



JOINT RELEASE

SECOND 2009 ORDINARY MEETING OF THE EUROPEAN WORKS COUNCIL

OVERVIEW

On October 15th 2009 the **Second Ordinary Meeting of the year** between the **European Works Council** and the **Top Management** took place at the UniCredit Headquarters in Milan.

During the first part of the meeting, the European Works Council was given highlights on the **Group financial Situation**, the **Global Factories current and future structure**, the **Reorganization and Strategy of the CIB Strategic Business Area** and an **updating** regarding the **International Network**. In the second part of the meeting the Top Management illustrated the **Global Job Model**, the **Master Brand Strategy** and the new **UEFA Sponsorship**.

For the first time, all the Executive Committee Members of CIB SBA were present at the meeting, having the chance of personally meeting and exchanging opinions with the European representatives.

INFORMATION AND CONSULTATION SESSION – GROUP STRATEGIC PROJECTS

Group Financial Situation

Marina Natale, UniCredit CFO, presented to the Employee Representatives the Group financial situation in the new global context. She indicated the improvement of the global economic environment in comparison to the crisis of 2008. Thanks to the response of the authorities to the crisis, improvement in market expectations for the Banking Sector have been visible since March 2009 and the Group has been successfully facing the new challenges, as evident from 2Q 2009 results.

Some uncertainties are still looming on future economic development, which will call for further balance-sheet streamlining in order to better leverage on the Group strengths: the focus on capital, liquidity and funding structure.

UniCredit has shown solidity in revenues generation capability also thanks to the strict control on both operating and risk cost; the resilience shown throughout the crisis can be explained by the Group main competitive advantages: diversification of markets and businesses, a strong franchise, the focus on Customer Satisfaction in the core markets. The CFO went on indicating how a solid franchise and a core Capital strengthening will anticipate a new regulatory environment and will represent a lever to capture opportunities from recovery.

Customer centricity, customer satisfaction, 'credit response time' are keys to our future success and will continue to be constantly monitored.

With reference to the Capital increase, the CFO motivates the decision not to receive the Government aid by the will to reach a more permanent solution, to be able to anticipate the new regulatory environment and to have a core capital fully accountable for the rating agencies.

Rino Piazzolla brought the crucial importance of refocusing on client needs back to the discussion. At the same time he welcomed the EWC Chairman remark about the importance of

Social Dialogue as well as closeness to the customers, confirming that one of the Group's objectives is to simplify the business model.

Global Factories

Paolo Cederle, Head of Group ICT and Operations, Lissimahos Hatzidimoulas, CEO of UniCredit Business Partner, and Massimo Milanta, CEO of UniCredit Global Information Services, talked about the Group Global Factories: UCBP, the Global Back Office Company, and UGIS, the Global ICT Company.

Mr. Hatzidimoulas introduced UCBP, which since January 2009 has performed all back-office activities for the Group's Companies in Austria, Germany, Italy, Romania and the Czech Republic.

Based on a global governance model, Mr. Cederle added, UCBP has now initiated a cross-country harmonization process in order to create a unique operations platform to support the Group Business Divisions and Network Banks on their international development path.

The goal is to move from being a 'service provider' to becoming a Business Partner, fulfilling the idea of "banking operations as the backbone for the Group" with the aim to enable it to provide excellent service while reaching cost efficiency.

The first phase is establishing the organizational model and global governance functions in order to manage UCBP as one company, entity now composed of 6 Countries, 25 locations -the Szczecin site started production in July 2009 - 7,000 people serving 31 clients with many millions of end-customers.

Mr. Milanta illustrated then the UGIS Global Factory: after the merger of the 3 ICT Companies of the Group (UGIS, HVB IS and Wave) completed in May 2009, UGIS is now present in 8 countries and 19 locations. Serving as a highly specialized IT platform for Global Businesses, the Company acts as a contractor/integrator of IT services, establishing a "full service" model with a clear future focus on innovation.

Answering questions from the Employee Representatives on the consequences for those Employees included in the organizational changes, also with reference to possible ulterior dislocations planned after the creation of the Szczecin site, Mr. Cederle stated that the management is working on the business plan for the next year, promising to provide updates on the results of the overall activity and underlying the attention to Social Dialogue at the local level.

CIB

After a self-introduction of the Executive Committee Members to the EWC, the floor was given to the speakers for the discussion of two presentations.

Restructuring of former MIB and International Network

Edoardo Spezzotti, Head of CIB Integration Management and Michael Hinssen, Head of CIB Human Resources, presented a status updating about the International Network re-organization and the implementation of the restructuring plans of former MIB, with the aim to adjust the business model to lower revenue pools and lower appetite for volatility and risk, building a smaller, more focused platform ready to benefit from the market recovery.

As a consequence, the drivers are recognized in a significant reduction of 'non-client driven' trading, the concentration of risk-taking desks, a stronger focus on core clients in core countries and in one competence center for each key product, with a further upgrade of risk management and internal processes. The reorganization of former MIB in core countries has proceeded with no collective / unilateral redundancies thanks to the helpfulness of alternative instruments such as Group redeployment tools and where possible sabbatical leaves.

Further details have been then given in relation to the on-going International Network restructuring process.

The Employee Representatives have repeated their disappointment for the closing of the branches involved, and hope all necessary measures are taken to minimize the consequences for the Employees concerned by the reorganization.

Corporate & Investment Banking: Organizational Set-up, Mission and Key priorities

Sergio Ermotti, Deputy CEO - Head of CIB And PB Strategic Business Area, provided a broad description of the CIB structure and illustrated how CIB has obtained solid results through the crisis thanks to the wide business diversification. The crisis sped up a deep re-thinking of Banking models, with the aim of making them more sustainable. Stronger attention and investments have become necessary in Risk Assessment and Monitoring & Management capabilities with a re-focusing on products, as well as on regions and clients.

He described the main pillars of CIB to create a sustainable value for all Stakeholders: customer centricity, European approach, quality and trust. Sergio Ermotti continued describing the key priorities of a 360° approach: excellence in quality, de-leveraging & de-risking, compensation policy, a clearer and more effective communication management.

With reference to questions on the forecasts for the year 2010 and on the future of business segments in Corporate Banking in the various countries, Sergio Ermotti replied that 2010 will continue to be a very challenging year due to both external factors like the fall of interest rates, and internal ones like the current level of Group liabilities. On the bright side, the Group is aware and prepared to face the challenges. A recovery on losses on loans is expected in 2010-2011, and there is confidence about the Group's capability to generate sustainable revenues in the future. In this respect Mr. Ermotti underlined how much Unicredit is different from many competitors, with a basis of ca. 400.000 corporate customers allowing the Group to produce a significant revenue base without taking on too high and unnecessary risks. On the issue of reorganization of the banking businesses, he indicated how segmentation has the purpose to better serve the customers and increase efficiency and profitability. He remarked how crucial it is to strengthen the core banking activities, and to develop a common and new joint culture.

In-depth clarifications on the bonus situation in MIB Division across the Group was provided to the Employee representatives, and a commitment towards a clearer communication regarding such themes was taken for the future.

Global Job Model

Luigi Luciani, Head of Executive Development and Compensation, briefly introduced the Global Job Model, reaffirming the main principles already presented to the EWC in February.

Taking over the presentation, **Alexander Loy, Project Manager**, underlined the role of the project within our global and complex Group, realizing a uniformed and transparent job classification model, that respecting specific business needs and local law constraints, guarantees a more consistent and comparable structure, cross country calibrated.

The employees will benefit from clearer and homogenous job descriptions and the increase in transparency will support them in managing their growth and future career development; on the other side all the managerial processes will be in a more effective way supported by a simpler backbone structure.

Inquired about similar experiences in other multinationals, Alexander Loy replied that the Global Job Model methodology was designed internally and customized to better fit UniCredit Group needs and specific traits, remembering also the successful pilot already realized in Bank Austria. In addition Mr. Luciani underlined that similar models are already best practices in almost all multinational banks.

Answering the request of some clarifications related to the link between the Global Job Model and compensation, Mr. Piazzolla reassured the EWC that the subject will be addressed in one of the next meetings, when a detailed compensation framework at every level will be presented and discussed.

The Employee Representatives have recalled that the project mustn't neutralize laws and collective agreements present in every Country. Mr. Piazzolla provided reassurances on the matter.

Masterbrand Strategy

Silvio Santini, Head of Brand Management, began his presentation about the Group Brand Strategy stressing out the coherence between Unicredit Brand Architecture and the sponsoring of UEFA Champions League. The sponsorship, he illustrated, will enable Unicredit to build a powerful international brand and facilitate image-transfer from the Group to all the markets where it operates. UEFA Being an event that gathers all CEE Countries, the potential of increasing Unicredit brand awareness in those countries is in fact terrific.

All the communication strategies have been conveyed to promote UEFA Champions League, creating a more effective and unified communication platform, that helps the Group to set a new positioning and compete with other large Banks, through a consolidated visual appearance that leverages on both local roots and global power.

Santini affirmed that football not only brings passion, but also business, through potential new customers attracted by the related visibility and feeling of pride; moreover the sponsorship gives Unicredit the opportunity to be close to local communities through Corporate Social Responsibility activities as already realized in Romania and Croatia.

On the subject, Mr. Piazzolla reaffirmed Unicredit's strong commitment and continuity in supporting philanthropic projects and similar initiatives consistent with the Group Identity.

As far as local sponsorships besides UEFA are concerned, Santini reassured the EWC Chairman that Unicredit will continue sponsoring those activities, clarifying once again that the investment for the sponsorship is the result of a more effective and efficient management of the existing local budgets.

Concluding on the subject, Rino Piazzolla underlined that the UEFA campaign is a brand building exercise, that will bring benefits to the Group in the long-run by increasing the commitment towards Unicredit from people of multiple nationalities and countries.

The meeting has shown again the great value of Social Dialogue between the Central Management and the Employee Representatives and the importance of sharing information and points of view having a free discussion about very current subjects with a strong link to the concrete market and general scenario.