



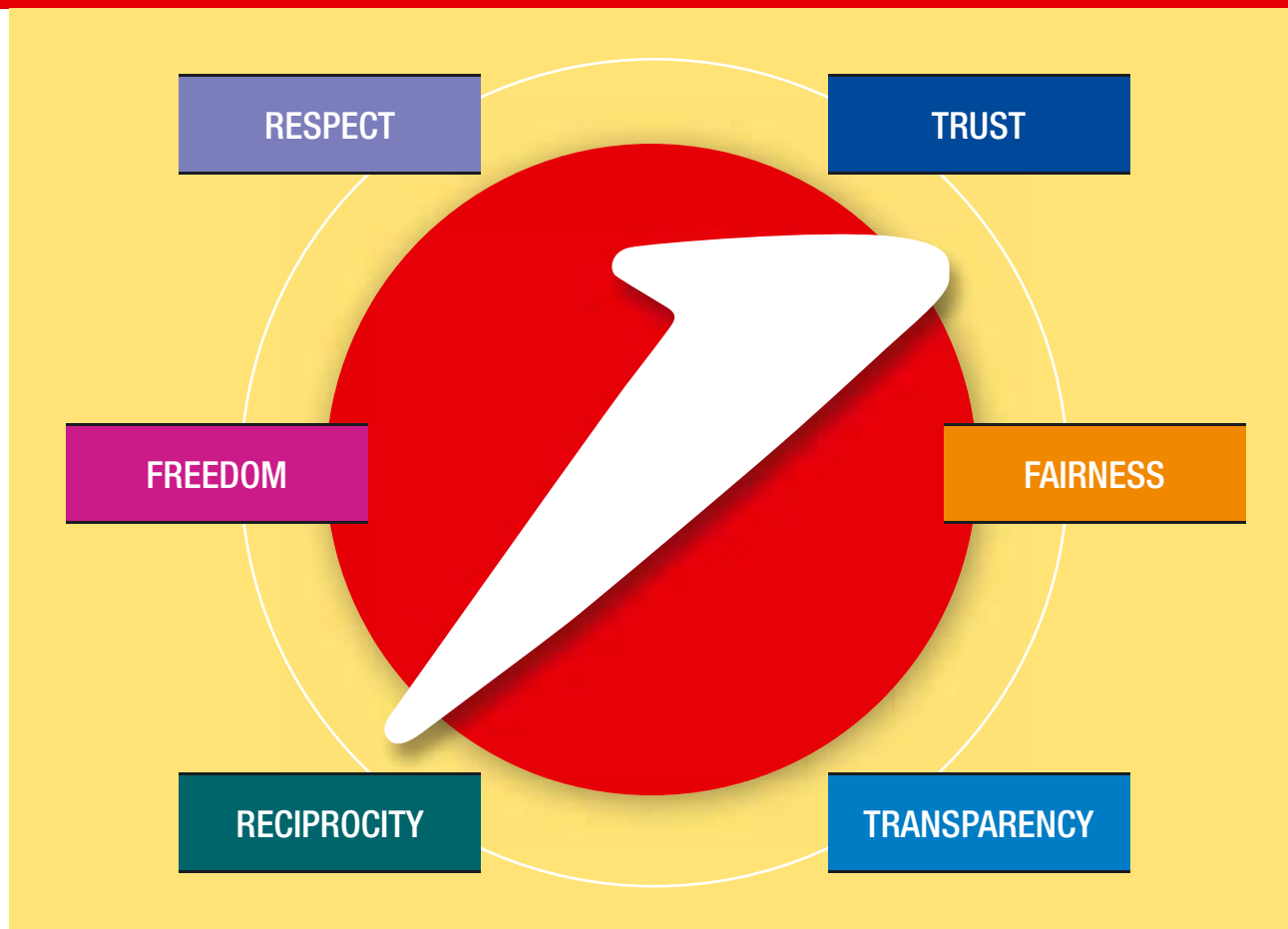
Massimo Vitali, "Pic Nic Poker", four-part series 2000, HVB Collection.

Human Resources and Corporate Social Responsibility

Integrity Charter	98
Investing in our People	100
Industrial Relations	105
Investing in Service Quality	106
Customers	106
Suppliers	107
Investing in our Community	108
Culture	108
Local Committees	111
Environmental Management and Performance	112
Environmental Policy	112
Direct Aspects	113
Indirect Aspects	113
Unidea-UniCredit Foundation	116
In Africa	118
In Central Europe and the Balkans	118
In Italy	119
Gift Matching	119
The Value Distribution	120
Calculation and allocation of value added	120
Sustainability Indicators	122

Integrity Charter

The UniCredit Group Integrity Charter: what it is, how it works and how our people are involved



The Integrity Charter represents the **shared values** which are the foundation of our Group identity. These shared values provide **guidelines for our behavior and support in handling “dilemmas”** in our everyday professional life. **Integrity** is achieved if our behaviour as UniCredit Group employees is consistently in line with this core values framework. This is the key to building and sustaining the **Group’s reputation** in the market.

The UniCredit Group recognizes **profit as a positive value**, because profit provides the basis for business continuity and freedom without conditions. Integrity, as a key driver of social legitimacy and reputation,

guarantees sustainability. Sustainability **allows profit to be transformed into value for our stakeholders**, particularly for our people, customers and suppliers, investors and the local communities. Therefore, it is not only the amount of profit we make that is important, but also the way in which we make it. The UniCredit Group is acutely aware that a business can be a part of the market **only to the extent that it has the reputation** to keep it there.

A business made up of thousands of people cannot be successfully run with a “command and control” approach. Therefore, we have turned to our shared set of values in order to **build the**

framework that empowers our people to act as entrepreneurs. The Integrity Charter, as such, plays a vital role in unleashing the full potential of the Group.

The Integrity Charter was drawn up on the basis of a core of shared values, the **Foundations of Integrity**: Fairness, Transparency, Respect, Reciprocity, Freedom and Trust. For each of the four main stakeholder categories that make up the Group’s business environment (colleagues, customers and suppliers, investors and local communities), the Integrity Charter is both a guide and a means to facilitate the effective application of our values within these different contexts.

The initiative to develop the Integrity Charter began in 2004 with the review and benchmarking of Italian and international codes of conduct. Next, focused interviews were conducted with senior management and some members of the Board of Directors. Then, a cross-functional working group was set up in order to drive the company commitment process through *ad hoc* focus groups and meetings, while trade unions were invited to join the process via seminars and to provide key inputs. The final product has been successful, with results for all to see.

The Group is committed to fostering an **open and outspoken** discussion within the organization in order to enhance our understanding of the inner meaning of the Integrity Charter. We seek not only to properly apply the charter, but also to bring it to life in the everyday working life of every unit, every division, and every competence line. The Integrity Charter is not a static document. It is a living tool. As such, we are committed to updating the Integrity Charter over time through an iterative process, thereby ensuring that it will stay current with the needs of all entities of the Group in order to retain **diversity** as a key element of the Group's identity.

On 20 September 2006, UniCredit held a Group-wide immersion event on the Integrity Charter. **Integrity Charter Day** was designed to further spread the Integrity Charter, including among our colleagues in those countries which had newly joined the Group.

Activities and events dedicated to the Integrity Charter were carried out in all of the countries where the Group operates. A broad range of manager-led discussions about values and their application to day to day life were held by staff. As a result, the

following key features were agreed upon at Group level:

- The CEO and Management Board should play a leading role in embracing the project.
- All our colleagues should have enough time to discuss in their respective teams what it means in everyday working life.
- The direct manager or supervisor should lead this discussion.

Integrity Charter day was made possible by the strong support of the Group and of all local top managers. In each country, employees received a letter signed by their own CEO. Employees also received an Integrity Charter Kit which was made up of the Integrity Charter booklet, a Values Card and a Values Calendar (simple tools to allow employees to always have the Values at hand).

The Group intranet portal OneGate dedicated an entire section to Integrity Charter Day with a message from the Group CEO Alessandro Profumo, news about the Restorative Justice System and the 'Values Survey', an on-line survey designed to let people identify which Value their company should feature in action programmes for the near future. The results of this Survey indicated that the three most popular values at Group level are Fairness, Respect and Transparency.

Restorative Justice

UniCredit is demonstrating its commitment to the values of the Integrity Charter via an innovative approach - the Restorative Justice system

Restorative Justice was introduced to promote **individual responsibility**. Based upon a voluntary mechanism of reconciliation and reparation between the parties, Restorative Justice is also a

mechanism that will allow our Group to extract lessons learned and the further grow and mature. Inspired by a culture where mediation is a means of reparation, Restorative Justice is unique to the UniCredit Group.

The Ombudsman Network

The Restorative Justice system is supported by a Group-wide "Ombudsman" network that helps to resolve situations where Integrity Charter values may have been breached.

The network is composed of Ombudsmen and Mediators. Ombudsmen are internally appointed and report directly to the Group's Chairman. It is the responsibility of the Ombudsman to assess the admissibility of each case to the Restorative Justice system. Mediators are third parties, external to the Group, who seek to promote communication and facilitate dialogue between those in conflict. Both Ombudsmen and Mediators guarantee confidentiality in the assessment and mediation of all cases.

The Ombudsmen network is a multi-tiered structure overseen by the Group Ombudsman, who coordinates the work of the Central Ombudsmen. All countries in which a company of the UniCredit Group operates will have a Central Ombudsman directly appointed by the Group Ombudsman. In turn, the Central Ombudsman is fully supported by a Deputy and team of Local Ombudsmen. The Local Ombudsmen teams are composed of dedicated men and women who are the heart and soul of the network.

Investing in our People

We have built our new vision, putting our people at the centre of attention. We have chosen to give substance to our plans and aspirations.

Our people are the key to our success. For this reason, we strongly encourage professional development and offer all our employees countless opportunities to learn and use distinct sets of skills. Only by investing in our people will UniCredit Group achieve long-term sustainable growth and meet the challenges of an increasingly complex market. Our personnel investment strategy is based on three fundamental pillars:

- the promotion and development of the Group's identity through the values outlined in our Integrity Charter. We also aim to increase awareness of the Charter and integrate it throughout the entire organisation;
- the promotion and development of leadership skills through the Executive Development Plan (a Human Resources program designed to help the organisation meet everyday business challenges by investing in the right resources) and strengthening our core competencies;
- the promotion of an informal operating style through a network of relationships in which employees can share best practices, experience and skills.

Not only do these three initiatives reflect our deep commitment to the development and well-being of our employees, but they also reflect something bigger: our commitment to build the "first truly European bank."

Below are the most important elements of this strategy:

Executive Development Plan (EDP)

The EDP is the centrepiece of our plan to develop leadership throughout the UniCredit Group. Its central objective is to improve the ability of the Group to recognize talent, sustain the processes of internationalisation and diversification within the UniCredit Group Leadership Team, to build a highly competitive managerial team, to bolster the reputation of the Group in terms of leadership development, and to promote a organizational culture that is oriented toward international growth and development.

Key aspects of the EDP include:

- preparing the Group's Leadership Team with the right set of skills to meet the challenges of today's marketplace;
- identifying future Group leaders (via the Leadership Pipeline) and putting them into positions of success;
- developing an adequate "strategic resource plan" to maintain the managerial continuity of the company and reduce the attendant risks of turnover.

Decisions regarding appointments, rewards, and development are made in accordance with the EDP and the leadership model on which the program is based. The leadership model has three objectives:

- investing in Group leaders who demonstrate the capacity and potential to sustain the development of the organisation and who respect its values;
- assigning full and direct responsibility to the Leadership Team and to each individual executive for the promotion of leadership in the Group;

- increasing diversity on the Leadership Team to ensure that the managerial structure of the Group has a talent pool of employees with diverse cultural and professional perspectives.

Team@Work Events

of the Team@Work program is an event-based program designed to:

- encourage creative problem solving;
- increase decision-making efficiency in complex organisations;
- facilitate the integration of nations, cultures and organisational components.

As a part of the program, the Group has held nine events involving more than 200 Group employees.

"Your Voice, Our Future" Survey

The "Your Voice, Our Future" was the first survey distributed to every employee of the Group. The survey was designed to:

- offer everyone in the Group the opportunity to express their opinions and concerns;
- forecast the future of the Group and identify areas of weakness that require investment and areas of strength that require reinforcing. "The people survey," wrote Alessandro Profumo in the letter launching the initiative, "is a central element of our model of governance".

The 61 questions on the survey were designed to cover issues relevant to the entire Group and were translated into 15 languages. About 83,400 people participated in the survey (65% response rate). It also featured a comments section where each employee was able to freely express his or her opinions and concerns and a specific section (optional)



UniCredit Group results vs. 2004

	A	B	C	D	E
Engagement/Commitment	1	0	7	15	-8
Bank/Company and Group Image	8	5	10	16	10
Clarity of Goals and Objectives	0	7	18	18	10
Leadership	3	8	18	14	-7
Management/Supervision	6	0	9	8	7
Empowerment and Involvement	4	3	9	12	4
Cooperation and Working Relationships	2	4	12	6	4
Speed of Change and Workload	4	8	8	18	-2
Pay	-1	-2	10	6	-17
Training and Development	6	1	20	11	0
Organisational Efficiency	4	3	12	10	3
Client Focus	9	6	14	12	-2
Integrity/Corporate Social Responsibility	1	19	15	n/a	n/a

A. UniCredit Italy B. Pekao Group C. Zagrebacka Banka D.D.
D. Bulbank E. UniCredit Romania

Note: the table gives - for each item of the survey questionnaire - the delta as against the correspondent result of the 2004 survey. The coloured boxes show the significant differences: yellow equals improvements, red indicates worsening.

where the respective banks/companies could survey areas of particular interest.

With the survey now complete, concrete action plans are being developed based on the survey data. Senior Managers, directly identified by the Division Heads, are responsible for developing a detailed analysis of the survey results and for proposing concrete action plans. The Division Heads will present these plans to the Managing Director of the Group in April. Once approved, these plans will be communicated to all employees and monitored constantly. The next survey is planned for the first half of 2008.

Internal Communications

During the course of 2006 internal communications activities were focused primarily along three lines.

Employees were continuously updated on the integration process, with the publication of a monthly newsletter devoted to the activities of the Integration Office within the various countries and with the creation of a new section on the Intranet portal devoted to integration programmes and accessible to all Group companies.

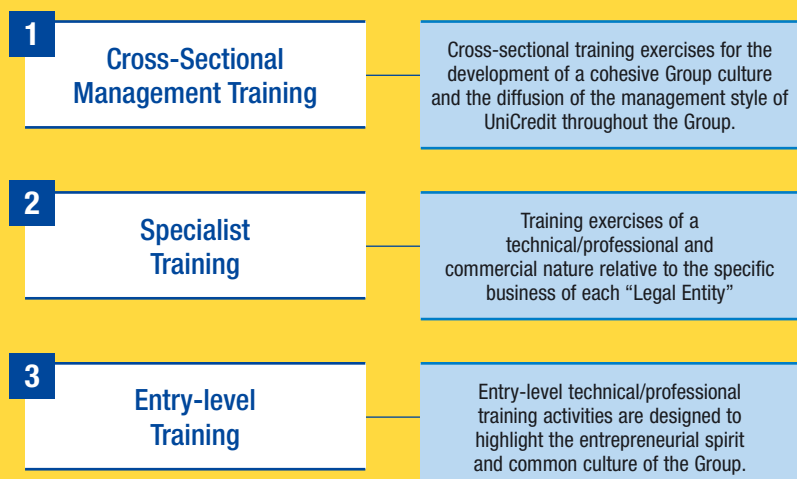
The economic results and the strategy pursued by the Group were another ever-present element of the Group's internal communication. Employees received information on the company's quarterly progress by video, in which the Managing Director himself commented on the results achieved. Such reports were then supplemented periodically with updates on the most significant projects at the business level.

A third line of activity, centring on initiatives geared toward fostering cultural integration, saw the realisation of across-the-board projects common to the whole Group. An example in this regard was the distribution of 142,000 kits intended to increase an understanding of the Integrity Charter in preparation for Integrity Charter Day.

The OneGate Group Intranet portal, online since the Group's date of birth in 2005, was developed in order to facilitate the dissemination of such content. The intranet portal is viewable in all the countries in which the Group is present.

In addition to these three main activities stream, internal communications continued to support the company's corporate responsibility activities during the course of 2006. In this regard, the commitment to the internal appreciation of the Group's artistic assets, in particular of the Contemporary Art Collection inaugurated during the previous year, was reaffirmed, with the involvement of all Group employees in dedicated initiatives, such as UniCredit Art Day; employee participation in the activities of Unidea, the Group Foundation active in the social and humanitarian spheres, and in those of the Italian Cancer Research Association (AIRC); as well as the realisation of projects such as "Bimbo in Banca," a family-oriented open-house day geared toward bringing together the personal and working lives of Group employees.

The Group's general training program can be summarised as follows:



Investing in our People

Training

Below are some of the most significant projects in the area of professional training:

1. CROSS-SECTIONAL MANAGEMENT TRAINING

1.1 UniQuest

UniQuest is an international development program for young people with high potential who work in the countries where the Group operates. This course was established to:

- Facilitate the integration of the Group's various entities and foster the development of a European culture that is distinct, but based on shared values and aimed at sustainable growth;
- Invest in internal growth and ensure that there is a constant supply of young and promising talent in the Leadership Pipeline.

Maintain a diverse workplace environment where employees can have international and multicultural experiences using cutting edge technologies and distance-work systems to work with colleagues from different countries.

1.2 UniFuture

UniFuture is a leadership development track for senior managers in the Group. The program has two objectives:

- Promote change, sustainable business and product and process innovation;
- Provide an individual leadership development path.

UniFuture encourages employees to share experiences and take time for individual reflection and learning.

2. SPECIALISED TRAINING

2.1 UCiLearning

UCiLearning is a data processing platform that enables distance learning. Available trainings focus on technical/professional

THEMATIC AREAS	AVAILABLE MODULES
Regulatory/Legal	25
Finance	29
Communications/Marketing	23
Credit	17
Data Processing/Procedures	22

subjects, languages and data processing. They consist of multimedia modules in the following areas:

2.2 Master in Banking and Entrepreneurship, Master in Private Banking, Master in Corporate Banking

These master's degrees were established in collaboration with prestigious international universities and provide employees with highly-specialised training and an opportunity for professional development and advancement.

3. TRAINING FOR NEW-HIRES

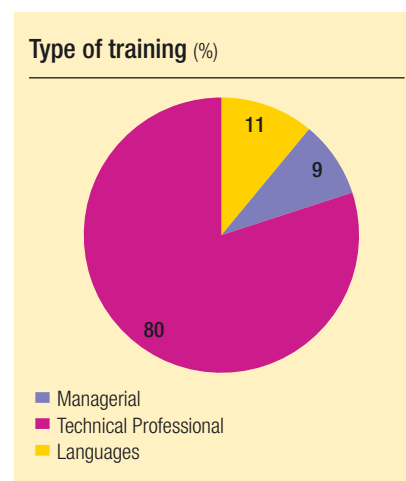
3.1 UPA Technical School

The UPA Technical School was founded to reinforce and deepen the Group's technical, accounting and administrative expertise. UPA's diverse competencies cut across all banking activities. UPA ensures operational continuity within the context of rapid and complex organisational change in the Group.

The UPA Technical School offered training to 900 people from all banks and companies of the Group in 2006. The training is designed to be a basic technical job introductory course. The typical training course for a new hire involves a basic "Introduction to Banking Activities" course that covers all the banks and companies that make up the Group, along with a series of specific courses subdivided by topic area.

3.2 Induction Program

This is a three-year introductory development program in which new hires seek to develop a common set of core competencies and an appreciation of the Group's corporate culture. The program is an excellent introduction prior to an employee seeking further technical/specialist training.



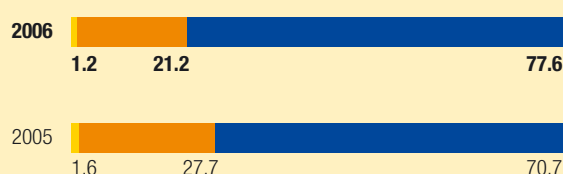
total training hours is 5.276.053

Data on Company Population

Considering the number of the existing labour contract (headcounts) and that the KFS Group is at 100%, on 31 December 2006, the composition of the UniCredit Group was as follows:

Employees by professional categories

(%)



■ Directors and Top Management
■ Managers, Executives & Middle Management
■ Remaining Personnel

Directors and Top Managers

(%)



■ % Men
■ % Women

Managers, Executives & Middle Management

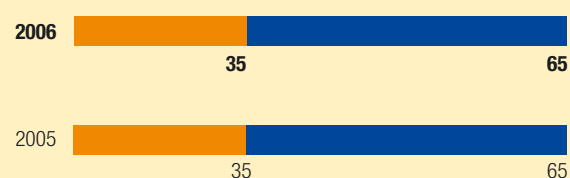
(%)



■ % Men
■ % Women

Remaining Personnel

(%)



■ % Men
■ % Women

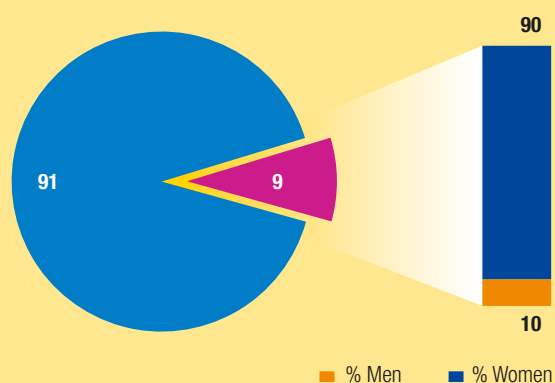
Full time vs part time

(%)

Part time - Men and Women

(%)

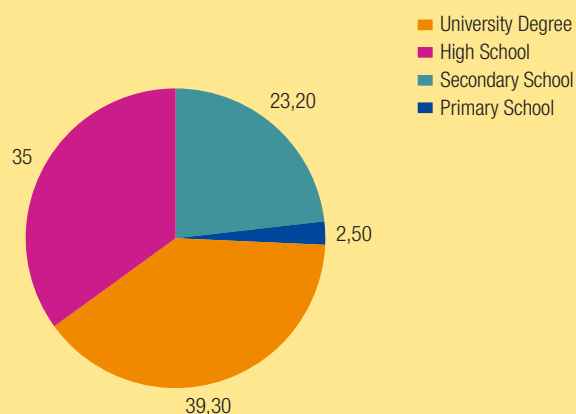
■ % Full time
■ % Part time



■ % Men
■ % Women

Employees' education level

(%)

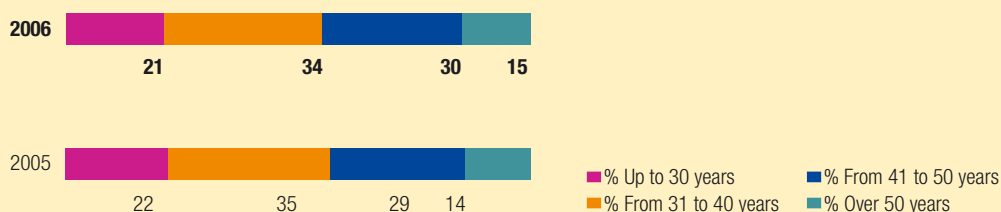


■ University Degree
■ High School
■ Secondary School
■ Primary School

Investing in our People

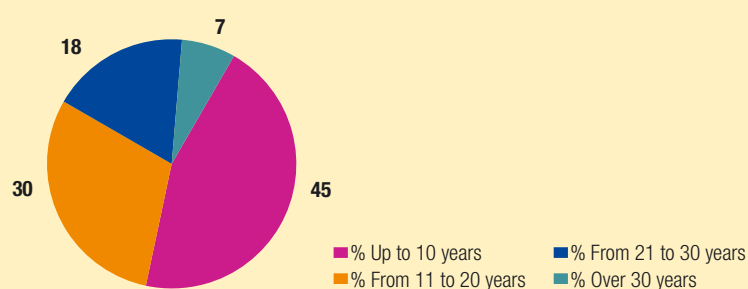
Composition by Age

(%)



Composition by Seniority

(%)



Average Age and Seniority of Service by Category (based on a representative sample of 2/3 of the population of the Group)

	MEDIAN AGE			MEDIAN SENIORITY		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Directors and Top Management	47.89	45.26	47.63	19.09	16.61	18.84
Managers, Executives & Middle Management	44.72	42.43	43.95	19.40	17.78	18.86
Remaining staff	39.96	37.79	38.59	14.55	13.85	14.11

Industrial Relations

2006 was the first full year in which UniCredit and HVB organizations faced the challenges that lie ahead. Industrial Relations in UniCredit have long been characterised by fairness, trust and transparency, in addition to a continuous and constructive dialogue with employees' representatives, with the aim of reaching common solutions.

Our wish is to continue and improve this approach, building and fostering a new framework of industrial relations and a shared European corporate culture, in particular leveraging on the good experiences and practices of the numerous entities that are part of our Group.

With regard to the principles that govern labour relations, the ILO Tripartite Declaration Concerning Multinational Enterprises and Social Policy, especially the eight ILO core conventions, the Guidelines for Multinational Enterprises of the OECD (Organization for Economic Co-operation and Development) and the European Union's Global Compact remain the main external European reference points.

The European Works Council of UniCredit Group

The very first initiative undertaken at Group level that marked the year 2006 was the establishment of the Group's European Works Council (UEWC) effort, in particular the negotiation between the Group HQ's HR Division and the Special Negotiating Body (comprising Employees' Representatives from the European Union member states where the Group operates).

"European Works Council" is the name of the board instituted by the European Union with the aim of improving employees' rights of information and of consultation in Community-scale groups of undertakings.

The European Works Council of UniCredit Group is the first EWC established in the Italian banking industry and represents the largest EWC among the approximately 700 existing today, thanks to the European dimension of our Group. Assuming that the UEWC is a Group governance body, Management and Employee Representatives agreed on the innovative content of the European Works Council's tasks, creating a strong link between employees and Group HQ on transnational issues. The UEWC, inspired by the Integrity Charter and, more generally, by corporate social responsibility values, will also be able to issue joint declarations with Group HQ on issues of principle such as professional development, non-discrimination, health and safety, and labour environmental issues, whose implementation will be jointly monitored. It will become operational in 2007.

MOST RELEVANT ACHIEVEMENTS 2006

Among the major achievements 2006 of the Group go through the joint work and the agreement of the Employee representatives:

Italy: 1) The Agreements under which UniCredit established "UniC.A.", the first UniCredit Health Insurance Fund with the aim of offering Group employees working for Italian entities, retired employees and their relatives a supplementary health insurance scheme; increased the Company pension contribution for youngest employees, accepting an invitation of the National Bargaining Agreement; 2) The work of the Joint Training Committee, comprising both Company and Trade Union representatives, which are exploring together the feasibility of introducing of financed vocational training 3) The Agreement, considered well-balanced by both parties, on the transfer of 2S Banca to Société Générale (full continuity of employment, pension schemes and health insurance policy; occupational guarantee provisions).

Germany: 1) The Agreement on the "Alignment of Business Perimeters" (signed on 26 April of the past year), which is important because it leads to corporate restructuring and has also an impact on the sales force due to the re-allocation of staff 2) The Agreement signed on 24 August 2006 on the introduction of a

Deterministic Bonus in HVB (which started in H2 2006) and parallel running of this deterministic bonus system with the existing one.

Austria: 1) The BA-CA Company Agreement on the pension system, called "BA-ASVG", in which the raising of pensionable age and cost reduction were crucial issues. A compromise in favour of both sides was reached. 2) The Agreement on the introduction of a new career system with transparent and challenging links to external benchmarks for salaries and benefits according to job families. New performance management is also part of this framework.

Poland: The New Collective Labour Agreement signed in Pekao Bank on 15 December 2006, which specifies general regulations for HR and remuneration policy including rules that link specific benefits to work performance.

Also worth mentioning are the new collective agreements signed in the **Czech Republic** (Zivnostenská Banka, the new UGIS Branch), the **Slovak Republic** (UniBanka) and the addendum to the collective agreement of the **Romanian Branch of U.P.A.**

Investing in Service Quality

Customers

Mechanisms for listening to customers

The ultimate objective of the tools for listening to customers is to improve the bank-customer relationship, focusing attention on customer satisfaction.

Listening to customers and understanding their needs is the basis of the UniCredit service culture. We believe that the relationship must be based on trust and transparency with a view to complying with their requirements.

The two fundamental tools for listening to customers are:

- customer satisfaction surveys
- handling of complaints.

Insofar as measuring the degree of customer satisfaction is concerned, for purposes of analysing critical and timely issues, we carry out extensive research broken down on a regional basis. We are convinced that this tool, given its level of detail and the importance of the indications culled, is a fundamental resource for safeguarding

our competitiveness. As proof of the central role of this tool in our method of banking, the variable part of employee compensation is also tied in a decisive manner to the customer satisfaction index. At UniCredit Banca, the customer satisfaction index (TRI*M) showed a notable increase in 2006. The ability to stand out from our competitors was achieved thanks to targeted initiatives focusing attention on customer care, such as, for example, the elimination of closing costs. In addition, the increase in the customer satisfaction index was achieved through the dissemination of "Method First" for asset allocation based on the needs of affluent customers and by improving the small business service model, in particular by reducing response times.

As far as handling complaints, in 2006 UniCredit Banca carried out the "Quality in 48 Hours" project, a customer response model that allows for resolving any delays, malfunctions or errors in only two business days. Providing the guarantee of a fast response is, in fact, one of the chief factors for our customer's trust and satisfaction.

A series of initiatives were also adopted in 2006 at the Retail Divisions in Germany (HVB) and Austria (BA-CA AG), geared

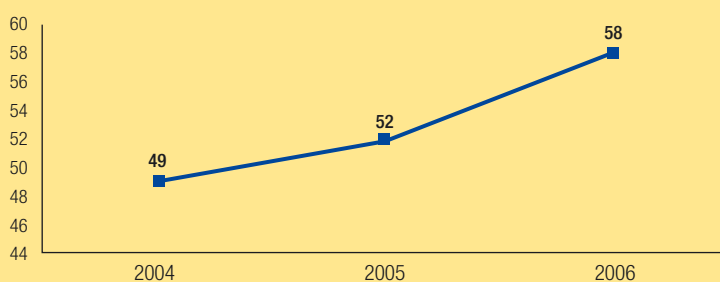
towards improving customer satisfaction and service quality. The first step was that of creating special units, reporting directly to the CEO, for the management of customer satisfaction, also including the handling of complaints in both countries. Various actions were undertaken in the areas of measurement, reporting, bonus make-up, improving processes and resource management (training and change management) for purposes of effectively meeting customer expectations and guaranteeing quality service.

The medium-term objective in both countries is to exceed the market average for customer satisfaction and to be a clear competitor for the other financial institutions. In Germany the results for 2006 confirm a stable positive trend with a customer satisfaction index (TRI*M) of 62, while in Austria an increase in the customer satisfaction index (TRI*M) from 67 to 69 shows a clear move in the right direction.

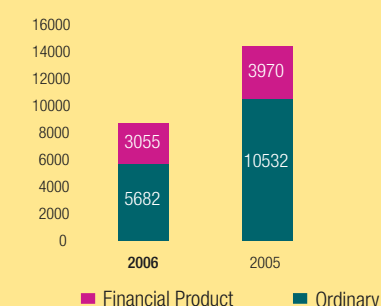
Customer Protection

Consumers and businesses can turn to the Bank Mediator [Conciliatore Bancario], an Association for the resolution of bank, financial and corporate disputes, which handles Alternative Dispute Resolution (ADR). The Association, sponsored by the Association of Italian Banks (ABI), was created by UniCredit together with the most important Italian banking groups. The Bank Mediator offers any customer the possibility of quick dispute resolution with the bank in a cost-contained manner through three new services: the Legal Banking Ombudsman, for disputes of amounts up to €50,000; the mediation service, for disputes of any amount, which provides for the intervention

TRI*M UniCredit Banca



Complaints in Italy



Note: the remarkable decrease in complaints is a consequence of "Quality in 48 Hours", a project aiming to solve directly at branch level disputes up to €1000.

of an independent professional mediator with the duty of helping the parties reach a mutually acceptable agreement; and the arbitration service. In the first and third cases, the proceeding concludes with a trial (which in the case of the Legal Banking Ombudsman is binding only on the bank), while in the second case the parties are assisted in reaching an agreement beneficial to both parties, which puts an end to the dispute.

The mediation attempt is managed by the Bank Mediation Body, recently created within the Association and registered in the register of bodies delegated to manage mediation attempts pursuant to Article 38 of Legislative Decree No. 5/2003. The proceeding must be concluded within 60 business days of the first meeting between the parties and the mediator. If the dispute concerns any of the subjects referred to in Art. 1 of said Decree, the mediation record, in addition to enjoying certain tax breaks, may be approved by the Court and become enforceable. If the mediation does not succeed, the parties remain free to defend their own rights as they see fit (for example, turning to an ordinary judge, or if necessary, referring the dispute to an arbitral tribunal).

Access to the Legal Banking Ombudsman is completely free. The cost of mediation and arbitration, on the other hand, varies depending on the amount of the dispute (mediation, however, is particularly cost-contained).



Olivo Barbieri, "China Shanghai", 1997, UniCredit Collection.

Suppliers

The competition for innovation and cost minimisation depends also on the efficiency, reliability and transparency of the "rules of the game" between the company and the system of suppliers. For this reason, i-Faber, a UniCredit Group subsidiary that manages the digital market 1city.biz, has launched the Procurement Executive Circle (PEC) initiative, with the objective of creating a roundtable for the comparison and exchanging of best practices for procurement managers.

In spring 2004, the PEC Board decided to create a roundtable on corporate responsibility in the management of relationships between companies and the system of suppliers (SIRF - Sustainability and Integrity in Relationships with Suppliers), which had the objective of preparing a set of "Guidelines" for self-regulation on the matter. The project's breadth and strategic relevance entailed the need to determine a working plan for a period of approximately three years (2005-2007). 2005 was devoted to the preparation of the SIRF Guidelines, on the basis of careful comparative analyses of the best practices in terms of CSR (Corporate Social Responsibility) and SRM (Supplier Relationship Management). In 2006, a method was determined and tested for assessing the level of application of the SIRF Guidelines to a limited sampling of companies. 2007 will be devoted to extending the project to all the companies participating in PEC, according to the evolving guidelines, which will provide for specialisation by industry (coinciding with the PEC Vertical Committees) and by company size.

Investing in our Community

Culture

UniCredit Group wants to create value not only for our shareholders, but also for the communities in which we work.

We take pride in our ability to leverage our global reach and our human capital in support of local institutions, initiatives and communities.

Social responsibility and active participation in civil society on a local level for us is not solely for the purpose of promoting sustainable economic, social, and environmental development.

It is also a key element of our competitive strategy. It is to our distinct advantage to foster social cohesion, stability and growth in all of our territories and markets.

Because of this, UniCredit Group is pursuing a two-pronged strategy for investing in our communities. While we work to revitalise local economies, we also invest in local cultural initiatives. Communities aren't just economic units. They are places where people live. And every community has its own particular character, regional sensibility and history. It is a strength of our Group to respect this diversity and enhance it as a positive force for development.

UniCredit Group welcomes the challenge of integrating the worlds of business and art.

Our goal is to foster a dialogue between different cultures and communities in an effort to identify and build shared values.

We believe that the universal language of art can help promote these shared values. In Europe, all companies in our Group have been supporting young talent and creativity in the visual arts, music, theatre, and literature.

This historical commitment to supporting music and the conservation of our artistic heritage has been joined by new initiatives vis-à-vis the contemporary art, because the Group believes that these can contribute to expressing key values of its own position.

More information on the cultural activities of the Group can be found at www.unicreditgroup.eu



VISUAL ARTS

The Group maintains an important and well-regarded **art collection** with more than **50,000 works** in Italy, Germany, Austria, Turkey and the other countries where UniCredit operates. The collection includes archaeological artefacts, Gothic

sculptures, past masters and present talents. It represents an important instrument for establishing a dialogue between the public and the Group and offers unique opportunities for communication and internal educational activities.



Davide Bramante, "My Own Rave (Praga - Palloncini + Staromestské náměstí)", 2005, UniCredit Collection.

Some activities in the visual arts that we support are:

- the participation of artists in management courses that emphasize the importance of creative thinking;
- “UniCredit Art Day,” a production with AMACI in Italy, which provides our colleagues and their families the opportunity to visit 20 different museums on a particular day;
- training courses using contemporary art (art-based learning);
- intense communication activity via the company Intranet.

In Italy, the range of the Group's initiatives vis-à-vis contemporary art is vast and includes:

- collaboration with the principal museums of contemporary art: MART in Rovereto, the Castello in Rivoli, the MAMbo of Bologna and the Arnaldo Pomodoro Foundation in Milan;
- active participation in the leading art fairs;
- close collaboration with DARC (Department of Art and Contemporary Architecture of the Ministry of Culture);
- support for AMACI, the Association of Contemporary Art Museums in Italy;
- innovative support for artistic projects in non-standard contests that expose conditions of social marginalisation. In these communities art serves as a means of socialization, integration and recovery;
- funding research, in cooperation with the Agnelli Foundation, on the economics of contemporary art;
- the development of a new publishing series, “The Art of the 20th Century”.

The largest commitment we have made to aspiring young artists in Italy has been the establishment of a collection of contemporary art by artists active since the 1980s, with particular attention paid to photography. Through acquisitions, donations and project



Concert for Rome.

support, the collection has grown to 500 works by 95 artists in just three years. In the HVB Kunst Palais in Munich, a broad series of exhibitions has featured works by famous historical avant-gardes, contemporary artists and emerging young artists that are a part of the Group's collection.

The Kunsthalle of the Hypo-Cultural Foundation attempts, by means of its unique location in the centre of the busy pedestrian area of Munich's Theatinerstraße, to bring art into every day life: since opening in 1985, over **6 million people** have visited more than 71 exhibitions with art ranging from antiquity to the present day. International exhibitions are held in the BA-CA Kunstforum in Vienna. Emerging art

is shown in a space called “Treasure”. The bank sponsors young artists with its Georg Eisler Prize, the largest monetary prize in the category. BA-CA also organizes Central, a travelling exhibit for presenting young artists from Eastern Europe.

MUSIC

The UniCredit Group's commitment to music, the universal language par excellence, was born in Italy out of its long-time partnerships with the **Philharmonic Orchestra of La Scala**, the **Arena of Verona**, and the **'900 [Twentieth-Century] Philharmonic Orchestra of Torino**.

Across Europe, the Group is focused on supporting music. Our support for this important art form is an effective way to

Investing in our Community

bring together the worlds of business, art and the general public.

This year, the Group decided to celebrate the first anniversary of the announcement of the merger with the Hypovereinsbank-Bank Austria Group by organizing a **"Concert for Rome"** in collaboration with the City of Rome. This initiative brought the Philharmonic of La Scala to the capital for the first time in many years and offered a programme of celebrated musical works free of charge to the Roman public.

HVB is also promoting a new generation of cultural innovators in Germany with the Jugend Kulturrell, which supports young artists with monetary prizes and opportunities to exhibit in our facilities. Additionally, HVB is actively collaborating with the European Youth Orchestra and its season in the HVB Europakonzert and the "Competizione dell'Opera" international vocal contest. And finally, a particularly important German- Italian musical exchange took place in 2006 when the first concert of the Philharmonic of La Scala of Milan was held in Berlin under the sponsorship of the President of the Italian Republic, Giorgio Napolitano.

In the field of classical music (a traditional pillar of Austrian identity) the Group has been very active through the thirtieth collaboration of BA-CA with the Orchestre Jeunesse, the establishment of the BA-CA Artist of the Year Prize, the support of traditional Austrian musical institutions, including the Vienna Philharmonic Orchestra and its ensembles, the Musikverein theatre and the Gustav Mahler Youth Orchestra. Our promotion of modern expression includes significant support provided to the Porgy & Bess Concert Hall, the Vienna Art Orchestra and its very successful "big band," the Jazz Festival of Vienna, and the prestigious BA-CA Hans Koller Prize, named for a manager for the UniCredit Group in Eastern Europe active in cultural promotion in the region.

And, investing in our shared future along with the Vienna Philharmonic Orchestra, the Group has started master classes for highly talented young musicians in Slovenia.

DIALOGUE

Annually, in collaboration with the Turkish partners of the Centre for Strategic Studies of the Ministry of Foreign Affairs, UniCredit organizes the **Forum for Italo-Turkish Dialogue**. This is a high-level cultural and political event sponsored by the two Ministries of Foreign Affairs and features 80 leaders from the two countries in the fields of politics, economics, culture and media. The purpose of the Forum is to maintain an open dialogue of the most important issues and challenges Italy and Turkey face today. These include everything from European- Middle Eastern relations, human rights and economics and international trade. Following London's "Chatham House Rules," the meetings take place as a private aside to the opening session, which is public and chaired by the respective Foreign Ministers.

Furthermore each year, in collaboration with the City of Venice, the Venice 2000 Foundation and East (an international magazine of culture, politics and economics), UniCredit organizes a **Permanent Forum of European Debate** to bring together a noticeable number of qualified representatives from the world of international politics, economics and academia. The purpose of the Forum is to stimulate debate and identify innovative ideas that can help give new force to the processes driving European integration.

The permanent Forum operates in two dimensions: a "virtual" dimension (www.eastonline.it) that brings together citizens and European institutions, and a "real" dimension with the organisation of the annual conference in Venice. The first conference, *"A New Motivation for Europe"*, was organised on 22 and 23 June 2006 at the Doge's Palace.

In 2007, the Venice Forum will take place on 21 and 22 June at the Cini Foundation of Venice and will deal with the topic of energy at a conference entitled "EU Energy Policy: Enhancing the Security of Supply by Creating a Single EU Energy Market?"



Local Committees



Olivo Barbieri, "Roma", 1995, UniCredit Collection.

The reorganization process of the Group, brought about in 2003 (S3 project) by the establishment in Italy of UniCredit Bank, UniCredit Enterprise Bank and UniCredit Private Banking, resulted in the development of Local Committees, which are designed to maintain our deep and valuable relationship with the community.

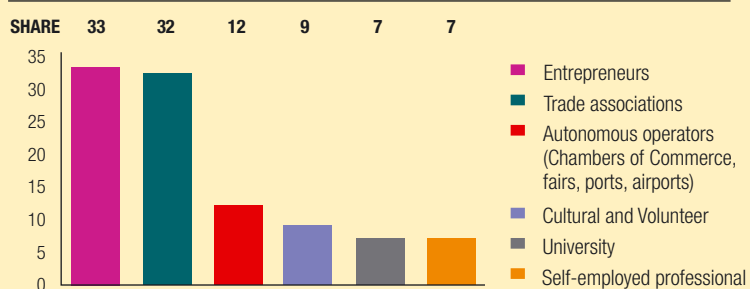
Today the Committees keep track of domestic events in Italy in order to develop a better understanding of local socio-economic issues. The Committees are places where civil society leaders and representatives can gather to discuss important matters and to set priorities.

The UniCredit Board of Directors appoints the Local Committees. The Committees are consultative organs, consisting of a varying number of outside members, selected from the leading ranks of entrepreneurship, trade associations, autonomous operators, volunteerism and research. The managers of the three banks are a party to the Committees as well.

Distributed predominantly in the Centre and North of Italy, the 18 Committees have a total membership of about 300 people. Moreover, in November 2006, with the intention of developing a strategy for strengthening local networks and encouraging an even closer relationship between sector banks in the territory, the UniCredit Group announced the launch of "Project South" through the creation of 3 new regional Committees: Campania, Puglia and Sicily.

The local Committees have successfully completed, many projects, with many others in progress, all focused on local community needs centered around the following themes: *infrastructure, tourism, internationalisation, immigration and agriculture*.

Outside Members of Local Committees (%)



Environmental Management and Performance

Environmental Policy

Banking is not manufacturing, but - like any other human activity - it still affects the environment. Since 2000 the Group has had an Environmental Policy in place and is therefore committed to taking environmental sustainability into account when making decisions on strategy. This means operating while striving to prevent the most serious direct impacts on the environment (energy, paper consumption and waste production) and ensuring that the impact of outside entities that we can oversee or influence

(credit policies, financial products, project financing and suppliers) is scrutinized to the extent possible.

We have joined the United Nations Environmental Program (UNEP) in order to promote and develop integrated banking and environmental sustainability policies. We are actively involved in UNEP through its Finance Regional Task Force in Central and Eastern Europe, in promoting a coherent approach, and defining best practices and control and monitoring tools for environmental risks.

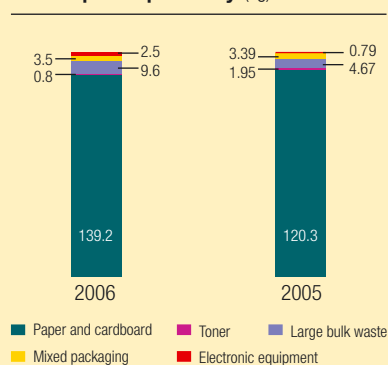
Franco Fontana, "Comacchio, orizzonte, Paesaggio", 1976, UniCredit Collection.



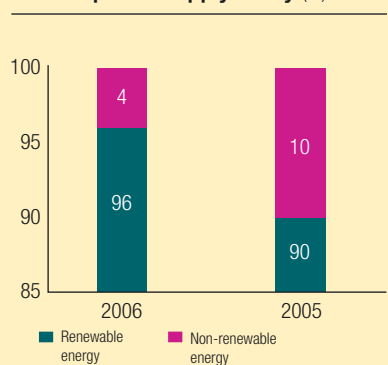
Direct Aspects

We pursue environmental efficiency by adopting certified internal systems for environmental management. We began this process in 2002 by registering UniCredit

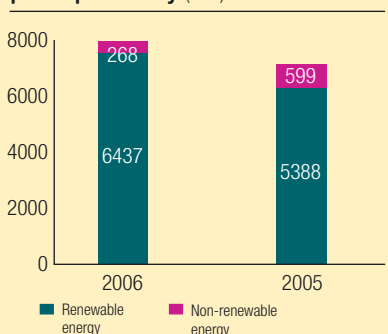
Waste per capita-Italy (kg)



Electric power supply - Italy (%)



Electric energy consumption per capita - Italy (kwh)



Indirect Aspects

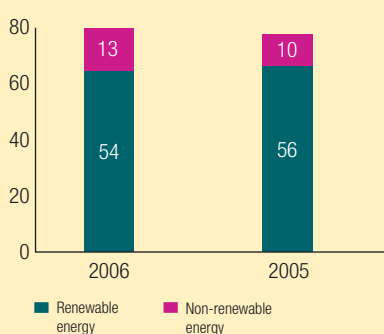


under the **EMAS** regulation and by obtaining **UNI EN ISO 14001** certification. This process has been continuously extended and in 2006 UniCredit Produzioni Accentrate (UPA) and HVB obtained the same certification:

- UPA: ISO 14001 certification for all its business units (of which 8 in Italy and 1 in Bucharest, Romania). EMAS registration is also expected in 2007.
- HVB: ISO 14001 certification for 5 sites in Germany, including its headquarters. EMAS registration is also expected for one of these.

We have also launched various energy-saving and mobility management initiatives. The Group has designated a number of mobility managers and set up cooperation with public sector organisations, associations and private individuals to organise car sharing and car pooling as part of an overall strategy which aims to optimise personal and business travel and to reduce its impact by gathering all pertinent information on it.

Paper consumption per capita - Italy (kg)



for more information about the direct aspects of the UniCredit Group, see www.unicreditgroup.eu



The commitment of the Group on **climate change** in 2006 took the form of a Carbon Solutions Team (CST) set up in our Markets and Investment Banking Division (located in Munich and already active in Poland as well). This is a group of bankers who are very knowledgeable in the field of climate change and who:

- negotiate and trade emissions credits assigned to the businesses in certain manufacturing sectors under European Union directive 2003/87/CAE "Emissions trading", with the aim of facilitating the attainment of Kyoto protocol objectives; and
- promote initiatives to finance clean development mechanisms (CDM) and joint implementation (JI) projects, in order to reduce greenhouse gases in countries not bound by the protocol.

UniCredit has also joined the Carbon Disclosure Project, an international initiative designed to encourage companies to publicise their own policies concerning climate change and to make institutional investors aware of the importance of investing in organisations that make a solid commitment to reducing CO2 emissions.

Among renewable energy source **projects financed** in 2006 was the financing of 11 wind generator parks in southern Italy and in Germany for a total of more than 1250 MW of installed power and €1,415,000,000 in structured loans. In 2006, to support integrated policies to manage urban solid waste, a pool of 19 Italian and international banks underwrote and syndicated the financing of three integrated systems to manage urban solid waste developed by the Falck-Actelios Group (majority partner of the three projects). The project involves 75% of the area of Sicily, with a serviced population of more than 3.8 million people.

Expected investment is in the order of €1,400,000,000 and the structured debt is €1,100,000,000. Developed by UniCredit Infrastrutture, the project resulted in our winning the "Deal of the Year 2006" award, a recognition granted annually by the prestigious international magazine Project Finance Magazine to the largest transactions in each sector of project finance.

Also in 2006 financial advisory was provided for the structuring of project finance to develop and operate the waste energy facility for the city of Turin.

In 2007 the entire Group will sign the Equator Principles (HVB has been a signatory since 2003), guidelines designed to ensure respect for the environment and social equity through project finance.

In order to pursue **credit policies** that increasingly aim to support companies with a greater commitment to the environment, creditworthiness appraisals also include specific questionnaires for the qualitative analysis of borrowers. In various ways these questionnaires aim to specifically detect the existence of possible risks and opportunities related to environmental factors. Great attention is paid during training to all aspects of environmental impacts and their knock-on consequences, with the aim both of raising awareness and of providing essential background knowledge. The integrity charter provides a framework of values to draw from in our day by day work.

Among other things, the General Group Credit Policy requires that: the legal entities of the Group have to respect these fundamental values in their operations and decline to take part in the following transactions (unless authorised by their

Environmental Management and Performance

own Supervisory/Management Board or Credit Committee and the Credit Committee of the Parent Company):

- loans to companies or projects that do not respect the social and environmental standards of the World Bank and/or the national and international environmental standards that apply in the Country.
- transactions that are not in line with the UNEP Statute signed by Financial Institutions for the Environment and for Sustainable Development (UNEP Declaration). As concerns project finance transactions, the broadest standards of the Equator Principles should be applied.

In October 2006 the Group officially left the consortium created to develop two new nuclear reactors for the power plant in Belene, Bulgaria.

UniCredit's initial involvement was expressed through a simple declaration of interest under a public tender. In-depth social and environmental impact appraisals are not normally conducted

during this phase. The actual participation of the Group would have been dependent on obtaining a guarantee to apply the best international security and socio-environmental standards to all phases of the undertaking. In the event of contract award, specialised and independent consultants would have conducted the appraisal.

Our interest in the project gave us the chance of entering into an open and constructive dialogue with various European environmental organisations which had asked us for meetings on the topic.

We are convinced that involvement of all stakeholders is a fundamental condition for the creation of sustainable development. We wish to be accountable for what we do, considering the responsibilities that follow from being an active member of the community.

As regards **Socially Responsible**

Sectors and Research Topics appraised by the Environmental Ethics Committee:

- Medical Devices
- Nanotechnology
- Pharmaceuticals and Biotechnology
- Alternative/Renewable Energy
- Climate Change*

* under appraisal

Investments (SRI), Pioneer Investments (the trademark of the asset and fund management companies of UniCredit Group) is present in the ethical funds market with two managed assets products: one equity product (the Global Ethical Equity Fund) and one bond product (the Pioneer Euro Debt Ethical Corporate Fund).

Pioneer Investments has set up an Environmental Ethics Committee in order to direct financial resources to sectors and companies that pursue their objectives according to criteria of social responsibility. The Committee draws up the investment guidelines for socially responsible products and provides fund managers with guidance.

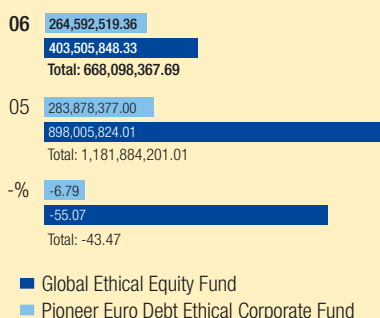
Pioneer Investments' SRI funds are characterised by a special investment process designed to increase the skills of the Committee and direct financial resources incisively and effectively towards particularly deserving businesses. Under this principle, the ethical portfolios of Pioneer Investments include two types of investment:

- the first (larger) one refers to ethical databases which are recognised by

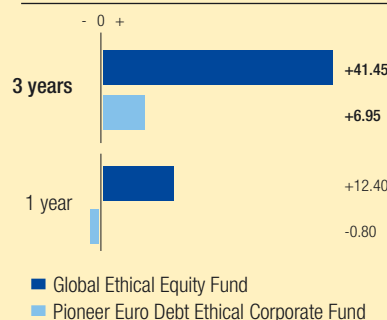
Stefano Arienti, "Mare verde", 2005, UniCredit Collection.



Ethical Funds Assets under Management (€)



Performance of the Funds since Launch (%)



the financial community (FTSE 4 Good Global for the equity fund and ECPI Ethical Index Euro Corporate Bond for the bond fund).

- the second (smaller) one refers to securities issued by companies whose work is distinguished as significant in terms of ethics and environment ('distinctive investments').

The 2006 research objectives of the Committee (including nanotechnology and renewable energy) indicate the extent of our commitment to this new approach and are the basis for the 'distinctive investments' component which grew to be 11.36% of the equity fund portfolio (from 7.34% in 2005).

We believe that transparency is an unquestionable value. For these reasons we have signed up to the transparency guidelines promoted by the European Sustainable and Responsible Investment Forum (Eurosif), and we have dedicated a specific section of the Pioneer Investments website to the topic of SRI (http://www.pioneerinvestments.it/it/finanza_etica/home.jhtml). The guidelines

aim to clearly explain the processes of research, investment, control and monitoring, according to standards agreed upon by the major ethical funds of Europe. In 2006, Pioneer Investments' assets, managed according to sustainability criteria, were it the number one player in Italy in this sector, with a market share

of 29%¹. At European level, Pioneer Investments is in fifth place (excluding the United Kingdom), with a market share of 3.6%².

1. Data: Avanzi SRI Research, end of June 2006
2. Data: Avanzi SRI Research, end of June 2006

Sustainability Indexes

In 2006 UniCredit has been included in the baskets of the followings sustainability indexes:

- DOW JONES SUSTAINABILITY INDEXES
- FTSE4GOOD INDEX SERIES
- ETHIBEL SUSTAINABILITY INDEX



Unidea-UniCredit Foundation

Unidea-UniCredit Foundation is a non-profit foundation established in 2003 by UniCredit Group to implement and sustain international cooperation, solidarity and development initiatives.

Unidea was established as a testament to the Group's operating principles and shared values.

Our Foundation is meant to express, foster and bring to life, through the pursuit of philanthropic aims, those same values both in the internal and external communities.

As a Corporate Foundation, Unidea is a legal entity with its own Board of Directors, composed of experienced and eminent personalities of the non-profit sector and the social research community.

In the first years of activity, Unidea has continued to abide by the principles that first inspired it: self-development, sharing between the communities involved and the sustainability and replication potential of its initiatives. It has also tackled key questions linked to social and economic development, making local communities, and the labour networks and ties of solidarity that unite them, the focal point of its activities.

From the start Unidea has chosen to keep its activities separate, if not exclusively then to a large extent, from operational areas which could refer to the presence of the Founder, and also by choosing to operate in geographical areas where the UniCredit Group is not present.

Unidea operates at a national and international level and is particularly active in the following areas and sectors of intervention:

AFRICA:

Unidea supports basic healthcare projects designed to improve public health (through technical and administrative training, rebuilding and equipping of the basic healthcare centres) and to increase access to healthcare by the communities involved (through literacy courses, backing for revenue generating activities, support for microfinance and mutual healthcare projects).

CENTRAL EUROPE AND THE BALKANS:

The Foundation supports local development through a series of activities aimed primarily at increasing employment among the young and helping them to integrate into society. Initiatives are mainly addressed to rural areas and involve the broad provision of vocational training and micro-credit programmes to act as incentives for micro-business start-ups and self-employment schemes for young people and women.

EUROPE:

The Foundation combines integrated territorial prevention projects for young people at risk of social exclusion, with high profile contributions to learning in the form of research and study initiatives, addressed in particular to new areas of demand, and of occasions to discuss the cultural consequences of social work.

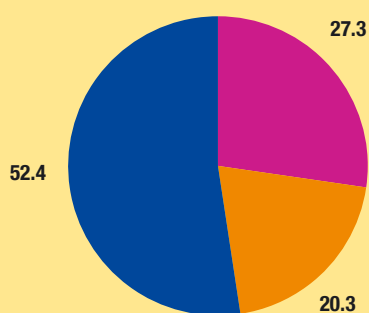
GIFT MATCHING:

One of Unidea's main objectives is to set up programmes to spread and enhance the value of non profit culture and voluntary work among employees of the UniCredit Group. Gift Matching is a mechanism whereby the Foundation supplements donations made by groups of employees to associations that work for the same social and humanitarian ends as those promoted by Unidea.

To promote and implement its activities, Unidea is funded exclusively by UniCredit Group.

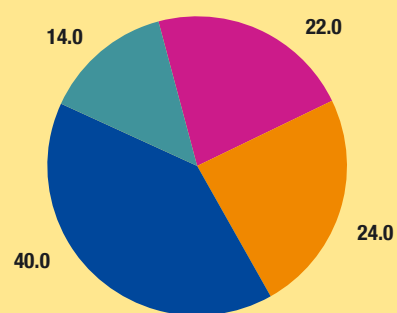
UNIDEA RECEIVED FROM UNICREDIT GROUP 40.5 MILLION EUROS IN THE PERIOD 2003 - 2006

Distribution of funds by geographical area 2003-2006 (%)



■ Africa
■ Italy
■ Central Europe and the Balkans

Distribution of funds by sector 2003-2006 (%)



■ Health
■ Social integration
■ Vocational training, Microcredit and Local development
■ Initiatives for UniCredit Group employees



2006 projects:

2006 was important for Unidea in terms of consolidation and continuity, with the pursuit of initiatives launched in previous years and the development of new projects in sub-Saharan Africa, in Central Europe and the Balkans, and in Italy.

Unidea-UniCredit Foundation



In Africa

• “An Ka Here So”

Basic healthcare and territorial development project in Burkina Faso

The “Basic healthcare and territorial development project in Burkina Faso” aims to improve the health of the population in the Hauts Bassins and Cascades regions, to provide better access to healthcare centres and to strengthen community participation.

To achieve this objective, a series of initiatives have been planned:

- education and basic training for people in the project area on the subject of hygiene and health with a view to better engagement;
- construction, renovation and rehabilitation of basic healthcare

infrastructure - day surgeries and pharmaceuticals dispensaries for example - in the Hauts Bassins and Cascades regions;

- on the job healthcare training and re-qualification for doctors and local nurses to improve their professional skills and optimise healthcare system management in the area;
- improvement of the health care's affordability for the population covered by the project;
- provision of microfinance facilities to the people served by basic healthcare centres to develop independent revenue generating activities and stimulate a self-sufficient economy.

The centres' catchment areas should cover a total population of about 300,000. Other project beneficiaries are the nurses and doctors who attend training courses.



In Central Europe and the Balkans

• “Youth Employment Promotion”

Vocational training and microcredit project in the districts of Razgrad and Vratsa (Bulgaria)



The “Youth Employment Promotion” project, implemented in cooperation with the Bulgarian NGO National Business Development Network (NBDN) offers assistance and support to 100 young people in search of employment and aspiring entrepreneurs. The project targets the two mainly rural districts of Vratsa e Razgrad, where unemployment levels – and particularly youth unemployment – are amongst the highest in the country. The selected candidates are supported with the creation and management of small businesses through a training and consulting programme, followed by loans granted to start up micro-enterprises.

In Italy



• Initiatives supporting the social integration of marginalized people

Through Bando Italia 2006, a "Call for bids to support initiatives within Italy to help the socially marginalised", Unidea reiterated its intention to provide incentives and supports action for the social integration of at-risk individuals, either setting up new projects or supporting existing ones. During 2006, Unidea supported 35 projects generally in co-operation with non profit organisations run for the most part by voluntary workers. These initiatives aimed at supporting the social integration of people at risk of exclusion from society, are complemented by high-profile research designed to gain in-depth knowledge of the area and to assess the outcome of the various projects.

Gift Matching

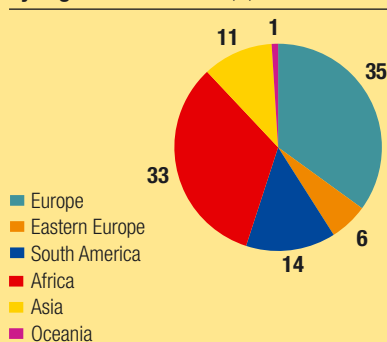
The Gift Matching initiatives organised in 2003 - 2006 were remarkably successful, showing there is a great awareness of social problems among UniCredit employees. In 2006, as the previous year, in order to prevent funds from being spread too thinly and optimise the impact for beneficiary associations, only donations from groups of at least twenty employees for the same project were accepted.

166 groups participated in the fourth year of the scheme - a

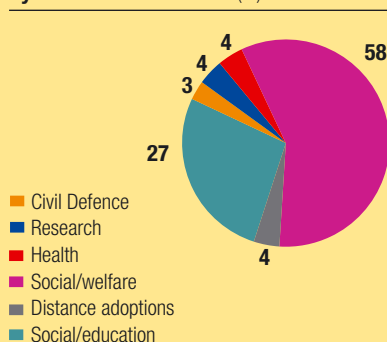
total of 4894 people. Compared with 2005 a bigger number of groups took part (from 111 to 166), as well as the number of colleagues involved, and the amounts collected almost doubled. This means each individual project was able to benefit from a higher proportion of the total collected sum. Benefiting associations were mainly active in developing countries, particularly in Africa.

For 2007 it is expected to extend the programme also to HVB employees and to encourage more the involvement of countries of the enlarged Europe.

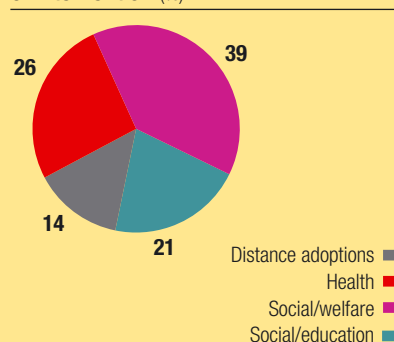
Breakdown of projects by region intervention (%)



Europe - Breakdown of amounts donated by area of intervention (%)



Non-European countries - breakdown of amounts donated by area of intervention (%)



The Value Distribution

Calculation and allocation of value added

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

interacts, special reference being made to its main stakeholders: shareholders, the community, our people, our business, the State, organisations and institutions. As regards the level of aggregation of income components, we chose the form

of value added used by ABI [the Italian banking association] for banks. This takes into account the peculiar characteristics of banking business and the new shape of the accounts under IFRS

Breakdown of value added 2006

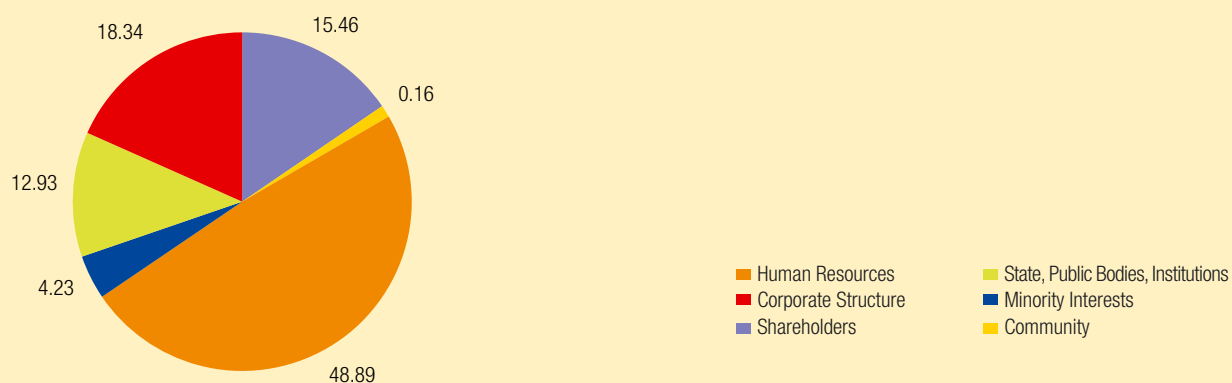
(€ '000)

REVENUE	
Interest income and similar income	34,294,958
Fee and commission income	9,966,526
Dividends and similar income	823,730
Trading profit (loss)	1,470,347
Hedging result	29,729
Gains (losses) on disposals of:	493,457
(a) loans and receivables	16,486
(b) available-for-sale financial assets	479,030
(c) held-to-maturity investments	3,493
(d) financial liabilities	(5,552)
Gains (losses) on financial assets/liabilities at fair value through profit or loss	41,347
Other operating income	597,109
Profit (loss) of associates	283,443
Gains (losses) on disposal groups held for sale	56,174
1. TOTAL GROSS PRODUCTION	48,056,820
CONSUMPTION	
Interest expense and similar charges	(22,140,073)
Fee and commission expense	(1,618,851)
Other administrative expense	(4,246,376)
Net impairment losses (writebacks) of:	(2,296,038)
(a) loans and receivables	(2,196,408)
(b) available-for-sale financial assets	(47,440)
(c) held-to-maturity investments	1,110
(d) other financial assets/liabilities	(53,300)
Allocation to credit risk provision	(765,131)
Impairment (writebacks) of property, plant and equipment	(812,104)
Impairment (writebacks) of intangible assets	(556,664)
Net writedowns (writebacks) of goodwill	(356,880)
2. TOTAL CONSUMPTION	(32,792,117)
Net premiums earned	89,058
Net income (expense) of insurance business	(67,817)
NET RESULT OF INSURANCE BUSINESS	21,241
3. GROSS CHARACTERISTIC VALUE ADDED	15,285,944
Gains (losses) on property, plant and equipment and intangible assets at fair value through profit or loss	-
Gains (losses) on disposal of investments	794,685
4. TOTAL GROSS VALUE ADDED	16,080,629
Cost of labour (staff cost)	(7,860,299)
Other administrative expense: indirect taxation	(288,666)
Other administrative expense: donations	(13,688)
5. PROFIT BEFORE TAX	7,917,976
Current tax expense	(1,790,119)
Minorities	(680,116)
6. NET PROFIT FOR THE YEAR	5,447,741

Allocation of value added 2006

(€ '000)

REVENUE	48,056,820
CONSUMPTION	(32,792,117)
NET RESULT OF INSURANCE BUSINESS	21,241
GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS	794,685
TOTAL GROSS VALUE ADDED	16,080,629
Allocated as follows:	
MINORITIES - attributable profit net of HVB Group profit (loss) after tax	680,116
SHAREHOLDERS - Dividend	2,486,229
OUR PEOPLE	7,861,299
Cost of labour	
- direct	5,642,514
- indirect	2,217,785
Portion of net profit allocated to the medium-term Group staff incentive provision	1,000
THE STATE, ORGANISATIONS AND INSTITUTIONS	2,078,785
Direct and indirect tax	288,666
Tax on profit for the year	1,790,119
THE COMMUNITY	25,388
Donations	25,388
THE BUSINESS	2,948,812
Retained profit and allocation to reserves	2,948,812
TOTAL GROSS VALUE ADDED	16,080,629

Allocation of value added 2006 (%)

2006 figures are not strictly comparable with 2005 figures given changes in the scope of consolidation (2006 value added is in fact double that of 2005).

Almost half (48.89%) of 2006 value added was allocated to our people and a very large proportion (18.34%) was kept in the business in the form of retained profit and reserves.

The shareholders nevertheless benefited from a significant portion of value added: 15.46%.

Sustainability Indicators

For the first time, UniCredit offers a report which combines economic and financial data with elements of social and environmental reporting. It is a move that reflects the real integration of social responsibility into the business policies and strategies of the UniCredit Group, in line with international models of best practice. This represents an innovative approach to business reporting which is: “consolidated”, in terms of the content at Group level and “integrated”, in combining the Financial Statements with the Social and Environmental Report. The Social and Environmental Report 2006 includes: Human Resources and Social Responsibility sections and the summary scheme of the principal “sustainability indicators” of the UniCredit Group, which reflect its social, environmental and economic performance.

The following summary has been drawn up in accordance with the benchmark methodologies contained in the Global Reporting Initiative 2002 (GRI2), which provides guidelines for sustainability reporting.

The summary is designed to supply an explicit link between the questions of social responsibility featured in the Annual Report and the GRI2 guidelines, and demonstrates the capacity of the document to satisfy the information and content requirements proposed by this standard and to ensure that it is complied with..

Next Steps

In the last years the Group has dramatically grown up, shifting from the Italian contest and becoming a New Truly European Bank. The Group is committed to face in the next future the following issues:

- to enrich the next issues of the social environmental reports with further information and socio-environmental indicators, while improving the related gathering methods;
- to progressively extend the reporting boundary of certain socio-environmental indicators to consolidated companies operating abroad;
- to further broaden the dialogue with stakeholders in Italy and to gradually extend this activity in foreign countries.

Legend	● Full data	○ Information not present	◐ Partial data
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GRI CODE	INDICATOR	PAGES	COVERAGE
VISION AND STRATEGY			
1.1	Vision and strategy for sustainable development	98, 108, 112	◐
1.2	Letter from the Chief Executive	20	●
PROFILE			
2.1 - 2.9	Organisational profile	10-13, 98	●
2.10 - 2.16	Scope of the Report	10, 122	◐
2.17 - 2.22	Outline of the Report	122-125	●
GOVERNANCE STRUCTURE AND MANAGEMENT SYSTEMS			
3.1	Governance structure of the organisation	130	●
3.2	% of Board of Directors who are independent, non-executive directors	131	●
3.3	Process for determining the skills required of the members of the Board of Directors		○
3.4	Process at Board level for controlling the Company's identification of environmental and social risks		○
3.5	Links between directors' remuneration and achievement of financial and non-financial targets		○
3.6	Organisational structure and key personnel for the control, implementation and auditing of linked economic, environmental and social policies	138-139	◐
3.7	Commitments pertaining to the Mission and the stated values	97- 99	●
3.8	Shareholders' mechanisms for issuing recommendations or instructions to the Board of Directors	137	●
3.9	Principles for identifying and selecting the principal stakeholders	98	●
3.10	Approaches to consultation with stakeholders	98, 100, 106, 110	◐
3.11	Types of information emerging from consultations with stakeholders	98, 100, 106, 110	◐
3.12	Use of information deriving from the involvement of stakeholders	98, 100, 106, 110	◐

GRI CODE	INDICATOR	PAGES	COVERAGE
3.13	Precautionary approach	113	►
3.14	Voluntary codes of conduct, sets of principles or other initiatives supported or applied by the organisation	105-112	●
3.15	Principal industrial and business associations in which the Company is active, and/or leading national/international pressure groups	113	►
3.16 - 3.17	Approach policies and/or management systems for ascending/descending and indirect impacts	107, 113	►
3.18	Principal decisions taken during the reporting period with regard to the location or relocation of activities	20-21	●
3.19	Objectives, programmes and procedures relating to economic, environmental and social performance	122	●
3.20	Certifications relating to environmental, economic and social management systems	113	►
INDICATORS OF ECONOMIC PERFORMANCE			
EC1 - EC2	Net turnover and geographical subdivision of markets	15	●
EC5	Employees total remunerations	120	●
EC6	Remunerations to providers of capital	120	●
EC7	Increase/decrease in undistributed profits at the end of the period	23	●
EC8	Total taxes and duties paid	120	●
EC10	Donations to the community, civil society and other groups	120	●
INDICATORS OF ENVIRONMENTAL PERFORMANCE			
EN1	Consumption of paper	112	►
EN2	% paper recycled	112	►
EN3	Direct use of energy	112	►
EN5	Total use of water		○
EN8	Emissions greenhouse gases		○
EN11	Total waste products by type and destination	112	►
INDICATORS OF SOCIAL PERFORMANCE			
LA1	Subdivision of the workforce	103	●
LA2	Net creation of jobs and average turnover of personnel	23	►
LA3	Percentage of employees belonging to trade unions		○
LA4	Policies and procedures regarding information, consultation and negotiation with workers in relation to changes in the organisation's activities	105	►
LA5 - LA6 LA7 - LA8	Safety and health		○
LA9	Average annual number of hours of training per category of workers	102	►
LA10	Description of equal opportunities policies and programmes		○
LA11	Composition of management and governing bodies of the business, and other indicators of cultural diversity	103, 131	●
HR1 - HR3	Policies and procedures relating to the respecting of any human rights relevant to the business	105, 107	►
HR4	Policies, procedures and programmes to prevent any form of discrimination	98	●
HR5	Freedom of association	105	●
HR6 - HR7	Policies prohibiting child labour and forced labour	105	►
SO1	Policies and programmes for managing impacts on the community	111, 112	►
SO2 - SO3	Policies, procedures and management systems relating to corruption and political parties support	98, 141	►
PR1 - PR2	Policies for the health and safety of consumers and for products disclosure	98, 106	►
PR3	Policies, procedures and management systems for protecting the privacy of consumers		○

Note: included here are only the core indicators which are significant and applicable to the activities of the UniCredit Group
For any further information please contact: UniCredit - Public and Community Relations, Via San Protaso, 1/3 - 20121 Milano, Fax: +39.02.88623924, email: csr@unicreditgroup.eu

Report of the External Auditors





KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI

Telefono 02 6763.1
Telefax 02 67632445
e-mail it-fmauditaly@kpmg.it

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

Report of the auditors of the review on the social and environmental report

To the Board of Directors of
UniCredito Italiano S.p.A.

- 1 We have carried out the review of the social and environmental report of the UniCredito Italiano Group (the “group”) at 31 December 2006, composed of the “Human Resources and Corporate Social Responsibility” section of the group’s “2006 Annual Report” at the same date, prepared in compliance with the “Sustainability Reporting Guidelines” established in 2002 by GRI - Global Reporting Initiative. The preparation of the social and environmental report is the responsibility of the parent’s directors. Our responsibility is to issue this report based on our review.

Our work was solely performed on the social and environmental report as defined above and was not extended to the data and information included in the “Introduction”, “Strategy, Business Model and Results” and “Corporate Governance” sections of the “2006 Annual Report” which are not part of the social and environmental report. We audited the consolidated financial statements, with respect to which reference should be made to our report dated 12 April 2007.

- 2 We carried out our work in accordance with the criteria established for review engagements by “International Standards on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information and International Framework on Assurance Engagements”, issued by the International Auditing and Assurance Standard Board (IAASB), carrying out the following procedures:
 - verifying that the financial data and information included in “The Value Distribution” paragraph of the social and environmental report are consistent with those included in the group’s consolidated financial statements as at and for the year ended 31 December 2006, approved by the Board of Directors on 21 March 2007;
 - analysing how the processes underlying the generation, recording and management of quantitative data included in the social and environmental report operate. In particular, we have performed the following procedures:
 - interviews and discussions with management delegates and personnel of certain Italian group companies to gather information on the IT, accounting and reporting systems used in preparing the social and environmental report, and on the

processes and procedures used to gather, combine, process and transmit data and information of the various group companies to the office that prepares the social and environmental report;

- sample-based analysis of supporting documentation used in preparing the social and environmental report to confirm the effectiveness of processes and their adequacy in relation to the objectives described, and that the internal control system correctly manages data and information;
- analysing the completeness of the qualitative information included in the social and environmental report and its consistency throughout;
- verifying the stakeholders' involvement process, in terms of methods used and completeness of persons involved, and analysis of the minutes of the meetings or of any other information available, with regard to the salient features identified;
- obtaining the representation letter signed by the legal representative of UniCredito Italiano S.p.A. on the compliance of the social and environmental report with the guidelines indicated in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit performed in accordance with generally accepted auditing standards. As a consequence, we do not express an opinion on the social and environmental report.

- 3 The social and environmental report presents the prior year's figures and information for comparative purposes, in conformity with the guidelines and principles based on which the report has been prepared. With respect to the 2005 social and environmental report, which was presented as a stand-alone document, reference should be made to our report dated 21 April 2006.
- 4 Based on our review, we are not aware of any material modifications or integrations that should be made to the social and environmental report, referred to in paragraph 1, for it to be in conformity with the guidelines governing its preparation.
- 5 We draw your attention to the following matters set out in the "Sustainability Indicators" paragraph of the social and environmental report at 31 December 2006:
 - the group intends to enrich the next issues of the social and environmental reports with further information and social-environmental indicators, while improving the related gathering methods;
 - the group intends to progressively extend the reporting scope of certain social-environmental indicators to include consolidated companies operating abroad;

- the group intends to further broaden the dialogue with stakeholders in Italy and to gradually extend this activity to foreign countries.

Milan, 12 April 2007

KPMG S.p.A.

(Signed on the original)

Mario Corti
Director of Audit