

Action born of Corporate Responsibility

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Introduction

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

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

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

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

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



Pier Luigi Celli
Head of Corporate Identity



Improving Customer Service

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

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

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

Service Efficiency

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

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

• Ensuring the best possible levels of service

Quality Control

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

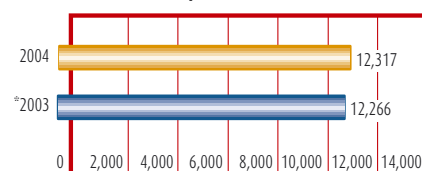
In 2004, with the support of Quality Control, UniCredit Banca also developed an innovative 'customer experience' approach, designed to examine 'delivered' quality closely and compare this with 'perceived' quality, usually measured by customer satisfaction surveys. This approach provides for special observational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

Complaints Management

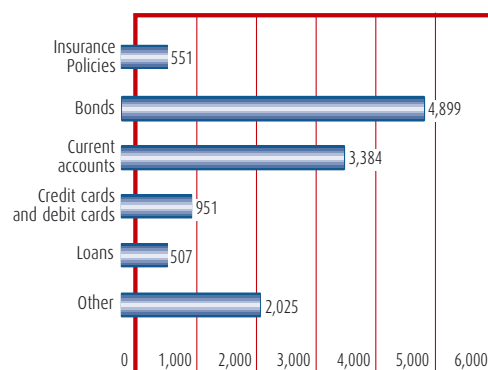
Customer complaints are handled by the complaints departments of the three segment banks, which carry out a preliminary internal investigation to assess each case. Once this investigation is completed, and after consulting with the legal department where appropriate, a letter of response to the customer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

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

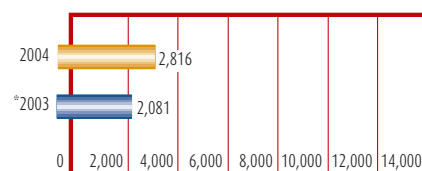
Number of complaints received**



Complaints received by type 2004**



Number of complaints settled**



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

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

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

Data Protection

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

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

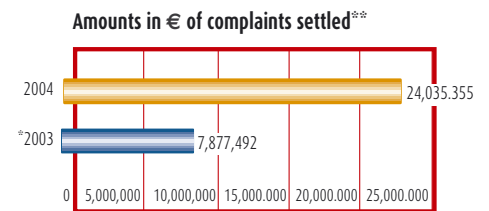
Fraud Prevention

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

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

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

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



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

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

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

Fraud volumes

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

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

Transparent Agreements

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

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

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

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

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

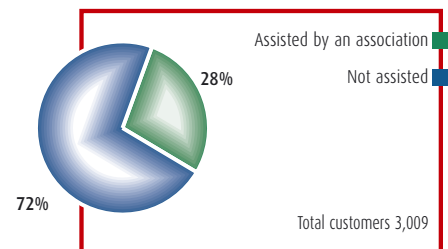
Cirio Bonds

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

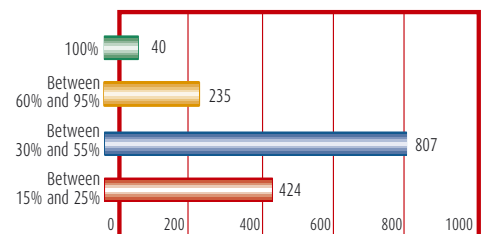
In order to offer greater guarantees of transparency, we appointed an independent Commission chaired by Prof. Guido Rossi - former Chairman of CONSOB - to examine, case by case, the position of those who had bought Cirio bonds through a Bank of the Group, and where appropriate to propose compensation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

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

Applicants for compensation



Compensation of Cirio investors (our customers)
Percent of claim/No. of customers



The results of the Cirio bonds committee

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

Argentina Bonds

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

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

Parmalat Bonds

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

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

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

Relations with Consumer Associations

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

 www.tfargentina.it

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

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

Interest Capitalisation

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

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

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

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

Development of Sales Channels

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

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

In addition, in 2004 a series of measures was adopted to make the information available in the public areas of the UniCredit Banca and UniCredit Private Banking websites more user-friendly for people with various types of disabilities. Given the characteristics of the medium, most of these measures were aimed at blind and partially-sighted users. The project was based on the guidelines of the WAI (Web Accessibility Initiative) project organised by W3C (World Wide Web Consortium).

Finally, online campaigns were promoted in support of non-profit agencies and organisations, with a significant response from customers in terms both of the raising of awareness and of results.

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

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

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

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

UniCredit Banca Branches

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

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

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

Accessibility of Services: "Easy Branch"

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

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

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



Safeguarding our risk/return ratio

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

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

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

Evaluation of Environmental Risk in Credit Policy

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

This was done by:

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

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

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

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

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

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

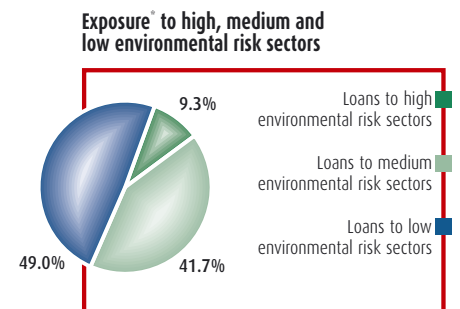
Evaluation of Environmental Risk in Project Finance

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

Evaluation of Social Aspects in Project Finance

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

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



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

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

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

Kilovar

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

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



PattiChiari

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

During 2004, the following activities were carried out:

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

MyMoney

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

 www.unicreditbanca.it



 www.pattichiari.it



Financial Newsletters

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

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

Listening to the Market and Exchanging Views

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

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

• Constant customer focus

Listening to Customers

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

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

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

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

Listening

number of customers interviewed

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

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

Listening – the results:

indices of customer satisfaction*

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

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

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

• Providing timely and transparent communication to the financial community

Financial Communication

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

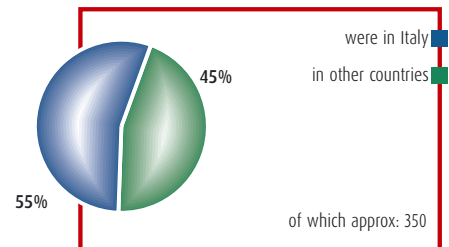
Communication is also carried out via the corporate website as a whole, while economic and financial information is provided in the Investor Relations section, which was expanded in 2004.

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

Financial communication – the numbers

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

One-on-one meetings with investors and analysts:



www.unicredit.it

Product Effectiveness

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

In order to achieve this end, it is necessary:

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

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

District Bonds

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

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

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

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

Medium and Long-term Loans

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

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

Pact for Growth

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

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

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

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

BrianzaLab

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

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

The product consists of:

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

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

To assist enterprises in their internationalisation, we have created:

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

‘Made in Italy’ Champions

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

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

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

Local Committees

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

Brianza Lab - Advanced Finance

Results

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

 www.brianzalab.it

“Made in Italy” Champions

Results

	2004
Projects started or under evaluation	45
Projects completed	20

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

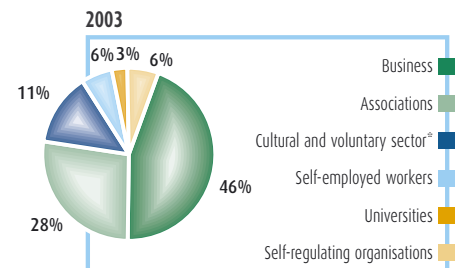
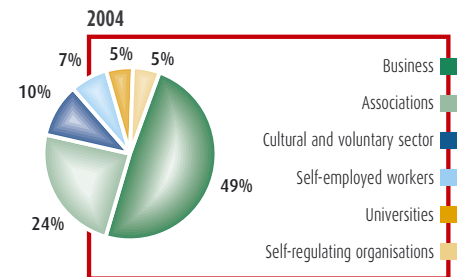
The far from easy objective which the Group has set itself, then, is to vigorously maintain the essential dialogue between the logic of global innovation and the values underlying local traditions, willingness to listen and interaction between diverse and complementary territorial platforms. This is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

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

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

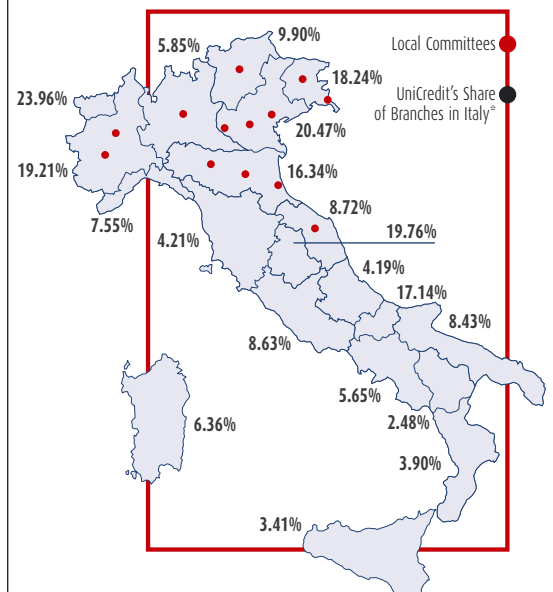
To better evaluate the impact of the activities carried out by the Local Committees, we have mapped the opinions and assessments arrived at over the course of the last two years. The information has been collected during interviews with Committee

External members of Local Committees



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

Geographical Coverage



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

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

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

Local Committees

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

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

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

The events organised were as follows:

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

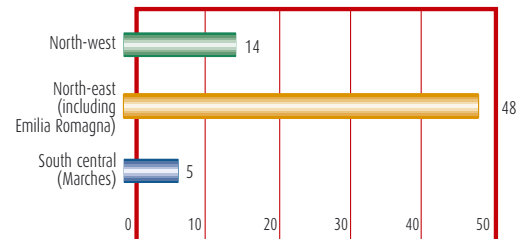
Local Committees

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

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

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

Geographical distribution of projects 2003 – 2004*



* The figures are for projects considered.

Local Committee Activities

	2004	2003
Number of projects undergoing feasibility studies	16	3
Number of projects considered	60	7
Number of projects begun	33	4
Number of projects finished	14	4
Number of conventions organised	3	-
Number of convention participants	355	-
Number of external speakers involved	20	-

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

ITACA – territorial notebooks

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

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



Start UP

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

The initiative consists of three components:

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

CelerCredit

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

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

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

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

CreditExpress

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



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

CelerCredit	
Loans granted in 2004:	€150,000,000

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

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

Value Program

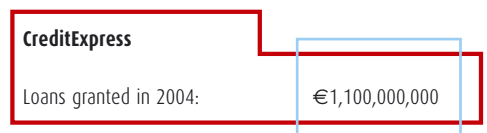
At UniCredit Private Banking, looking after its customers means not just managing their assets well, but also selecting and making available services capable of improving their quality of life. With these objectives in mind, we created Value Program, a new and sophisticated all-inclusive banking product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

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

Genius Free (18-30)

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

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



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

UniCredit Ad Honorem

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

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

These loans have been available since January 2005.

Giovanna Crivelli Scholarships

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

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

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

Genius free (18-30)

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

Universities and local institutions currently included in the scheme

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

Giovanna Crivelli scholarships

	2004 [*]	2003 ^{**}
No. of applicants	73	103
of which women	41	57

* The figures refer to the second competition

** The figures refer to the first competition

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

Ethical funds

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

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

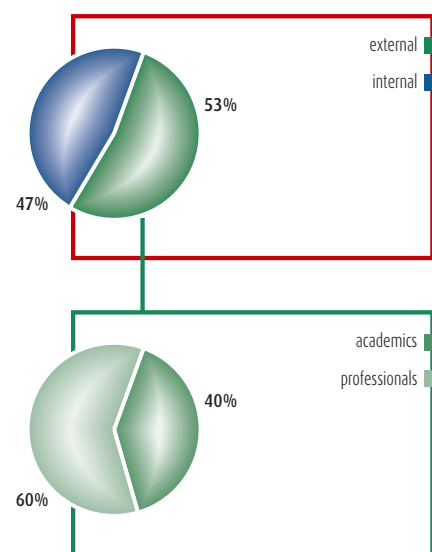
As of the second half of 2004, the investment strategy is taking on a deeper ethical character through the combination of two types of investment in the portfolio:

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

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

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

Members of the Ethical Committee



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

Ethical and environmental committee

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

* Currently under evaluation.

Ethical funds

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

* The fund was launched in October 2003

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

Increasing Organisational Efficiency and Effectiveness

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

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

In 2004 our efforts were directed to:

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

Process Rationalisation

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

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

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

Specialisation of our Organisational Model

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

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

The S3 Project

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

The New “Global Banking Services” Division

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

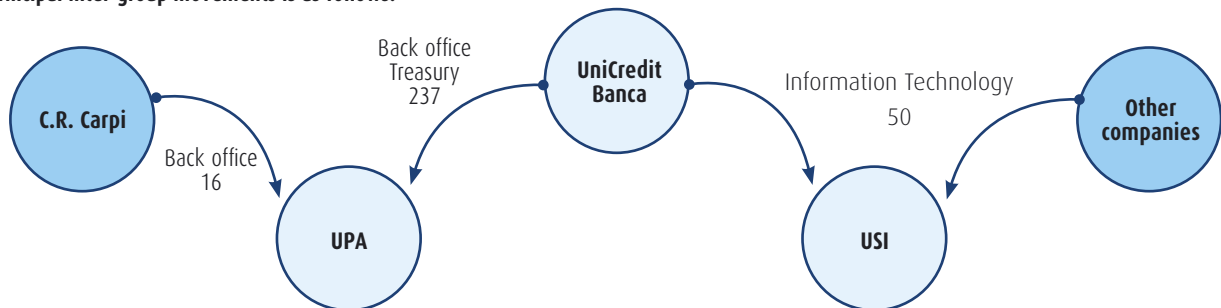
Launch of UPA and USI

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

Rationalisation of staff

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

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



Job Posting

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

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

Self Banking

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

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

Pico

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

1city.biz

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

Job Posting - the numbers *

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

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

Services available to users of 1city.biz:

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

Group Intranet Platform

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

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

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

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

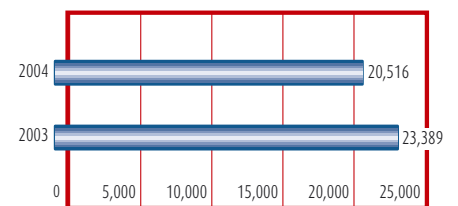
Environmental Consumption¹

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

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

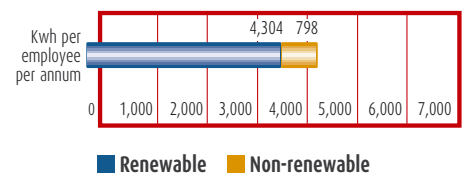
The updating of billing procedures for users within the Group has also made it possible to implement an electronic billing project, whose objective for 2005 is to produce a single monthly bill for each trading company. This represents both

Number of visits to the Intranet Portal per day*



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

Indicator of per capita electricity consumption



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

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

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

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

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

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

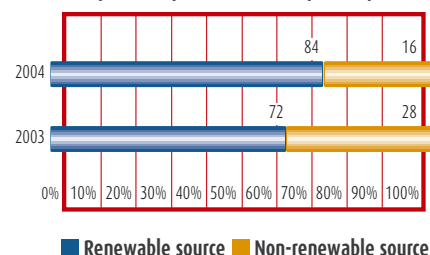
- **Responsibly manage relations between the business and its suppliers, recognising the importance of the development of an advanced culture in support of the processes associated with supplier relations**

Purchasing Social Responsibility and PEC

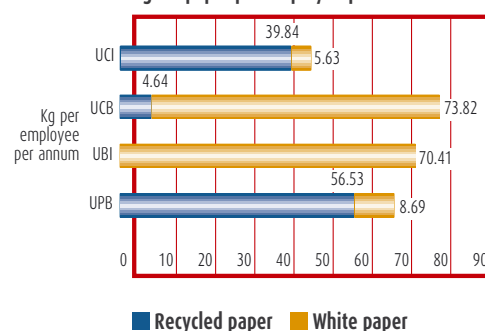
Procurement management is assuming increasing strategic importance for business success. For this reason, i-Faber SpA - a subsidiary of UniCredit which manages the 1city.biz digital market - has launched its Procurement Executive Circle (PEC).

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

Group consumption of electricity in Italy

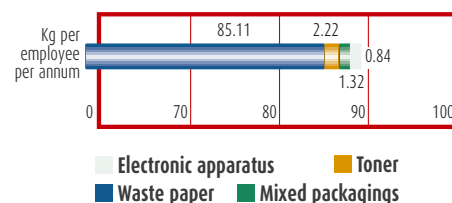


Kgs of paper per employee per annum



* The figures cover 76.3% of employees in Italy.

Indicator of per capita waste production



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

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

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

Qualification of UniCredit Suppliers

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

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

Business Continuity

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

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

Supplier qualification 2004

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

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

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

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

Listening to Our People and Discussion within the Organisation

We seek involvement and stimulate dialogue among our people by:

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

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

Climate survey – listening in order to grow together

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

Historical comparison and positioning with the outside world	Variation from 2003 results	Variation from Italian norm*	Legend:
Customer orientation	■■■■	■	Variance % symbol
Organisational efficiency	■■■	■■■■■	>+16 ■■■■■
Image of the bank or Group company	■■■	■■■	+11/+15 ■■■■
Speed of change and perception of workloads	■■■	■	+6/+10 ■■■
Job satisfaction	■■	■■■	+1/+5 ■■
Leadership	■	=	0 =
Engagement/Commitment	■	■■■	-1/-5 ■
Degree of responsibility and involvement	■	■■■	
Clarity of Aims and Objectives	■	■■■	
Collaboration and Working Relationships	■	■	
Management/Supervision	■	■■■	
Training and Development	■	■	
Pay	■	■■■	
Continuity of the relationship with the company	■	■■■	

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

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

* The figure refers to the survey conducted among the banks and companies of the Group in Italy.
 ** The figure refers to all personnel of the 27 Companies involved between 13 September and 15 October 2004.

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

The CEO's Mailbox

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

Internal Publications

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

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

Internal Communication Events

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

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

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

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

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

A few of the most significant events are listed below:

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

Number of events held*	
	2004
Roadshows	36
Conventions	1
Other types of meetings	18

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

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

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

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

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

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

Transparency, Correctness and Consistency in Business

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

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

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

• Defining behaviours consistent with the values adopted by UniCredit

Our Integrity Charter

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

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

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

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

Corporate Governance

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

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

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

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

Who is going where

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

Staff turnover in the UniCredit Group*

Turnover

2004
4.36%

* The figure excludes the New Europe banks.

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

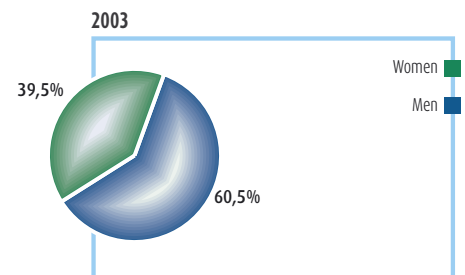
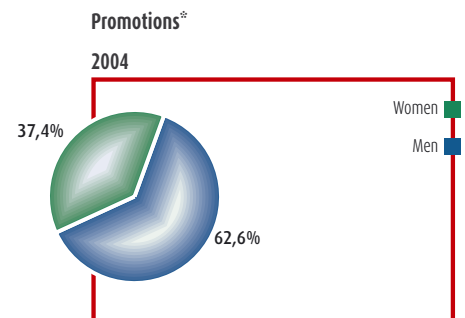
Decreases*		
	2004	2003
Resignation	818	711
Death	28	27
Termination for exceeding maximum sick leave entitlement	4	6
Dismissal	64	54
Termination under fixed-term contract	260	270
Termination with pension rights	625	650
Total	1,799	1,718

* Figures refers to staff working in Italy.

Assessment Systems

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

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



* Refers to Italian staff.

Leveraging Intellectual Capital

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

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

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

Training Schemes

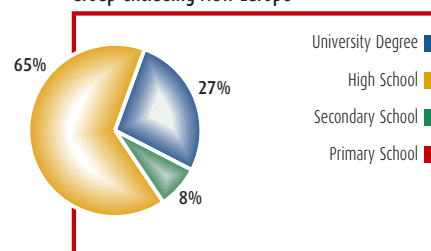
In 2004 training continued to be developed via the design and delivery, either internally or using part-time external trainers, of managerial and specialist technical courses for the banks and companies of the Group.

These courses were designed to:

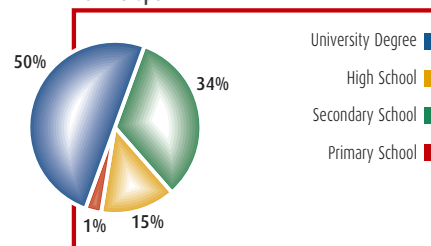
- support the development of a cohesive Group culture and the propagation of a managerial style which ensures UniCredit's individuality, through the delivery of courses involving staff from different Group companies (managerial training);
- develop the skills and knowledge necessary for maintaining and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

Employees' educational level

Group excluding New Europe



New Europe



Hours of training delivered

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

Training Initiatives and Projects

The Management and Banking Academy

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

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

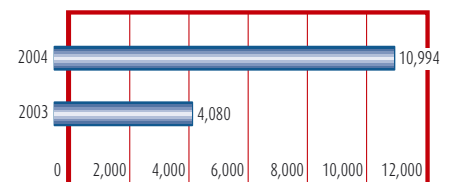
Young Talents

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

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

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

**The Management and Banking Academy
hours of instructions**



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

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

* Of whom 115 completed the course.

Leadership for results

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

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

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

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

Corporate and Investment Banking 2nd level Master's degree

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

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

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

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

Key Human Resource Management

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

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

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

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

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

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

Compensation and Incentive Schemes

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

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

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

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

Average weight of objectives in the incentive scheme as a whole

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

* Refers to the three Segment banks in Italy.

** Refers to UBI and UCB only.

*** Refers to UCB and UPB.

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

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

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

Compensation systems

Average gross compensation by staff grades*:

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

* The figures refer to Italian personnel.

Medium to Long Term Incentive Schemes

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

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

Medium to long-term incentive scheme

People involved

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

• Developing initiatives which create a strong identity

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

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

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

Employee Volunteering

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

Gift Matching

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

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

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

* These figures refer to Italy only.

Gift Matching

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

Employees' Associations

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

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

Associations 2004

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

Improving the Quality of Corporate Life

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

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

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

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

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

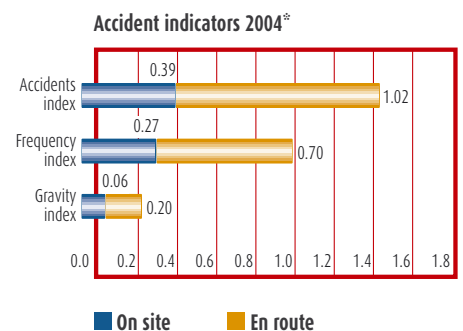
Risk of Injury continues to be low and consists mainly of accidents occurring *en route*, i.e. during journeys to the workplace or from one site to another.

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

Robbery and Theft

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

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



* The figures exclude New Europe banks.

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

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

Other activities were also initiated with a view to:

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

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

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

* The figures refer to Group banks in Italy.

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

Day Nurseries

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

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

Bimbo in Banca

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

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

Part-time

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

Day nurseries		Places available
L'Isola Incantata		30
Pupo & Pupa		26

Part-time	2004	2003
Number of part-time contracts - totals	4,411	4,368
Of which Men	350	394
Women	4,061	3,974
No. of full-time contracts - totals	64,160	64,694
Of which Men	31,057	31,412
Women	33,103	33,282

Leave of absence for employees

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

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

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

* These figures exclude our New Europe banks.

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

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

Staff Loans

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