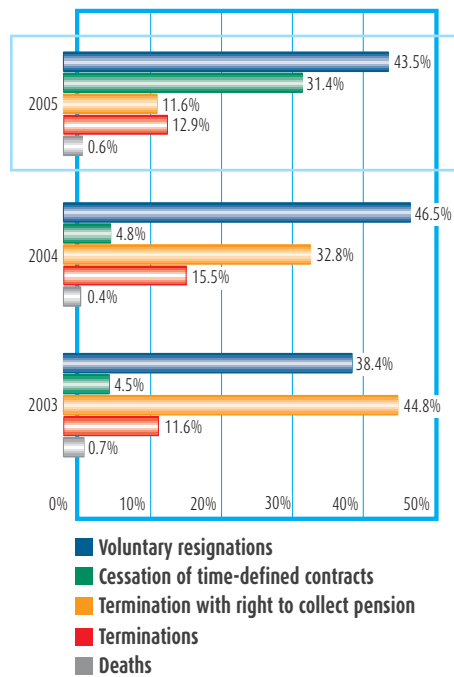
% Reduction* - Italy**
(total reduction 2005: 2,371)



* Termination with right to collect pension includes also data related to full-term retirement because the value is not relevant from this point of view.

** Group Legal Entities different from New Europe. In 2005: 1,647 over 40,459 employees are settled at not Italian Legal Entities.

% Reduction - New Europe*
(total reduction 2005: 3,219)



* Integral data aggregation for KOC Group, YAPI Group is not included because it was merged at the end of the year.

Work Environment

Internal Communications

UniCredit's internal communications in 2005 continued on the previous years' path, aimed at stimulating dialog and participation at all organisational levels, disseminating notices and information and involving colleagues in activities which can be classified according to 7 content macro categories: operational capability, social responsibility, user services, information on the business, institutional information, communications of the resource area and information on the integration process with the HVB Group.

In particular, for this last category, to communicate with the colleagues of the new Group as effectively as possible, a new Intranet site was created and made accessible to almost 148,000 colleagues in the 19 Countries where UniCredit is active.

On the occasion of the execution of the agreement that led to the launch of the new Group, a welcome kit was prepared, comprising an envelope containing a welcome letter and a poster showing the new "map" of the UniCredit Group, written in all the languages of the new perimeter.

According to internal communication activities in New Europe, Bulbank, for instance, periodically provide an employees satisfaction survey in order to implement initiatives and actions with the aim to define a work environment coherent with the employees expectations. In 2005, 70% of the personnel submitted the survey.

Employee Volunteering and Gift Matching

One of the main goals of the Unidea - UniCredit Foundation (www.unicreditfoundation.org) – refer to page 133 – is to carry out programmes created to simulate and spread, among UniCredit Group people, the culture of non-profit and volunteerism. For this purpose, the Unidea Foundation has proposed some initiatives that met with great interest and participation by the Group's personnel, and for this reason they were proposed again year after year, adapting them and changing them according to the results and the involvement observed the previous year.

Specifically, the programmes used to promote and support commitment in the field of non-profit and volunteer work were the Gift Matching Program and Employee Volunteering.

Employee Volunteering specifies that the Foundation will provide a financial contribution to all non profit organisation where UniCredit workers have performed volunteer work outside working hours.

Employee Volunteering		
	2005	2004
Participants	584	745
Hours devoted to voluntary activities	53,938	66,912
Amount donated by UniCredit Foundation	€ 631,075	€ 600,000

The Gift Matching Program calls for the Foundation to match the contribution paid by a UniCredit employee to not-for-profit initiatives. In 2005, a new challenge was introduced with respect to previous editions: the first session had been aimed at individual colleagues; in the second one, to promote personnel cohesion in favour of solidarity projects, only participation requests

submitted by groups comprising at least ten colleagues supporting the same solidarity project were accepted; this third edition of the programme, also aimed at groups of colleagues, was subject to the participation of at least twenty colleagues supporting the same project, for a total amount ranging from a minimum of 1,000 euro to a maximum of 30,000 euro.

Gift Matching in figures

	2005	2004	2003
Employees involved	3,494	2,993	3,500
Charities supported	111	143	270
Amount donated by UniCredit Foundation	€ 857,090	€ 600,000	€ 556,430

Relationships with Unions

The union relations system is based on continual, constructive dialogue, with the aim of seeking, whenever possible, shared solutions.

In 2005, among the main activities carried out, particularly important was participation in the definition of the issues to be discussed for the renewal of national industry contracts, which culminated with the signature of the Agreements for the renewal of the ABI national collective bargaining agreements of February 12, 2005 and April 19, 2005.

It is worthy to highlight the long and complex negotiation to regulate the effects of the 2004-2007 Industrial Plan, which ended with the agreement of February 11, 2005 whereby the planned personnel reduction – about 3,000 resources – will take place gradually, mainly through voluntary and incentive-based retirement of the personnel who at the date of termination of the employment contract are in the “window” to collect directly their seniority or age based pension. Subsequently and residually, the reductions may be achieved through voluntary access to the extraordinary funds provided by the industry Solidarity Fund by personnel reaching their retirement “window” within 36 months from termination.

Moreover, agreements were stipulated for financing training courses both through the industry solidarity Fund and the inter-professional continuous training Funds For.Te and Fondir. These funds represent new opportunities for funding and developing education and training for our industry. This is another reason why our Group organised, in 2005, a training course called “Building concerted training within inter-professional Funds” aimed at enhancing training knowledge and culture and intended both for company personnel and representatives of all Union Organisations.

The procedure for instituting the UniCredit European Works Council was started; this body was instituted by the European Union to improve worker’s right to information and consultation in groups of companies spanning the EU.

The political discussion related to social security issues was also ended with the Agreement of December 15, 2005 which instituted UniCA, Aid Fund for UniCredit Group Personnel, with its Bylaws and Regulations. UniCa’s purpose is to guarantee and manage, solely for aid purposes, on the basis of solidarity and mutual assistance principle, in favour of its members and their relatives, health care services which may complement those of the National Healthcare Service for illnesses, injuries and other events which may require health care or assistance services.

Lastly, in November 2005, the union procedure was started for the reorganisation in a single company – 2S Banca – of the securities services activities which previously were carried out in UniCredit, UniCredit Produzioni Accentrate and Pioneer Investments Management. In spite of the intense debate with the Unions, which continued even after the terms of the procedure, it was not possible to reach an agreement with respect to the effects of the operation on the working conditions of the involved employees. Subsequently, in late January 2006, the decision was made to sell the new Bank to Société Générale within the year. The confrontation also led to two strikes: one at the level of the workers directly involved in the process, the other one at the Group level.

The reasons for the aforementioned operations stem from the fact that securities services activities require volumes and economies of scale that are incompatible with our situation and our ability to guarantee value creation and long-term professional perspectives. The choice of the seller was carefully pondered and it allowed to identify Société Générale, an internationally recognized firm, as the ideal partner, able to leverage not only the know how and experience of the 2S Banca professionals, but also to assure the full continuity of the employment contract and of their conditions, both in terms of compensation and regulatory aspects, and with respect to complementary pension provisions and health care services.

The company repeatedly confirmed its willingness to seek an agreement with the Unions, to define ameliorative conditions with respect to those prescribed by law and by contract; in particular, with regard to “occupational guarantees”, it declared its intention to operate consistently with the provisions defined at the inception of the Group’s other Companies.

	2005	2004	2003
Union membership rate*	72.37%	71.17%	71.33%

* The rate refers to Banks and Companies in Italy.

Labor and Welfare Disputes – Italy			
	Number of unresolved cases	Passive cases*	Actives cases
	131	116	15

* Passive cases are related to ex employees or ex agents of Banks merged or welfare disputes.

Workplace Health and Safety

The Safety Portal is an IT tool created to comply ever more completely and punctually to the provisions of Art. 21 of Legislative Decree 626/94, i.e. the obligation of providing workplace health and safety information to all workers. The tool, in a Group of UniCredit's size, is certainly valuable for the dissemination of information in real time.

Ministerial circulars consider emergency management notices posted on boards to be "information", which enhance the value of an electronic notice board about which all workers are formally informed.

The goal is to work mostly on the word "prevention", with the aim of discussing and disseminating, in simple but effective fashion, all useful and indispensable information for a correct management of personal safety, in the workplace, also means safety for the entire company.

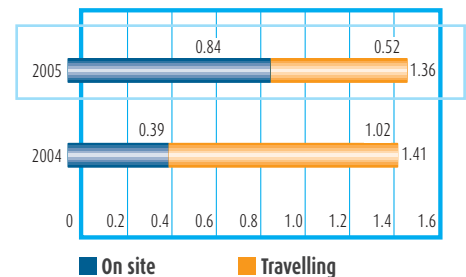
Moreover, UniCredit continues to invest in activities and processes finalized to avoid robberies and thefts and designed to improve client and personnel security.

In 2005, classroom training programmes for over 4,000 cashiers has been implemented, in order to share the most appropriate behaviour to prevent and handle criminal events.

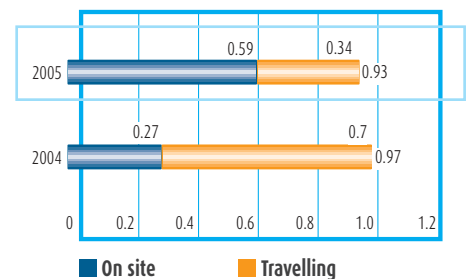
Despite the good results, which essentially prove the effectiveness of the deterrence policies we selected, it is critical to continue to invest in activities and processes designed to improve client and personnel security.

For this reason, during 2006 we will launch an integrated deterrence plan to be implemented throughout the next three years. Through the balanced combination of advanced technologies and security procedures, the plan aims to further reduce the number of criminal events and improve the level of security for UniCredit Banca's people and assets.

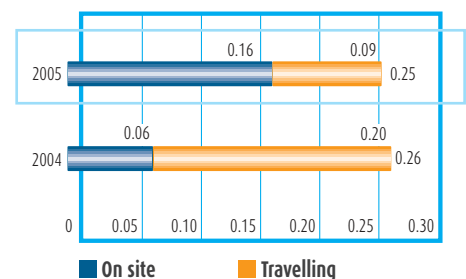
Injury Rate - Italy



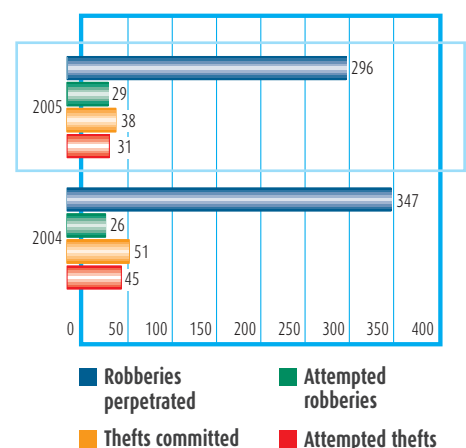
Frequency Rate - Italy



Severity Rate - Italy



Robberies and Thefts - Italy



Day Care Centres

In December, *"Bimbi in Casa"* ("Kids at Home"), the company day care centre built in Milan by UniCredit Banca per la Casa, opened. This initiative accompanies two similar ones and it bears witness to the UniCredit Group's sensitivity to the needs to conciliate work and family demands.

Like the Group's two other company day care centres, this facility is open to the territory: if places are available, in addition to Group employees' children, the centre is also open to the children who reside in the neighbourhood, thus helping meet citizens' needs.

	Available places
L'isola incantata (Enchanted Island, Turin)	30
Pupo&Pupa (Guy&Doll, Cologno Monzese)	26
Bimbi in Casa (Kids at Home, Milan)	32

Bimbo in banca (Kid in the Bank)

For the second year in a row, UniCredit dedicated a workday afternoon to its employees' families and in particular to children, with the second edition of the *"Bimbo in banca"* open day.

Bimbo in banca was launched with the aim of closing the divide between the professional and private lives of the Group's colleagues, enabling children to understand how "mummy and daddy" spend their day at the office.

For the event, all Group companies opened their offices to welcome the employees' children aged from 0 to 12 year, who were thus able to visit their parents' workplace.

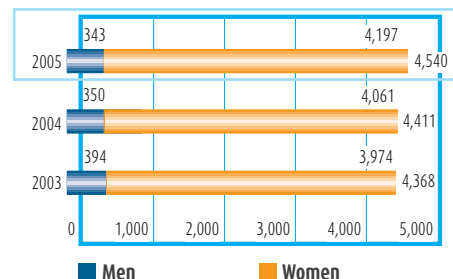
The event is connected to the initiative, which in 2005 reached its eleventh edition, called *"Festa della mamma (e del papà) che lavora"* ("Working mums' (and Dads') Day"), promoted by *Corriere Lavoro* with the sponsorship of the Ministry for Equal Opportunities, which was launched with the goal of recognising worker-parents and sees the participation of many major Italian companies.

For *Bimbo in Banca*, not only were all offices opened to employees' children, but actual parties took place after the early closing of the branches.

Bimbo in Banca 2005 once again linked with the activities of the Unidea Foundation (www.unicreditfoundation.org) with an important charity initiative. Children were involved in the participation in a competition, called "Tell us your dream", where they told of their aspirations in a drawing and a short essay.

For each one of the over 2,400 submissions in the competitions, the Unidea Foundation made a cash contribution, to be used to fulfil the dream of a group

Part Time - Men and Women



of children in Burkina Faso, who were also invited to express their dreams with a drawing.

The selection committee chose the best 10 drawings for each age group (for a total of 30); each of them won a coupon to purchase children's books.

All the children who participated in the competition received a thank-you letter and a coloured leather bracelet, hand made by Burkina Faso women, as a symbolic participation prize.

The awards ceremony was organised in collaboration with MUBA, Children's Museum, present in the Three-year exposition at the same time with the itinerant exhibition called "Sounds".

The partnership with MUBA enabled UniCredit to offer exclusive visits to the Sounds exhibition to the Group's colleagues, who thanks to the on-line reservation service provided on the Intranet portal were able to reserve the tickets for their children.

In 2006, the exhibition with the children's drawings will be brought to some of the Group's main branches and buildings, providing clients with a cross section of the Group's activities for its employees and their families.

UniCredit is continuing to support the "Saving Children" project, which started with the donation of the revenues from the book *"Il Babbo fa il bancario"* ("Dad works in a bank").

The "Saving Children" project – "Saving Children, Medicine Serving Peace" – carried out in collaboration with the Peres Center for Peace, an independent, non governmental organisation founded by the Nobel Prize winner Shimon Peres, thanks to support from medical organisations, some of them Italian, is developing a programme aimed at identifying, diagnosing and curing Palestinian children in Israeli Hospitals and Rehabilitation Centres.

Sports Meetings

The Groups has organised sports events dedicated to its employees for years. We are convinced that sport enhances and strengthens the values and principles on which our way of banking and living the company is based. A time for togetherness, that reinforces the teamwork and collaboration spirit that is one of the key features of the value system we base ourselves on in order to do our best in our work.

During the year, the 7th Skiing Meeting and the 7th Mini-football Meeting were held. The ski Meeting was a record-breaking edition: 1,300 participants, 200 of them from Croatia, Czech Republic, Slovakia, Poland, Bulgaria and Turkey but also Ireland and Luxembourg, bearing witness to the importance the event has taken over time and above all to the favour it increasingly enjoys among the Group's colleagues.

With regard to the mini-football Meeting, the 54 participating teams, representing the multi-faceted world of the UniCredit Group, and their supporters, numbered nearly one thousand.



HVB Group

Work and family life

HVB Group supports its staff for a long time with a broad range of options to attain the employees' rights work-life-balance which is a precondition to commitment and willingness to perform:

- numerous ways to work part-time or from home;
- organising all aspects of childcare together with an external advisory firm;
- financial support in the form of the childcare allowance;
- sport and recreation facilities;
- encouragement of continuous professional development of our staff during their parental leave;
- employees support with relatives who need care (the "Eldercare" programme).

Moreover, in HVB there is a day care center with 30 places and emergency care on 115 days in 2005, in BA-CA there are 2 day care centers with 170 places.

In 2005 HVB became the first company in Germany to receive the Work & Family Audit certificate for the third time. This award recognizes corporate commitment to achieving a healthy work-life balance.

Healthcare

For HVB all activities to do with health are coordinated by the Health Forum, in the case of BA-CA by the Centre for Health and Staff protection. The Health Forum and the Centre for Health and Staff Protection plan and implement the campaigns, working with management, the works council and human resources. It aims to encourage the employees to take an active interest in their health and to improve productivity.

Employees going through a personal crisis (e.g. traumatic experiences, psychiatric problems, social problems at work) are offered effective 'help to help yourself' by the social counseling team.

KPI

Average annual days of sick leave per employee: 8 at both HVB and BA-CA.

Talent center

HVB bundled all its recruiting, supervision, and development activities under the umbrella of a single Talent Center as early as 2002.

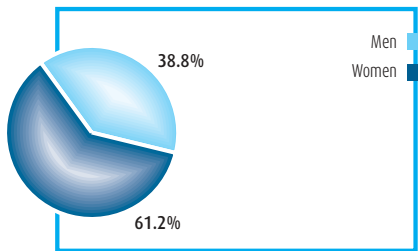
The Talent Center has a wide range of tasks:

- it is responsible for providing advice on careers and high quality training services;
- selected alumni with high potential are deliberately fostered through staff development seminars and mentoring;
- former temporary student workers and student apprentices who have excelled and proven their worth are bound in to HypoVereinsbank through our Student Network which holds workshops and provides a range of advisory services; it also recruit trainees from this Group.

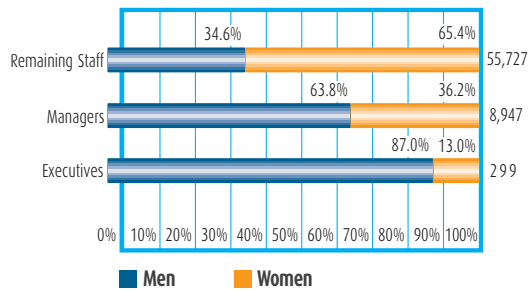
KPI

HVB has agreed a fixed quota for apprentices (6%) and trainees (1%).

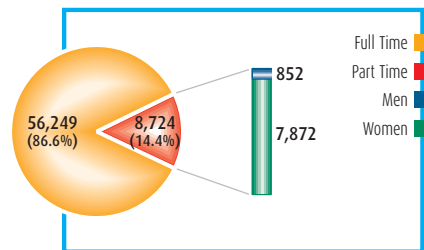
Employees total breakdown - % Men and Women
(total employees: 64,973)



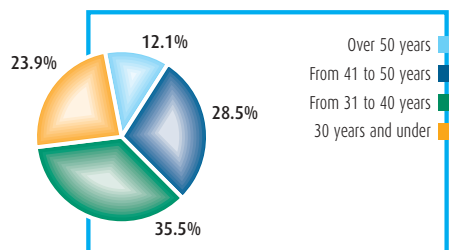
Professional categories - % Men and Women



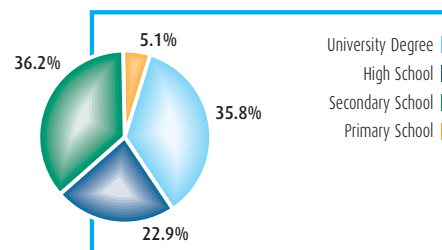
Full Time vs Part Time - Men and Women



Employee by age
(total employees: 64,973)



Employees by study level
(total employees: 64,973)





Customers

- Listening to customers
- Transparency
- Service innovation
- Security
- HVB Group

Customers

Being part of a large Group does not reduce our proximity to the community in which we operate. Listening to customers and understanding their needs are at the heart of a service-oriented culture. In fact, we feel that our success is driven by customer relationships based on transparency as to the terms and conditions of service and excellent delivery of such innovative and safe solutions as are most suited to meet customers' requirements.

Listening to customers

Listening initiatives make sense to the extent that feedback is received on the quality of the products and services sold, so that the bank might fine-tune them or take any corrective action to adapt them to their customers' needs. By focusing on customer satisfaction, the objective of this exercise is to improve relationships between customers and the bank.

The different projects implemented provide an overview of customer satisfaction, the main factors determining it and possible areas of improvement. These include:

- customer satisfaction surveys;
- quality analysis of the services rendered through Mystery Shopping;
- complaint management and dialogue with consumer associations.

These activities perform a valuable function as there is always a physiological difference between provided and perceived quality. The analysis of this difference provides the guidelines that make it possible to take appropriate action, so as to trigger a "virtuous cycle" that benefits the relationship as a whole.

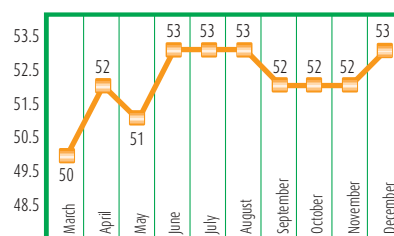
Customer satisfaction surveys

Every segment Bank adopts a different methodology in customer satisfaction surveys, because every market segment analyzed has different features. This means that the satisfaction indicators of the different Banks are not comparable against each other.

UniCredit Banca uses the TRI[®]M methodology, which uses the following measurement variables:

- *overall customer satisfaction*;
- *reliability*, which indicates whether the customer would recommend the bank to family and friends;
- *repeatability*, which indicates whether customers are willing to continue to operate with their bank;

Customer Satisfaction Index Trend
UniCredit Banca



- *attractiveness in comparison to the competition.*

In 2005, the UCB Customer Satisfaction Index rose by three points (on a scale from 1 to 100), showing a largely satisfactory performance.

The economic investment for this activity amounted to approximately 2 million of euro.

UniCredit Banca d'Impresa has adopted a different methodology, which involved 9 integrated, 8 quantitative and 1 qualitative surveys under three different headings: Market, Customers and Products. In 2005, the Satisfaction Index rose one point on the previous year, reaching 63 out of 100.

Number of Interviewed Customers			
	2005	2004	2003
UniCredit Banca	~265,000	~242,000	~120,000
UniCredit Banca d'Impresa	~6,000	~5,000	~3,000
UniCredit Private Banking	n.a.	~3,600	n.a.

According the New Europe activities KOC every year provides own and peers customer satisfaction surveys, Zagrebacka Banka has defined a similar survey according to its main market segments.

Mystery Shopping

With regard to the activities used to monitor the quality of the services provided, in 2005 a Mystery Shopping programme was implemented in different Group companies and attention was paid to new customer reactions.

The idea was to test the ability of branches to welcome customers and to identify the type, a necessary condition to provide the right services and, in broad terms, to enhance the quality of the relationship. The outcomes of these activities were subsequently collected and analyzed in order to take any corrective action.

In particular, tests were conducted in 115 branches of UniCredit Banca located in geographic areas with significant growth potential.

In 2005, physical accessibility to branches, in terms of access to the teller counter and the use of self-service equipment, was included in the variables monitored through the Mystery Shopping programme. In fact, in 2003 UniCredit joined the *"Obiettivo Barriere"* ("Let's take on barriers") campaign initiated by Cittadinanzattiva, a non-profit organization, committed to tearing down architectural barriers within its facilities.

Complaint management and dialogue with consumer associations

The analysis of patterns and types of complaint is an important part of the customer listening process, as it makes it possible to identify promptly any criticality in the services provided in order to restore their quality.

Special emphasis is placed on complaints and disputes related to compound interest ("anatocism") and the default cases of Cirio, Argentina and Parmalat.

Specifically, with respect to anatocism the number of complaints and new disputes in 2005 was limited.

Concerning Argentine bonds, until 2004 disputes were limited while in the early months of 2005 there was an increase in complaints and, to a much lesser extent, in legal disputes. This was because the Republic of Argentina launched an offer to exchange bonds it had issued. The bondholders considered the terms and conditions of the offer grossly unfair, so a large number of them turned against banks in hopes of obtaining a larger reimbursement. However, even though, broadly speaking, banks have demonstrably acted properly (since there is no reason to believe that trading in bonds issued by the Republic of Argentina is different from trading in any other financial instrument), the Banks of the Group continued to make provisions for individual positions, as they did in past fiscal years.

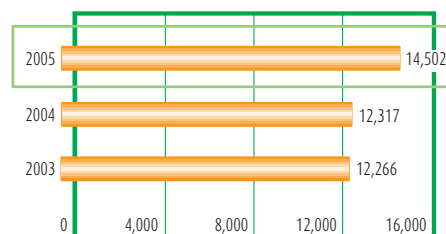
With regard to Cirio bonds, for the fiscal year 2005 the Banks of the Group continued to make provisions only for ongoing lawsuits (the total number of which changed slightly from the previous year). The outcome of these lawsuits depends largely on the ability of the bank to prove that it complied with the disclosure requirements provided by law and that it has properly completed the purchase (a circumstance which could be demonstrated in most cases).

It should also be noted that, in 2004, the independent Commission set up by UniCredit, under the chairmanship of Prof. Guido Rossi, to investigate the merits of the complaints of allegedly unaware customers, completed its task. Of the total participants in the procedure, 50% obtained a reimbursement (see the 2004 Social and Environmental Report).

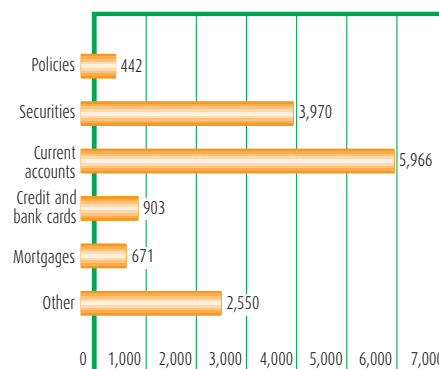
The Parmalat situation is both complex and unusual, because it affected both banks and bondholders. The case is being reviewed by law enforcement authorities. We have assisted Parmalat bondholders in submitting their claims in the bankruptcy proceedings initiated by the Court of Parma.

In the limited number of legal disputes involving Group companies (representing approximately 6.8% of the total complaints submitted), we think that we can demonstrate that the bank acted properly. The banks of the Group deemed it appropriate to make provisions only for pending disputes.

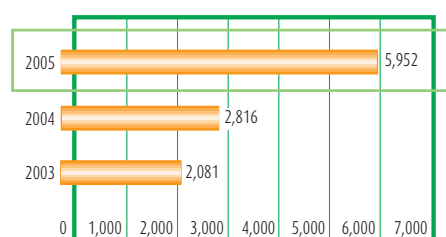
Number of complaints submitted - Italy*



Number of complaints submitted in 2005 by Type - Italy*



Number of complaints settled - Italy*



* Data related to UniCredit Banca, UniCredit Banca d'Impresa, UniCredit Private Banking.

For deepening of legal argument among UniCredit Group and other Parmalat Group Companies please see Consolidated Annual Report Additional Note.

Customers' claims and complaints can also reach the bank through consumer associations, with which we have an open communication channel. In fact, our goal is to manage these relationships to the best of our ability, to further our mutual interest by improving customer service. This is another reason why we are part of the "Banks – Consumers" working group set up by ABI, which intends, among other things, to train consumer policy experts who have both legal and socio-economic skills.

Transparency

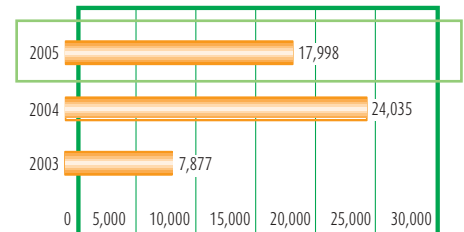
Genius Revolution

The Genius Revolution programme is designed to meet customers' needs in terms of rebuilding trust, simplification and clarity, reduction of the discrepancy between actual and perceived value of the services provided.

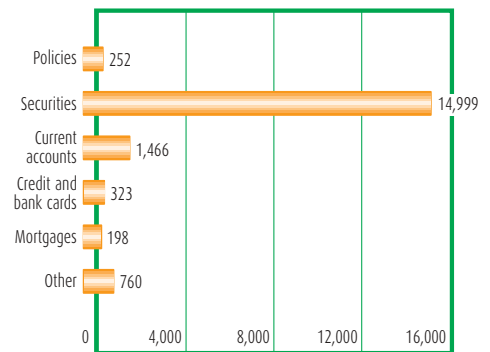
To enhance the certainty and transparency of the programme, the prices of all Genius package accounts will be locked-in until 2010. Moreover, account closing costs and security transfer expenses have been eliminated.

With the Genius One account UniCredit Banca meets the needs of households for greater control over banking costs. At just euro 1 in monthly fees, this "do-it-yourself" account is for customers who want to manage their account independently through a full self-banking platform, including telephone, internet, mobile telephone and ATM card (Bancomat). UniCredit Banca provides a complimentary Alice Free ADSL package, to encourage these customers to interact at no cost with the bank and to carry out banking and trading activities on line. The bricks-and-mortar branch is used only for the most complex transactions.

Total amount paid for settled complaints - Italy*
(in thousand of euro)



Total amount paid for settled complaints in 2005 by Type - Italy*
(in thousand of euro)



* Data related to UniCredit Banca, UniCredit Banca d'Impresa, UniCredit Private Banking.



Model “First”

UniCredit Banca has developed a new strategic approach to investing, implementing a new “investment method” based on customers’ financial needs.



During the meeting, the adviser typically listens and analyses the customer’s investment requirements and financial conditions on the basis of four types of need:

- *liquidity*, for day-to-day and short-term needs;
- *speculation*, to invest part of a customer’s savings for potentially high-return but also high-risk instruments;
- *planning*, to achieve specific objectives (e.g. purchase of a house);
- *growth*, to increase a customer’s net worth on the basis of risk/return expectations.

Following a review of past financial strategies, in light of the foregoing 4 needs, the customer’s risk profile is defined.

This results from an interview to determine the risk that customers are willing to bear in connection with their investment strategies.

Thus, an attempt is made to strike a balance between the goal of maximizing investment returns and the need to keep investment risk under control.

To optimize the risk/return ratio over the medium-to-long term, the Bank utilizes the “efficient frontier” concept, whereby an investment portfolio is built with a view either to maximizing expected return at a given risk level or to minimizing risk at a given return level.

The goal is to put customers’ portfolios on the efficient frontier, recommending investments consistent with their risk profile and time horizon.

The First method calls for customer relations managed on a long-term basis, with periodic meetings with customers to review any change in needs, consistency of their investments and the opportunities available in the market.

Moreover, UniCredit Banca has created additional services to enhance customers' awareness of their investments:

- in the dedicated section of its web site and in addition to the new service model, the Bank makes available columns, articles and reviews of special issues;
- an e-mail address by which to contact the Bank.

Simplification of Bank – Customer relationships

During 2005, we implemented projects and activities to meet a growing demand for greater simplicity by customers.

The range of services that can be purchased through a single contract (one contract covering several products) was expanded, thus cutting by half the time needed to sign agreements and significantly lowering the number of signatures required. In fact, the single contract is shorter and more understandable.

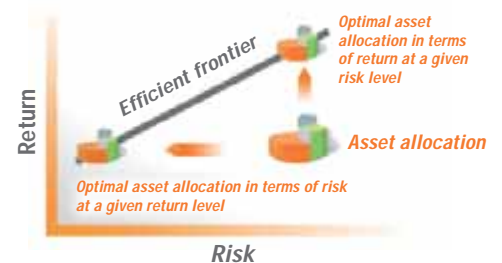
Furthermore, the account statement was reviewed. This is a key document in the relationship between the Bank and its customers, as it meets first and foremost two important needs:

- control over one's financial conditions in the short and medium term (tracking of expenses, trends in incoming and outgoing cash over different periods, etc.);
- reconciliation between actual and recorded transactions.

The first page shows summary information regarding balance, credits and debits, to provide a quick overview. Moreover, a space has been included that can be cut out and kept as a handy memo, with detailed instructions for wire transfers and the numbers to call to block credit and ATM cards.

The technical jargon has been replaced with more understandable terms (for instance Debit and Credit have been replaced with Expenses and Revenues) and the information has been placed in a table and shown for easy reference.

We continued to work with Cittadinanzattiva – a movement for civic participation and citizen rights protection – to receive input on our contracts from the customers' side. In 2005 a "Guide to Our Contract" and a "Glossary with Key Words" were prepared to explain products purchased and the content of these sections of the contract.



Service innovation

Development of advanced channels

In 2005, the "It's Easy to Save Time" project was implemented to develop alternatives to traditional branches. The spread of advanced channels for banking transactions is in keeping with Italy's need to modernize. To this end, the growth in home banking accelerates the computerization of our society, on one side, and reduces the need for physical mobility, and its associated environmental impact, on the other.

The project, which is still underway, provides customers with the possibility of choosing from different alternatives to carry out the most common banking transactions around the clock, with significant savings for both customers and the bank.

In 2005, customers were quick to react: on line current accounts rose by 21%, firming up UniCredit Banca's leadership position with a 16.5% market share.

Internet Banking

At year-end 2005, Unicredit Banca's customers who purchased the Banca Multicanale¹ service totaled 1.1 million, up 43% on the previous year, with a total of 1.2 million enabled current accounts. In particular:

- individual customers rose by 43%, to 910,630;
- small enterprises totaled 187,398, up 41%;
- users of Banca Multicanale represent 60% of total customers.

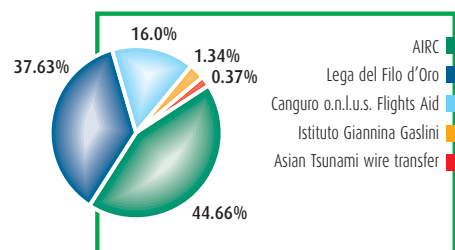
The interest in the internet propelled UniCredit Banca into a leadership position for banking transactions in the first half of 2005.

With more than 1.5 million first-time visitors per quarter in 2005, UniCredit Banca was one of the leading on line finance sites².

The needs of customers on line are met through constantly updating the UniCredit Banca web site and the introduction of new functions, specifically:

- UniCredit Pass was a real innovation in on line security;
- BANKPASS Bollette: this service makes it possible to view bills and bills issued by utilities and private companies;
- the new Documents Online service makes it possible to check the documents related to the banking relationship via the computer, with the benefit of quick and easy retrieval of all information;
- payment of local property tax (ICI), Import F24, wire transfers, digital TV top-ups, payment of phone bills.

Number of donations made via Internet Banking



¹ Banca Multicanale, or multi-channel bank, means the channels that can be accessed instead of a traditional branch when carrying out banking transactions.

² Source: Nielsen/NetRatings; commSTRATEGY - DigitalFinance Q4 2005.

In 2005, UniCredit Banca's customers were particularly active in donating online, indicating the importance of this medium for such activities. With more than 10,000 wire transfers, donations amounted to approximately 550,000 euro.

Banca Multicanale's good performance meant that UniCredit Banca won the following awards:

- Golden Circle Award for Financial Innovation with the Security and Online Banking project in the Applied technology category;
- Banca Multicanale for individual consumers and the Genius Revolution range won the second edition of the MF Innovation Award.

Advanced and traditional ATMs

In connection with the development of alternative channels, we activated approximately 200 "advanced" ATMs, a figure set to rise to 900 by early 2007. These ATMs are called "advanced" because, in addition to traditional transactions, they allow customers to deposit cash and cheques. In locations where advanced ATMs have been installed, there are also customer service representatives.

Customers appreciated this service, as more than 20% of deposits are made through the installed ATMs, with peaks above 40%. UniCredit Banca has invested nearly 10 millions of euro in the first 200 terminals and expects to invest nearly 23 millions of euro to install 450 more.

Furthermore, new functions have been added to traditional ATMs. In fact, today nearly 60% of UniCredit's ATMs allow customers to make electronic payments, top-up prepaid bank cards and cards issued by certain digital TV operators, keep track of credit card payments and securities accounts.

Documents On line

In its continuing effort to provide customers with innovative high value-added services, UniCredit Banca and UniCredit Banca d'Impresa have made available the new On Line Documents service, to simplify and optimize banking correspondence methods and management.

This service makes it possible to receive rapidly the records for all bank transactions, account statements and summaries electronically.

Documents are made available in an electronic format and are easy to use, as they can be selected by type and, subsequently, viewed, printed and saved. This has a number of benefits:

- *timeliness*: as soon as they are ready, documents can be checked promptly in real time;
- *convenience*: official documents can be checked securely from anywhere at any time;
- *practicality*: documents can be saved on your own computer and only those of interest can be printed, thus saving time, space and paper.

Correspondence can still be viewed inside the Bank via the internet and has the same legal validity as paper copies of the correspondence.

Loans On line

On agreement with Eurofidi, UniCredit Banca d'Impresa has made available to the small and medium-sized businesses of Piedmont, Valle d'Aosta, Tuscany, Marche, Emilia Romagna and Umbria a substantial stock of long-term credit, intended to support new investments that can also be used on line thanks to the collaboration of Europmi. It amounts to 5 billion of euro and is to be used

for granting seven-year loans, with no repayments over the first two years, where creditworthiness permits, without any real or personal guarantees provided by the entrepreneur. The loans are 100% secured by Eurofidi, the largest credit security institution in Europe, up to a limit of 4% of the amount of the loans supplied during the period of the initiative, and can also be used online via the portal www.europmi.it. This operation is the absolute first to be launched in Italy with these characteristics. It allows small and medium-sized businesses to make investments aimed at technological innovation and at quality certification, at increasing business productivity and at training personnel. It also allows investments to be made abroad or any other type of investments to be made.

Offer of information services

Finsiel, Microsoft and UniCredit Banca d'impresa have signed an agreement to offer information services to small and medium-sized businesses. The three partners will undertake to outsource application services that will be offered to the market of small and medium-sized businesses together with innovative banking services offered by UniCredit via the "Uniweb" platform. They will offer outsourcing of application services for programming plans for the production and management of materials within a business's production cycles. The agreement has offered small and medium-sized businesses the opportunity to save on innovative services.

Wealth Advisory

Personal Wealth Advisory is UniCredit Private Banking's response to the needs of its customers in tax, legal, succession and property matters.

Since the financial management of the liquid component is of fundamental significance, it represents just one part of the activities aimed at the protection and growth of large capitals.

To that end, an appropriate company was set up, UniCredit Private Wealth Advisory srl, which, with an extremely concrete approach, helps the customer's fiduciary advisors identify and produce the most appropriate solutions to enable all the aims to be achieved as quickly and efficiently as possible.

The consultancy activities stem from an analysis of the composition of the overall capital, in order to study and implement measures aimed at achieving the optimum allocation in relation to the customer's specific requirements, individual risk appetite and requirements of expected return, taking into consideration the financial, tax, legal and succession implications.

Particular attention is dedicated to the entrepreneurial Customer whose business activities, which represent a significant portion of his overall capital, require specific study and analysis, in order to seize every opportunity and deal with critical aspects, offering specific solutions for each circumstance.

The advice provided by the Wealth Advisory service represents an exploratory "intelligence" activity which, by stimulating customers' creativity and intuition, supports them in the choice of innovative solutions, making use of advanced instruments and highly specialist skills.

Responsible finance

To balance the need of investors to maximize investment returns while adhering to ethical values, Pioneer Investments – the asset management company of the UniCredit Group – provides two asset management products, the Global Ethical Equity fund, a share fund, and Pioneer Bond Euro Corporate Ethical Fund, a bond distribution fund.

The two portfolios are managed with the assistance of an Ethical and Environmental Committee. In 2005, the Ethical and Environmental Committee reviewed the following sectors and themes:

- > Microfinance*
- > Biotech
- > Health care devices
- > Pharma & Semiconductors*
- > Telecommunications
- > Nuclear energy

* under review.

During the first half of 2005 the Committee's first three-year term of office expired and a procedure was initiated to appoint the new members.

The Ethical and Environmental Committee had 19 members in 2004 and 12 in 2005.

In order to ensure a more streamlined decision-making process and greater independence in research and evaluation, the operating rules were amended to achieve a new balance between internal and external Committee members: up to 12 external members and up to 2 members from within the Group. Currently, the Committee consists of 12 members, two of whom are from within UniCredit. The new members were selected, with the same criteria as the former, from the world of scientific research, academic and professional fields.

Outside Members of Pioneer Ethical Committee

Name and Surname	Position	Specialization
Adriano Propersi	Chartered accountant and Professor of Business Economics at Politecnico di Milano	Corporate governance
Emilio D'Orazio	Director of study centre Politeia	Philosophy and ethic
Mariachiara Tallacchini	Professor of Philosophy of Law at Università Cattolica di Piacenza	Philosophy and ethic
Francesco Taranto	Pioneer Global Asset Management Advisor	Finance
Marc Bayot	Pioneer Global Asset Management Advisor	Finance
Donata Gottardi	Professor of Labor Law at Università degli Studi di Verona	Labor Law
Giovanni Moro	Chairman of "Active Citizenship" Foundation	Citizen Law
Virginio Colmegna	Director of "Charity House" Foundation	Religion
Francesco Denozza	Professor of Commercial Law at Università degli Studi di Milano	Corporate governance
Hans Glauber	Chairman of eco institute Okoinstitut Sudtirol/Alto Adige	Environment

Furthermore, during the meetings, which took place in the second half of 2005, the operating rules for the investment process were amended to introduce a new formula that would capitalise on the Committees skills and that would make for a more specific and effective allocation of resources in high-potential companies.

According to this new formula, the ethical portfolios of Pioneer Investments will feature two main types of investment:

- investments will be made mostly in securities included in ethical databases recognized by the financial community (FTSE4Good Global for the stock fund and ECPI Ethical Index Euro Corporate Bond for the bond fund);
- the remaining part will be devoted to securities issued by companies that have a significant track record in ethical and environmental areas (hereafter known as Distinctive Investments).

The research objectives that the Committee set in 2005, which included microfinance and biotechnologies, are indicative of the effort made with the new approach and from the basis of the first Distinctive Investments, which now account for 7.34% of the share fund's portfolio.

The good results achieved, which are in line with those of the mutual funds that do not adopt sustainability and social responsibility criteria, have attracted increasing numbers of investors.

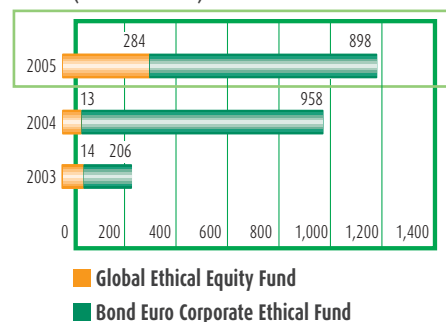
In particular, the Global Ethical Equity Fund is among the top performers in the European ethical funds league table, reporting a 23.94% gain on the previous year and a 33.22% gain on the previous three years.

We believe that transparency is an absolute value and, particularly within the scope of socially responsible finance, a crucial factor for a conscious choice and to promote the culture of social responsibility. For these reasons, we have accepted the guidelines on transparency promoted by the European Sustainable and Responsible Investment Forum (Eurosif). These guidelines help to present clearly the search, investment, control and monitoring process, according to standards shared by the largest European ethical mutual funds.

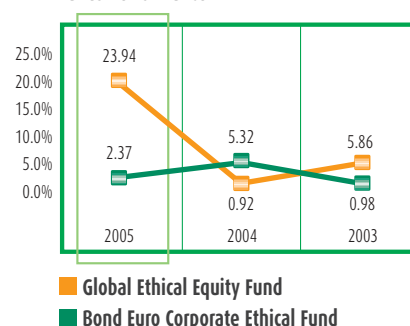
With the same aims, in 2006 we plan to launch a new section of the Pioneer Investments website (www.pioneerinvestments.it) expressly dedicated to socially responsible finance.

In 2005, Pioneer Investments was the market leader, with a 46% share of total assets managed in accordance with social responsibility criteria in Italy. At European level, Pioneer Investments ranks second, with nearly 7% of the ethical fund market.

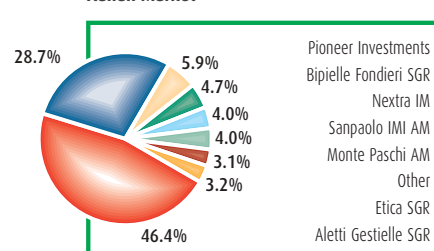
Assets under management
(in million of euro)



Funds Performance

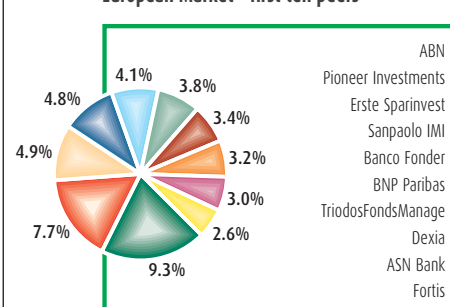


Italian Market



Source: Avanzi SRI Research.

European Market - first ten peers



Source: Avanzi SRI Research.

Security

“Secure Internet”

UniCredit Banca implemented an innovative and comprehensive on line banking protection plan to increase security for its customers.

All Banca Multicanale account holders have been given a UniCredit Pass (“token”), the new electronic tool that combines maximum security with ease of use by generating a single-use random code to be used to access online services. Moreover, an information and training platform was created for customers to become familiar with available technologies used to combat internet-based threats. This initiative is part of a broader plan to prevent fraud and on-line crime such as phishing and identity theft.

Bancomat OLI (On Line Issue)

Bancomat OLI (On Line Issue) is a new authorization system that allows customers to check the balance of a linked account when they withdraw cash from ATMs (Automatic Teller Machine) of other banks and when they pay via POS (Point of Sale). In the event of insufficient funds the transaction is not authorized, thus avoiding unforeseen overdrafts by customers.

Moreover, ATM cards can now be provided to new customers immediately as well as to low-income customers.

Fraud prevention

In 2005 5,849 POS units were replaced. These were both old fraud-prone units and equipment in the Turin area which was replaced prior to the Olympics to make room for new terminals compliant with the EMV (Europay – Mastercard – Visa) standards, whose technical specifications are more secure. Furthermore, all obsolete equipment is being replaced gradually. The cost incurred to date amounts to around 600,000 of euro.



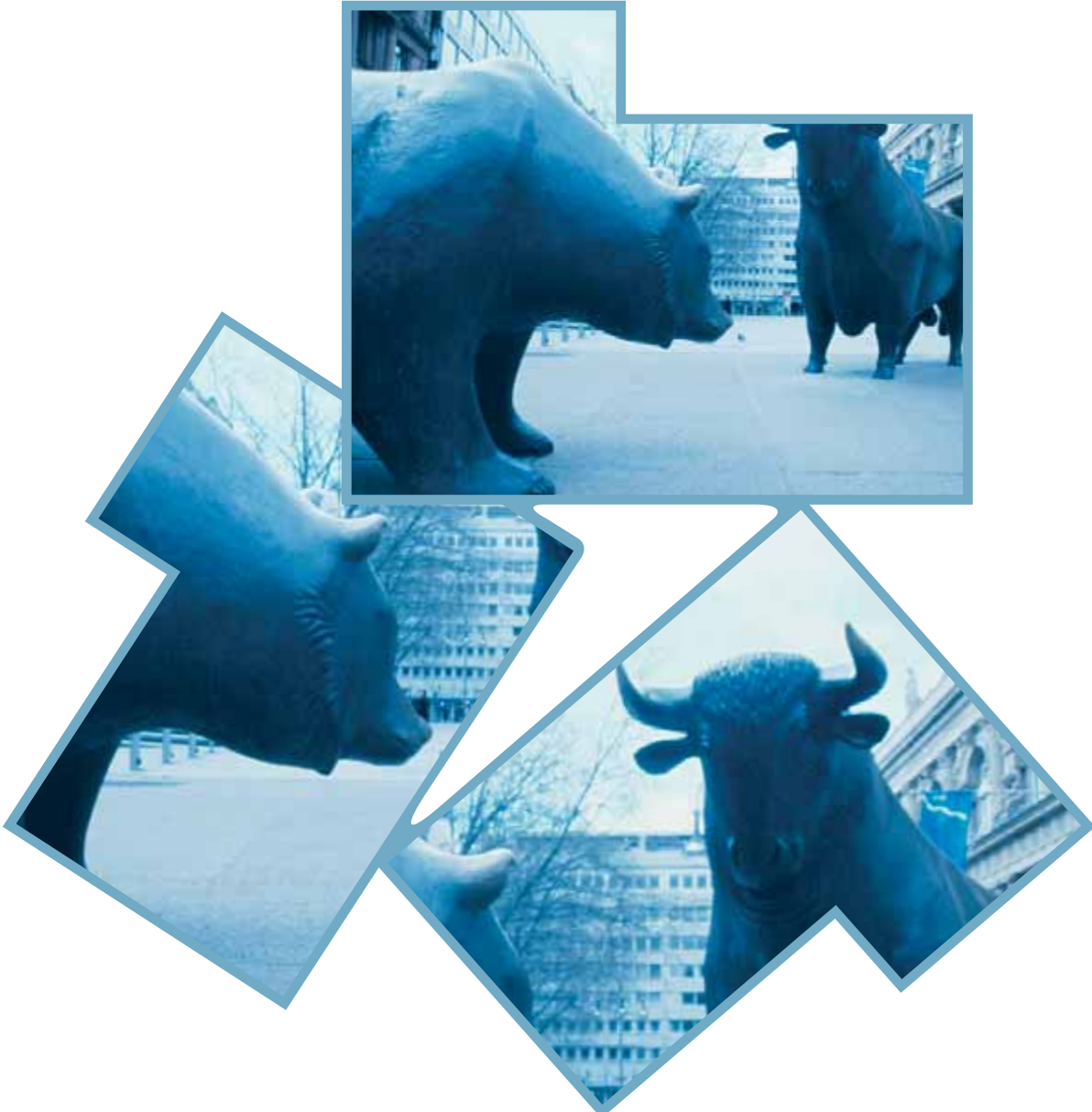
HVB Group

Sustainable Investment

HVB Group offers its clients a broad range of sustainable investment products such as, for example:

- the oldest German environmental fund – HVB Activest EcoTech;
- the ethical fund – Capital Invest Ethik Fonds;
- index certificates based on the HVB sustainability index;
- individual portfolio management service;
- sustainability Products are addressed in the training of private banking staff at HVB and BA-CA.

The volume for sustainable investment products of HVB at the end of 2005 was 605 million of euro.



Investors and market

- Balance sheet data
- Sustainability Indexes
- HVB Group

Investors and market

UniCredit interacts with the financial community, consisting principally of institutional investors, financial analysts/brokers, and rating companies, and reports the results of the Group's and its Divisions' strategies promptly and transparently.

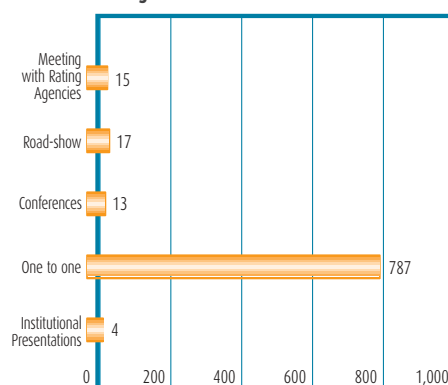
Our financial communications use multiple channels: institutional presentations, conference calls, sector conferences, road shows, one-on-one meetings, and institutional website.

2005 was a particularly intense year, especially after the Group announced in June its offer to acquire the German banking group HVB and Bank of Austria.

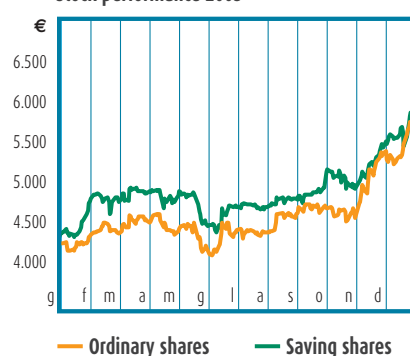
The announcement started with a presentation to the international financing community, which was held in Milan and webcast live. The presentation was followed by a road show that involved the Group's Managing Director, Chief Finance Officer, and most of the Investor Relations team for a total of 70 one-on-one meetings held in the United States and 230 in Europe. On the occasion of this extraordinary transaction, we also published a brochure to explain the offer to retail investors in Germany and Austria, in order to achieve transparency and fair disclosure to all the parties involved on the economic and financial scene. This information channel also allowed us to reach small retail investors, who were provided, in plain and direct language, with all the data required to understand the transaction.

To provide financial communications online, the Group has also developed the Investor Relations section of its institutional website. The section has been added with tools to facilitate the understanding of the Financial Statements and the quarterly and half-year reports. These tools include, among others, interactive versions of documents and the "interactive analyser", an interactive tool that can be used even by users unskilled in reading balance sheets and facilitates the download of data and charts. We have also launched a section dedicated to the UniCredito stock, again introducing interactive tools that help create graphs and charts, and compare the performance of the UniCredito stock with competitor securities.

The figures of financial communications 2005



Stock performance 2005



Balance sheet data

Consolidated P&L Account and Ratios (million of euro)

	2005	2004	Change Over
Total Revenues	11,024	10,203	+ 8%
Operating costs	6,045	5,701	+ 6%
Operating profit	4,979	4,502	+ 10.6%
Gross Operating profit	4,068	3,238	+ 25.6%
Net profit	2,470	2,069	+ 19.4%
ROE	15.6%	15.7%	- 0.1%
Cost/Income ratio	54.8%	55.9%	- 1.1%

Consolidated Balance Sheet (million of euro)

	12.31.2005	12.31.2005 (HVB not included)	01.01.2005	Change Over (HVB not included)
Total assets	787,000	304,517	260,909	+ 16.7%
Loans to customers	426,553	160,487	139,723	+ 14.9%
Due to customers and securities in issue	426,248	178,142	155,079	+ 14.9%
Group portion of shareholders' equity	35,203	n.s.	14,373	n.s.

Sustainability Indexes

- Dow Jones Sustainability Indexes World
- FTSE4Good Index Series
- Oekom Research
- CoreRatings
- Innovest
- Bank Sarasin
- E. Capital Partners
- Vigeo



Winners' names and justification

UniCredit S.p.A Winner of the Oscar 2005 and the Oscar in the Banking, Financial and Insurance Company Category

“The balance sheet is beyond criticism with regard to accounting transparency, readability, completeness of data and graphic assistance. The social and environmental report is of particular merit: with the initial sentence “Answer for, Answer to”, it immediately leads the reader to reflect on the importance of this form of accountability used as an efficient communication tool for the various people with an interest in it. The information available on-line is also detailed and easy to use.”



HVB Group

Sustainability Indexes

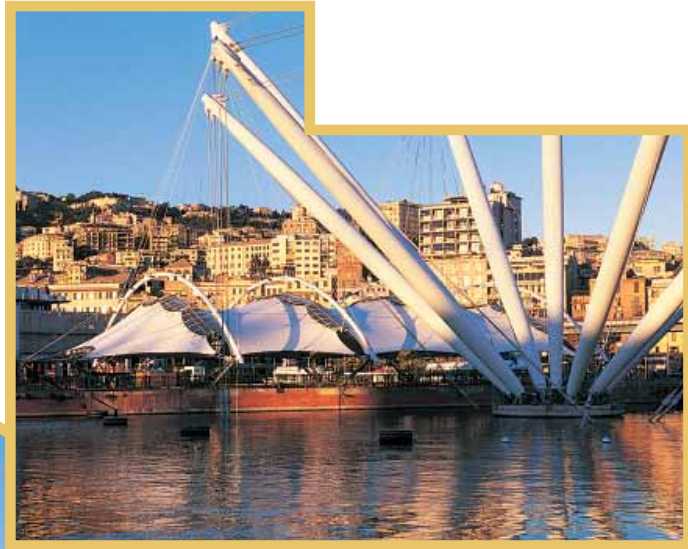
HVB

- Dow Jones Sustainability Indexes
- FTSE4Good Europe/Global
- Ethibel Sustainability Index Global/Europe
- ASPI - Advanced Sustainable Performance
- Indices
- Climate Leadership Index
- CoreRatings
- Innovest
- Oekom Research
- WWF/Oekom Research:
Environmental ranking for the protection
of primeval forests
- scores DAX-30-Rating
- Zürcher Kantonalbank
- Bank Sarasin
- Storebrand

BA-CA

- VOENIX sustainability index





Relationships with the local areas

- Local Committees
- Local Area Social Responsibility
- Symbola
- Intervention Policies
- Relationships with Universities

Relationships with the local areas

The territory is where identity and collective interests are created. At a time of global competition, it is crucially important to achieve a balance between local roots and the ability to interpret the flows of innovation and economic development. This applies to a large banking group just as much as it applies to companies that have developed in the numerous production sectors which, operating in global sub-supply cycles within an integration rationale, now probably constitute the most dynamic part of our economy. The link between banks and companies also highlights the important action performed by the representatives of small and medium-scale companies, including crafts companies, who have responsibilities and social relationships that are fundamental to ensuring the cohesion of local communities currently facing the challenge of globalisation.

We believe that actively interpret local area needs, in order to contribute to the local productive mechanisms revival, is an essential component of the “pact for growth” that UniCredit has signed with small medium enterprises through the Local Committees.

Trying to concretely meet those needs helps us to develop an ongoing learning process.

Our goal is to leverage the best global opportunities to bolster the economy of the communities in which we operate.

Through its three segment Banks (UniCredit Banca, UniCredit Banca d’Impresa e UniCredit Private Banking), Local Committees and ties with Universities, the UniCredit Group intends to foster the growth of a new entrepreneurial class that can meet the challenges of international competition.

Local Committees

From the beginning (2003) specific goals of Local Committees have been the following: listening local areas to understand their changes; indicating guide lines to pursue; identifying and following local business.

Three years after their inception, Local Committees have become a consolidated instrument available to the Bank to listen to local communities’ needs and identify shared, effective solutions for balanced, satisfactory economic development. Moreover, the expansion of the project in some

areas of Northern and Central Italy during 2005 and the perspective of additional presence in the South, planned for autumn 2006, make these bodies veritable excellence laboratories for analysing and debating many of the structural hindrances slowing the growth mechanisms of the productive system and for devising concrete solutions. This year, almost half of the Committees, expiring after two years as provided by the rules, had many of their members renewed in order to offer a more up-to-date and effective representation of the needs and expectations of the various stakeholders.

And something new needs to be done during the Committees’ second operational phase. For example, rather than continuing to focus on what prevents development and modernisation of the economy in a specific local area, we need to venture “prognoses”, which means coming up with actual ways of curing illnesses, making up for the lack of resources, identifying possible solutions to respond to critical situations.

For the Committees, for example, the aim must be to share all the ideas that they create, encouraging “cross-fertilisation” and the sharing of local experiences and culture. This means that each Committee has to perform another important function, which is to act as a mechanism that brings order to the local economy. In the past, this function was performed by companies, because of the links that they were able to establish between each other and with other local players. Nowadays this role has been lost and, thanks to the great variety of different players they include, the Committees can put themselves forward as candidates to bring order to local dynamics. The more feasible this function, the more these committees will be open to the contributions provided by the exchange of ideas.

What is a Local Committee?

It is a consultative body, appointed by UniCredit’s Board of Directors, comprising a variable number of outside members, selected from leaders in business, functional autonomies, culture, volunteer work and research, joined by the heads of the three segment banks.

Establishing roots, sharing, implementing projects: these are the foundations on which the Committees are operating after their operational phase. Being rooted means to take the local environment, culture and economic specificities into account, determining where the area could go, so as to be able to make concrete proposals. Sharing is what happens between the culture and role of a large bank like UniCredit and local culture, in all its different facets. Project is the vast range of ways in which the system is modernised.

Furthermore, as a result of the recent merger between UniCredit Group and the HVB Group, in the immediate future a territorial rooting project may also be prepared for Germany and Austria, replicating the formula that was validated by the experience in Italy, albeit with appropriate differences. Thus, Local Committees are a sensitive communication medium, focused on the various territories involved and, thanks to the aid of the local leadership, included in the Committee, they best represent the manifold hopes and aspirations for an economic renewal, providing the bank with the opportunity to play an incisive role in the dynamics of some growth mechanisms. Nearly 2 million of euro was allocated to the activities of Local Committees.

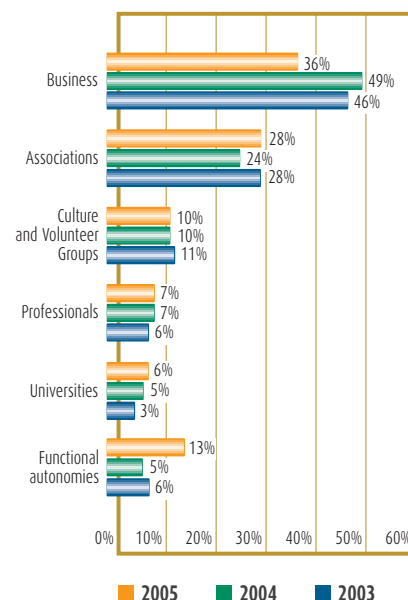
Local Committees in Figures

	2005	2004	2003
Number of Local Committees	18	13	10
Number of Members	287	201	155
Number of Meetings	47	35	23
Average number of meetings	2.6	2.7	2.3

Local Committees

	Inception
Alessandria - Asti - Cuneo	2003
Turin - Canavese	2003
Trento - Bolzano	2003
Treviso - Venezia - Padova	2003
Udine - Pordenone	2003
Verona	2003
Vicenza	2003
Modena - Parma - Piacenza - Reggio Emilia	2003
Bologna - Imola - Ferrara	2003
Ravenna - Rimini - Folli/Cesena	2003
Pedemontana Lombarda	2004
Marche	2004
Trieste - Gorizia	2004
Bergamo - Brescia	2005
Rome	2005
Mantova - Cremona - Lodi	2005
Umbria	2005
Valle d'Aosta	2005

Outside members of the Committees



Initiatives

The initiatives, which have grown in terms of numbers and commitment, range from social to institutional fields, to feasibility analyses for partnership products with professional associations and industry studies and research to enhance the network between the research world and enterprises. Purely by way of example, we provide below a summary description of some seventy-plus projects prepared by Local Committees:

Local Committee	Project name
Alessandria - Asti - Cuneo	• Project aimed at developing and sustaining quality vineyard, primary important product sector in local area
Bologna - Imola - Ferrara	• Research on generational succession in companies, together with the Chamber of Commerce, Industry, Agriculture and Crafts and the University of Ferrara
Pedemontana Lombarda	• Feasibility study for the creation of a distribution hub in the Miami airport in Florida (USA) to facilitate networking for Italian companies on site • Research aimed at the inception of District Territorial Reports in view of a sustainability path for local communities
Ravenna - Rimini - Forlì - Cesena	• Project aimed at upgrading tourist offers in "Adriatic coast" area in order to develop guidelines and local area cooperation to promote and relaunch the tourist sector
Rome	• Feasibility study for the creation of a network between SMEs, researchers and Universities
Turin - Canavese	• Survey on public research laboratories, together with the Turin University, the Polytechnic, the National Research Centre (CNR) and Unione Industriali (Industry Leaders' Association) of Turin • Project for the infrastructural requalification of the Mirafiori area
Trento - Bolzano	• Feasibility study for the creation of companies in the Cimbric minority of Luserna
Treviso - Venezia - Padova	• Feasibility study for the creation of an industrial park in China
Vicenza	• Project for the internationalisation of companies and de-localisation at the industrial district of Samorin (Romania) • Project "Autostrada & Ambiente" aimed at upgrading A4 highway sides with focus on environment, clean energy production and landscape
Verona	• Project for making the most of mature, vital persons through computer literacy courses • Feasibility study for a project aimed at meeting the housing requirements of immigrants who are well integrated in the community

Type of projects at 2005	Number
Enterprise innovation support	9
Agro industry	2
Market Research	5
Enterprise internationalization	6
Sponsorship	8
Environment	1
Local area development	6
Tourism	2
Start up and mortality Enterprise	1
CSR	4
Logistics/infrastructure Services	3
Social	17

Events

The organisation and management of macro-area events with the most disparate themes is a key activity carried out by Local Committees. Launched with the aim of enabling Local Committees that are close in geographical and socio-economic terms to communicate with each other, they have become important forums for debating and analysing the issues that impact on certain areas and limit their development perspective. With the involvement of high-profile experts, excellent companies and local authorities have touched upon key issues for the very life of the involved local communities, providing often original and always interesting ideas and possible solutions, catching the attention of the media and of professionals in these fields.

In 2005, the following events were held:

- “Policies for the Development of the Canavese Area” (Ivrea, January 21, 2005)
- “First Meeting of Local Committee Chairpersons” (Milan, February 7, 2005)
- “Bank and Territory: Enterprise Innovation” (Vicenza, March 2, 2005)
- “First Meeting of All Local Committees” (Milan, March 23, 2005)
- “City Idea: Reflections on Accompanying the Rome Area’s Development on the Occasion of the Local Committee’s Inception” (Rome, May 31, 2005)
- “Langhe and Monferrato: the Quality of Little Big Italy” [Pollenzo-Bra (Cuneo), June 23, 2005]
- “Finance, Enterprises and Research Centres: a Shared Commitment for Innovation in Piedmont” (Turin, July 4, 2005)
- “Banks, Multi-Utilities and Network Capitalism” (Bologna, November 29, 2005)

Scheduled for 2006 are conferences on the tourism model in the Marche region, development strategies for the Milan-Turin axis, the extension of the mapping project for private research laboratories in the Piedmont region and for public and private ones in the Marche region, as well as a series of meetings on the Territory’s Social Report in southern Piedmont and in the area of Lombardy adjacent to the mountains. These will be complemented by events in Southern Italy on the occasion of the inception of new Local Committees in those areas.

Feedback

During the year, the Local Committee Chairpersons were interviewed and questionnaires were submitted to all members, to evaluate the degree of appreciation of the work done so far, collect aspirations and expectations, and investigate any critical areas. The results, presented at the “First Meeting of All Local Committees”, held in Milan on March 23, 2005, focused:

- on the general issues relating to the different territories: structural hindrances, limits to innovation, degree of social cohesion, etc.;
- on the global opinion with respect to the Local Committees’ work.

In this latter case, interviewees said they considered Local Committees a legitimate instrument as they include the different territories’ significant players, although over time they will have to build an adequate capability of solving individual problems, partly because they are not yet well known to the general public. In any case, the agenda items in the different meetings were considered the key issues for the development of the different areas involved, and the Committee was seen as a suitable instrument to represent ideas for economic recovery.

Local Committee Events

	2005	2004	2003
Conventions organised	8	3	-
Number of convention attendees	1,213	355	-
Number of speakers involved	133	20	-

The ITACA journal

The ITACA journal – territorial notebooks, published by Baldini & Castoldi Dalai Editor, was launched in 2005; it is published every six months, and the first two issues came out last year. This publication, in addition to documenting in detail the activity of Local Committees and providing a mouthpiece for the major players in this experience, has become increasingly open to experts and opinion leaders, because in fact its character is not that of a mere banking newsletter, but a veritable collection of studies, research and proposals for the rejuvenation of local economies. In light of its success, the publication will no longer be published every six months, but every four.

Local interests and media

Against this backdrop, the analysis of Local Committees, on the one hand, and the growing demand for services, on the other, have placed a new emphasis on local businesses and the central role that the Group plays in the rising sectors of the Italian economy. The focus is mainly on small entrepreneurs, a world of unexplored wealth ready to be unlocked by large Italian institutions. UniCredit Banca has been pivotal in this system as it was among the first to recognize this situation.

But what was the position of local opinion leaders? The North-West is looking ahead with its networks of people and enterprises, the North-East is exploring the internationalization process as part of its future, Central Italy is developing a new awareness and the South is itching to get into real action and wants more solid firms.

Generally, there has been a widely shared agreement on these concepts which, in some cases, have also sparked a heated but constructive debate. This means that there is not only criticism levelled at banks but also a desire to compare notes on past experience. In this context, UniCredit Banca has been a litmus test for the Group.

This is attested by the more than 2,700 positive articles that have been written in 2005 in Italy (against 2,634 in 2004), promoting a healthy discussion in newspapers and public opinion on the most disparate issues related to the banking business, mainly the interaction of businesses with the local communities and regional economies. From support to enterprises to the systems for innovating banking products for households, the media impact has been such that there is recognition



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for an Italian-based international Group and most of all for a Bank firmly rooted in the community, ready to “redraw” a new development map for Italy and to interact with all the main local and private institutions.

Local Area Social Responsibility

For a long time the UniCredit Group has faced a challenge to which answers are needed: strengthening and extending the dialogue with local companies. Among other things, this objective calls into question a renewed relationship with the business world: the company not only as a producer of economic value but also as an advocate of social responsibility.

This means considering the company “outside the walls”, i.e. no longer just within its own boundaries but also, and above all, in all the relations it maintains with society.

This requires changing a consolidated cultural approach, a stereotype that has also been reflected in the shape of institutions and not by chance: on the one hand the “social” and on the other everything relating to economic development. This division, depending on the subject involved, emphasizes on one side the aspects of social cohesion and civil virtues and on the opposite side the aspects of economic development and value creation.

The aim should be, however, to combine these two apparently different directions. After all, the Italian case of local development is there to show that civil virtues are not totally extraneous to economic development, or at least there are irreplaceable connections between them. Think of our fabric of local, national and international production systems where very high levels of economic undertaking and competitiveness are based on corporate requirements in which human resources and social relations play a role that cannot possibly be disregarded, particularly if we want to explain certain levels of economic development.

From the Group’s point of view, this means that the commitment to economic development compatible with the current collective well-being and that of future generations, and therefore a commitment to “social responsibility”, is not only in the interest of all people with whom UniCredit maintains relations in Italy, but also requires a broader contribution from foreign participants. In particular from those who do not necessarily include the creation of wealth in their aims, but also those who take initiatives aimed at greater social cohesion and the inclusion of disadvantaged persons. Finally, even in this international dimension of “social responsibility”, the principle that involves the national dimension applies: this includes local institutions, tertiary sector associations and economic subjects that operate in the sense of social solidarity in their ordinary activities.

The Group’s foreign expansion is, however, just the beginning. Equally important is the consideration that, as the Group becomes global it is also becoming local. Global and local go hand in hand, both escaping from the two extremes that, on the one hand, perceive the Group only as a large operator committed to international competition, and on the other as a local operator confined within the restricted boundaries of each individual territory.

To this end, the local committees now set up by UniCredit are proving to be strategically important. These bodies have favoured the Group’s establishment in local society, but at the same time contribute towards the company’s opening through contact with all the dynamics of the other regions.

The Committees constitute UniCredit’s main anchor in regional transformations. The main one is certainly the large-scale projection of economic operators, social structures and institutions. From this point of view, true regional roots of the Committees constitute the essential prerogative of establishment. The regional roots of the participants and therefore of the interventions has in fact become a matter of social responsibility and a result of pursued desires, specific actions, conscious behaviours. It represents a “social construction”, not just a happy coincidence between the area of operations and the place where the participants are established.

Based on these assumptions, the Committees have quickly improved their initiatives, developing the regional establishment that had to be pursued to favour the Group's establishment on both a local and a global scale.

UniCredit has gained from this. But at the same time the Committees' presence has also matured in the territory and now, albeit in embryonic form, they represent a reliable mechanism of "regional social responsibility".

This is a tool related to the "marriage" between local and global; this is so strong that it is referred to with the neologism "glocal" which, despite its different meanings, has been very popular in recent years. The most important meaning to us is that which escapes from a simple "sum" of the two terms local and global, to indicate something new. The neologism is significant if it is used to refer to a new reality, not referable to the single regional realities, whether small or large, a reality that summarizes attitudes and behaviours that go beyond localism in the strict sense, without being levelled by the globalist logic that nowadays is the dominant one. In short, glocal is today an added theoretical and practical value of the regional dimension to which UniCredit and the local Committees refer: the local variable is not lost from sight; it just acquires new meanings in the constant relationship with a global dimension which, for its part, can no longer be reduced simply to the conduct of the big players.

Symbola

During a conference held at the offices of UniCredit, in Rome, on 20th April, an official presentation was made of Symbola (www.symbola.net), the "Foundation for Italian qualities" promoted by 53 protagonists of the local economy, culture and organisations, the purpose of which is to build a network of cultural, scientific, institutional and economic relations that will turn it into a lobbying force for Italian quality, thus developing the ability to contribute in an original way to the transition that Italy as a system is having to face: the change from a universe of quantity to one of quality; a necessary step in making our country stronger and more competitive in a world that is globalising, thus responding to the rhetoric of decline.

Symbola in Greek means to bring together, and this is the very purpose of the foundation, which intends to bring together different experiences united by a common thread: the challenge of achieving quality. The Foundation wants to promote alliances between the producers of Italian quality, particularly by ensuring its active presence, and therefore addresses experiences, companies, and projects that take up challenges in the areas of research, innovation, local development, human capital, historical, cultural and environmental heritage, which marry new technologies with the strength of communities, with creativity, with beauty. An alliance in which competitiveness is fuelled by training, research, social cohesion and positive relations with local communities. According to its promoters, Symbola must become a place where serious and detailed discussions can take place on what Italian quality is, and how it can be made to pervade all sectors of the economy and drive the development of our country, creating a network that represents all the parties who consider themselves involved in this project, promoting opportunities for discussion, growth and debate in order to contribute to quality, which must be seen as an opportunity rather than a cost.

Intervention Policies

Basilea 2

The new Basle Agreement on Banking Supervision (Basel 2), which will come into force in 2007, will result in new rules and in a different approach to credit risk management, and therefore a different relationship between banks and businesses.

The Group banks have thus started to provide information and free advice for their customers to help them understand and deal with the profound change taking place and convert it into opportunities by identifying the decisive factors behind it.

UniCredit Banca d'Impresa, in collaboration with Confindustria, has organised a cycle of seminars held in the regional offices of the Industrial Associations, on the subject of "Basle II –changing relationship between banks and businesses". The seminars have covered the whole of the national territory and have involved technical roles of the bank and experts on the subject supporting Confindustria and other associations.

In addition, in the case of substantial customers UniCredit Banca d'Impresa went directly to their offices to offer free advice on specific problems.

Therefore, UniCredit Banca decided to launch the "Basel 2 Open Doors" initiative: in 2005, Branches and Small Enterprise Centres provided a financial consultation service free-of-charge in view of the enactment of the Basel 2 agreement in January 2007. To date, about 39% of entrepreneurs still say they are not familiar with Basel 2 and its implications.

Over 3,000 Branch Managers and Consultants were given the task of increasing awareness of the actual effects Basel 2 will bring about, also in collaboration with Professional Associations and the *Confidi*, historical partners of UniCredit Banca. Most small Italian enterprises will in fact obtain direct and tangible benefits from the adoption of the Basel 2 criteria, which can be summarised by a 10% increase in loan availability.

The initiative provided entrepreneurs with the chance to verify their companies' balance sheet and financial situation with respect to the Basel 2 principles.

Complementing the consulting activity, UniCredit Banca put together a Basel 2 information kit.

Agreement between UniCredit Banca d'Impresa and Confindustria

In 2005, UniCredit Banca d'Impresa and Confindustria signed an agreement granting Small and Medium Enterprises quick access to, financial resources at competitive conditions useful to gain competitiveness in international markets.

The agreement calls for UniCredit Banca d'Impresa to grant companies a special "revolving" ceiling of 1 billion of euro for loans characterised by quick issue, ease of access and objective economic conditions. Loans, with a typical maximum amount of 500,000 euro, can be allocated for investments in facilities and equipment to be used in research activities, to cover expenses for feasibility studies, external consultant work, design and staff employed by enterprises and assigned to research and innovation work.

Credits, which can cover up to 100% of requirements, have a five-year maturity and they entail a 3-year depreciation period, to synchronise expected investment return cash flows with capital repayment.

Survey of economic trends – UniCredit Banca d'Impresa and Confapi

Every six months, UniCredit Banca d'Impresa works with Confapi's Small and Medium Sized Companies laboratory to carry out a survey of economic trends aimed at small and medium sized non-crafts companies in the manufacturing sector, so as to gather information from the people directly involved. The survey is carried out by asking Confapi member companies to complete a questionnaire consisting of thirty or so questions and distributed in various different ways (post, e-mail and Internet). 20 provincial associations and 3 regional federations took part in the last survey and collected around 3,000 completed questionnaires before the summer.

This number of replies may not represent a stratified sample but it does provide a complete picture of the performance of around 160,000 Italian manufacturing companies. The survey is available on the UniCredit Banca d'Impresa website at www.unicreditimpresa.it.

UniCredit Banca d'Impresa has also begun to carry out a number of monographic analyses on the bank-company relationship, such as:

- governance of company networks: development models and financing systems, coordinated by Prof. Fabrizio Cafaggi (University of Trento);
- new high technology companies: the role of local specificities, coordinated by Prof. Massimo G. Colombo (Polytechnic of Milan);
- diagnosis of the state of health of the Italian industrial system, coordinated by Prof. Giovanni Dosi (Scuola Sant'Anna, Pisa);
- the Bank-Company relationship as a growth factor, coordinated by Prof. Stefano Paleari (University of Bergamo) and by Prof. Luigi Buzzacchi (University of Turin).

UniCredit Banca Report on Small Enterprises

Now in its second edition, the UniCredit Banca Report on small enterprises provides an analysis of the world of Italian small enterprises, detailing the market's complexities and confidence in banks. The Report examines the macro economic environment, the trend in the confidence climate and the dynamics that characterise small Italian enterprises (i.e., those with sales of less than 3 million of euro), with a more thorough analysis at the territorial level. It is an analytical tool that gives a snapshot of the industry and fosters debate on the most pressing issues for Italian entrepreneurs.

The scenario outlined for the 2005/2006 timeframe sees Small Enterprises as the Country's economic engine, and a considerable part of them reacts to the crisis by aiming for quality and investing on the re-qualification of its offering.

Whereas in the Report published last year for the first time UniCredit Banca photographed the state of small enterprises in Italy – highlighting their characteristics and requirements – this second edition 2005/2006 shows their evolution, focusing in particular on successful business models which can serve as examples for the small enterprise world as a whole.

"OK Italia – Piccoli imprenditori crescono" Award

In 2005, the second edition of the "Ok Italia – Piccoli imprenditori crescono" award took place: the award is promoted by UniCredit Banca and is one of the activities it devotes to companies; it culminates with the presentation of the "UniCredit Banca Report on Small Enterprises".

The award is an annual event and is meant to provide official recognition to some entrepreneurs who excelled for their ability to create and nurture their business through innovation, product quality and commercial promotion.

The winning companies have less than 3 million of euro in sales, between 10 and 20 employees, and are highlighted as "excellence cases"; they are good examples to follow, having reached superior standards in terms of product quality and services offered.



In collaboration with professional Associations, UniCredit Banca short listed some one hundred companies, assigning the award to 20 of them.

This year's edition focused on tourism and farming. This choice stems from the fact that these two sectors are often neglected, in spite of the major importance they have in our Country. In the farming industry, the winning companies were those that innovated their production processes and complemented their classic activities with new ones. In tourism, the winners were those that aimed for higher quality, renovating their facilities and launching promotional activities for the local territory and "Italy as a product".

A similar initiatives addressed to small and medium enterprises has been implemented by Zagrebacka Banks with Ideja Project – a national competition for the best entrepreneurial youth initiative. The bank offered its support to implement business plans, money awards and the chance for the finalists to get a loan in order to finance their projects.

Made in Italy Champions

The "Made in Italy Champions" project, launched in 2004 as a result of the collaboration between the UniCredit Group (UniCredit Banca d'Impresa and UBM) and the Pitti Immagine group, continued in 2005 with support to the selected "champion firms". For this purpose, economic-financial and competitive benchmarking instruments, developed by UniCredit Banca d'Impresa's Special Project team, were used.

To date, 70 strategic support initiatives have led to the issue of loans for 140 million of euro to support strategic development and competitive repositioning projects.

Additionally, together with some industry-leading entrepreneurs, 5 company aggregation projects were designed, with the goal of improving international market presence through the use of innovative and original structures and procedures.

Considering the project's maturity stage, a capillary communication strategy was launched and pursued, to disseminate the results achieved through publications, events and media presence.

The "Made in Italy Champions" project at a glance

- > 70 support initiatives
- > loans for 140 million of euro
- > 5 aggregation projects supporting internationalisation

 www.campionidelmadeinitaly.it



Construction Equipment LAB

Based on the experience acquired by the Special Projects Unit in the “Made in Italy Champions” programme, and after directed negotiations with referenced industrial associations, the Construction Equipment Lab (C.E.Lab) was launched in March 2005: it is the first, innovative collaboration between a financial partner dedicated to enterprises and the main institutional reference points in Italy for companies in the mechanical industry sector.

The initiative stems from the will of the three partners - UniCredit Banca d'Impresa, ANIMA-UCoMESA (*Federazione delle Associazioni Nazionali della Industria Meccanica varia e Affine - Unione costruttori macchine edili, stradali, minerarie ed affini*, Federation of the National Association of Various and Similar Mechanical Industry - Association of Manufacturers of Construction, Roadwork, Mining and similar Machines) and VERONAFIERE - to support companies that operate in the construction machines and equipment industry, define operating and financial methods to promote their industrial growth and enhance their competitiveness on international markets.

A secondary goal is to devise support models which may be extended to other mechanics sectors.

The collaboration is aimed at analysing competitive dynamics in the field, identifying critical success factors and launching initiatives and products dedicated to supporting excellent companies with high growth potential.

The “Construction Equipment Lab” project at a glance

- > 287 companies surveyed
- > 6.6 billion of euro aggregate sales
- > 9 goods clusters
- > 30 meetings with entrepreneurs and experts
- > Launch of first strategic support initiatives for an aggregate total of 25 million of euro
- > Development of an innovative import/export flow trend analysis tool

In November 2005, the first strategic support initiatives were started with 8 companies deemed particularly interesting for development projects.

The meetings with entrepreneurs allowed 3 major priorities for companies in the industry to be identified:

- the need for financial resources to be invested in technological innovation and appropriate management of the company's financial structure;
- organisation of actions and initiatives aimed at creating critical mass on foreign markets;
- effective presence on international markets, exploiting neglected opportunities and the strong growth dynamics shown in some geographic areas.

CONSTRUCTION
EQUIPMENT LAB



www.celabproject.it

Second Generation Projects

Based on the needs and considerations that emerged from direct discussions with entrepreneurs and industry experts, some “second generation” projects were launched; they are aimed at aggregating groups of companies in the implementation of specific growth strategies, especially in international markets.

These new projects are:

- Business Office China, for all categories of goods of the members of Assindustria Monza e Brianza
- Distribution Hub, for the personal fashion – home fashion system
- Tender MLA for the mechanical industry.

Business Office China is an operative office opened by Assindustria Monza e Brianza and UniCredit Banca d’Impresa to meet the real need for support to companies in Brianza that want to work, or are already active, in China.

This office is organised into two levels:

- *market entry*: service availability for companies to facilitate access to the Chinese/Asian market;
- *market support*: paid assistance to sustain and develop direct presence on the Chinese market (commercial, legal, fiscal services, and services for the development of projects with greater complexity: partnership with Chinese organisations, development of on-site activities, aggregations in technological parks, etc.).

The *Distribution Hub*, which originated from the work of the UniCredit Pedemontana Lombarda Local Committee, aims to enhance the presence of Italian companies on the American market, offering an integrated package of high quality services, delivered rapidly and at competitive costs with respect to the conditions currently negotiated by individual companies.

The goal is to achieve significant economies of scale and purpose, that can be immediately noticed and assessed by those taking part and in the initiative, in the whole process of exporting their goods to the American market.

The service centre will be located in Miami in the Free Trade Zone and it will also have an office in Newark, New Jersey; the presence in the Free Trade Zone, with which a strategic and effective collaboration will be started, which will significantly facilitate both goods handling operations and associated customs clearance procedures.

The “*Tender MLA*” project originated within the “*Construction Equipment Lab*” macro project (supporting medium enterprises in the construction machine and equipment industry) as a result of the realisation that there is a large public market for international tenders, funded by supranational financial institutions, such as the World Bank and other co-operation and development banks, which is often neglected or not known well by Italian companies in the mechanics industry.

The main goal of the project is to promote awareness among companies in the Construction Equipment industry of the opportunities offered by the tenders funded by multilateral development agencies and of the procedures to be followed to access them.

SIRF Project

To manage the relationships between companies and suppliers according to social responsibility criteria, the SIRF (Sostenibilità e Integrità nei Rapporti con i Fornitori - Sustainability and Integrity in Relationships with Suppliers) Project was launched with the PEC – Procurement Executive Circle – the reference organisation for the Procurement Functions of leading companies operating in Italy – an initiative by i-Faber SpA, which is controlled by UniCredit and which manages the 1city.biz digital market.

In a global, integrated economy, the acquisition of technical and instrumental resources constitutes the main expense item for nearly all companies, with a typical percentage of between 50% and 75% of their sales. It is therefore readily apparent that, to improve the

cost/quality ratio of these resources, it is essential that the level of efficiency and reliability of the governance system be increased for the relationship with those who have them. The project pertains to the global efficiency and reliability of the relationship between the company and the supplier system, which involves all company areas.

The aim of the SIRF Project is to establish pragmatic, workable guidelines (a few principles, easily applied and communicated and objectively verifiable) and to create a set of instruments for implementing, monitoring and certifying Sustainability and Integrity in relationships with Suppliers.

Relationships with Universities

The New Europe Master in Banking and Entrepreneurship

For the third year in a row, during the 2005/2006 academic year, UniCredit and Fondazione Cassamarca sponsored the "New Europe Master in Banking and Entrepreneurship" in collaboration with the University of Udine.

The Master is intended for young Eastern European graduates and aims to build a cultural bridge between the Italian banking entrepreneurial model and the development areas of New Europe, markets where our Group's activity is increasingly expanding. Technically, it is a postgraduate programme aimed at providing theoretical and practical skills on the European banking system and on the complex relationships between banks and Business Communities, to contribute to the training of highly qualified professionals on the typical aspects of the banking industry and managerial skills.

In 2005, UniCredit's investment was around 500 thousand of euro.

Moreover, from May to July, the Group's Italian Companies hosted 13 students in the Master programme for an internship period, while 5 others were hosted by Group Banks in New European Countries.

Scholarships

In 2005, for the fourth consecutive year, UniCredit renewed the competition for two scholarships in memory of Giovanna Crivelli, our young colleague who passed away before her time; the purpose of the scholarship is to train researchers in the field of political economics, financial market economics and economic policy. The scholarships, worth 25,000 euro each tax gross (university tax and eventually visitors' tax are paid by UniCredit), entail matriculation and mandatory attendance for the academic year 2006/2007, at a University in an EU country or in the United States, for a major curriculum in line with the student's previous studies.

Applications and filed documents (graduation theses, curricula, study/research projects, etc.) are examined by a Commission comprising seven university professors. The competition stipulates that at least one of the two scholarships must be assigned to a woman to remember Giovanna Crivelli's work in promoting an "equal opportunity" culture within our Group.

In 2005, the two scholarships for the third edition were assigned (2005/2006 academic year).

UniCredit also instigated a competition for a research contract in economic and/or financial disciplines. The competition is for Italian citizens who attended a PhD course at a foreign university and who perform their work (research, teaching, studying) abroad and intend to continue their research activity at an Italian University.

Applications for first edition of this competition has to be submitted within 1st of December 2005. A commission of seven university professors considered related documentation.

UniCredit will pay the winner (who will have to move to one of the Science of Economics Departments available to give hospitality) an annual award of 50,000 euro, before tax and social security contributions.

The initiative, a new initiative at least in the field of economic science, aims to stop the “brain drain” and promote the development of applied research to support the innovation and quality in the Italian system.

Lastly, for the second year UniCredit Private Banking and the Agnelli Foundation are making available a research scholarship in memory of Giovanni Agnelli.

The goal of this Scholarship is to promote graduate specialisations in contemporary art, and it is meant to encourage research by young academics in the field of contemporary art economics, organisation and markets.

The scholarship, worth a total of 15,000 euro, provides a cash prize of 12,000 euro for the best research thesis which merits publication, and covers up to 3,000 euro for publishing costs.

Young people, CSR and banks

We have conducted research in collaboration with the IARD Foundation to try and understand how young Italians, forming a particular, cross-category of stakeholders, interpret the concept of CSR and how this concept is put into practice by them in their everyday lives.

- > Sample: 1,200 young people of 21-30 years of age.
- > Distribution: whole of national territory segmented by local areas (North East, North West, Center, South and Islands).
- > Participants Condition: students, workers, unemployed, youth looking for the first job, housewives.

The data collected was analysed according to three dimensions:

- the level of knowledge and sensitivity of the young people interviewed to the concept of CSR and the instruments that enable this concept to be put into practice;
- the significance the concept of CSR may have in guiding specific choices to buy certain types of products and services;
- the way in which the idea of CSR is associated with the operations of banks and credit institutions and how the criterion of social responsibility can affect the assessment of the services offered by them.

The first step in this investigation was therefore to throw light on the questions and problems that young people consider most relevant to the concept of corporate social responsibility. This means indicating the expectations young people have of the activities of businesses and institutions and the requests they may make, more or less explicitly, to those organizations.

The most significant piece of information that can be obtained from an observation of the data is certainly that the creation of new jobs remains the main object. It is also interesting to note how, in this classification, the second item is environmental care. Alongside this, we can also consider the fact that, for over half the interviewees, it is very important for businesses to be attentive to the well-being of employees and respect the values of the communities in which they operate. These two points show that the impact a business may have on a region, both environmentally and in social and cultural terms, represents a very sensitive and high-profile question.

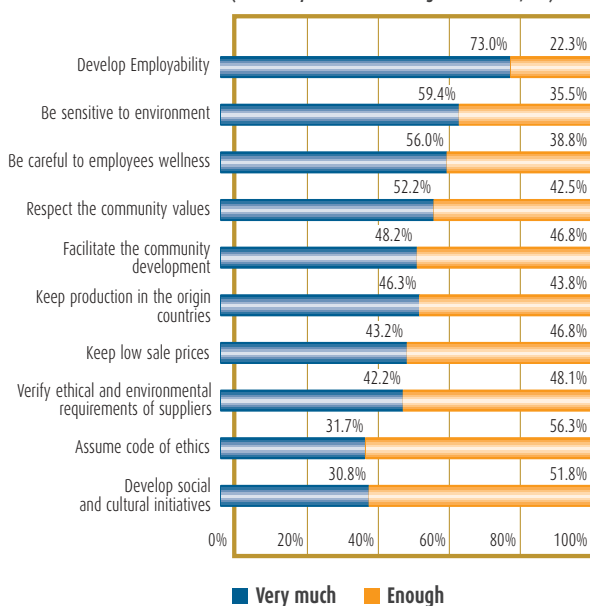
The analysis of preferences in the purchasing behaviour of interviewees indicates two priorities: firstly, the confirmation of the economic cost as the discriminating criterion for purchasing tangible assets and, secondly, the importance of transparency of contractual conditions as the most important factor in purchasing intangible services.

With regard to the perception young people have of social responsibility in relation to banking operations, an initial analysis can be made by assessing the level of trust that young people show in different institutions, including banks.

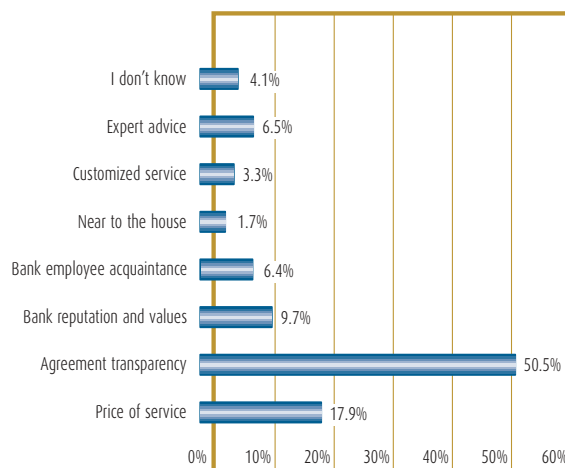
The data emerging indicates that over half the sample shows an insufficient level of trust in the banks. This is not very encouraging in itself; however, one should consider that a similar distrust is shared by many groups and institutions, including unions, municipal directors, journalists and political parties, which record a very high level of distrust.

Finally, one last consideration should be made of the factors that may come into play in choosing a bank. The most important criterion is that of current account handling costs. Furthermore, there are other interesting items for reflection. Firstly, one can see how the bank's reputation carries a certain amount of weight: one interviewee out of two says that this is very important in choosing a bank; secondly, it should also be noted how the simplicity of the contract is an element that is becoming increasingly more influential.

How some objectives of a company are important
(% of "Very much" and "Enough" - Base = 1,200)

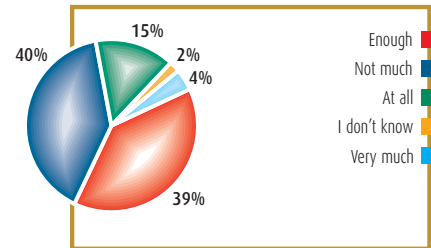


The most important guide line to buy a financial service
(f.i. insurance policies, asset management, current account - Base = 1,200)

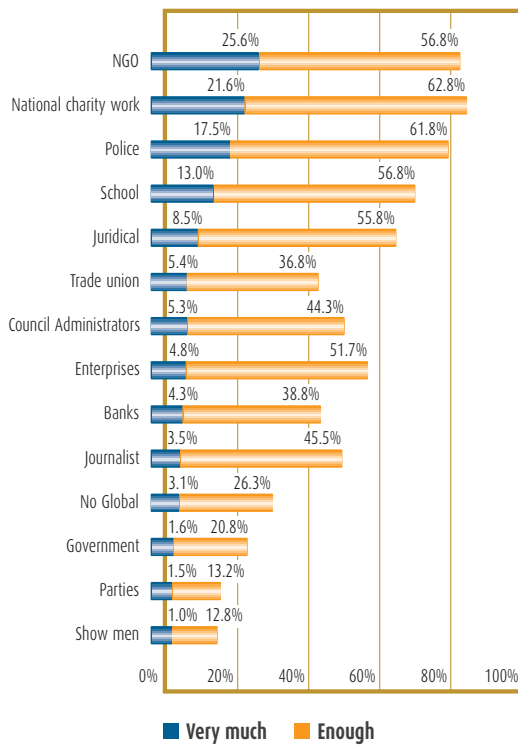


Main research results

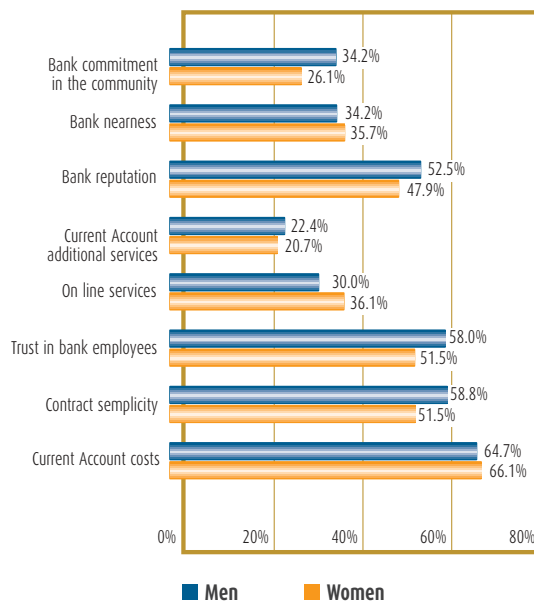
Bank Trustworthiness
(Base = 1,200)



Trustworthiness for some institutions and category of subjects
(% of "Very much" and "Enough" - Base = 1,200)



Importance of some factors in order to decide if open a new current account by sex
(% of "Very important" - Base = 1,200)





Community

- AIRC
- Permanent Venice Forum
- east
- Italy-Turkey Dialogue Forum
- Art
- "All the Invisible Children"
- Sponsorships
- HVB Group

Community

We are aware that our value system is not centred solely on profit and we try to share out the benefits in the communities with which we are in constant contact. Our action is not merely designed to build consensus and seek recognition but it is testimony to a role of “active citizenship”, which entails support to initiatives in the fields of charity, international co-operation and development.

The UniCredit Group supports a large number of projects carried out by non-profit organisations, ranging from charities to religious entities.

AIRC

Also on this year's Cancer Research Day, UniCredit, with over 2,800 branches throughout the country, joined the Italian Association for Cancer Research (AIRC) in its fund-raising effort with customers and employees. This joint project demonstrates the Group's commitment in the fight against cancer and the attention that it pays to the development of the communities in which it operates.

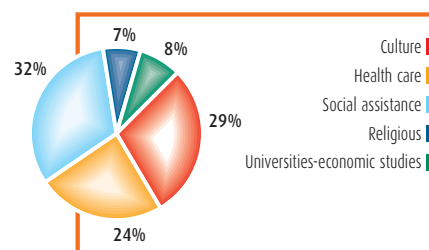
Within the framework of the five-year plan to fund four Oncogenomics centres, the UniCredit Group decided to adopt the structure established at Università Federico II in Naples. The funds will enable the centre to purchase increasingly sophisticated technologies and will make it possible for 10 researcher groups to interact with each other and with researchers in other centers in Milan, Turin and Rome.

In addition to customers' donations, the Group donated 399,070 euro with employees donating 76,648 euro, a 5% increase on the previous year.

Permanent Venice Forum

Together with the City of Venice, Fondazione Venezia 2000 and “east”, a cultural, political and international economic magazine, Unicredito is setting up a Permanent European discussion Forum designed to gather a significant number of qualified members from international institutions, politics, business and academia to provide assessments, analyses and opinions on the future of Europe. This initiative will take place at Palazzo Ducale on 22 and 23 June 2006. The theme “A new motivation for Europe” will guide the debate to identify innovative ideas that might contribute to give new impetus to the European integration process.

Donations in 2005 by category - Italy
(total donations: 3,119,554 euro)



 www.AIRC.it

east

The magazine “east” (which stands for Europe and Asia STRategies), sponsored by UniCredit, covers economic, political and cultural issues. It focuses on Europe-25 and its relationships with the Far East, India and China in particular.

The magazine is published five times a year, in Italian and English. In Italy it is distributed through newsstands, bookshops and by subscription. Abroad it reaches the desks of political and institutional leaders, diplomats, intellectuals, businesspeople and journalists.

Italy-Turkey Dialogue Forum

Every year the geopolitical journal Limes and the UniCredit Group, in co-operation the SAM Centre for Strategic Studies, their Turkish partners, organize an Italy-Turkey Dialogue Forum (the latest meeting was held in Istanbul on 23 and 24 November 2005). This is a high-profile cultural and political event, which takes place under the auspices of the Ministries of Foreign Affairs of both countries, in view of the negotiations for Turkey’s accession to the European Union. This next meeting will be attended by some 80 prominent political, business, cultural and media figures from the two countries, as well as authoritative observers from other countries. The objective is to continue the open dialogue on the main themes that affect the excellent bilateral relations between Italy and Turkey, from Europe to the Middle East, and from human rights to international trade.

Art

Knowing and preserving history, understanding the present and planning for the future are part of the Group’s mission.

During the conference held in Milan on 8 November 2005, at Bocconi University, on “The importance of innovation: relationships between business and contemporary art in the age of the intangible economy” our Chief Executive Officer, Alessandro Profumo, unveiled an action “policy” on the languages of our contemporary times.

This multi-year project is structured along different lines and is the outcome of a constant and fruitful interaction among the main players in the system: artists, institutions, museums, gallery owners, publishing houses, academia and universities.

This new project revolved around the creation of a new contemporary art collection focusing on artists active in the 1980s, starting from Italy.

The new acquisitions have enriched the Group’s art collection, a corpus of more than 15,000 works, a selection of which is available on line, through the virtual museum that can be visited on the intranet and on www.unicredit.it as well as in the Palazzo Magnani Gallery in Bologna.



www.eastonline.it

The collection represents a way to make contact with the Group's public and with the local communities, an opportunity for heightened cultural awareness and a training tool for employees. In fact, the works will be placed inside the new Corporate University in Turin and showcased in branches in curated events.

In addition to this, other initiatives are already underway, such as:

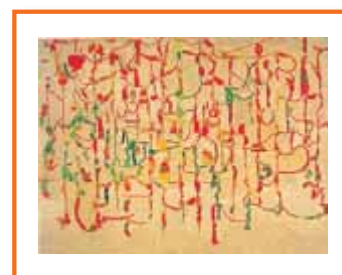
- co-operation projects with the MART and the Castello di Rivoli Museum of contemporary art, and joint work with the Pomodoro Foundation for the opening of the new venue. Partnerships are established with museums to disseminate the languages of our contemporary times, giving rise to projects ranging from the implementation of training programmes to the promotion of new artists;
- the development of an interdisciplinary series "Art in the 20th Century", published by Skira, to be released shortly;
- active presence in such cultural events and fairs as Artissima in Turin, Artefiera and Artelibro in Bologna;
- the development of a research grant, in agreement with the Agnelli Foundation, on the economics of contemporary art named after Senator Giovanni Agnelli;
- introduction of the "Passport Award", in co-operation with the City of Turin, sponsor of GAI, for young artists who wish to stay abroad;
- a project in co-operation with DARC (the Directorate of Art and Contemporary Architecture of the Ministry of Cultural Resources), which resulted in the publication and dissemination of "Contemporary Italian Art in the World", a study commissioned by the University of Turin;
- support of AMACI (Association of Italian contemporary art museums) for the first contemporary art day.

Art also plays a key role in view of the Europe-wide prominence gained by UniCredit, following the recent merger with the HVB Group. The challenge will only be financial in nature but will be based mainly on the integration of two cultures, on mutual respect and on seeing differences as an opportunity. In this context, art will be used to facilitate the creation and dissemination of a common language.

During 2005 investments in artwork amounted to approximately 1 million of euro.

"All the Invisible Children"

As part of the charitable initiatives undertaken in favor of children, we sponsored the film "All the Invisible Children", created by film producer Chiara Tilesi. In 2002, Ms Tilesi and Stefano Veneruso, her partner in MK Film Productions, thought that it would be a good idea to bring to life this seven-episode film with the help of major directors.



Giuseppe Gallo "Merletto Veneziano".



Each episode describes a different story about the conditions of children in various parts of the world. These episodes reveal that millions of children the world over do not have right to a name or face. These are stories of violations of rights, malnutrition and poverty but also stories of children who want a better future, stories that are far from the spotlight, in the empty space of indifference.

The UniCredit Group has decided to support “All the Invisible Children” as it is fully consistent with its corporate values, which are designed to link profitability with responsibility toward the communities in which it operates.

All the Invisible Children is designed to implement important initiatives. The proceeds from the film and related projects will be utilized by PAM and UNICEF for a children programme and to combat malnutrition of children in Africa (Niger).

To this end, UniCredit Banca has opened a special account to collect donations.

Sponsorships

We are always ready to support initiatives in art, the development of culture, listening to and dissemination of music as well as in sports, as we consider these to be important aspects of our life and spiritual growth.

We believe in music as a universal language of harmony and communion among peoples and as a medium to improve human relationships, with solidarity and mutual respect as guiding values.

Since 2000 we have been a major of in the initiatives of the Filarmonica of Teatro alla Scala in Milan because we believe in the importance of solid and deep ties with internationally renowned cultural institutions.

Supporting the wealth of intelligence and tradition that music represents also means participating in the growth of a balanced environment where attention is paid to both economic development and spiritual refinement as a source of well-being and human dignity for future generations. We also sponsor Orchestra Filarmonica ‘900 of Teatro Regio in Turin and Festival Lirico Arena di Verona.

We sponsor the Museum of Modern and Contemporary Art in Trento and Rovereto and have a large number of co-operation projects in place (scholarships, funding of university specialisation courses, training and research, publishing undertakings) with universities, public entities, such as the Province of Milan, Italian embassies and cultural institutes abroad.



HVB Group

HVB summer academy for sustainable management

This HVB educational initiative is designed to promote the practical implementation of sustainable management. The target groups are customers, employees, students, and trainees. HVB is seeking to raise the awareness of these groups towards the subject of sustainable management through a series of management workshops, training events and lectures.

Broadly-based social commitment

In their respective countries HVB and BA-CA are amongst the largest benefactors of cultural / artistic events; the extent of this commitment is shown at www.hvb.de/kultur and www.kultur.ba-ca.com. In addition, both banks are strongly committed in supporting local area communities needs.

Main activities concern:

- in the educational field HVB supports institutions such as, for example, the Stifterverband für die deutsche Wissenschaft (an association of donors to German science) and the universities in Munich;
- support population and communities in the case of catastrophes, e.g. for earthquake victims in Pakistan or tsunami victims in Asia;
- in Sri Lanka it was possible to support a whole raft of initiatives, amongst others a school project and a micro-finance project, thanks to employee donations which were then doubled by the Bank to 1 million of euro.

BA-CA places its main focus on three areas:

- aid for children;
- help for families in need;
- aid in the case of natural disasters.

Among several initiatives supported during 2005 there is the 'initiative against pulmonary hypertension' which provided the impetus for research into what has been termed the orphans' disease (least researched diseases). Consequently, the goal is to establish long-term research facilities for the benefit of sufferers.

Subsidiary banks in Central and Eastern Europe focus on similar issues and support, for example, the CARE private foundation and a comprehensive project for street children, or make funds available – as in 2005 for victims of the flood disaster in Rumania – when catastrophes strike.

UNEP-FI CEE task force

HVB Group has been Co-founder and very active promoter of the United Nations Environment Programme – Financial Initiative (UNEP-FI) Regional Task Force for Central and Eastern Europe (CEE), which aims to support and expand sustainable finance practices in Central and Eastern Europe. For additional information please visit the internet web-page www.unepfi.org.



Environment

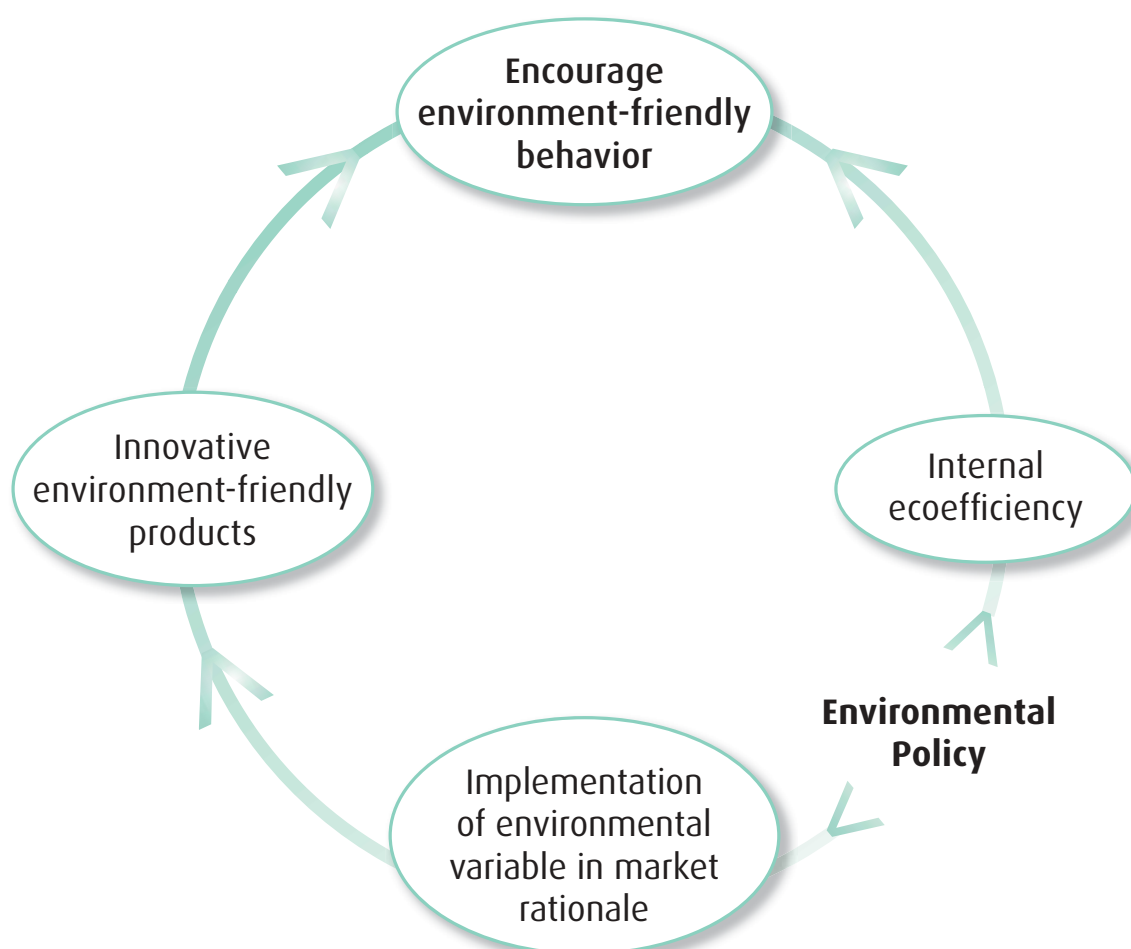
- UniCredit Group's Environmental Policy
- Direct aspects – Internal ecoefficiency
- Indirect aspects
- HVB Group

Environment

As part of its commitment to the environment, UniCredit is involved in the management of two categories of issues: on the one hand, the direct environmental aspects, i.e. those which are the result of our activities; on the other, the indirect aspects, i.e. those which are generated by other entities, whom we can influence through our policies.

The Group's internal management aims to achieve ecoefficiency in office activities, while our concern for indirect aspects is expressed through a policy of including environmental factors among market-driven considerations, and of offering innovative products that help promote ecosustainable behaviour in customers.

As a guarantee of the management process set up to address environmental issues, the Parent Company's environmental management system is ISO 14001:2004-certified, and the EMAS registration was renewed in 2005.



UniCredit Group's Environmental Policy



Our mission is to show a new way of banking which is capable of generating high value over time for communities, customers, employees and shareholders, and for current and future generations. Our identity is that of a bank which, mindful of its civic duties, promotes development in the local communities in which it operates. We have chosen to pursue our mission and affirm our identity by drawing on strong common values and adopting models of behaviour which put these values into practice in our strategic choices and operating activities. These same values and behavioural models inform the environmental policy of UniCredit.

We aim to take responsibility for any consequences which our business choices may have on the integrity of natural resources and on sustainability in the short, medium and long term. This involves the commitment to properly manage and, if possible, prevent the worst environmental impacts associated with our activities (consumption of natural resources, production of waste), and to act in such a way as to have a positive influence even on the so-called "indirect" effects of behaviours of third parties which we might identify or influence (through purchasing choices, credit policies and service innovation).

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

The principal objective towards which we direct our energies and corporate resources, both material and immaterial, is the constant improvement of our services. We therefore commit ourselves to constantly innovating, both from a technical and organisational point of view, our processes and our relations with customers.

Above all, our goal is to stimulate and promote individual creativity in order to make the most of new solutions which enable us to achieve "best-in-class" environmental performance. The people operating within the Group must be aware that their behaviour and their ideas can contribute to the overall improvement of performance in this regard.

We also aim to achieve ever-greater involvement by our partners in our initiatives for environmental improvement, in particular by offering customers and suppliers innovative forms of collaboration aimed at promoting eco-friendly practices and behaviours.

To effectively pursue ambitious objectives in terms of environmental sustainability, we must raise awareness of environmental issues amongst our personnel. This is a priority commitment in order to ensure the adequate training and constant involvement of all employees, at all levels of the business, in order to facilitate their professional growth.

The spreading and sharing of this policy within the business is intended to ensure that it becomes a primary responsibility of the Senior Management and that its values are adopted as the guiding principles for the behaviour of all personnel at every level of the organisation. Against this background, it is our aim to promote teamwork and constant co-operation between the various departments, so as to favour an interdisciplinary approach to environmental management.

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

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

We consider it essential to communicate with our counterparties (the public, local communities, environmental groups, users' and consumers' associations), through the constant supply of information and the gathering of any suggestions or complaints which they may have to offer.

Listening and dialogue are particularly aimed at building long-term relations with the local communities in which we operate, leveraging their specific characteristics and needs in terms of the development of environmental resources and awareness of these issues.

Transparency of actions and of the results obtained in environmental management is the best way of ensuring the credibility of our pledge. To this end, we measure and monitor the capability to pursue the goals which we set for ourselves, through a system of easily comprehensible indicators, amenable to comparison over time, which we voluntarily submit for verification and evaluation by independent bodies.

Direct aspects – Internal ecoefficiency

Direct impacts are largely related to office buildings' energy consumption, use and disposal of office products, and business travel.

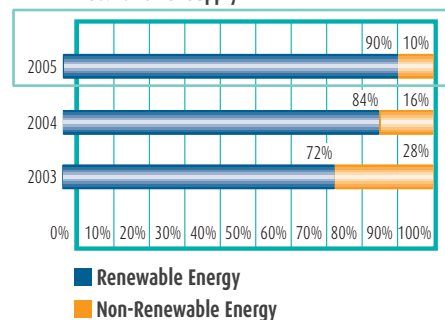
With regard to buildings, new location designs include special solutions in the construction of electricity, lighting and air conditioning systems, in plumbing installations and in building methods and materials. Generally, these solutions will include:

- adoption of the new UNI-En 12464 European standard;
- use of energy-saving lamps;
- electrical circuit separation and inclusion of key selector switches to ensure that all appliances are off at the end of each workday;
- limited use of UPS units, to be restricted to cases of objective need only, thus reducing the amount of batteries for disposal as well as reducing energy consumption;
- use of direct expansion heat pump units for remote system management;
- installation of heat recuperators to preheat incoming air flows using the heat recovered from outlet air;
- use of dual flush toilets with full or half-flush buttons so as to reduce water consumption;
- use of 9mm chamber glazing for outward-looking windows and doors to limit energy loss;
- use of water-based products compliant with VOC (Volatile Organic Compound) emission limitations under Directive 2004/42/EC dated 21 April 2004 for all painting work;
- easy to recycle or disposable plasterboard or light plaster ceilings.

To help reduce pollution and hothouse-effect increasing emissions, UniCredit has adopted the policy of using power supplied by a renewable source guaranteed by Consorzio Idroenergia, of which our company has been a member since 2000. 100% coverage of all uses is not complete due to some utilities that are yet to be switched over; however, we have reached over 90% supply out of a total of 230 GWh per year.

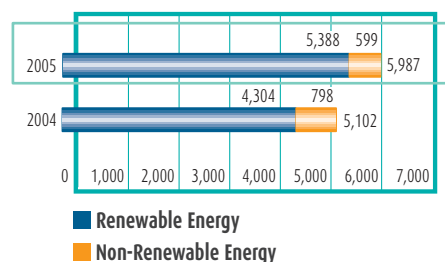
A reference document for the adoption of environmentally beneficial behaviour aimed at reducing energy waste has been prepared and will be available on the Intranet to all Group staff in 2006. Improvements will also be made to the current lighting system through the use of high-efficiency lighting that can be dimmed to suit external conditions.

Electric Power Supply*



* Data are referred to total number of employees in Italy.

Per capita electric energy consumption* (Kwh per-capita per year)



* Data are referred to total number of employees in Italy.



Energy diagnostic activities have been launched in larger operations, and by the end of 2006 we expect to start efficiency improvement works in the historic building located in Piazza Cordusio, Milan, with the installation of a co-generation system; similar works will take place in Trieste with the installation of a tri-generation system.

Total paper consumption

	Total Kg in 2005
White paper	2,039,410
Recycled Paper	496,747
Total	2,536,156

Total waste production

	Total Kg in 2005
Paper and cardboard	4,654,240
Toner	75,364
Mixed packaging	130,984
Electronic equipment	30,308
Large bulk waste	180,370

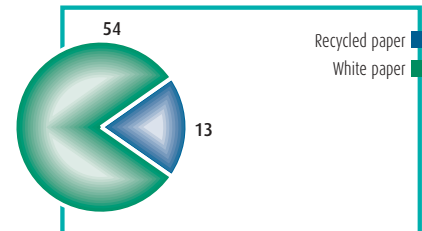
Business travel contributes to generating traffic and polluting emissions, as well as significant production of CO₂. The primary option to be considered for all travel requirements is public transportation, i.e. train, or airplane for longer distances. Automobiles should only be used for special needs or for destinations not served by public transport.

In an attempt to reduce the amount of travel required to organise integration activities with the HVB Group, the availability of conference call and videoconference facilities has been increased.

Means of transport

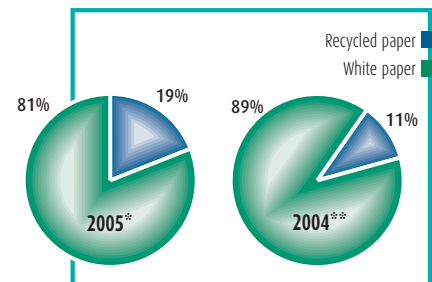
	Total Km travelled
Car	24,658,738
Train	417,750
Airplane	32,991,207
Total	58,067,695

Paper consumption per capita* (kg per employee per year)



* Data are referred to 98% of employees in Italy.

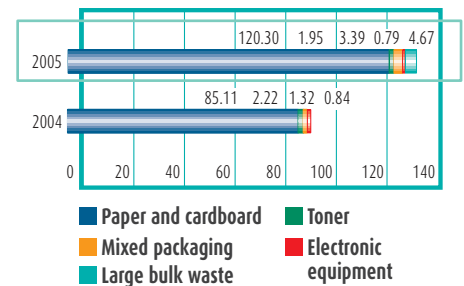
Type of paper consumption



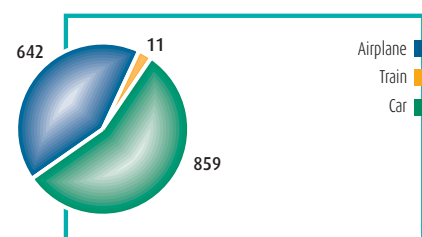
* Data are referred to 98% of employees in Italy.

** Data are referred to 76.3% of employees.

Waste production per capita* (Kg per employee per year)



Business Travel* (km per employee per year)



* Data are referred to total number of employees in Italy.

Indirect aspects

The environmental variable in the credit policy

The environmental risk for a financial institution lies essentially in the potential impact of the consequences of environmental damage caused by a company that has been granted loans and/or guarantees.

To minimize this risk, UniCredit takes into account the environmental variable when issuing the annual credit policy guidelines and monitoring loan uses.

At the time of outlining the credit policy, the Parent Company distributes to Italian Banks a document containing a list of sectors where particularly stringent environmental and safety regulations apply; if properly followed, these regulations may become a source of opportunities and be used as part of the company's competitive strategy.

The exposure curve of the business loan use portfolio of Italian-based Group banks is monitored on a quarterly basis using an indicator that measures the breakdown of such uses¹ according to the business activities' high, medium or low potential environmental risk.

Loan use exposure² in high, average, and low environmental risk sectors

	% index	Amount in bn €
Uses in high environmental risk sectors	8.2 %	5,313
Uses in medium environmental risk sectors	41.6 %	26,973
Uses in low environmental risk sectors	49.8 %	32,604

Environmental issues have been expressly introduced as part of the methods for evaluating our clients' credit merit since 2000.

The quality survey used for this analysis includes questions intended to obtain information through which we can surmise the existence of potential environment-related risks/opportunities, and which count towards the entity's rating. This information concerns:

- impact of environmental regulations as a factor of risk/weakness/threat, or conversely, as a factor of opportunity/protection/strength;
- relevance for the company of environmental/ecological risks;
- presence of specific environmental and/or ecological risks;
- any ongoing litigation in connection with environmental issues;
- consideration of potential indirect influences (interaction of environmental variables in answers aimed at investigating other aspects);
- existence of an environmental management system certified under ISO 14001 Standard and/or EMAS 761/01 Regulations.

¹ Sectors are classified on the basis of the environmental risk in accordance with the reclassification by the European Bank for Reconstruction and Development (EBRD) in its manual for managing environmental risk.

² Loans monitored on a quarterly basis in terms of the environment represent 55.06% of total performing loans booked by the Italian banks of the Group. Data as of 5 December on the basis of the chart of accounts.

Different questionnaires have been prepared according to the companies' size (Corporate, Large Corporate, Small Business) and type of business activities. The detailed information provided refers to larger-sized clients.

Our training programmes also emphasize all aspects related to environmental impact and its consequences, with a view to both raising awareness and disseminating key information essential for evaluating the existing conditions in as much depth as possible.

In addition, considering the growing importance of social issues, as of 2003 our client quality review also includes information on the clarity and quality of financial statement reports, both in terms of completeness and accuracy of data reporting, and of transparency and prudence of the accounting information. In the same perspective, clients are required to indicate any specific criticalities with respect to management or to financial movements and accounting.

Holding credit policy guidelines are adapted in the New Europe banks as well. In order to define global risk of different financed activities, Zivnostenska Banka implemented credit evaluation processes which considers also social and environmental risks. Bulbank does not finance projects or companies which are not compliance with environmental national standards. Moreover, in 2005 Bulbank participated in a specific credit line of European Bank for Reconstruction and Development (EBRD) in order to finance projects for energies renewable.

Project Finance

UniCredit Infrastrutture is the UniCredit Group company specialising in structured finance transactions for investments in industrial and infrastructure projects. Our project assessment process includes, among others, the following aspects:

- review of Environmental Impact Evaluation reports and related documents;
- review of project authorisations and permits;
- evaluation of project compliance with relevant regulations, including EU Directives and guidelines;
- evaluation of project adherence to the Equator Principles, using gap analysis;
- communication with project sponsors to settle any unresolved issues;
- environmental monitoring during construction works.

Among the projects funded in 2005, three wind farms for the production of energy from renewable sources are worthy of mention. Located in Southern Italy, Sicily and Sardinia, the plants total an approximate 400 MW of electric power installed and required total investments for 530 million of euro. Additionally, the evaluation of two more projects is well underway; they are expected to be completed by the end of 2006 for a further 130 MW of power installed.

To support integrated waste management policies, UniCredit is the Global Coordinator and Mandated Lead Arranger of the largest operation in Italy for the production of energy from renewable sources. In December 2005 we signed a letter of underwriting in favour of various subsidiaries and associated companies of Actelios S.p.A (Falck Group) for a total loan of approximately 1 billion of euro. The loan will allow the companies to build integrated systems including 3 energy-from-waste combustion plants (total power: over 150 MW) as well as separation and pre-treatment plants and transference stations, designed to provide a long-term, sustainable solution to the problem of waste management in Sicily.

As to the water sector, a 165 million of euro loan has been stipulated with Siciliacque (UniCredit's portion: 82.5 million of euro) to rebuild

and manage 13 large water adduction systems in Sicily. Siciliacque supplies approximately 130 municipalities and large size users, for a total population of 1.4 million residents, or 90 million cubic meters of water supplied.

Purchasing policies

The management of UniCredit's supplier base was computerised in 2005, and is expected to be completed with all data entered within the first half of 2006. In addition to standard requirements regarding logistic capacities, size, service quality and references, supplier selection criteria include the possession of quality and/or environmental and/or social accountability certifications as well as the required sector-specific certifications, and the use of low environmental impact products in the production chain and in the course of business.

Suppliers wishing to be included in our Supplier Base must also guarantee proper management of activity-specific risks, adequate staff training, and checks on their own and their subcontractors' operations for compliance with environmental regulations.

In addition to supplier selection, environmental specifications have been prepared for categories of products whose manufacturing and/or use may have significant impacts on the environment; prior to their purchase, it must be ensured that the products are compliant with these specifications. For example, all white paper we use must be bleached without chlorine, and the cellulose must come from controlled-growth forests.

Lastly, considerations regarding the protection of workers' health and safety are also included in supplier selection criteria and are an integral part of the Supplier Base management system.

UniCredit for Kyoto

Among the Group's efforts to help achieve the Kyoto Protocol's objectives and mitigate our planet's warming, in addition to the use of hydroelectric energy, initiatives have been put in place for the growth of "carbon finance", i.e. a finance driven by considerations on the harmful emissions caused by industrial plants and activities, which directs its resources so as to facilitate the progressive decrease of these emissions.

For the second consecutive year, UniCredit has participated in the Carbon Disclosure Project, an initiative carried out with the voluntary participation of many key companies worldwide. The project involves 143 institutional investors, with aggregate managed assets for 20,000 billion dollars, who wrote to the world's top 500 corporations requesting information on their policies with respect to climate change.

In this perspective, we subscribed – and were the only Italian bank to do so – an amount of 10 million of euro (of the total 143 million of euro) in the European Carbon Fund promoted by Caisse des Dépôts et Consignations, the first non-Government fund to invest in rights on greenhouse gases and derivatives thereof. The Fund supports emission-reduction projects in emerging countries by purchasing the related rights and selling them to companies in industrialised countries who need them to ensure their compliance with emission quota directives, and is a material contribution to the development of an efficient emission trading system in view of achieving the objectives set forth in the Kyoto Protocol.

Moreover in order to reduce the impact on CO₂ emissions, due to the publication of the Annual Reports and the Social and Environmental Report, UniCredit bought, by the FIPER project of tele-heating using biomass plants in Valtellina, those credits emission requested to compensate the report publications.

Clean Energy Loan

Aiming to offer our clients innovative tools for the promotion of renewable resources, and in particular for the widespread use of photovoltaic solar energy (a technology that enables electricity to be produced from solar energy), UniCredit Banca, together with Banca per la Casa, has launched the new Clean Energy loan, a financing programme created specifically to help owners who decide to install photovoltaic solar panels in their properties. The programmes are designed to assist citizens who opt for this new clean energy source and to promote the development of ecocompatible initiatives in Italy.

UniCredit Banca's modular offering provides clients with the possibility of obtaining, for amounts up to 30,000 euro, a personal fixed-rate "Energy" loan (duration up to 6 years); for amounts from 30,000 euro to 50,000 euro an unsecured loan (fixed or variable rate at client's discretion, with duration up to 10 years for variable rate or 5 years for fixed rate); for amounts over 50,000 euro, an "Energy" mortgage loan (duration up to 15 years). The offer is currently available to private clients only, but will soon be extended to small businesses.

The Clean Energy loan offered by Banca per la Casa is available at fixed or variable rates, with duration up to twenty years. The duration enables borrowers to combine instalment payments with the benefits provided by Ministerial Decree dated 5 August 2005, consisting of monthly refunds on the borrower's "energy account" for the same period, and is therefore the ideal solution for owners of independent properties wishing to install photovoltaic solar panels.

HVB Group

Energy efficiency and sustainable bank buildings

Building maintenance is the biggest lever in sustainable banking operations through the impact it has on the environment, health, and cost. Economic and ecological aspects, high workplace quality, and low operating and energy costs are important criteria in all construction and renovation work.

In order to minimize future operating costs for energy, cleaning and maintenance, energy-optimized planning and facility management are performed simultaneously.

The HVB's "Sustainable Office" guidelines are a key component of all building and renovation works. Standardized planning parameters help to select environmentally compatible, low-emission construction materials.

KPI 2004

Electricity: 7,804 kWh/capita

Heating: 7,380 kWh/capita

CO₂ (electr. + heating): 5,776 kg/capita

Reduced paper consumption

Lower stocks (removing spoilage, consolidating brochures, optimizing printouts) and the greater use of electronic media: these are the prime objectives of HVB's paper-management program. It proved possible to save a total of 200 million sheets of A4 format per year since 2001 at HVB alone by increasing the digitization of business processes. This means avoiding 2000 tons of paper waste.

KPI 2004

Copy and printing paper: 43 sheets/day/capita

Sustainable mobility management

The bank has initiated a mobility management program with the prime objective to save carbon dioxide through travel guidelines and procedures:

- public transportation should normally be used for business travel within cities;
- short-haul flights (up to 500 km) should be replaced by rail travel;
- 20 natural-gas vehicles (company-cars) have been bought;
- in addition, 17 company bicycles were purchased for the main locations in Munich;
- promotes the use of phone and video conference facilities.

KPI 2004

Business travel km: 3,382 Km/capita

CO₂-emissions: 786 kg/capita

Lending operations

It is a major goal of HVB to achieve a minimization of credit loss and reputational risk by taking ecological and social criteria into account in its lending operations. To exclude these risks, HVB and BA-CA have clearly stipulated in their General Credit Policy that every loan must be examined for its ecological and social impact. The minimum standards are those set by national and international laws effective locally and the environmental and social standards of the World Bank Group (Safeguard Policies and Guidelines). Examining social and environmental risks is thus an integral component of every credit rating and every credit decision in HVB and BA-CA.

Corporate finance / foreign trade finance

In 2005 HVB developed a new training concept to optimise the environmental credit risk training and thus HVB's environmental risk assessment. The new seminar started in the second half of 2005. Furthermore HVB began to reengineering the environmental credit risk information system. BA-CA also continued to maintain and expand its information platform for environmental risk and its seminars. To minimise risk in Foreign trade finance, HVB introduced in 2005 a new screening tool to optimise the assessment of environmental and social risks of all ECA covered transactions.

Project finance / equator principles

HVB Group was part of the original group of 10 banks which in June 2003 succeeded in establishing a global industry-wide standard for project finance. In addition to the World Bank's Safeguard Policies and Guidelines, the Equator Principles provide for categorizing projects according to the extent of their impact. Projects which carry a high or medium risk in this respect must submit to an Environmental Assessment (EA). Since the Equator Principles were published in June 2003, 30 more banks worldwide and the Danish export credit insurer Eksport Kredit Fonden (EKF) have undertaken to observe them.

"Carbon solution team"

HVB has set up a dedicated "Carbon Solutions Team", in order to provide these services and to improve understanding of related customer credit risks. Keeping in mind the project mechanisms established in the Kyoto Protocol ("CDM and JI"), HVB provides financing as well as structuring capabilities to project developers and to companies aiming to export climate friendly technology.

BA-CA has set up an internal "Kyoto Network" and has structured the financing of a Bulgarian Hydropower JI project.

Financing of renewable energies

HVB is one of the leading providers of finance for renewable energy in Germany.

As early as 2004, HVB became the first bank to successfully place a closed portfolio of windparks on the market in the form of a corporate bond. HVB has further endorsed its leading position in the global renewables sector in 2005 through the successful syndication of a 46.7 million of euro project financing for Silicio Solar, a photovoltaic wafer factory located in Puertollano, Spain. Solar energy is a dynamic and fast-growing segment of the renewables market and this deal represents one of the first project financings in the sector.

HVB's Corporates & Markets competence center for "renewable energy sources and water" agreed credit facilities of 325 million of euro in total for renewable energy projects in 2005. At the end of 2005 altogether 818 million of euro were available for projects utilizing renewable sources of energy. A special focus was on financing wind power facilities. Including all other typ of loans HVB's total renewable portfolio was 2,965 billion of euro at the end of 2005.

BA-CA has also strengthened its position as significant renewable energy sector financier in Austria and CEE. A windpark development in Croatia, a hydro power plant in Slovenia and biomass and biodiesel projects in Austria, are on the successlist. In 2005 BA-CA agreed credit facilities of 82 million of euro for new renewable energy projects. Thus, the whole portfolio increased to 212 million of euro. Under the new product line "EcoLine" BA-CA Leasing summarises the financing of investments in the field of renewable energy like wind energy, solar power, biomass and cogeneration systems. For instance in 2005 BA-CA Leasing financed together with its leasing partner Austrian Windpower (AWP) 23 wind turbines valued at 49 million of euro in Parndorf, Austria.



Unidea - UniCredit Foundation

- Geographical areas interested
- Africa - Benin - "Tata Somba": basic healthcare improvement in the Tanguieta district
- New Europe - Croatia - Training and microcredit in rural areas of Slavonia
- Italy - Street lawyer

Unidea - UniCredit Foundation

The idea of creating a Foundation arose in 2002, the result of the UniCredit Group's search for ways to realize and manage projects in Italy and in other Countries, promoting social and health services in the underdeveloped countries, vocational education and local development in East Europe Countries where Group is present, giving effective, concrete form to its commitment in the field of solidarity, co-operation and development.

From March 2003 Unidea - UniCredit Foundation starts working with an own Board of Directors composed by different member with skills specifically addressed in order to develop the best initiatives as possible according the projects and countries in which the Foundation operates.

Unidea - UniCredit Foundation Board of Directors

Roberto Bertazzoni (Chairman)	SMEG SpA - Chairman
Edoardo Massaglia (Vice President)	UniCredit - Head of Corporate Identity
Paola Pierri (Vice President)	UniCredit Banca Mobiliare SpA - Chief Executive
Pier Mario Biava	Sesto San Giovanni Hospital - Head of Industrial Medicine Department University of Trieste - Professor at Industrial Medicine Post-Graduate School
Giuseppe De Rita	Censis Foundation - General Secretary Lemmonier Publishing House - Chairman
Attilio Piero Ferrari	ARCA SpA, Società di Gestione del Risparmio - Managing Director
Marco Gaudiomonti	Uilca - General Secretary
Salvatore Piazzolla	UniCredit - Head of Human Resources
Carlo Pesenti	Italcementi SpA - General Co-director
Severino Salvemini	Professor of business administration University Bocconi, Milano - School of Management Chairman
Maria Wisniewska	Bank Pekao, Warsavia - Chairman of Board of Directors
Gianni Zappa	Diocesan Administration, Milano - Head of Social Communication
Francesca Gori (General Secretary)	

Foundation was created with a twofold objective:

- to attempt to give a convincing response to the need to redefine the relationship between business and ethics by reflecting on the duties, roles and expectations of the company with regard to other economic entities;
- to provide a concrete response to the growing need for solutions to the serious problems of today's world, with the aim of reducing the clear social and economic disparities arising from the process of globalisation.



Unidea aims to be a practical tool for positively tackling the most serious manifestations of hardship, encouraging the participation of civil society in the development processes, and seeking out and supporting the signs of growth which emerge from the most seriously disadvantaged situations responding to the following goals:

- to intervene in the worst cases of imbalance and inequality; to promote and support humanitarian aid and cooperation projects which go beyond the immediate emergency and attempt to help rebuild the structures essential to the development of communities, and simultaneously contribute to the growth of an autonomous and responsible civil society;
- to back up the humanitarian interventions by means of analysis and reflection to allow a thorough understanding of the contexts in which it operates. This cultural and communication support may also be of help to organisations and operators working in the field of cooperation and in the voluntary and non-profit sectors;
- to promote and spread the culture of non-profit initiatives, donation and voluntary work, offering employees of the UniCredit Group in particular the opportunity to lend their professional skills and creativity in support of the various projects (see Employee Volunteering and Gift Matching).

The local community is considered to be the main source to express both the basic needs of individuals and their role in society. Constant attention is given to their concerns and needs. The requisite essential research is carried out by direct and precise analysis. This helps to define accompanying methodologies, based on shared, inclusive intervention. The research also helps to define conditions to replicate such work.

During 2005 the Unidea Foundation collaborated on many occasions with Italian and foreign universities and specialist bodies, including the OECD and the Institute of Tropical Medicine, Antwerp Department of Public Health.

Geographical areas interested

Sub-Saharan Africa - In 2005, the Unidea Foundation continued along the road already reinforced by interventions aimed at boosting the social and health development of local communities of Sub-Saharan Africa in both West Africa (Burkina Faso, Benin, Ivory Coast and Mali) and Southern Africa (Mozambique, Zimbabwe).



By means of participation throughout the various phases, covering both decision-making and implementation, the objective is to create structures and strengthen networks for the mutual exchange of experiences and services. This exchange can contribute to:

- ensure the continuity of projects and their results in both financial and institutional terms, as a guarantee that the activity will continue through transmission of the responsibility to the local actors;
- give responsibility to the local actors through exchanges involving the sharing and comparison of experiences within the network dynamics, also makes it possible to ensure that the various development initiatives do not remain experiments isolated in time and space;
- create positive cycles of diffusion and replication of the main project lines based on continuity in time and proximity in territory.

Central Europe and the Balkans - In the areas of Central Europe and the Balkans, Unidea committed itself to the strengthening of a number of local development and professional training initiatives, with the aim of widening their catchment area and extending their duration. The effort to bring young people into the employment market focuses primarily on two particular sectors: professional training, and support for youth enterprise. For example with the project AEMT – Advanced European Media Training, placed in Croatia and Bulgaria, specific advanced training programs are addressed to youths interested in acquiring competence in communication and journalism.

Italy - Unidea confirmed its commitment to providing support for the social integration of those at risk of exclusion. As in previous years, the on-the-ground interventions were accompanied by constant observation and monitoring of new forms of hardship emerging in society.

In the light of these considerations, the interventions made during the course of 2005 concentrated on the inclusion of socially marginalised youths. Priority was given to projects based in urban fringe areas and implemented by associations capable of using voluntary workers with high professional qualifications, particularly in the following sectors:

- prevention of educational dispersion and/or inclusion of young migrants into the educational system;
- vocational insertion;
- reception centres for people in situations of hardship;
- services for social and personal advancement;
- legal protection for Italian and foreign nationals;



- support for people with differing levels of ability;
- meeting centres;
- employee disputes.

In the following notes, as an overview of the activities carried out in 2005, we provide a summary report of the most important project for each of the three main areas of operations:

Africa - Benin - “Tata Somba”: basic healthcare improvement in the Tanguieta district

The project’s main goal is to help guarantee the right to health to the population of the district of Tanguieta, in the Atakora region, by improving health conditions, strengthening basic services, providing greater access to healthcare centres and fostering community participation. The project intends to act horizontally, without overlapping or replacing the national health system, by trying to integrate in the local structures and facilities, in keeping with the local culture. Activities are performed on the basis of a “pyramid” organisational model – which is typical of the country – so as to abide by local co-operation standards between private entities and public authorities. Potential beneficiaries of these activities include women of child-bearing age as well as children under the age of five in the health district of Tanguieta and the areas covered by the hospital (the department of Atakora, northern Togo, southern Burkina, Niger, etc.), for an estimated 300,000 people. The entire population of Atakora (700,000 inhabitants) benefits indirectly from this project.

In Benin 30,000 children die from avoidable diseases (dehydration, hunger, respiratory diseases). Even though they may appear trivial, things such as mosquito nets, access to basic drugs, trained nurses, hygiene and health education continue to be beyond the reach of millions of people.



Africa				
		2005	2004	2003
Nr. projects		6	6	8
Investments		€ 4,077,722	€ 6,124,860	€ 3,144,404

New Europe - Croatia - Training and microcredit in rural areas of Slavonia

This project is intended to upgrade the skills of certain young Croatian agricultural entrepreneurs, from the Slavonia region, in order to make their businesses in biological farming more competitive and, simultaneously, to further social entrepreneurship by building infrastructures to support the development of the sector in which they operate.

One of the main problems in Croatia, especially in this region, is the rising unemployment rate. The government's employment policies are designed for small and medium enterprises and neglect almost completely biological agriculture and family-run firms.

The programme concerns 10-12 municipalities in the three provinces of Slavonia (Osijek-Baranja, Vukovar-Sirmium and Pozega-Slavonia) and involves training modules organised to provide entrepreneurial skills and know-how in biological production to 50-60 producers. Moreover, micro-loans will be provided to 20 entrepreneurs.

The programme is expected to:

- upgrade these entrepreneurs' skills and increase and improve their competitiveness in biological agriculture;
- increase production in the biological agriculture sector;
- further social entrepreneurship and support infrastructures.

New Europe (Central European Countries and Balkans)			
	2005	2004	2003
Nr. projects	8	6	8
Investments	€ 2,035,813	€ 1,544,290	€ 1,107,098

Italy - Street lawyer

The "Street Lawyer" project, implemented by Associazione Amici di Piazza Grande in Bologna, with the support of Unidea in connection with the call for proposals in Italy (Bando Italia), is designed to provide qualified legal assistance to people deprived of their basic rights, with the main objective of protecting the rights of the homeless.

Italy			
	2005	2004	2003
Nr. projects	39	27	10
Investments	€ 1,919,572	€ 1,935,600	€ 2,214,483



Legal assistance is provided mainly by volunteer lawyers and law graduates to underprivileged citizens. The office where the activities are conducted is manned on a rotating basis by 25 lawyers of the Bologna bar.

To date the office has handled 707 cases in every area of the law. The number of consultations is significant, though no specific calculations are available. The cases handled involved in particular the right to a home.

For further information please visit the web site:



www.unicreditfoundation.org



Table of Indicators

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

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

Legend	●	full data	□	information not present in document		
	●	full data with HVB Group	QL	qualitative data	QN	quantitative data
	□	partial data		new indicator		

	subject	information/data	2003		2004		2005	
			coverage	type	coverage	type	coverage	type
GENERAL	vision and strategies	letter from CEO	●	QL	●	QL	●	QL
		mission	●	QL	●	QL	●	QL
		values	●	QL	●	QL	●	QL
		strategic lines of CSR	●	QL	●	QL	●	QL
		policies of CSR	□	QL	●	QL	●	QL
		organisation for social responsibility	□		□		●	QL
	overview	history	●	QL	●	QL	●	QL
		organisational model	●	QL	●	QL	●	QL
		Board of Directors, Board of Auditors	●	QL	●	QL	●	QL
		geographical presence	●	QL	●	QL	●	QL
		total employees of the new Group					●	QN
		breakdown of new Group personnel - Men and Women					●	QN
		breakdown of new Group personnel by categories					●	QN
	corporate governance	description of composition and function of Board of Directors and Auditors	●	QL	●	QL	●	QL
		powers delegated to serving directors	●	QL	●	QL	●	QL
		Integrity Charter	□		●	QL	●	QL
		map of offices of members of Board of Directors			●	QL/QN	●	QL
		composition of share capital	●	QN	●	QN	●	QN
		compliance			□	QL	●	QN
	additional information	contacts	●	QL	●	QL	●	QL
		methodological elements	●	QL	●	QL	●	QL
		reference standards	●	QL	●	QL	●	QL
ENVIRONMENTAL	management	policy	●	QL	●	QL	●	QL
		procedures	□	QL	□	QL	□	QL
		environmental data	□	QN	□		□	
	direct aspects	energy consumption	□	QN	□	QN	□	QN
		water consumption	□	QN	□		□	
		waste produced	□	QN	□	QN	□	QN
		raw materials used	□	QN	□	QN	□	QN
		emissions CO ₂	□	QN	□		□	QL
		mobility management policies	□		□		□	QL
		business travel					□	QN
	indirect aspects	credit policies	●	QL	●	QL	●	QL
		riskiness of investments	□	QL	□	QL	□	QN
		financial services and products	□	QL	□	QL	□	QL
		raising awareness of suppliers	□	QL	□	QL	□	QL
		selection of suppliers	□	QL/QN	□	QL/QN	□	QL
ECONOMICS	economics	annual aggregated growth income	●	QN	□		□	
		cost/income ratio	●	QN	□		□	
		return on equity	●	QN	□		□	
	financials	market capitalisation	●	QN	●	QN	●	QN
		value creation	●	QL/QN	●	QL/QN	●	QL/QN
		risk remuneration	●	QL/QN	●	QL/QN	●	QL/QN

		2003		2004		2005	
subject	information/data	coverage	type	coverage	type	coverage	type
EMPLOYEES							
overview	total employees	●	QN	●	QN	●	QN
	total employees by division					●	QN
	breakedown of personnel categories	●	QN	●	QN	●	QN
	breakedown of personnel categories - Men and Women					●	QN
	location of employees	●	QN	●	QN	●	QN
	qualifications	●	QN	●	QN	●	QN
	breakedown by age brackets	●	QN	●	QN	●	QN
	turn over	□	QN	●	QN	●	QN
	recruitments/dismissal	□	QN	□	QN	●	QN
	types of employment contracts	●	QL	●	QL	●	QN
staff relations	index of employees satisfaction	□		●	QL/QN	□	
	evaluation, remuneration and incentive system	□	QL/QN	□	QL/QN	●	QL/QN
	incentives oriented toward social responsibility	□		●	QL/QN	□	
	careers development	□	QN	□	QN	□	QN
	promotions	□	QN	□	QN	□	QN
training	hours of training	●	QN	●	QN	●	QN
	type of training					●	QN
	type of training by professional category					●	QN
	training programmes and projects	●	QL	●	QL	●	QL/QN
equal opportunity	ratio men/women	●	QN	●	QN	●	QN
	breakedown of senior management	●	QN	●	QN	●	QN
	protected categories	□	QN	□	QN	●	QN
industrial relations	rate of unionisation	□	QN	□	QN	□	QN
	information, consultation and negotiation polices and procedures	□		□		□	
	employee disputes	□		□		□	
health & safety	safety management	●	QL	●	QL	●	QL
	no. of accidents	●	QN	●	QN	●	QN
internal communication and staff involvement	tools of internal communication	□	QL/QN	□	QL/QN	□	QL/QN
	initiatives	□	QL/QN	□	QL/QN	□	QL/QN
security	activities	□	QL	□	QL	□	QL
	robberies	□	QN	□	QN	□	QN
the work/family balance	part time vs. full time	●	QN	●	QN	●	QN
	day nurseries and other initiatives			●	QL/QN	●	QL/QN
	leave of absebe for employees			□	QL/QN	□	QL/QN
	company services	□	QL	□	QL	□	QL
COMMUNITY							
interventions polices	guidelines for evaluating social impact	□		□		□	
contribution	amount	●	QN	●	QN	●	QN
interventions	Group	●	QL/QN	□		□	QL/QN
	Foundation	●	QL/QN	●	QL/QN	●	QL/QN
local area relation	geographical areas	●	QL	●	QL	●	QL
	management procedures	●	QL	●	QL	●	QL
	activities	●	QL/QN	●	QL/QN	●	QL/QN
	representative bodies involved	●	QL	●	QL	●	QL
	CUSTOMERS						
overview	no. of cutomers	□		□		●	QN
	no. of customers by division	□		□		□	
	no. of internet banking customers	□		●	QN	●	QL/QN
	geographical location	□		□		●	QN
sale channels	type					●	QL/QN
	accessibility					□	QL/QN
customer relationship	index of satisfaction	□	QN	●	QN	□	QL/QN
	customers interviewed	□	QN	●	QN	□	QL/QN
	complaints management	□	QL	□	QL	□	QL/QN
	no. of complaints received	□	QN	□	QN	□	QN
	types of complaints received	□	QL	□	QL	□	QL
	amounts of settled complaints	□	QN	□	QN	□	QN
politics and products	credit and lending policies	□	QL	□	QL	□	QL
	products for different customer categories	□	QL/QN	□	QL/QN	□	QL/QN
external communication	tools and types	□		□		□	
security	security of information	□	QL	□	QL	□	QL
	fraud prevention			□	QL/QN	□	QL/QN
SHAREHOLDERS							
capital information	brakedown of share capital	●	QN	●	QN	●	QN
risk remuneration	course of share price	●	QN	●	QN	●	QN
	riskiness of security	●	QN	●	QN	●	QN
finantial communication	type	●	QL	●	QL	●	QL
	number	●	QN	●	QN	●	QN
SUPPLIERS							
overview	type	□		□		□	
	number	□		□		□	
suppliers relationship	satisfaction	□		□		□	
responsible management	selection policies	□	QL	□	QL	□	QL
	no. selected	□	QN	□	QN	□	
	no. not selected			□	QN	□	

See "Report Structure" section for deepening about numbers and perimeter of indicators future development.

External Auditors' Opinion



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

Report of the auditors on the social and environmental report Attestation

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

- 1 We have carried out the compliance procedures and analyses on the sustainability report of the UniCredito Italiano Group ("UniCredit Group") at 31 December 2005, described in paragraph 2 of this report.

The aim of the procedures was to evaluate the board of directors' statement, included in the social and environmental report of the UniCredit Group at 31 December 2005 in the section entitled "Report structure", that such report was prepared in compliance with the guidelines established by GRI – Global Reporting Initiative. The preparation of the social and environmental report in compliance with such guidelines is the responsibility of the parent company's management.

- 2 In order to evaluate the board of directors' statement referred to in paragraph 1, we have performed the following procedures, in accordance with the International Standard on Assurance Engagements 3000 - Assurance Engagements on other than Audits or Reviews of Historical Information established at an international level by the International Auditing and Assurance Standards Board (IAASB) and in compliance with Research Document no. 1 of the GBS "Guidelines for auditing Social Reports":
 - verifying that the financial figures and information are consistent with those included in the consolidated financial statements of the UniCredit Group as at and for the year ended 31 December 2005, approved by the Board of Directors on 22 March 2006. We have audited such consolidated financial statements and issued our audit report thereon on 11 April 2006;
 - analysis of how the processes underlying the generation, recording and management of quantitative data included in the social and environmental report operate. In particular, we have performed the following procedures:
 - interviews and discussions with management delegates and personnel of certain group companies to gather information on the IT, accounting and reporting systems used in preparing the social and environmental report, and to chart the processes and procedures used to gather, combine, process and transmit data and information of the various group companies to the office that prepares the social and environmental report;

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 Torino Treviso Trieste Udine
 Varese Verona

Società per azioni
 Capitale sociale
 Euro 8.280.400,00 i.v.
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 Codice Fiscale N. 00709600159
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- sample-based analysis of supporting documentation used in preparing the social and environmental report to confirm the effectiveness of processes and their adequacy in relation to business objectives, and that the internal control system correctly manages data and information;
- analysing the completeness of the qualitative information included in the social and environmental report and its consistency throughout. This activity was carried out in line with the above-mentioned guidelines;
- verifying the stakeholders' involvement process, in terms of the methods used and completeness of persons involved, and analysis of the summary of the main findings with regard to salient features arising from meetings held with them and comparing them with the information disclosed in the social and environmental report;
- obtaining the representation letter signed by the legal representative of UniCredito Italiano S.p.A. on the compliance of the social and environmental report with the relevant preparation criteria and on the reliability and completeness of the information and data contained therein.

The social and environmental report presents the prior year's figures and information for comparative purposes, in conformity with the guidelines and principles based on which the report has been prepared, with respect to which reference should be made to our attestation dated 12 April 2005.

- 3 Based on the procedures performed, we believe that the social and environmental report of the UniCredit Group at 31 December 2005 complies with the guidelines referred to in paragraph 1. The financial figures and information included in the social and environmental report at 31 December 2005 are consistent with the figures and information included in the consolidated financial statements of the UniCredit Group at the same date. Moreover, the other figures and information included in the social and environmental report at 31 December 2005 are consistent with the documentation we were provided with, and meet the content requirements established by the guidelines on the basis of which the social and environmental report has been prepared.
- 4 As described in the section entitled "Report structure – Next steps" of the social and environmental report at 31 December 2005, the UniCredit Group grew significantly in recent years, changing from a leading Italian banking group to a "new really European bank". As a result, the reporting scope of the social and environmental report should be progressively extended. In this respect, the UniCredit Group intends to take steps in order to deal with the following matters from the next year, within timeframes in line with the characteristics and complexity of each matter:
 - gradual and progressive extension of the reporting scope to include consolidated companies operating abroad;



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- consolidation of the dialogue with stakeholders in Italy and progressive extension of this activity to stakeholders abroad.

Milan, 21 April 2006

KPMG S.p.A.

(Signed on the original)

Mario Corti
Director of Audit

Glossary

ABI

Associazione Bancaria Italiana (The Italian Banking Association).

ADVISOR

Person who gives advice, who knows a lot about a particular subject.

ASSET GATHERING

Activities aimed at gathering savings.

ASSET MANAGEMENT

Activities aimed at managing people financial investments.

ASSOCIATIONISM

This involves bodies representing specific interests, or bodies offering union and service activities to:

- a) companies (industrial, craft, commerce, agriculture, etc.)
- b) workers (unions)
- c) professionals (associations).

ATM

Acronym for Automatic Teller Machine, a device for withdrawing cash by inserting a credit or debit card.

BOND

An agreement by a company to pay you interest on the money you have lent.

CALL CENTER

Phone service used to manage home banking and help-desk services. It could be used also for customer care and telemarketing activities.

CDM (Clean Development Mechanism)

Flexible mechanism provided by the Kyoto Protocol whereby industrialized countries and those with transitional economies (Annex I) can execute projects, in the developing countries (non-Annex I), providing an environmental benefit in terms of greenhouse gas emissions and transferring those benefits (credits) to the obligation relating to that specific country.

COGENERATION

Joint production (in the same plant) of electricity and heat guaranteeing a significant energy saving compared with separate productions.

CONSOB

Commissione Nazionale per le Società e la Borsa (National Committee for Company and Market).

CORPORATE

Customer segment consisting of medium-sized and large enterprises.

CREDIT RISK

Defined as the probability of deterioration of the creditworthiness of a counterparty.

FUNCTIONAL INDEPENDENT BODIES

The so-called functional independent bodies (banking foundations, Chambers of Commerce, shows, motorways, airports, interports, etc.) are bodies which, operating under a regional division of the State, have acquired independent functions and status, at the same time assuming direct duties and responsibilities for development and services for the region.

DEFAULT

To fail to do something that you legally have to do, especially by not paying a debt.

DUE DILIGENCE

Detailed analysis of the company, involving a thorough examination of budgets, outlooks, strategies and competitors in the market together with the senior management.

EMV

Europay - Mastercard - Visa. Set of specifications issued by the three organisations indicated defining the principal structures for an international debit/credit Smart Card.

INJURY FREQUENCY INDEX

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

INJURY SEVERITY INDEX

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

INJURY INDEX

Total number of accidents x 100,000.

INVESTMENT BANKING

Area of banking activity concentrating on the subscription and placement of new securities issues, as well as dealing in financial instruments.

ISO 14001

Standard related to environmental management systems, issued by ISO – International Standard Organisation.

Jl (Joint Implementation)

Flexible mechanism provided by the Kyoto Protocol whereby a company in an Annex I country ("industrialized" countries signing the Protocol) can execute a project giving rise to a reduction in greenhouse gas emissions in another Annex I country, and distribute the credits relating to the emissions avoided, based on an agreement between the parties.

MAV (Payment by advice)

Standardised interbank collection procedure used for payments not previously domiciled at a bank.

OMBUDSMAN

A unit by set by ABI to settle disputes between banks and their customers.

POS

Acronym for Point Of Sale, a device allowing payment using a credit or debit card.

PRIVATE

Customer segment consisting of high net worth individuals and households.

PUBLIC EXCHANGE OFFER

Offer in which one company offers to give the shareholders of another company the shares they hold in return for its own shares.

RATING

Assessment of the default risk for a given debtor, company or public body. This evaluation produces an overall score expressed as a conventional value which reflects the debtor's creditworthiness.

RETAIL

Customer segment which mainly includes individuals, professionals, shop-keepers and craftsmen.

ROE

Return on equity, an index of profitability which measures the ratio of net income to shareholders' equity.

SECURITISATION

Transfer of credits or other non-negotiable financial assets to a specialised company exclusively dedicated to carrying out this type of operation, which converts credits or assets into bonds negotiable on a secondary market.

STAKEHOLDERS

Parties that, one way or another, are concerned with the company's activities, partaking in its results, affecting its performance, evaluating its economic, social and environmental impact.

STOCK OPTIONS

Call options that give the holder the right to purchase shares issued within a pre-set period at a pre-established price. Options are used as an incentive and loyalty-building form of compensation for certain or all employees.

UNEP

United Nations Environment Programme, designed to promote sustainable development with companies and the public.

UNSECURED DEBT

Not supported by mortgage security.

VALUE CREATION

Estimated value of excess return or economic profit.

This Social and Environmental Report 2005 was written thanks to the dedication and invaluable contributions of many colleagues within the Group. To their efforts we owe the collection and analysis of the information and data on which the Report is based.

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

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