

JOINT RELEASE

FIRST 2008 MEETING OF THE EUROPEAN WORKS COUNCIL WORKS COUNCIL ESTABLISHMENT OF JOINT COMMISSIONS

OVERVIEW

On April 8, the first general meeting of 2008 took place in Milan at the Headquarters of UniCredit between the European Works Council (Comitato Aziendale Europeo, CAE) and the Group's Top Management.

The EWC, officially set 8 months ago, is already a fully operational and consolidated governance body, leveraging also on the profitable training experience made with the workshop held in March at the premises of UniManagement, Turin (documents available on OneGate) .

During the meeting, the economic and financial results of the Group for 2007, approved by the BoD in March, were disclosed, along with a description of some major cross-border projects. Moreover, an important agreement was made for the establishment of **Joint Commissions for "Equal opportunities and non discrimination" and for "Training, learning and professional development"**.

As provided for by the establishment Agreement of January 26, 2007, the **Internal Rules** regulating the Body's operation were also approved.

INFORMATION AND CONSULTATION SESSION - HIGHLIGHTS

Group Employment situation and Trend

Rino Piazzolla, Group Head of Human Resources, provided an overview of the Group's employment situation: a significant growth was registered both in East-European countries, particularly following the acquisition of UkrSotsbank in Ukraine and ATF in Kazakhstan, and in Italy, with the acquisition of Capitalia. A headcount increase is observed in all the Divisions, except in the Corporate centres involved in rationalization process.

"Our strength is the ability to develop talents inside the Group to ensure the latter's sustainability," said Rino Piazzolla. "Internal growth should take place in full respect of equal opportunities and enhancing the best resources. Gender and race should not affect professional growth and mobility."

"Women and leadership", which involves the first 100 Top managers women, and "Together in diversity," recently launched in the GBS world, are some of the current international initiatives; at the same time, several focused initiatives are being implemented in each country.

Andrea Bonansea, Chairman of the EWC, stressed that, while an overall occupational growth is being registered, some company operations and reorganizations now under way involve headcount reductions (e.g. Capitalia integration process and "Target Operating Models" project , which affect the Market and Investment Banking (MIB Division), described by **Silke Wolf, HVB Head of Labor Relations and Labor Law**).

The EWC demands that all these operations be performed subject to ongoing and punctual information to the involved employees and their local representatives, while pursuing shared solutions based on such tools as social schemes and professional mobility.

Employee Stock Ownership Plan

The new stock ownership plan for the Group's employees, described by Rino Piazzolla, aims at enhancing the sense of belonging and affiliation among the employees. The Plan follows a similar successful initiative undertaken in Italy in the past, and will be disclosed in September after obtaining the shareholders' approval, expected in May, and after the conclusion of the legal-tax feasibility study carried out in each individual country.

The EWC Select Committee, which requested in previous meeting such an initiative at Group level, also expects that all the possible ways to promote maximum participation to the plan be considered, in compliance with the local laws.

Group 2007 financial results

While announcing the economic and financial results of the Group for 2007, **Ranieri de Marchis, Chief Financial Officer**, stressed the Group's ability to generate profits in spite of the crisis affecting the market. A significant input to such results comes from the Retail and Corporate Divisions, while MIB recorded appreciable results, if considering the macroeconomic scenario. Geographic and business diversification allowed to overcome market turmoil and contain exposure to subprime loans.

Following the concern expressed by the EWC Chairman about the future perspective for the Investment Banking activity, the Group confirmed its will to retain such activity as an integral part of the business divisional model, unlike in other Groups.

Any reorganizations will be managed with the same care and sensibility used in the past, adjusting activities to the new market conditions and providing for professional requalification and mobility schemes for the involved resources, though being aware of the challenges posed by the specialized skills of the people operating in this sector.

GROUP STRATEGIC PROJECTS

Retail Organization Evolution

Gianni Chelo, Head of Retail Division HR, and Gianluca Finistauri, Head of the Best Practice Management (Deputy CEO Staff), described the reorganization project for the Retail Division, involving Austria and Germany, through the establishment of joint management team that will work together to develop the existing best practices, as well as a more and more coordinated and effective business model. The company intends to streamline processes and create a model enhancing sales skills, always with a focus on the company's values. The EWC members stressed the need to consider regional peculiarities and enhance the local dimension. The Management explained that the function centralization and coordination process does not imply any resource relocation, but rather aims at developing a closer and steady link among the division's managers to ensure a better response to customer requirements. As to the business pressures reported by the CAE with respect to certain countries, Gianni Chelo confirmed the statements made on previous occasions to the Italian labour representatives with respect to the will to be a successful sales network in line with corporate values which the business network managers are to comply with. In that respect, training programs on "emotional intelligence" and "leadership" have already been implemented in the Retail Division for the network managers).

Global Banking Services

The development of a shared IT platform and a more effective back-office organization is the aim of the projects **described by Paolo Fiorentino, Group Deputy CEO, and Paolo Cederle, Head of the Banking Services Department.**

The back-office activity will be carried out through the creation of competence centres, in line with the Unicredit division-based system, and leveraging on the best practices available in the Group.

Process streamlining and standardization, as well as the centralization of certain activities, will help improve customer services, while achieving significant scale economies in the process.

In the light of EWC's concerns about possible task relocations to countries outside the Group (e.g. Asia), the Deputy CEO explained that there is no intention to date to carry out so-called *off-shoring* operations, but the aim is rather to develop the existing competences in the countries where the Group is already firmly established.

The current IT system integration projects are aimed at creating a pan-European IT platform for all the business units. Thus, the same tools will be available to all the operators.

Innovation in these two areas is aimed at creating an added value for the business, while streamlining activities and releasing valuable resources to be requalified and involved in professional growth.

Digi-Simplification and Data Protection

The Digi-simplification project described by **Luigi Luciani, Head of HR Holding Governance Functions**, starts from the need, related to the growing complexity of our Group, to manage resources at best. The project will adopt a shared operating system (SAP) and communicating data bases to simplify the overall management of HR activities, while ensuring the best possible professional growth opportunities to each resource.

In this respect, also following the request of the EWC, the commitment to ensure maximum transparency of current processes was confirmed, and all the necessary data protection guarantees were provided.

People Survey

The focus on resources and on their satisfaction is a major issue, and the Group's choice in that respect is, as known, the People Survey. **Marc Beckers, Head of Group Identity & Communications**, analyzed the Group's results and highlighted first and foremost the outstanding participation rates (80% on average), twice as high compared to two years ago. As usual and as requested by the EWC members, the survey results will be disclosed to all the employees in each country.

The Body expressed its concern about the negative findings of the survey in certain Countries / Divisions with respect to engagement, to excessive stress due to the speed of change, and to wages, and requested that precise positive actions be taken accordingly.

The management explained that the result has to be looked country by country and in relation to the specific market, and as regards CEE Division the comparison is between the average of CEE and the single bank: since there are two banks that in terms of employment situation are very large, for instance in Turkey and in Croatia, and where the results are very positive, all the others get represented in a more negative way. Actually we can see an overall improvement considering the previous years and we are better than the benchmarks in the countries. Moreover, a number of action plans are being defined at division / regional level, whose implementation timeline will be closely monitored. These will also provide an important factor to evaluate those in charge of management roles. Once defined, the action plans will be illustrated to the EWC at the next general meeting.

Branding

Marc Beckers introduced the branding issue, starting from the perception of the Unicredit Group in the countries where it has operations; following the numerous company transactions performed, the need is recognized to address such issue. Rebranding activities and the advertising campaign that will be launched in May express the will of Unicredit to be recognized as a single strong European player and not simply as a sum of different pieces, thus reflecting its standing and developing, at the same time, a shared identity and the feeling of belonging of the Group. The brand becomes in this way, from an element of the communication strategy, one vision that embodies our culture, attitudes and experience, as well as part of the daily activity at every organizational level.

The core idea is "empowering optimism" which represents the will to empower people / customer to make the right choice to ensure a positive future.

An international campaign dedicated to the colleagues will start at the end of April.

Lifelong learning Center

The importance of professional growth is evidenced by the significant investments made in the development of excellence training centres, such as the Lifelong learning Center (LLC), described by Tiziana Bernardi and Carla Mainoldi, Responsible for the structure, LLC represents an innovative center for technical and linguistic training with the no country or linguistic barriers, within the areas of professional development and redeployment.

The EWC members expressed their interest about these initiatives, pointed out to the needs perceived in the different countries and businesses, and recommended the enhancement of the existing local expertise. -

In conclusion of the meeting, **Angelo Carletta, Head of Labour Policies and Industrial Relations**, stated once again the importance of this entity as an advocate of the Group's staff interests and an element for cohesion of the information process.

The Chairman and the whole EWC expressed their willingness to continue to support the issues related to the cross-border reorganization processes, along with the company's commitment to ensure maximum transparency, as well as information and consultation, through a timely and prompt involvement..

NEXT STEPS

ESTABLISHMENT OF THE JOINT COMMISSIONS FOR "EQUAL OPPORTUNITIES AND NON DISCRIMINATION" AND "TRAINING, LEARNING AND PROFESSIONAL DEVELOPMENT".

During the Meeting, the EWC and the Company representatives came to an important and innovative agreement on the establishment – for the first time inside Unicredit and representing an international best practice – of joint Commissions at Group level for some Corporate Social Responsibility issues. The joint Commissions (Management and EWC Members) will be in charge of developing the relevant issues and coming up with joint statements containing a set of shared principles for the whole Group on the specified matters.

The next meeting will take place in June on occasion of the approval of the next three-year plan

Meanwhile, operational contacts between the Central Management and the Select Committee will continue, and the works of the joint Commissions will be initiated. Moreover, in May, within the framework of the project for the development of the Social Dialogue sponsored by the European Commission, the second and closing session of the training path set by EWC establishing agreement will take place.

INFO

Further details on documentations of the Meeting will be made available in the next days on "OneGate", and in particular at local level by the EWC members according to the local laws and practices.

UniCredit Group
HR Central Management

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