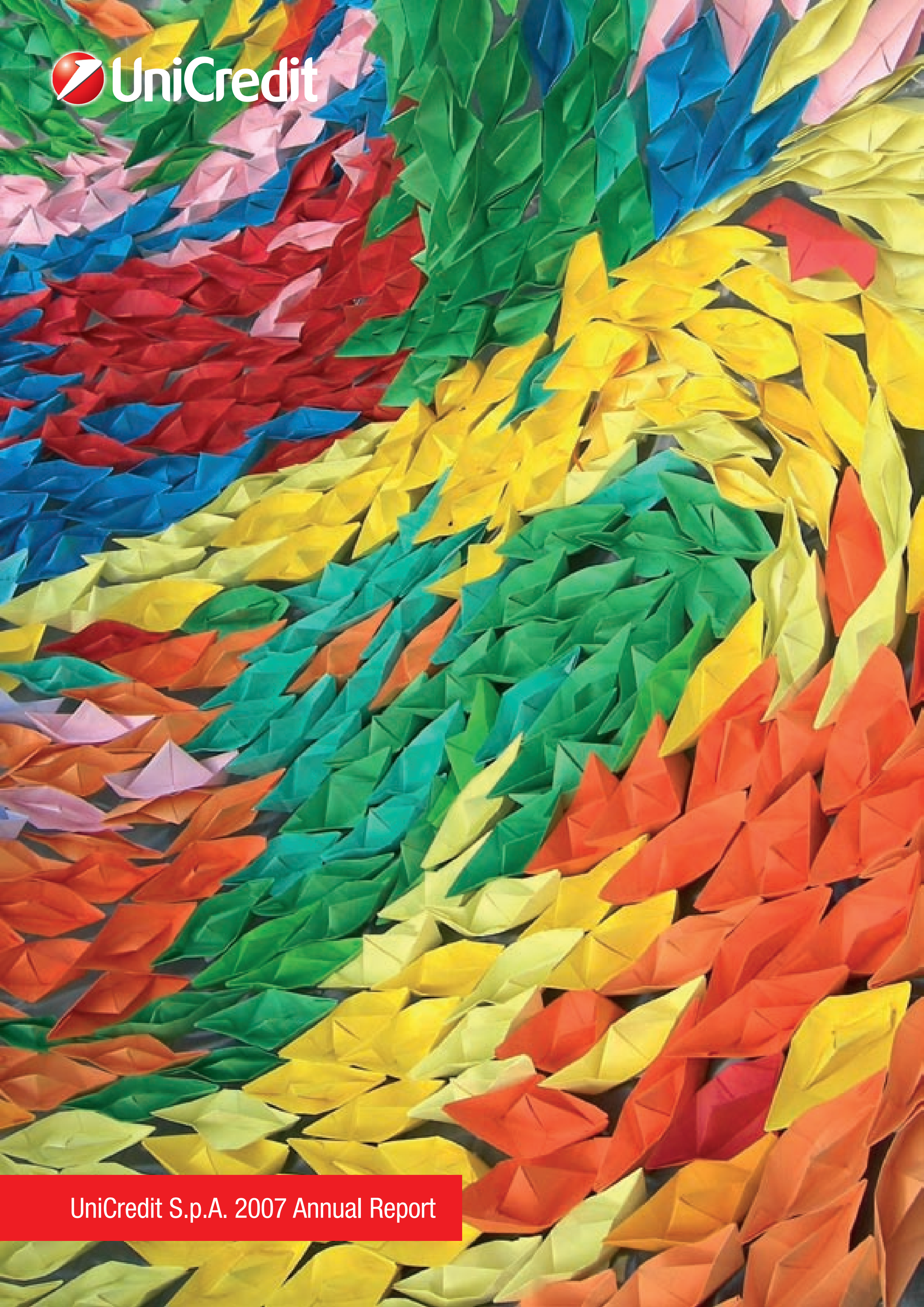
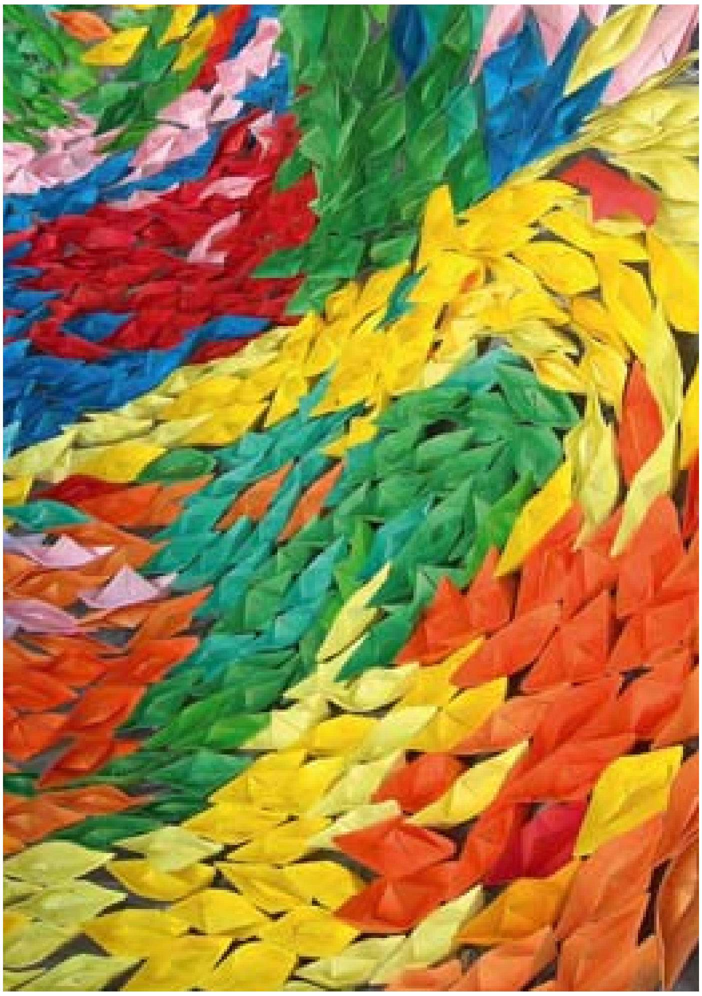


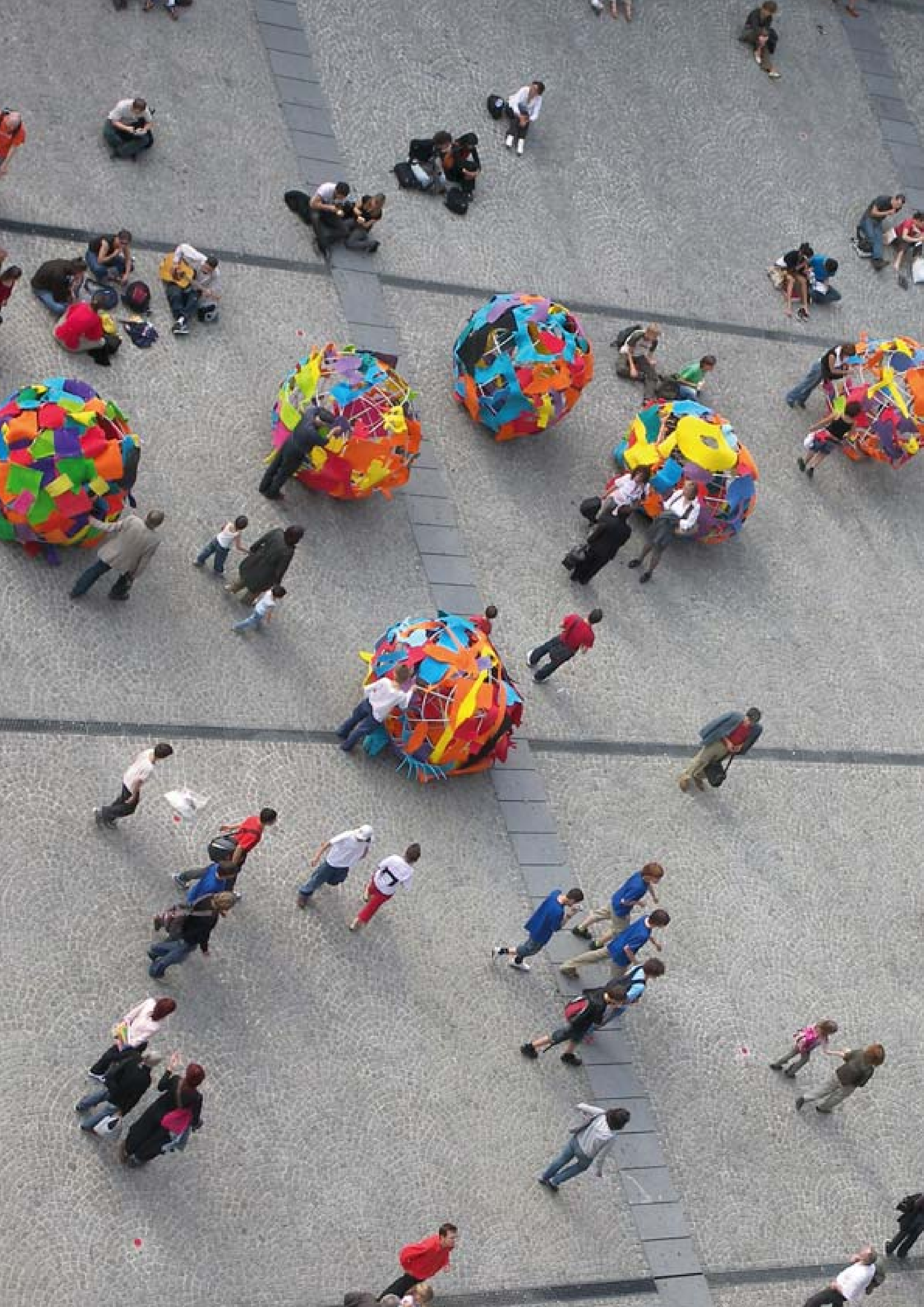
UniCredit S.p.A. 2007 Annual Report

UniCredit
Italian Joint Stock Company
Registered Office: Rome, via Minghetti 17
General Management: Milan, Piazza Cordusio
Registration number in the Rome Trade and Companies Register
Tax Code and VAT No. 00348170101
Entered in the Register of Banks
Parent Company of the UniCredito Italiano Banking Group
Banking Group Register No. 3135.1
Member of the Interbank Deposit Protection Fund
Capital Stock: € 6,683,084,257.50 fully paid in

UniCredit



UniCredit S.p.A. 2007 Annual Report



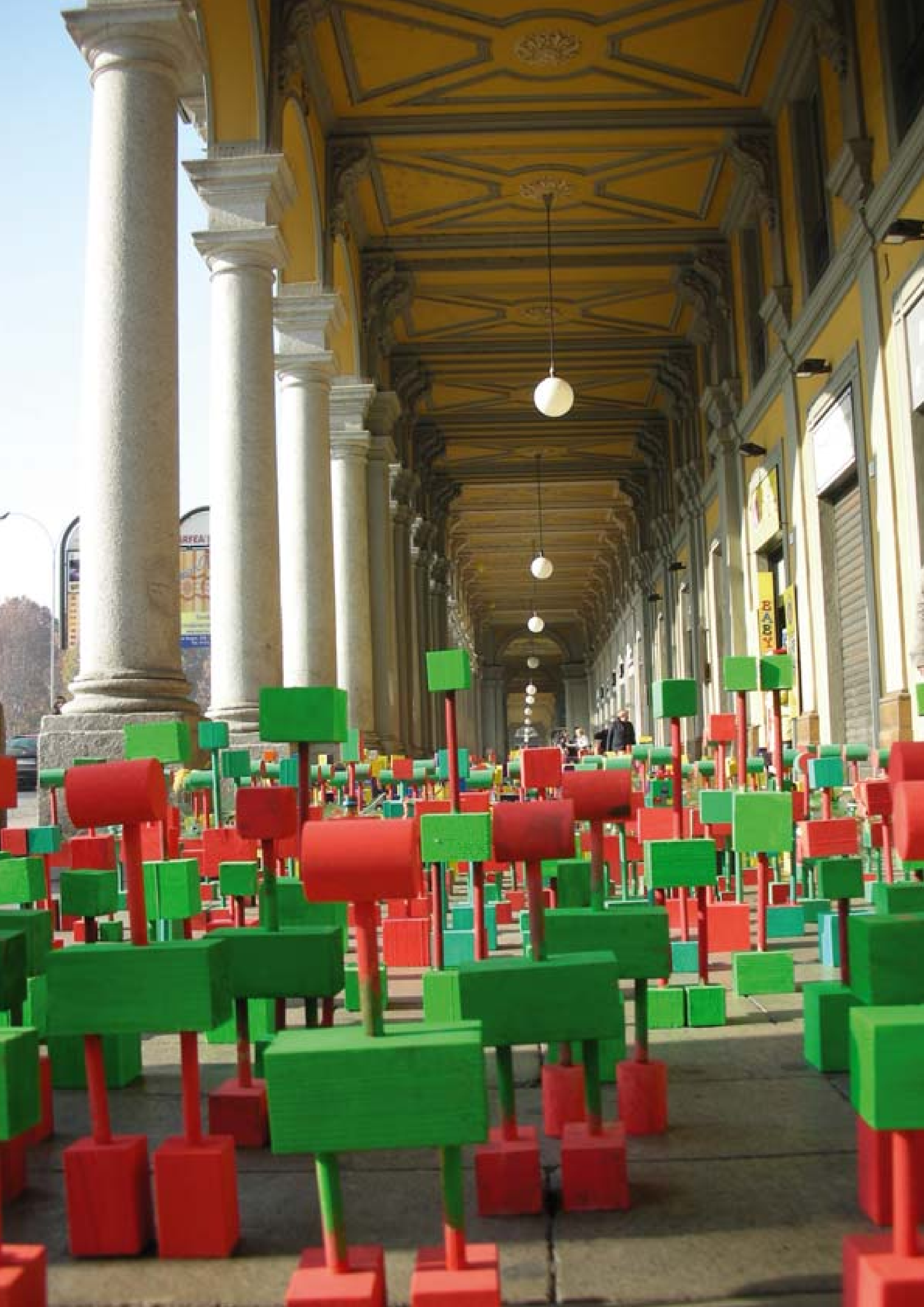
Board of Directors, Board of Statutory Auditors and External Auditors

Board of Directors

Dieter Rampl	**Chairman**
Gianfranco Gutty	**First deputy chairman**
Franco Bellei Berardino Libonati Fabrizio Palenzona Anthony Wyand	**Deputy Chairmen**
Alessandro Profumo	**Managing Director/CEO**
Manfred Bischoff Vincenzo Calandra Buonaura Enrico Tommaso Cucchiani Donato Fontanesi Francesco Giacomin Piero Gnudi Friedrich Kadrnoska Max Dietrich Kley Salvatore Ligresti Salvatore Mancuso Luigi Maramotti Antonio Maria Marocco Carlo Pesenti Hans-Jürgen Schinzler Nikolaus von Bomhard Franz Zwickl	**Directors**
Lorenzo Lampiano	**Company Secretary**

Board of Statutory Auditors

Giorgio Loli	**Chairman**
Gian Luigi Francardo Siegfried Mayr Aldo Milanese Vincenzo Nicastro	**Statutory Auditors**
Massimo Livatino Giuseppe Verrascina	**Alternate Auditors**
KPMG S.p.A.	**External Auditors**

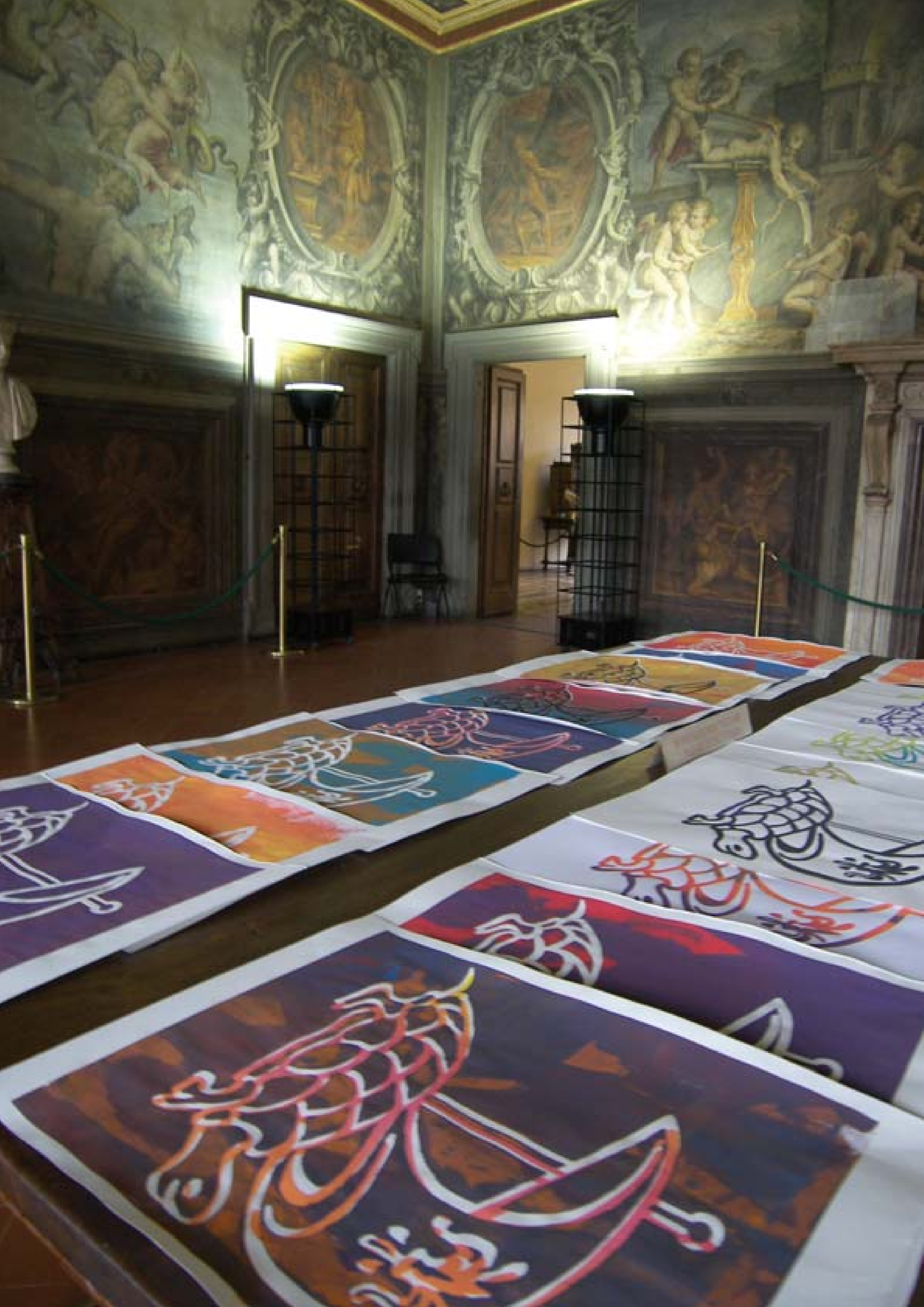

BABY

Contents

2007 Annual Report - UniCredit S.p.A.

Note to the Report on Operations:
The following conventional symbols have been used in the tables:
- **A dash** (-) indicates that the item/figure is inexistent;
- **Two stops** (..) or **(n.s.)** when the figures do not reach the minimum considered significant or are not in any case considered significant;
- **"N.A."** indicates that the figure is not avalailable.

Unless otherwise indicated, all amounts are **in millions of euros.**



Report on Operations

Introduction

To the Shareholders,

The past financial year was marked by an intense pace of activity, which saw the Company and the Group concentrating their efforts on the reorganization resulting from the combination with HVB Group, which can now be described as essentially complete, and on the merger with Capitalia Group, as summarized below and described in more detail in the report to the consolidated financial statements.

In the first quarter, the plan to restructure operations in Central and Eastern Europe (CEE), which was approved by UniCredit's board in August 2006 was completed. The plan is to centralize under BA-CA the CEE area equity investments and banking operations held by UniCredit and HVB (excluding those in Poland and Ukraine), after having charged BA-CA as sub-holding company for operations in Central and Eastern Europe (CEE).

In January 2007 in order to ensure direct report to UniCredit by BA-CA, the acquisition of the entire 77.53% stake held by HVB in BA-CA (in addition to the 17.45% already held directly) was completed at a price of €109.81 per share corresponding to a payment of about €12.5 billion for the entire holding, determined on the basis of an appraisal performed by an independent expert.

UniCredit's transfer of the above businesses took place by means of the transfer of the "CEE business division" which includes the following equity investments held directly by UniCredit in: Koç Finansal Hizmetler A.S. (50.00%), Zagrebacka banka D.D. (81.91%), Bulbank A.D. (86.13%), Zivnostenska banka, A.S. (100.00%), UniBanka A.Ş. (97.11%) and UniCredit Romania S.A. (99.95%), as well as a number of assets and liabilities closely related to these holdings.

In order to implement the transfer of the above business division, BA-CA approved the issuance of 55 million ordinary shares reserved for UniCredit. The issuance price of the new shares, set by BA-CA's Management Board and Supervisory Board meeting in Q4 2006, confirmed by an independent expert appraisal, was €105.33. Following the above transfer, the total investment held by UniCredit in BA-CA rose from 94.98% to 96.35% of the capital.

Following the decision taken by UniCredit's Board of Directors on 23 January 2007, the squeeze-out process at HVB and BA-CA began in accordance with German and Austrian law. The squeeze-out transactions of HVB and BA-CA were approved by the respective shareholders' meetings on 26-27 June and 3 May 2007. Legal action seeking to impugn the resolutions whereby the above squeeze-out has been taken by BA-CA minority shareholders and is ongoing.

With regard to the Capitalia merger, the merger agreement was signed on 25 September 2007 and registered with Rome and Genoa Trade and Companies Registers on 25 and 27 September 2007, respectively. The merger became effective on 1 October 2007. On this date, UniCredit's registered office was transferred from Genoa to Rome, while its headquarters remained in Milan.

As a result of the merger, the Company acquired operations, previously managed by Capitalia, that are not in line with the organizational model adopted.

Based on an analysis of the merger plans, it was decided that assets relating to investment banking, the call center, large corporate & institutional clients and securities services would remain in the Company temporarily, before being reallocated elsewhere in the Group or sold to third parties, according to the strategic objectives and cost-benefit assessment. These operations will be carried out using Capitalia's existing dedicated structures and resources.

In terms of real estate, audit and non-performing loans, integration procedures have already been implemented or planned. More specifically, real estate assets were transferred at the end of December 2007 to UniCredit Real Estate through the transfer of the "Real Estate" division to fund an €880 million capital increase executed by the transferee, equivalent to the net equity of the division itself. On the same date, the audit activity was also transferred to UniCredit Audit, through the sale of the "Internal Audit" division. Finally, for non-performing loans, it was decided that these should be transferred to a special purpose vehicle, assigning all existing contracts. In December 2007, UniCredit therefore

acquired 100% of Aspra Finance, a financial company destined to become the "bad company" of the Group with equity of €350 million. In the future, this company could acquire further "problematic" loans from other Group entities.
The Company posted a net profit of €1,866 million for the period, a significant reduction on the €3,015 million of the previous year. The final result, which includes the economic impact on Q4 2007 of the merger with Capitalia SpA, was mainly characterized by:

- a fall in operating profit (-€683 million, or -37.2%), largely due to net interest and increased operating costs, partly offset by increased dividends from Group companies and service revenues;
- lower net profits from investments, at €564 million compared with €1,184 million the previous year. This was as a result of the sale of Group shareholdings worth €745 million (€561 million relating to Mediobanca and €181 million to Borsa Italiana) and value adjustments on shareholdings of -€181 million (-€135 million for Capitalia Informatica and -€35 million for UPA).

It was recommended to shareholders that a dividend per share should be distributed of €0.26 for ordinary shares and €0.275 for savings shares, an increase of 8.3% and 7.8% respectively on the previous year. By comparison with average stock prices for the period, these were 3.97% for ordinary shares (3.90% in 2006) and 4.10% for savings shares (4.08% in 2006).

Summary information on the Balance Sheet and Income Statement at 31 December 2007 and for the previous year is given below.

Condensed Accounts

Condensed Balance Sheet

(€ million)

	AMOUNTS AS AT		CHANGE	
	31.12.2007	31.12.2006	AMOUNT	%
Assets				
Cash and cash balances	4,027	26	+4,001	n.s.
Financial assets held for trading	11,157	5,243	+5,914	+112.8%
Loans and receivables with banks	162,820	112,176	+50,644	+45.1%
Loans and receivable with customers	21,716	11,876	+9,840	+82.9%
Financial investments	78,469	41,168	+37,301	+90.6%
Hedging instruments	568	659	-91	-13.8%
Property, plant and equipment	24	12	+12	+100.0%
Goodwill	3,544	-	+3,544	n.s.
Other intangible assets	106	1	+105	n.s.
Tax assets	4,113	1,266	+2,847	+224.9%
Non-current assets and disposal groups classified as held for sale	712	-	+712	n.s.
Other assets	2,281	1,862	+419	+22.5%
Total assets	**289,537**	**174,289**	**+115,248**	**+66.1%**
Liability and shareholders' equity				
Deposits from banks	97,941	63,548	+34,393	+54.1%
Deposits from customers and debt securities in issue	118,738	73,571	+45,167	+61.4%
Financial liabilities held for trading	7,726	1,864	+5,862	+314.5%
Financial liabilities designated at fair value	6,016	-	+6,016	n.s.
Hedging instruments	1,886	988	+898	+90.9%
Provisions for risks and charges	1,105	497	+608	+122.3%
Tax liabilities	1,884	1,342	+542	+40.4%
Liabilities included in disposal group classified as held for sale	371	-	+371	n.s.
Other liabilities	3,250	1,045	+2,205	+211.0%
Shareholders' equity:	50,620	31,434	+19,186	+61.0%
- capital and reserves	*48,581*	*27,540*	*+21,041*	*+76.4%*
- available-for-sale assets fair value reserve and cash-flow hedging reserve	*173*	*879*	*-706*	*-80.3%*
- net profit (loss)	*1,866*	*3,015*	*-1,149*	*-38.1%*
Total liabilities and shareholders' equity	**289,537**	**174,289**	**+115,248**	**+66.1%**

Condensed Income Statement (€ million)

	YEAR		CHANGE	
	2007	2006	€M	%
Net interest	-1,158	-158	-1,000	n.s.
Dividends and other income from equity investments	2,783	2,358	+425	+18.0%
Net interest income	**1,625**	**2,200**	**-575**	**-26.1%**
Net fees and commissions	61	54	+7	+13.0%
Net trading, hedging and fair value income	66	30	+36	+120.0%
Net other expenses/income	23	-10	+33	n.s.
Net non-interest income	**150**	**74**	**+76**	**+102.7%**
OPERATING INCOME	**1,775**	**2,274**	**-499**	**-21.9%**
Payroll costs	-346	-271	-75	+27.7%
Other administrative expenses	-300	-197	-103	+52.3%
Recovery of expenses	39	36	+3	+8.3%
Amortisation, depreciation and impairment losses on intangible and tangible assets	-14	-5	-9	+180.0%
Operating costs	**-621**	**-437**	**-184**	**+42.1%**
OPERATING PROFIT (LOSS)	**1,154**	**1,837**	**-683**	**-37.2%**
Net provisions for risks and charges	-18	-27	+9	-33.3%
Integration costs	-67	-60	-7	+11.7%
Net write-downs of loans and provisions for guarantees and commitments	22	4	+18	+450.0%
Net income from investments	564	1,184	-620	-52.4%
PROFIT (LOSS) BEFORE TAX	**1,655**	**2,938**	**-1,283**	**-43.7%**
Income tax for the year	211	77	+134	+174.0%
NET PROFIT (LOSS) FOR THE YEAR	**1,866**	**3,015**	**-1,149**	**-38.1%**

Operations[1]

Human Resources

Personnel changes

At 31 December 2007, UniCredit S.p.A. had 2,774 employees, compared to 1,635 at 31 December 2006.

The increase in staff was mainly due to the acquisition of the Capitalia Group that resulted in:
- the merger with Capitalia S.p.A. with the addition of 1,160 employees assigned to various business areas;
- the sale of a business division by Capitalia Solution S.p.A. with the addition of 108 employees, mainly to the Retail Division;

and other corporate transactions that resulted in:
- the transfer of 7 employees to UniCredit Global Leasing who were previously seconded to Locat;
- the transfer of 22 employees to BA-CA's Permanent Establishment, which was established in Milan, following the transfer to BA-CA of management responsibilities for the Retail, Corporate, Research and Studies activities of companies in the former New Europe area;
- the transfer of 6 employees to UniManagement, Turin following the transfer of training activities;
- the transfer of 24 employees to UniCredit Banca due to the sale of the "Security Services" division.

The leaving incentive program continued in 2007 for staff already entitled to a pension; this transaction resulted in 64 employees leaving the company during the year.

Other staff changes (resulting in a net decrease of 6 employees compared to staff levels at 12/31/2006) were due to both staff additions and decreases resulting from the internal reorganization process, which was largely carried out through transfers from and to other Group companies (especially from UniCredit Banca Mobiliare) and the company's normal turnover.

The reorganization process will continue until proper staff levels are achieved.

Changes to the number and composition of staff by category are shown in the table below.

Category	31.12.2007				31.12.2006		CHANGE	
	TOTAL	*OF WHICH: EX CAPITALIA*	TOTAL EXCLUDING FORMER CAPITALIA	*OF WHICH: OUTSIDE ITALY*	TOTAL	*OF WHICH: OUTSIDE ITALY*	IN TOTAL	IN TOTAL EXCLUDING FORMER EX CAPITALIA
Senior Management	456	*126*	330	*74*	274	*54*	+182	+56
Management - 3rd and 4th grade	901	*282*	619	*70*	582	*48*	+319	+37
Management - 1st and 2nd grade	497	*234*	263	*11*	225	*4*	+272	+38
Other Staff	920	*405*	515	*42*	554	*80*	+366	-39
Total	**2,774**	***1,047***	**1,727**	***197***	**1,635**	***186***	**+1,139**	**+92**
of which, Part-time staff	*202*	*94*	*108*	*-*	*105*	*-*	*+97*	*+3*

The tables below provide a breakdown of personnel by seniority and age group.

54% of UniCredit SpA staff members (compared to 45% at end-2006) have a university degree (primarily in economics, business, banking or law).

Women account for 45% of total staff (compared to 40% at end-2006).

1. A description of the macroeconomic scenario is provided in the report on operations of the consolidated 2007 Annual Report.

Breakdown by seniority

	31.12.2007		31.12.2006	
	NUMBER	PERCENT	NUMBER	PERCENT
Up to 10	1,379	49.7%	723	44.2%
From 11 to 20 years	415	15.0%	283	17.3%
From 21 to 30 years	549	19.8%	392	24.0%
Over 30	431	15.5%	237	14.5%
Total	**2,774**	**100.0%**	**1,635**	**100.0%**

Breakdown by age

	31.12.2007		31.12.2006	
	NUMBER	PERCENT	NUMBER	PERCENT
Up to 30	313	11.3%	129	7.9%
From 31 to 40 years	948	34.2%	517	31.6%
From 41 to 50 years	846	30.5%	581	35.5%
Over 50	667	24.0%	408	25.0%
Total	**2,774**	**100.0%**	**1,635**	**100.0%**

Reference should be made to the section "Our People" in the Sustainability Report for coverage of training, management growth, industrial relations, the environment and work safety.

Operations (Continued)

Main Business Areas

Branches and representative offices abroad

The process of reorganizing the Group's foreign network, which began in 2006 at the time the merger with HVB was finalized, continued in 2007. The acquisition of the Capitalia Group resulted in extending rationalization projects to the foreign branches and the representative offices of Banca di Roma, for which a specific project has been initiated that will also continue in 2008.

At the present time:

- For co-existing UniCredit and HVB branches in Hong Kong, London and New York, the projected operating synergies have been achieved making it possible to move all support/back-office operations under a single legal entity (HVB) and to move staff to a joint logistical arrangement. On the other hand, front office areas remained under the UniCredit company name;
- We will continue to eliminate overlapping representative office coverage between UniCredit and HVB, so that there is one representative office only for each market, subject to any local regulatory restrictions.

  All our representative offices will fall under the management responsibility of UniCredit, and barring any local regulations to the contrary, will also assume the UniCredit name.

As regards the foreign branch network of Banca di Roma, plans have been made to combine all branches and/or representative offices located in markets where the UniCredit Group has a presence by the end of 2008.

At the end of 2007, UniCredit SpA had 5 branches, 1 Permanent Establishment and 7 representative offices outside Italy (see table).

UniCredit S.P.A. International Network

BRANCHES	PERMANENT ESTABLISHMENT	REPRESENTATIVE OFFICES
PRC - Hong Kong	AUSTRIA - Vienna	BELGIUM - Brussels
FRANCE - Paris		BRAZIL - Sao Paulo
GERMANY - Munich		PRC - Beijing
UNITED KINGDOM - London		PRC - Guangzhou
UNITED STATES - New York		PRC - Shanghai
		INDIA - Mumbai
		RUSSIA - Moscow

Group Finance Area

The Group Finance Area performs planning, coordination and control functions based on a model that centralises specialised functions and capabilities to benefit the entire Group. The purpose of these functions is to manage liquidity risk, provide asset and liability management and finance business operations throughout the Group. In addition, the Group Finance Area takes initiatives to generate regulatory and economic capital both for the Parent and for its subsidiaries.

The Group continues to operate according to the organizational model approved in 2007. According to this model, reporting lines to Group HQ are by liquidity centre (Italy, Germany, Poland or Austria); each of which is responsible for monitoring its respective regional liquidity. The liquidity centres share a common liquidity policy with the Parent, which sets the levels for which they are responsible. The policy calls for the use of standard metrics at Group level as well as quantitative models which, while remaining sensitive to local characteristics, are determined through standardised validation processes.

The finance model used by Group HQ calls for centralisation of the liquidity requirements and surpluses generated by liquidity centres in Group Treasury. The purpose of this centralisation is to transfer the liquidity and interest rate risk of subsidiary banks and companies to the Parent, using an approach closely aligned with the Group's Asset and Liability Management strategy. As part of this activity, the Group Finance Area has underwritten senior and subordinate bond issues, as well as intercompany ABS notes totalling €13,128 million. The pricing of these bonds issues corresponded to that of UniCredit senior debt notes with matching maturity listed in regulated stock markets. Group Finance's intercompany transfer price policy uses the senior debt notes' maturity curve as a reference.

Effective October 1, the treasury and asset and liability operations previously performed by Capitalia S.p.A. were transferred to the Group Finance Area. These operations are also carried out for the foreign branches of Banca di Roma. Under the current configuration, former Capitalia branches are still required to work with bank networks of the former Capitalia Group for the management of the liquidity of the latter and for repo transactions with customers.

In 2007 an internal, electronic liquidity market was launched (IT Market Place). This market operates in all segments of the monetary curve, in all hard currencies and in the main soft currencies under market conditions. Through the IT Market Place, the Group Finance Area continually satisfies the financial requirements of the Regional Liquidity Centers totaling 19 Group banks and companies. This platform, which entered into service in March 2007, produced total revenues of nearly €700 billion contributing significantly to a reduction in the need for outside funding.

In addition, the Group Finance Area completed intercompany transactions with maturities of over one year. These transactions were carried out through the subscription of bonds issued by subsidiaries totaling €12,176 million and through the issuance of bonds subscribed by subsidiaries for a total of €6,850 million.

The funding of business activity involved close coordination of the liquidity centres and Group Finance to promote coordinated access to the markets (including local markets) where market conditions, product type and customer type could reduce the overall cost of funding at the consolidated level. Only the Parent with its rating can access public financial markets.

Funding has increased the Group's indebtedness in the capital markets from €67,809 million to €110,875 million (including €29,363 million issued by Capitalia before the merger).
Under particularly difficult market conditions, UniCredit met the funding targets set in the funding plan. In particular, the parent company issued senior and subordinated securities for a total of €13,800 million in the medium- and long-term segment (including €6,300 million issued by Capitalia before the merger) pursuing its strategy of diversification by geographic area, currency and instrument followed in recent years. In the securitization market, on behalf of the Group it also coordinated the issuance of ABS notes totaling €6,936 million (of which €5,979m were placed on the market and €958m were held by the Group).

As a part of the diversification of sources of short-term liquidity, the volume of funding in certificates of deposit and commercial paper rose by 20% over 2006.

In order to improve the efficiency of liquidity management, in 2007 new access to the MTS market was used for Repo lending transactions with an average daily turnover of €3,250 million.

Operations (Continued)

Main Business Areas (Continued)

In 2007 loans from the European Central Bank amounted, on average, to about €900 million, representing a decrease on the average of 2006, which totaled approximately €1,257 million. In this regard, there was an increase in cash that can be used as collateral in the notional amount of €2,700 million in the form of loans to customers that are eligible for refinancing at the European Central Bank.

Participation in the net interbank market increased by €16,251 million over the last twelve months.

In 2007 the Group Finance Area carried out activities designed to improve the risk/return profile of its assets and liabilities at both Parent and consolidated level, by means of exchange-rate risk hedges of non-euro dividends and income to be received from foreign subsidiaries and affiliates. In addition, lending and equity investment transactions were entered into in order to make capital utilization more efficient.

In this area, hedging transactions and transactions involving the synthetic transfer of credit risk were carried out in the Group for a total notional amount of €14,500 million.

The efficiency of our consolidated accounts was increased primarily with the support and operational consulting provided by the Active Balance Sheet Management unit to the Group's legal entities.

Global Transaction Banking

UniCredit's current organisation envisages the "Global Transaction Banking" Department (GTB) as one of the Global business lines, within the Corporate Division.

GTB was set up at the beginning of 2007 in order to further broaden the corporate division product range and services according to customer needs, as well as to boost potential revenues.

Within the UniCredit Group GTB has exclusive responsibility for the managing of trade finance and cash management businesses, by supporting local sales networks.

The main strengths of the GTB Global Business Line are: the ability to understand and efficiently serve clients in different environments, with different industrial dynamics (from local mid-size agricultural companies to telecom multinationals expanding into emerging markets); a very diverse and wide range of products and solutions across all countries (meeting the most complex cross-border as well as specific local country needs); an undisputed commitment to constant and further development of innovative solutions.

GTB not only generates efficiencies through scale and integration, but also acts as the repository of skills and expertise in these areas for the benefit of the whole Group. UniCredit's Global Transaction Banking is already now, at its own start up, one of the largest players in the European transaction banking business arena.

During 2007 GTB has been developing each individual national market on a group-wide basis through the sharing of best practices and specific product know-how among different legal entities, starting with the three major markets: Germany, Italy and Austria.

In order to further enhance our business, the following targets are clearly defined:
- To align to best practices/products across the whole Group
- To align product offering to leading competitors
- To increase GTB product penetration per clients' segment
- To increase GTB portfolio share per clients' segment
- To become a major player in Europe in Supply Chain Financing.

In 2008 there will be a special focus on fully implementing GTB in the CEE countries.

In 2008 the main ongoing projects for each product line are:
- For **CM&EB (Cash Management & Electronic Banking)**, SEPA, cash management service enhancements in CEE and leveraging on a unique positioning in SWIFTNet at corporate level are key targets. SEPA developments will be closely monitored while CM&EB maintains and enhances the revenue base through dedicated, country-specific commercial activities.
- **TF (Trade Finance)** priorities are to increase our market share, especially in Germany, and to leverage on Supply Chain Management solutions along the entire value chain.
- **GFI (Global Financial Institutions)** focuses on closing strong partnership agreements with foreign banks in countries where UCG is not directly present. In addition, we will leverage on our unique position in CEE in order to become the key partner in the FI business. GFI is also focused on emerging markets in order to increase UCG market share, mainly in Payment Orders and Trade Finance (fee basis driven / low RWA).

- **STEF (Structure Trade and Export Finance)** will open up new markets by establishing new units in emerging markets and focusing on key importers markets (Russia, Ukraine, Kazakhstan and Turkey).

Securities Services

Following the merger of Capitalia, UniCredit inherited that company's securities services operations[1] in relation to assets under custody of €102 billion and assets under administration of €22 billion in Italy and €5 billion in Luxembourg. In the pre-merger UniCredit Group, all services related to the Securities Services area were outsourced to Société Générale S.A.[2] for all Group companies. In keeping with this model, in February 2008, UniCredit entered into an agreement with Société Générale that calls for the sale and outsourcing to Société Générale Securities Services (SGSS) of operations in that area (clearing, custody, depository bank and fund administration) that belonged to the former Capitalia Group. Services will be provided on the basis of the existing outsourcing agreement.

With the sale of Capitalia's securities services operations, the Group is continuing the rationalization of its back office operations, thereby optimizing costs and, at the same time, improving the service provided to customers. The transaction is expected to be completed by the end of March 2008.

Markets & Investment Banking

The operations of Capitalia's Finance Area included treasury and Asset & Liability Management operations, which were included in the Group Finance Area, as well as activities typical of the Markets and Investment Banking Division such as operations in the government securities market where Capitalia was one of the most active players on the list of specialists kept by the Ministry of Finance, derivative operations, placement (and Debt Capital Markets) operations, securities trading and Equity Capital Markets operations.

After the merger, operations in the secondary government securities market, the placement of securities and Equity Capital Markets operations were transferred to the MIB Division. However, in coordination with the MIB Division, certain activities in the area of derivatives and security and currency trading continue to be active.

In fact, within the Markets & Investment Banking Division, the former Capitalia Markets area continues to work with banks under the responsibility of the former Capitalia in the trading of over the counter (OTC) derivatives on its own behalf. Network banks customarily only allow their customers to enter into derivatives for the sole purpose of hedging and not for speculative trading.

Derivative products continue to be used for portfolio risk management. These operations consist of: *i)* the risk management of portfolios consisting of OTC derivatives outstanding as of October 1, 2007 entered into on the Group's behalf using the Milan branch of HVB AG as the market counterparty; *ii)* operations with derivatives eligible for listing in regulated markets such as futures.

The Markets Unit trades on its own behalf and receives and transmits bond-related orders for customers of Banca di Roma, Banco di Sicilia, Bipop Carire and Capitalia AM for "branded" and corporate bonds not listed on the MOT, TLX and Euro TLX. It also transmits orders of customers of the former Capitalia banks related to bonds listed on the MOT, TLX and Euro TLX markets to HVB AG Milan Branch.

In the area of equity operations, the Markets Unit executes orders related to financial instruments listed on regulated markets for its professional customers and acts as a back-up for the routing of orders of the former Capitalia banks (pursuant to the business continuity plan) with regard to orders sent by the latter to FinecoBank for trading on the markets of Borsa Italiana.

With regard to the operations described and the November 1st introduction of the European MIFID regulations, appropriate measures were taken to control the main repercussions of these regulations, such as customer classification and related compliance (disclosure to customers of their affiliated category, and application of the "order execution strategy" (Execution Policy) to obtain the best possible result for customers (Best Execution).

1. The securities services operation includes: the custody of financial instruments and investment fund liquidity; verification that the issuance and redemption of portions of investment funds and the allocation of income from the latter comply with regulations; verification that the calculation of the value of portions of investment funds is accurate, or the calculation itself at the direction of the SGR; verification that consideration has been remitted in accordance with customary practices; execution of instructions of the SGR or open-ended investment company after checking the legitimacy of such instructions.
2. The outsourcing agreement was entered into after the sale to Société Générale S.A. on September 28, 2006 of the operations of the Securities Services area and the entire share capital of 2S Banca S.p.A. (currently SGSS S.p.A.), which up until then was wholly owned by UniCredit. Société Générale Securities Services (SGSS) is a part of the Global Investment Management and Services division of the Société Générale Group, and it is one of the leading European companies in the area of stock option management serving about 400,000 beneficiaries.

Operations (Continued)

Loans to Customers

Loans to customers reached €21,716 million at December 31, 2007, an increase of €9,840 million compared to the amount at the end of 2006.

Most of this increase (€10,098 million) was attributable to units operating in Italy.

Loans disbursed to Group companies showed an increase of €6,409 million, going from €10,477 million at the end of 2006 (88% of the total) to €16,886 million at December 31, 2007 (77% of the total), and were primarily to Locat and UniCredit Factoring.

As compared to 2006, there was a sharp increase (+€1,323 million) in impaired loans to customers due to the positions acquired following the merger with Capitalia S.p.A.

Debt securities included those from the "Trevi" and "Cesar" securitizations totaling €990 million; these were previously held by Capitalia S.p.A.

Loans and receivables with customers (€ million)

	AMOUNTS AS AT		CHANGE	
	31.12.2007	31.12.2006	AMOUNT	%
Performing loans	19,094	11,654	+7,440	+63.8%
Impaired assets	1,324	1	+1,323	n.s.
Repos	-	-	-	-
Debt securities	1,298	221	+1,077	+487.3%
Total loans and receivables with customers	**21,716**	**11,876**	**+9,840**	**+82.9%**
of which:				
units operating in Italy	*20,948*	*10,850*	*+10,098*	*+93.1%*
units operating abroad	*768*	*1,026*	*-258*	*-25.1%*

Credit quality

Impaired loans to Customers (by tipe) (€ million)	NON-PERFORMING LOANS	DOUBTFUL LOANS	TOTAL	RESTRUCTURED LOANS	PAST-DUE LOANS	IMAPAIRED LOANS
Face value	4,557	3	4,560	8	-	4,568
as a percentage of total loans	*18.24%*	*0.01%*	*18.25%*	*0.03%*	-	*18.28%*
Write-downs	3,240	2	3,242	2	-	3,244
coverage ratio	*71.10%*	*66.67%*	*71.10%*	*25.00%*	-	*71.02%*
Carrying value	1,317	1	1,318	6	-	1,324
as a percentage of total loans	*6.06%*	..	*6.07%*	*0.03%*	-	*6.10%*

Following the merger, the non-performing loans held by Capitalia were transferred to UniCredit S.p.A. These loans, consisting entirely of net non-performing loans, totaled €1,317 million at December 31, 2007 and were the result of ordinary loans, most of which were secured. This figure should be compared with €1,614 million shown on the December 2006 balance sheet of the former Capitalia S.p.A. Accrued and uncollected overdue interest was fully adjusted at the time the net assets acquired in the merger were stated at fair value, with a resulting adjustment to the merger balance sheet.

The coverage ratio for non-performing loans stood at 71.1% compared to 65.8% at December 31, 2006 as reported by the former Capitalia S.p.A.

Loans with gross exposure over €20 million were managed directly by Capitalia S.p.A., those with gross exposure between €55,000 and €20 million by Capitalia Service, and those under €55,000 by Sigrec. In order to standardize the structure for handling non-performing loans and to manage any future disposals more effectively, the group assessed the possibility of a bulk sale of non-performing loans (pursuant to Article 58 of the TUB [Combined Banking Law]) to Aspra Finance, a company acquired in December targeted to become the Group's "bad company."

Operations (Continued)

Deposits from Customers and Debt Securities in Issue

Deposits from customers and debt securities in issue totaled €118,738 million, an increase of €45,167 million over year-end 2006. Units operating in Italy made a greater contribution to this aggregate in 2007 posting a recovery over amounts for the previous year.

Deposits from customers were €7,863 million, an increase of €2,101 million compared to 2006. A large part (€1,804 million) of the increase was attributable to the London branch. Deposits from customers can be broken down as follows: 56% in time deposits (mostly at the London branch), 20% in current accounts and demand deposits, 17% in loans related to units operating in Italy.

Debt securities in issue, equaling €110,875 million, posted an increase of €43,066 million over 2006. This increase was partly due to the merger with Capitalia S.p.A. (€29,363 million in securities acquired) and partly due to new issues (€13,703 million). New issues took the form of certificates of deposit (+€5,344 million in face value) the net growth from the sharp increase at the London branch (+€8,871 million) and the €3,527 million decrease at the New York branch, senior bonds (+€5,758 million) and subordinated bonds (+€2,629 million) issued in 2007 with a view to management geared toward optimization of the Group's maturity structure.

Deposits from customers and debt securities in issue				(€ million)
	AMOUNTS AS AT		CHANGE	
	31.12.2007	31.12.2006	AMOUNT	%
Deposits from customers	7,863	5,762	+2,101	+36.5%
Debt securities in issue	110,875	67,809	+43,066	+63.5%
Total deposits from customers and debt securities in issue	**118,738**	**73,571**	**+45,167**	**+61.4%**
of which:				
units operating in Italy	*75,403*	*37,399*	*+38,004*	*+101.6%*
units operating abroad	*43,335*	*36,172*	*+7,163*	*+19.8%*

Financial Investments

Financial investments stood at €78.5 billion at December 31, 2007, up €37.3 billion compared to 2006. The increase was mainly due to equity investments and is largely attributable to the effects of the merger with Capitalia SpA.
Securities classified under financial investments acquired from Capitalia totaled €19.1 billion, of which €18.1 billion relating to equity investments.

Financial investments				(€ million)
	AMOUNTS AS AT		CHANGE	
	31.12.2007	31.12.2006	AMOUNT	%
Financial assets at fair value through profit or loss	59	39	+20	+51.3%
Available-for-sale financial assets	3,281	3,730	-449	-12.0%
of which: equity investments	*1,686*	*1,879*	*-193*	*-10.3%*
debt securities, equity instruments and investments funds units	*1,595*	*1,851*	*-256*	*-13.8%*
Held-to-maturity investments	2,796	-	+2,796	n.s.
Investments in associates and joint ventures	72,333	37,399	+34,934	+93.4%
Total financial investments	**78,469**	**41,168**	**+37,301**	**+90.6%**
of which:				
units operating in Italy	*78,422*	*41,115*	*+37,307*	*+90.7%*
units operating abroad	*47*	*53*	*-6*	*-11.3%*

Financial investments other than equity investments included the creation of a portfolio of financial assets held to maturity totaling about €2.8 billion. Of this amount, €700 million came from securities previously classified under available-for-sale financial assets, and the remainder from market purchases. Despite the addition of securities of €1 billion from the Capitalia merger, debt securities and investment fund units classified in the available-for-sale portfolio declined by about €300 million mainly as a result of the transfer indicated above and repayments of about €400 million.

Equity investments classified as available-for-sale financial assets totaled €1,686 million, a reduction of €193 million from 2006. This reduction was the result of several transactions, the most significant of which was the sale of the stake held in Mediobanca, carried at a book value of €1,263 million in December 2006, resulting in a capital gain of €561 million, which was previously suspended in the corresponding valuation reserve. The reduction from the sale of the stake in Mediobanca was largely offset by the purchase of a 4% stake in Banco Sabadel (€417 million), which subsequently posted a reduction in value for the period (€59 million) recorded in the reserve for securities available for sale, and by the increase of €443 million in equity investments placed in the same category by Capitalia. Prominent among the latter were the stake in Bank of Valletta (€135 million) the stake in Istituto di Credito Sportivo (€82 million), in SIMEST (€25 million), Borsa Italiana (€94 million) and the stake in Banca d'Italia (€63 million) maintained at cost.

Equity investments in subsidiaries and associated companies reached €72,333 million, with a year-on-year increase of €34,934 million. This increase was primarily due to the acquisition of the equity investment in BA-CA from HVB and the Group's rationalization of equity investments in Central Eastern Europe (these transactions were already described in the section on corporate transactions in the consolidated annual report) and the post-merger acquisition of equity investments formerly held by Capitalia. A significant contribution to the increase in this item also came from the transfer of properties to UniCredit Real Estate and the reorganization of the Group's leasing operations. These transactions were also described in the consolidated annual report.
More specifically, the change can be broken down as follows:
- €12,517 million for the acquisition of HVB's entire equity investment in BA-CA;
- €3,825 million for the Group's rationalizing of equity investments in CEE resulting from the subscription of the capital increase in BA-CA of €5,793 million in connection with the transfer of the "CEE division." The latter resulted in the sale of stakes held in Koc Finansal Hizmetler (€755 million), Zagrebacka banca (€499 million), Bulbank (€319 million), Zivnostenska banca (€207 million), Unibanka (€122 million) and UniCredit Romania (€66 million);
- €17,638 million for the valuation of equity investments acquired from Capitalia S.p.A. following the merger. These include stakes in Banca di Roma (€7.4 billion), Banco di Sicilia (€2.4 billion), Fineco Bank (€1.7 billion), BIPOP Carire (€1.3 billion), Mediocredito Centrale (€1.2 billion) and Capitalia Partecipazioni (€1.3 billion);
- €880 million for the subscription in the capital increase of UniCredit Real Estate through the transfer of the property division from the Capitalia merger;
- €265 million for the reorganization of the Group's leasing operations resulting from the contribution of share capital to establish UniCredit Global Leasing (€180 million) and the subscription of subsequent increases of share capital totaling €334 million connected with the transfer to the latter company of the "leasing division" consisting of the affiliates Locat (€234 million) and UniCredit Leasing Romania IFN SA (€15 million);
- €486 million for the residual value of the equity interest in Bank BPH recognised under "Non-current assets and disposal groups classified as held for sale". This residual value was determined after the partial split-off of some assets and liabilities to Bank Pekao, whose share capital was at the same time increased from PLN 167.1 million to PLN 261.9 million by issuing €94.8 million new Pekao shares for BPH shareholders. The reclassification as "held for sale" under IFRS 5 was pursuant to the framework agreement between UniCredit and GE Capital International Financing Corporation (on behalf of GE Money, General Electric group division specializing in consumer credit), for the sale of a 65.9% interest in BPH (part of the 71.03% stake held by UniCredit).

Of the change in equity investments, €179 million was due to impairment losses posted to the income statement including €135 million related to Capitalia Informatica to cover impairment losses on software and other costs related to the integration with Capitalia, and €35 million related to UPA to cover losses incurred for the leaving incentive program, which in this case was also related to the integration with Capitalia.

A summary description of the operations of the main subsidiaries in the Group's different business sectors is provided in the report on operations included in the consolidated 2007 Annual Report, to which reference is therefore made.

Operations (Continued)

Financial Investments (Continued)

Interbank business

Net interbank business increased by €16,251 million in the last twelve months, to €64,879 million from €48,628 million at the end of 2006, as a result of an increase in loans to banks (+€50,644 million) that exceeded the growth in interbank deposits (+€34,393 million).

Of the €50,664 million increase in loans to banks, about €28 billion consisted of loans to banks in the Capitalia group, and only €4 billion was in relation to an increase in interbank loans in the market. There was an increase of about €14 billion in the cash balance in the management account at Banca d'Italia. On the other hand, the €34,393 million increase in deposits from banks consisted of an increase of about €23 billion in intra-group debt, a €6 billion increase in funding by foreign branches, and an increase of about €5 billion in funding in the market.

Interbank position (€ million)

	AMOUNTS AS AT		CHANGE	
	31.12.2007	31.12.2006	AMOUNT	%
Loans and receivables with banks	**162,820**	**112,176**	**+50,644**	**+45.1%**
units operating in Italy	*161,979*	*110,695*	*+51,284*	*+46.3%*
units operating abroad	*841*	*1,481*	*-640*	*-43.2%*
Deposits from banks	**97,941**	**63,548**	**+34,393**	**+54.1%**
units operating in Italy	*83,419*	*55,444*	*+27,975*	*+50.5%*
units operating abroad	*14,522*	*8,104*	*+6,418*	*+79.2%*
NET INTERBANK POSITION	**64,879**	**48,628**	**+16,251**	**+33.4%**
units operating in Italy	*78,560*	*55,251*	*+23,309*	*+42.2%*
units operating abroad	*-13,681*	*-6,623*	*-7,058*	*+106.6%*

Shareholders' Equity, Subordinated Debt and Capital Ratios

Shareholders' equity

As at December 31, 2007 shareholders' equity amounted to €50,620 million, compared to €31,434 million at the end of 2006. The increase was mainly attributable to the capital increase related to the merger of Capitalia S.p.A.; the reserve for combination transactions within the Group (+€3,463 million), which was established to cover the BA-CA capital increase settled through the transfer of the CEE division; and net profit for the period. These increases were partly offset by the distribution of dividends for 2006 and decreases in reserves for the valuation of assets available for sale, the coverage of cash flows (-€705 million) and the creation of a reserve to cover the commitment to repurchase treasury shares (-€517 million) in connection with the right to withdraw exercised by former Capitalia shareholders.

Shareholders' equity	(€ million)
Balance as at 31.12.2006	**31,434**
Increases:	
- capital increase and premium connected with the merger of Capitalia S.p.A.	17,518
- share capital increase associated with the exercise of rights	23
- net profit for the year	1,866
- other changes	3,495
Decreases:	
- paid-out dividends	2,486
- other changes	1,230
Balance as at 31.12.2007	**50,620**

Main Shareholders

As at 31 December 2007 Unicredit's share capital totalled €6,682,682,747.50 and was divided into 13,365,365,495 fully subscribed and paid-up shares of €0.50 each, including 13,343,658,943 ordinary shares ad 21,706,552 saving shares.

As at 31 December 2007, the Shareholder' Register showed the following:

- There were approximately 370,000 shareholders.
- Italian resident shareholders held around 56% of capital and foreign shareholders 44%.
- 93% of ordinary capital stock is held by legal entities and remaining 7% by individuals.

As at the same date, the main shareholders were as follows:

Principal UniCredit Shareholders

SHAREHOLDER	ORDINARY SHARES	% OWNED[1]
1. Cassa di Risparmio Verona, Vicenza, Belluno e Ancona Foundation	606,077,204	4.542%
2. Cassa Risparmio di Torino Foundation	505,858,753	3.791%
3. Munich Re Group	499,559,020	3.744%
4. Carimonte Holding S.p.A.	446,567,993	3.347%
5. Allianz Group	319,137,270	2.392%

1. as a percentage of ordinary capital.

Operations (Continued)

Shareholders' Equity, Subordinated Debt and Capital Ratios (Continued)

Treasury shares

In 2007 there were no transactions in respect of treasury shares.

The Shareholders' Meeting held on December 16, 2005 authorized the sale, without any time limits, of the 87,000,000 treasury shares held by the bank at a minimum price that is not lower than the higher of the weighted average purchase price obtained by applying the "risk free" rate for the purposes of capitalizing the shares purchased until the date of executing the transaction (for capitalization purposes, the 3-month Euribor rate will be used, taken as the average of daily rates in the six months prior to the transaction's commencement) and the market price at the transaction's commencement, less 5%; the sale may be carried out on or off-market, spot and/or forward, including through convertible instruments or using derivatives, according to the market conditions existing when the transaction commences and with the goal of maximizing income and capital in line with the group's standards.

Finally, it should be noted that on July 30, 2007, UniCredit's extraordinary shareholders' meeting voted to authorize the distribution of a portion of treasury shares held by UniCredit to service 425,000 stock options to be assigned to non-employee managing directors of companies of the Capitalia group to replace the same number of stock options assigned to them some time ago, thereby changing the distribution of the aforementioned treasury stock approved by UniCredit's shareholders' meeting on December 16, 2005.

Treasury shares	
Number of ordinary shares as at 31.12.2007	87,000,000
Face value per share €	0.50
Total face value €	43,500,000
% on capital stock	0.65%
Carrying value as at 31.12.2007 €	358,415,712

Subordinated liabilities

In 2007, in order to maintain an adequate level of Group capitalization in light of subordinated loan repayments of €173 million, 17 issues were made, including 12 in the form of deposits, amounting to a total of €2,990 million. Taking into account the impact of negative exchange differences on transactions denominated in foreign currency (-€130 million) and issues resulting from the merger of Capitalia S.p.A. (€3,350 million), subordinated liabilities rose by €6,037 million over the year to €15,343 million at the end of 2007.

Capital for regulatory purposes and capital ratios

Capital for regulatory purposes amounted to 57,827 million, of which 44,891 million is Tier 1 Capital, compared with €37,541 million at December 31, 2006.

Income Statement

Operating Profit

In order to make as consistent a comparison as possible between the two financial years, the figures for 2007 have been supplemented with a restated income statement up to the operating profit figure; this statement does not include the impact on the operating results in Q4 2007 resulting from the merger with Capitalia (effective October 1, 2007).

The notes to the individual items in the income statement are therefore referred, where possible, to the restated 2007 period.

Operating profit (€ million)

	YEAR			CHANGE FROM RESTATED	
	2007				
	CARRYING AMOUNT	RESTATED	2006	€M	%
Net interest	-1,158	-1,064	-158	- 906	n.s.
Dividends and other income from equity investments	2,783	2,778	2,358	+ 420	+ 17.8%
Net interest income	**1,625**	**1,714**	**2,200**	**- 486**	**- 22.1%**
Net fees and commissions	61	54	54	-	-
Net trading, hedging and fair value income	66	57	30	+ 27	+ 90.0%
Net other expenses/income	23	-4	-10	+ 6	+ 60.0%
Net non-interest income	**150**	**107**	**74**	**+ 33**	**+ 44.6%**
OPERATING INCOME	**1,775**	**1,821**	**2,274**	**- 453**	**- 19.9%**
Payroll costs	-346	-319	-271	- 48	+ 17.7%
Other administration exspenses	-300	-254	-197	- 57	+ 28.9%
Recovery of expenses	39	29	36	- 7	- 19.4%
Amortisation, depreciation and impairment losses on intangible and tangible assets	-14	-3	-5	+ 2	- 40.0%
Operating costs	**-621**	**-547**	**-437**	**- 110**	**+ 25.2%**
OPERATING PROFIT	**1,154**	**1,274**	**1,837**	**- 563**	**- 30.6%**

Income Statement (Continued)

Operating Profit (Continued)

Net Interest Income

Net interest income stood at €1,714 million, representing the difference between net interest of -€1,064 million and dividends and other income from equity investments of €2,778 million. Of this figure, €2,676 million related to Group companies and €102 million to non-Group companies. The comparable amount for the 2006 statement was €2,200 million, consisting of net interest of -€158 million and dividends and other income from equity investments of €2,358 million.

Net interest declined by €906 million compared with the 2006 figure. The change was due to an increase in key interest rates, as well as to interest expense related to the acquisition of the stake in BA-CA AG and the debt incurred for the acquisition of the controlling interest in Bank BPH.

Dividends and other income from equity investments showed a rise in the component related to Group companies, mainly due to a greater contribution from BA-CA, while the non-Group component was in decline mainly due to lower dividends from Consortium and Assicurazioni Generali S.p.A.

Net non-interest income

Net non-interest income stood at €107 million, up by €33 million on the previous period, due to the positive contribution made by net trading, hedging and fair value income.

Net trading, hedging and fair value income showed gains of €57 million, compared with income of €30 million in the previous period. The change of €27 million was generated by the positive impact of capital enhancement transactions (€51 million) and the lack of benefit (€21 million in 2006) from the call option on the Generali exchangeable bond, which expired in July 2006, following the transfer of the equity investment in Assicurazioni Generali to UniCredito Italiano Bank Ireland.

Operating costs

Operating costs, taking account of cost recoveries, stood at €547 million, compared with €437 million for 2006, representing a rise of approximately €110 million (25.2%).

Payroll costs showed an overall increase on the previous year (approx. €48 million, +17.7%), rising from €271 million to €319 million. The increase was mainly due to contract increases resulting from the renewal of the National Collective Labor Agreement and new hires in the parent company's organizational areas. In fact, the transformation occurring at the Group following the integration with the HVB-BACA Group resulted in a comprehensive review of Group HQ structures, for which a significant strengthening in both qualitative and quantitative terms was initiated in 2006. Overall, however, the staff increase was held to an increase of 92 employees due to the continuation of the leaving incentive program for staff entitled to a pension and spin-offs of business units. The increase in payroll costs was also due to the higher number of employees in senior management and grade 3 and 4 management positions, which were up by 93 persons.

Other administrative costs, at €254 million, showed an increase of €57 million (+29% approx.) compared with the previous period which was largely project-related. In fact, in addition to expenses related to changes in Basel II, the change was mainly due to the centralization of governance functions at Group HQ with the resulting greater development of strategic projects.

Operating profit

Operating profit totaled €1,274 million, a decrease of €563 million, or 30.6%, from the €1,837 million reported in 2006 as a result of lower revenues resulting largely from net interest income and the increase in operating costs, which was partially offset by the increase in dividends and service income.

Net Profit

In the table below, the steps from operating profit to net profit have been reclassified for illustrative purposes.

Net profit (loss) (€ million)

	YEAR		CHANGE	
	2007	2006	€M	%
Operating profit (loss)	**1,154**	**1,837**	**-683**	**-37.2%**
Net provisions for risks and charges	-18	-27	+9	-33.3%
Integration costs	-67	-60	-7	+11.7%
Net write-downs of loans and provisions for guarantees and commitments	22	4	+18	+450.0%
Net income from investments	564	1,184	-620	-52.4%
Profit (loss) before tax	**1,655**	**2,938**	**-1,283**	**-43.7%**
Income tax for the year	211	77	+134	+174.0%
Net profit (loss) for the year	**1,866**	**3,015**	**-1,149**	**-38.1%**

Provisions for risks and charges

Provisions for risks and charges, at €18 million compared with €27 million in 2006, are mainly attributable to provisions for legal, tax or personnel disputes.

Integration costs

Integration costs amounted to €67 million at the end of 2007, representing an increase of €7 million compared with 2006. These consist of:

- consulting costs of about €20 million;
- marketing and rebranding costs of approximately €5 million;
- payroll costs of about €42 million, including €11 million for leaving incentives and €31 million for provisions to the redundancy fund.

Net income from investments

Total net income from investments stood at €564 million, a decrease of €620 million compared with €1,184 million for 2006. This item includes:

- sales of equity investments totaling €746 million including €561 million for Mediobanca and €181 million for Borsa Italiana;
- impairment losses on equity investments of €184 million (including €135 million for Capitalia Informatica and €35 million for UPA).

Net income from investments (€ million)

	YEAR		CHANGE	
	2007	2006	€M	%
Equity investments	562	1,132	-570	- 50.4%
Other financial assets	1	49	-48	- 98.0%
Properties	-	3	-3	- 100.0%
Other assets	1	-	+1	n.s.
Total	**564**	**1,184**	**-620**	**- 52.4%**

Income Statement (Continued)

Net Profit (Continued)

Income tax

Income tax for the year showed a tax credit of €211 million (€77 million in 2006) attributable to current taxation, due to taxable losses recovered under Italian domestic tax consolidation, partly offset by net negative deferred tax and other taxes.

Net profit

The company's net profit stood at €1,866 million, representing a decrease of approximately -38% on the figure of €3,015 million for 2006.

Other Information

Transactions with Group Companies

The table below shows the assets, including equity interests, liabilities, guarantees and commitments outstanding as at 31 December 2007, in respect of direct and indirect subsidiaries and companies subject to significant influence.

(€ million)

	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS
Subsidiaries	230,147	89,430	49,398
Companies subject to significant influence	486	90	-

Security Plan

As required by the Personal Data Protection Code, i.e. Decree-Law 196/2003, (Rule 26 in Annex B: "Technical Specifications concerning Minimum Security Measures") the Bank now has a Security Plan as prescribed by Rule 19 of Annex B, which will be up-dated for the year 2008 by 31 March 2008.

Additional Information on Structured Instruments, US Subprime Risk, Conduits, SIVs and Derivatives with Customers

The deterioration of US Subprime Mortgages, which occurred in the second half of 2007, caused credit spreads to widen and reduced the liquidity of the securitized credit market.

This market scenario increased the demand for disclosure of the Company's and Group's exposure to these instruments and, more generally, of the measurement and risk management criteria used for the whole structured finance area as well as for derivatives with customers.

The Consolidated Report on Operations provides detailed information on valuation criteria and risk management principles.

Information about the Company's exposure to US Subprime, Conduits, Structured Investment Vehicles and Derivatives with Customers is provided here below.

UniCredit S.p.A.'s US Subprime Exposure
The entity's exposure to subprime financial instruments is nil.

UniCredit S.p.A.'s exposure to Conduits
The entity does not act as sponsor of both Own or Group Arbitrage and Customer Conduits.
Exposures to third parties' conduits (in terms of liquidity lines, stand-by letters of credit and securities subscribed) are nil.

UniCredit S.p.A. exposure to SIVs
UniCredit Group does not sponsor Structured Investment Vehicles, nor does it provide liquidity line support and guarantees, nor does it invest in capital notes issued by SIVs.

Trading Derivatives with Customers
The business model governing derivatives trading with customers provides for centralization of market risk in the MIB Division, while credit risk is assumed by the Group company which, under the divisional or geographical segmentation model, manages the relevant customer's account.

The Group's operational model provides for customer trading derivatives business to be carried on, as part of each subsidiary's operational independence:
- by the Italian commercial banks that close transactions in OTC derivatives in order to provide non-institutional clients with products to manage currency, interest-rate and price risk. Under these transactions, the commercial banks transfer their market risks to the MIB Division by means of equal and opposite contracts, retaining only the relevant counterparty risk. The commercial banks also place or collect orders on behalf of others for investment products with embedded derivatives (e.g., structured bonds).
- by the MIB Division operating with large corporates and financial institutions, in respect of which it assumes and manages both market and counterparty risk.
- by HVB AG, BA-CA AG and Pekao, which transact business directly with their customers.

UniCredit S.p.A's total exposure to non-institutional clients was nil. Acting as booking center of derivative contracts in support of MIB Division sales department or through MIB Division's structure of former Capitalia structure, total exposure to institutional clients was €133 million.

The entity trades OTC derivatives on a wide range of underlyings, e.g.: interest rates, currency rates, share prices and indexes and credit rights.

Other Information (Continued)

Transactions with Group Companies (Continued)

OTC derivatives offer considerable scope for personalization: new payoff profiles can be constructed by combining several OTC derivatives (for example, a plain vanilla IRS with one or more plain vanilla or exotic options). The risk and the complexity of the structures obtained in this manner depend on the respective characteristics of the components (reference parameters and indexation mechanisms) and the way in which they are combined.

Credit and market risk arising from OTC derivatives business is controlled by the Chief Risk Officer competence line (CRO). This control is carried out by means of guidelines and policies covering risk management, measurement and control in terms of principles, rules and processes, as well as by setting VaR limits.

This business with non-institutional clients does not entail the use of margin calls, whereas with institutional counterparties (dealt with by the MIB Division) recourse may be made to credit risk mitigation techniques, for example "netting" and/or collateral agreements.

Write-downs and write-backs of derivatives to take account of counterparty risk are determined in line with the procedure used to assess other credit exposure, specifically:

- Performing exposure to non-institutional clients is valued in terms of PD (Probability of Default) and LGD (Loss Given Default), in order to obtain a value in terms of 'expected loss' to be used for items designated and measured at fair value.
- Non-performing positions are valued in terms of estimated expected future cash flow according to specific indications of impairment (which are the basis for the calculation of the amount and timing of the cash flow).

The impact on the 2007 Income Statement of write-downs and write-backs of derivatives is nil.

Shares held by Directors, Statutory Auditors, General Managers and other Key Management Personnel

The table below provides information pursuant to Section 79 of Consob Regulation 11971 of 14 May 1999, as subsequently amended and supplemented (last amendment: Consob Resolution 15520 of 27 July 2006).

Shares held by directors, statutory auditors, general managers and other key management personnel

				NUMBER OF SHARES			
POSITION HELD	LAST, FIRST NAME	INTEREST IN	TYPE OF SHARE	HELD AT END-2006[1]	ACQUIRED DURING THE YEAR	SOLD DURING THE YEAR	HELD AT END-2007[1]
LIST OF DIRECTORS AS OF 31 DECEMBER 2007							
Chairman	Rampl Dieter	UniCredit	ord.	227,795	-	-	227,795
Vice Deputy Chairman	Gutty Gianfranco	UniCredit	ord.	70,500	21,000	16,500	75,000
Deputy Chairman	Bellei Franco	UniCredit	ord.	50,000	-	-	50,000
Deputy Chairman	Palenzona Fabrizio	UniCredit	ord.	-	-	-	-
Deputy Chairman	Wyand Anthony	UniCredit	ord.	14,000	-	-	14,000
Managing Director/CEO	Profumo Alessandro	UniCredit	ord.	977,842	1,475,000[2]	-	2,452,842
Director	Bischoff Manfred	UniCredit	ord.	7,500	-	-	7,500
Director	Calandra Buonaura Vincenzo	UniCredit	ord.	24,606	15,000	-	39,606
Director	Giacomin Francesco	UniCredit	ord.	-	-	-	-
Director	Gnudi Piero	UniCredit	ord.	52,907	100,000	-	152,907
	indirectly held (spouse)	UniCredit	ord.	267,050	5,796*	-	272,846
	indirectly held (other)	UniCredit	ord.	334,000	180,000	-	514,000
Director	Kadrnoska Friedrich	UniCredit	ord.	-	-	-	-
Director	Kley Max Dietrich	UniCredit	ord.	-	-	-	-
Director	Maramotti Luigi	UniCredit	ord.	5,365,556	245,000	-	5,610,556
Director	Pesenti Carlo	UniCredit	ord.	-	-	-	-
Director	Schinzler Hans-Jürgen	UniCredit	ord.	-	-	-	-
Director	von Bomhard Nikolaus	UniCredit	ord.	-	-	-	-
FROM 1 JANUARY TO 16 MAY 2007							
Director	Desiderio Giovanni	UniCredit	ord.	-	-	-	-
FROM 1 JANUARY TO 18 JULY 2007							
Director	Vagnone Paolo	UniCredit	ord.	-	-	-	-
FROM 1 JANUARY TO 3 AUGUST 2007							
Director	Bertazzoni Roberto	UniCredit	ord.	19,089,000	-	-	19,089,000
Director	Doppelfeld Volker	UniCredit	ord.	-	-	-	-
Director	Garino Giancarlo	UniCredit	ord.	-	-	-	-
	indirectly held (spouse)	UniCredit	ord.	4,708	-	-	4,708
Director	Vaccarino Giovanni	UniCredit	ord.	5,000	-	-	5,000
FROM 1 JANUARY TO 18 SEPTEMBER 2007							
Director	Münich Dieter	UniCredit	ord.	7,790	-	-	7,790
		HVB	ord.	29	-	29	-
FROM 20 MAY TO 31 DECEMBER 2007							
Director	Marocco Antonio Maria	UniCredit	ord.	49,200	-	-	49,200

Other Information (Continued)

Shares held by Directors, Statutory Auditors, General Managers and other Key Management Personnel (Continued)

(Shares held by directors, statutory auditors, general managers and other key management personnel - continued)

				NUMBER OF SHARES			
POSITION HELD	LAST, FIRST NAME	INTEREST IN	TYPE OF SHARE	HELD AT END-2006[1]	ACQUIRED DURING THE YEAR	SOLD DURING THE YEAR	HELD AT END-2007[1]
FROM 3 AUGUST TO 31 DECEMBER 2007							
Deputy Chairman (from 3-8-07)	Libonati Berardino	UniCredit	ord.	-	-	-	-
Director	Fontanesi Donato	UniCredit	ord.	-	-	-	-
Director	Ligresti Salvatore	UniCredit	ord.	-	-	-	-
Director	Mancuso Salvatore	UniCredit	ord.	-	-	-	-
FROM 18 SEPTEMBER TO 31 DECEMBER 2007							
Director	Cucchiani Enrico Tommaso	UniCredit	ord.	-	-	-	-
Director	Zwickl Franz	UniCredit	ord.	4,000	-	-	4,000
BOARD OF STATUTORY AUDITORS							
Chairman (until 10-05.2007)	Francardo Gian Luigi	UniCredit	ord.	-	-	-	-
Chairman (fom 10-05.2007)	Loli Giorgio	UniCredit	risp.	20,000	-	-	20,000
Statutory Auditor	Milanese Aldo	UniCredit	ord.	-	-	-	-
Statutory Auditor	Nicastro Vincenzo	UniCredit	ord.	4,000	1,195*	-	5,195
Statutory Auditor (until 10-05.2007)	Timo Roberto	UniCredit	ord.	-	-	-	-
Statutory Auditor (from10-05.2007)	Mayr Siegfried	UniCredit	ord.	-	-	-	-
KEY MANAGEMENT PERSONNEL		UniCredit	ord.	1,140,458	1,276,889**	568,441	1,848,906
		PGAM	ord.	-	30,673	30,673	-
		BA-CA	ord.	859	-	-	859
		DAB Bank	ord.	1,891	-	-	1,891
		HVB	ord.	182,785	-	-	182,785

(1) or start/end date of position if not the same as the reference periods indicated.
(2) n. 575.000 of them "free ordinary shares" assigned in 2007 to implement the Share Ownership Plan for UniCredit Group employees, as decided by the Board of Directors.

* coming from the conversion of Capitalia shares due to the acquisition by UniCredit.
** of which 8,498 shares coming from the conversion of Capitalia shares due to the acquisition by UniCredit.

Subsequent Events and Outlook

Subsequent Events

In January the sale of the 10% stake held in Edipower for a total price of about €278 million was finalized, resulting in a positive impact of about €1 million on the profit and loss account.

On January 18 the offer made on the automated stock market system (Mercato Telematico Azionario - "MTA"), which is managed and organized by Borsa Italiana S.p.A., was concluded for 83,833,899 ordinary UniCredit S.p.A. shares resulting from the exchange of 74,851,696 Capitalia S.p.A. shares being withdrawn that were not sold during previous phases of the liquidation proceedings pursuant to Article 2437-quater of the Civil Code.

It should be noted that the UniCredit shares were put up for sale at a price of €6.265 per share, corresponding to the withdrawal price of €7.015 per Capitalia share. In this regard, upon the conclusion of the aforementioned offer, the 83,833,899 shares were still entirely unsold. As a result, pursuant to Article 2437-quater, paragraph five of the Civil Code, UniCredit took steps to purchase these shares. The liquidation value for the shares will be paid to withdrawing shareholders on January 23 through depository banks.

On February 11, 2008 a writ of summons before the Regional Court of Krakow, Poland was served on UniCredit by Polygon Opportunities Master Fund. This fund is headquartered in the Cayman Islands and is a minority shareholder of Bank BPH. Polygon's request concerns the alleged invalidity of the agreement to sell BA-CA's majority interest in Bank BPH to UniCredit. The writ of summons concerned was also served on BA-CA and Bank BPH. UniCredit appeared in court to contest the claim made by Polygon Opportunities Master Fund, which it considers to be unfounded.

In February, in keeping with previous transactions in the securities services sector, UniCredit entered into a preliminary agreement with Société Générale for the sale and outsourcing of the clearing, custody, depository bank and fund administration activities of the former Capitalia group to Société Générale Securities Services (SGSS). The securities services operation of the former Capitalia that was sold to SGSS had assets under custody of €102 billion and assets under administration in Italy and Luxembourg of €22 billion and €5 billion respectively. As a part of the transaction, SGSS will become the exclusive provider, in Italy, of securities services to the entities concerned of the former Capitalia group based on the existing outsourcing agreement between UniCredit and SGSS entered into in 2006 following the sale of 2SBanca (currently SGSS SpA) to Société Générale.

In this manner, UniCredit is proceeding with the rationalization of its back office operations thereby optimizing its costs and, at the same time, improving the level of service provided to customers.

The transaction is expected to be completed by the end of March 2008.

Subsequent Events and Outlook (CONTINUED)

Outlook

The completion of the organizational and operational restructuring of the "new" holding, largely influenced by the merger with Capitalia, indicates a fall in the operating result forecast for the Parent Company for 2008.

The interest margin is expected to be lower than in 2007 both due to the reduction in dividends from Group and non-Group companies and the increased cost of funding due to forecasts of a further rise in market rates.

This is coupled with expectations of an increase in total operating costs, mainly due to the consolidation of the organizational and functional structure of the "new" holding.

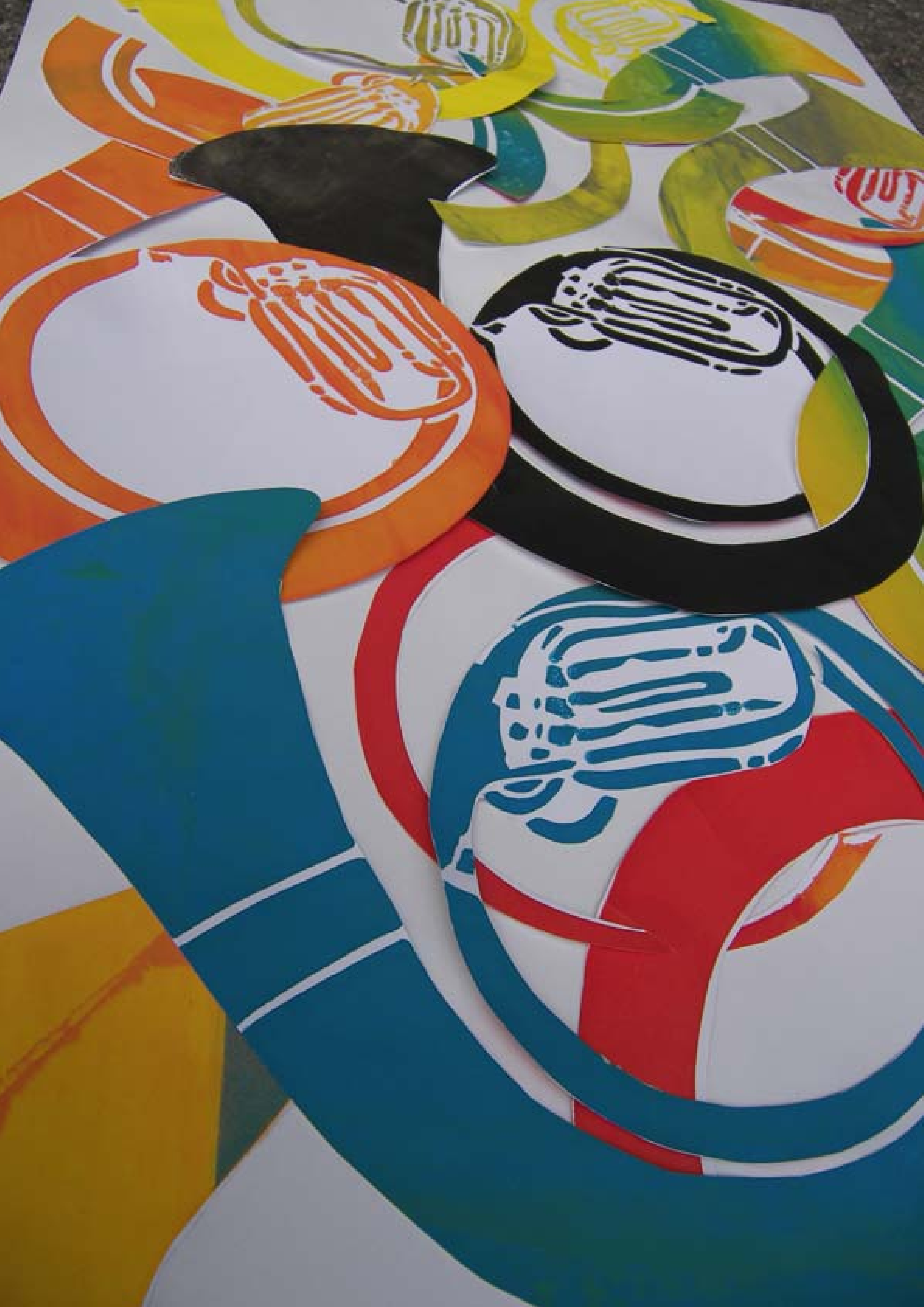
Projected net profit will also be influenced by investment gains, which contributed significantly to 2007 results.

Milan, 12 March 2008

BOARD OF DIRECTORS

Chairman
DIETER RAMPL

Managing Director/CEO
ALESSANDRO PROFUMO



Proposal to the Shareholders' Meeting

To the Shareholders:

On the basis of the Report on Operations accompanying these Accounts, we ask you to approve the Accounts of UniCredit S.p.A. as at 31 December 2007 being the Balance Sheet, Income Statement, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Notes to the Accounts, as submitted by the Board of Directors, as a whole and the individual entries thereof.

Appropriation of net profit:

2007 Income Statement showed net profits of	**1,866,152,300.58**

which we propose to distribute as follows:

to the Reserve pursuant to art. 6, paragraph 2 of Legislative Decree 38/2005		13,096,864.62
to the Legal Reserve pursuant to art. 38 of the Articles of Association		186,615,230.06
to the Reserve associated with the medium-term incentive programme for Group staff approved by the Board of Directors		13,000,000.00
to Shareholders: - 52.00% of par value of 6,586,814,032.00 equal to 0.260 for each of the 13,173,628,064 ordinary shares (*) to be distributed only to the shares outstanding on the coupon date of the dividend, other than own shares	3,425,143,296.64	
- 55.00% - that is 52.00% for ordinary shares plus a further 3% of par value of 10,853,276.00 savings shares (equal to 0.275 for each of the 21,706,552 savings shares)	5,969,301.80	3,431,112,598.44
after a drawing from Statutory Reserve in the amount of		-1,777,672,392.54
		1,866,152,300.58

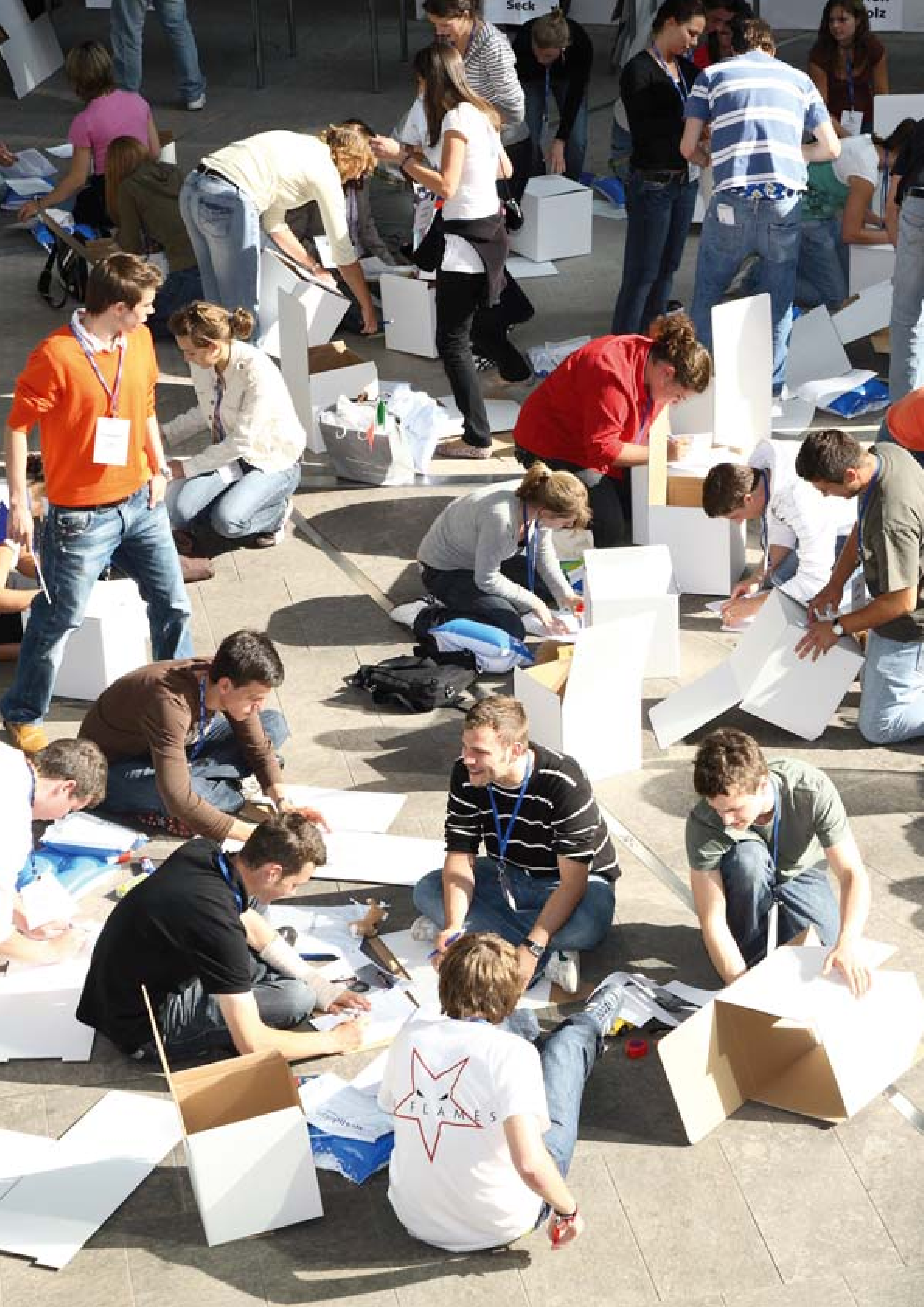
* Comprises 13,343,658,943 ordinary shares already issued as at 31.12.2007, and 803,020 ordinary shares issued in 2008, with dividend entitlement for 2007, net of 87,000,000 shares held by the Bank as at 31.12.2007 and 83,833,899 shares purchased by the Bank in 2008

Milan, 12 March 2008

BOARD OF DIRECTORS

Chairman
DIETER RAMPL

Managing Director/CEO
ALESSANDRO PROFUMO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Company Accounts and Annexes

Company Accounts

Company Accounts

Accounts

Balance Sheet		(€)
ASSETS	31.12.2007	31.12.2006
10. Cash and cash balances	4,026,899,006	25,707,391
20. Financial assets held for trading	11,157,337,462	5,243,163,571
30. Financial assets at fair value through profit or loss	58,957,693	38,657,376
40. Available-for-sale financial assets	3,281,099,327	3,729,743,356
50. Held-to-maturity investments	2,796,247,097	-
60. Loans and receivables with banks	162,819,653,240	112,175,676,904
70. Loans and receivables with customers	21,716,120,549	11,875,808,798
80. Hedging derivatives	568,898,511	660,603,103
90. Changes in fair value of portfolio hedged financial assets (+/-)	(596,236)	(1,854,329)
100. Investments in associates and joint ventures	72,332,656,928	37,399,169,213
110. Property, plant and equipment	24,319,229	12,669,688
120. Intangible assets:	3,649,758,246	905,152
of which:		
- goodwill	*3,544,075,195*	-
130. Tax assets:	4,113,031,867	1,266,502,629
a) current tax assets	*2,549,375,349*	*875,782,347*
b) deferred tax assets	*1,563,656,518*	*390,720,282*
140. Non-current assets and disposal groups classified as held for sale	712,151,777	-
150. Other assets	2,280,287,249	1,862,491,624
Total assets	**289,536,821,945**	**174,289,244,476**

Balance Sheet

(€)

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2007	31.12.2006
10. Deposits from banks	97,941,324,665	63,548,030,948
20. Deposits from customers	7,863,436,091	5,761,755,937
30. Debt securities in issue	110,875,169,656	67,809,650,601
40. Financial liabilities held for trading	7,725,858,771	1,863,807,394
50. Financial liabilities at fair value through profit or loss	6,016,375,929	-
60. Hedging derivatives	2,595,953,281	1,353,215,466
70. Changes in fair value of portfolio hedged financial liabilities (+/-)	(709,831,406)	(364,840,605)
80. Tax liabilities:	1,883,460,718	1,341,693,465
a) current tax liabilities	*1,311,452,249*	*889,555,849*
b) deferred tax liabilities	*572,008,469*	*452,137,616*
90. Liabilities included in disposal groups classified as held for sale	371,169,870	-
100. Other liabilities	3,185,678,230	989,741,565
110. Provision for employee severance pay	63,513,475	55,517,676
120. Provisions for risks and charges:	1,104,891,735	497,228,526
a) post-retirement benefit obligations	*485,134,183*	*412,191,079*
b) other provisions	*619,757,552*	*85,037,447*
130. Revaluation reserves	450,256,676	1,155,829,743
160. Reserves	8,271,236,651	4,774,160,923
170. Share premium	33,707,908,266	17,628,233,262
180. Share capital	6,682,682,748	5,219,125,767
190. Treasury shares (-)	(358,415,712)	(358,415,712)
200. Net Profit or Loss (+/-)	1,866,152,301	3,014,509,520
Total liabilities and shareholders' equity	**289,536,821,945**	**174,289,244,476**

Company Accounts (Continued)

Accounts

Income Statement		(€)
ITEMS	31.12.2007	31.12.2006
10. Interest income and similar revenues	6,147,448,334	5,009,391,703
20. Interest expense and similar charges	(7,305,510,168)	(5,167,246,620)
30. Net interest margin	**(1,158,061,834)**	**(157,854,917)**
40. Fee and commission income	91,553,880	74,121,176
50. Fee and commission expense	(30,254,026)	(20,287,427)
60. Net fees and commissions	**61,299,854**	**53,833,749**
70. Dividend income and similar revenue	2,834,584,725	2,358,317,526
80. Gains and losses on financial assets and liabilities held for trading	5,333,905	23,893,062
90. Fair value adjustments in hedge accounting	4,604,525	4,299,473
100. Gains and losses on disposal of:	751,230,535	675,257,488
a) loans	*3,883*	*64,366*
b) available-for-sale financial assets	*744,232,933*	*675,193,122*
c) held-to-maturity investments	-	-
d) financial liabilities	*6,993,719*	-
110. Gains and losses on financial assets/liabilities at fair value through profit or loss	(1,768,663)	2,264,178
120. Operating income	**2,497,223,047**	**2,960,010,559**
130. Impairment losses on:	17,288,540	2,722,013
a) loans	*33,219,537*	*9,508,329*
b) available-for-sale financial assets	*(4,837,106)*	*(1,020,816)*
c) held-to-maturity investments	-	-
d) other financial assets	*(11,093,891)*	*(5,765,500)*
140. Net profit from financial assets	**2,514,511,587**	**2,962,732,572**
150. Administrative costs:	(713,190,969)	(522,438,836)
a) staff expenses	*(387,683,243)*	*(277,458,349)*
b) other administrative expenses	*(325,507,726)*	*(244,980,487)*
160. Provisions for risks and charges	(18,372,622)	(32,418,784)
170. Impairment/write-backs on property, plant and equipment	(11,042,520)	(3,731,025)
180. Impairment/write-backs on intangible assets	(2,675,303)	(1,364,468)
190. Other net operating income	61,914,138	24,851,854
200. Operating costs	**(683,367,276)**	**(535,101,259)**
210. Profit (loss) of associates	(176,322,057)	506,902,917
240. Gain and losses on disposal of investments	642,898	2,963,920
250. Total profit or loss before tax from continuing operations	**1,655,465,152**	**2,937,498,150**
260. Tax expense (income) related to profit or loss from continuing operations	210,687,149	77,011,370
270. Total profit or loss after tax from continuing operations	**1,866,152,301**	**3,014,509,520**
290. Net Profit or Loss for the year	**1,866,152,301**	**3,014,509,520**

Company Accounts (Continued)

Statement of changes in Shareholders' Equity

Statement of changes in Shareholders' Equity as at 31.12.2007 (€)

	BALANCE AS AT 31.12.2006	CHANGE IN OPENING BALANCE	BALANCE AS AT 1.1.2007	ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE PERIOD								SHAREHOLDERS' EQUITY AS AT 31.12.2007
							SHAREHOLDERS' EQUITY TRANSACTIONS						NET PROFIT OR LOSS AS AT 31.12.2007	
				RESERVES	DIVIDENDS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS		
Share capital:	5,219,125,767	-	5,219,125,767	-	-	-	1,463,556,981	-	-	-	-	-	-	6,682,682,748
a) ordinary shares	5,208,272,491	-	5,208,272,491	-	-	-	1,463,556,981	-	-	-	-	-	-	6,671,829,472
b) other shares	10,853,276	-	10,853,276	-	-	-	-	-	-	-	-	-	-	10,853,276
Share premium	17,628,233,262	-	17,628,233,262	-	-	-	16,079,675,004	-	-	-	-	-	-	33,707,908,266
Reserves:	4,774,160,923	-	4,774,160,923	528,280,675	-	2,938,930,817	(2,042,550)	-	-	-	-	31,906,786	-	8,271,236,651
a) from profits	1,451,569,159	-	1,451,569,159	528,280,675	-	(6,989,959)	(2,042,550)	-	-	-	-	-	-	1,970,817,325
b) other	3,322,591,764	-	3,322,591,764	-	-	2,945,920,776	-	-	-	-	-	31,906,786	-	6,300,419,326
Revaluation reserves:	1,155,829,743	-	1,155,829,743	-	-	(705,573,067)	-	-	-	-	-	-	-	450,256,676
a) available-for-sale	867,493,581	-	867,493,581	-	-	(702,235,492)	-	-	-	-	-	-	-	165,258,089
b) cash-flow hedging	11,316,133	-	11,316,133	-	-	(3,337,575)	-	-	-	-	-	-	-	7,978,558
c) other [1]	277,020,029	-	277,020,029	-	-	-	-	-	-	-	-	-	-	277,020,029
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(358,415,712)	-	(358,415,712)	-	-	-	-	-	-	-	-	-	-	(358,415,712)
Net Profit (Loss) for the year	3,014,509,520	-	3,014,509,520	(528,280,675)	(2,486,228,845)	-	-	-	-	-	-	-	1,866,152,301	1,866,152,301
Shareholders' equity	31,433,443,503	-	31,433,443,503	-	(2,486,228,845)	2,233,357,750	17,541,189,435	-	-	-	-	31,906,786	1,866,152,301	50,619,820,930

1. Special revaluation laws

Statement of changes in Shareholders' Equity as at 31.12.2006

(€)

				ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE PERIOD								
							SHAREHOLDERS' EQUITY TRANSACTIONS							
	BALANCE AS AT 31.12.2005*	CHANGE IN OPENING BALANCE	BALANCE AS AT 1.1.2006	RESERVES	DIVIDENDS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS	NET PROFIT OR LOSS AS AT 31.12.2006	SHAREHOLDERS' EQUITY AS AT 31.12.2006
Share capital:	5,195,277,353	-	5,195,277,353	-	-	-	23,848,414	-	-	-	-	-	-	5,219,125,767
a) ordinary shares	5,184,424,077	-	5,184,424,077	-	-	-	23,848,414	-	-	-	-	-	-	5,208,272,491
b) other shares	10,853,276	-	10,853,276	-	-	-	-	-	-	-	-	-	-	10,853,276
Share premium	16,816,170,363	-	16,816,170,363	-	-	641,584,288	170,478,611	-	-	-	-	-	-	17,628,233,262
Reserves:	5,876,808,237	-	5,876,808,237	234,668,623	(733,387,155)	(641,584,288)	(2,747,430)	-	-	-	-	40,402,936	-	4,774,160,923
a) from profits	1,953,035,121	-	1,953,035,121	234,668,623	(733,387,155)	-	(2,747,430)	-	-	-	-	-	-	1,451,569,159
b) other	3,923,773,116	-	3,923,773,116	-	-	(641,584,288)	-	-	-	-	-	40,402,936	-	3,322,591,764
Revaluation reserves:	1,606,608,880	-	1,606,608,880	-	-	(450,779,137)	-	-	-	-	-	-	-	1,155,829,743
a) available-for-sale	1,330,265,974	-	1,330,265,974	-	-	(462,772,393)	-	-	-	-	-	-	-	867,493,581
b) cash-flow hedging	(677,123)	-	(677,123)	-	-	11,993,256	-	-	-	-	-	-	-	11,316,133
c) other [1]	277,020,029	-	277,020,029	-	-	-	-	-	-	-	-	-	-	277,020,029
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(358,415,712)	-	(358,415,712)	-	-	-	-	-	-	-	-	-	-	(358,415,712)
Net Profit (Loss) for the year	1,776,918,761	-	1,776,918,761	(234,668,623)	(1,542,250,138)	-	-	-	-	-	-	-	3,014,509,520	3,014,509,520
Shareholders' equity	30,913,367,882	-	30,913,367,882	-	(2,275,637,293)	(450,779,137)	191,579,595	-	-	-	-	40,402,936	3,014,509,520	31,433,443,503

* Items disclosed under IFRS.

1. Special revaluation laws.

Company Accounts (Continued)

Cash Flow Statement

Cash Flow Statement		(€)
	31.12.2007	31.12.2006
A. OPERATING ACTIVITIES		
1. Operations	**-636,071,322**	**164,784,302**
- profit (loss) for the period (+/-)	1,866,152,301	3,014,509,520
- capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities at fair value through profit and loss (+/-)	-2,295,039	-159,102,650
- capital gains/losses on hedging transactions (+/-)	-4,604,525	-4,299,473
- net write-offs/write-backs due to impairment (+/-)	10,621,915	2,328,198
- net write-offs/write-backs on tangible and intangible assets (+/-)	13,717,823	5,095,493
- provisions and other income/expenses (+/-)	14,960,303	-502,146,335
- tax not paid (+/-)	-204,370,470	-76,861,090
- other adjustements	-2,330,253,630	-2,114,739,361
2. Liquidity generated/absorbed by financial assets	**-8,706,488,585**	**-17,730,543,056**
- financial assets held for trading	2,340,248,433	717,077,527
- financial assets at fair value through profit and loss	24,283,499	118,326,317
- available-for-sale financial assets	348,818,482	1,202,018,662
- loans and receivables with banks	-6,292,840,254	-20,512,219,028
- loans and receivables with customers	-6,129,989,758	285,014,102
- other assets	1,002,991,013	459,239,364
3. Liquidity generated/absorbed by financial liabilities	**28,314,807,943**	**23,112,075,222**
- deposits from banks	8,735,664,906	11,326,225,067
- deposits from customers	837,898,803	771,908,013
- debt securities in issue	12,905,950,355	11,507,926,581
- financial liabilities held for trading	328,967,209	116,552,387
- financial liabilities designated at fair value through profit or loss	3,849,911,909	-
- other liabilities	1,656,414,761	-610,536,826
Net liquidity generated/absorbed by operating activities	**18,972,248,036**	**5,546,316,468**
B. INVESTING ACTIVITIES		
1. Liquidity generated by:	**2,826,291,445**	**2,000,518,628**
- sales of equity investments	117,760,924	933,765,429
- collected dividends on equity investments	2,706,137,678	2,271,793,953
- sales of financial assets held to maturity	-	-
- sales of property, plant and equipment	2,381,327	3,338,898
- sales of intangible assets	10,514	-
- disposal of businesses	1,002	-1,208,379,652
2. Liquidity absorbed by:	**-15,332,318,593**	**-5,481,555,711**
- purchases of equity investments	-13,247,734,430	-5,479,166,730
- purchases of financial assets held to maturity	-2,068,612,878	-
- purchases of tangible assets	-14,197,243	-2,070,792
- purchases of intangible assets	-774,042	-318,189
- purchase of businesses	-1,000,000	-
Net liquidity generated/absorbed by investing actvities	**-12,506,027,148**	**-3,481,037,083**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares	23,137,386	191,579,595
- issue/purchase of equity instruments	-	-
- distribution of dividends and other purposes	-2,486,228,845	-2,275,637,293
Net liquidity generated/absorbed by financing actvities	**-2,463,091,459**	**-2,084,057,698**
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	**4,003,129,429**	**-18,778,313**

LEGEND: (+) generated; (-) absorbed

Reconciliation

(€)

	31.12.2007	31.12.2006
Cash and cash equivalents at the beginning of the year	**25,707,391**	**46,226,983**
Net liquidity generated/absorbed during the period	4,003,129,429	-18,778,313
Cash and cash equivalents: effect of exchange differences	-1,937,814	-1,741,279
Cash and cash equivalents at the end of the period	**4,026,899,006**	**25,707,391**

Notes to the Accounts

Notes to the Accounts

Part A) Accounting Policies

Notes to the Accounts

Part A) Accounting Policies

A1) General

Section 1 - Statement of compliance with IFRS

Under EU Regulation 1606/2002 and Italian Legislative Decree 38/05, issuers of financial instruments traded in regulated markets are required to prepare their accounts in accordance with IFRS.

As from the 2006 financial year the Parent Company UniCredit S.p.A. has adopted IFRS, as interpreted by IFRIC and SIC and endorsed by the EU Commission up to December 31, 2007 (see also Section 4 – Other Matters).

This disclosure has been prepared in accordance with Banca d'Italia circular # 262 dated 22 December 2005.

Section 2 - Preparation criteria

As mentioned above, these Accounts have been prepared in accordance with the IFRS endorsed by the European Commission up to December 31, 2007, pursuant to the above-mentioned Regulation 1606/2002.

The following documents were used to interpret and support the application of IFRS (albeit not endorsed by the EC):
- Framework for the Preparation and Presentation of Financial Statements issued by the IASB in 2001;
- Implementation Guidance, Basis for Conclusions, IFRIC and any other documents prepared by the IASB or IFRIC (International Financial Reporting Interpretations Committee) supplementing IFRS;

as well as interpretative documents on the application of IFRS in Italy prepared by the Organismo Italiano di Contabilità (OIC) and Associazione Bancaria Italiana (ABI).

The accounts comprise the balance sheet, the income statement, the statement of changes in shareholders' equity, the cash¬flow statement (compiled using the indirect method) and the notes to the accounts.

Unless otherwise specified, figures are given in **thousands of euros**. Figures contained in the tables of the Notes to the Accounts are not on a like-for-like basis, as data as at December 31, 2007 reflect the absorption of Capitalia S.p.A., which occurred on October 1, 2007.

In accordance with Banca d'Italia Circular no. 262/2005, **items and tables for which there is no significant information to be disclosed are not included in these Notes.**

Measurement criteria are intended to reflect the continuity of corporate business and are in line with the principles of competence, relevance and materiality in the accounts and the priority of economic substance over juridical form.

Section 3 - Subsequent events

No substantial events have occurred after the balance sheet date that would make it necessary to change the information given in the Accounts as at 31.12.2007.

Section 4 - Other matters

The combination with Capitalia Group took place through the incorporation of Capitalia S.p.A. into UniCredito Italiano S.p.A. In accordance with IFRS 3 - BUSINESS COMBINATIONS, this acquisition was recognized on the date on which control was effectively transferred, i.e. October 1, 2007, the date on which the merger became legally operative.

Therefore, for the purposes of these financial statements, the assets and liabilities of Capitalia S.p.A. were posted to the balance sheet of UniCredito Italiano S.p.A. based on the figures current at October 1, 2007. The income statement of UniCredito Italiano S.p.A. thus benefited from the addition of Capitalia's results for the period from October 1 to December 31, 2007.

In addition, as required by IFRS 3, at the date of acquisition (October 1, 2007), the cost of the acquisition was provisionally allocated with the net assets acquired from Capitalia S.p.A. adjusted to fair value (mainly equity investments, tangible and intangible assets, receivables and securities issued) and the remainder written to goodwill, as described in Part G of these notes.

Starting with financial year 2007, IFRS compliance requires application of IFRS 7 – Financial Instruments: Additional

Information. This standard has been transposed into European regulations as Regulation 108 dated January 11, 2006, and governs the procedures for presenting financial instruments and the additional information required, but the standard does not cover recognition, measurement or derecognition of any balance-sheet item and therefore has no effect on UniCredit's income statement or balance sheet.

These accounts provide the information required by the standard in compliance with Banca d'Italia Circular 262.

Since January 1, 2007 the following interpretations have become effective:

- IFRIC 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
- IFRIC 7: Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 8: Scope of IFRS 2 Equity-based Payments
- IFRIC 9: Reassessment of Embedded Derivatives
- IFRIC 10: Interrim Financial Reporting and Impairment

The application of these interpretations had not effect on these Accounts.

At December 31, 2007, the international organisations had also issued the following standards and interpretations which however have not yet come into effect:

- IFRS 8: Operating Segments
- IFRIC 11: IFRS 2 – Group and Treasury Share Transactions.

With regard to IFRS 8, it is noted that the standard will have no impact on the income statement or balance sheet of UniCredit. We are assessing what additions if any need to made to current Segment Reporting (Part D of Notes to the Consolidated Accounts) to implement the new standard.
Our accounting principles are already compliant with IFRIC 11.

As at December 31, 2007 the IASB had also issued the following standards or revisions, of which application by the Group is subject to their being transposed by the EU.
- IAS 1: Presentation of Financial Statements
- IAS 23: Borrowing Costs
- IFRIC 12: Service Concession arrangements
- IFRIC 13: Customer Loyalty Programs
- IFRIC 14: IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The required changes are under examination. We do not in any case believe that these standards will have any significant impact on our income statement or balance sheet.

IFRS require that management provide valuations, estimates and projections with a bearing on the application of accounting principles and the carrying amount of assets, liabilities, expenses and revenue. Estimates and related projections based on experience; other factors judged to be reasonably included were used to estimate the carrying value of assets and liabilities not readily obtainable from other sources.

These estimates and projections are regularly reviewed. Any change arising out of this reappraisal is recognised in the period in which it is carried out, provided that it concerns that period. If the reappraisal concerns both current and future periods it is recognised in both current and future periods as appropriate.

These accounts are audited by KPMG S.p.A. pursuant to LD 58/98 and the resolution passed by the Shareholders' Meeting on 10 May 2007.

The Board of Directors approved these Accounts on March 12, 2008 and authorized the publication of the essential figures.

The whole document is lodged with the competent offices and entities as required by law.

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

A2) The Main Items of the Accounts

1 - Financial Assets held for trading (HfT)

A financial asset is classified as held for trading if it is:
1. acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
2. part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
3. a derivative (except for a derivative that is a designated hedging instrument - see Section 6).

When an HfT financial asset is recognised initially, it is measured at its fair value excluding transaction costs and income which shall be directly recognised in profit and loss even when directly attributable to the acquisition or issue of the financial asset.

After initial recognition, an entity shall measure these financial assets at their fair value through profit or loss.

A gain or loss arising from sale or redemption or a change in the fair value of a HfT financial asset is recognised in profit or loss in item 80 "Gains (losses) on financial assets and liabilities held for trading", with the exception of financial derivatives relating to a fair value option of which gains and losses, whether realised or measured, are booked in item 110. "Gains (losses) on financial assets/liabilities at fair value through profit and loss" (please see Ch. 5). If the fair value of a financial asset falls below zero. it is recognised in item 40 "Financial liabilities held for trading".

A derivative is a financial instrument or other contract with all three of the following characteristics:
1. its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (usually called the 'underlying');
2. it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
3. it is settled at a future date.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract. with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

An embedded derivative is separated from the host contract and recognised as a derivative if:
1. the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
2. a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;
3. the hybrid (combined) instrument is not measured at fair value through profit or loss.

If it is necessary to separate an embedded derivative from its host contract, but it is not possible to measure the embedded derivative separately either at acquisition or at a subsequent financial reporting date, the entire combined contract is treated as an HfT financial asset or financial liability.

When an embedded derivative is separated, the host contract is recognised according to its category.

2 - Available-for-sale Financial Assets (AfS)

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments, financial assets held for trading or financial assets at fair value through profit or loss. These assets are held for an indefinite period of time and for the purpose of ensuring liquidity and responding to changes in interest rates, exchange rates and prices.

AfS financial assets are money market instruments, other debt instruments or equity instruments.

On initial recognition, an AfS financial asset is measured at fair value plus transaction costs and income directly attributable to the instrument, less fees and commissions.

Interest on interest-bearing instruments is recognised at amortised cost using the effective interest rate method.

In subsequent periods available-for-sale financial assets are measured at fair value, the amount of amortised cost being recognised through profit or loss. Gains or losses arising out of changes in fair value are recognised in equity item 130 “Revaluation reserves” - except losses due to impairment and exchange rate gains or losses on monetary items (debt instruments) which are recognised in item 80 “Gains (losses) on financial assets and liabilities held for trading” - until the financial asset is sold, at which time cumulative gains and losses are recognised in profit or loss in item 100(b) “Gains (losses) on disposal or repurchase of AfS financial assets”.

Equity instruments (shares) not listed in an active market and whose fair value cannot be reliably determined are valued at cost.

If there is objective evidence of an impairment loss on an available-for-sale financial asset, the cumulative loss that had been recognised directly in equity item 130 “Revaluation reserves”, is removed from equity and recognised in profit or loss under item 130(b) “Impairment losses (b) Available for sale financial assets”. The amount that is removed is the difference between carrying amount (acquisition cost less any impairment loss already recognised in profit or loss) and current fair value.

Where instruments are valued at cost, the amount of the loss is determined as the difference between their carrying value and the present value of estimated future cash flows, discounted at the current market yield on similar financial assets.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed and the amount of the reversal is recognised in the same profit or loss item. The reversal cannot result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss, but recognised at equity, even when the reasons for impairment no longer obtain.

3 - Held to Maturity Investments (HtM)

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity for which there is the positive intention and ability to hold to maturity.

If, during the financial year, more than an insignificant amount of held-to-maturity investments are sold or reclassified before maturity, the remaining HtM financial assets are reclassified as available-for-sale and no financial assets are classified as HtM investments for the two following financial years, unless the sales or reclassifications:

a) are so close to maturity or the financial asset’s call date that changes in the market rate of interest would not have a significant effect on the financial asset’s fair value;
b) occur after substantially all of the financial asset’s original principal has been collected through scheduled payments or prepayments;
c) are attributable to an isolated event that is beyond the reporting entity’s control, is non-recurring and could not have been reasonably anticipated.

After initial recognition at its fair value, which will usually be the price paid including transaction costs and income directly attributable to the acquisition or provision of the financial asset (even if not yet settled), a held-to-maturity financial asset is measured at amortised cost using the effective interest method. A gain or loss is recognised in profit or loss in item 100(c) “Gains (losses) on disposal of HtM financial assets” when the financial asset is derecognised.

If there is objective evidence that a held-to-maturity investment is impaired, the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted using the original effective interest rate of the financial asset. The carrying amount of the asset is reduced accordingly and the loss is recognised in profit or loss under item 130(c) “Impairment losses (c) held-to-maturity investments”.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised (such as an improvement in the debtor’s credit rating), the previously

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

recognised impairment loss is reversed. The reversal cannot result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised. The amount of the reversal is recognised in the same profit or loss item.

4 - Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised on the date of contract signing, which normally coincides with the date of of disbursement to the borrower.

These items include debt instruments with the same characteristics.

After initial recognition at fair value, which usually is the price paid including transaction costs and income which are directly attributable to the acquisition or issuance of the financial asset (even if not paid), a loan or receivable is measured at amortised cost using the effective interest method, allowances or reversals of allowances being made where necessary on remeasuring.

A gain or loss on loans and receivables that are not part of a hedging relationship is recognised in profit or loss:

- when a loan or receivable is derecognised: in item 100 (a) “Gains (losses) on disposal”;

or:

- when a loan or receivable is impaired: in item 130 (a) “Impairment losses (a) loans and receivables”.

Interest on loans and receivables is recognised in profit or loss on an accruals basis under item 10 "Interest income and similar revenue".

Delay interest is taken to the income statement on collection or receipt.

A loan or receivable is deemed impaired when it is considered that it will probably not be possible to recover all the amounts due according to the contractual terms, or equivalent value.

Allowances for impairment of loans and receivables are based on the present value of expected cash flows of principal and interest less recovery costs and any prepayments received; in determining the present value of future cash flows, the basic requirement is the identification of estimated collections, the timing of payments and the rate used.

The amount of the loss on impaired exposure classified as non-performing, doubtful or restructured according to the categories specified below, is the difference between the carrying value and the present value of estimated cash flows discounted at the original interest rate of the financial asset. If the original interest rate on a financial asset discounted for the first time in the year of changeover to IFRS, was not available, or obtaining it would have been too costly, the average interest rate on unimpaired positions in the year in which the original impairment of the asset was recognised, is used. This rate is maintained in all later years.

Recovery times are estimated on the basis of any repayment schedules agreed with the borrower or included in a business plan or reasonably predicted, based on historical recovery experience observed for similar classes of loans, taking into account the type of loan, the geographical location, the type of security and any other factors considered relevant.

Loans and receivables are reviewed to identify those that, following events occurring after initial recognition, display objective evidence of possible impairment. These impaired loans are reviewed and analysed periodically at least once a year. Any subsequent change vis-à-vis initial expectations of the amount or timing of expected cash flows of principal and interest causes a change in allowances for impairment and is recognised in profit or loss in item 130(a) “Impairment losses (a) loans and receivables”.

If the quality of the loan or receivable has improved and there is reasonable certainty that principal and interest will be recovered in a timely manner according to contractual terms, a reversal is made in the same profit or loss item, within the amount of the amortised cost that there would have been if there had been no impairments.

Derecognition of a loan or receivable in its entirety is made when the loan or receivable is deemed to be irrecoverable or is written off.

Write-offs are recognised directly in profit or loss under item 130(a) “Impairment losses (a) loans and receivables” and reduce the amount of the principal of the loan or receivable. Reversals of all or part of previous impairment losses are recognised in the same item.

Impaired loans and receivables are divided into the following categories:

- **Non-performing loans** - formally impaired loans, being exposure to insolvent borrowers, even if the insolvency has not been recognised in a court of law, or borrowers in a similar situation. Measurement is generally on a loan-by-loan basis or, for loans singularly not significant, on a portfolio basis for homogeneous categories of loans;
- **Doubtful loans** - exposure to borrowers experiencing temporary difficulties, which the Group believes may be overcome within a reasonable period of time: measurement is generally on a loan-by-loan basis or, for loans singularly not significant, on a portfolio basis for homogeneous categories of loans;
- **Restructured loans** – exposure to borrowers with whom a rescheduling agreement has been entered into including renegotiated pricing at interest rates below market, the conversion of part of a loan into shares and/or reduction of principal: measurement is on a loan-by-loan basis, including the present value of losses due to loan rates being lower than funding cost;
- **Past-due loans** - total exposure to any borrower not included in the other categories, which at the balance-sheet date has expired facilities or unauthorised overdrafts that are more than 180 days past due.

Total exposure is recognised in this category if, at the balance-sheet date,

either

- the expired or unauthorised borrowing;

or

- the average daily amount of expired or unauthorised borrowings during the last preceding quarter are equal to or exceed 5% of total exposure.

Measurement is on a portfolio basis using historical and statistical information.

Collective assessment is used for groups of loans for which individually there are no indicators of impairment, but to which latent impairment can be attributed, inter alia on the basis of the risk factors in use under Basel II.

Each loan with similar characteristics in terms of credit risk - in relation to loan type, the borrower's sector of economic activity, geographical location, type of security or other relevant factors - is assessed in terms of its PD (Probability of Default) and LGD (Loss Given Default); these are uniform for each class of loan.

The methods used combine Basel 2 recommendations and IFRS. The latter exclude future loan losses, not yet sustained, but include losses already sustained even if they were not manifest at the date of measurement, on the basis of past experience of losses on assets with a similar risk profile to that of the assets being measured.

If these indicators are not available, estimated value and standard loss percentages, based on internal historical series and sectoral studies, shall be used.

Allowances for impairment reduce the loan or receivable’s carrying amount. The risk inherent in off-balance-sheet items, such as loan commitments, is recognised in profit or loss under item 130(d) “Impairment losses (d) other financial assets” offsetting the liability item 120(b) “Provision: other provisions” (except for losses due to impairment of guarantees and comparable credit derivatives under IAS 39, offsetting item 100 “Other liabilities”). Allowances for unsecured loans to residents of countries experiencing debt service difficulties are generally determined, country by country, with the aim of attributing latent impairment on the basis of shared parameters.

Loans and receivables also include, as “Assets sold but not derecognised”, loans securitised after 1 January 2002 which cannot be derecognised under IAS 39.

Corresponding amounts received for securitised loans net of the amount of any retained risk (issued securities retained in the portfolio) are recognised in liability items 10 “Deposits from banks” and 20 “Deposits from customers” as “Liabilities in respect of assets sold but not derecognised".

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

Both assets and liabilities are measured at amortised cost and interest received is recognised through profit or loss.

Impairment losses on retained risk securities (arising out of securitisation transactions carried out by the entity) are recognised in item 130(a) "Impairment losses (a) loans and receivables".

5 - Financial Instruments at Fair Value through Profit or Loss (FIaFV)

Any financial asset may be designated as a financial instrument measured at fair value through profit and loss on initial recognition, except for the following:

- investments in equity instruments for which there is no price quoted in active markets and whose fair value cannot be reliably determined;
- derivatives.

FIaFV include non-HfT financial assets, but whose risk is:

- connected with debt positions measured at fair value (see also item 15 "Financial liabilities at fair value through profit and loss");

and

- managed by the use of derivatives not treatable as hedges.

FIaFV are accounted for in a similar manner to HfT financial assets (see Section 1), however gains and losses, whether realised or not, are recognised in item 110 "Gains (losses) on financial assets and liabilities measured at fair value".

6 - Hedge Accounting

Derivative hedging instruments are of three types:

a) Fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability, or an identifiable portion of such an asset or liability;
b) Cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction which could affect profit or loss;
c) Hedge of a net investment in a foreign operation.

A hedging relationship qualifies for hedge accounting if there is formal designation and documentation of the hedging relationship including the risk management objective, the strategy for undertaking the hedge, and how the hedging instrument's effectiveness will be assessed. It is necessary to assess the hedge's effectiveness, at inception and in subsequent periods, in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

A hedge is regarded as highly effective if, at the inception of the hedge and in subsequent periods, it is determined prospectively to remain highly effective, i.e. that the hedge ratio is within a range of 80-125 per cent.

The hedge is assessed on an ongoing basis and thus must prospectively remain highly effective throughout the financial reporting periods for which the hedge was designated.

The assessment of effectiveness is made at each balance-sheet date or other reporting date. If the assessment does not confirm the effectiveness of the hedge, from that time on hedge accounting is discontinued in respect of the hedge and the hedging derivative is reclassified as a held-for-trading instrument.

Hedge accounting is discontinued prospectively if the hedge is terminated or no longer highly effective; the hedging instrument expires or is sold, terminated or exercised; the hedged item is sold, expires or is repaid; or it is no longer highly probable that the forecast transaction will occur.

Hedging instuments are so designated when identifiable with an ultimate counterparty outside the Group.

Hedging derivatives are measured at fair value. Specifically:

1. **Fair Value Hedging** - an effective fair value hedge is accounted for as follows: the gain or loss from remeasuring the hedging instrument at fair value is recognised through profit or loss in item 90 "Fair value adjustments in hedge accounting"; the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised through profit or loss in the same item. If the hedging relationship is terminated for reasons other than the sale of the hedged item, the difference between the carrying amount of the hedged item on termination of the

hedging and the carrying amount it would have had if the hedge had never existed, is recognised through profit or loss in interest receivable or payable over the residual life of the original hedge, in the case of interest-bearing instruments; if the financial instrument does not bear interest, the difference is recognised in profit or loss under item 90 "Fair value adjustments in hedge accounting" at once.
If the hedged item is sold or repaid, the unamortised portion of fair value is at once recognised through profit or loss in the item 100. "Gains (losses) on disposal or repurchase";

2. **Cash Flow Hedging** - the portion of the gain or loss on a cash flow hedging instrument that is determined to be an effective hedge is recognised initially in equity item 130 "Revaluation reserves". The ineffective portion of the gain or loss is recognised through profit or loss in item 90 "Fair value adjustments in hedge accounting".
If a cash flow hedge is determined to be no longer effective or the hedging relationship is terminated, the cumulative gain or loss on the hedging instrument that remains recognised in "Revaluation reserves" from the period when the hedge was effective remains separately recognised in "Revaluation reserves" until the forecast transaction occurs or is determined to be no longer possible; in the latter case gains or losses are transferred through profit or loss to 80 "Gains (losses) on financial assets and liabilities held for trading";

3. **Hedging a Net Investment in a Foreign Operation** - hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges:
the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in item 130 "Revaluation reserves" through the statement of changes in equity;
the ineffective portion is however recognised through profit or loss in item 90 "Fair value adjustments in hedge accounting".
The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognised directly in equity is recognised through profit or loss on disposal of the foreign operation;

4. **Macro-hedged financial assets (liabilities)** - IAS 39 allows a fair-value item hedged against interest rate fluctuations to be not only a single asset or liability. but also a monetary position made up of a number of financial assets or liabilities (or parts of them); accordingly, a group of derivatives can be used to offset fair-value fluctuations in hedged items due to changes in market rates. Macrohedging may not be used for net positions resulting from the offsetting of assets and liabilities.

   As for fair value hedges, macrohedging is considered highly effective if, at the inception of the hedge and in subsequent periods, changes in the fair value attributable to the hedged position are offset by changes in fair value of the hedging instrument and if the hedge ratio is within the range of 80-125 per cent.

   Net changes – gains or losses – in the fair value of macrohedged assets and liabilities are recognised in asset item 90 and liability item 70 respectively and offset the profit and loss item 90 "Fair value adjustments in hedge accounting ".

   The ineffectiveness of the hedging arises to the extent that the change in the fair value of the hedging item differs from the change in the fair value of the hedged monetary position. The extent of hedge ineffectiveness is in any case recognised in profit and loss item 90 "Fair value adjustments in hedge accounting".

   If the hedging relationship is terminated, for reasons other than the sale of the hedged items, the remeasurement of these items is recognised through profit or loss in interest payable or receivable, for the residual life of the hedged financial assets or liabilities.

   If the latter are sold or repaid, unamortised fair value is at once recognised through profit and loss in item 100. "Gains (losses) on disposal or repurchase".

7 - Equity Investments

Equity investments are equity instruments and consequently defined as financial instruments under IAS 32.

Investments in equity instruments made with the intention of establishing or maintaining a long-term operational relationship with the investee are strategic investments.

The following are the types of equity investment:

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

SUBSIDIARIES

Subsidiaries are entities of which:

- The parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
- The parent owns half or less of the voting power and has:
  (a) power over more than half of the voting rights by virtue of an agreement with other investors;
  (b) power to govern the financial and operating policies of the entity under a statute or an agreement;
  (c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
  (d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether an entity has the power to govern the financial and operating policies of another entity.

ASSOCIATES

An associate is a company over which the investor has significant influence and which is neither a subsidiary nor an interest in a joint venture.

If an investor holds, directly or indirectly, 20 per cent or more of the voting power of another company, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case.

If the investor holds, directly or indirectly, less than 20 per cent of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

JOINT VENTURES

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Investments in subsidiaries, associates and joint ventures are measured at cost.

The purchase price of an equity investment is the sum of:

- the fair value, at the date of acquisition, of the assets sold, liabilities assumed and equity instruments issued by the purchaser in exchange for control of the investee

and

- any cost directly attributable to the acquisition.

If there is reason to believe that the value of an equity investment is impaired, the recoverable value of the investment is estimated, taking into account its fair value if it is a listed instrument or its value in use if the investment is in an unlisted company. The value in use of an unlisted company is determined where possible using internal measurement models in general use in financial business.

If it is not possible to obtain sufficient information the value in use is considered to be the net worth of the company.

If the recovery value is less than the carrying value, the difference is recognised through profit or loss in item 210. “Profit (loss) of associates”. If the reasons for impairment are removed following a subsequent event occurring after the recognition of impairment, writebacks are made through same profit or loss item.

Equity investments considered strategic investments not covered by the above definitions and not recognised in item 140. “Non-current assets and disposal groups held for sale” or item 90. “Liabilities associated with assets held for sale” (see Section 10), are classified as available for sale financial assets or financial assets measured at fair value, and treated accordingly (see Sections 2 and 5).

8 - Property, Plant and Equipment

The item includes:
- land
- buildings
- furniture and fixtures
- plant and machinery
- other machinery and equipment
- leasehold improvements.

and is divided between:
- assets used in the business
- assets held as investments.

Assets used in the business are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period. This category also (conventionally) includes assets to be let or under construction and to be let under a finance lease.

The item includes assets used as lessee under a finance lease, or let/hired out as lessor under an operating lease.

Leasehold improvements (included in the above items) are leasehold improvements and costs relating to property, plant and equipment which can be separately identified, usually borne in order to make leased premises fit for the expected use.

Improvements and additional expenses relating to property, plant and equipment identifiable and not separable are recognised in item 150 “Other assets”.

Assets held for investment purposes are properties covered by IAS 40, i.e. properties held (owned or under a finance lease) in order to derive rentals and/or a capital gain.

Property, plant and equipment are initially recognised at cost including all costs directly attributable to bringing the asset into use (transaction costs, professional fees, direct transport costs incurred in bringing the asset to the desired location, installation costs and dismantling costs).

Subsequent costs are added to the carrying amount or recognised as a separate asset only when it is probable that there will be future economic benefits in excess of those initially foreseen and the cost can be reliably measured.

All other expenses borne at a later time (e.g. normal maintenance costs) are recognised in the year they are incurred in profit and loss items:

150(b) “General and administrative expenses”, if they refer to assets used in the business;

or

190 “Other net operating income”, if they refer to property held for investment.

After being recognised as an asset, an item of property, plant and equipment is carried at cost less any accumulated depreciation and any cumulative impairment losses.

An item with a finite useful life is subject to straight-line depreciation.

Residual useful life is usually assessed as follows:

Buildings	max. 33 years;
Moveables	max. 7 years;
Electronic equipment	max. 12 years;
Other	max. 7 years;
Leasehold Improvements	max. 15 years.

An item with an indefinite useful life is not depreciated, nor is an asset the residual value of which is equal to or greater than its carrying amount.

Land and buildings are recognised separately, even if acquired together. Land is not depreciated since it usually has an indefinite useful life. Buildings, conversely, have a finite useful life and are therefore subject to depreciation.

The useful life of an asset is reviewed at each accounting period-end at least and, if expectations differ from previous estimates, the depreciation amount for the current and subsequent financial years is adjusted accordingly.

If there is objective evidence that an asset has been impaired. the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e., the present value of future cash flow expected to originate from the asset. Any value adjustment is recognised in profit and loss item 170 “Impairment/write-backs on property, plant and equipment”.

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

If the value of a previously impaired asset is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there had been no losses recognised on the prior-year impairment.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or sale in the future and any difference between sale proceeds and carrying value is recognised in profit and loss item 240 "Gains (losses) on disposal of investments".

9 - Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance, controlled by the Parent, from which future economic benefits are probable.

Intangible assets are principally goodwill, software, brands and patents.

This items also includes intangible assets used as lessee under finance leases or as lessor under operating leases (rental/hire).

Intangible assets other than goodwill are recognised at purchase cost, i.e. including any cost incurred to bring the asset into use, less accumulated amortisation and impairment losses.

An intangible asset with a finite life is subject to straight-line amortisation over its estimated useful life.

Residual useful life is usually assessed as follows:

Software	max. 5 years;
Other intangible assets	max. 5 years.

Intangible assets with an indefinite life are not amortized.

If there is objective evidence that an asset has been impaired, the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e. the present value of future cash flows expected to originate from the asset. Any impairment loss is recognised in profit and loss item 180 "Impairment/write-backs on intangible assets".

For an intangible fixed asset with indefinite life even if there are no indications of impairment, the carrying amount is compared annually with its recoverable value. If the carrying amount is greater than the recoverable value, the difference is recognised in profit and loss item 180 "Impairment/write-backs on intangible assets".

If the value of a previously impaired intangible asset, other than goodwill is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there were no losses recognised on the prior-year impairment.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or sale in the future and any difference between sale proceeds and carrying value is recognised in the profit and loss item 240 "Gains (losses) on disposal of investments".

Goodwill

Goodwill is the excess of the cost of a business combination over the net fair value of the identifiable assets and other items acquired at the acquisition date.

Goodwill arising on the acquisition of a company being merged or absorbed is recognised as an intangible asset. Goodwill arising from the acquisition of subsidiaries, non-controlling interests and joint ventures is implicit in the acquisition cost and, therefore, shall be recognised through investment in associates and joint ventures.

Goodwill is recognised at cost less any cumulative impairment losses and is not amortised.

Even if there are no indications of impairment, goodwill undergoes an annual impairment test, as for intangible assets with an indefinite useful life.

Impairment losses on goodwill are recognised in profit and loss item 230 "Impairment losses on goodwill". In respect of goodwill, no write-backs are allowed.

10 - Non-current Assets Held for Sale

Non-current assets and the group of associated liabilities (i.e. a group of units generating financial cash flow) whose sale is highly probable, are recognised in item 140 "Non-current assets and disposal groups held for sale" and item 90 "Liabilities associated with held-for-sale assets" respectively at the lesser of the carrying amount and fair value net of disposal costs.

The balance of revenue and expense relating to these assets and liabilities (dividends, interest etc.) and of their measurement as determined above, net of current and deferred tax, is recognised in the item 280 "Gains (losses) on groups of assets held for sale net of tax".

11 - Current and Deferred Tax

Income tax, calculated in accordance with local tax regulations, is recognised as a cost in relation to the taxable profit for the same period.

A deferred tax asset (item 130b) is recognised for all deductible temporary differences to the extent that it is probable that in the future taxable profit will be available against which the asset can be utilised, unless it arises from the initial recognition of an asset or a liability in a transaction which:
- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability (item 80b) is recognised for all taxable temporary differences, unless the deferred tax liability arises from:
- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  1. is not a business combination; and
  2. at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are recognised at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the time of recognition.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries or associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:
- the Parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures, to the extent that, and only to the extent that, it is probable that:
- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when owed to (or by) the same tax authority and the right to offset is recognised in law.

Current and deferred tax is recognised in profit and loss item 260 "Tax expense (income) related to profit or loss from continuing operations", except tax relating to AfS financial assets or to changes in the fair value of cash flow hedging instruments, the changes in value of which are recognised directly in the revaluation reserves net of tax.

12 - Provisions for Risks and Charges

Retirement Payments and Similar Obligations

Retirement provisions - i.e. provisions for employee benefits paid after leaving employment - are classified as defined contribution plans or defined-benefit plans according to the nature of the plan.

In detail:
- Defined-benefit plans provide a series of benefits depending on factors such as age, years of service and compensation needs. Under this type of plan actuarial and investment risks are borne by the company.
- Defined-contribution plans are plans under which the company makes fixed contributions. Benefits are the result of the amount of contributions paid and return on contributions invested.

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

The employer has no risk under this type of plan. since it has no legal or implicit obligation to make further contributions, should the plan assets not be sufficient to provide benefit to all employees. Therefore, under this type of plan actuarial and investment risks are borne by the employee.

Defined-benefit plans are present-valued by an external actuary using the unit credit projection method.

This method distributes the cost of benefits uniformly over the employee's working life. Obligations are the present value of average future benefits pro rata to the ratio of years of service to seniority at the time of benefit payment.

The amount recognised as a liability in item 120(a) is the present value of the obligation at the Balance Sheet Date, plus or minus any actuarial gains or losses not recognised in the Accounts under the 'corridor' method, which permits non-recognition of these when they do not exceed 10% of the present value of the obligation, less any pension charges relating to benefits already provided but not recognized, less the fair value at the Balance Sheet Date of plan assets due to settle the obligations directly.

The discount rate used to present-value obligations (whether financed or not) relating to benefits to be provided after retirement varies according to the country where the liabilities are allocated and is determined on the basis of market yield at the Balance Sheet Date of prime issuers' bonds with an average life in keeping with that of the relevant liability.

Other Provisions

Provisions for risks and charges are recognised when:

- The entity has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
  and
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no liability is recognised.

The amounts recognised as provisions are the best estimate of the expenditure required to settle the present obligation. The risks and uncertainties that inevitably surround the relevant events and circumstances are taken into account in reaching the best estimate of a provision.

Where the effect of the temporary value of money is material, the amount of a provision should be the present value of the expenditure expected to be required to settle the obligation. The discount rate used is a pre-tax rate that reflects current market assessments of the temporary value of money and the risks specific to the liability.

Provisions are reviewed periodically and adjusted to reflect the current best estimate. If it becomes clear that it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

A provision is used only for expenditures for which the provision was originally recognised.

Allocations made in the year are recognised in profit and loss item 160 "Provisions for risks and charges" and include increases due to the passage of time; they are also net of any re-attributions.

"Other provisions" also include obligations relating to benefits due to agents, specifically supplementary customer portfolio payments, merit payments, contractual payments and payments under non-competition agreements, which are measured as per defined benefit plans; accordingly these obligations are calculated using the unit credit projection method (see above under Retirement Payments and Similar Obligations).

13 - Liabilities and Securities in Issue

Liabilities, securities in issue and subordinated loans are initially recognised at fair value, which is normally the consideration received less transaction costs directly attributable to the financial liability. Subsequently these instruments are measured at amortised cost using the effective interest method.

Hybrid debt instruments relating to equity instruments, foreign exchange, credit instruments or indexes, are treated as structured instruments. The embedded derivative is separated from the host contract and recognised as a derivative, provided that separation requirements are met, and recognised at fair value.

Any subsequent changes in fair value are recognised in profit and loss item 80 "Gains (losses) on financial assets and liabilities held for trading".

The difference between the total amount received and the fair value of the embedded derivative is attributed to the host contract.

Instruments convertible into treasury shares imply recognition, at the issuing date, of a financial liability and of the equity part. recognised in item 150 "Equity instruments", if a physical delivery settles the contract.

The equity part is measured at the residual value, i.e., the overall value of the instrument less the separately determined value of a financial liability with no conversion clause and the same cash flow.

The financial liability is recognised at amortised cost using the effective interest method.

Securities in issue are recognized net of repurchased amounts; the difference between the carrying value of the liability and the amount paid to buy it in is taken to profit and loss under item 100.d) "Gains (losses) on buy-ins of financial liabilities". Subsequent replacement by the issuer is considered as a new issue and generates no gains or losses.

14 - Financial Liabilities Held for Trading

Financial liabilities held for trading include:
a) derivatives that are not recognised as hedging instruments;
b) obligations to deliver financial assets sold short;
c) financial liabilities issued with an intention to repurchase them in the near term;
d) financial liabilities that are part of a portfolio of financial instruments considered as a unit and for which there is evidence of a recent pattern of trading.

A HfT liability, including a derivative, is measured at fair value initially and for the life of the transaction, except for a derivative liability settled by delivery of an unlisted equity instrument whose fair value cannot reliably be measured, which is measured at cost.

15 - Financial Liabilities at Fair Value through Profit and Loss

Financial liabilities, like financial assets may also be designated on initial recognition as measured at fair value, provided that:
- this designation eliminates or considerably reduces a lack of uniformity as between different methods of measurement of assets and liabilities and related gains or losses;

or
- a group of financial assets, financial liabilities or both are managed and measured at fair value under risk management or investment strategy which is internally documented with the entity's Board of Directors or equivalent body.

These transactions are recognised as per HfT financial liabilities, gains and losses, whether realised or not, being recognised in item 110 "Gains (losses) on financial assets and liabilities at fair value through profit and loss".

16 - Foreign Currency Transactions

A foreign currency transaction is recognised at the spot exchange rate of the transaction date.

Foreign currency monetary assets and liabilities are translated at the closing rate of the period.

Exchange differences arising from settlement of monetary items at rates different from those of the transaction date and unrealised exchange rate differences on foreign currency assets and liabilities not yet settled, other than assets and liabilities designated as measured at fair value and hedging instruments, are recognised in profit and loss item 80 "Gains and losses on financial assets and liabilities held for trading".

Exchange rate differences arising on a monetary item that forms part of an entity's net investment in a foreign operation whose assets are located or managed in a country or currency other than the euro are initially recognised in the entity's equity, and recognised in profit or loss on disposal of the net investment.

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

Non-monetary assets and liabilities recognised at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated at the closing rate. The exchange differences are recognised:
- in profit and loss if the asset is HfT; or
- in revaluation reserves if the asset is AfS.

Hedges of a net investment in a foreign operation are recognised similarly to cash flow hedges:
- the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in revaluation reserves;
- the ineffective portion is however recognised in profit and loss item 90 “Fair value adjustments in hedge accounting”.

On the disposal of a foreign operation, the cumulative amount of the exchange rate differences relating to the foreign operation are recognised in profit or loss when the gain or loss on disposal is recognised.

17 - Other Information

Business Combinations

A business combination is the bringing together of separate entities or businesses into one reporting entity.

A business combination may result in a Parent-subsidiary relationship in which the acquirer is the Parent and the acquiree a subsidiary of the acquirer.

A business combination may involve the purchase of the net assets, including any goodwill, of another entity rather than the purchase of the equity of the other entity (mergers).

IFRS 3 requires that all business combinations shall be accounted for by applying the purchase method, that involves the following steps:

(a) identifying an acquirer;

(b) measuring the cost of the business combination; and

(c) allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities and contingent liabilities assumed.

The cost of a business combination is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. When this is achieved through a single exchange transaction, the date of exchange coincides with the acquisition date.

If the business combination involves more than one exchange transaction, the cost of the combination is the aggregate cost of the individual transactions and the date of exchange is the date of each exchange transaction, whereas the acquisition date is the date on which the acquirer obtains control of the acquiree.

The acquirer shall, at the acquisition date, allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria.

The acquirer shall recognise the acquiree's identifiable assets, liabilities and contingent liabilities separately at the acquisition date only if they satisfy the following criteria at that date:

(a) in the case of an asset other than an intangible asset, it is probable that any associated future economic benefits will flow to the acquirer, and its fair value can be measured reliably;

(b) in the case of a liability other than a contingent liability, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and its fair value can be measured reliably;

(c) in the case of an intangible asset or a contingent liability, its fair value can be measured reliably.

Positive difference between the cost of the business combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities so recognised is accounted for as goodwill.

After initial recognition, goodwill is measured at cost and tested for impairment at least annually.

If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall reassess the fair values and recognise immediately any excess remaining after that reassessment in profit or loss.

Fair Value

It is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

The fair value of financial instruments listed in active markets is determined starting from the official prices of the most advantageous market to which the Bank has access.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from a pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If a published price quotation in an active market does not exist for a financial instrument in its entirety, but active markets exist for its component parts, fair value is determined on the basis of the relevant market prices for the component parts.

If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique, which makes maximum use of market inputs, and relies as little as possible on entity-specific inputs.

The Bank uses valuation techniques in line with commonly accepted economic methods, which therefore reflect the methods used by the market to value financial instruments.

The valuation models used include techniques based on discounting future cash flow or the estimation of volatility.

We also use processes and procedures designed to regularly assess our valuation models and the parameters used in valuation. The valuation models used are reviewed both during development and then regularly by staff other than that charged with developing the models. The review of parameters used aims to minimize the differences between market price and the value given by the model on the basis of exercise prices, indexes and maturities where the largest portfolio risk positions are concentrated. The fair value determined using the above criteria is adjusted if it is believed that the valuation techniques used are not able to accommodate specific risk factors. Special attention is given to closing-out costs, model risk, liquidity risk and, where relevant, counterparty risk.

Financial instruments are recognized at fair value on the balance-sheet date. With instruments held for trading (see sections 1 and 14) or valued at fair value (see sections 5 and 15), any difference from the amount received or paid is recognized in the income statement under the appropriate item.

The above-described valuation model review processes and the related paramters, value adjustments for model risk and the use of prudent valuation models ensure that the amount taken to the income statement does not result from the use of non-observable parameters.

The fair value on recognition of financial intrumentsother than those mentioned above fis assumed to be the same as the amount received or paid.

Derecognition

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's balance sheet.

Before evaluating whether, and to what extent, derecognition is appropriate, under IAS 39 an entity should determine whether the relevant conditions apply to a financial asset in its entirety or to a part of a financial asset. The standard is applied to a part of financial assets being transferred if, and only if, the part being considered for derecognition meets one of the following conditions:

- the part comprises only specifically identified cash flows from a financial asset (or a group of assets), e.g. interest cash flows from an asset;

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

- the part comprises a clearly identified percentage of the cash flows from a financial asset, e.g., a 90 per cent share of all cash flows from an asset;

- the part comprises only a fully proportionate (pro rata) share of specifically identified cash flow, e.g. 90 per cent share of interest cash flows from an asset.

In all other cases, the standard is applied to the financial asset in its entirety (or to the group of similar financial assets in their entirety).

An entity shall derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the contractual rights to receive the cash flows of the financial asset to a third party.

Rights to cash flow are considered to be transferred even if contractual rights to receive the asset's cash flow are retained but there is an obligation to pay this cash flow to one or more entities and all the following conditions are fulfilled (pass-through agreement):
- there is no obligation on the Bank to pay amounts not received from the original asset;
- sale or pledge of the original asset is not allowed, unless it secures the obligation to pay cash flow;
- the Bank is obliged to transfer forthwith all cash flows received and may not invest them, except for liquidity invested for the short period between the date of receipt and that of payment, provided that the interest accrued in that period is paid on.

Recognition is also subject to verification of effective transfer of all the risks and rewards of ownership of the financial asset (true sale). If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the asset (or group of assets) and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Conversely, if the entity substantially retains all the risks and rewards of ownership of the asset (or group of assets), the entity shall continue to recognise the transferred asset(s). In this case it is necessary to recognise a liability corresponding to the amount received under the transfer and subsequently recognise all income accruing on the asset or expense accruing on the liability.

The main transactions that do not allow, under the above rules, total derecognition of a financial asset are securitisations, repurchase transactions (buy-ins) and stock lending.

In the case of securitisations the Bank does not derecognise the financial asset on purchase of the equity tranche or provision of other forms of support of the structure which result in the Bank retaining the credit risk of the securitised portfolio.

In the case of repurchase transactions and stock lending, the assets transacted are not derecognised since the terms of the transaction entail the retention of all their risks and rewards.

Treasury Shares
Treasury shares held are deducted from equity. The difference between the price on later sale of treasury shares and the related post-tax repurchase cost is recognised directly in equity.

Finance Leases
Finance leases effectively transfer all the risks and benefits of ownership of an asset to the lessee. Ownership of the asset is transferred to the lessee, however not necessarily at contract maturity.

The lessee acquires the economic benefit of the use of the leased asset for most of its useful life, in exchange for a commitment to pay an amount approximately equivalent to the fair value of the asset and related finance costs. Recognition in the lessor's accounts is as follows:
- in assets, the value of the loan, less the principal of lease payments due and paid by the lessee;
- in profit or loss, interest received.

See Sections 8 - Property, Plant and Equipment and 9 - Intangible Assets below for treatment of the lessee's assets.

Factoring
Loans acquired in factoring transactions with recourse are recognised to the extent of the advances granted to customers on their consideration. Loans acquired without recourse are recognised as such once it has been established that there are no contractual clauses that would invalidate the transfer of all risks and benefits to the factor.

Repo Transactions

Securities received in a transaction that entails a contractual obligation to sell them at a later date or delivered under a contractual obligation to repurchase are neither recognised nor derecognised. In respect of securities purchased under an agreement to resell, the consideration is recognised as a loan to customers or banks. In respect of securities held in a repurchase agreement, the liability is recognised as due to banks or customers. Revenue from these loans, being the coupons accrued on the securities and the difference between the sale/purchase and resale/repurchase prices, is recognised in profit or loss through interest income and expenses on an accruals basis.

These transactions can only be offset if, and only if, they are carried out with the same counterparty and provided that such offset is provided for in the underlying contracts.

Italian Staff Severance Pay (Trattamento di fine rapporto - "TFR")

The "TFR" provision for Italy-based employee benefits is to be construed as a "post-retirement defined benefit". It is therefore recognised on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value. This benefit is calculated by an external actuary using the unit credit projection method (see Section 12 under *Retirement Payments and Similar Obligations).*

Following the reform of complementary pensions under LD 252/2005, TFR installments accrued up to 31.12.2006 remain with the employer, while TFR installments accruing from January 1, 2007 have been transferred, as decided by the employee (by 30.06.2007), to complementary pension schemes or to the Treasury fund of INPS (the Italian national insurance body).

Consequently:

- the TFR provision accrued up to 31.12.2006 (or up to the date of the employees' decisions - between 01.01.07 and 30.06.07- where they opted to transfer their TFR to a complementary pension scheme) is still considered a defined-benefit plan and thus subject to actuarial valuation, though with a simplification in the actuarial assumptions, which no longer contemplate fprecast future salary increases;
- installments accrued at 01.01.07 (or as from the date of the employees' decisions - made between 01.1.07 and 30.06.07 - to assign their TFR to a complementary pension scheme) have been considered as a defined-contribution plan (since the employer's obligation ceases as soon as the accrued TFR instalments are paid into the scheme chosen by the employee) and therefore the cost for the period is equal to the amounts paid into the complementary pension scheme or to the Treasury fund of INPS.

Costs relating to TFR accruing in the year are taken to income statement item 150.a) "Payroll" and include interest accrued in the year (interest cost) on the obligation already existing at the date of the reform and the accrued installments for the year paid into the complementary pension scheme or to the Treasury fund of INPS.

Actuarial gains (losses), i.e., the difference between the liabilities' carrying value and the present value of the obligation at the end of the periodare recognised according to the 'corridor' method, i.e., only when they exceed 10% of the present value of the obligation at the period-end. Any surplus is taken to the income statement and amortized over the residual working llife of the employees who are members of the plan, as from the following financial year.

Share-Based Payment

Equity-settled payments made to employees in consideration of services rendered, using equity instruments comprise:

- Stock options
- Performance shares (i.e. awarded on attainment of certain objectives)
- Restricted shares (i.e. subject to a lock-up period).

Considering the difficulty of reliably measuring the fair value of the services acquired against equity-settled payments, reference is made to the fair value of the instruments themselves, measured at the date of the allocation.

This fair value is recognised as cost in profit and loss item 150 "Administrative costs" offsetting the liability item 160 "Reserves", on an accruals basis over the period in which the services are acquired.

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

The fair value of a cash-settled share-based payment, the services acquired and the liability incurred are measured at the fair value of the liability, recognised in item 100 “Other liabilities”. The fair value of the liability, as long as it remains unsettled, is remeasured at each balance sheet date and all changes in fair value are recognised in profit and loss item 150 “Administrative costs”.

Other Long-term Employee Benefits

Long-term employee benefits - e.g. long-service bonuses, paid on reaching a predefined number of years' service - are recognised in item 100 “Other liabilities” on the basis of the measurement at the Balance Sheet Date of the liability, also in this case determined by an external actuary using the unit credit projection method (see Section 12 - Provisions for risks and charges - retirement payments and similar obligations). Gains (losses) on this type of benefit are recognised at once through profit or loss, without using the 'corridor' method.

Guarantees and credit derivatives in the same class

Guarantees and credit derivatives in the same class measured under IAS 39 are initially and subsequently (on remeasurement following impairment losses) recognised in item 100 “Other liabilities”. Impairment losses are recognised in profit and loss item 130(d) “Impairment losses on other financial assets”.

PROFIT AND LOSS
Interest Income and Expense

Interest and similar income accrue on cash, HfT assets and liabilities and assets and liabilities at fair value through profit and loss, AfS financial assets, HtM investments, loans and receivables, deposits, and securities in issue.

Interest income and expense are recognised through profit or loss with respect to all instruments measured at amortised cost, using the effective interest method.

Interest also includes:
the net credit or debit balance of differentials and margins on financial derivatives:
- hedging interest-bearing assets and liabilities;
- HfT but linked for business purposes to assets and liabilities designated as measured at fair value (fair value option);
- linked for business purposes to HfT assets and liabilities paying differentials or margins on several maturities.

Fees and Commissions

Fees and commissions are recognised on an accruals basis.

Securities trading commission is recognised at the time the service is rendered. Investment portfolio management fees, advisory fees and investment fund management fees are recognised on a pro-rata temporis basis.

Fees included in amortised cost used to calculate effective interest rates are not included under fees and commissions, since they are part of the effective interest rate.

Dividends

Dividends are recognised in the profit and loss account for the year in which their distribution has been approved.

RELEVANT IFRS DEFINITIONS

The main definitions introduced by IFRS are described below, other than those dealt with in previous sections.

Amortised cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The effective interest method is a method of allocating the interest income or interest expense over the life of a financial asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Commissions forming an integral part of the effective interest rate include loan drawdown fees or underwriting fees relating to a financial asset not designated at fair value, e.g., fees received as compensation for the assessment of the issuer’s or borrower’s financial situation, for valuation and registration of security, and generally for the completion of the transaction (management fees).

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Impairment of financial assets

At each balance sheet date an entity assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment.

Losses expected as a result of future events, no matter how likely, are not recognised.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to our attention about the following loss events:
(a) significant financial difficulty of the issuer or obligor;
(b) a breach of contract, such as a default or delinquency in interest or principal payments;
(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower which the lender would not otherwise consider;
(d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
(e) the disappearance of an active market for that financial asset because of financial difficulties; however, the disappearance of an active market due to the fact that a company's financial instruments are no longer traded publicly is no evidence of impairment; or
(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
(i) adverse changes in the payment status of borrowers in the group; or
(ii) national or local economic conditions that correlate with defaults on the assets in the group.

Objective evidence of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred. the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit and loss item 130 "Impairment losses" and the asset's carrying value is reduced.

If the terms of a loan, receivable or held-to-maturity investment are renegotiated or otherwise modified because of financial difficulties of the borrower or issuer, impairment is measured using the original effective interest rate before the modification of terms. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. If a loan, receivable or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

A reduction in the fair value of a financial asset below its cost or amortised cost is not necessarily an indication of impairment (e.g. reduction in the fair value of an investment in a debt instrument resulting from an increase in the risk¬free interest rate).

Objective evidence of impairment is initially assessed individually; however, if it is determined that there is no objective evidence of individual impairment, the asset is included in a group of financial assets with similar credit risk characteristics and assessed collectively.

Formula-based approaches and statistical methods may be used to assess impairment losses on a group of financial assets. Models used incorporate the temporary value of money, and consider cash flows over the entire residual life of the asset (not just the following year) and do not give rise to an impairment loss on initial recognition of a financial asset. They take into account losses already sustained but not manifest in the group of financial assets at the time of measurement, on the basis of past experience of losses on assets having a similar credit risk to the group of assets being measured.

The process of estimating impairment losses considers all credit exposures, not only those of low credit quality, which reflect a serious impairment.

Reversals of impairment losses

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed and the amount of the reversal is recognised in profit and loss item 130 "Impairment losses" except in the case of AfS equity instruments (see Section 2 above).

The reversal shall not result - at the date the impairment is reversed - in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised.

Notes to the Accounts

Part B) Balance Sheet

Assets

Liabilities

Other Information

Notes to the Accounts (Amounts in thousands of €)

Part B) Balance Sheet - Assets

Section 1 - Cash and cash balances - Item 10

1.1 Cash and cash balances: breakdown

	31.12.2007	31.12.2006
a) Cash	26,122	24,847
b) Demand deposits with Central banks	4,000,777	860
Total	**4,026,899**	**25,707**

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading: product breakdown

	31.12.2007			31.12.2006		
ITEMS/VALUES	LISTED	UNLISTED	TOTAL	LISTED	UNLISTED	TOTAL
A. Financial assets (non-derivatives)						
1. Debt securities	503,508	1,335,918	1,839,426	236,804	717,024	953,828
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	503,508	1,335,918	1,839,426	236,804	717,024	953,828
2. Equity instruments	61,930	698,335	760,265	252,208	-	252,208
3. Units in investment fund	345,542	118,131	463,673	281,705	-	281,705
4. Loans	-	-	-	-	-	-
4.1 Repos	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-
6. Assets sold but not derecognised	1,424,226	-	1,424,226	2,388,748	-	2,388,748
Total A	**2,335,206**	**2,152,384**	**4,487,590**	**3,159,465**	**717,024**	**3,876,489**
B. Derivative instruments						
1. Financial derivatives	5	6,669,694	6,669,699	-	1,366,632	1,366,632
1.1 trading	5	5,949,331	5,949,336	-	1,024,237	1,024,237
1.2 fair value hedges	-	44,115	44,115	-	-	-
1.3 other	-	676,248	676,248	-	342,395	342,395
2. Credit derivatives	-	48	48	-	43	43
2.1 trading	-	-	-	-	-	-
2.2 fair value hedges	-	-	-	-	-	-
2.3 other	-	48	48	-	43	43
Total B	**5**	**6,669,742**	**6,669,747**	**-**	**1,366,675**	**1,366,675**
Total (A+B)	**2,335,211**	**8,822,126**	**11,157,337**	**3,159,465**	**2,083,699**	**5,243,164**

"Financial derivatives: other" comprises: (i) derivatives embedded in structured financial instruments, where the host has been classified in a category other than held-for-trading or fair value option and (ii) derivatives that, for economic purposes, are associated with banking book instruments.

2.2 Financial assets held for trading: breakdown by issuer/borrower

ITEMS/VALUES	31.12.2007	31.12.2006
A. Financial assets (non-derivatives)		
1. Debt securities	**1,839,426**	**953,828**
a) Governments and central banks	395,330	236,804
b) Other public-sector entities	254	-
c) Banks	1,382,724	717,024
d) Other issuers	61,118	-
2. Equity instruments	**760,265**	**252,208**
a) Banks	17,612	252,208
b) Other issuers:	742,653	-
- Insurance companies	7,693	-
- Financial companies	699,003	-
- Non-financial institutions	35,957	-
- Other	-	-
3. Units in investments fund	**463,673**	**281,705**
4. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other issuers	-	-
5. Impaired assets	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other	-	-
6. Assets sold but not derecognised	**1,424,226**	**2,388,748**
a) Governments and central banks	1,279,725	2,388,748
b) Other public-sector entities	-	-
c) Banks	24,432	-
d) Other issuers	120,069	-
Total A	**4,487,590**	**3,876,489**
B. Derivative instruments		
a) Banks	6,418,369	1,262,266
b) Customers	251,378	104,409
Total B	**6,669,747**	**1,366,675**
Total (A+B)	**11,157,337**	**5,243,164**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

2.3 Financial instruments held for trading: derivatives

TYPE OF DERIVATIVE/ UNDERLYING ASSETS	31.12.2007 INTEREST RATES	CURRENCY AND GOLD	EQUITY INSTRUMENTS	LOANS	OTHER	TOTAL	31.12.2006 TOTAL
A) Listed derivates							
1) Financial derivatives:	**5**	**-**	**-**	**-**	**-**	**5**	**-**
with underlyng asset exchange	5	-	-	-	-	5	-
- purchased options	-	-	-	-	-	-	-
- other derivatives	5	-	-	-	-	5	-
with no underlyng asset exchange	-	-	-	-	-	-	-
- purchased options	-	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-	-
2) Credit derivatives:	**-**	**-**	**-**	**-**	**-**	**-**	**-**
with underlyng asset exchange	-	-	-	-	-	-	-
with no underlyng asset exchange	-	-	-	-	-	-	-
Total A	**5**	**-**	**-**	**-**	**-**	**5**	**-**
B) Unlisted derivatives							
1) Financial derivatives:	**3,562,816**	**623,570**	**2,483,308**	**-**	**-**	**6,669,694**	**1,366,632**
with underlyng asset exchange	229	591,729	1,030,589	-	-	1,622,547	176,371
- purchased options	207	42,381	1,027,485	-	-	1,070,073	-
- other derivatives	22	549,348	3,104	-	-	552,474	176,371
with no underlyng asset exchange	3,562,587	31,841	1,452,719	-	-	5,047,147	1,190,261
- purchased options	1,018,987	4,320	1,433,475	-	-	2,456,782	520,009
- other derivatives	2,543,600	27,521	19,244	-	-	2,590,365	670,252
2) Credit Derivatives	**-**	**-**	**-**	**48**	**-**	**48**	**43**
with underlyng asset exchange	-	-	-	-	-	-	-
with no underlyng asset exchange	-	-	-	48	-	48	43
Total B	**3,562,816**	**623,570**	**2,483,308**	**48**	**-**	**6,669,742**	**1,366,675**
Total (A + B)	**3,562,821**	**623,570**	**2,483,308**	**48**	**-**	**6,669,747**	**1,366,675**

2.4 Financial assets held for trading (other than assets sold and not derecognised or impaired assets): annual changes

	31.12.2007				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**953,828**	**252,208**	**281,705**	**-**	**1,487,741**
B. Increases	**8,072,179**	**3,247,830**	**722,363**	**-**	**12,042,372**
B.1 Purchases	5,327,441	3,202,712	686,748	-	9,216,901
of which: business combinations	*1,103,557*	*433,080*	*683,348*	-	*2,219,985*
B.2 Positive changes in fair value	3,996	24,880	30,353	-	59,229
B.3 Other changes	2,740,742	20,238	5,262	-	2,766,242
C. Reductions	**7,186,581**	**2,739,773**	**540,395**	**-**	**10,466,749**
C.1 Sales	3,346,180	2,721,864	534,905	-	6,602,949
C.2 Redemptions	2,469,278	-	-	-	2,469,278
C.3 Negative changes in fair value	3,368	7,481	5,020	-	15,869
C.4 Other changes	1,367,755	10,428	470	-	1,378,653
D. Closing balance	**1,839,426**	**760,265**	**463,673**	**-**	**3,063,364**

By agreement, sub-headings “B.3 Other changes” and “C.4 Other changes” include annual changes relating to assets sold and not derecognized.

Section 3 - Financial assets at fair value through profit or loss - Item 30

3.1 Financial assets at fair value through profit or loss: product breakdown

	31.12.2007			31.12.2006		
ITEMS/VALUES	LISTED	UNLISTED	TOTAL	LISTED	UNLISTED	TOTAL
1. Debt securities	11	27,437	27,448	23,602	15,055	38,657
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	11	27,437	27,448	23,602	15,055	38,657
2. Equity instruments	-	31,510	31,510	-	-	-
3.Units in investment funds	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-
6. Assets sold but not derecognised	-	-	-	-	-	-
Total	**11**	**58,947**	**58,958**	**23,602**	**15,055**	**38,657**
Cost	***11***	***58,681***	***58,692***	***23,543***	***15,107***	***38,650***

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

3.2 Financial assets at fair value through profit or loss: breakdown by issuer/borrower		
ITEMS/VALUES	31.12.2007	31.12.2006
1. Debt securities	**27,448**	**38,657**
a) Governments and central banks	6	6
b) Other public-sector entities	-	-
c) Banks	27,441	38,645
d) Other issuers	1	6
2. Equity instruments	**31,510**	**-**
a) Banks	-	-
b) Other issuers:	31,510	-
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	31,510	-
- other	-	-
3. Units in investment funds	-	-
4. Loans	-	-
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
5. Impaired assets	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
6. Assets sold but not derecognised	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other issuers	-	-
Total	**58,958**	**38,657**

3.3 Financial assets at fair value through profit or loss (other than asssets sold and not derecognised): annual changes					
	31.12.2007				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**38,657**	**-**	**-**	**-**	**38,657**
B. Increases	**6,466**	**43,308**	**-**	**-**	**49,774**
B.1 Purchases	6,114	43,308	-	-	49,422
of which: business combinations	-	*43,308*	-	-	*43,308*
B.2 Positive changes in fair value	215	-	-	-	215
B.3 Other changes	137	-	-	-	137
C. Reductions	**17,675**	**11,798**	**-**	**-**	**29,473**
C.1 Sales	-	-	-	-	-
C.2 Redemptions	15,095	-	-	-	15,095
C.3 Negative changes in fair value	4	-	-	-	4
C.4 Other changes	2,576	11,798	-	-	14,374
D. Closing balances	**27,448**	**31,510**	**-**	**-**	**58,958**

Section 4 - Available-for-sale financial assets - Item 40

4.1 Available-for-sale financial assets: product breakdown						
	31.12.2007			31.12.2006		
ITEMS/VALUES	LISTED	UNLISTED	TOTAL	LISTED	UNLISTED	TOTAL
1. Debt securities	281,273	252,901	534,174	402,599	18,058	420,657
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	281,273	252,901	534,174	402,599	18,058	420,657
2. Equity instruments	1,048,006	638,065	1,686,071	1,359,260	519,861	1,879,121
2.1 Measured at fair value	1,048,006	517,905	1,565,911	1,359,260	463,774	1,823,034
2.2 Carried at cost	-	120,160	120,160	-	56,087	56,087
3. Units in investment funds	27,478	75,516	102,994	9,707	1,889	11,596
4. Loans	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-
6. Assets sold but not derecognised	803,628	154,232	957,860	1,418,369	-	1,418,369
Total	**2,160,385**	**1,120,714**	**3,281,099**	**3,189,935**	**539,808**	**3,729,743**

Available for sale financial assets include securities purchased by some of our internal pension funds, which do not have legal status or independent own means: further detail is provided in the annexes to the Accounts.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

4.2 Available-for-sale financial assets: breakdown by issuer/borrower

ITEMS/VALUES	31.12.2007	31.12.2006
1. Debt securities	**534,174**	**420,657**
a) Governments and central banks	283,685	398,975
b) Other public-sector entities	16	-
c) Banks	124,278	19,847
d) Other issuers	126,195	1,835
2. Equity instruments	**1,686,071**	**1,879,121**
a) Banks	837,281	1,427,437
b) Other issuers:	848,790	451,684
- insurance companies	4,884	4,366
- financial companies	131,700	78,951
- non-financial companies	280,469	221,683
- other	431,737	146,684
3. Units in investment funds	**102,994**	**11,596**
4. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
5. Impaired assets	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
6. Assets sold but not derecognised	**957,860**	**1,418,369**
a) Governments and central banks	736,919	1,418,369
b) Other public-sector entities	-	-
c) Banks	49,984	-
d) Other issuers	170,957	-
Total	**3,281,099**	**3,729,743**

4.3 Available-for-sale financial assets: hedged

	HEDGED ASSETS			
	31.12.2007		31.12.2006	
ASSETS/TYPE OF HEDGING	FAIR VALUE	CASH FLOW	FAIR VALUE	CASH FLOW
1. Debt securities	762,685	-	900,793	-
2. Equity instruments	203,200	-	128,500	-
3. Units in investment funds	-	-	-	-
4. Loans	-	-	-	-
5. Portfolio	-	-	-	-
Total	**965,885**	**-**	**1,029,293**	**-**

4.4 Available-for-sale financial assets subject to micro-hedging

ITEMS/VALUES	31.12.2007	31.12.2006
1. Financial assets subject to micro-hedging of fair value	**965,885**	**1,029,293**
a) Interest rate risk	762,685	900,793
b) Price risk	203,200	128,500
c) Currency risk	-	-
d) Credit risk	-	-
e) Multiple risks	-	-
2. Financial assets subject to micro-hedging of cash flows	**-**	**-**
a) Interest rate risk	-	-
b) Currency risk	-	-
c) Other	-	-
Total	**965,885**	**1,029,293**

4.5 Available-for-sale financial assets (other than assets sold and not derecognised or impaired assets): annual changes

	31.12.2007				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**420,657**	**1,879,121**	**11,596**	**-**	**2,311,374**
B. Increases	**2,511,148**	**2,268,060**	**105,794**	**-**	**4,885,002**
B1. Purchases	1,012,712	1,288,188	105,356	-	2,406,256
of which: business combinations	*912,360*	*454,359*	*102,265*	-	*1,468,984*
B.2 Positive changes in fair value	2,666	96,214	118	-	98,998
B.3 Write-backs	84	-	-	-	84
- through profit or loss	84	-	-	-	84
- in equity	-	-	-	-	-
B.4 Trasfers from other portfolios	-	57,922	-	-	57,922
B.5 Other changes	1,495,686	825,736	320	-	2,321,742
C. Decreases	**2,397,631**	**2,461,110**	**14,396**	**-**	**4,873,137**
C.1 Sales	388,021	1,513,861	11,249	-	1,913,131
C.2 Redemptions	198,753	-	-	-	198,753
C.3 Negative changes in fair value	56,728	65,070	723	-	122,521
C.4 Impairments	-	4,837	-	-	4,837
- through profit or loss	-	4,837	-	-	4,837
- in equity	-	-	-	-	-
C.5 Transfers to other portfolios	727,634	98,282	-	-	825,916
C.6 Other changes	1,026,495	779,060	2,424	-	1,807,979
D. Closing balance	**534,174**	**1,686,071**	**102,994**	**-**	**2,323,239**

By agreement, sub-headings “B.5 Other changes” and “C.6 Other changes” include annual changes relating to assets sold and not derecognized.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

Section 5 - Held-to-maturity investments - Item 50

5.1 Held-to-maturity investments: breakdown

	31.12.2007		31.12.2006	
	TOTAL		TOTAL	
TYPE OF TRANSACTIONS/VALUES	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
1. Debt securities	33,942	34,471	-	-
1.1 Structured securities	-	-	-	-
1.2 Other securities	33,942	34,471	-	-
2. Loans	-	-	-	-
3. Impaired assets	-	-	-	-
4. Assets sold but not derecognised	2,762,305	2,797,233	-	-
Total	**2,796,247**	**2,831,704**	**-**	**-**

5.2 Held-to-maturity investments: breakdown by debtors/issuers

TYPE OF TRANSACTIONS/VALUES	31.12.2007	31.12.2006
1. Debt securities	**33,942**	**-**
a) Governments and central banks	33,942	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) other	-	-
2. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) other	-	-
3. Impaired assets	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) other	-	-
4. Assets sold but not derecognised	**2,762,305**	**-**
a) Governments and central banks	2,762,305	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) other	-	-
Total	**2,796,247**	**-**

5.4 Held-to-maturity investments: annual changes			
	31.12.2007		
	DEBT SECURITIES	LOANS	TOTAL
A. Opening balance	**-**	**-**	**-**
B. Increases	**2,825,043**	**-**	**2,825,043**
B.1 Purchases	2,067,539	-	2,067,539
of which: business combinations	-	-	-
B.2 Write-backs	-	-	-
B.3 Trasfer from other portfolios	727,634	-	727,634
B.4 Other changes	29,870	-	29,870
C. Decreases	**2,791,101**	**-**	**2,791,101**
C.1 Sales	-	-	-
C.2 Redemptions	-	-	-
C.3 Write-downs	-	-	-
C.4 Trasfer to other portfolios	-	-	-
C.5 Other changes	2,791,101	-	2,791,101
D. Closing balances	**33,942**	**-**	**33,942**

By agreement, sub-headings “B.4 Other changes” and “C.5 Other changes” include annual changes relating to assets sold and not derecognized.

Section 6 - Loans and receivables with banks - Item 60

6.1 Loans and receivables with banks: product breakdown		
TYPE OF TRANSACTIONS/VALUES	31.12.2007	31.12.2006
A. Loans to Central Banks	**18,650,403**	**4,646,685**
1. Time deposits	9,866	6,591
2. Compulsory reserves	18,640,462	4,639,795
3. Repos	-	-
4. Other	75	299
B. Loans to Banks	**144,169,250**	**107,528,992**
1. Current accounts and demand deposits	15,194,943	34,155,365
2. Time deposits	84,026,587	26,242,019
3. Other loans	12,412,884	17,983,347
3.1 Repos	8,372,249	7,323,701
3.2 Finance leases	-	-
3.3 Other	4,040,635	10,659,646
4. Debt securities	32,534,836	29,148,219
4.1 Structured	-	-
4.2 Other	32,534,836	29,148,219
5. Impaired assets	-	42
6. Assets sold not derecognised	-	-
Total (carrying value)	**162,819,653**	**112,175,677**
Total (fair value)	***162,818,297***	***112,275,395***

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

Section 7 - Loans and receivables with customers - Item 70

7.1 Loans and receivables with customers: product breakdown

TYPE OF TRANSACTIONS/VALUES	31.12.2007	31.12.2006
1. Current accounts	70,721	56,299
2. Repos	-	-
3. Mortgages	2,250,084	1,177,349
4. Credit cards and personal loans, incl. loans guaranteed by salary	-	-
5. Finance leases	-	-
6. Factoring	-	-
7. Other transactions	15,962,970	10,420,354
8. Debt securities	1,298,295	220,756
8.1 Structured	-	-
8.2 Other	1,298,295	220,756
9. Impaired assets	1,324,028	1,051
10. Assets sold but not derecognised	810,023	-
Total (carrying value)	**21,716,121**	**11,875,809**
Total (fair value)	***21,714,645***	***11,955,470***

The item 8.2 Other Debt Securities includes €913,213 thousand arising from the “Trevi Finance”, “Trevi Finance 2” and “Trevi Finance 3” securitization transactions, in respect of which the underlying assets were not re-recognized in the accounts, since the transactions date from before January 1, 2002 (see also section 4 - Loans and Receivables in Part A) Accounting Principles).

The assets underlying these securitisation transactions are non-performing loans.

Had these assets been re-recognized in the accounts item 10. Assets Sold But Not Derecognised would have increased by €1,369,698 thousand i.e., the book value of these impaired loans on the balance-sheet date, whereas their face value was €5,122,185 thousand.

7.2 Loans and receivables with customers: breakdown by issuers/borrowers

TYPE OF TRANSACTIONS/VALUES	31.12.2007	31.12.2006
1. Debt securities issued by:	**1,298,295**	**220,756**
a) Governments	-	-
b) Other public-sector entities	1,741	1,942
c) Other issuers	1,296,554	218,814
- non-financial companies	20,435	22,846
- financial companies	1,185,835	150,968
- insurance companies	90,284	45,000
- other	-	-
2. Loans to:	**18,283,774**	**11,654,002**
a) Governments	-	-
b) Other public-sector entities	3,016	5,200
c) Other entities	18,280,758	11,648,802
- non-financial companies	1,473,838	1,452,511
- financial companies	16,730,748	10,194,739
- insurance companies	-	-
- other	76,172	1,552
3. Impaired assets	**1,324,029**	**1,051**
a) Governments	-	-
b) Other public-sector entities	13,696	-
c) Other entities	1,310,333	1,051
- non-financial companies	1,019,192	1,051
- financial companies	35,503	-
- insurance companies	-	-
- other	255,638	-
4. Assets sold but not derecognised	**810,023**	**-**
a) Governments	-	-
b) Other public-sector entities	-	-
c) Other entities	810,023	-
- non-financial companies	-	-
- financial companies	810,023	-
- insurance companies	-	-
- other	-	-
Total	**21,716,121**	**11,875,809**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

Section 8 - Hedging derivatives - Item 80

8.1 Hedging derivatives: breakdown by contract and underlying assets

	31.12.2007					
TYPE OF DERIVATIVES/UNDERLYING ASSETS	INTEREST RATES	CURRENCY AND GOLD	EQUITY INSTRUMENTS	LOANS	OTHER	TOTAL
A) Listed						
1) Financial derivatives	**-**	**-**	**-**	**-**	**-**	**-**
With underlying asset exchange	-	-	-	-	-	-
- purchased options	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
With no underlying asset exchange	-	-	-	-	-	-
- purchased options	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
2) Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**
With underlying asset exchange	-	-	-	-	-	-
With no underlying asset exchange	-	-	-	-	-	-
Total A	**-**	**-**	**-**	**-**	**-**	**-**
B) Unlisted						
1) Financial derivatives	**420,401**	**75,077**	**73,421**	**-**	**-**	**568,899**
With underlying asset exchange	-	75,077	73,421	-	-	148,498
- purchased options	-	-	73,421	-	-	73,421
- other derivatives	-	75,077	-	-	-	75,077
With no underlying asset exchange	420,401	-	-	-	-	420,401
- purchased options	255	-	-	-	-	255
- other derivatives	420,146	-	-	-	-	420,146
2) Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**
With underlying asset exchange	-	-	-	-	-	-
With no underlying asset exchange	-	-	-	-	-	-
Total B	**420,401**	**75,077**	**73,421**	**-**	**-**	**568,899**
Total (A+B) 31.12.2007	**420,401**	**75,077**	**73,421**	**-**	**-**	**568,899**
Total (A+B) 31.12.2006	***365,840***	***154,854***	***139,909***	**-**	**-**	***660,603***

8.2 Hedging derivatives: breakdown by hedged assets and risk								
	31.12.2007							
	FAIR VALUE HEDGES						CASH-FLOW HEDGES	
	MICRO-HEDGES							
TRANSACTIONS/TYPE OF HEDGES	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS	MACRO-HEDGE	MICRO-HEDGES	MACRO-HEDGE
1. Available-for-sale financial assets	5,768	-	-	73,421	-	X	-	X
2. Loans and receivables	-	-	-	X	-	X	-	X
3. Held-to-maturity investments	X	-	-	X	-	X	-	X
4. Portfolio	X	X	X	X	X	269	X	-
Total assets	**5,768**	**-**	**-**	**73,421**	**-**	**269**	**-**	**-**
1. Financial liabilities	-	-	-	X	-	X	-	X
2. Portfolio	X	X	X	X	X	463,521	X	25,920
Total liabilities	**-**	**-**	**-**	**-**	**-**	**463,521**	**-**	**25,920**

Section 9 - Changes in fair value of portfolio hedged financial assets - Item 90

9.1 Changes to macro-hedged financial assets: breakdown by hedged portfolio		
CHANGES TO HEDGED ASSETS/VALUES	31.12.2007	31.12.2006
1. Positive changes	**-**	**45**
1.1 of specific portfolios:	-	-
a) loans and receivables	-	-
b) available-for-sale financial assets	-	-
1.2 overall	-	45
2. Negative changes	**(596)**	**(1,899)**
2.1 of specific portfolios:	-	-
a) loans and receivables	-	-
b) available-for-sale financial assets	-	-
2.2 overall	(596)	(1,899)
Total	**(596)**	**(1,854)**

9.2 Assets subject to macro-hedging of interest-rate risk: breakdown		
HEDGED ASSETS	31.12.2007	31.12.2006
1. Loans and receivables	-	-
2. Available-for-sale financial assets	-	-
3. Portfolio	1,635,000	1,486,712
Total	**1,635,000**	**1,486,712**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

Section 10 - Equity investments - Item 100

10.1 Equity investments in subsidiaries, joint ventures or companies under significant influence: information on shareholders' equity

NAME	MAIN OFFICE	EQUITY % (*)		VOTING RIGHTS
A. Subsidiaries				
1. Aspra Finance S.p.A.	Milan	100.00%		
2. Banca di Roma S.p.A. (now UniCredit Banca di Roma S.p.A.)	Rome	100.00%		
3. Banco di Sicilia S.p.A.	Palermo	100.00%		
4. Bank Austria Creditanstalt AG	Vienna	96.35%		
5. Bank Pekao S.A.	Warsaw	59.36%		
6. Bayerische Hypo- und Vereinsbank AG	Munich	89.01%	(A)	88.80%
7. BdR Roma Prima Ireland Ltd.	Dublin	99.90%		
8. BIPOP CARIRE S.p.A.	Brescia	100.00%		
9. Box 2004 S.p.A.	Rome	100.00%		
10. Capitalia Asset Management S.G.R. S.p.A.	Rome	100.00%		
11. Capitalia Informatica S.p.A.	Rome	100.00%		
12. Capitalia Investimenti Alternativi S.G.R. S.p.A.	Milan	100.00%		
13. Capitalia Luxembourg S.A.	Luxembourg	100.00%		
14. Capitalia Merchant S.p.A.	Rome	100.00%		
15. Capitalia Partecipazioni S.p.A.	Rome	100.00%		
16. Capitalia Sofipa SGR S.p.A.	Rome	100.00%		
17. Cassa & Assicurazioni S.p.A. (in liquidation)	Verona	65.00%		
18. CO.RI.T Concessionaria Riscossione Tributi S.p.A. (in liquidation)	Rome	60.00%		
19. Edipass S.p.A. (in liquidation)	Potenza	55.00%	(B)	
20. Entasi S.r.l.	Rome	100.00%		
21. Eurofinance 2000 S.r.l.	Rome	100.00%		
22. European Trust S.p.A.	Brescia	100.00%		
23. FIMIT - Fondi Immobiliari Italiani SGR S.p.A.	Rome	51.55%		
24. Fineco Finance Ltd	Dublin	100.00%		
25. Fineco Leasing S.p.A.	Brescia	99.99%		
26. Fineco Verwaltung AG	Frankfurt am Main	100.00%		
27. FinecoBank S.p.A.	Milan	99.99%		
28. GE.S.E.T.T. S.p.A. - Gestione Servizi Esazione Tributi e Tesorerie (in liquidation)	Naples	98.45%		
29. HoldCo77 B.V.	Amsterdam	100.00%		
30. I-Faber Società per azioni	Milan	65.32%		
31. Ipse 2000 S.p.A.	Rome	50.00%		
32. Kyneste S.p.A.	Rome	100.00%		
33. MCC - Mediocredito Centrale S.p.A.	Rome	100.00%		
34. Mediotrade S.p.A. (in liquidation)	Rome	100.00%		
35. Pioneer Global Asset Management S.p.A.	Milan	100.00%		
36. Romafides - Fiduciaria e Servizi S.p.A.	Rome	100.00%		
37. Serit S.p.A. (in liquidation)	Rome	100.00%		
38. Società Amministrazione Immobili - S.A.IM. S.p.A. (in liquidation)	Rome	60.00%		
39. Società Italiana Gestione ed Incasso Crediti S.p.A.	Rome	95.00%	(C)	
40. Sofigere Société par Actions Simplifiée	Parigi	100.00%		
41. Spaget S.p.A. (in liquidation)	Rome	100.00%		

(Equity investments in subsidiaries, joint ventures or companies under significant influence: information on shareholders' equity) Continued

NAME	MAIN OFFICE	EQUITY	% (*)	VOTING RIGHTS
42. Trevi Finance N. 2 S.p.A.	Conegliano (TV)	60.00%		
43. Trevi Finance N. 3 S.r.l.	Conegliano (TV)	60.00%		
44. Trevi Finance S.p.A.	Conegliano (TV)	60.00%		
45. UniCredit Audit S.p.A.	Milan	100.00%		
46. UniCredit Banca d'Impresa S.p.A.	Verona	100.00%		
47. UniCredit Banca Mobiliare S.p.A.	Milan	100.00%		
48. UniCredit Banca S.p.A.	Bologna	100.00%		
49. UniCredit Bank Ireland P.l.c. (formerly UniCredito Italiano Bank (Ireland) P.l.c.)	Dublin	100.00%		
50. UniCredit Bulbank A.D. (formerly Bulbank A.D.)	Sofia	..	(D)	
51. UniCredit Delaware Inc.	Dover (Delaware)	100.00%		
52. UniCredit Global Information Services S.p.A.	Milan	100.00%		
53. UniCredit Global Leasing S.p.A.	Milan	67.41%	(E)	
54. UniCredit Infrastrutture S.p.A.	Turin	100.00%		
55. UniCredit International Bank (Luxembourg) S.A.	Luxembourg	100.00%		
56. UniCredit Private Banking S.p.A.	Turin	100.00%		
57. UniCredit Processes & Administration S.p.A. (formerly UniCredit Produzioni Accentrate S.p.A.)	Cologno Monzese (MI)	100.00%		
58. UniCredit Real Estate S.p.A.	Genoa	100.00%		
59. UniCredit Zagrebacka Banka D.D. (now UniCredit Bank D.D.)	Mostar	4.69%	(F)	4.94%
60. UniCredito Gestione Crediti S.p.A. - Banca per la gestione dei crediti	Verona	97.81%	(G)	
61. UniCredito Italiano Capital Trust I	Newark (Delaware)	100.00%		
62. UniCredito Italiano Capital Trust II	Newark (Delaware)	100.00%		
63. UniCredito Italiano Funding LLC I	Dover (Delaware)	100.00%		
64. UniCredito Italiano Funding LLC II	Dover (Delaware)	100.00%		
65. UniCredito Italiano Funding LLC III	Wilmington (Delaware)	100.00%		
66. UniCredito Italiano Funding LLC IV	Wilmington (Delaware)	100.00%		
67. Unimanagement S.r.l.	Turin	100.00%		
68. Xelion Doradcy Finansowi Sp.zo.o.	Lozd	50.00%	(H)	
B. Joint ventures	-	-		

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

(Equity investments in subsidiaries, joint ventures or companies under significant influence: information on shareholders' equity) Continued

NAME	MAIN OFFICE	EQUITY % (*)		VOTING RIGHTS
C. Companies under significant influence				
1. Agenzia per l'innovazione Tecnologica - AGITEC S.p.A. (in liquidation)	Rome	25.00%		
2. Capitalia Assicurazioni S.p.A.	Milan	49.00%		
3. Cassa di Liquidazione e Garanzia S.p.A. (in liquidation)	Trieste	24.61%		
4. Centrale dei Bilanci S.r.l. Società Studi Finanziari	Turin	22.75%		
5. CNP Capitalia Vita S.p.A. (now CNP UniCredit Vita S.p.A.)	Milan	16.92%	(I)	
6. Consorzio CA.RI.CE.SE.	Bologna	33.11%	(J)	
7. Fidia - Fondo Interbancario d'Investimento Azionario S.G.R. S.p.A.	Milan	50.00%		
8. G.B.S. General Broker Service S.p.A.	Rome	20.00%		
9. Milano Est S.p.A.	Milan	34.63%		
10. Nuova Teatro Eliseo S.p.A.	Rome	41.01%		
11. SIA-SSB S.p.A. (formerly SSB S.p.A.)	Milan	24.07%		
12. Società Gestione per il Realizzo S.p.A.	Rome	15.74%	(K)	
13. Sviluppo Globale GEIE	Rome	25.00%		
14. Tecnoservizi Mobili S.r.l.	Rome	49.00%		

(*) The equity stake is held by Parent Company and does not include any stake held by other Group companies.
(A) Another 6.44% stake is held by UniCredit Banca Mobiliare S.p.A.(6,56% of common stock).
(B) Another 10% stake is held by Basica S.p.A. (in liquidation).
(C) Another 5% stake is held by MCC - Mediocredito Centrale S.p.A..
(D) Another 90.30% stake is held by Bank Austria Creditanstalt AG.
(E) Another 32.59% stake is held by Bank Austria Creditanstalt AG.
(F) Another 93.98% stake is held by Zagrebacka Banka D.D. (94.52% of common stock).
(G) The subsidiary owns 175,000 treasury shares, equal to tje remaining 2.19% of share capital.
(H) Another 50% is held through Bank Pekao S.A..
(I) Another 21.88% is held by Fineco Verwaltung AG.
(J) Another 0.58% is held by various Group banks.
(K) Another 10.68% is held by various Group banks.

10.2 Equity investments in subsidiaries, joint ventures or companies under significant influence: information on the accounts

NAME	TOTAL ASSETS	TOTAL REVENUES	NET PROFIT (LOSS)*	SHAREHOLDERS' EQUITY		CARRYING VALUE	FAIR VALUE
A. Subsidiaries							
1. Aspra Finance S.p.A. (A)	20,010	-	-51	19,959		20,016	X
2. Banca di Roma S.p.A. (now UniCredit Banca di Roma S.p.A.)	61,371,257	4,734,164	-64,316	4,534,190	(1)	7,307,217	X
3. Banco di Sicilia S.p.A.	23,997,694	1,765,914	-47,182	1,120,959	(1)	2,404,190	X
4. Bank Austria Creditanstalt A.G.	144,168,306	7,786,214	1,162,334	13,921,813	(2/3)	20,690,790	X
5. Bank Pekao S.A.	33,273,565	2,021,550	558,397	4,001,220	(2/3)	4,372,004	X
6. Bayerische Hypo- und Vereinsbank A.G.	374,018,284	26,608,568	8,146,007	22,087,406		16,698,589	X
7. BdR Roma Prima Ireland Ltd	46,002	1,577	1,559	47,547	(1)	47,503	X
8. BIPOP CARIRE S.p.A.	13,346,383	838,695	-44,708	884,474	(1)	1,279,823	X
9. Box 2004 S.p.A.	8,873	317	-194	7,478	(1)	8,394	X
10. Capitalia Asset Management SGR S.p.A.	102,014	317,884	18,128	54,390	(1)	519,835	X
11. Capitalia Informatica S.p.A.	273,454	461,423	-120,436	11,123		11,123	X
12. Capitalia Investimenti Alternativi SGR S.p.A.	9,279	7,596	791	6,860		6,657	X
13. Capitalia Luxembourg S.A.	1,570,183	83,945	9,557	209,297	(1)	285,443	X
14. Capitalia Merchant S.p.A.	479,189	53,828	28,933	378,108		367,743	X
15. Capitalia Partecipazioni S.p.A.	1,281,014	98,946	65,262	1,217,347	(1)	1,280,652	X
16. Capitalia Sofipa SGR S.p.A.	11,069	7,477	641	7,673		7,272	X
17. Cassa & Assicurazioni S.p.A. (in liquidation) (B)	84	-	-8	84		62	X
18. CO.RI.T Concessionaria Riscossione Tributi S.p.A. (in liquidation)	3,846	189	58	481		254	X
19. Edipass S.p.A. (in liquidation)	193	-	-31	-31		..	X
20. Entasi S.r.l.	38	49	-	11		10	X
21. Eurofinance 2000 S.r.l.	63	52	-11	31	(1)	35	X
22. European Trust S.p.A.	1,535	839	4	1,284	(1)	1,305	X
23. FIMIT - Fondi Immobiliari Italiani SGR S.p.A.	42,107	18,109	6,003	31,106	(1)	27,045	X
24. Fineco Finance Ltd	373,559	127,355	13,834	373,338	(1)	380,706	X
25. Fineco Leasing S.p.A.	5,667,746	375,042	24,294	130,748	(1)	223,164	X
26. Fineco Verwaltung AG	197,052	8,123	7,284	196,650	(1)	215,903	X
27. Finecobank S.p.A.	13,351,872	771,431	62,897	350,780	(1)	1,665,432	X
28. GE.S.E.T.T. S.p.A. - Gestione Servizi Esazione Tributi e Tesorerie (in liquidation)	595	9	-53	-36		..	X
29. HoldCo77 B.V. (A)	9	-	-16	2		18	X
30. I-Faber Società per azioni	11,708	12,242	-603	7,378	(2)	9,700	X
31. Ipse 2000 S.p.A.	24,037	854	-511	20,034		9,932	X
32. Kyneste S.p.A.	26,486	24,934	735	17,215	(1)	18,440	X
33. MCC - Mediocredito Centrale S.p.A.	11,091,720	747,245	8,365	928,946	(1)	1,234,463	X
34. Mediotrade S.p.A. (in liquidation) (C)	648	22	-9	648		..	X
35. Pioneer Global Asset Management S.p.A.	2,477,481	450,901	440,308	2,358,796		1,713,478	X
36. Romafides - Fiduciaria e Servizi S.p.A.	2,868	1,765	141	1,693		1,684	X
37. Serit S.p.A. (in liquidation)	41,863	65	-90	242		242	X
38. Società Amministrazione Immobili - S.A.IM. S.p.A. (in liquidation)	3,016	474	369	1,894		54	X
39. Società Italiana Gestione ed Incasso Crediti S.p.A.	5,330	10,747	-2,415	342		342	X
40. Sofigere Société par Actions Simplifiée	15,157	2,093	175	219		175	X
41. Spaget S.p.A. (in liquidation)	1,764	18	-251	501		501	X
42. Trevi Finance N. 2 S.p.A.	192	77	2	154	(1)	94	X
43. Trevi Finance N. 3 S.r.l.	183	83	24	159		93	X
44. Trevi Finance S.p.A.	153	77	2	114	(1)	69	X
45. UniCredit Audit S.p.A.	44,755	49,729	996	2,693		1,211	X

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

(Equity investments in subsidiaries, joint ventures or companies under significant influence: information on the accounts) Continued

NAME	TOTAL ASSETS	TOTAL REVENUES	NET PROFIT (LOSS)*	SHAREHOLDERS' EQUITY		CARRYING VALUE	FAIR VALUE
46. UniCredit Banca d'Impresa S.p.A.	76,275,799	5,126,843	635,150	5,205,749		3,825,618	X
47. UniCredit Banca Mobiliare S.p.A.	1,128,319	592,439	41,925	794,308		232,405	X
48. UniCredit Banca S.p.A.	89,119,705	6,885,070	717,679	3,615,986		2,687,666	X
49. UniCredit Bank Ireland P.l.c. (formerly UniCredito Italiano Bank (Ireland) P.l.c.)	32,002,690	1,412,613	38,007	2,373,713		2,142,340	X
50. UniCredit Bulbank A.D. (formerly Bulbank A.D.)	4,635,819	368,007	130,470	594,277		25	X
51. UniCredit Delaware Inc.	200,489	13,697	13	133		18	X
52. UniCredit Global Information Services S.p.A.	381,421	472,777	-2,528	109,497		96,790	X
53. UniCredit Global Leasing S.p.A. (A)	1,492,189	9,549	-6,074	755,991	(4)	514,086	X
54. UniCredit Infrastrutture S.p.A.	3,713	6,569	946	1,695		670	X
55. UniCredit International Bank (Luxembourg) S.A.	4,629,135	233,003	2,885	26,436		20,000	X
56. UniCredit Private Banking S.p.A.	6,980,808	566,716	90,114	639,307		521,801	X
57. UniCredit Processes & Administration S.p.A. (formerly UniCredit Produzioni Accentrate S.p.A.)	172,246	174,209	-19,502	36,687		3,030	X
58. UniCredit Real Estate S.p.A.	3,847,523	407,268	62,279	1,272,144		1,148,232	X
59. UniCredit Zagrebacka Banka D.D. (now UniCredit Bank D.D.)	1,103,830	85,710	15,210	90,842		1,496	X
60. UniCredito Gestione Crediti S.p.A. - Banca per la gestione dei crediti	152,761	88,001	23,040	104,848		72,047	X
61. UniCredito Italiano Capital Trust I	550,479	43,459	-	1		1	X
62. UniCredito Italiano Capital Trust II	312,450	28,123	-	1		1	X
63. UniCredito Italiano Funding LLC I	550,481	43,459	-	2		2	X
64. UniCredito Italiano Funding LLC II	312,450	28,123	-	1		1	X
65. UniCredito Italiano Funding LLC III	765,330	30,658	411	791		1	X
66. UniCredito Italiano Funding LLC IV	417,113	22,335	218	483		1	X
67. Unimanagement S.r.l.	7,585	4,739	-2,479	793		119	X
68. Xelion Doradcy Finansowi Sp.zo.o.	3,046	10,189	-3,657	1,775		563	X
B. Joint ventures	-	-	-	-		-	X
C. Companies under significant influence							
1. Agenzia per l'innovazione Tecnologica - AGITEC S.p.A. (in liquidation) (D)	21	103	51	21		,,	
2. Capitalia Assicurazioni S.p.A. (E)	61,609	11,375	60	10,335	(1)	5,202	
3. Cassa di Liquidazione e Garanzia S.p.A. (in liquidation) (F)	737	12	-12	214		63	
4. Centrale dei Bilanci S.r.l. Società Studi Finanziari (G)	108,314	52,778	42,282	100,265	(1)	23,792	
5. CNP Capitalia Vita S.p.A. (now CNP UniCredit Vita S.p.A.) (E)	13,229,367	1,373,721	20,336	370,008	(1)	135,189	
6. Consorzio CA.RI.CE.SE.	9,755	25,395	-	1,624	(2)	2,392	
7. Fidia - Fondo Interbancario d'Investimento Azionario S.G.R. S.p.A. (H)	11,810	1,085	-2,675	9,296		4,648	
8. G.B.S. General Broker Service S.p.A. (I)	9,206	10,272	139	1,272	(1)	270	
9. Milano Est S.p.A.	9,927	76	-3,037	837		407	
10. Nuova Teatro Eliseo S.p.A. (G)	5,078	6,101	-131	1,085		445	
11. SIA-SSB S.p.A. (formerly SSB S.p.A.) (J)	116,143	166,364	10,879	154,688	(1/2)	73,503	
12. Società Gestione per il Realizzo S.p.A. (G)	59,247	37,920	27,522	51,910		8,170	
13. Sviluppo Globale GEIE	365	657	193	256		,,	
14. Tecnoservizi Mobili S.r.l.	2,248	3,992	31	1,893		,,	
						72,332,657	

(*) Amount already included in the next column "Shareholders' Equity".

(A) Newly established company

(B) Data are taken from the liquidation financial statements as at 24.01.2004 and consider liquidation amounts already distributed. A request for the removal of the company from the Companies Register was lodged at end-2007.

(C) Data are taken from the liquidation financial statements as at 14.12.2007. In January 2008 the company was removed from the Companies Register.

(D) Data are taken from the liquidation financial statements as at 20.11.2007. In January 2008 the company was removed from the Companies Register.

(E) Data are taken from the balance sheet as at 30.06.2007.

(F) Data are taken from the financial statements as at 31.12.2006 and consider liquidation amounts distributed in 2007.

(G) Data are taken from the financial statements as at 31.12.2006.

(H) Data are taken from the balance sheet as at 30.09.2007.

(I) Data are taken from the financial statements as at 30.06.2007.

(J) Data are taken from the financial statements as at 31.12.2006, except the column "Shareholders' Equity", which considers SIA S.p.A.'s absorption into SSB S.p.A., effective as from 1 May 2007.

In respect of previous table, note that:

- data of subsidiaries/associates were taken from the 2007 financial statements or from 2007 draft accounts approved by the competent Corporate Bodies; should these not have been available, data were taken from the most recent approved financial statements or balance sheet. Amounts relating to foreign companies were calculated according to the exchange rate prevailing at the end of the year;
- the difference between the carrying amount and the lower value corresponding to the fraction of shareholders' equity is due to:
  1) the cost of the stake determined pursuant to IFRS 3 "Business Combinations" on Capital absorption;
  2) higher cost sustained on acquisition or increase equity stake held (ancillary costs included) and entered in the accounts as the reasons for this payment are still valid;
  3) the higher market value;
  4) the temporary loss for the first 8 months of the company's life.

10.3 Investments in associates and joint ventures: annual changes

	31.12.2007
A. Opening balance	**37,399,169**
B. Increases	**41,236,236**
B.1 Purchases	37,794,040
of which: business combinations	*17,638,413*
B.2 Write-backs	-
B.3 Revaluation	-
B.4 Other changes	3,442,196
C. Decreases	**6,302,748**
C.1 Sales	2,249,958
C.2 Write-downs	179,091
C.3 Other changes	3,873,699
D. Closing balance	**72,332,657**
E. Total revaluation	**-**
F. Total write-downs	**186,344**

10.4 Commitments relating to equity investments in subsidiaries

At December 31, 2007 UniCredit S.p.A. undertakes to buy the residual shares in FinecoBank S.p.A.'s (0.01%) held by third-party shareholders for the total price about of €145 thousand with a minimum disbursement of €500 for small stakes. In the first months of 2008 UniCredit bought approximately 6,000 FinecoBank shares for a total price of about €21,000.

The following should also be noted:
- Pioneer Global Asset Management S.p.A.'s extraordinary shareholders' meeting of April 23, 2007 resolved to attribute the Board of Directors the power to increase the share capital - pursuant to article 2443 of the Italian Civil Code - by a maximum amount of approximately €300 million, in various tranches by April 2008. As in May 2007 the share capital was increased by €20 million, UniCredit's residual commitment to increase PGAM's capital amounts to €280 million.
- On December 18, 2007 Aspra Finance S.p.A.'s extraordinary shareholders' meeting resolved to increase its share capital from €10,000 to €350 million, of which €20 million were then underwritten and paid by UniCredit. UniCredit undertook to underwrite and pay the residual €330 million by the end of H1 2008.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

Section 11 - Property, plant and equipment - Item 110

11.1 Property, plant and equipment: breakdown of assets valued at cost

ASSETS/VALUES	31.12.2007	31.12.2006
A. Assets for operational use		
1.1 Owned	**24,319**	**12,670**
a) land	5	5
b) buildings	17	17
c) equipment	12,351	10,463
d) electronic systems	1,795	1,929
e) other	10,151	256
1.2 Leased	**-**	**-**
a) land	-	-
b) buildings	-	-
c) equipment	-	-
d) electronic systems	-	-
e) other	-	-
Total A	**24,319**	**12,670**
B. Held-for-investment assets		
2.1 Owned	**-**	**-**
a) land	-	-
b) buildings	-	-
2.2 Leased	**-**	**-**
a) land	-	-
b) buildings	-	-
Total B	**-**	**-**
Total (A + B)	**24,319**	**12,670**

11.2 Property, plant and equipment: breakdown of assets measured at fair value or revalued

For the measurement of property, plant and equipment, the Company does not apply the revaluation model.

11.3 Property, plant and equipment used in the business: annual changes

	31.12.2007					
	LAND	BUILDINGS	EQUIPMENT	ELECTRONIC SYSTEMS	OTHER	TOTAL
A. Gross opening balance	**5**	**17**	**31,034**	**50,291**	**5,039**	**86,386**
A.1 Net decreases	-	-	(20,571)	(48,362)	(4,783)	(73,716)
A.2 Net opening balance	**5**	**17**	**10,463**	**1,929**	**256**	**12,670**
B. Increases	**168,840**	**90,725**	**4,282**	**1,654**	**10,933**	**276,434**
B1. Purchases	168,840	87,210	3,821	1,644	10,607	272,122
of which: business combinations	*168,840*	*87,210*	*2,287*	*959*	*7,835*	*267,131*
B.2 Capitalised expenditure on improvements	-	3,515	-	-	-	3,515
B.3 Write-backs	-	-	-	-	-	-
B.4 Increase in fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
B.5 Positive Exchange differences	-	-	-	-	-	-
B.6 Transfer from properties held for investment	-	-	-	-	-	-
B.7 Other changes	-	-	461	10	326	797
C. Decreases	**168,840**	**90,725**	**2,394**	**1,788**	**1,038**	**264,785**
C.1 Disposals	168,840	90,041	973	139	351	260,344
of which: business combinations	*168,840*	*90,041*	*548*	*139*	-	*259,568*
C.2 Depreciation	-	684	715	1,507	624	3,530
C.3 Impairment losses:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
C.4 Reductions of fair value	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
C.5 Negative exchange difference	-	-	23	27	1	51
C.6 Transfers to:	-	-	1	-	-	1
a) property, plant and equipment held for investment	-	-	-	-	-	-
b) assets held for sale	-	-	1	-	-	1
C.7 Other changes	-	-	682	115	62	859
D. Net closing balance	**5**	**17**	**12,351**	**1,795**	**10,151**	**24,319**
D.1 Total net write-downs	-	-	(21,776)	(50,038)	(15,245)	(87,059)
D.2 Gross closing balance	**5**	**17**	**34,127**	**51,833**	**25,396**	**111,378**
E. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

11.4 Property, plant and equipment held for investment: annual changes			
	31.12.2007		
	LAND	BUILDINGS	TOTAL
A. Gross opening balance	**-**	**-**	**-**
B. Increases	**852,368**	**1,415,995**	**2,268,363**
B.1 Purchases	852,368	1,410,950	2,263,318
of which: business combinations	*852,368*	*1,410,950*	*2,263,318*
B.2 Capitalised expenditure on improvements	-	4,758	4,758
B.3 Increase in fair value	-	-	-
B.4 Write-backs	-	-	-
B.5 Positive exchange differences	-	-	-
B.6 Transfer from properties used in the business	-	-	-
B.7 Other changes	-	287	287
C. Decreases	**852,368**	**1,415,995**	**2,268,363**
C.1 Disposals	852,368	1,407,707	2,260,075
of which: business combinations	*852,368*	*1,407,707*	*2,260,075*
C.2 Depreciation	-	7,513	7,513
C.3 Reductions of fair value	-	-	-
C.4 Impairment losses	-	-	-
C.5 Negative exchange differences	-	-	-
C.6 Transfers to other asset portfolios	-	-	-
a) properties used in the business	-	-	-
b) non-current assets classified as held-for-sale	-	-	-
C.7 Other changes	-	775	775
D. Closing balances	**-**	**-**	**-**
E. Measured at fair value	-	-	-

Section 12 - Intangible assets - Item 120

12.1 Intangible assets: detail by type of assets				
	31.12.2007		31.12.2006	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	X	3,544,075	X	-
A.2 Other intangible assets:	105,683	-	905	-
A.2.1 Assets valued at cost	105,683	-	905	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	105,683	-	905	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**105,683**	**3,544,075**	**905**	**-**

Goodwill resulted from UniCredit's absorption of Capitalia S.p.A. As from the finalization of the acquisition the value of 'Customer Relationships' (€103,772 thousand) was recognized under "Other intangible assets".

12.2 Intangible assets: annual changes

	31.12.2007					
		OTHER INTANGIBLE ASSETS: GENERATED INTERNALLY		OTHER INTANGIBLE ASSETS: OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross Opening Balance	**-**	**-**	**-**	**161,162**	**-**	**161,162**
A.1 Net decreases	-	-	-	(160,257)	-	(160,257)
A.2 Net opening balance	**-**	**-**	**-**	**905**	**-**	**905**
B. Increases	**3,544,075**	**-**	**-**	**107,478**	**-**	**3,651,553**
B.1 Purchases	3,544,075	-	-	107,478	-	3,651,553
of which: business combinations	*3,544,075*	-	-	*106,702*	-	*3,650,777*
B.2 Increases in intangible assets generated internally	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Increase in fair value	-	-	-	-	-	-
- in equity	X	-	-	-	-	-
- through profit or loss	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**2,700**	**-**	**2,700**
C.1 Disposals	-	-	-	-	-	-
C.2 Write-downs	-	-	-	2,675	-	2,675
- Depreciation	X	-	-	2,540	-	2,540
- write-downs	-	-	-	135	-	135
+ Net Equity	X	-	-	-	-	-
+ Profit and loss account	-	-	-	135	-	135
C.3 Reductions of fair value	-	-	-	-	-	-
- in equity	X	-	-	-	-	-
- through profit or loss	X	-	-	-	-	-
C.4 Trasfers to non-current assets held-for-sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	15	-	15
C.6 Other changes	-	-	-	10	-	10
D. Net Closing Balance	**3,544,075**	**-**	**-**	**105,683**	**-**	**3,649,758**
D.1 Total net write-downs	-	-	-	-	-	-
E. Gross Closing Balance	**3,544,075**	**-**	**-**	**105,683**	**-**	**3,649,758**
F. Carried at cost	-	-	-	-	-	-

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

Section 13 - Tax assets and tax liabilities - Item 130 (assets) and 80 (liabilities)

13.1 Deferred tax assets: breakdown

DEFERRED TAX ASSETS RELATED TO:	31.12.2007	31.12.2006
Assets/liabilities held for trading	25,898	-
Other financial instruments	90,686	4,066
Property, plant and equipment / intangible assets	17,295	175
Provisions	55,379	-
Other assets / liabilities	149,397	63,125
Loans and receivables with banks and customers	520,355	24,032
Taxes losses caried forward	218,314	-
Other	486,333	299,322
Total	**1,563,657**	**390,720**

13.2 Deferred tax liabilities: breakdown

DEFERRED TAX LIABILITIES RELATED TO:	31.12.2007	31.12.2006
Loans and receivables with banks and customers	45,181	54,165
Assets/liabilities held for trading	7,195	-
Other financial instruments	51,420	107,796
Property, plant and equipment/intangible assets	316	733
Other assets / liabilities	-	28,489
Deposits from banks and customers	12,067	-
Other	455,830	260,954
Total	**572,009**	**452,137**

13.3 Deferred tax assets: annual changes (balancing P&L)

	31.12.2007	31.12.2006
1. Opening balance	**390,556**	**339,510**
2. Increases	**1,710,384**	**136,283**
2.1 Deferred tax assets arising during the year	179,150	112,471
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) write-backs	-	-
d) other	179,150	112,471
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1,531,234	23,812
of which: business combinations	*1,531,234*	-
3. Decreases	**597,083**	**85,237**
3.1 Deferred tax assets derecognised during the year	216,164	84,861
a) reversals of temporary differences	216,164	84,861
b) write-downs of non-recoverable items	-	-
c) change in accounting policies	-	-
3.2 Reduction in tax rates	272,264	-
3.3 Other decreases	108,655	376
of which: business combinations	*52,068*	-
4. Final amount	**1,503,857**	**390,556**

13.4 Deferred tax liabilities: annual changes (balancing P&L)

	31.12.2007	31.12.2006
1. Opening balance	**381,970**	**288,185**
2. Increases	**306,289**	**113,726**
2.1 Deferred tax liabilities arising during the year	97,068	113,726
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	97,068	113,726
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	209,221	-
of which: business combinations	*209,221*	-
3. Decreases	**151,557**	**19,941**
3.1 Deferred tax liabilities derecognised during the year	10,899	19,941
a) reversals of temporary differences	10,899	19,941
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	103,844	-
3.3 Other decreases	36,814	-
of which: business combinations	*36,811*	-
4. Final amount	**536,702**	**381,970**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

13.5 Deferred tax assets: annual changes (balancing Net Equity)

	31.12.2007	31.12.2006
1. Opening balance	**164**	**435**
2. Increases	**90,972**	**-**
2.1 Deferred tax assets arising during the year	15,176	-
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	15,176	-
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	75,796	-
of which: business combinations	*75,796*	-
3. Decreases	**31,336**	**271**
3.1 Deferred tax assets derecognised during the year	-	271
a) reversals of temporary differences	-	271
b) writedowns of non-recoverable items	-	-
c) due to change in accounting policies	-	-
3.2 Reduction in tax rates	11,960	-
3.3 Other decreases	19,376	-
4. Final amount	**59,800**	**164**

13.6 Deferred tax liabilities: annual changes (balancing Net Equity)

	31.12.2007	31.12.2006
1. Opening balance	**70,167**	**79,031**
2. Increases	**16,281**	**43,970**
2.1 Deferred tax liabilities arising during the year	1,801	43,970
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	1,801	43,970
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	14,480	-
of which: business combinations	*14,480*	-
3. Decreases	**51,141**	**52,834**
3.1 Deferred tax liabilities derecognised during the year	37,247	48,744
a) reversal of temporary differences	29,807	48,590
b) due to change in accounting policies	-	-
c) other	7,440	154
3.2 Reduction in tax rates	13,894	-
3.3 Other decreases	-	4,090
4. Final amount	**35,307**	**70,167**

The change in deferred tax liabilities contra shareholders' equity comprise reductions due to use of deferred tax, originally set aside by a transfer from the "Contribution Reserve under Law 218/90", connected with certain equity investments (€7,440 thousand), and the impact of the tax rate reduction (€1,313 thousand). These sums were recognized in the Income Statement item 260.

13.7 Other information

Changes in deferred tax assets and liabilities: 2008 finance act

The 2008 Finance Act (Act 244 of December 24, 2007) lowered the rate of corporate income tax from 33% to 27.50% and regional manufacturing tax from 4.25% to 3.90%. Therefore, in accordance with IAS 12, deferred tax assets and liabilities were revalued at 31.12.2007 to determine the impact of the tax cuts.

With regard to tax assets and liabilities recorded in the periods following the FTA, the normal criterion that determines the allocation to the income statement or to the statement of equity was used to allocate the corresponding adjustments in line with the accounting policies of the items to which they relate.

For deferred tax assets recorded during the FTA and during business combinations recognised in accordance with IFRS 3, in line with the guidelines contained in the Banca d'Italia, Consob and ISVAP Document 1 of February 21, 2008, the following method was used:

- for deferred taxes recorded during the FTA, the adjustment was recorded:
  - as a balancing entry in the income statement for those tax assets and liabilities where changes would have been recorded, under IAS/IFRS, in the income statement;
  - as a balancing entry in the equity statement for those tax assets and liabilities where changes would have been recorded, under IAS/IFRS, in the equity statement.
- however, for deferred taxes recorded following business combinations, the reversal was recognised as a balancing entry in the income statement.

National consolidated tax

Legislative Decree 344 of December 12, 2003 on corporate income tax (IRES) reform introduced corporate income tax for groups of companies on the basis of national consolidated tax rules.

The national consolidated tax rules, which are optional and apply for three fiscal periods, are subject to the existence of certain requirements and offer benefits of an economic and/or financial nature, such as:
- the immediate offsetting of taxable earnings and losses generated by companies included in the scope of consolidation;
- the complete exclusion of dividends distributed within the scope of consolidation instead of exemption for 95%;
- the deductibility of interest expense on financing entered into for the acquisition of equity interests in consolidated companies, instead of partial non-deductibility on the basis of the equity owned;
- the right to make tax-neutral transfers of individual assets and business units, i.e., without giving rise to taxable capital gains.

Note that:
- at the end of the 2006 tax year, the option for the first three years expired for those companies in the Group that had exercised it for the first time in 2004;
- in April 2007, the Board of Directors decided to renew the option for a further three years and to create new options for companies not included in the previous three year period. These companies were chosen according to whether they were wholly owned (or majority owned), directly or indirectly, and provided there were no hypothetical or real plans to transfer control to third parties. Subsidiaries whose taxable earnings were less significant or whose assets were not essential for the Group were not included.

Therefore, from January 1, 2007, UniCredito Italiano Spa, as the parent, opted for tax consolidation with the following companies:

UniCredit Banca SpA - Bologna
UniCredit Banca per la Casa SpA - Milan
Unicredit Banca d'Impresa SpA - Verona
UniCredit Factoring SpA - Milan
I-Faber SpA - Milan
UniCredit Private Banking SpA - Turin
UniCredit Xelion Banca SpA - Milan
Cordusio Fiduciaria SpA - Milan
Pioneer Global Asset Management SpA - Milan
Pioneer Alternative Investment Management Sgrpa - Milan
Pioneer Investment Management Sgrpa - Milan
UniCredit Global Leasing SpA - Milan
Locat SpA - Bologna
UniCredito Gestione Crediti SpA - Banca per la Gestione dei Crediti - Verona
UniCredit Processes & Administration SpA - Milan
UniCredit Global Information Services SpA - Milan
UniCredit Audit SpA - Milan
UniCredit Real Estate SpA - Genoa
UniCredit Banca Mobiliare SpA - Milan
UniManagement Srl - Turin

Furthermore, taking account of the merger (effective October 1, 2007) that resulted in the absorption of Capitalia Spa into Unicredito Italiano SpA, and following the response of the Revenue Office of November 27, 2007 to the tax ruling application submitted - a response that allowed UniCredit to continue group taxation of former Capitalia consolidated companies - in December 2007, a new "Communication relating to the national consolidation tax scheme" was issued, confirming the above-mentioned companies and adding the following:

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

Kyneste SpA - Rome
Cofiri SpA in liq. - Rome
Mediotrade SpA in liq. - Rome
Capitalia Partecipazioni SpA - Rome
Capitalia Merchant SpA - Rome
Sanità Srl in liq. - Rome
Fineco Bank SpA - Milan
Capitalia Asset Management SpA - Rome
Capitalia Investimenti Alternativi SpA - Milan
Fineco Leasing SpA - Brescia
Banca di Roma SpA - Rome
Bipop Carire SpA - Brescia
MedioCredito Centrale SpA - Rome
Capitalia Informatica SpA - Rome
Immobiliare Piemonte SpA - Rome
Ipse 2000 SpA - Rome

Tax litigation

With reference to the disclosures contained in previous financial statements and concerning the VAT audit involving the company, in its own name and as the parent of Cassamarca, Rolo Banca 1473, Banca CRT and Cassa di Risparmio di Trieste (confined to Banca CRT for the 2000, 2001 and 2002 fiscal years and to the parent company - for direct taxes - for the 2001, 2002, 2003, 2004 and 2005 fiscal years):

a) regarding VAT,
- for the 2000 fiscal year, all disputes have already been discussed with the provincial tax committees and were resolved favourably for the company;
- for the 2001 fiscal year, two disputes have been discussed with the provincial tax committees (Banca CRT and Cassamarca), both resolved favourably for the company;
- in 2007, a notice of assessment was issued for 2002 for Banca CRT. The assessment was immediately contested, and so far the discussion hearing has not taken place;

b) in terms of direct taxes, the disputes were settled by a joint assessment.

In light of the audit report and additional consideration, the company does not believe that it needs to make specific provisions.

Section 14 - Non-current assets and disposal groups classified as held for sale - Item 140 (assets) and 90 (liabilities)

14.1 Non-current assets and disposal groups classified as held for sale: breakdown by assets

	31.12.2007	31.12.2006
A. Individual assets		
A.1 Equity investments	486,400	-
A.2 Property, Plant and Equipment	-	-
A.3 Intangible assets	-	-
A.4 Other non-current assets	-	-
Total A	**486,400**	**-**
B. Asset groups classified as held for sale		
B.1 Financial assets held for trading	-	-
B.2 Financial assets measured at fair value	-	-
B.3 Available for sale financial assets	-	-
B.4 Held to maturity investments	-	-
B.5 Loans and receivables with banks	-	-
B.6 Loans and receivables with customers	225,744	-
B.7 Equity investments	-	-
B.8 Property, Plant and Equipment	1	-
B.9 Intangible assets	-	-
B.10 Other assets	7	-
Total B	**225,752**	**-**
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total C	**-**	**-**
D. Liabilities included in disposal groups classified as held for sale		
D.1 Deposits from banks	-	-
D.2 Deposits from customers	371,017	-
D.3 Debt securities in issue	-	-
D.4 Financial liabilities held for trading	-	-
D.5 Financial liabilities measured at fair value	-	-
D.6 Provisions	49	-
D.7 Other liabilities	104	-
Total D	**371,170**	**-**

"Non-current assets and disposal groups classified as held for sale" regard:
- "A. Individual assets" concerns the transfer of a majority stake in Bank BPH (65.9%) to a company of the General Electric Group.
- The items "B. Asset groups classified as held for sale" and "D. Liabilities included in disposal groups classified as held for sale" include the transfer to Société Générale Securities Services (SGSS) of the securities services business (custodian bank and securities settlement) acquired with the absorption of Capitalia S.p.A.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

Section 15 - Other assets - Item 150

15.1 Other assets: breakdown

ITEMS/VALUES	31.12.2007	31.12.2006
Margin with derivatives clearers (non-interest bearing)	1,050	1,050
Accrued income other capitalised income	140,836	132,624
Cash and other valuables held by cashier:	78	7
- cheques in clearing	78	7
- money orders, bank drafts and equivalent securities	-	-
- coupons, securities due on demand, revenue stamps and miscellaneous valuables	-	-
Interest and charges to be debited to:	234	650
- customers	234	556
- banks	-	94
Items in transit between branches not yet allocated to destination accounts	4,330	31
Items in processing	222,557	263,033
Items deemed definitive but non-attributable to other items:	613,859	66,733
- securities and coupons to be settled	14,328	772
- other transactions	599,531	65,961
Adjustments for unpaid bills and notes	-	-
Tax items other than those included in item 130	1,049,861	1,002,908
of which: Group VAT credit	*690,925*	*608,927*
Loans in respect of share based payments:	103,493	159,862
- loans to subsidiaries in respect of equity settled share based payments	24,459	27,506
- loans to subsidiaries in respect of cash settled share based payments	79,034	132,356
Other items:	143,989	235,594
- leasehold improvements (on non-separable assets)	7,729	5,754
- items related to accidents and disputes pending (valued at their estimated realization amount)	24,164	224
- other items	112,096	229,616
Total	**2,280,287**	**1,862,492**

Part B) Balance Sheet - Liabilities

Section 1 - Deposits from banks - Item 10

1.1 Deposits from banks: product breakdown

TYPE OF TRANSACTIONS/VALUES	31.12.2007	31.12.2006
1. Deposits from central banks	**4,498,116**	**5,168,359**
2. Deposits from banks	**93,443,209**	**58,379,672**
2.1 Current accounts and demand deposits	14,630,112	11,676,171
2.2 Time deposits	59,377,433	37,007,188
2.3 Loans	13,768,032	6,983,292
2.3.1 Financial leases	-	-
2.3.2 Other	13,768,032	6,983,292
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Liabilities relating to assets sold but not derecognised	5,667,632	2,713,021
2.5.1 Reverse repos	5,667,632	2,713,021
2.5.2 Other	-	-
2.6 Other liabilities	-	-
Total	**97,941,325**	**63,548,031**
Fair value	***97,941,325***	***63,548,031***

Section 2 - Deposits from customers - Item 20

2.1 Deposits from customers: product breakdown

TYPE OF TRANSACTIONS/VALUES	31.12.2007	31.12.2006
1. Current accounts and demand deposits	1,596,416	1,029,469
2. Time deposits	4,413,513	3,460,354
3. Deposits received in administration	-	-
4. Loans	1,306,622	1,191,612
4.1 Financial Leases	-	-
4.2 Other	1,306,622	1,191,612
5. Liabilities in respect of commitments to repurchase treasury shares	523,502	-
6. Liabilities relating to assets sold but not derecognised	22,960	80,158
6.1 Reverse repos	22,960	80,158
6.2 Other	-	-
7. Other liabilities	423	163
Total	**7,863,436**	**5,761,756**
Fair value	***7,863,436***	***5,761,756***

2.2 Breakdown of item 20 “Deposits from customers”: subordinated debt

Part F on Shareholders’ Equity includes the list of all subordinated debt instruments. Subordinated debt recognized in the item “Deposits from customers” amounts to €1,306,622 thousand.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

Section 3 - Debt securities in issue - Item 30

3.1 Debt securities in issue: product breakdown

	31.12.2007		31.12.2006	
	TOTAL		TOTAL	
TYPE OF SECURITIES/VALUES	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
A. Listed securities	**17,727,136**	**17,510,146**	**28,271,913**	**28,144,081**
1. Bonds	17,727,136	17,510,146	26,359,487	26,235,840
1.1 structured	4,623,230	4,620,265	300,768	301,057
1.2 other	13,103,906	12,889,881	26,058,719	25,934,783
2. Other securities	-	-	1,912,426	1,908,241
2.1 structured	-	-	3,867	3,589
2.2 other	-	-	1,908,559	1,904,652
B. Unlisted securities	**93,148,034**	**92,696,219**	**39,537,738**	**39,545,834**
1. Bonds	48,582,290	48,197,207	5,972,885	5,998,647
1.1 structured	9,935,212	11,206,063	1,477,127	1,477,331
1.2 other	38,647,078	36,991,144	4,495,758	4,521,316
2. Other securities	44,565,744	44,499,012	33,564,853	33,547,187
2.1 structured	48,690	48,690	18,388	18,388
2.2 other	44,517,054	44,450,322	33,546,465	33,528,799
Total	**110,875,170**	**110,206,365**	**67,809,651**	**67,689,915**

3.2 Breakdown of item 30 “Debt securities in issue”: subordinated debt securities

This item includes subordinated securities in the amount of €13,889,344 thousand.

Section 4 - Financial liabilities held for trading - Item 40

4.1 Financial liabilities held for trading: product breakdown

	31.12.2007				31.12.2006			
		FV				FV		
TYPE OF SECURITIES/VALUES	NV	LISTED	UNLISTED	FV*	NV	LISTED	UNLISTED	FV*
A. Financial liabilities								
1. Deposits from banks	2,000	1,920	-	-	-	-	-	-
2. Deposits from customers	57,874	61,111	-	-	-	-	-	-
3. Debt securities	93,745	-	93,671	X	97,218	-	99,918	X
3.1 Bonds	93,745	-	93,671	X	97,218	-	99,918	X
3.1.1 Structured	93,745	-	93,671	X	97,218	-	99,918	X
3.1.2 Other	-	-	-	X	-	-	-	X
3.2 Other securities	-	-	-	X	-	-	-	X
3.2.1 Structured	-	-	-	X	-	-	-	X
3.2.2 Other	-	-	-	X	-	-	-	X
Total A	**153,619**	**63,031**	**93,671**	**-**	**97,218**	**-**	**99,918**	**-**
B) Derivative instruments								
1. Financial derivatives	X	398,348	7,170,743	X	X	51,491	1,712,355	X
1.1 Trading	X	398,348	4,851,960	X	X	51,491	1,143,069	X
1.2 Relating to Fair Value Option	X	-	2,574	X	X	-	-	X
1.3 Other	X	-	2,316,209	X	X	-	569,286	X
2. Credit derivatives	X	-	66	X	X	-	43	X
2.1 Trading	X	-	18	X	X	-	-	X
2.2 Relating to Fair Value Option	X	-	-	X	X	-	-	X
2.3 Other	X	-	48	X	X	-	43	X
Total B	**X**	**398,348**	**7,170,809**	**X**	**X**	**51,491**	**1,712,398**	**X**
Total A+B	**X**	**461,379**	**7,264,480**	**X**	**X**	**51,491**	**1,812,316**	**X**

Legend:
FV = Fair Value
FV* = Fair Value excluding changes due to a different issuer's credit rating from the issuance date.
NV = Nominal or Notional Value

"Deposits from banks" and "Deposits from customers" include where applicable technical overdrafts.

"Financial derivatives: other" comprises: (i) derivatives embedded in structured financial instruments, where the host has been classified in a category other than held-for-trading or fair value option and (ii) derivatives that, for economic purposes, are associated with banking book instruments.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

4.4 Financial liabilities held for trading: derivative instruments

TYPE OF DERIVATIVE/UNDERLYING ASSET	31.12.2007 INTEREST RATES	CURRENCY AND GOLD	EQUITY INSTRUMENTS	LOANS	OTHER	TOTAL	31.12.2006 TOTAL
A) Listed derivatives							
1) Financial derivatives	**2**	**-**	**398,346**	**-**	**-**	**398,348**	**51,491**
• with underlying asset exchange	2	-	-	-	-	2	-
- options issued	-	-	-	-	-	-	-
- other derivatives	2	-	-	-	-	2	-
• with no underlying asset exchange	-	-	398,346	-	-	398,346	51,491
- options issued	-	-	398,346	-	-	398,346	51,491
- other derivatives	-	-	-	-	-	-	-
2) Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**
• with underlying asset exchange	-	-	-	-	-	-	-
• with no underlying asset exchange	-	-	-	-	-	-	-
Total A)	**2**	**-**	**398,346**	**-**	**-**	**398,348**	**51,491**
B) Unlisted derivatives							
1) Financial derivatives	**3,191,210**	**1,888,059**	**2,091,474**	**-**	**-**	**7,170,743**	**1,712,355**
• with underlying asset exchange	5	1,872,933	1,035,885	-	-	2,908,823	593,327
- options issued	-	16,516	1,032,781	-	-	1,049,297	-
- other derivatives	5	1,856,417	3,104	-	-	1,859,526	593,327
• with no underlying asset exchange	3,191,205	15,126	1,055,589	-	-	4,261,920	1,119,028
- options issued	1,021,632	15,104	1,040,077	-	-	2,076,813	468,336
- other derivatives	2,169,573	22	15,512	-	-	2,185,107	650,692
2) Credit derivatives	**-**	**-**	**-**	**66**	**-**	**66**	**43**
• with underlying asset exchange	-	-	-	18	-	18	-
• with no underlying asset exchange	-	-	-	48	-	48	43
Total B)	**3,191,210**	**1,888,059**	**2,091,474**	**66**	**-**	**7,170,809**	**1,712,398**
Total (A+B)	**3,191,212**	**1,888,059**	**2,489,820**	**66**	**-**	**7,569,157**	**1,763,889**

4.5 Financial liabilities (other than uncovered positions) held for trading: annual changes

	31.12.2007 DEPOSITS FROM BANKS	DEPOSITS FROM CUSTOMERS	DEBT SECURITIES IN ISSUE	TOTAL
A. Opening balance	**-**	**-**	**99,918**	**99,918**
B. Increases	**-**	**-**	**5,491**	**5,491**
B.1 Issues	-	-	-	-
B.2 Sales	-	-	-	-
B.3 Increases in fair value	-	-	-	-
B.4 Other changes	-	-	5,491	5,491
C. Decreases	**-**	**-**	**11,738**	**11,738**
C.1 Purchases	-	-	-	-
C.2 Redemptions	-	-	9,993	9,993
C.3 Reductions of fair value	-	-	1,745	1,745
C.4 Other changes	-	-	-	-
D. Closing balance	**-**	**-**	**93,671**	**93,671**

Section 5 - Financial liabilities at fair value through profit or loss - Item 50

5.1 Financial liabilities measured at fair value: product breakdown

TYPE OF TRANSACTIONS/VALUES	31.12.2007			31.12.2006		
	NOMINAL VALUE	FAIR VALUE		NOMINAL VALUE	FAIR VALUE	
		LISTED	UNLISTED		LISTED	UNLISTED
1. Deposits from banks	-	-	-	-	-	-
1.1 Structured	-	-	-	-	-	-
1.2 Other	-	-	-	-	-	-
2. Deposits from customers	-	-	-	-	-	-
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-
3. Debt securities	5,955,686	887,117	5,129,259	-	-	-
3.1 Structured	-	-	-	-	-	-
3.2 Other	5,955,686	887,117	5,129,259	-	-	-
Totale	**5,955,686**	**887,117**	**5,129,259**	**-**	**-**	**-**

5.3 Financial liabilities measured at fair value - annual changes

	31.12.2007			
	DEPOSITS FROM BANKS	DEPOSITS FROM CUSTOMERS	DEBT SECURITIES IN ISSUE	TOTAL
A. Opening balance	**-**	**-**	**-**	**-**
B. Increases	**-**	**-**	**6,094,161**	**6,094,161**
B.1 Issues	-	-	3,900,000	3,900,000
B.2 Sales	-	-	2,151,613	2,151,613
of which: business combinations	-	-	*2,151,613*	*2,151,613*
B.3 Increases in fair value	-	-	17,503	17,503
B.4 Other changes	-	-	25,045	25,045
C. Decreases	**-**	**-**	**77,785**	**77,785**
C.1 Purchases	-	-	-	-
C.2 Redemptions	-	-	51,644	51,644
C.3 reductions of fair value	-	-	4,987	4,987
C.4 Other changes	-	-	21,154	21,154
D. Closing balance	**-**	**-**	**6,016,376**	**6,016,376**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

Section 6 - Hedging derivatives - Item 60

6.1 Hedging derivatives: breakdown by type of derivative and underlying asset

	31.12.2007					
TYPE OF DERIVATIVE/UNDERLYING ASSET	INTEREST RATES	CURRENCY AND GOLD	EQUITY INSTRUMENTS	LOANS	OTHER	TOTAL
A) Listed derivatives						
1) Financial derivatives	**-**	**-**	**-**	**-**	**-**	**-**
• with underlying asset exchange	-	-	-	-	-	-
- issued options	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• with no underlying asset exchange	-	-	-	-	-	-
- issued options	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
2) Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**
• with underlying asset exchange	-	-	-	-	-	-
• with no underlying asset exchange	-	-	-	-	-	-
Total A)	**-**	**-**	**-**	**-**	**-**	**-**
B) Unlisted derivatives						**-**
1) Financial derivatives	**1,395,280**	**1,200,673**	**-**	**-**	**-**	**2,595,953**
• with underlying asset exchange	-	1,200,673	-	-	-	1,200,673
- issued options	-	-	-	-	-	-
- other derivatives	-	1,200,673	-	-	-	1,200,673
• with no underlying asset exchange	1,395,280	-	-	-	-	1,395,280
- issued options	7,223	-	-	-	-	7,223
- other derivatives	1,388,057	-	-	-	-	1,388,057
2) Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**
• with underlying asset exchange	-	-	-	-	-	-
• with no underlying asset exchange	-	-	-	-	-	-
Total B)	**1,395,280**	**1,200,673**	**-**	**-**	**-**	**2,595,953**
Total (A+B) 31.12.2007	**1,395,280**	**1,200,673**	**-**	**-**	**-**	**2,595,953**
Total (A+B) 31.12.2006	***721,281***	***631,934***	**-**	**-**	**-**	***1,353,215***

6.2 Hedging derivatives: breakdown by hedged items and hedge type

TRANSACTIONS/HEDGE TYPES	31.12.2007							
	FAIR VALUE HEDGE						CASH FLOW HEDGE	
	MICRO-HEDGE							
	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISK	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE
1. Available-for-sale financial assets	41,292	-	-	-	-	X	-	X
2. Loans and receivables	-	-	-	X	-	X	-	X
3. Held-to-maturity investments	X	-	-	X	-	X	-	X
4. Portfolio	X	X	X	X	X	1,389	X	-
Total assets	**41,292**	**-**	**-**	**-**	**-**	**1,389**	**-**	**-**
1. Financial liabilities	-	-	-	-	-	X	-	X
2. Portfolio	X	X	X	X	X	1,583,243	X	970,029
Total liabilities	**-**	**-**	**-**	**-**	**-**	**1,583,243**	**-**	**970,029**

Section 7 - Changes in fair value of portfolio hedged financial liabilities - Item 70

7.1 Changes to hedged financial liabilities

CHANGES TO MACRO-HEDGED LIABILITIES	31.12.2007	31.12.2006
1. Positive changes to financial liabilities	180,010	199,603
2. Negative changes to financial liabilities	(889,842)	(564,444)
Total	**(709,832)**	**(364,841)**

7.2 Liabilities macro-hedged against interest rate risk: breakdown

HEDGED LIABILITIES	31.12.2007	31.12.2006
1. Deposits	-	-
2. Debt securities in issue	5,313,097	-
3. Portfolio	21,201,121	17,879,472
Total	**26,514,218**	**17,879,472**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

Section 8 - Tax liabilities - Item 80

See Section 13 of assets.

Section 9 - Liabilities included in disposal groups classified as held for sale - Item 90

See Section 14 of assets.

Section 10 - Other liabilities - Item 100

10.1 Other liabilities: breakdown

ITEMS/VALUES	31.12.2007	31.12.2006
Liabilities for financial guarantees issued	315,272	2,767
- of which: guarantees issued on Trevi securities	*297,494*	-
Obligations for irrevocable commitments to distribute funds	10,642	-
Accrued expenses other than those to be capitalized for the financial liabilities concerned	1,745	1,167
Liabilities in respect of share based payments	79,034	71,665
Other liabilities due to employees	243,780	121,961
Items in transit between branches and not yet allocated to destination accounts	95,619	254
Available amounts to be paid to others	611,669	49,477
Items in processing	226,782	15,104
Entries related to securities transactions	33,517	-
Items deemed definitive but not attributable to other lines:	1,540,454	702,911
- accounts payable - suppliers	114,492	63,332
- other entries	1,425,962	639,579
- of which: Group Vat debt to subsidiaries	*695,801*	*614,109*
Liabilities for miscellaneous entries related to tax collection service	1,841	1,841
Adjustments for unpaid portfolio entries	-	-
Tax items different from those included in item 80	17,883	10,418
Other entries	7,440	12,177
Total	**3,185,678**	**989,742**

Section 11 - Provision for employee severance pay - Item 110

11.1 Provision for employee severance pay: annual changes		
	31.12.2007	31.12.2006
A. Opening balance	**55,518**	**52,692**
B Increases	**24,893**	**8,277**
B.1 Provisions for the year	(9,314)	5,509
B.2 Other increases	34,207	2,768
of which: business combinations	*31,216*	-
C. Reductions	**16,898**	**5,451**
C.1 Severance payments	7,627	2,481
C.2 Other decreases	9,271	2,970
of which: business combinations	*7,535*	-
D. Closing balance (*)	**63,513**	**55,518**

(*) The closing balance at 12.31.2007 excludes €49,000 transferred to the item "90. Liabilities included in disposal groups classified as held for sale" under IFRS 5.

11.2 Other information

In accordance with the interpretation provided by IAS 19, provision for employee severance pay is included in defined-benefit plans and is therefore calculated according to the actuarial method described in Accounting policies. Actuarial assumptions and the reconciliation of the present value of provisions to the liability entered in the balance sheet are provided below.

Annual weighted average assumptions		
	31.12.2007	31.12.2006
Discount rate	5.25%	4.25%
Expected return on plan assets	-	-
Rate of salary increase	-	3.00%
Price inflation	2.00%	2.00%

Reconciliation of present values of provision, present value of plan assets, assets and liabilities recognised in the balance sheet		
	31.12.2007	31.12.2006
Defined Benefit obligations	57,911	60,802
Fair value of plane assets	-	-
	57,911	60,802
Unrecognised net actuarial loss / (gain)	5,651	(5,284)
Balance sheet (Provision) or Prepayement	**63,562**	**55,518**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

Section 12 - Provisions for risks and charges - Item 120

12.1 Provisions for risks and charges: breakdown

ITEMS/COMPONENTS	31.12.2007	31.12.2006
1. Pensions and other post retirement benefit obligations	**485,134**	**412,191**
2. Other provisions for risks and charges	**619,758**	**85,037**
2.1 Legal disputes	345,635	56,262
2.2 Staff expenses	-	-
2.3 Other	274,123	28,775
Total	**1,104,892**	**497,228**

LEGAL DISPUTES

There are lawsuits pending against UniCredit Spa. They are ordinary, physiological and split litigations, that have been duly analyzed in order, when seen as appropriate or necessary, to effect provisions in the amount believed suitable according to the circumstances, according to correct accounting principles. The unfavorable outcome of said lawsuits might, however, determine for UniCredit Spa negative effects on the economic and financial situation, even though – as far as one can foresee at the moment – not such as to significantly effect its solvency.

The following are the passive litigations (excluding tax, labour and credit recovery lawsuits) involving UniCredit Spa equal or exceeding the threshold of Euro 100 million in their amounts pending as of 31 December 2007:

Damage Action against UniCredit, its CEO and HypoVereinsbank's CEO

At the beginning of July 2007 eight hedge funds, being minority shareholders of HypoVereinsbank (HVB) submitted a writ of summons to the Munich Court for damages allegedly suffered by HVB as a consequence of some transactions regarding the transfer of shareholdings or business lines from HVB (after its entry into UniCredit Group) to UniCredit or to other UniCredit Group companies (or vice versa). In addition they argue that burdens of reorganization measures on HVB would have to be borne by UniCredit.

The defendants, being aware of the risk that any awsuits inevitably entails, in the lawsuit are UniCredit, its CEO (Mr. Alessandro Profumo) and the CEO of HVB (Mr. Wolfgang Sprissler). The plaintiffs ask: (i) compensation for damages in the amount of Euro 17.35 billion payable to HVB; (ii) the Munich court to order UniCredit to pay to HVB's minority shareholders appropriate compensation in the form of a recurring benefit as from November 19, 2005 onwards.

The defendants are of the opinion that the claims are unfounded, bearing in mind that all the transactions referred to by the plaintiffs were effected on payment of considerations which were considered to be fair also on the basis of external independent opinions and evaluations. For these reasons no provisions has been made.

The defendants have filed their statements of defense with the Munich Court on February 25, 2008; the date of the first hearing has not yet been set by the Court.

Cirio

- In April 2004 the extraordinary administration of Cirio Finanziaria S.p.A. notified Mr. Sergio Cragnotti and various banks including Capitalia S.p.A. (recently merged into UniCredit) and Banca di Roma S.p.A. a claim to obtain a judgment declaring the invalidity of an alleged illegal agreement with Cirio S.p.A., whose purpose was the sale of the dairy company Eurolat to Dalmata S.r.l. (Parmalat Group). The extraordinary administration subsequently requested that Capitalia S.p.A. and Banca di Roma S.p.A. be jointly sentenced to pay back a sum of approximately Euro 168 million, as well as thejoint sentencing of all the defendants to pay compensation of damages set at approximately Euro 474 million.
  The Extraordinary Administration also requested, in a subordinate manner, the revocation pursuant to Article 2901 of the Italian Civil Code of the deeds of covenant implemented by Cirio S.p.A. and/or repayment by the banks of the sums handed over by Cirio on the basis of the agreement in question, given that they were obtained illegally.
  In May 2007 the lawsuit was withheld for ruling. No preliminary investigation was conducted. As regards said dispute, and given the opinion of the defense counsel, it was not deemed necessary to make any provisions in the balance sheet insofar as the claim seems unfounded both from a litigation viewpoint

and with regard to its general, rather vague, nature.
In February 2008, with an unexpected judgement, the Court condemned Capitalia Spa jointly and severally with Mr. Cragnotti to pay the sum of Euro 223.3 million plus appreciation and interests since 1999.

UniCredit, whilst reserving a better assessment when the grounds of the decision of the Court of first instance will be available, will oppose the enforcement of the judgement and it will appeal against said judgement.

- In April 2007 certain companies belonging to Cirio Group filed a claim against, *inter alia*, Capitalia S.p.A. (recently merged into UniCredit), Banca di Roma S.p.A., UniCredit Banca Mobiliare S.p.A. and other intermediaries for damages arising from their role of the arrangers of the issuances of bonds by companies of the said Cirio group, which according to the claimants were already insolvent at that time. Damages claimed jointly from all defendants has been quantified as follows:
  (i) from Euro 421,671,050 to Euro 2,082,249,718 (depending on the criteria applied) for the increase of difficulties for the claimants
  (ii) Euro 9,812,000 for the fees paid by some of the claimants to the lead managers with respect to the placement of bonds
  (iii) damages suffered by Cirio Finanziaria S.p.A. (former Cirio S.p.A.) of the claimants in respect of the loss of the possibility to recover, through bankruptcy revocatory actions, at least the amount of money used by Cirio Finanziaria S.p.A. between 1999 and 2000 to cover the debts of some companies of the group, are to be determined during the proceedings.

  All the above with the addition of interest and currency appreciation from the date owed to the date of payment.

  We have been informed that the Court has rejected the request of preliminary inquiry made by the Plaintiffs and that the case will be heard on 12 June 2008. As a consequence, it seems that the Court wants to decide the case only on the basis of the documents already produced by the parties.

  UniCredit Banca Mobiliare S.p.A., Banca di Roma S.p.A. and UniCredit (as successor of Capitalia) believe that the claims are groundless. No provisions have been made.

- Finally, on October 30, 2007, International Industrial Participations Holding IIP N.V. (former Cragnotti & Partners Capital Investment N.V.) and Dr. Sergio Cragnotti brought a civil action against UniCredit S.p.A. (as successor to Capitalia) and Banca di Roma S.p.A. for compensation of no less than Euro 135 million allegedly resulting (as actual damage and loss of profits):
  (i) primarily, from the breach of financial assistance undertakings previously executed in favor of Cragnotti & Partners Capital Investment N.V., of Dr. Sergio Cragnotti, of Cirio Finanziaria and of the Cirio group, causing the insolvency of said group; and
  (ii) subordinately, from the illegal, unfair and contrary to good faith refusal to provide to Cirio Finanziaria S.p.A. and to the Cirio group the financial assistance deemed necessary to repay a bond expiring on 6 November 2002.

  UniCredit and Banca di Roma believe the claims to be completely groundless. So far no provisions have been made.

Parmalat

- At the beginning of August 2005 certain companies belonging to Parmalat group filed a lawsuit against UniCredit S.p.A., UniCredit Banca Mobiliare S.p.A. and UniCredit Banca d'Impresa S.p.A. and two other intermediaries for damages arising from the partecipations, as co-lead manager, in the issuance of bonds (from 1997 to first half of 2001) by certain companies belonging to the Parmalat group and for having entertained other banking relationships with them which according to the claimants were already insolvent at the time of the issuance. Damages claimed jointly from all defendants amount to approximately Euro 4.4 billion. The lawsuit is still not in the preliminary phase. UniCredit Group believes the lawsuit is groundless.

  Although bearing in mind the complexity of the above lawsuit, UniCredit - also after having obtained the opinion of the lawyers who are defending it - believes that it can prove that it behaved correctly and that it was not aware - and could not have been aware - of the situation of insolvency of the Parmalat Group.

FURTHER MAIN TOPICS

Cirio e Parmalat criminal procedures

Between the end of 2003 and the first months of 2004 criminal investigations were conducted against some ex Capitalia Group employees and managers, with reference to the situation of insolvency of the Cirio Group. The lawsuits originated by those investigations, connected to the declaration of insolvency of the Cirio Group, involved some other banking Groups that extended loans to Cirio Group like Capitalia did.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

The Extraordinary Administration of Cirio and many bondholders joined the criminal judgement as civil claimants without any specific damages demand.

The Court rejected this call because of some procedural technicalities. We can't rule out that the lawsuit will be filed again at a later stage of the trial.

In September 2007 said employees and managers were committed for trial. The first criminal hearing is fixed for the March 14, '08 before the Roma Court.

With regards to the insolvency procedure of Parmalat Group, between the end of 2003 and end of 2005, investigations were made against some employees and managers of Capitalia, now UniCredit. These investigations originated three lawsuits (in the fallowing "Ciappazzi", "Parmatour" and "Eurolat"). Concerning the first two, employees and managers were committed for trial and the first court hearing is fixed at March 14, 2008 before the Parma Court.

On the other hand Eurolat suit is still in the phase of preliminary hearing before the Parma Court.

Capitalia, right now UniCredit, has been called in Court as civil responsible in all those lawsuits.

Banca di Roma, Mediocredito Centrale e Banco di Sicilia, ex Capitalia Group, are defendants only in the Ciappazzi lawsuit.

The ex Parmalat Group in extraordinary administration companies joined the criminal lawsuit as civil claimant in all the above mentioned lawsuits, many bondholders are plaintiffs only in the Ciappazzi suit.

All the lawyers of civil claimants reserved the right to quantify damages, at the end of the first instance lawsuits.

The employees and managers assert having acted correctly, legitimately and only for the Bank's and shareholders' benefit.

For the said "Parmalat" lawsuits, with the agreement of the charged lawyers, even though there is a potential risk for UniCredit, civilly responsible, we don't have the informations, in this preliminary phase, to allow us to quantify the potential loss in a reliable manner.

The foregoing also by way of initial stage of the "Ciappazzi", "Parmatour" and "Eurolat".

Voidance action challenging HypoVereinsbank AG's transfer of Bank of Austria Creditanstalt (BA-CA) stake to UniCredit (Shareholders' Meeting resolutions October 25, 2006)
Numerous shareholders have filed suits contesting the resolutions adopted by HVB's Extraordinary Shareholders meeting on October 25, 2006 approving the Sale and Purchase Agreement with respect to the shares held by HVB in BA-CA and HVB Bank Ukraine to UniCredit, the shares held by HVB in International Moscow Bank and AS UniCredit Bank Riga to BA-CA and Asset Purchase Agreement with respect to assets and liabilities of the branches in Vilnius and Tallin to AS UniCredit Bank Riga, asking the court to declare these resolutions null and void. In the course of this proceeding some shareholders asked the Court to state that BCA entered into between HVB and UniCredit has to be regarded as a de *facto* domination agreement.

At the beginning of January 2007, on the basis of external assessment, the shares held by HVB in BA-CA were transferred to UniCredit and the shares held by HVB in International Moscow Bank and AS UniCredit Bank Riga were transferred to BA-CA.

Upon fulfillment of all the relevant requirements for the execution of the transactions, the branches in Vilnius and Tallinn were transferred to AS UniCredit Bank Riga and the shares held by HVB in HVB Bank Ukraine to Bank Pekao S.A.

The shareholders have filed their lawsuits challenging alleged deficiencies of the formalities related to the invitation and conduct of the Extraordinary Shareholder's meeting of October 25, 2006 as well as an alleged inadequate purchase price paid for the transactions at hand.

In a ruling of January 31, 2008, Munich Regional Court I declared the above mentioned resolutions null and void for formal reasons; moreover, the Court ruled that the Business Combination Agreement ("BCA") entered into by UniCredit and HVB in June 2005 in the context of the agreed combination should had been resolved upon by the General Shareholders' Meeting of the HVB to be valid because it has to be actually considered as a de facto domination agreement.

This ruling could be legally remedied by filing an appeal with the Higher Regional Court and/or - with regard to the above mentioned resolutions on the approval of the transactions - curing the procedural deficiencies alleged by the Regional Court with a so-called "confirming resolution". Such a confirmation by the Annual General Meeting would make the original procedural deficiencies - if they had actually existed - irrelevant.

Voidance actions challenging HypoVereinsbank AG's squeeze - out resolution (Shareholders' Meeting resolutions 2007)
The Annual General Meeting of HypoVereinsbank AG (HVB) on June 27, 2007 passed, *inter alia*, a resolution approving the transfer to UniCredit of the shares of the minority shareholders in exchange for an appropriate cash settlement (Euro 38.26 per share).

More than 100 shareholders filed suits challenging this resolution asking the Court to declare it null and void. HVB, which believes that such lawsuits are evidently ungrounded, filed a motion (so called "*unblocking motion*") in December 2007 asking the Court to grant clearance for the transfer resolution to be entered in the Commercial Register, notwithstanding the claims challenging this resolution.

At the hearing of February 21, 2008 concerning both the voidance actions and the unblocking motion, even though the judge did not give any clear indication whether he would rule in favour of HVB with respect to the unblocking motion he indicated that the alleged defaults could not justify the contestation of the squeeze out resolution and therefore the various voidance actions by minority shareholders could be deemed ungrounded. The decision on the unblocking motion will be rendered on April 24, 2008 and the ruling on the main voidance actions will be issued on August 28, 2008. The ruling on the unblocking motion can be only appealed once before the Higher Regional Court; the decision on the voidance action can be also appealed before the Federal Court of Justice in third instance.

Special Representative
The Annual General Meeting of HypoVereinsbank AG (HVB) on June 27, 2007 passed, *inter alia*, a resolution in favour of asserting alleged damage- claims against UniCredit, its legal representatives and the members of management board as well as the supervisory board of HVB due to alleged damage to the Bank's assets through the sale of the Bank Austria Creditanstalt (BA-CA) shares and through the Business Combination Agreement (BCA) entered into with UniCredit, and appointed Dr. Thomas Heidel, a solicitor, as Special Representative of the company. The Special Representative was granted the authority to examin documents and get further information from the company to find out whether or not a ground for such claims exist.

Having performed part of his investigations within HVB, in December 2007 the Special Representative called on UniCredit to return the BA-CA shares sold to it. In January 2008 UniCredit replied to the Special Representative stating that in its view such a request was completely unfounded due to several reasons.

On February 20, 2008 Dr. Heidel in his capacity as Special Representative of HVB raised a claim against UniCredit Spa, its CEO Mr. Alessandro Profumo as well as against the HVB's CEO Dr. Wolfgang Sprißler and its CFO Mr. Rolf Friedhofen asking the defendants to give back the BA-CA shares and to reimburse HVB for any additional damages in this context or - if this application is not granted by the Court - to pay damages in the amount of at least Euro 13.9 billion.

Up to date the claim has not yet been served upon UniCredit Spa, Mr. Profumo, Dr. Sprißler, and Mr. Friedhofen.

MAIN EVENTS OCCURRED AFTER BALANCE SHEET CLOSING

At the beginning of February 2008 General Broker Service (GBS Spa) started an arbitral proceeding against UniCredit Spa whose final goal is to obtain: (i) a declaration that the withdrawal from the insurance brokerage agreement notified by the Capitalia Group in July 2007 is illegitimate and ineffective; (ii) the re-establishment of a right of exclusivity originated by a 1991 agreement; (iii) a declaration of the violation of the abovementioned right of exclusivity for the term 2003-2007; (iv) the compensation of the damages occurred calculated in the amount of Euro 121.7 million; (v) a declaration that UniCredit is not allowed to participate in any public auctions through its controlled companies if not in association with GBS Spa.

The 1991 agreement, which contained an exclusivity obligation, had been executed between GBS Spa and Banca Popolare di Pescopagano e Brindisi.

This bank, in 1992, merged with Banca di Lucania and became Banca Mediterranea. In 2000 Banca Mediterranea was merged into Banca di Roma Spa who later became Capitalia Spa (merged into UniCredit in October 2007).

The brokerage relations with GBS Spa, having their roots in the 1991 contract, were then ruled by (i) an agreement signed in 2003 between GBS Spa, AON Spa and Capitalia Spa, whose validity has been postponed till May 2007 and (ii) a similar, newer agreement signed in May 2007 between GBS Spa AON Spa and Capitalia Solutions Spa, in its own name and as proxy of commercial banks and in the interest of the previous Capitalia Group, holding included.

With reference to the abovementioned contract, in July 2007, Capitalia Solutions Spa, in the name of the entire Capitalia Group, exercised its right of withdrawal in line with the conditions provided in the contract (in which it is expressly recognized that the entities/banks of the former Capitalia Group should not be obliged to pay to the broker any amount for whichever reason).

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

Taking into consideration that we are sill in the preliminary phase of the arbitral proceeding and that we believe that the request raised by GBS Spa is ungrounded no provisions have been made.

TAX-RELATED OPERATING RISKS

The provision for tax-related operating risks has been increased to €4 million.

This decision was made as a result of the absorption over time of certain banks and companies, as well as Capitalia S.p.A. in 2007, for which some tax periods are still subject to audits with respect to VAT, direct tax and other minor taxes.

The expected effective date of the so-called "Basel II" standards requires consideration of the operating risks associated with such cases.

12.2 Provisions for risks and charges: annual changes

	31.12.2007		
	PENSIONS AND POST-RETIREMENT BENEFIT OBLIGATIONS	OTHER PROVISIONS	TOTAL
A. Opening balance	**412,191**	**85,037**	**497,228**
B. Increases	**121,040**	**562,288**	**683,328**
B.1 Provisions for the year*	6,603	17,894	24,497
B.2 Changes due to the passage of time	15,189	2,471	17,660
B.3 Differences due to discount-rate changes	-	-	-
B.4 Other increases	99,248	541,923	641,171
of which: business combinations	*88,707*	*541,628*	*630,335*
C. Decreases	**48,097**	**27,567**	**75,664**
C.1 Use during the year	46,535	16,475	63,010
C.2 Differences due to discount-rate changes	-	325	325
C.3 Other decreases	1,562	10,767	12,329
D. Closing balance**	**485,134**	**619,758**	**1,104,892**

(*) The amount of Pensions and post-retirement benefit obligations includes tax and operating costs for €358 thousand concerning defined-contribution funds.
(**) Of which: Defined-benefit pension funds in the amount of €387,989 thousand.

In respect of **Pensions and other post retirement benefit obligations**, the Annexes provide details of Fund movements and include statements of changes in funds with segregated assets pursuant to article 2117 of the Italian Civil Code, as well as explanatory notes thereto.

Allocations to funds other than those with segregated assets are indiscriminately invested in asset items. Therefore, it is not possible to provide any statement of these funds.

12.3 Provisions for defined-benefit company pensions

2. CHANGES IN PROVISIONS	31.12.2007	31.12.2006
Opening net defined-benefit obligations	**315,867**	**330,244**
Service cost	358	490
Finance cost	15,189	14,866
Actuarial gains (losses) recognised in the year	3,039	2,973
Gains (losses) on curtailments	-	(3,081)
Benefit paid	(37,991)	(36,622)
Other increases	91,538	7,022
of which: business combinations	*88,707*	-
Other reductions	(11)	(25)
Closing net defined-benefit obligations	**387,989**	**315,867**

3. CHANGES TO PLAN ASSETS AND OTHER INFORMATION	31.12.2007	31.12.2006
Opening fair value of plan assets	**13,665**	**18,659**
Expected return	771	900
Actuarial gains (losses)	-	(1,138)
Contribution paid by employer	-	1,011
Benefit paid	(129)	-
Other increases	-	-
Other reductions	(1,513)	(5,767)
Closing current value of plan assets	**12,794**	**13,665**
MAIN CATEGORIES OF PLAN ASSETS		
1. Equities	5,532	-
2. Bonds	4,151	-
3. Property	-	-
4. Other assets	3,111	13,665
5. Investment funds	-	-
Total	**12,794**	**13,665**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

4. RECONCILIATIONS OF PRESENT VALUES OF PROVISIONS TO PRESENT VALUE OF PLAN ASSETS AND TO ASSETS AND LIABILITIES RECOGNIZED IN THE BALANCE SHEET	31.12.2007	31.12.2006
AMOUNT RECOGNIZED IN THE BALANCE SHEET	DEFINED BENEFIT PENSION PLANS	DEFINED BENEFIT PENSION PLANS
Present value of funded defined benefit obligations	13,404	16,772
Present value of unfunded defined benefit obligations	380,766	342,463
Present value of plan assets	(12,794)	(13,665)
sub-total	**381,376**	**345,570**
Unrecognized actuarial gains (losses)	6,613	(29,703)
Excess present value of plan assets	-	-
Unrecognised pension cost in respect of past service	-	-
Net liability	**387,989**	**315,867**
RETURN ON PLAN ASSETS		
Actuarial return on plan assets	771	900
Actuarial gain (loss) on plan assets	-	(1,138)
Actuarial return on plan assets	**771**	**(238)**

5. PRINCIPAL ACTUARIAL ASSUMPTIONS	31.12.2007	31.12.2006
Discount rate	5.25%	4.25%
Expected return on plan assets	6.00%	5.89%
Rate of increase in future compensation and vested rights	3.00%	3.00%
Rate of increase in pension obligations	-	-
Expected inflation rate	2.00%	2.80%

6. COMPARATIVE DATA: TOTAL DEFINED-BENEFIT OBLIGATIONS	31.12.2007	31.12.2006
Present value of defined-benefit obligations	394,170	359,235
Plan assets	(12,794)	(13,665)
Plan surplus/(deficit)	-	-
Unrecognized actuarial gains (losses)	6,613	(29,703)
Excess present value of plan assets	-	-
Net liability	**387,989**	**315,867**

Section 13 - Redeemable shares - Item 140

No data to be disclosed in this section.

Section 14 - Shareholders' Equity - Items 130, 150, 160, 170, 180, 190 and 200

14.1 Company Shareholders' Equity: breakdown

ITEMS/VALUES	31.12.2007	31.12.2006
1. Share capital	6,682,683	5,219,126
2. Share premium reserve	33,707,908	17,628,233
3. Reserves	8,271,237	4,774,161
4. Treasury shares	(358,416)	(358,416)
5. Revaluation reserves	450,257	1,155,830
6. Equity instruments	-	-
7. Net profit (loss)	1,866,152	3,014,510
Total	**50,619,821**	**31,433,444**

Treasury shares purchased in the market in the second half of 2004 following the AGM resolution taken on 4 May 2004 were unchanged as against end- 2006, there having been no purchases of sales in 2007.

In this regard, on 16 December 2005, the Ordinary Shareholders' Meeting resolved to authorise sale of treasury shares held by the bank, as the reasons behind the share buy-back programme were no longer relevant following the business combination with the HVB Group.

14.2 Share capital and treasury shares: breakdown

	31.12.2007		31.12.2006	
	ISSUED SHARES	UNDERWRITTEN SHARES	ISSUED SHARES	UNDERWRITTEN SHARES
A. Share Capital				
A.1 ordinary shares	6,671,830	-	5,208,273	-
A.2 savings shares	10,853	-	10,853	-
Total (A)	**6,682,683**	**-**	**5,219,126**	**-**
B. Treasury Shares				
B.1 ordinary shares	(358,416)	-	(358,416)	-
B.2 savings shares	-	-	-	-
Total (B)	**(358,416)**	**-**	**(358,416)**	**-**

During 2006 the share capital which as at 31 December 2006 was made up of 10,416,544,981 ordinary shares and 21,706,552 savings shares, both of par value of €0.50, changed as a result of the issuance of:
- 2,917,730,188 ordinary shares following the absorption of Capitalia S.p.A.;
- 5,298,674 ordinary shares following the exercise of stock options by beneficiaries;
- 4,085,100 ordinary shares funded by the existing bonus scheme established for Group personnel.

As a result, capital increased from €5,219,126 thousand at the end of 2006 to €6,682,683 thousand at end-2007, and is made up of 13,343,658,943 ordinary shares with a par value of €0.50 each and 21,706,552 savings shares with a par value of €0.50 each.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

14.3 Capital Stock - number of shares: annual changes

ITEMS/TYPES	31.12.2007 ORDINARY	OTHER (SAVING)	TOTAL
A. Issued shares as at the beginning of the year	**10,416,544,981**	**21,706,552**	**10,438,251,533**
- fully paid	10,416,544,981	21,706,552	10,438,251,533
- not fully paid	-	-	-
A.1 Treasury shares (-)	(87,000,000)	-	(87,000,000)
A.2 Shares outstanding: opening balance	**10,329,544,981**	**21,706,552**	**10,351,251,533**
B. Increases	**2,927,113,962**	**-**	**2,927,113,962**
B.1 New issues	2,927,113,962	-	2,927,113,962
- against payment	2,923,028,862	-	2,923,028,862
- business combinations	2,917,730,188	-	2,917,730,188
- bonds converted	-	-	-
- warrants exercised	-	-	-
- other	5,298,674	-	5,298,674
- free	4,085,100	-	4,085,100
- to employees	4,085,100	-	4,085,100
- to Directors	-	-	-
- other	-	-	-
B.2 Sales of treasury shares	-	-	-
B.3 Other changes	-	-	-
C. Decreases	-	-	-
C.1 Cancellation	-	-	-
C.2 Purchase of treasury shares	-	-	-
C.3 Business tranferred	-	-	-
C.4 Other changes	-	-	-
D. Shares outstanding: closing balance	**13,256,658,943**	**21,706,552**	**13,278,365,495**
D.1 Treasury Shares (+)	87,000,000	-	87,000,000
D.2 Shares outstanding as at the end of the year	13,343,658,943	21,706,552	13,365,365,495
- fully paid	13,343,658,943	21,706,552	13,365,365,495
- not fully paid	-	-	-

14.4 Capital: other information

	31.12.2007	31.12.2006
Par value per share	0.50	0.50
Shares reserved for issue on exercise of options	-	-
Agreed sales of shares	-	-

14.5 Reserves from allocation of profit from previous years: other information		
	31.12.2007	31.12.2006
Legal reserve	1,044,493	859,474
Statutory reserves	2,792,680	2,457,409
Other reserves	(1,866,356)	(1,865,314)
Total	**1,970,817**	**1,451,569**

Other reserves include reserves related to the changeover to IFRS, which is a negative amount of €2,097,846 thousand.

14.7 Revaluation reserves: breakdown		
ITEMS/COMPONENTS	31.12.2007	31.12.2006
1. Available-for-sale financial assets	165,258	867,494
2. Property, plant and equipment	-	-
3. Intangible assets	-	-
4. Hedges of foreign investments	-	-
5. Cash-flow hedges	7,979	11,316
6. Exchange differences	-	-
7. Non-current assets classified as held for sale	-	-
8. Special revaluation laws	277,020	277,020
Total	**450,257**	**1,155,830**

14.8 Revaluation reserves: annual changes

	31.12.2007								
	AVAILABLE-FOR-SALE FINANCIAL ASSETS	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS	HEDGES OF FOREIGN INVESTMENTS	CASH-FLOW HEDGES	EXCHANGE DIFFERENCES	NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	SPECIAL REVALUATION LAWS	TOTAL
A. Opening balance	**867,494**	**-**	**-**	**-**	**11,316**	**-**	**-**	**277,020**	**1,155,830**
B. Increases	**108,208**	**-**	**-**	**-**	**3,490**	**-**	**-**	**-**	**111,698**
B.1 Fair value increases	100,399	-	-	-	2,560	-	-	-	102,959
B.2 Other changes	7,809	-	-	-	930	-	-	-	8,739
C. Reductions	**810,444**	**-**	**-**	**-**	**6,827**	**-**	**-**	**-**	**817,271**
C.1 Fair value reductions	82,940	-	-	-	6,827	-	-	-	89,767
C.2 Other changes	727,504	-	-	-	-	-	-	-	727,504
D. Closing balance	**165,258**	**-**	**-**	**-**	**7,979**	**-**	**-**	**277,020**	**450,257**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

14.9 Revaluation reserves for available-for-sale assets: breakdown

	31.12.2007			31.12.2006		
ASSETS/VALUES	POSITIVE RESERVE	NEGATIVE RESERVE	TOTAL	POSITIVE RESERVE	NEGATIVE RESERVE	TOTAL
1. Debt securities	50,496	(38,080)	12,416	46,625	(30,532)	16,093
3. Equity securities	215,220	(62,265)	152,955	851,831	(20)	851,811
3. Units in investment funds	210	(323)	(113)	391	(801)	(410)
4. Loans	-	-	-	-	-	-
Total	**265,926**	**(100,668)**	**165,258**	**898,847**	**(31,353)**	**867,494**

14.10 Revaluation reserves for available-for-sale assets: annual changes

	31.12.2007				
	DEBT SECURITIES	EQUITY SECURITIES	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
1. Opening balance	**16,093**	**851,811**	**(410)**	**-**	**867,494**
2. Positive changes	**8,924**	**98,385**	**899**	**-**	**108,208**
2.1 Fair value increases	1,933	98,381	85	-	100,399
2.2 Reclassification through profit or loss of negative provision	5	4	787	-	796
- due to impairment	-	3	-	-	3
- following disposal	5	1	787	-	793
2.3 Other changes	6,986	-	27	-	7,013
3. Negative changes	**12,601**	**797,241**	**602**	**-**	**810,444**
3.1 Fair value reductions	12,560	69,856	524	-	82,940
3.2 Reclassification through profit or loss of positive allowances: following disposal	41	681,149	78	-	681,268
3.3 Other changes	-	46,236	-	-	46,236
4. Closing balance	**12,416**	**152,955**	**(113)**	**-**	**165,258**

Part B) Balance Sheet - Other information

1. Guarantees and commitments

TRANSACTIONS	31.12.2007	31.12.2006
1) Financial guarantees given to:	48,408,002	36,625,713
a) Banks	40,533,219	33,972,319
b) Customers	7,874,783	2,653,394
2) Commercial guarantees given to:	2,454,952	1,833,011
a) Banks	1,714,933	1,382,200
b) Customers	740,019	450,811
3) Other irrevocable commitments to disburse funds:	8,144,948	18,817,828
a) Banks:	4,167,204	15,974,767
i) Usage certain	3,221,266	14,104,975
ii) Usage uncertain	945,938	1,869,792
b) Customers:	3,977,744	2,843,061
i) Usage certain	755,411	208,228
ii) Usage uncertain	3,222,333	2,634,833
4) Underlying obligations for credit derivatives: sale of protection	211,847	1,454
5) Assets used to guarantee others' obligations	104	-
6) Other commitments	5,856,119	-
Total	**65,075,972**	**57,278,006**

2. Assets used to guarantee own liabilities and commitments

PORTFOLIOS	31.12.2007	31.12.2006
1. Financial instruments held for trading	1,424,226	2,388,748
2. Financial instruments measured at fair value	-	-
3. Financial instruments available for sale	958,104	1,418,629
4. Financial instruments held to maturity	2,762,305	-
5. Loans and receivables with banks	418,878	331,592
6. Loans and receivables with customers	810,023	-
7. Property, plant and equipment	-	-

Notes to the Accounts (Continued)

Part B) Balance Sheet - Other information (Continued)

4. Asset management and trading on behalf of others		
TYPE OF SERVICES	31.12.2007	31.12.2006
1. Trading of financial instruments on behalf of others		
a) Purchases	-	-
1. Settled	-	-
2. Unsettled	-	-
b) Sales	-	-
1. Settled	-	-
2. Unsettled	-	-
2. Segregated accounts		
a) Individual	-	-
b) Collective	-	-
3. Custody and administration of securities		
a) non-proprietary securities on deposit associated with custodian bank transactions (excluding segregated accounts)	16,888,947	-
1. Securities issued by the bank preparing the accounts	36,052	-
2. Other securities	16,852,895	-
b) Other non-proprietary securities on deposit (excluding segregated accounts)	66,437,851	2,356,899
1. Securities issued by the bank preparing the accounts	16,517,947	-
2. Other securities	49,919,904	2,356,899
c) Non-proprietary securities deposited with others	83,150,559	2,356,892
d) Investment and trading securities deposited with others	90,719,994	49,074,456
4. Other transactions	25,569	39,285

Notes to the Accounts

Part C) Income Statement

Notes to the Accounts (Amounts in thousands of €)

Part C) Income Statement

Section 1 - Interest income and similar revenues - Item 10 and 20

1.1 Interest income and similar revenues: breakdown						
	UNIMPAIRED FINANCIAL ASSETS					
ITEMS/TYPE	DEBT SECURITIES	LOANS	IMPAIRED FINANCIAL ASSETS	OTHER ASSETS	TOTAL 2007	TOTAL 2006
1. Financial assets held for trading	156,585	-	-	6,064	162,649	56,179
2. Available for sale financial assets	71,944	-	-	-	71,944	76,474
3. Held to maturity investments	27,732	-	-	-	27,732	-
4. Loans and receivables with banks	1,328,363	3,432,038	-	-	4,760,401	3,043,629
5. Loans and receivables with customers	28,413	586,789	2,113	-	617,315	394,699
6. Financial assets at fair value through profit or loss	1,241	-	-	-	1,241	586,188
7. Hedging derivatives	x	x	x	385,096	385,096	830,198
8. Financial assets sold but not derecognised	-	-	-	-	-	-
9. Other assets	x	x	x	121,070	121,070	22,025
Total	**1,614,278**	**4,018,827**	**2,113**	**512,230**	**6,147,448**	**5,009,392**

The items "1. Financial assets held for trading ", "2. Available for sale financial assets", "3. Held to maturity investments" and "5. Loans and receivables with customers" also include interest earned on securities in deposit-taking repo transactions.

1.2 Interest income and similar revenues: hedging differentials		
ITEMS/TYPE	2007	2006
A. Positive differentials on:		
A.1 Fair-value micro-hedging of financial assets	1,183	6,419
A.2 Fair-value micro-hedging of financial liabilities	-	-
A.3 Macro-hedging of interest rate risk	834,783	925,624
A.4 Cash-flow micro-hedging of financial assets	-	-
A.5 Cash-flow micro-hedging of financial liabilities	-	-
A.6 Cash-flow macro-hedging	783,384	785,544
Total positive differentials (A)	**1,619,350**	**1,717,587**
B. Negative differentials on:		
B.1 Fair-value micro-hedging of financial assets	(8,237)	(7,992)
B.2 Fair-value micro-hedging of financial liabilities	-	-
B.3 Macro-hedging of interest rate risk	(941,234)	(771,402)
B.4 Cash-flow micro-hedging of financial assets	-	-
B.5 Cash-flow micro-hedging of financial liabilities	-	-
B.6 Cash-flow macro-hedging	(284,783)	(107,995)
Total negative differentials (B)	**(1,234,254)**	**(887,389)**
C. Net differentials (A-B)	**385,096**	**830,198**

1.3.1 Interest income from financial assets denominated in currency

INTEREST INCOME ON:	2007	2006
a) Assets denominated in currency	419,223	661,506

1.4 Interest expense and similar charges: breakdown

	2007				2006
ITEMS/TYPE	DEPOSITS	SECURITIES	OTHER LIABILITIES	TOTAL	TOTAL
1. Deposits from banks	(3,341,362)	X	-	(3,341,362)	(1,817,205)
2. Deposits from customers	(283,289)	X	-	(283,289)	(271,114)
3. Debt securities in issue	X	(3,554,334)	-	(3,554,334)	(2,610,383)
4. Financial liabilities held for trading	(744)	(4,460)	-	(5,204)	(468,323)
5. Financial liabilities at fair value through profit or loss	-	(24,855)	-	(24,855)	-
6. Financial liabilities relating to assets sold but not derecognised	-	-	-	-	-
7. Other liabilities	X	X	(96,466)	(96,466)	(222)
8. Hedging derivatives	X	X	-	-	-
Total	**(3,625,395)**	**(3,583,649)**	**(96,466)**	**(7,305,510)**	**(5,167,247)**

The items “1. Deposits from banks” and “2. Deposits from customers” also include interest on deposit-taking repo transactions.

1.6.1 Interest expense on liabilities denominated in currency

INTEREST EXPENSE ON:	2007	2006
a) Liabilities denominated in currency	(3,095,492)	(2,466,808)

Notes to the Accounts (Continued)

Part C) Income Statement (Continued)

Section 2 - Fee and commission income and expense - Item 40 and 50

2.1 Fee and commission income: breakdown

TYPE OF SERVICE/SECTORS	2007	2006
a) guarantees given	33,410	25,287
b) credit derivatives	-	-
c) management, brokerage and consultancy services:	9,650	3,428
1. securities trading	315	-
2. currency trading	2,663	2,242
3. segregated accounts	-	-
3.1 individual	-	-
3.2. collective	-	-
4. custody and administration of securities	-	972
5. custodian bank	5,056	108
6. placement of securities	1,542	106
7. client instructions	74	-
8. advisory	-	-
9. distribution of third party services	-	-
9.1. segregated accounts	-	-
9.1.1. individual	-	-
9.1.2. collective	-	-
9.2. insurance products	-	-
9.3. other products	-	-
d) collection and payment services	35,781	29,224
e) securitization servicing	3,015	-
f) factoring	-	-
g) tax collection services	-	-
h) other services	9,698	16,182
Total	**91,554**	**74,121**

2.2 Fee and commission income by distribution channel		
CHANNELS/SECTORS	2007	2006
a) through Group bank branches	**1,542**	**106**
1. segregated accounts	-	-
2. placement of securities	1,542	106
3. others' products and services	-	-
b) off-site	**-**	**-**
1. segregated accounts	-	-
2. placement of securities	-	-
3. others' products and services	-	-
c) other distribution channels	**-**	**-**
1. segregated accounts	-	-
2. placement of securities	-	-
3. others' products and services	-	-
Total	**1,542**	**106**

2.3 Fee and commission expense: breakdown		
TYPE OF SERVICES/SECTORS	2007	2006
a) guarantees received	(6,124)	(5,213)
b) credit derivatives	-	-
c) management, brokerage and consultancy services:	(14,089)	(7,348)
1. securities trading	(737)	-
2. currency trading	(1,928)	(2,332)
3. segregated accounts	-	-
3.1. own portfolio	-	-
3.2. others' portfolios	-	-
4. custody and administration of securities	(11,386)	(5,016)
5. placement of securities	(38)	-
6. off-site distribution of securities, products and services	-	-
d) collection and payment services	(4,469)	(1,849)
e) other services	(5,572)	(5,877)
Total	**(30,254)**	**(20,287)**

Notes to the Accounts (CONTINUED)

Part C) Income Statement (CONTINUED)

Section 3 - Dividend income and similar revenue - Item 70

3.1 Dividend income and similar revenue: breakdown

	2007		2006	
ITEMS/REVENUES	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS
A. Financial assets held for trading	51,154	-	-	-
B. Available for sale financial assets	77,290	-	86,521	-
C. Financial assets at fair value through profit or loss	3	-	3	-
D. Investments	2,706,138	X	2,271,794	X
Total	**2,834,585**	**-**	**2,358,318**	**-**

A breakdown of dividends received in 2007 is given below.

Breakdown of dividends by shareholding

	2007
UniCredit Banca S.p.A.	587,784
Bank Austria Creditanstalt A.G.	558,590
UniCredit Banca d'Impresa S.p.A.	382,035
Bayerische Hypo - und Vereinsbank A.G.	286,597
Pioneer Global Asset Management S.p.A.	276,528
Bank Pekao S.A.	207,150
Bank BPH S.A.	193,499
UniCredit Private Banking S.p.A.	111,735
Synesis Finanziaria S.p.A.	29,000
UniCredit Bulbank A.D. (formerly Bulbank A.D.)	23,184
UniCredit Real Estate S.p.A.	22,820
UniCredit Global Information Services S.p.A.	19,563
UniCredit Bank Slovakia A.S. (formerly Unibanka A.S.)	5,520
Consortium S.r.l.	1,196
UniCredit Infrastrutture S.p.A.	869
Liseuro S.p.A.	53
Zagrebacka Banka D.D.	15
Total	**2,706,138**

Section 4 - Gains and losses on financial assets and liabilities held for trading – Item 80

4.1 Gains and losses on financial assets and liabilities held for trading: breakdown

	2007				
TRANSACTIONS/P&L ITEMS	CAPITAL GAINS	TRADING PROFIT	CAPITAL LOSSES	TRADING LOSSES	NET PROFIT
1. Financial assets held for trading	**59,229**	**25,142**	**(15,869)**	**(8,607)**	**59,895**
1.1 Debt securities	3,996	5,032	(3,368)	(2,720)	2,940
1.2 Equity instruments	24,880	14,864	(7,481)	(5,432)	26,831
1.3 Units in investment funds	30,353	5,246	(5,020)	(455)	30,124
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**1,745**	**19**	**-**	**(35)**	**1,729**
2.1 Debt securities	1,745	19	-	(35)	1,729
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**2,012,806**
4. Derivatives	**744,659**	**2,608,965**	**(785,691)**	**(2,567,619)**	**(2,069,096)**
4.1 Financial derivatives:	744,653	2,608,691	(785,668)	(2,567,591)	(2,069,325)
- with underlying debt securities and interest rates	300,599	1,935,916	(340,701)	(1,869,966)	25,848
- with underlying equity securities and share indices	444,007	672,278	(444,920)	(697,128)	(25,763)
- with underlying currency and gold	X	X	X	X	(2,069,410)
- other	47	497	(47)	(497)	-
4.2 Credit derivatives	6	274	(23)	(28)	229
Total	**805,633**	**2,634,126**	**(801,560)**	**(2,576,261)**	**5,334**

Notes to the Accounts (Continued)

Part C) Income Statement (Continued)

Section 5 - Fair value adjustments in hedge accounting - Item 90

5.1 Fair value adjustments in hedge accounting: breakdown

PROFIT COMPONENT/VALUES	2007	2006
A. Gains on:		
A.1 Fair value hedging instruments	113,472	81,631
A.2 Hedged asset items (fair value)	75,826	446,444
A.3 Hedged liability items (fair value)	232,814	709,512
A.4 Cash-flow hedges	-	-
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities (A)	**422,112**	**1,237,587**
B. Losses on:		
B.1 Fair value hedging instruments	(354,527)	(1,174,836)
B.2 Hedged asset items (fair value)	(45,523)	(55,838)
B.3 Hedged liability items (fair value)	(17,458)	(2,613)
B.4 Cash-flow hedges	-	-
B.5 Assets and liabilities denominated in currency	-	-
Total losses on hedging activities (B)	**(417,508)**	**(1,233,287)**
C. Net profit from hedging activities (A - B)	**4,604**	**4,300**

Section 6 - Gains (losses) on disposals/repurchases - Item 100

6.1 Gains and losses on disposals/repurchases: breakdown

	2007			2006		
ITEMS/P&L ITEMS	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
Financial assets						
1. Loans and receivables with banks	6	(2)	4	1	(20)	(19)
2. Loans and receivables with customers	-	-	-	83	-	83
3. Available-for-sale financial assets	746,060	(1,827)	744,233	682,163	(6,970)	675,193
3.1 Debt securities	1,796	(265)	1,531	2,812	(467)	2,345
3.2 Equity instruments	743,878	(288)	743,590	627,229	(617)	626,612
3.3 Units in investment funds	386	(1,274)	(888)	52,122	(5,886)	46,236
3.4 Loans	-	-	-	-	-	-
4. Held-to-maturity investments	-	-	-	-	-	-
Total assets	**746,066**	**(1,829)**	**744,237**	**682,247**	**(6,990)**	**675,257**
Financial liabilities						
1. Deposits with banks	-	-	-	-	-	-
2. Deposits with customers	-	-	-	-	-	-
3. Debt securities in issue	7,054	(60)	6,994	-	-	-
Total liabilities	**7,054**	**(60)**	**6,994**	**-**	**-**	**-**

Section 7 - Gains and losses on financial assets/liabilities at fair value through profit or loss - Item 110

7.1 Net change in financial assets and liabilities designated at fair value: breakdown

	2007				
TRANSACTIONS/P&L ITEMS	CAPITAL GAINS	GAINS ON TRANSFER	CAPITAL LOSSES	LOSSES ON TRANSFER	NET PROFIT
1. Financial assets	**215**	**30**	**(4)**	**(21)**	**220**
1.1 Debt securities	215	30	(4)	(21)	220
1.2 Equity securities	-	-	-	-	-
1.3 Units in investment funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial liabilities	**4,987**	**-**	**(17,503)**	**-**	**(12,516)**
2.1 Debt securities	4,987	-	(17,503)	-	(12,516)
2.2 Deposits from banks	-	-	-	-	-
2.3 Deposits from customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**-**
4. Derivatives					
4.1 Derivatives	12,863	-	(2,336)	-	10,527
- on debt securities and interest rates	12,863	-	(2,336)	-	10,527
- on equity securities and share indices	-	-	-	-	-
- on currency and gold	X	X	X	X	-
- other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
Total derivatives	**12,863**	**-**	**(2,336)**	**-**	**10,527**
Total	**18,065**	**30**	**(19,843)**	**(21)**	**(1,769)**

The contribution relating to Derivatives refers to the valuation effect in respect of contracts that for economic purposes are associated with financial assets or liabilities at fair value through profit and loss (Items 30A and 50P) formerly disclosed under held-for-trading assets or liabilities (“Financial derivatives: Fair value hedges”).

Notes to the Accounts (Continued)

Part C) Income Statement (Continued)

Section 8 - Impairment losses - Item 130

8.1 Impairment losses on loans: breakdown

	2007								2006
	WRITE-DOWNS (1)			WRITE-BACKS (2)					
	SPECIFIC			SPECIFIC		PORTFOLIO			
TRANSACTIONS / P&L ITEMS	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL (3)=(1)-(2)	TOTAL
A. Loans and receivables with banks	-	-	(513)	51	96	-	41	(325)	408
B. Loans and receivables with customers	(10,828)	(14,301)	-	25,778	32,887	-	9	33,545	9,101
C. Total	**(10,828)**	**(14,301)**	**(513)**	**25,829**	**32,983**	**-**	**50**	**33,220**	**9,509**

8.2 Impairment losses on available for sale financial assets: breakdown

	2007					2006
	WRITE-DOWNS (1)		WRITE-BACKS (2)			
	SPECIFIC		SPECIFIC			
TRANSACTIONS / P&L ITEMS	WRITE-OFFS	OTHER	INTEREST	OTHER	TOTAL (3)=(1)-(2)	TOTAL
A. Debt securities	-	-	-	-	-	-
B. Equity instruments	-	(4,837)	X	X	(4,837)	(1,021)
C. Units in investment funds	-	-	X	-	-	-
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	**-**	**(4,837)**	**-**	**-**	**(4,837)**	**(1,021)**

8.4 Impairment losses on other financial transactions: breakdown

	2007								2006
	WRITE-DOWNS (1)			WRITE-BACKS (2)					
	SPECIFIC			SPECIFIC		PORTFOLIO			
TRANSACTIONS / P&L ITEMS	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL (3)=(1)-(2)	TOTAL
A. Guarantees given	-	(166)	(11,885)	117	56	-	784	(11,094)	(5,766)
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	-	-	-	-	-
E. Total	**-**	**(166)**	**(11,885)**	**117**	**56**	**-**	**784**	**(11,094)**	**(5,766)**

Columns "Write-backs - interest" in tables 8.1, 8.2 and 8.4 disclose any increases in the presumed recovery value arising from interest accrued in the year on the basis of the original effective interest rate used to calculate write-downs.

Section 9 - Administrative costs - Item 150

9.1 Payroll: breakdown		
TYPE OF EXPENSE	2007	2006
1) Employees	**(356,521)**	**(254,864)**
a) Wages and salaries	(243,900)	(190,381)
b) Social charges	(62,110)	(48,972)
c) Severance pay	(11,731)	(6,603)
d) Social security costs	-	-
e) Allocation to employee severance pay provision	7,299	(5,644)
f) Provision for retirement payments and similar provisions:	(21,792)	(18,343)
- defined contribution	(3,206)	(3,095)
- defined benefit	(18,586)	(15,248)
g) Payments to external pension funds:	(23,171)	(11,035)
- defined contribution	(22,712)	(10,842)
- defined benefit	(459)	(193)
h) Costs related to share-based payments	(16,432)	(23,287)
i) Other employee benefits	(56,345)	(12,352)
l) Recovery of compensation	71,661	61,753
2) Other staff	**(25,434)**	**(15,760)**
3) Directors	**(5,728)**	**(6,834)**
Total	**(387,683)**	**(277,458)**

Item “1.e) Allocation to employee severance pay provision” also includes severance indemnity paid to the treasury fund of the Italian Social Insurance Agency (INPS) following the reform on supplementary pensions introduced by Legislative Decree 252 of December 5, 2005. It reflects the positive impact - in the amount of approximately €13 million - resulting from the reduction in the defined-benefits plan connected with employee severance pay as a result of the reform.

Item “1.g) “Payments to external pension fund” includes severance indemnity paid to supplementary pension funds pay as a result of the reform.

Capitalia Group Merger plan

To manage the impact on jobs resulting from the merger with Capitalia Group, a merger protocol for the new UniCredit group was signed on August 3, 2007 following lengthy discussions with unions.

The document states that the impact on jobs linked with the combination in question will be managed pending the drafting of the business plan through:

- an incentive scheme for voluntary early retirement (for 2,000 employees);
- voluntary redundancies funded by the “solidarity fund for support, retraining and professional redeployment of employees of credit institutions” (3,000 employees).

In total, at the end of the subscription period, approximately 6,800 early retirement/voluntary redundancy requests were received (252 from the parent company). Discussions are currently under way with the unions regarding the possible granting of these requests and how departures can be phased according to the Group’s organisational capacity.

The additional costs arising from the merger plan in question (€42 million) are partly offset by the transfer to the income statement of the remaining provisions established for the previous 2004/2007 three-year plan and the merger plan with HVB-BACA Group (€4 million). This achieved the targets set without resorting to redundancies.

Notes to the Accounts (Continued)

Part C) Income Statement (Continued)

9.2 Average number of employers by category

STAFF AVERAGE NUMBER	2007	2006
a) Employees	**1,993**	**1,467**
1) Senior managers	285	204
2) Managers	1,039	760
3) Remaining staff	669	503
b) Other staff	**167**	**99**
Total	**2,160**	**1,566**

The average number is calculated as the arithmetic mean of the number of employees at the end of the period and the number at the end of the prior period. The figures for 2007 reflect the increase resulting from the merger with Capitalia S.p.A..

9.3 Defined benefit company pension funds: total cost

PENSION AND SIMILAR FUNDS ALLOWANCES - WITH DEFINED BENEFITS	2007	2006
Current service cost	(358)	(490)
Interest cost	(15,960)	(15,766)
Expected return on plan assets	771	900
Net actuarial gain/loss recognized in year	(3,039)	(2,973)
Past service cost	-	-
Gains/losses on curtailments and settlements	-	3,081
Total	**(18,586)**	**(15,248)**

9.5 Other administrative expense: breakdown

ITEMS	2007	2006
1) Indirect taxes and duties	**(2,822)**	**(1,822)**
2) Miscellaneous costs and expenses	**(322,686)**	**(243,159)**
Advertising marketing and comunication	**(31,358)**	**(26,194)**
- advertaising - campaigns & media	(4,285)	(6,028)
- Advertising - point of sale communication & direct marketing	(1,736)	(1,228)
- Advertising - promotional expenses	(494)	(2,196)
- Advertising - market and comunication researches	(1,813)	(1,610)
- sponsorship	(12,242)	(7,766)
- entertainment and other expenses	(8,158)	(6,005)
- convention and internal communications	(2,630)	(1,361)
Expenses related to credit risk	**(18,972)**	**(711)**
- legal expenses to credit recovery	(2,954)	(666)
- credit information and inquiries	(2,520)	(45)
- credit recovery services	(13,498)	-
Expenses related to personnel	**(37,993)**	**(26,700)**
- personnel area services	(957)	-
- personnel training & recruiting	(8,955)	(4,378)
- travel expenses and car rentals	(22,413)	(17,577)
- premises rentals for personnel	(5,668)	(4,745)

(9.5 Other administrative expense: breakdown) continued

ITEMS	2007	2006
Information comunication tecnology expenses	**(50,880)**	**(30,425)**
- lease of ICT equipment and software	(1,150)	(998)
- supply of small IT items	(323)	(155)
- ICT consumables (ICT)	(407)	(174)
- telephone, swift & data transmission (ICT)	(4,218)	(6,237)
- ICT service	(40,993)	(19,992)
- financial information providers	(3,471)	(2,531)
- repair and maintenance of ICT equipment	(318)	(338)
Consulting and professionals services	**(95,027)**	**(83,132)**
- technical consulting	(60,201)	(40,140)
- professional services	(3,595)	(1,906)
- management consulting	(13,377)	(24,026)
- legal and notarial expenses	(17,854)	(17,060)
Real estate expenses	**(29,905)**	**(28,952)**
- internal and external surveillance of premises	(1,205)	(2,900)
- real estate services	(1,916)	(781)
- cleaning of premises	(1,284)	(1,214)
- repair and mainteneance of forniture, machinery, equipment	(1,416)	(1,988)
- maintenece of premises	(234)	(515)
- premises rentals	(20,733)	(19,161)
- utilities	(3,117)	(2,393)
Other administrative expenses	**(58,551)**	**(47,045)**
- statutory auditors fees	(455)	(420)
- insurance	(13,523)	(9,091)
- office equipment rentals	(261)	(247)
- postage	(781)	(703)
- printing and stationery	(377)	(555)
- administrative services	(29,560)	(26,676)
- logistic services	(1,777)	(3,386)
- trasport of documents	(685)	(393)
- supply of small office items	(565)	(244)
- donations	(329)	(260)
- association dues and fees	(2,070)	(2,141)
- other expenses	(8,168)	(2,929)
Total	**(325,508)**	**(244,981)**

Notes to the Accounts (Continued)

Part C) Income Statement (Continued)

Section 10 - Provisions for risks and charges - Item 160

10.1 Net provisions for risks and charges: breakdown

ITEMS/COMPONENTS	2007 PROVISIONS	2007 REALLOCATION SURPLUS	2007 TOTAL	2006 TOTAL
1. Other provisions				
1.1 Legal disputes	(7,990)	5,714	(2,276)	(15,018)
1.2 Staff costs	-	-	-	-
1.3 Other	(19,808)	3,711	(16,097)	(17,401)
Total	**(27,798)**	**9,425**	**(18,373)**	**(32,419)**

Section 11 - Impairments/write-backs on property, plant and equipment - Item 170

11.1 Impairment on property, plant and equipment: breakdown

ASSETS/P&L ITEMS	2007 DEPRECIATION (A)	2007 IMPAIRMENT LOSSES (B)	2007 WRITE-BACKS (C)	2007 NET PROFIT (A + B –C)
A. Property, plant and equipment				
A.1 Owned	(11,043)	-	-	(11,043)
- for operational use	(3,530)	-	-	(3,530)
- for investment	(7,513)	-	-	(7,513)
A.2 Finance leases	-	-	-	-
- for operational use	-	-	-	-
- for investment	-	-	-	-
Total	**(11,043)**	**-**	**-**	**(11,043)**

Section 12 - Impairments/write-backs on intangible assets - Item 180

12.1 Impairment on intangible assets: breakdown

ASSETS/P&L ITEMS	2007 AMORTISATION (A)	2007 IMPAIRMENT LOSSES (B)	2007 WRITE-BACKS (C)	2007 NET PROFIT (A + B –C)
A. Intangible assets				
A.1 Owned	(2,540)	(135)	-	(2,675)
- generated internally by the company	-	-	-	-
- other	(2,540)	(135)	-	(2,675)
A.2 Finance leases	-	-	-	-
Total	**(2,540)**	**(135)**	**-**	**(2,675)**

Section 13 - Other net operating income - Item 190

13.1 Other operating expense: breakdown	2007	2006
Impairment losses on leasehold improvements (on non-separable assets)	(4,392)	(5,535)
Other	(4,389)	(13,021)
Total	**(8,781)**	**(18,556)**

13.2 Other operating income: breakdown	2007	2006
Recovery of costs	38,627	35,384
Other Revenues	32,068	8,024
Total	**70,695**	**43,408**

Section 14 - Profit (Loss) of associates - Item 210

14.1 Profit (Loss) of associates: breakdown

P&L ITEMS	2007	2006
A. Income	**3,850**	**538,445**
1. Revaluations	-	-
2. Gains on disposal	3,850	538,445
3. Write-backs	-	-
4. Other positive changes	-	-
B. Expense	**(180,172)**	**(31,542)**
1. Write-downs	-	-
2. Impairment losses	(179,091)	(24,698)
3. Losses on disposal	(1,081)	(6,844)
4. Other negative changes	-	-
Net gains (losses)	**(176,322)**	**506,903**

Notes to the Accounts (Continued)

Part C) Income Statement (Continued)

Section 15 - Net gains (losses) on property, plant and equipment and intangible assets measured at fair value - Item 220

No data to be disclosed in this section.

Section 16 - Impairment of goodwill - Item 230

No data to be disclosed in this section.

Section 17 - Gains (losses) on disposal of investments - Item 240

17.1 Gains and losses on disposal of investments: breakdown

P&L ITEMS	2007	2006
A. Property	**-**	**2,554**
- Gains on disposal	-	2,554
- Losses on disposal	-	-
B. Other assets	**643**	**410**
- Gains on disposal	708	411
- Losses on disposal	(65)	(1)
Net gains (losses)	**643**	**2,964**

Section 18 - Tax expense (income) related to profit or loss from continuing operations - Item 260

18.1 Tax expense (income) related to profit or loss from continuing operations: breakdown

P&L ITEMS	2007	2006
1. Current tax (+/-)	457,484	134,329
2. Adjustment to current tax of prior years (+/-)	36,053	8,703
3. Reduction of current tax for the year (+)	-	-
4. Changes to deferred tax assets (+/-)	(309,278)	27,610
5. Changes to deferred tax liabilties (+/-)	26,428	(93,631)
Tax for the year (+/-) (-1+/-2+3+/-4+/-5)	**210,687**	**77,011**

18.2 Reconciliation of theoretical tax charge to actual tax charge

	2007	2006
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS (item 250)	1,655,465	2,937,499
Theoretical tax rate	33%	33%
Theoretical tax	(546,303)	(969,375)
1. Different tax rates	-	-
2. Non-taxable income - continuing differences	690,247	1,170,943
3. Non-tax-deductible expenses - continuing differences	(109,443)	(80,032)
4. Italian regional tax on production	(107)	-
5. Prior years and changes in tax rates	(153,117)	-
a) effects on current tax	13,990	-
- losses carried forward	-	-
- other previous year effects	13,990	-
b) effects on deferred tax	(167,107)	-
- changes in tax rates	(167,107)	-
- new tax levied (+) previous tax removed (-)	-	-
6. Valuation adjustments and non-recognition of deferred taxes	-	-
- write-downs on deferred tax assets	-	-
- recognition of deferred tax assets	-	-
- non-recognition of deferred tax assets	-	-
- non-recognition of deferred tax assets/liabilities under IAS 12.39 and 12.44	-	-
7. Amortization of goodwill	-	-
8. Non-taxable foreign income	425,057	-
9. Other differences	(95,647)	(44,525)
Tax entered to profit or loss	**210,687**	**77,011**

Notes to the Accounts (Continued)

Part C) Income Statement (Continued)

Section 19 - Gains (Losses) on groups of assets held for sale, net of tax - Item 280

No data to be disclosed in this section.

Section 20 - Other information

No information to be disclosed in this section.

Section 21 - Earnings per share

Earnings per share	2007	2006
Net profit	1,866,152	3,014,510
Average number of outstanding shares[1]	11,071,586,463	10,345,183,476
Average number of potential diluted shares	20,454,351	28,112,988
Average number of diluted shares	11,092,040,814	10,373,296,464
Earnings per share (€)	**0.169**	**0.291**
Diluted earnings per share (€)	**0.168**	**0.291**

1. Net of the average number of own shares. The 2007 figure also considers the effects of former Capitalia shareholders' withdrawal right.

Notes to the Accounts

Part D) Segment Reporting

Notes to the Accounts (Continued)

Part D) Segment Reporting

Segment Reporting of UniCredit S.p.A., Parent Company of the UniCredit banking group, is provided in Part D of the consolidated notes to the accounts, in accordance to the option provided by Banca d'Italia Circular 262 of 22 December 2005.

Notes to the Accounts

Part E) Risks and Hedging Policies

Notes to the Accounts (Amounts in thousands of €)

Part E) Risks and Hedging Policies

This part of the Notes to the Accounts provides quantitative information on risks in respect of UniCredit S.p.A. Qualitative information on risk management and monitoring is provided in Part E of the Notes to the Consolidated Accounts.

Section 1 - Credit risk

QUANTITATIVE INFORMATION

A. Credit Quality

A. 1 Impaired and performing loans: amounts, writedowns, changes, economic and geographical distribution

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying value)

PORTFOLIO/QUALITY	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURE	PAST-DUE	COUNTRY RISK	OTHER ASSETS	TOTAL
1. Financial assets held for trading	-	-	-	-	-	11,157,337	11,157,337
2. Available-for-sale financial assets	-	-	-	-	-	3,281,099	3,281,099
3. Held-to-maturity financial assets	-	-	-	-	-	2,796,247	2,796,247
4. Loans and receivables with banks	-	-	-	-	70,873	162,748,780	162,819,653
5. Loans and receivables with customers	1,317,245	497	6,286	-	-	20,392,093	21,716,121
6. Financial assets at fair value through profit or loss	-	-	-	-	-	58,958	58,958
7. Financial assets classified as held for sale	-	-	-	-	-	712,144	712,144
8. Hedging derivatives	-	-	-	-	-	568,899	568,899
Total as at 31.12.2007	**1,317,245**	**497**	**6,286**	**-**	**70,873**	**201,715,557**	**203,110,458**
Total as at 31.12.2006	**967**	**126**	**-**	**-**	**248**	**133,722,312**	**133,723,653**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net value)								
	IMPAIRED ASSETS				OTHER ASSETS			
PORTFOLIO/QUALITY	GROSS EXPOSURE	SPECIFIC WRITE DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	TOTAL (NET EXPOSURE)
1. Financial assets held for trading	-	-	-	-	xxx	xxx	11,157,337	11,157,337
2. Available-for-sale financial assets	-	-	-	-	3,281,099	-	3,281,099	3,281,099
3. Held-to-maturity financial assets	-	-	-	-	2,796,247	-	2,796,247	2,796,247
4. Loans and receivables with banks	28	(28)	-	-	162,820,188	(535)	162,819,653	162,819,653
5. Loans and receivables with customers	4,567,918	(3,243,890)	-	1,324,028	20,414,823	(22,730)	20,392,093	21,716,121
6. Financial assets at fair value through profit or loss	-	-	-	-	xxx	xxx	58,958	58,958
7. Financial assets classified as held for sale	-	-	-	-	712,144	-	712,144	712,144
8. Hedging derivatives	-	-	-	-	xxx	xxx	568,899	568,899
Total as at 31.12.2007	**4,567,946**	**(3,243,918)**	**-**	**1,324,028**	**190,024,501**	**(23,265)**	**201,786,430**	**203,110,458**
Total as at 31.12.2006	**33,156**	**(32,063)**	**-**	**1,093**	**127,807,451**	**(27,315)**	**133,722,560**	**133,723,653**

A.1.3 On-balance and off-balance sheet exposure to banks: gross and net values				
EXPOSURE TYPE / AMOUNTS	GROSS EXPOSURE	SPECIFIC WRITE DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. On-balance-sheet exposure				
a) Non-performing loans	28	(28)	-	-
b) Doubtful loans	-	-	-	-
c) Restructured exposure	-	-	-	-
d) Past due	-	-	-	-
e) Country risk	71,408	xxx	(535)	70,873
f) Other assets	165,698,932	xxx	-	165,698,932
Total A	**165,770,368**	**(28)**	**(535)**	**165,769,805**
B. Off-balance-sheet exposure				
a) Impaired	-	-	-	-
b) Other	50,537,010	xxx	(6,145)	50,530,865
Total B	**50,537,010**	**-**	**(6,145)**	**50,530,865**

On-balance sheet exposures include all balance-sheet assets, including held-for-trading, available-for-sale, held-to-maturity assets, loans, assets at fair value through profit or loss and assets held for sale.

Off-balance sheet exposure comprises guarantees given, commitments and derivatives regardless of each transaction's classification category.

The gross exposure of credit derivatives for which protection has been sold corresponds to (i) the sum of the face value and the positive fair value in respect of total rate of return swaps, (ii) to positive fair value in respect of credit spread swaps and (iii) to the notional value in respect of credit default products and credit linked notes.

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

A.1.4 Balance-sheet exposure to banks: gross change in impaired exposures subject to "country risk"

SOURCE / CATEGORIES	NON - PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURE	PAST-DUE	COUNTRY RISK
A. Opening balance	**28**	**190**	**-**	**-**	**291**
- of which: Sold and not derecognised	-	-	-	-	-
B. Increases	**-**	**-**	**-**	**-**	**71,118**
B.1 Transfers from performing loans	-	-	-	-	71,048
B.2 Transfers from other impaired exposure	-	-	-	-	-
B.3 Other increases	-	-	-	-	70
of which: business combinations	-	-	-	-	*13*
C. Reductions	**-**	**190**	**-**	**-**	**1**
C.1 Transfers to performing loans	-	-	-	-	-
C.2 Derecognised items	-	-	-	-	-
C.3 Recoveries	-	184	-	-	-
C.4 Sales proceeds	-	-	-	-	-
C.5 Transfers to other impaired exposure	-	-	-	-	-
C.6 Other reductions	-	6	-	-	1
D. Closing balance	**28**	**-**	**-**	**-**	**71,408**
- of which: Sold and not derecognised	-	-	-	-	-

A.1.5 Balance-sheet exposure to banks: change in overall impairments

SOURCE/CATEGORIES	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURE	PAST-DUE	COUNTRY RISK
A. Opening balance	**28**	**148**	**-**	**-**	**63**
- of which: Sold and not derecognised	-	-	-	-	-
B. Increases	**-**	**-**	**-**	**-**	**513**
B.1 Writedowns	-	-	-	-	513
B.2 Transfers from other impaired exposure	-	-	-	-	-
B.3 Other increases	-	-	-	-	-
of which: business combinations	-	-	-	-	-
C. Reductions	**-**	**148**	**-**	**-**	**41**
C.1 Transfers to performing loans	-	51	-	-	-
C.2 Write-backs from recoveries	-	96	-	-	41
C.3 Write-offs	-	-	-	-	-
C.4 Transfers to other impaired exposure	-	-	-	-	-
C.5 Other reductions	**-**	1	**-**	**-**	**-**
D. Final gross writedowns	**28**	**-**	**-**	**-**	**535**
- of which: Sold and not derecognised	-	-	-	-	-

A.1.6 Balance-sheet and off-balance sheet exposure to customers: gross and net values				
EXPOSURE TYPE / AMOUNTS	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. Balance-sheet exposure				
a) Non-performing loans	4,557,198	(3,239,953)	-	1,317,245
b) Doubtful loans	2,662	(2,165)	-	497
c) Restructured exposure	8,058	(1,772)	-	6,286
d) Past due	-	-	-	-
e) Country risk	-	xxx	-	-
f) Other assets	28,800,708	xxx	(22,730)	28,777,978
Total A	**33,368,626**	**(3,243,890)**	**(22,730)**	**30,102,006**
B. Off-balance-sheet exposure				
a) Impaired	149,929	(15,734)	-	134,195
b) Other	13,263,235	xxx	(304,036)	12,959,199
Total B	**13,413,164**	**(15,734)**	**(304,036)**	**13,093,394**

On-balance sheet exposures include all balance-sheet assets, including held-for-trading, available-for-sale, held-to-maturity assets, loans, assets at fair value through profit or loss and assets held for sale.

Off-balance sheet exposure comprises guarantees given, commitments and derivatives regardless of each transaction's classification category.

The gross exposure of credit derivatives for which protection has been sold corresponds to (i) the sum of the face value and the positive fair value in respect of total rate of return swaps, (ii) to positive fair value in respect of credit spread swaps and (iii) to the notional value in respect of credit default products and credit linked notes.

A.1.7 Balance-sheet exposure to customers: gross change in impaired exposure subject to country risk					
SOURCE/CATEGORIES	NON - PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST-DUE	COUNTRY RISK
A. Opening balance - gross exposure	**32,701**	**237**	**-**	**-**	**29**
- of which: Sold not derecognised	-	-	-	-	-
B. Increases	**4,622,827**	**2,450**	**8,058**	**-**	**-**
B.1 Transfers from performing loans	2	2,450	-	-	-
B.2 Transfers from other impaired exposures	-	-	-	-	-
B.3 Other increases	4,622,825	-	8,058	-	-
of which: business combinations	*4,584,019*	-	*7,959*	-	-
C. Reductions	**98,330**	**25**	**-**	**-**	**29**
C.1 Transfers to performing loans	-	-	-	-	-
C.2 Derecognised items	29,590	-	-	-	-
C.3 Recoveries	65,470	-	-	-	-
C.4 Sales proceeds	-	-	-	-	-
C.5 Transfers to other impaired exposures	-	-	-	-	-
C.6 Other reductions	3,270	25	-	-	29
D. Closing balance gross exposure	**4,557,198**	**2,662**	**8,058**	**-**	**-**
- of which: Sold not derecognised	-	-	-	-	-

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

A.1.8 Balance-sheet exposure to customers: changes in overall impairment					
SOURCE/CATEGORIES	NON - PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST-DUE	COUNTRY RISK
A. Opening gross writedowns	**31,734**	**153**	**-**	**-**	**9**
- of which: Sold not derecognised	-	-	-	-	-
B. Increases	**3,296,574**	**2,039**	**1,847**	**-**	**281**
B.1 Writedowns	51,506	2,037	46	-	-
B.2 Transfers from other impaired exposure	-	-	-	-	-
B.3 Other increases	3,245,068	2	1,801	-	281
of which: business combinations	*3,245,068*	-	*1,801*	-	*281*
C. Reductions	**88,355**	**27**	**75**	**-**	**290**
C.1 Transfers to performing loans	27,733	12	75	-	9
C.2 Write-backs from recoveries	27,774	-	-	-	-
C.3 Write-offs	29,590	-	-	-	-
C.4 Transfers to other impaired exposure	-	-	-	-	-
C.5 Other reductions	3,258	15	-	-	281
D. Closing gross writedowns	**3,239,953**	**2,165**	**1,772**	**-**	**-**
- of which: Sold not derecognised	-	-	-	-	-

A. 2 Breakdown of exposures according to external and internal ratings

A.2.1 Balance-sheet and off-balance sheet exposure by external rating class (book values)								
	EXTERNAL RATING CLASSES							
EXPOSURES	AAA/AA-	A+/A-	BBB+/BBB-	BB+/BB-	B+/B-	LOWER THAN B-	NO RATING	TOTAL
A. On-balance-sheet exposures	**20,392,962**	**138,915,595**	**919,825**	**210,996**	**275,087**	**1,324,028**	**33,833,318**	**195,871,811**
B. Derivative contracts	**954,788**	**2,296,437**	**-**	**1,876**	**-**	**-**	**1,363,256**	**4,616,357**
B.1 Financial derivative contracts	954,788	2,296,389	-	1,876	-	-	1,151,458	4,404,511
B.2 Credit derivatives	-	48	-	-	-	-	211,798	211,846
C. Guarantees given	**170,849**	**4,001,776**	**540,378**	**829,540**	**39,188**	**133,865**	**45,147,358**	**50,862,954**
D. Otfher commitments to disburse funds	**673,394**	**2,328,601**	**57,588**	**114,900**	**300**	**1,004**	**4,969,161**	**8,144,948**
Total	**22,191,993**	**147,542,409**	**1,517,791**	**1,157,312**	**314,575**	**1,458,897**	**85,313,093**	**259,496,070**

Impaired assets are included in “Lower than B-“ class.

The table above contains on- and off-balance sheet exposures granted to counterparties by ratings from external rating agencies (Standard and Poor’s, Moody’s and Fitch), mapped to the unique rating scale of Standard and Poor’s.

These agencies provide judgments on the creditworthiness of different types of borrowers such as Sovereigns, Banks, Public Entities, Insurance Companies and Enterprises usually of a large dimension.

In case more than one agency rating is available, the most prudential rating is assigned.

The “Investment Grade” area (from class AAA to BBB-), particularly the first two sections, comprises nearly the whole of the esternally rated exposures, since the corresponding counterparties are mainly banks.

The percentage of unrated exposures (32.88%) can be explained by counterparties for which external rating is not available.

A.2.2 Balance-sheet and off-balance sheet exposure by internal rating class (book values)

EXPOSURES	INTERNAL RATING CLASSES					
	1	2	3	4	5	6
A. On-balance-sheet exposures	**126,021,087**	**4,633,994**	**2,817,825**	**658,281**	**221,906**	**15,531,788**
B. Derivative contracts	**2,823,785**	**286,258**	**42,845**	**1,876**	**-**	**3,388**
B.1 Financial derivative contracts	2,823,737	286,258	42,845	1,876	-	3,388
B.2 Credit derivatives	48	-	-	-	-	-
C. Guarantees given	**38,789,792**	**1,404,816**	**102,484**	**554,109**	**802,610**	**2,633,261**
D. Otfher commitments to disburse funds	**3,226,127**	**28,345**	**115,695**	**26,102**	**18,195**	**425,750**
Total	**170,860,791**	**6,353,413**	**3,078,849**	**1,240,368**	**1,042,711**	**18,594,187**

A.2.2 Balance-sheet and off-balance sheet exposure by internal rating class (book values) continued

EXPOSURES	INTERNAL RATING CLASSES				IMPAIRED ASSETS	NO RATING	TOTAL
	7	8	9	10			
A. On-balance-sheet exposures	**129,694**	**29,120**	**270,597**	**15,006**	**1,338,373**	**44,204,140**	**195,871,811**
B. Derivative contracts	**-**	**-**	**-**	**-**	**-**	**1,458,205**	**4,616,357**
B.1 Financial derivative contracts	-	-	-	-	-	1,246,407	4,404,511
B.2 Credit derivatives	-	-	-	-	-	211,798	211,846
C. Guarantees given	**916,725**	**127,966**	**429,707**	**7,907**	**133,191**	**4,960,386**	**50,862,954**
D. Otfher commitments to disburse funds	**110,749**	**8,707**	**-**	**-**	**-**	**4,185,278**	**8,144,948**
Total	**1,157,168**	**165,793**	**700,304**	**22,913**	**1,471,564**	**54,808,009**	**259,496,070**

INTERNAL CLASSES	PD RANGE
1	0 <= PD <= 0.0004
2	0.0004 < PD <= 0.0010
3	0.0010 < PD <= 0.0022
4	0.0022 < PD <= 0.0049
5	0.0049 < PD <= 0.0089
6	0.0089 < PD <= 0.0133
7	0.0133 < PD <= 0.0198
8	0.0198 < PD <= 0.0360
9	0.0360 < PD <= 0.1192
10	0.1192 < PD

The table above contains on- and off-balance sheet exposures by internal rating.

The rating is assigned to a single counterparty with the help of internal group-wide models (eg. Banks, Multinationals) developed and employed internally for credit risk management and subject to validation by Supervisory Authorities.

The different rating scales of these models are converged to a unique “masterscale” of 10 classes (illustrated in the table above) based on underlying Probability of Default (PD).

More than 88% of exposures with internal rating belongs to the “Investment Grade” area (from class 1 to 4), while exposures towards unrated counterparties amount to 21.12%. The rating is not assigned to these counterparties as they belong to a segment not yet covered by models or still in roll-out phase.

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

A. 3 Breakdown of secured exposures by type of guarantee

A.3.1 Secured balance-sheet exposures to banks and customers

	AMOUNT OF THE EXPOSURE	COLLATERALS (1)			GUARANTEES (2)								TOTAL (1) + (2)
					CREDIT DERIVATIVES				ENGAGEMENTS				
		PROPERTIES	SECURITIES	OTHER ASSETS	GOVERNMENTS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	GOVERNMENTS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	
1. Secured exposures to banks:													
1.1 totally secured	269,427	-	19,427	250,000	-	-	-	-	-	-	-	-	269,427
1.2. partially secured	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Secured exposures to customers:													
2.1. totally secured	428,989	8,740,556	10,419	6,602	-	-	-	-	-	44	36,401	329,062	9,123,084
2.2. partially secured	168,520	7,949	3,399	21,795	-	-	-	-	-	18	679	91,972	125,812

A.3.2 Secured off-balance-sheet exposures to banks and customers

	AMOUNT OF THE EXPOSURE	COLLATERALS (1)			GUARANTEES (2)								TOTAL (1) + (2)
					CREDIT DERIVATIVES				ENGAGEMENTS				
		PROPERTIES	SECURITIES	OTHER ASSETS	GOVERNMENTS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	GOVERNMENTS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	
1. Secured exposures to banks:													
1.1 totally secured	280,251	-	-	280,251	-	-	-	-	-	-	-	-	280,251
1.2. partially secured	679,128	-	21,807	503,777	-	-	-	-	-	-	-	-	525,584
2. Secured exposures to customers:													
2.1. totally secured	3,249	-	4,549	660	-	-	-	-	-	-	-	-	5,209
2.2. partially secured	10,591	-	346	-	-	-	-	-	-	-	-	-	346

The amount shown in the “Amount of the Exposure”, in tables A.3.1. and A.3.2, column is the net exposure.

Classification of exposures as “totally secured” or “partially secured” is made by comparing the gross exposure with the amount of the contractually agreed security.

A.3.3 Impaired balance-sheet exposures to banks and customers

	AMOUNT OF THE EXPOSURE	SECURED AMOUNT	GUARANTEES (FAIR VALUE)																		TOTAL	SURPLUS ON FAIR VALUE OF GUARANTEES
			COLLATERALS			GUARANTEES																
						CREDIT DERIVATIVES							ENGAGEMENTS									
			PROPERTIES	SECURITIES	OTHER ASSETS	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES		
1. Secured exposures to banks																					
1.1. over 150%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2. between 100% and 150%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.3. between 50% and 100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.4. under 50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Secured exposures to customers:																					
2.1. over 150%	86,202	86,202	8,254,019	7,846	1,736	-	-	-	-	-	-	-	-	9	154	3,434	-	12,064	33,406	8,312,668	8,226,466
2.2. between 100% and 150%	34,369	34,369	149,911	1,025	61	-	-	-	-	-	-	-	-	22	17	42	-	6,103	16,027	173,208	138,839
2.3. between 50% and 100%	368,852	368,207	318,279	3,062	1,318	-	-	-	-	-	-	-	-	30	36,901	9,645	-	177,044	132,800	679,079	310,872
2.4. under 50%	58,336	39,343	16,466	1,887	101	-	-	-	-	-	-	-	-	-	8	815	-	8,237	21,416	48,930	9,587

The amount shown in the “Amount of the Exposure” column is the net exposure.

Classification of exposures according to percentage cover is made by comparing the gross exposure with the amount of the contractually agreed security.

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

B. Distribution and concentration of loans

B.1 Breakdown of balance-sheet and off-balance-sheet exposures to customers by main business sector

	GOVERNMENTS AND CENTRAL BANKS				OTHER PUBLIC ENTITIES			
EXPOSURES / COUNTERPARTIES	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. Balance Sheet exposures								
A.1 Non-performing loans	-	-	-	-	27,980	(14,285)	-	13,695
A.2 Doubtful loans	-	-	-	-	-	-	-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-
A.4 Past-due loans	-	-	-	-	-	-	-	-
A.5 Other exposures	893,742	xxx	-	893,742	5,096	xxx	(62)	5,034
Total A	**893,742**	**-**	**-**	**893,742**	**33,076**	**(14,285)**	**(62)**	**18,729**
B. Off-balance sheet exposures								
B.1 Non-performing loans	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-
B.4 Other exposures	62,734	xxx	-	62,734	4,305	xxx	-	4,305
Total B	**62,734**	**-**	**-**	**62,734**	**4,305**	**-**	**-**	**4,305**
Total as at 31.12.2007	**956,476**	**-**	**-**	**956,476**	**37,381**	**(14,285)**	**(62)**	**23,034**
Total as at 31.12.2006	**4,442,903**	**-**	**-**	**4,442,903**	**11,183**	**-**	**(98)**	**11,085**

B.1 Breakdown of balance-sheet and off-balance-sheet exposures to customers by main business sector continued

	INSURANCE COMPANIES				NON-FINANCIAL COMPANIES			
EXPOSURES / COUNTERPARTIES	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. Balance Sheet exposures								
A.1 Non-performing loans	-	-	-	-	3,565,630	(2,553,221)	-	1,012,409
A.2 Doubtful loans	-	-	-	-	2,662	(2,165)	-	497
A.3 Restructured exposures	-	-	-	-	8,058	(1,772)	-	6,286
A.4 Past-due loans	-	-	-	-	-	-	-	-
A.5 Other exposures	102,978	xxx	-	102,978	1,863,228	xxx	(11,152)	1,852,076
Total A	**102,978**	**-**	**-**	**102,978**	**5,439,578**	**(2,557,158)**	**(11,152)**	**2,871,268**
B. Off-balance sheet exposures								
B.1 Non-performing loans	-	-	-	-	148,398	(15,734)	-	132,664
B.2 Doubtful loans	-	-	-	-	1,004	-	-	1,004
B.3 Other impaired assets	-	-	-	-	-	-	-	-
B.4 Other exposures	5,558	xxx	-	5,558	2,240,484	xxx	-	2,240,484
Total B	**5,558**	**-**	**-**	**5,558**	**2,389,886**	**(15,734)**	**-**	**2,374,152**
Total as at 31.12.2007	**108,536**	**-**	**-**	**108,536**	**7,829,464**	**(2,572,892)**	**(11,152)**	**5,245,420**
Total as at 31.12.2006	**50,554**	**-**	**-**	**50,554**	**3,574,810**	**(32,500)**	**(8,592)**	**3,533,718**

FINANCIAL COMPANIES			
GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
176,556	(141,053)	-	35,503
-	-	-	-
-	-	-	-
-	-	-	-
21,192,140	XXX	(10,884)	21,181,256
21,368,696	**(141,053)**	**(10,884)**	**21,216,759**
83	-	-	83
-	-	-	-
-	-	-	-
7,872,147	XXX	(304,036)	7,568,111
7,872,230	**-**	**(304,036)**	**7,568,194**
29,240,926	**(141,053)**	**(314,920)**	**28,784,953**
14,708,094	**(413)**	**(18,534)**	**14,689,147**

OTHER BORROWERS			
GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
787,032	(531,394)	-	255,638
-	-	-	-
-	-	-	-
-	-	-	-
4,743,524	XXX	(632)	4,742,892
5,530,556	**(531,394)**	**(632)**	**4,998,530**
444	-	-	444
-	-	-	-
-	-	-	-
3,078,007	XXX	-	3,078,007
3,078,451	**-**	**-**	**3,078,451**
8,609,007	**(531,394)**	**(632)**	**8,076,981**
544,679	**-**	**(28)**	**544,651**

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

B.2 Breakdown of loans to resident non-financial companies

	31.12.2007
(a) Other saleable services	1,054,110
(b) Construction and civil engineering	454,022
(c) Commercial, recovery and repair services	187,745
(d) Foodstuffs, beverages and tobacco-based products	45,088
(e) Textiles, leather and footwear and clothing products	23,143
(f) Other	157,945

B.3 Breakdown of balance - sheet and off - balance - sheet exposures to customers by area

	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
EXPOSURES / GEOGRAPHICAL AREAS	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. Balance Sheet exposure										
A.1 Non-performing loans	4,465,222	1,308,525	4,664	1,907	83,552	6,160	2,369	77	1,391	576
A.2 Doubtful loans	-	-	-	-	-	-	2,449	411	213	86
A.3 Restructured exposures	8,058	6,286	-	-	-	-	-	-	-	-
A.4 Past-due loans	-	-	-	-	-	-	-	-	-	-
A.5 Other exposures	25,146,988	25,139,751	3,000,102	2,995,032	482,523	473,473	89,468	88,144	81,627	81,578
Total A	**29,620,268**	**26,454,562**	**3,004,766**	**2,996,939**	**566,075**	**479,633**	**94,286**	**88,632**	**83,231**	**82,240**
B. Off-balance sheet exposure										
B.1 Non-performing loans	148,007	133,191	-	-	918	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	1,004	1,004	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	8,510,766	8,206,730	2,335,942	2,335,942	2,274,540	2,274,540	137,939	137,939	4,048	4,048
Total B	**8,658,773**	**8,339,921**	**2,335,942**	**2,335,942**	**2,275,458**	**2,274,540**	**138,943**	**138,943**	**4,048**	**4,048**
Total 31.12.2007	**38,279,041**	**34,794,483**	**5,340,708**	**5,332,881**	**2,841,533**	**2,754,173**	**233,229**	**227,575**	**87,279**	**86,288**
Total 31.12.2006	**17,208,191**	**17,196,496**	**2,210,875**	**2,205,627**	**3,733,657**	**3,696,183**	**173,815**	**169,066**	**5,684**	**4,685**

B.4 Breakdown of balance-sheet and off-balance-sheet exposures to banks by area

	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
EXPOSURES / GEOGRAPHICAL AREAS	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. Balance Sheet exposure										
A.1 Non-performing loans	-	-	-	-	28	-	-	-	-	-
A.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-	-	-
A.4 Past-due loans	-	-	-	-	-	-	-	-	-	-
A.5 Other exposures	139,435,163	139,435,163	25,137,591	25,137,202	312,214	312,214	765,694	765,563	119,678	119,663
Total A	**139,435,163**	**139,435,163**	**25,137,591**	**25,137,202**	**312,242**	**312,214**	**765,694**	**765,563**	**119,678**	**119,663**
B. Off-balance sheet exposure										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	23,210,173	23,206,073	26,110,114	26,109,673	748,351	747,942	294,884	294,054	173,488	173,123
Total B	**23,210,173**	**23,206,073**	**26,110,114**	**26,109,673**	**748,351**	**747,942**	**294,884**	**294,054**	**173,488**	**173,123**
Total 31.12.2007	**162,645,336**	**162,641,236**	**51,247,705**	**51,246,875**	**1,060,593**	**1,060,156**	**1,060,578**	**1,059,617**	**293,166**	**292,786**
Totale 31.12.2006	**112,681,978**	**112,681,978**	**39,764,232**	**39,763,797**	**1,857,665**	**1,857,224**	**667,941**	**667,205**	**233,584**	**233,216**

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

C. Securisation and sale transactions

C. 1 Securisation transactions

QUALITATIVE INFORMATION

Following absorption of Capitalia S.p.A., in 2007 UniCredit S.p.A. assumed:

- the ownership of six securitization transactions, namely TREVI FINANCE, TREVI FINANCE 2, TREVI FINANCE 3, ENTASI, CAESAR FINANCE e CAESAR FINANCE 2000, details of which are provided in the tables below;

- the equity interest in vehicle companies Trevi Finance S.p.A., Trevi Finance n.2 S.p.A., Trevi Finance n.3 S.r.L., Entasi S.r.L. (own securitizations), as well as the vehicle company Eurofinance 2000 S.r.L. (third-party securitizations);

- the ownership of securities relating to third-party securitizations, recognized under “Available-for-sale financial assets” and “Loans and receivables with customers”.

Additionally, UniCredit’s portfolio retains securities relating to ex-Fonspa securitizations and third-party securitizations in which some internal pension funds have invested.

STRATEGIES, PROCESSES AND GOALS:	The goal of the transactions was largely to finance non-performing loan portfolios, diversify sources of funding, improve asset quality and enhance the portfolio with management focused on recovery transactions.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The securitization portfolio is monitored on an ongoing basis as a part of servicing activities and is recorded in quarterly reports with a breakdown of loan status and the trend of recoveries.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	Reporting related to the monitoring of portfolio collections takes the form of a report to senior management and the board of directors.
HEDGING POLICIES:	Special purpose vehicles enter into IRS and interest rate cap contracts in order to hedge structure-related risk and risk due to the difference between the variable-rate return for the securities issued and the return anticipated from recoveries from the portfolio acquired.
OPERATING RESULTS:	At year-end 2007 profits from existing transactions largely reflected the impact of cash flows from collections for the original defaulting loan portfolio. To be specific, collections for the year totaled €249.04 million (€65.24 million for Trevi Finance, €103.01 million for Trevi 2 and €80.79 million for Trevi 3).

NAME	TREVI FINANCE		TREVI FINANCE 2	
Type of securitisation:	Traditional		Traditional	
Originator:	Banca di Roma S.p.A		Banca di Roma SpA 89%, Mediocredito di Roma SpA 11%	
Issuer:	Trevi Finance SpA		Trevi Finance N. 2 SpA	
Servicer:	UniCredit S.p.A		UniCredit S.p.A	
Arranger:	Finanziaria Internazionale securitization Group S.p.a., PARIBAS		Finanziaria Internazionale securitization Group S.p.a., BNP Paribas Group, Banca di Roma SpA	
Target transaction:	Funding		Funding	
Type of asset:	ordinary loans - mortgage loans		ordinary loans - mortgage loans	
Closing date:	21/07/1999		20/04/2000	
Quality of asset:	non performing	special purpose loan	non performing	special purpose loan
Nominal Value of disposal portfolio:	2,689,000,000 €	94,000,000 €	2,425,000,000 €	98,000,000 €
Net amount of preexisting writedowns/ writebacks:	1,595,983,755 €	94,000,000 €	1,724,163,213 €	98,000,000 €
Disposal Profit & Loss realized:	-154,937,092 €	-	-203,376,774 €	-
Portfolio disposal price:	1,441,046,663 €	94,000,000 €	1,520,786,439 €	98,000,000 €
Guarantees issued by the Bank:	Redemption of mezzanine securities C1 and C2 in issue		Redemption of mezzanine securities in issue	
Guarantees issued by Third Parties:	-		ABN AMRO engagement for €250,000,000 to guarantee the line of credit	
Bank Lines of Credit:	€ 438,189,898 to the vehicle to support its liquidity		€ 380,000,000 to the vehicle to support its liquidity	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	The principal amount of the D-class security underwritten by the Bank is guaranteed to maturity by zero coupon bonds issued by primary supranational and/or governmental institutions. The value of these collateral securities as at 31.12.2007 was €145,130,827.55.		The principal amount of the D-class security, fully acquired by Capitalia SpA (now UniCredit SpA) in the context of the partial non-proportional spin-off of MCC to Capitalia, is guaranteed up to its maturity by zero coupon bonds issued by primary supranational and/or governmental institutions. The value of these collateral securities as at 31.12.2007 was €152,051,720.87.	
Rating Agencies:	Moody's / Duff & Phelps / Fitch			
Amount of CDS or other supersenior risk transferred:	-		-	

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

NAME	TREVI FINANCE		TREVI FINANCE 2	
Amount and Conditions of tranching:				
- ISIN	XS0099839887	XS0099847633	XS0110624409	XS0110624151
- Type of security	Senior	Mezzanine	Senior	Senior
- Class	A	B	A	B
- Rating	-	Aaa/A-/AAA	-	-
- Where listed	Luxembourg	Luxembourg	Luxembourg	Luxembourg
- Issue date	21/07/1999	21/07/1999	20/04/2000	20/04/2000
- Legal maturity	16/08/2009	16/08/2009	16/08/2010	16/08/2010
- Call option	-	-	-	-
- Expected duration	-	From 6.05 to 9.59 years according to the scenario	-	-
- Rate	Euribor 6m + 140 b.p.	Euribor 6m + 240 b.p,	Euribor 6m + 110 b.p.	Euribor 6m + 210 b.p.
- Subordinated level	-	Sub A	-	Sub. A
- Nominal value issued	620,000,000 €	155,000,000 €	650,000,000 €	200,000,000 €
- Nominal value at the end of accounting period	-	21,799,200 € (redemption on 18/02/2008	-	-
- Security subscribers	Institutional Investors	Institutional Investors	Institutional Investors	Institutional Investors
- ISIN	XS0099850934	XS0099856899	XS0110774808	XS0110770483
- Type of security	Mezzanine	Mezzanine	Mezzanine	Junior
- Class	C1	C2	C	D
- Rating	n.r.	n.r.	n.r.	n.r.
- Where listed	Luxembourg	Luxembourg	Luxembourg	-
- Issue date	21/07/1999	21/07/1999	20/04/2000	20/04/2000
- Legal maturity	16/08/2009	16/08/2014	16/08/2015	16/08/2026
- Call option	-	-	-	-
- Expected duration	-	-	-	-
- Rate	Euribor 6m + 40 b.p.	zero coupon issued at 43% of the value at maturity (490,000,000 €)	zero coupon issued at 35.5% of the value at maturity (1,000,000,000 €)	3%
- Subordinated level	Sub. A,B	Sub. A,B	Sub. A,B	Sub. A,B,C
- Nominal value issued	206,500,000 €	210,700,000 €	355,000,000 €	414,378,178 €
- Nominal value at the end of accounting period	206,500,000 €	338,118,302 €	597,308,959 €	414,378,178 €
- Security subscribers	UniCredit S.p.a. (ex Capitalia S.p.A) e Capitalia Luxembourg SA	UniCredit S.p.a. (ex Capitalia S.p.A)	UniCredit S.p.A (ex Capitalia S.p.A)	UniCredit S.p.A (ex Capitalia S.p.A)
- ISIN	IT0003364228			
- Type of security	Junior			
- Class	D			
- Rating	n.r.			
- Where listed	-			
- Issue date	21/07/1999			
- Legal maturity	16/08/2025			
- Call option	-			
- Expected duration	-			
- Rate	2.75%			
- Subordinated level	Sub. A,B,C1,C2			
- Nominal value issued	343,200,000 €			
- Nominal value at the end of accounting period	343,200,000 €			
- Security subscribers	UniCredit S.p.a. (ex Capitalia S.p.A)			

NAME	TREVI FINANCE 3		ENTASI
Type of securitisation:	Traditional		Traditional
Originator:	Banca di Roma SpA 92.2%, Mediocredito Centrale SpA 5.2%, Leasing Roma SpA 2.6%		Banca di Roma S.p.A
Issuer:	Trevi Finance N. 3 Srl		Entasi Srl
Servicer:	UniCredit S.p.A		UniCredit S.p.A
Arranger:	Finanziaria Internazionale securitization Group S.p.a., ABN AMRO, MCC SpA		Capitalia S.p.A
Target transaction:	Funding		Funding
Type of asset:	ordinary loans - mortgage loans		Collateralised bond obligation
Closing date:	25/05/2001		28/06/2001
Quality of asset:	non performing	special purpose loan	Trevi Finance 3 classes C1 and C2 securities
Nominal Value of disposal portfolio:	2,745,000,000 €	102,000,000 €	320,000,000 €
Net amount of preexisting writedowns/ writebacks:	1,663,596,301 €	102,000,000 €	320,000,000 €
Disposal Profit & Loss realized:	-247,996,663 €	-	-
Portfolio disposal price:	1,415,599,638 €	102,000,000 €	320,000,000 €
Guarantees issued by the Bank:	Redemption of mezzanine securities in issue.		Commitment in case of events entitling to early redemption of securities in issue or to the repurchase of Trevi Finance 3 notes at a price sufficient to redeem Entasi securities. The same commitment applies if Trevi Finance 3 exercises the early redemption option of C1 securities.
Guarantees issued by Third Parties:	ABN AMRO engagement for € 275,000,000 guarantee the line of credit.		-
Bank Lines of Credit:	€ 355,000,000 to the vehicle company in order to support its liquidity.		-
Third Parties Lines of Credit:	-		-
Other Credit Enhancements:	-		-
Other relevant information:	The principal amount of the D-class security underwritten by the Bank is guaranteed up to its maturity by zero coupon bonds issued by primary supranational and/or governmental institutions. The value of these collateral securities as at 31.12.2007 was €151,224,496.17. The C1 and C2 classes were fully underwritten by the Bank and then restructured for their disposal. These securities were sold (for a nominal amount of €320 milllion) to Entasi Srl, which placed them in the market with institutional investors.		As at 31/12/2007 the portfolio of UniCredit S.p.A. (former Capitalia S.p.A.) includes ENTASI securities with a face value of€110,087,000.
Rating Agencies:	Moody's / S&P / Fitch		Moody's
Amount of CDS or other supersenior risk transferred:	-		-

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

NAME	TREVI FINANCE 3		ENTASI	
Amount and Conditions of tranching:			ENTASI Series 2001-1	ENTASI Series 2001-2
- ISIN	XS0130116568	XS0130117020	IT0003142996	IT0003143028
- Type of security	Senior	Senior	Senior	Senior
- Class	A	B	Serie 1	Serie 2
- Rating	Aaa/AAA/AAA	Aa1/A-/AA-	Aa2	Aa2
- Where listed	Luxembourg	Luxembourg	Luxembourg	Luxembourg
- Issue date	25/05/2001	25/05/2001	28/06/2001	28/06/2001
- Legal maturity	16/08/2011	16/08/2011	16/08/2016	16/08/2016
- Call option	Clean up call	Clean up call	-	-
- Expected duration	from 4.0 to 4.5 years according to the scenario	from 7.2 to 8.8 years accordino to the scenario	-	-
- Rate	Euribor 6m + 95 b.p.	Euribor 6m + 210 b.p.	Eur 6m +80 b.p.	Eur 6m + 75b.p.
- Subordinated level		Sub. A	-	-
- Nominal value issued	600,000,000 €	150,000,000 €	160,000,000 €	160,000,000 €
- Nominal value at the end of accounting period	93,102,000 € (from 18/02/2008 42,096,000 €)	150,000,000 €	160,000,000 €	160,000,000 €
- Security subscribers	Institutional Investors	Institutional Investors	Institutional Investors	Institutional Investors
- ISIN	XS0130117459	XS0130117616		
- Type of security	Mezzanine	Mezzanine		
- Class	C1	C2		
- Rating	-	-		
- Where listed	Luxembourg	Luxembourg		
- Issue date	25/05/2001	25/05/2001		
- Legal maturity	16/08/2016	16/08/2016		
- Call option	Clean up call	-		
- Expected duration	-	-		
- Rate	zero coupon issued at 31.20% of the value at maturity (512,821,000 €)	zero coupon issued at 32% of the value at maturity (500,000,000 €)		
- Subordinated level	Sub. A, B	Sub. A, B		
- Nominal value issued	160,000,000 €	160,000,000 €		
- Nominal value at the end of accounting period	265,126,736 €	262,231,275 €		
- Security subscribers	see Other relevant information	See other relevant information		
- ISIN	IT0003355911			
- Type of security	Junior			
- Class	D			
- Rating	n.r.			
- Where listed	-			
- Issue date	25/05/2001			
- Legal maturity	16/08/2026			
- Call option	-			
- Expected duration	-			
- Rate	2.75%			
- Subordinated level	Sub. A,B,C1,C2			
- Nominal value issued	448,166,000 €			
- Nominal value at the end of accounting period	448,166,000 €			
- Security subscribers	UniCredit SpA (ex Capitalia SpA)			

STRATEGIES, PROCESSES AND GOALS:	The goal of the transactions was largely to finance portfolios, diversify sources of funding and improve asset quality.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The securitization portfolio is monitored on an ongoing basis by the servicing company and is recorded in quarterly reports with a breakdown of security status and the trend of repayments.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	Reporting produced by servicing companies on the monitoring of portfolio collections is forwarded to senior management and the board of directors.
HEDGING POLICIES:	Special purpose vehicles enter into IRS contracts in order to hedge rate risk related to the structure of underlying securities.
OPERATING RESULTS:	The results achieved up to the present are broadly in line with expectations; payments received from the portfolio acquired ensured punctual and full payment to security holders and other parties to the transaction.

NAME	CAESAR FINANCE	CAESAR FINANCE 2000
Type of securitisation:	Traditional	Traditional
Originator:	Banca di Roma S.p.A	Banca di Roma S.p.A
Issuer:	Caesar Finance S.A.	Caesar Finance 2000 S.A.
Servicer:	Bank of New York	Bank of New York
Arranger:	Donaldson, Lufkin & Jenrette	Banca di Roma S.p.A - Donaldson, Lufkin & Jenrette - Mittel Capital Markets
Target transaction:	Funding	Funding
Type of asset:	Collateralised bond obligation	Collateralised bond obligation
Closing date:	5/11/1999	02/06/2000
Quality of asset:	performing	performing
Nominal Value of disposal portfolio:	360,329,000 €	500,000,000 €
Net amount of preexisting writedowns/ writebacks:	360,329,000 €	500,000,000 €
Disposal Profit & Loss realized:	-	-
Portfolio disposal price:	360,329,000 €	500,000,000 €
Guarantees issued by the Bank:	-	-
Guarantees issued by Third Parties:	-	-
Bank Lines of Credit:	-	-
Third Parties Lines of Credit:	-	-
Other Credit Enhancements:	-	-
Other relevant information:	-	-
Rating Agencies:	Fitch / Moody's	-
Amount of CDS or other supersenior risk transferred:	-	-

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

NAME	CAESAR FINANCE		CAESAR FINANCE 2000	
Amount and Conditions of tranching:				
- ISIN	XS0103928452	XS0103929773	XS0112001762	XS0112001929
- Type of security	Senior	Junior	Senior	Mezzanine
- Class	A	B	A	B
- Rating	AAA/Aaa	n.r.	-	-
- Where listed	Luxembourg	Luxembourg	Luxembourg	Luxembourg
- Issue date	05/11/1999	05/11/1999	02/06/2000	02/06/2000
- Legal maturity	15/11/2018	15/11/2018	02/03/2010	02/03/2010
- Call option	-	-	Clean up call	Clean up call
- Expected duration	4.7	14		
- Rate	Euribor 3m + 43 b.p.	Euribor 3m + 25 b.p.	Euribor 3m + 40 b.p.	Euribor 3m + 85 b.p.
- Subordinated level	-	Sub. A	-	Sub. B
- Nominal value issued	270,000,000 €	90,329,000 €	410,000,000 €	39,000,000 €
- Nominal value at the end of accounting period	17,266,500 € (redemption on 15/02/2008)	90,329,000 € (from 15/02/2008 84,694,277€)	-	-
- Security subscribers	Institutional Investors	UniCredit SpA (ex Capitalia SpA)	Institutional Investors	Institutional Investors
- ISIN			XS0112002653	
- Type of security			Junior	
- Class			C	
- Rating			n.r.	
- Where listed			Luxembourg	
- Issue date			02/06/2000	
- Legal maturity			02/03/2010	
- Call option			Clean up call	
- Expected duration			-	
- Rate			Euribor 3m + 150 b.p.	
- Subordinated level			Sub. A,B	
- Nominal value issued			51,000,000 €	
- Nominal value at the end of accounting period			51,000,000 €	
- Security subscribers			Institutional investors	

QUANTITATIVE INFORMATION

C.1.1 Exposure resulting from securitisation transactions broken down by quality of underlying assets

	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
QUALITY OF UNDERLYING ASSETS / EXPOSURES	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**117,166**	**117,166**	**404,977**	**404,977**	**587,606**	**587,606**
a) Impaired	-	-	404,977	404,977	510,774	510,774
b) Other	117,166	117,166	-	-	76,832	76,832
B. With third-party underlying assets:	**1,110,828**	**1,110,898**	**43,955**	**43,886**	**20,750**	**19,718**
a) Impaired	-	-	-	-	-	-
b) Other	1,110,828	1,110,898	43,955	43,886	20,750	19,718

(C.1.1 - Exposure resulting from securitisation transactions broken down by quality of underlying assets continued)

	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
QUALITY OF UNDERLYING ASSETS / EXPOSURES	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**-**	**-**	**557,358**	**259,864**	**-**	**-**
a) Impaired	-	-	557,358	259,864	-	-
b) Other	-	-	-	-	-	-
B. With third-party underlying assets:	**-**	**-**	**110,000**	**110,000**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	110,000	110,000	-	-

(C.1.1 - Exposure resulting from securitisation transactions broken down by quality of underlying assets continued)

	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
QUALITY OF UNDERLYING ASSETS / EXPOSURES	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**-**	**-**	**720,918**	**720,918**	**-**	**-**
a) Impaired	-	-	720,918	720,918	-	-
b) Other	-	-	-	-	-	-
B. With third-party underlying assets:	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

C.1.2 Exposure resulting from the main "in house" securitisation transactions broken down by type of securitised asset and by type of exposures

TYPE OF SECURITISED ASSETS / EXPOSURE	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A. Totally derecognised	**117,166**	**-**	**404,977**	**-**	**587,606**	**-**
A.1 TREVI FINANCE *Credit - Land Mortgage Loans*	-	-	118,436	-	151,799	-
A.2 TREVI FINANCE 2 *Credit - Land Mortgage Loans*	-	-	286,541	-	175,594	-
A.3 TREVI FINANCE 3 *Credit - Land Mortgage Loans*	-	-	-	-	183,380	-
A.4 ENTASI *Collateralised bond obligation*	115,826	-	-	-	-	-
A.5 CAESAR FINANCE *Collateralised bond obligation*	1,340	-	-	-	69,373	-
A.6 CAESAR FINANCE 2000 *Collateralised bond obligation*	-	-	-	-	7,460	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Non-derecognised	**-**	**-**	**-**	**-**	**-**	**-**

(C.1.2 - Exposure resulting from the main "in house" securitisation transactions broken down by type of securitised asset and by type of exposures continued)

TYPE OF SECURITISED ASSETS / EXPOSURE	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS
A. Totally derecognised	**-**	**-**	**259,864**	**-10,762**	**-**	**-**
A.1 TREVI FINANCE *Credit - Land Mortgage Loans*	-	-	19,331	64	-	-
A.2 TREVI FINANCE 2 *Credit - Land Mortgage Loans*	-	-	-	-	-	-
A.3 TREVI FINANCE 3 *Credit - Land Mortgage Loans*	-	-	240,533	-10,826	-	-
A.4 ENTASI *Collateralised bond obligation*	-	-	-	-	-	-
A.5 CAESAR FINANCE *Collateralised bond obligation*	-	-	-	-	-	-
A.6 CAESAR FINANCE 2000 *Collateralised bond obligation*	-	-	-	-	-	-
B. Partially derecognised	-	-	-	-	-	-
C. Non-derecognised	-	-	-	-	-	-

(C.1.2 - Exposure resulting from the main "in house" securitisation transactions broken down by type of securitised asset and by type of exposures continued)

TYPE OF SECURITISED ASSETS / EXPOSURE	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS
A. Totally derecognised	**-**	**-**	**720,918**	**-**	**-**	**-**
A.1 TREVI FINANCE *Credit - Land Mortgage Loans*	-	-	191,431	-	-	-
A.2 TREVI FINANCE 2 *Credit - Land Mortgage Loans*	-	-	247,831	-	-	-
A.3 TREVI FINANCE 3 *Credit - Land Mortgage Loans*	-	-	281,656	-	-	-
A.4 ENTASI *Collateralised bond obligation*	-	-	-	-	-	-
A.5 CAESAR FINANCE *Collateralised bond obligation*	-	-	-	-	-	-
A.6 CAESAR FINANCE 2000 *Collateralised bond obligation*	-	-	-	-	-	-
B. Partially derecognised	-	-	-	-	-	-
C. Non-derecognised	-	-	-	-	-	-

The carrying value is the net exposure shown in Table C.1.1.
Write-downs and write-backs refer to financial year 2007 only.

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

C.1.3 Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure (*)

	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF UNDERLYING ASSETS / EXPOSURE	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A.1 AUGUSTO CL. A1 – 2 em (^) - Public works and mortgage loans	6,136	-	-	-	-	-
A.2 AUGUSTO CL. A2 – 1 em (^) - Public works and mortgage loans	-	-	-	-	16,759	-
A.3 BIPCA CORDUSIO RMBS CL. A - Private mortgage loans	667,485	-	-	-	-	-
A.4 BIPCA CORDUSIO RMBS CL. B - Private mortgage loans	185,842	-	-	-	-	-
A.5 COLOMBO (Deposito Subordinato) (^) - Public works and mortgage loans	-	-	-	-	2,959	-1,032
A.6 DIOCLEZIANO CL. A2 (^) - Public works and mortgage loans	57,842	-	-	-	-	-
A.7 EUROCONNECT ISUER LC 2007-1 CL. A - Corporate Loans	50,802	-	-	-	-	-
A.8 EUROCONNECT ISUER LC 2007-1 CL. B - Corporate Loans	-	-	15,834	-	-	-
A.9 EUROCONNECT ISUER LC 2007-1 CL. C - Corporate Loans	-	-	10,676	-	-	-
A.10 EUROCONNECT ISUER LC 2007-1 CL. D - Corporate Loans	-	-	9,281	-	-	-
A.11 F.E. MORTGAGES 2005 - Private mortgage loans	-	-	-	-	-	-
A.12 F.E. PERSONAL LOANS 2003-1 - personal loans guaranteed by salary	336	-1	-	-	-	-
A.13 GARDA SECURITISATION SERIE 2001-1 - Private mortgage loans	-	-	-	-	-	-
A.14 HELICONUS - Private mortgage loans	11,906	-	-	-	-	-
A.15 RMACS 2006-NSIX A2A - Private mortgage loans	4,448	36	-	-	-	-
A.16 S.C.C.I SERIE 7 - Public Agency loans (INPS)	51,770	7	-	-	-	-
A.17 S.C.C.I SERIE 8 - Public Agency loans (INPS)	4,490	-1	-	-	-	-
A.18 S.C.C.I SERIE 9 - Public Agency loans (INPS)	4,153	9	-	-	-	-
A.19 S.C.C.I SERIE 10 - Public Agency loans (INPS)	41,940	73	-	-	-	-
A.20 SCIC 04-23 TV - Italian corporate loans	16,656	-8	-	-	-	-
A.21 SCIP 2 (B2) - Public agency loans (Real Estate)	-	-	7,099	-56	-	-
A.22 SUNRISE SERIE 2 2007 - Personal loans	2,950	9	-	-	-	-
A.23 VELITES - Private mortgage loans	-	-	-	-	-	-
A.24 OTHER 16 EXPOSURES	4,142	-52	996	-13	-	-

(*) closing statement of securities over € 2.5 million
(^) securitisation ex-Fonspa

(C.1.3 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure continued) (*)

TYPE OF UNDERLYING ASSETS / EXPOSURE	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS
A.1 AUGUSTO CL. A1 – 2 em (^) - Public works and mortgage loans	-	-	-	-	-	-
A.2 AUGUSTO CL. A2 – 1 em (^) - Public works and mortgage loans	-	-	-	-	-	-
A.3 BIPCA CORDUSIO RMBS CL. A - Private mortgage loans	-	-	-	-	-	-
A.4 BIPCA CORDUSIO RMBS CL. B - Private mortgage loans	-	-	-	-	-	-
A.5 COLOMBO (Deposito Subordinato) (^) - Public works and mortgage loans	-	-	-	-	-	-
A.6 DIOCLEZIANO CL. A2 (^) - Public works and mortgage loans	-	-	-	-	-	-
A.7 EUROCONNECT ISUER LC 2007-1 CL. A - Corporate Loans	-	-	-	-	-	-
A.8 EUROCONNECT ISUER LC 2007-1 CL. B - Corporate Loans	-	-	-	-	-	-
A.9 EUROCONNECT ISUER LC 2007-1 CL. C - Corporate Loans	-	-	-	-	-	-
A.10 EUROCONNECT ISUER LC 2007-1 CL. D - Corporate Loans	-	-	-	-	-	-
A.11 F.E. MORTGAGES 2005 - Private mortgage loans	-	-	35,000	-	-	-
A.12 F.E. PERSONAL LOANS 2003-1 - personal loans guaranteed by salary	-	-	55,000	-	-	-
A.13 GARDA SECURITISATION SERIE 2001-1 - Private mortgage loans	-	-	15,000	-	-	-
A.14 HELICONUS - Private mortgage loans	-	-	-	-	-	-
A.15 RMACS 2006-NSIX A2A - Private mortgage loans	-	-	-	-	-	-
A.16 S.C.C.I SERIE 7 - Public Agency loans (INPS)	-	-	-	-	-	-
A.17 S.C.C.I SERIE 8 - Public Agency loans (INPS)	-	-	-	-	-	-
A.18 S.C.C.I SERIE 9 - Public Agency loans (INPS)	-	-	-	-	-	-
A.19 S.C.C.I SERIE 10 - Public Agency loans (INPS)	-	-	-	-	-	-
A.20 SCIC 04-23 TV - Italian corporate loans	-	-	-	-	-	-
A.21 SCIP 2 (B2) - Public agency loans (Real Estate)	-	-	-	-	-	-
A.22 SUNRISE SERIE 2 2007 - Personal loans	-	-	-	-	-	-
A.23 VELITES - Private mortgage loans	-	-	5,000	-	-	
A.24 OTHER 16 EXPOSURES	-	-	-	-	-	-

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

(C.1.3 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure continued) (*)

	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF UNDERLYING ASSETS / EXPOSURE	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS / WRITE-BACKS
A.1 AUGUSTO CL. A1 – 2 em (^) - Public works and mortgage loans	-	-	-	-	-	-
A.2 AUGUSTO CL. A2 – 1 em (^) - Public works and mortgage loans	-	-	-	-	-	-
A.3 BIPCA CORDUSIO RMBS CL. A - Private mortgage loans	-	-	-	-	-	-
A.4 BIPCA CORDUSIO RMBS CL. B - Private mortgage loans	-	-	-	-	-	-
A.5 COLOMBO (Deposito Subordinato) (^) - Public works and mortgage loans	-	-	-	-	-	-
A.6 DIOCLEZIANO CL. A2 (^) - Public works and mortgage loans	-	-	-	-	-	-
A.7 EUROCONNECT ISUER LC 2007-1 CL. A - Corporate Loans	-	-	-	-	-	-
A.8 EUROCONNECT ISUER LC 2007-1 CL. B - Corporate Loans	-	-	-	-	-	-
A.9 EUROCONNECT ISUER LC 2007-1 CL. C - Corporate Loans	-	-	-	-	-	-
A.10 EUROCONNECT ISUER LC 2007-1 CL. D - Corporate Loans	-	-	-	-	-	-
A.11 F.E. MORTGAGES 2005 - Private mortgage loans	-	-	-	-	-	-
A.12 F.E. PERSONAL LOANS 2003-1 - personal loans guaranteed by salary	-	-	-	-	-	-
A.13 GARDA SECURITISATION SERIE 2001-1 - Private mortgage loans	-	-	-	-	-	-
A.14 HELICONUS - Private mortgage loans	-	-	-	-	-	-
A.15 RMACS 2006-NSIX A2A - Private mortgage loans	-	-	-	-	-	-
A.16 S.C.C.I SERIE 7 - Public Agency loans (INPS)	-	-	-	-	-	-
A.17 S.C.C.I SERIE 8 - Public Agency loans (INPS)	-	-	-	-	-	-
A.18 S.C.C.I SERIE 9 - Public Agency loans (INPS)	-	-	-	-	-	-
A.19 S.C.C.I SERIE 10 - Public Agency loans (INPS)	-	-	-	-	-	-
A.20 SCIC 04-23 TV - Italian corporate loans	-	-	-	-	-	-
A.21 SCIP 2 (B2) - Public agency loans (Real Estate)	-	-	-	-	-	-
A.22 SUNRISE SERIE 2 2007 - Personal loans	-	-	-	-	-	-
A.23 VELITES - Private mortgage loans	-	-	-	-	-	-
A.24 OTHER 16 EXPOSURES	-	-	-	-	-	-

The carrying value is the net exposure shown in Table C.1.1.
Write-downs and write-backs refer to financial year 2007 only.

C.1.4 Exposure resulting from securitisation transactions broken down by portfolio and type							
	31.12.2007						
EXPOSURE / PORTFOLIO	TRADING	DESIGNATED AT FAIR VALUE	AVAILABLE FOR SALE	HELD-TO-MATURITY	LOANS	TOTAL	31.12.2006 TOTAL
1. Balance-sheet exposures	**137,674**	**-**	**405,350**	**-**	**1,741,227**	**2,284,251**	**124,931**
- "Senior"	129,579	-	367,022	-	731,463	1,228,064	121,525
- "Mezzanine"	8,095	-	38,328	-	402,440	448,863	-
- "Junior"	-	-	-	-	607,324	607,324	3,406
2. Off-balance-sheet exposures	**-**	**-**	**-**	**-**	**1,090,782**	**1,090,782**	**-**
- "Senior"	-	-	-	-	-	-	-
- "Mezzanine"	-	-	-	-	1,090,782	1,090,782	-
- "Junior"	-	-	-	-	-	-	-

This table shows the carrying value only of exposures arising from in-house securitization for which the assets sold have been derecognized as well as securitizations carried out by others.

C.1.5 Securitised assets underlying junior securities or other forms of credit support		
ASSETS / SECURITIES	TRADITIONAL	SYNTHETIC
A. Own underlying assets:	**1,927,452**	**-**
A.1 Totally derecognised	1,927,452	xxx
1. Non-performing loans	1,369,698	xxx
2. Doubtful loans	-	xxx
3. Restructured exposures	-	xxx
4. Past-due exposures	-	xxx
5. Other assets	557,754	xxx
A.2 Partially derecognised	-	xxx
1. Non-performing loans	-	xxx
2. Doubtful loans	-	xxx
3. Restructured exposures	-	xxx
4. Past-due exposures	-	xxx
5. Other assets	-	xxx
A.3 Non-derecognised	-	-
1. Non-performing loans	-	-
2. Doubtful loans	-	-
3. Restructured exposures	-	-
4. Past-due exposures	-	-
5. Other assets	-	-
B. Third party underlying assets:	**32,324**	**-**
B.1 Non-performing loans	65	-
B.2 Doubtful loans	206	-
B.3 Restructured exposures	-	-
B.4 Past-due exposures	-	-
B.5 Other assets	32,053	-

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

C.1.6 Stakes in special purpose vehicles

NAME	HEADQUARTERS	STAKE %
Augusto S.r.L.	Milan - Via Pontaccio, 10	5%
Colombo S.r.L.	Milan - Via Pontaccio, 10	5%
Diocleziano S.r.L.	Milan - Via Pontaccio, 10	5%
Entasi S.r.L.	Rome - Largo Chigi, 5	100%
Eurofinance 2000 S.r.L.	Rome - Largo Chigi, 5	98.97%
Trevi Finance S.p.A.	Conegliano (TV) - Via Vittorio Alfieri, 1	60%
Trevi Finance n. 2 S.p.A.	Conegliano (TV) - Via Vittorio Alfieri, 1	60%
Trevi Finance n. 3 S.r.L.	Conegliano (TV) - Via Vittorio Alfieri, 1	60%

C.1.7 Servicer activities - Collections of securitised loans and redemptions of securities issued by the special purpose vehicle

		SECURITISED ASSETS (YEAR END FIGURE)		LOANS COLLECTED DURING THE YEAR		PERCENTAGE OF SECURITIES REDEEMED (YEAR END FIGURE)					
						SENIOR		MEZZANINE		JUNIOR	
SERVICER	SPECIAL PURPOSE VEHICLE	IMPAIRED	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS
UniCredit S.p.A.	Trevi Finance S.p.A.	459,052	145,131	65,236	-	100.00%	-	23.30%	-	-	-
	Trevi Finance n. 2 S.p.A.	358,556	152,052	103,011	-	100.00%	-	-	-	-	-
	Trevi Finance n. 3 S.r.L.	552,090	151,224	80,792	-	67.59%	-	-	-	-	-
	Entasi S.r.L.	-	527,358	-	16,454	-	-	-	-	-	-

C. 2 Sale transactions

C.2.1 Financial assets sold and not derecognised

TYPE / PORTFOLIO	FINANCIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS AF FAIR VALUE TROUGHT PROFIT OR LOSS			AVAILABLE FOR SALE FINANCIAL ASSETS			HELD-TO-MATURITY INVESTMENTS		
	A	B	C	A	B	C	A	B	C	A	B	C
A. Balance-sheet assets	**1,424,226**	**-**	**-**	**-**	**-**	**-**	**957,860**	**-**	**-**	**2,762,305**	**-**	**-**
1. Debt securities	1,424,226	-	-	-	-	-	957,860	-	-	2,762,305	-	-
2. Equity securities	-	-	-	-	-	-	-	-	-	xxx	xxx	xxx
3. UCIS	-	-	-	-	-	-	-	-	-	xxx	xxx	xxx
4. Loans	-	-	-	-	-	-	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-	-	-	-	-	-	-
B. Derivatives	**-**	**-**	**-**	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**
Total 31.12.2007	**1,424,226**	**-**	**-**	**-**	**-**	**-**	**957,860**	**-**	**-**	**2,762,305**	**-**	**-**
Total 31.12.2006	**2,388,748**	**-**	**-**	**-**	**-**	**-**	**1,418,369**	**-**	**-**	**-**	**-**	**-**

C.2.1 - Financial assets sold and not derecognised continued

TYPE / PORTFOLIO	LOANS AND RECEIVABLES WITH BANKS			LOANS AND RECEIVABLES WITH CUSTOMERS			TOTAL	
	A	B	C	A	B	C	31.12.2007	31.12.2006
A. Balance-sheet assets	**-**	**-**	**-**	**810,023**	**-**	**-**	**5,954,414**	**3,807,117**
1. Debt securities	-	-	-	810,023	-	-	5,954,414	3,807,117
2. Equity securities	xxx	xxx	xxx	xxx	xxx	xxx	-	-
3. UCIS	xxx	xxx	xxx	xxx	xxx	xxx	-	-
4. Loans	-	-	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-	-	-
B. Derivatives	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**	**-**	**-**
Total 31.12.2007	**-**	**-**	**-**	**810,023**	**-**	**-**	**5,954,414**	**-**
Total 31.12.2006	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,807,117**

LEGEND:
A = Financial assets sold and fully recognised (carrying value)
B = Financial assets sold and partially recognised (carrying value)
C = Financial assets sold and partially recognised (total value)

Loans (A.4) and impaired assets (A.5) are assets sold and not derecognized under securitizations (see A.3. Table C.1.5)
Assets other than these are underlyings of reverse repos.

C.2.2 Financial liabilities relating to financial assets sold and not derecognised

LIABILITIES / ASSET PORTFOLIOS	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	AVAILABLE FOR SALE FINANCIAL ASSETS	HELD-TO-MATURITY INVESTMENTS	LOANS AND RECEIVABLES WITH BANKS	LOANS AND RECEIVABLES WITH CUSTOMERS	TOTAL
1. Deposits from customers	**-**	**-**	**-**	**-**	**-**	**22,960**	**22,960**
a) relating to fully recognised assets	-	-	-	-	-	22,960	22,960
b) relating to partially recognised assets	-	-	-	-	-	-	-
2. Deposits from Banks	**1,406,999**	**-**	**923,743**	**2,153,295**	**-**	**1,183,595**	**5,667,632**
a) relating to fully recognised assets	1,406,999	-	923,743	2,153,295	-	1,183,595	5,667,632
b) relating to partially recognised assets	-	-	-	-	-	-	-
Total 31.12.2007	**1,406,999**	**-**	**923,743**	**2,153,295**	**-**	**1,206,555**	**5,690,592**
Total 31.12.2006	**2,388,083**	**-**	**405,096**	**-**	**-**	**-**	**2,793,179**

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

Section 2 - Market risks

Please see Part E of the Notes to Consolidated Accounts for information on interest-rate and price sensitivity analysis.

2. 2 Interest rate risk - banking portfolio

QUANTITATIVE INFORMATION

1. Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities Denomination currency: EUR

TYPE / MATURITY	ON DEMAND	UP TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED TERM
1. Balance-sheet assets								
1.1 Debt securities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	27,228,155	5,943,261	1,005,750	2,920,987	297,681	1,278,545	-
1.2 Loans to banks	33,050,235	64,696,692	13,995,866	1,425,377	1,095,696	1,219,408	618,142	-
1.3 Loans to customers								
- current accounts	34,786	565	-	-	-	-	-	-
- other loans								
- with prepayment option	377	460,526	1,360	218	1,961	1,293	1,077	-
- other	112,170	15,420,837	520,016	90,035	1,088,018	30,058	2,982	1,317,169
2. Balance-sheet liabilities								
2.1 Deposits from customers								
- current accounts	226,893	989,709	12,102	10,066	-	-	-	-
- other loans								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	1,769,731	378,634	11,715	20,726	907,544	277,501	-
2.2 Deposits from banks								
- current accounts	1,826,271	-	-	-	-	-	-	-
- other loans	11,713,440	40,893,889	11,851,352	1,485,818	-	71,881	759,712	-
2.3 Debt securities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	503,294	45,647,490	9,172,233	9,890,217	12,004,086	4,076,307	1,043,030	-
2.4 Other liabilities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-

1. Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities Denomination currency: EUR continued

TYPE / MATURITY	ON DEMAND	UP TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED TERM
3. Financial derivatives								
3.1 With underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	30,960	65,464	-	-	-
3.2 Without underlying security								
- Options								
+ Long positions	-	-	-	-	130,756	4,780	17,625	-
+ Short positions	-	-	-	-	130,756	4,780	17,625	-
- Other								
+ Long positions	-	16,262,726	2,524,265	4,129,922	14,278,595	8,012,957	1,383,337	-
+ Short positions	84,242	71,130,826	14,802,301	8,653,091	4,456,245	1,737,328	624,232	-

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

1. Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities Denomination currency: USD

TYPE / MATURITY	ON DEMAND	UP TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED TERM
1. Balance-sheet assets								
1.1 Debt securities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	49,169	72,738	-	19,864	1,851	10,093	-
1.2 Loans to banks	479,195	2,569,074	808,275	86,852	71,089	-	-	-
1.3 Loans to customers								
- current accounts	11,164	21,094	-	-	-	-	-	2
- other loans								
- with prepayment option	-	-	-	-	-	-	-	-
- other	290	103,008	41,232	6,795	283,399	35,272	1,355	75
2. Balance-sheet liabilities								
2.1 Deposits from customers								
- current accounts	53,144	507,642	100,321	7,114	-	-	-	-
- other loans								
- with prepayment option	-	-	-	-	-	-	-	-
- other	7,255	566,241	40,479	34,593	2,080	-	-	-
2.2 Deposits from banks								
- current accounts	763,665	-	-	-	-	-	-	-
- other loans	1,964,811	11,458,444	1,402,025	734,691	418,252	514,699	-	-
2.3 Debt securities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	16,316,632	4,458,693	1,254,841	315,837	34,984	-	-
2.4 Other liabilities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other								
+ Long positions	-	29,589,909	6,838,505	4,566,236	1,221,711	543,441	-	-
+ Short positions	2,845	6,335,923	940,119	530,422	154,881	-	-	-

1. Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities Denomination currency: Other currencies								
TYPE / MATURITY	ON DEMAND	UP TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED TERM
1. Balance-sheet assets								
1.1 Debt securities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	130,789	-	-	-	-	-	-
1.2 Loans to banks	627,287	922,418	293,068	8,782	8,800	40,949	-	-
1.3 Loans to customers								
- current accounts	1,580	1,033	514	-	-	-	-	-
- other loans								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	3,066	-	4,458	10,018	-	-	-
2. Balance-sheet liabilities								
2.1 Deposits from customers								
- current accounts	7,511	146,859	-	4,071	-	-	-	-
- other loans								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	613,551	125,376	92,483	17,041	409,129	-	-
2.2 Deposits from banks								
- current accounts	156,833	-	-	-	-	-	-	-
- other loans	706,332	3,773,391	843,664	369,261	-	-	-	-
2.3 Debt securities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	7,633,263	2,034,661	746,674	1,139,198	672,205	41,570	-
2.4 Other liabilities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other								
+ Long positions	-	-	-	37,555	65,592	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other								
+ Long positions	-	13,407,173	3,596,684	2,220,074	3,170,981	1,531,256	40,522	-
+ Short positions	1,426	4,243,426	1,085,102	711,018	241,736	-	-	-

This distribution is made on the basis of the period between the balance sheet date and the first following yield review date.

For fixed-rate transactions the residual life is the period from the balance sheet date to final maturity.

On balance sheet items are disclosed at their carrying value.

Derivatives are shown, under the double entry method, at settlement value for those with underlying securities and at the notional value for those without underlying securities.

Options are shown at their delta equivalent value.

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

2. 3 Price risk - regulatory trading portfolio

QUANTITATIVE INFORMATION

1. Regulatory trading portfolio: balance-sheet exposure in equity instruments and investment fund units

	CARRYING AMOUNT	
TYPES OF EXPOSURE / VALUES	LISTED	UNLISTED
A. Equity instruments	**61,930**	**698,335**
A.1 Shares	61,930	698,335
A.2 Innovative capital instruments	-	-
A.3 Other equity instruments	-	-
B. Investment fund units	**345,542**	**118,131**
B.1 Under Italian law	-	118,131
- harmonised open-ended	-	118,131
- non-harmonised open-ended	-	-
- closed-ended	-	-
- reserved	-	-
- speculative	-	-
B.2 Other EU countries	345,542	-
- harmonised	33,516	-
- non-harmonised open-ended	312,026	-
- non-harmonised closed-ended	-	-
B.3 Non-EU countries	-	-
- open-ended	-	-
- closed-ended	-	-
Total	**407,472**	**816,466**

2. 4 Price risk - banking portfolio

QUANTITATIVE INFORMATION

1. Banking portfolio: exposures in equity instruments and investment fund units

	CARRYING AMOUNT	
TYPES OF EXPOSURE / VALUES	LISTED	UNLISTED
A. Equity instruments	**43,285,375**	**31,251,263**
A.1 Shares	43,285,375	31,251,263
A.2 Innovative capital instruments	-	-
A.3 Other equity instruments	-	-
B. Investment fund units	**26,456**	**76,538**
B.1 Under Italian law	16,882	30,421
- harmonised open-ended	-	-
- non-harmonised open-ended	-	-
- closed-ended	16,882	7,751
- reserved	-	6,415
- speculative	-	16,255
B.2 Other EU countries	9,574	45,361
- harmonised	9,574	45,096
- non-harmonised open-ended	-	265
- non-harmonised closed-ended	-	-
B.3 Non-EU countries	-	756
- open-ended	-	756
- closed-ended	-	-
Total	**43,311,831**	**31,327,801**

2. 5 Exchange rate risk

QUANTITATIVE INFORMATION

1. Distribution of assets, liabilities and derivatives by currency

ITEMS	CURRENCIES: US DOLLAR	GB POUND	YEN	HONG KONG DOLLAR	SWISS FRANC	OTHER CURRENCIES
A. Financial assets						
A.1 Debt securities	1,409,990	-	-	99,271	-	30,754
A.2 Equity securities	-	698,363	2,052	-	519	-
A.3 Loans to banks	4,245,587	416,327	305,545	75,952	551,374	308,214
A.4 Loans to customers	533,960	579	10,397	11,254	332	447
A.5 Other financial assets	35,069	755	25,577	1,951	-	29,556
B. Other assets	61,108	125,863	924	596	6,565	4,582
C. Financial liabilities						
C.1 Deposits from banks	17,119,666	2,446,776	763,571	967,982	752,002	862,474
C.2 Deposits from customers	1,324,173	1,142,334	64,540	38,533	26,970	135,662
C.3 Debt securities in issue	22,145,903	10,932,127	599,935	19,164	96,016	422,628
D. Other liabilities	286,913	156,195	28,418	4,535	2,094	33,097
E. Financial derivatives						
- Options						
+ Long positions	134,072	23,310	4	-	-	9,466
+ Short positions	352,167	13,340	4,479	-	-	466,527
- Other derivatives						
+ Long positions	46,874,174	16,272,606	1,342,311	907,055	1,100,469	1,197,027
+ Short positions	11,721,802	2,627,915	220,677	52,792	775,232	91,069
Total assets	**53,293,960**	**17,537,803**	**1,686,810**	**1,096,079**	**1,659,259**	**1,580,046**
Total liabilities	**52,950,624**	**17,318,687**	**1,681,620**	**1,083,006**	**1,652,314**	**2,011,457**
Difference (+/-)	**343,336**	**219,116**	**5,190**	**13,073**	**6,945**	**(431,411)**

Derivatives are shown, under the double entry method, at settlement value for those with underlying securities and at the notional value for those without underlying securities.

Options are shown at their delta equivalent value.

All amounts are in euros.

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

2. 6 Derivative financial instruments

A. FINANCIAL DERIVATIVES

A.1 Regulatory trading portfolio: end-of-period notional amounts and average

TRANSACTION TYPES/UNDERLYING ASSETS	BONDS AND INTEREST RATE INSTRUMENTS		EQUITY SECURITIES AND SHARE INDICES		EXCHANGE RATES AND GOLD	
	LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
1. Forward rate agreements	-	6,150,948	-	-	-	-
2. Interest rate swaps	-	194,773,313	-	-	-	-
3. Domestic currency swaps	-	-	-	-	-	468,499
4. Currency interest rate swaps	-	-	-	-	-	890,945
5. Basis swaps	-	28,488,283	-	-	-	-
6. Stock index swaps	-	-	-	-	-	-
7. Commodity index swaps	-	-	-	-	-	-
8. Futures	60,000	-	149,031	-	-	-
9. Cap options	-	35,029,853	-	-	-	-
- Purchased	-	16,108,151	-	-	-	-
- Issued	-	18,921,702	-	-	-	-
10. Floor options	-	17,512,811	-	-	-	-
- Purchased	-	6,063,778	-	-	-	-
- Issued	-	11,449,033	-	-	-	-
11. Other options	-	672,983	516,153	42,442,883	-	2,437,699
- Purchased	-	287,563	170,460	21,098,245	-	1,118,957
- Plain vanilla	-	287,563	170,460	20,631,956	-	1,118,957
- Exotic	-	-	-	466,289	-	-
- Issued	-	385,420	345,693	21,344,638	-	1,318,742
- Plain vanilla	-	385,420	345,693	20,879,746	-	1,318,742
- Exotic	-	-	-	464,892	-	-
12. Forwards	751	-	-	-	-	33,936,670
- Purchased	391	-	-	-	-	22,365,310
- Sold	360	-	-	-	-	9,830,589
- Currencies/Currencies	-	-	-	-	-	1,740,771
13. Other derivative contracts	-	415,576	-	20,000	-	87,642
Total	**60,751**	**283,043,767**	**665,184**	**42,462,883**	**-**	**37,821,455**
Average amounts	**20,250**	**146,599,880**	**729,005**	**21,369,694**	**-**	**38,082,750**

This table gives the notional values of financial derivatives classified in the regulatory trading book. Derivatives belonging to this portfolio may not be the same as derivatives classified in the held for trading portfolio for accounting purposes (see Table A.2.2).

OTHER UNDERLYING ASSETS		TOTAL AS AT 31.12.2007		TOTAL AS AT 31.12.2006	
LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
-	-	-	6,150,948	-	4,175,332
-	-	-	194,773,313	-	42,380,093
-	-	-	468,499	-	-
-	-	-	890,945	-	27,284
-	-	-	28,488,283	-	13,641,231
-	-	-	-	-	-
-	-	-	-	-	-
-	-	209,031	-	-	-
-	-	-	35,029,853	-	491,490
-	-	-	16,108,151	-	245,745
-	-	-	18,921,702	-	245,745
-	-	-	17,512,811	-	-
-	-	-	6,063,778	-	-
-	-	-	11,449,033	-	-
-	6,656	516,153	45,560,221	-	19,166,597
-	3,328	170,460	22,508,093	-	9,625,045
-	3,328	170,460	22,041,804	-	9,625,045
-	-	-	466,289	-	-
-	3,328	345,693	23,052,128	-	9,541,552
-	3,328	345,693	22,587,236	-	9,541,552
-	-	-	464,892	-	-
-	-	751	33,936,670	-	44,546,494
-	-	391	22,365,310	-	253,369
-	-	360	9,830,589	-	181,745
-	-	-	1,740,771	-	44,111,380
-	-	-	523,218	-	78,095
-	**6,656**	**725,935**	**363,334,761**	**-**	**124,506,616**
-	**15,650**	**749,255**	**206,067,974**		

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

A.2 Banking book: end-of-period notional amounts

A.2.1 Hedging derivatives

TRANSACTION TYPES/UNDERLYING ASSETS	BONDS AND INTEREST RATE INSTRUMENTS		EQUITY SECURITIES AND SHARE INDICES		EXCHANGE RATES AND GOLD	
	LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
1. Forward rate agreements	-	-	-	-	-	-
2. Interest rate swaps	-	28,531,784	-	-	-	-
3. Domestic currency swaps	-	-	-	-	-	-
4. Currency interest rate swaps	-	-	-	-	-	3,875,291
5. Basis swaps	-	6,787,995	-	-	-	-
6. Stock index swaps	-	-	-	-	-	-
7. Commodity index swaps	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-
9. Cap options	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-
- Issued	-	-	-	-	-	-
10. Floor options	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-
- Issued	-	-	-	-	-	-
11. Other options	-	835,720	-	555,218	-	-
- Purchased	-	270,000	-	277,609	-	-
- Plain vanilla	-	270,000	-	277,609	-	-
- Exotic	-	-	-	-	-	-
- Issued	-	565,720	-	277,609	-	-
- Plain vanilla	-	565,720	-	277,609	-	-
- Exotic	-	-	-	-	-	-
12. Forwards	-	-	-	-	-	36,926,053
- Purchased	-	-	-	-	-	34,461,528
- Sold	-	-	-	-	-	1,180,129
- Currencies/Currencies	-	-	-	-	-	1,284,396
13. Other derivative contracts	-	-	-	-	-	-
Total	**-**	**36,155,499**	**-**	**555,218**	**-**	**40,801,344**
Average amounts	**-**	**28,181,288**	**-**	**537,952**	**-**	**46,766,545**

This table gives the notional value of accounting hedging derivatives, classified in the regulatory banking book.

OTHER UNDERLYING ASSETS		TOTAL AS AT 31.12.2007		TOTAL AS AT 31.12.2006	
LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
-	-	-	-	-	-
-	-	-	28,531,784	-	20,747,323
-	-	-	-	-	-
-	-	-	3,875,291	-	2,848,953
-	-	-	6,787,995	-	2,056,697
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,390,938	-	709,319
-	-	-	547,609	-	268,319
-	-	-	547,609	-	268,319
-	-	-	-	-	-
-	-	-	843,329	-	441,000
-	-	-	843,329	-	441,000
-	-	-	-	-	-
-	-	-	36,926,053	-	34,571,485
-	-	-	34,461,528	-	25,038,182
-	-	-	1,180,129	-	-
-	-	-	1,284,396	-	9,533,303
-	-	-	-	-	-
-	**-**	**-**	**77,512,061**	**-**	**60,933,777**
-	**-**	**-**	**75,485,785**		

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

A.2 Banking book: end-of-period notional amounts

A.2.2 Other derivatives	BONDS AND INTEREST RATE INSTRUMENTS		EQUITY SECURITIES AND SHARE INDICES		EXCHANGE RATES AND GOLD	
TRANSACTION TYPES/UNDERLYING ASSETS	LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
1. Forward rate agreements	-	-	-	-	-	-
2. Interest rate swaps	-	-	-	-	-	-
3. Domestic currency swaps	-	-	-	-	-	-
4. Currency interest rate swaps	-	-	-	-	-	6,572,831
5. Basis swaps	-	-	-	-	-	-
6. Stock index swaps	-	-	-	-	-	-
7. Commodity index swaps	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-
9. Cap options	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-
- Issued	-	-	-	-	-	-
10. Floor options	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-
- Issued	-	-	-	-	-	-
11. Other options	-	-	-	6,876,736	-	-
- Purchased	-	-	-	3,438,368	-	-
- Plain vanilla	-	-	-	3,414,575	-	-
- Exotic	-	-	-	23,793	-	-
- Issued	-	-	-	3,438,368	-	-
- Plain vanilla	-	-	-	3,414,575	-	-
- Exotic	-	-	-	23,793	-	-
12. Forwards	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-
- Sold	-	-	-	-	-	-
- Currencies/Currencies	-	-	-	-	-	-
13. Other derivative contracts	-	-	-	-	-	-
Total	**-**	**-**	**-**	**6,876,736**	**-**	**6,572,831**
Average amounts	**-**	**-**	**-**	**4,823,941**	**-**	**8,305,981**

This table gives the notional value of financial derivatives recognized as “financial assets/liabilities held for trading” belonging to the regulatory banking book (as shown in Tables 2.1 assets and 4.1 liabilities as “Financial derivatives: Other” and “Financial derivatives: Fair Value Hedges”).

OTHER UNDERLYING ASSETS		TOTAL AS AT 31.12.2007		TOTAL AS AT 31.12.2006	
LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,572,831	-	9,806,752
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,876,736	-	3,757,815
-	-	-	3,438,368	-	1,879,730
-	-	-	3,414,575	-	1,879,730
-	-	-	23,793	-	-
-	-	-	3,438,368	-	1,878,085
-	-	-	3,414,575	-	1,878,085
-	-	-	23,793	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	**-**	**-**	**13,449,567**	**-**	**13,564,567**
-	**-**	**-**	**13,129,922**		

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

A.3 Financial derivatives: purchases and sales of underlying assets

TRANSACTION TYPES/UNDERLYING ASSETS	BONDS AND INTEREST RATE INSTRUMENTS		EQUITY SECURITIES AND SHARE INDICES		EXCHANGE RATES AND GOLD	
	LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
A. Regulatory trading book:	**60,751**	**254,555,484**	**651,284**	**42,476,783**	**-**	**37,821,455**
1. With underlying asset exchange	60,751	165,080	412,750	24,697,605	-	36,313,656
- Purchases	391	165,080	180,500	11,729,905	-	22,805,185
- Sales	60,360	-	232,250	12,967,700	-	11,761,121
- Foreign currencies/Foreign currencies	-	-	-	-	-	1,747,350
2. With no underlying asset exchange	-	254,390,404	238,534	17,779,178	-	1,507,799
- Purchases	-	120,855,244	84,752	9,662,333	-	520,617
- Sales	-	133,535,160	153,782	8,116,845	-	987,182
- Foreign currencies/Foreign currencies	-	-	-	-	-	-
B. Banking book	**-**	**29,367,505**	**-**	**7,431,953**	**-**	**47,374,176**
B1. Hedging	-	29,367,505	-	555,217	-	40,801,345
1. With underlying asset exchange	-	-	-	555,217	-	40,801,345
- Purchases	-	-	-	-	-	37,696,879
- Sales	-	-	-	555,217	-	1,820,070
- Foreign currencies/Foreign currencies	-	-	-	-	-	1,284,396
2. With no underlying asset exchange	-	29,367,505	-	-	-	-
- Purchases	-	25,147,619	-	-	-	-
- Sales	-	4,219,886	-	-	-	-
- Foreign currencies/Foreign currencies	-	-	-	-	-	-
B2. Other derivatives	-	-	-	6,876,736	-	6,572,831
1. With underlying asset exchange	-	-	-	-	-	6,572,831
- Purchases	-	-	-	-	-	6,411,831
- Sales	-	-	-	-	-	161,000
- Foreign currencies/Foreign currencies	-	-	-	-	-	-
2. With no underlying asset exchange	-	-	-	6,876,736	-	-
- Purchases	-	-	-	3,438,368	-	-
- Sales	-	-	-	3,438,368	-	-
- Foreign currencies/Foreign currencies	-	-	-	-	-	-

This table gives the notional value of the contracts classifying as purchases for 'long' or investment exposures and as sales for 'short' or debt exposures.

The "exchange rates and gold" column shows currency interest-rate swaps and other Fx & Gold derivative contracts.

OTHER UNDELYING ASSETS		TOTAL AS AT 31.12.2007		TOTAL AS AT 31.12.2006	
LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
-	**6,656**	**712,035**	**334,860,378**	**-**	**110,865,385**
-	-	473,501	61,176,341	-	44,651,873
-	-	180,891	34,700,170	-	331,463
-	-	292,610	24,728,821	-	185,541
-	-	-	1,747,350	-	44,134,869
-	6,656	238,534	273,684,037	-	66,213,512
-	3,328	84,752	131,041,522	-	34,796,567
-	3,328	153,782	142,642,515	-	31,416,945
-	-	-	-	-	-
-	**-**	**-**	**84,173,634**	**-**	**72,441,647**
-	-	-	70,724,067	-	58,877,080
-	-	-	41,356,562	-	37,688,757
-	-	-	37,696,879	-	27,230,745
-	-	-	2,375,287	-	924,709
-	-	-	1,284,396	-	9,533,303
-	-	-	29,367,505	-	21,188,323
-	-	-	25,147,619	-	17,780,903
-	-	-	4,219,886	-	3,407,420
-	-	-	-	-	-
-	-	-	13,449,567	-	13,564,567
-	-	-	6,572,831	-	9,806,752
-	-	-	6,411,831	-	9,806,752
-	-	-	161,000	-	-
-	-	-	-	-	-
-	-	-	6,876,736	-	3,757,815
-	-	-	3,438,368	-	1,879,730
-	-	-	3,438,368	-	1,878,085
-	-	-	-	-	-

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

A.4 Over-the-counter financial derivatives: positive fair value - counterparty risk

COUNTERPARTY/UNDERLYING ASSETS	BONDS AND INTEREST RATE INSTRUMENTS			EQUITY SECURITIES AND SHARE INDICES		
	GROSS AMOUNT NOT SETTLED	GROSS AMOUNT SETTLED	FUTURE EXPOSURE	GROSS AMOUNT NOT SETTLED	GROSS AMOUNT SETTLED	FUTURE EXPOSURE
A. Regulatory trading book:						
A.1 Governments and central banks	-	-	-	-	-	-
A.2 Public bodies	-	-	-	-	-	-
A.3 Banks	1,223,836	2,245,719	306,723	630,697	1,171,849	399,857
A.4 Financial companies	66,650	-	16,495	1,708	47,341	7,982
A.5 Insurance companies	-	-	-	5,011	-	130
A.6 Non-financial enterprises	-	-	-	-	-	-
A.7 Other entities	18,579	-	849	99,388	-	121,949
Total as at 31.12.2007	**1,309,065**	**2,245,719**	**324,067**	**736,804**	**1,219,190**	**529,918**
Total as at 31.12.2006	**684,405**	**-**	**121,986**	**188,559**	**-**	**550,747**
B. Banking Book:						
B.1 Governments and central banks	-	-	-	-	-	-
B.2 Public bodies	-	-	-	-	-	-
B.3 Banks	300,492	115,548	55,143	532,766	-	263,540
B.4 Financial companies	12,207	-	1,250	13,811	-	3,279
B.5 Insurance companies	-	-	-	-	-	-
B.6 Non-financial enterprises	-	-	-	59,610	-	13,378
B.7 Other entities	190	-	250	11,548	-	3,440
Total as at 31.12.2007	**312,889**	**115,548**	**56,643**	**617,735**	**-**	**283,637**
Total as at 31.12.2006	**365,840**	**-**	**75,783**	**455,204**	**-**	**158,810**

EXCHANGE RATES AND GOLD			OTHER UNDELYING ASSETS			OFFSETTING AGREEMENT EFFECTS	
GROSS AMOUNT NOT SETTLED	GROSS AMOUNT SETTLED	FUTURE EXPOSURE	GROSS AMOUNT NOT SETTLED	GROSS AMOUNT SETTLED	FUTURE EXPOSURE	OFFSET	FUTURE EXPOSURE
705	-	1,747	-	-	-	-	-
-	-	-	-	-	-	-	-
603,232	3,658	140,239	153	-	-	943,824	753,999
405	-	-	-	-	-	27,913	30,599
-	-	-	-	-	-	-	-
748	-	-	-	-	-	-	-
-	-	-		-	-	-	-
605,090	**3,658**	**141,986**	**153**	**-**	**-**	**971,737**	**784,598**
150,914	**-**	**758**	**359**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
89,086	-	62,493	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
89,086	**-**	**62,493**	**-**	**-**	**-**	**-**	**-**
181,954	**-**	**102,524**	**-**	**-**	**-**	**-**	**-**

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

A.5 Over-the-counter financial derivatives: negative fair value - financial risk

	BONDS AND INTEREST RATE INSTRUMENTS			EQUITY SECURITIES AND SHARE INDICES		
COUNTERPARTY/UNDERLYING ASSETS	GROSS AMOUNT NOT SETTLED	GROSS AMOUNT SETTLED	FUTURE EXPOSURE	GROSS AMOUNT NOT SETTLED	GROSS AMOUNT SETTLED	FUTURE EXPOSURE
A. Regulatory trading book:						
A.1 Governments and central banks	-	-	-	-	-	-
A.2 Public bodies	-	-	-	-	-	-
A.3 Banks	875,738	1,600,524	161,752	168,103	1,003,861	151,333
A.4 Financial companies	172,816	-	118,012	30,288	-	40,758
A.5 Insurance companies	809	-	88	24,056	-	9,345
A.6 Non-financial enterprises	1,292	-	1,074	59	-	4,775
A.7 Other entities	539,209	-	-	724,163	-	87,474
Total as at 31.12.2007	**1,589,864**	**1,600,524**	**280,926**	**946,669**	**1,003,861**	**293,685**
Total as at 31.12.2006	**664,845**	**-**	**190,627**	**188,553**	**-**	**557,435**
B. Banking Book:						
B.1 Governments and central banks	-	-	-	-	-	-
B.2 Public bodies	-	-	-	-	-	-
B.3 Banks	1,045,660	330,240	187,549	42,516	-	63,699
B.4 Financial companies	713	19,428	129	-	-	3,278
B.5 Insurance companies	-	-	-	-	-	-
B.6 Non-financial enterprises	-	-	-	-	-	13,378
B.7 Other entities	65	-	300	501,798	-	283,164
Total as at 31.12.2007	**1,046,438**	**349,668**	**187,978**	**544,314**	**-**	**363,519**
Total as at 31.12.2006	**721,281**	**-**	**123,595**	**315,295**	**-**	**200,405**

These and do not include derivatives listed in regulated markets which protect the participants against counterparty risk.

The “gross amount not settled” column gives the fair value of derivatives that are not covered by netting agreements.

The “gross amount settled” column gives the fair value of derivatives that are covered by netting agreements gross of the effect of the agreements.

The “Offsetting agreement effects” gives the net value of derivatives that are covered by netting agreements.

EXCHANGE RATES AND GOLD			OTHER UNDELYING ASSETS			OFFSETTING AGREEMENT EFFECTS	
GROSS AMOUNT NOT SETTLED	GROSS AMOUNT SETTLED	FUTURE EXPOSURE	GROSS AMOUNT NOT SETTLED	GROSS AMOUNT SETTLED	FUTURE EXPOSURE	OFFSET	FUTURE EXPOSURE
901	-	431	-	-	-	-	-
-	-	-	-	-	-	-	-
957,485	8,593	104,797	-	-	-	352,702	173,526
4,252	-	514	-	-	-	-	-
-	-	-	-	-	-	-	-
863	-	-	-	-	-	-	-
5,151	-	-	153	-	-	-	-
968,652	**8,593**	**105,742**	**153**	**-**	**-**	**352,702**	**173,526**
340,803	**-**	**455**	**359**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,099,803	2,434	520,910	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,099,803	**2,434**	**520,910**	**-**	**-**	**-**	**-**	**-**
885,927	**-**	**477,149**	**-**	**-**	**-**	**-**	**-**

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

A.6 Over-the-counter financial derivatives - Residual life: notional amounts				
UNDERLYING ASSETS/RESIDUAL LIFE	UP TO 1 YEAR	FROM 1 TO 5 YEARS	OVER 5 YEARS	TOTAL
A. Regulatory trading book	**152,597,057**	**131,997,788**	**78,739,916**	**363,334,761**
A.1 Financial derivative contracts on debt securities and interest rates	111,359,545	102,694,334	68,989,888	283,043,767
A.2 Financial derivative contracts on equity securities and share indices	6,386,807	26,467,495	9,608,581	42,462,883
A.3 Financial derivative contracts on exchange rates and gold	34,850,705	2,835,959	134,791	37,821,455
A.4 Financial derivative contracts on other underlying assets	-	-	6,656	6,656
B. Banking book	**50,842,725**	**22,687,534**	**17,431,369**	**90,961,628**
B.1 Financial derivative contracts on debt securities and interest rates	8,343,716	14,451,788	13,359,996	36,155,500
B.2 Financial derivative contracts on equity securities and share indices	586,205	3,902,856	2,942,892	7,431,953
B.3 Financial derivative contracts on exchange rates and gold	41,912,804	4,332,890	1,128,481	47,374,175
B.4 Financial derivative contracts on other underlying assets	-	-	-	-
Total as at 31.12.2007	**203,439,782**	**154,685,322**	**96,171,285**	**454,296,389**
Total as at 31.12.2006	**131,279,538**	**38,721,472**	**29,003,950**	**199,004,960**

B. Credit derivatives

B1. Credit derivatives: end-of-period notional amounts and average				
	REGULATORY TRADING BOOK		OTHER TRANSACTIONS	
TRANSACTION CATEGORIES	WITH SINGLE COUNTERPARTY	WITH MORE THAN ONE COUNTERPARTY (BASKET)	WITH SINGLE COUNTERPARTY	WITH MORE THAN ONE COUNTERPARTY (BASKET)
1. Purchases of protection				
1.1 With underlying asset exchange	-	-	12,907	-
Credit default swap	-	-	*12,907*	-
1.2 With no underlying asset exchange	-	-	1,364	-
Credit default swap	-	-	*1,364*	-
Total as at 31.12.2007	**-**	**-**	**14,271**	**-**
Total as at 31.12.2006	**-**	**-**	**1,454**	**-**
Average amounts	**-**	**-**	**5,716**	**-**
2. Sales of protection				
2.1 With underlying asset exchange	-	-	210,483	-
Credit default swap	-	-	*210,483*	-
2.2 With no underlying asset exchange	-	-	1,364	-
Credit default swap	-	-	*1,364*	-
Total as at 31.12.2007	**-**	**-**	**211,847**	**-**
Total as at 31.12.2006	**-**	**-**	**-**	**-**
Average amounts	**-**	**-**	**71,090**	**-**

B2. Credit derivatives: positive fair value - counterparty risk

TYPE OF TRANSACTIONS/AMOUNTS	NOTIONAL AMOUNT	POSITIVE FAIR VALUE	FUTURE EXPOSURE
A. Regulatory trading book	**-**	**-**	**-**
A.1 Purchases of protection - counterparty:	**-**	**-**	**-**
1. Governments and central banks	-	-	-
2. Public bodies	-	-	-
3. Banks	-	-	-
4. Financial companies	-	-	-
5. Insurance companies	-	-	-
6. Non-financial enterprises	-	-	-
7. Other entities	-	-	-
A.2 Sales of protection - counterparty:	**-**	**-**	**-**
1. Governments and central banks	-	-	-
2. Public bodies	-	-	-
3. Banks	-	-	-
4. Financial companies	-	-	-
5. Insurance companies	-	-	-
6. Non-financial enterprises	-	-	-
7. Other entities	-	-	-
B. Banking Book	**211,847**	**48**	**21,069**
B.1 Purchases of protection - counterparty:	**-**	**-**	**-**
1. Governments and central banks	-	-	-
2. Public bodies	-	-	-
3. Banks	-	-	-
4. Financial companies	-	-	-
5. Insurance companies	-	-	-
6. Non-financial enterprises	-	-	-
7. Other entities	-	-	-
B.2 Sales of protection - counterparty:	**211,847**	**48**	**21,069**
1. Governments and central banks	-	-	-
2. Public bodies	-	-	-
3. Banks	1,364	48	21
4. Financial companies	210,483	-	21,048
5. Insurance companies	-	-	-
6. Non-financial enterprises	-	-	-
7. Other entities	-	-	-
Total as at 31.12.2007	**211,847**	**48**	**21,069**
Total as at 31.12.2006	**1,454**	**43**	**22**

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

B.4 Credit derivatives - Residual life: notional amounts

UNDERLYING ASSETS/RESIDUAL LIFE	UP TO 1 YEAR	FROM 1 TO 5 YEARS	OVER 5 YEARS	TOTAL
A. Regulatory trading book	**-**	**-**	**-**	**-**
A.1 Credit derivatives with qualified reference obligation	-	-	-	-
A.2 Credit derivatives with non-qualified reference obligation	-	-	-	-
B. Banking Book	**7,472**	**5,435**	**213,211**	**226,118**
B.1 Credit derivatives with qualified reference obligation	7,472	5,435	2,728	15,635
B.2 Credit derivatives with non-qualified reference obligation	-	-	210,483	210,483
Total as at 31.12.2007	**7,472**	**5,435**	**213,211**	**226,118**
Total as at 31.12.2006	**-**	**-**	**1,454**	**1,454**

Section 3 - Liquidity risk

QUANTITATIVE INFORMATION

1. Breakdown of financial assets and liabilities by residual contractual maturity
Denomination currency: EUR

ITEMS/MATURITIES	ON DEMAND	FROM 1 TO 7 DAYS	FROM 7 TO 15 DAYS	FROM 15 DAYS TO 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	OVER 5 YEARS
Balance-sheet assets									
A.1 Government securities	4	-	499,727	-	497,786	1,017	565,607	2,104,714	1,567,788
A.2 Listed debt securities	470	-	1	4,025	337	8	2,556	52,087	195,445
A.3 Other debt securities	16	-	-	-	28,439	1,221,244	3,453,979	11,644,377	18,696,907
A.4 Units in investment funds	-	-	-	-	-	-	-	-	415,021
A.5 Loans									
- Banks	33,454,767	8,590,035	3,021,283	35,386,160	21,940,614	13,939,146	1,553,452	3,645,443	2,812,364
- Customers	127,332	1,787,832	63	2,151,017	6,335,327	369,519	487,270	3,059,429	4,730,683
Balance-sheet liabilities									
B.1 Deposits									
- Banks	13,726,663	5,128,220	635,068	11,100,164	13,769,166	7,924,898	1,465,911	3,115,382	1,496,403
- Customers	227,546	1,527,941	276,590	220,682	710,765	390,665	21,701	20,726	1,185,045
B.2 Debt securities in issue	9	530,031	1,206,012	1,991,905	4,918,153	1,800,120	5,005,737	43,437,570	23,447,120
B.3 Other liabilities	32,022	1,330,151	1,961,406	2,820,927	5,828,530	321,778	1,852,619	941,795	1,470,145
"Off balance sheet" transactions									
C.1 Financial derivatives with exchange of principal									
- Long positions	-	7,479,137	5,339,956	5,186,789	12,440,240	4,607,438	3,722,376	5,819,308	509,952
- Short positions	-	8,818,098	9,223,591	6,390,420	21,644,889	10,396,905	8,012,543	8,497,100	2,254,144
C.2 Deposits and borrowings to be receive									
- Long positions	810,821	2,476,546	-	6,700	29,872	42,671	-	-	-
- Short positions	79,243	2,534,246	27,582	23,617	105,032	577,945	18,945	-	-
C.3 Irrevocable commitments to disburse funds									
- Long positions	739,896	2,149,800	178,173	472,697	310,658	235,054	139,110	1,548,691	259,847
- Short positions	2,455,082	3,306,352	-	-	37,549	22,108	-	988	211,847

1. Breakdown of financial assets and liabilities by residual contractual maturity
Denomination currency: USD

ITEMS/MATURITIES	ON DEMAND	FROM 1 TO 7 DAYS	FROM 7 TO 15 DAYS	FROM 15 DAYS TO 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	OVER 5 YEARS
Balance-sheet assets									
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	72	-	1	62	-
A.3 Other debt securities	-	-	-	-	-	1,378	45,615	19,176	1,344,377
A.4 Units in investment funds	-	-	-	-	-	-	-	-	-
A.5 Loans									
- Banks	1,385,642	356,004	523,627	334,710	538,779	534,170	59,546	28,443	510,016
- Customers	52,302	20,937	22,795	33,983	68,004	44,564	7,067	272,862	16,147
Balance-sheet liabilities									
B.1 Deposits									
- Banks	2,771,436	1,414,515	792,097	3,084,450	3,648,710	1,402,025	728,822	-	54
- Customers	61,651	559,106	109,941	184,932	218,834	140,700	41,624	2,080	-
B.2 Debt securities in issue	-	1,262,703	3,350,626	1,433,081	9,840,589	4,361,595	1,138,920	958,489	34,984
B.3 Other liabilities	40,751	-	-	11,182	-	-	2,037,906	815,162	509,477
"Off balance sheet" transactions									
C.1 Financial derivatives with exchange of principal									
- Long positions	-	3,303,589	6,123,070	3,498,607	11,244,156	6,936,833	4,988,762	1,250,050	41,111
- Short positions	-	2,428,325	2,358,937	1,581,131	2,636,715	1,433,115	858,254	387,415	101
C.2 Deposits and borrowings to be receive									
- Long positions	545,957	186,515	216	3	-	-	-	-	-
- Short positions	2,845	200,653	21,938	14,865	215,190	211,485	65,715	-	-
C.3 Irrevocable commitments to disburse funds									
- Long positions	110,308	142,741	-	437,138	14,434	299,075	73,024	355,376	42,882
- Short positions	1,334,309	137,442	-	-	-	-	-	-	3,227

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

1. Breakdown of financial assets and liabilities by residual contractual maturity
Denomination currency: Other currencies

ITEMS/MATURITIES	ON DEMAND	FROM 1 TO 7 DAYS	FROM 7 TO 15 DAYS	FROM 15 DAYS TO 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	OVER 5 YEARS
Balance-sheet assets									
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	23	-
A.3 Other debt securities	-	-	-	1,741		-	26,169	102,879	-
A.4 Units in investment funds	151,646	-	-	-	-	-	-	-	-
A.5 Loans									
- Banks	869,713	251,756	11,643	182,743	136,766	212,368	4,151	-	1,476
- Customers	1,707	162	2,294	4,336	3,326	7,205	-	1,639	-
Balance-sheet liabilities									
B.1 Deposits									
- Banks	865,615	422,842	764,303	812,301	1,771,734	843,664	369,004	-	18
- Customers	7,646	177,055	80,713	284,458	218,140	125,376	96,511	17,041	409,081
B.2 Debt securities in issue	-	1,005,610	1,002,065	677,985	3,072,927	1,533,992	784,764	2,993,725	1,196,503
B.3 Other liabilities	-	-	-	-	-	-	-	-	-
"Off balance sheet" transactions									
C.1 Financial derivatives with exchange of principal									
- Long positions	-	846,651	91,428	107,401	859,263	612,018	819,310	4,121,220	1,704,633
- Short positions	-	759,152	165,141	284,834	521,782	420,598	669,447	1,232,800	21,469
C.2 Deposits and borrowings to be receive									
- Long positions	241,752	312,862	9	-	-	-	-	-	-
- Short positions	1,426	311,436	3,877	2,432	180,370	52,588	2,131	363	-
C.3 Irrevocable commitments to disburse funds									
- Long positions	208	122,001	8,256	330,501	-	146	19,500	9,949	3,491
- Short positions	372,044	122,001	-	-	-	-	-	-	7

2. Breakdown of financial liabilities by sector

EXPOSURES / COUNTERPARTIES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC BODIES	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL ENTERPRISES	OTHER ENTITIES
1. Deposits from customers	75,440	97,921	5,216,422	145,710	1,615,502	712,441
2. Debt securities in issue	-	5,172	862,838	45,526	41,708,388	68,253,246
3. Financial liabilities held for trading	58,823	-	207,484	27,152	2,214	7,430,186
4. Financial liabilities at fair value through profit or loss	-	-	-	-	-	6,016,376
Total as at 31.12.2007	**134,263**	**103,093**	**6,286,744**	**218,388**	**43,326,104**	**82,412,249**
Total as at 31.12.2006	**52,898**	**87,799**	**5,465,218**	**41,883**	**32,774,186**	**37,013,230**

3. Breakdown of financial liabilities by area					
EXPOSURES / COUNTERPARTIES	ITALY	OTHER EUROPEAN COUNTRIES	AMERICA	ASIA	REST OF THE WORLD
1. Deposits from customers	1,342,502	4,498,506	1,777,874	198,115	46,439
2. Deposits from banks	46,970,156	41,486,050	3,253,619	4,308,253	1,923,247
3. Debt securities in issue	60,221,049	34,233,828	16,400,937	19,356	-
4. Financial liabilities held for trading	4,099,603	3,125,283	492,429	7,069	1,475
5. Financial liabilities at fair value through profit or loss	5,510,848	505,528	-	-	-
Total as at 31.12.2007	**118,144,158**	**83,849,195**	**21,924,859**	**4,532,793**	**1,971,161**
Total as at 31.12.2006	**70,514,663**	**39,849,442**	**24,394,358**	**3,281,297**	**943,485**

Section 4 - Operational risks

Information on operational risk management and monitoring is provided in Part E of the Notes to the Consolidated Accounts.

Notes to the Accounts

Part F) Shareholders' Equity

Notes to the Accounts (Amounts in thousands of €)

Part F) Shareholders' Equity

Section 1 - Shareholders' Equity

In accordance with Section 2427, paragraph 7-bis, of the Italian Civil Code, the table below provides details on the origin, possible uses and availability of distribution of Shareholders' Equity, as well as the summary of its use in the three previous fiscal years.

Breakdown of Shareholders' equity (with indication of availability for distribution)

ITEMS	AMOUNT	PERMITTED USES (*)	AVAILABLE PORTION	SUMMARY OF USE IN THE THREE PREVIOUS FISCAL YEARS: TO COVER LOSSES	SUMMARY OF USE IN THE THREE PREVIOUS FISCAL YEARS: OTHER REASONS
Share capital	**6,682,683**	**-**	**-**		
Share premium	**33,707,908**	A, B, C	33,707,908		
Reserves:	**8,271,237**				
legal reserve	1,044,493	B [1]	1,044,493		
reserve for treasury shares or interests	358,416	-	-		
statutory reserves	2,792,680	A, B, C	2,792,680		280,610 [5]
reserves arising out of share swaps	511,210	A, B, C [2]	511,210		
reserves arising out of transfer of assets	477,090	A, B, C [2]	477,090		9,375 [6]
reserves arising out of split-offs	4,972	A, B, C [2]	4,972		
reserves prescribed by Legislative Decree 153/99	-	A, B, C	-		662,123 [7]
reserves related to the medium-term incentive programme for Group staff	15,951	A	15,951		5,461 [8]
reserve related to equity-settled plans	97,293	-	-		
reserve related to business combinations (IFRS 3)	2,118,624	A, B, C	2,118,624		
reserve related to business combinations within the Group	3,463,209	A, B, C	3,463,209		
FTA reserve (related to changeover to IFRS)	(2,097,846)	(***)	(2,097,846)		
reserve for commitments to purchase own shares	(517,288)	(***) [3]	(517,288)		
other	2,433	A, B, C	2,433		
Revaluation reserves	**450,257**				
monetary equalisation reserve under L. 576/75	4,087	A, B, C [2]	4,087		
monetary revaluation reserve under L.72/83	84,658	A, B, C [2]	84,658		
asset revaluation reserve under L. 408/90	28,965	A, B, C [2]	28,965		
property revaluation reserve under L. 413/91	159,310	A, B, C [2]	159,310		
Available-for-sale financial assets	165,258	- [4]	-		
Cash-flow hedges	7,979	- [4]	-		
Total	**49,112,085**		**41,800,456**		
Portion not allowed in distribution (**)			**1,352,488**		
Remaining portion available for distribution (***)			**40,447,968**		

(*) A: for capital increase; B: to cover losses; C: distribution to shareholders

(**) Includes €292,044 thousand to be allocated to the legal reserve in order to reach one-fifth of company capital stock, pursuant to the procedures provided in the Articles of Association

(***) The portion available for distribution is net of the FTA reserve and the own shares buy-back reserve

(1) Available, to cover losses, only after use of other Reserves

(2) If this Reserve is used to cover losses, profits may not be distributed until this Reserve has been replenished or reduced by an equivalent amount
The reduction must be approved by the Extraordinary General Meeting disregarding sections 2 and 3 of Article 2455 of the Civil Code.
The Reserve, if it is not included in capital resources, may only be reduced in accordance with sections 2 and 3 of Article 2455 of the Civil Code.

(3) Own shares buy-back reserve under the right of former Capitalia shareholders to withdraw from the acquisition transaction

(4) This Reserve is unavailable pursuant to article 6 of Legislative Decree no. 38/2005.

(5) Of which: €253,620 thousand distributed among shareholders as 2005 dividend and €6,990 thousand reduction for adjustment of the defferred tax rate through former Capitalia's net equity.

(6) For the recognition of deferred taxation associated to equity investments

(7) To be transferred to Statutory Reserves.

(8) For a capital increase.

Section 2 - Shareholders' Equity and Regulatory Banking Ratios

2.1 Capital for regulatory purposes

A. QUALITATIVE INFORMATION

The tables below provide the main contractual details of innovative instruments included, together with capital and reserves, in Tier 1, Tier 2 and Tier 3 Capital.

1. Tier 1 Capital

Breakdown of subordinated instruments

MATURITY	CURRENCY	INTEREST RATES	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	CONTRIBUTION TO REGULATURY CAPITAL AS AT 31.12.2007 (€/000)
Innovative capital instruments					
1) 5.10 Perpetual	USD	9.20% p.a. for the first 10 years then 3-month euribor + 335 bps	CALL 05.10.10	450,000,000	305,642
2) 5.10 Perpetual	EURO	8.048% p.a. act/act for the first 10 years then 3-month euribor + 325 bps	CALL 05.10.10	540,000,000	540,000
3) 27.10 Perpetual	EURO	4.028% p.a. for the first 10 years then 3-month euribor + 176 bps	CALL 27.10.15	750,000,000	750,000
4) 27.10 Perpetual	GBP	5.396% p.a. for the first 10 years then sterling libor 3m + 176 bps	CALL 27.10.15	300,000,000	409,082
Total innovative capital instruments (Tier I)					**2,004,724**

Notes to the Accounts (Continued)

Part F) Shareholders' Equity (Continued)

2. Tier 2 Capital

Breakdown of subordinated instruments

MATURITY	CURRENCY	INTEREST RATE	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	CONTRIBUTION TO REGULATORY CAPITAL AS AT 31.12.2007 (€/000)
Hybrid capitalisation instruments					
1) 31.03.2010	EURO	6-month euribor + 0.20% p.a.	-	775,000,000	775,000
2) 28.02.2012	EURO	6.10%	-	500,000,000	499,771
3) 01.02.2016	EURO	3.95%	-	900,000,000	897,285
4) 01.02.2016	GBP	5.00%	-	450,000,000	612,645
Total hybrid capitalisation instruments (Upper Tier II)					**2,784,701**
Subordinated loans					
1) 29.10.2010	EURO	5.20% for 1 year 5.30% for 2 years 5.40% for 3 years 5.50% for 4 years 5.60% for 5 years 5.70% for 6 years 6.25% for 7 years 6.80% for 8 years 7.35% for 9 years 7.90% for 10 years	-	448,200,000	448,200
2) 13.12.2010	EURO	gross annual rate 2.75% of face value for 10 years At maturity a higher yield may be paid in connection with the revaluation of an equity index (Eurostoxx50) calculated on the basis of a formula as set out in the regulations, adjusted, as necessary, by the application of a "Take Profit" clause	-	261,000,000	156,600
3) 16.03.2011	EURO	6 % p.a.	-	500,000,000	399,037
4) 23.07.2014	EURO	3-month euribor +25 bps per annum for years 1-5 +85 bps per annum for years 6-10	CALL 23.07.09	500,000,000	499,219
5) 03.08.2014	EURO	First two years: annual nominal interest rate 3% Subsequent years: 6-month Euribor + 0.20%	CALL 03.08.09	300,000,000	275,241
6) 11.08.2014	EURO	3-month Euribor + 0.55% From August 2009: 3-month Euribor + 1.15%	CALL 11.08.09	300,000,000	299,934

continued: (Breakdown of subordinated instruments).

Breakdown of subordinated instruments

MATURITY	CURRENCY	INTEREST RATE	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	CONTRIBUTION TO REGULATORY CAPITAL AS AT 31.12.2007 (€/000)
7) 02.12.2014	EURO	Year 1: 2.65% Years 2 - 5: 0.80% + possible annual positive change of the European consumer price index Subsequent years: 6-month Euribor + 0.20%	CALL 02.12.09	300,000,000	279,933
8) 23.06.2015	EURO	Until June 2010: 3-month Euribor + 0.45% From June 2010: 3-month Euribor + 1.05%	CALL 23.06.10	300,000,000	299,999
9) 30.06.2015	EURO	Year 1: gross fixed interest rate 3% p.a. Year 2: variable coupon equal to 75% of the 10-year annual swap rate	CALL 30.06.10	400,000,000	368,723
10) 30.03.2016	EURO	Gross fixed interest rate: 3.50% p.a. Year 2: variable coupon equal to 75% of 10-Y annual swap rate	CALL 30.03.11	170,000,000	166,342
11) 30.03.2016	EURO	Gross fixed interest rate: 4.00% p.a. Year 2: variable coupon equal to 65% of 10-Y annual swap rate	CALL 30.03.11	230,000,000	216,428
12) 07.04.2016	EURO	3-month Euribor + 0.30% From April 2011: 3-month Euribor + 0.90%	CALL 07.04.11	400,000,000	397,653
13) 21.10.2016	EURO	3-month Euribor + 0.45%. From October 2011: 3-month Euribor + 1.05%	CALL 21.10.11	650,000,000	649,998
14) 15.06.2015	EURO	3-month euribor +25 bps p.a. for years 1-5 +85 bps p.a. for years 6-10	CALL 15.06.10	500,000,000	499,467
15) 20.09.2016	EURO	3-month euribor +30 bps p.a. for years 1-5 +90 bps p.a. for years 6-10	CALL 20.09.11	1,000,000,000	998,796
16) 20.09.2016	EURO	4.125% p.a. for years 1-5 3-month euribor + 94 bps p.a. for years 6-10	CALL 20.09.11	500,000,000	498,186
17) 26.09.2017	EURO	5.75% p.a.	-	1,000,000,000	996,017
18) 30.10.2017	EURO	5.45% p.a.	-	10,000,000	10,000
19) 30.10.2017	EURO	5.45% p.a.	-	10,000,000	10,000
20) 13.11.2017	EURO	5.54% p.a.	-	10,000,000	10,000
21) 27.11.2017	EURO	5.70% p.a.	-	500,000	500
22) 27.11.2017	EURO	5.70% p.a.	-	5,000,000	5,000
23) 27.11.2017	EURO	5.70% p.a.	-	5,000,000	5,000
24) 27.11.2017	EURO	5.70% p.a.	-	5,000,000	5,000
25) 27.11.2017	EURO	5.70% p.a.	-	5,000,000	5,000
26) 27.11.2017	EURO	5.70% p.a.	-	20,000,000	20,000
27) 27.11.2017	EURO	5.70% p.a.	-	20,000,000	20,000
28) 27.11.2017	EURO	5.70% p.a.	-	20,000,000	20,000
29) 27.11.2017	EURO	5.70% p.a.	-	40,000,000	40,000
30) 04.12.2017	EURO	EUR_CMS(10Y), calculated on the basis of a formula as set out in the regulations	-	150,750,000	150,750
31) 11.12.2017	EURO	EUR_10Y_CMS, calculated on the basis of a formula as set out in the regulations	-	100,000,000	100,000
32) 28.12.2017	EURO	3-month euribor for years 1-5 3-month Euribor + 0.50% for years 6-10	CALL 28.12.12	1,111,572,000	1,111,572
33) 16.10.2018	GBP	6.375% p.a. until 15.10.2013 3-month Libor + 1.38% from 16.10.2013 to maturity	CALL 16.10.13	350,000,000	476,410
34) 22.09.2019	EURO	4.5% p.a. act/act for years 1-10 3-month euribor + 95 bps p.a. for years 11-15	CALL 22.09.14	500,000,000	498,980
Total subordinated loans - Lower Tier II					**9,937,985**
Total					**12,722,686**

Notes to the Accounts (Continued)

Part F) Shareholders' Equity (Continued)

3. Tier 3 Capital

Breakdown of subordinated instruments

MATURITY	CURRENCY	INTEREST RATE	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	CONTRIBUTION TO REGULATORY CAPITAL AS AT 31.12.2007 (€/000)
Tier III subordinated loans					
1) 30.05.2008	EURO	3-month euribor + 23 b.p.s.	-	300,000,000	288,678
Total Tier III subordinated loans					**288,678**

B. QUANTITATIVE INFORMATION

Solvency filters

	YEAR 2007	YEAR 2006
A. Tier 1 before solvency filters	**45,610,705**	**29,868,860**
B. Tier 1 solvency filters	(510,540)	-
B.1 Positive IAS/IFRS solvency filters	6,748	-
B.2 Negative IAS/IFRS solvency filters	(517,288)	-
C. Tier 1 after solvency filters (A+B)	**45,100,165**	**29,868,860**
D. Deductions from tier 1	208,809	74,515
E. Total TIER 1 (C - D)	**44,891,356**	**29,794,345**
F. Tier 2 before solvency filters	**13,083,945**	**8,291,883**
G. Tier 2 solvency filters	(42,120)	(426,055)
G.1 Positive IAS/IFRS solvency filters	-	-
G.2 Negative IAS/IFRS solvency filters	(42,120)	(426,055)
H. Tier 2 after solvency filters (F+G)	**13,041,825**	**7,865,828**
I. Deductions from tier 2	208,809	74,515
L.Total TIER 2 (H - I)	**12,833,016**	**7,791,313**
M. Deductions from tier 1 e tier 2	185,723	45,000
N. Total capital (E+L-M)	**57,538,649**	**37,540,658**
O. TIER 3	288,678	-
P. Total capital + TIER 3 (N+O)	**57,827,327**	**37,540,658**

2.2 Capital adequacy

B. QUANTITATIVE INFORMATION

	2007		2006	
	NON-WEIGHTED AMOUNTS	WEIGHTED AMOUNTS / REQUIREMENTS	NON-WEIGHTED AMOUNTS	WEIGHTED AMOUNTS / REQUIREMENTS
A. RISK ASSETS				
A.1 CREDIT RISK	**319,660,809**	**145,026,753**	**202,906,134**	**86,278,574**
STANDARD METHOD				
MONETARY ASSETS	**262,636,344**	**125,180,564**	**160,131,626**	**74,161,417**
1. Exposures (other than equity securities and other subordinated assets) to or guaranteed by:	184,510,788	47,174,288	117,004,131	31,032,669
1.1 Governments and Central Banks	31,682,992	14	8,915,622	-
1.2 Public entities	31,048	6,457	28,396	6,181
1.3 Banks	131,849,782	26,402,200	96,290,453	19,256,828
1.4 Other entities (other than mortgage loans on residential and non residential properties)	20,946,966	20,765,617	11,769,660	11,769,660
2. Mortgage loans on residential property	-	-	-	-
3. Mortgage loans on non residential property	6,258	6,258	-	-
4. Shares, equity investments and subordinated assets	77,688,891	77,716,150	42,841,140	42,844,731
5. Other assets	430,407	283,868	286,355	284,017
OFF-BALANCE-SHEET ASSETS	**57,024,465**	**19,846,189**	**42,774,508**	**12,117,157**
1. Guarantees and commitments with or guaranteed by:	54,859,164	19,380,362	40,904,915	11,512,480
1.1 Governments and Central Banks	3,810	-	5,300	-
1.2 Public entities	1,530	306	13,627	2,725
1.3 Banks	44,472,656	8,998,888	36,990,209	7,614,818
1.4 Other entities	10,381,168	10,381,168	3,895,779	3,894,937
2. Derivative contracts with or guaranteed by:	2,165,301	465,827	1,869,593	604,677
2.1 Governments and Central Banks	-	-	-	-
2.2 Public entities	-	-	-	-
2.3 Banks	2,056,077	411,215	1,100,397	220,079
2.4 Other entities	109,224	54,612	769,196	384,598
B. SOLVENCY REQUIREMENTS				
B.1 CREDIT RISK		**10,151,873**		**6,039,500**
B.2 MARKET RISK		**495,347**		**108,516**
1. STANDARD METHOD	X	495,347	X	108,516
of which: - position risk on debt securities	X	189,479	X	14,542
- position risk on equity securities	X	207,949	X	64,090
- exchange risk	X	-	X	-
- other risks	X	97,919	X	29,884
2. INTERNAL METHOD	X	-	X	-
of which: - position risk on debt securities	X	-	X	-
- position risk on equity securities	X	-	X	-
- exchange risk	X	-	X	-
B.3 OTHER PRUDENTIAL REQUIREMENTS	**X**	**194,846**	**X**	**2,462**
B.4 TOTAL PRUDENTIAL REQUIREMENTS (B1+B2+B3)	**X**	**10,842,066**	**X**	**6,150,478**
C. TOTAL RISK ASSETS AND SOLVENCY REQUIREMENTS	**X**		**X**	
C.1 Risk weighted assets	**X**	**154,886,657**	**X**	**87,863,971**
C.2 Tier 1 capital ratio	**X**	**28.98%**	**X**	**33.91%**
C.3 Total capital ratio	**X**	**37.34%**	**X**	**42.73%**

Notes to the Accounts

Part G) Business Combinations

Notes to the Accounts

Part G) Business Combinations

Section 1 - Business Combinations achieved during the year

1.1 Business combinations

The UniCredit-Capitalia business combination was initiated by resolutions taken by the respective Boards of Directors of UniCredit S.p.A. and Capitalia S.p.A. at meetings held on May 20, 2007. At their extraordinary meetings held on July 30, 2007, the Shareholders of UniCredit and Capitalia approved UniCredit's absorption of Capitalia.

From a legal and accounting point of view, the absorption became effective as of October 1, 2007, following the registration of the Deed of Merger between UniCredit and Capitalia at the competent offices of the Companies Register on September 25, 2007.
The tax effects of the merger accrue from the date of its legal finalization.

NAME	DATE OF ACQUISITION	EQUITY INSTRUMENTS ISSUED (€MILLION)	SHARES ISSUED	EXCHANGE RATIO[1]	PROPORTION OF SHARES WITH VOTING RIGHTS AT THE ORDINARY SHAREHOLDERS' MEETING	NET PROFIT/LOSS (€ MILLION)
Capitalia SpA	1 October 2007	17,518	2,917,730,188	1.12	100.00%	1,162[2]

(1) Number of UniCredit shares issued in exchange of a single share of the acquired entity
(2) Consolidated net profit for the year 2006.

Here below is the detail of items which compose the cost of the business combination.

COMPONENTS OF THE COST OF ACQUISITION - CAPITALIA S.P.A.	(€ MILLION)
Equity instruments issued	17,518
Costs directly attributable to the business combinations	27
Cost of acquisition	**17,545**

1.2 Other information on business combinations

Capitalia Group

The transaction was carried out by way of incorporation of Capitalia S.p.A. into UniCredito Italiano S.p.A. based on an equity swap ratio of 1.12 new ordinary UniCredit shares for every ordinary Capitalia share.

Based on the authorized swap ratio, following the completion of the merger 2,917,730,188 new ordinary UniCredit shares were issued representing a nominal capital increase of €1,458,865,094. These shares have the same rights as those already in circulation.

Capitalia's shareholders who did not agree to the merger decision were given the right to withdraw, since UniCredit's articles of association stipulate that no party with voting rights may exercise such rights on shares exceeding 5% of the share capital.

In accordance with IFRS 3, the acquisition was recognized on the date on which control was effectively transferred. Specifically, the date of acquisition was set at October 1, 2007.

The value of the net assets acquired from Capitalia S.p.A. and resulting goodwill are shown below.

	(€ MILLION)
Fair value of Capitalia S.p.A.'s net assets acquired	14,001
Goodwill	3,544
Cost of acquisition	**17,545**

Overall, the fair value measurement of the net assets acquired from Capitalia S.p.A. involved the following adjustments to balance sheet items:

	(€ MILLION)
Financial instruments	12
Equity interests	5,468
Loans	-630
Intangible assets	105
Property, plant and equipment	-101
Securities issued	299
Provisions for risks and charges	-260
Other liabilities	-73
Tax effects	228
Total	**5,048**

The initial recognition of the Capitalia S.p.A. combination was only temporary. Due to the limited time between the date of acquisition and the preparation of these financial statements, as well as the significant complexity and structure of the group acquired, not all fair value measurements required by IFRS 3 have been completed. The fair value of the assets, liabilities and contingent liabilities acquired will not be significantly altered following the completion of these measurements.

These uncertainties will be resolved within the time frame allowed by IFRS 3 (12 months from the date of acquisition, so by October 1, 2008).

As a result, the measurement of goodwill arising from the acquisition was also only temporary. In addition, in accordance with IAS 36, goodwill will be allocated to cash generating units by December 31, 2008.

Notes to the Accounts (Continued)

Part G) Business Combinations (Continued)

1.2.1 Changes in goodwill over the year

GOODWILL	2007 (€ MILLION)
Carrying amount at the beginning of the period	**-**
Gross amount	-
Cumulative impairment losses	-
Additional goodwill on business combinations	3,544
Net exchange differences	-
Other changes	-
Carrying amount at the end of the period	**3,544**
Gross amount	3,544
Cumulative impairment losses	-

The change in value of goodwill during the period was solely due to the incorporation of Capitalia S.p.A.

Section 2 - Business Combinations occurring after the end of the year

Nota data to be dislosed in this section.

Notes to the Accounts

Part H) Related-Party Transactions

Notes to the Accounts (Amounts in thousands of €)

Part H) Related-Party Transactions

Under IAS 24, related parties which are relevant for UniCredito Italiano S.p.A. include:
- subsidiaries;
- associates;
- directors and top managers ("key management personnel").

Key management personnel as defined include directors and managers with strategic responsibility in the areas of planning, directing and controlling UniCredit activities. Key management personnel therefore include, as well as Directors and the Managing Director/CEO, the Group Deputy General Managers and the other heads of Division or Departments holding office in 2007.

1. Details of Directors' and Top Managers' Compensation

Information on compensation paid to directors and key management personnel and on related-party transactions, in accordance with Section 78 of the Issuers' Regulation no. 11971 and IAS 24 requirements, are provided below.

Remuneration paid to Directors, Statutory Auditors and Key Management Personnel
(pursuant to article 78 of CONSOB resolution no. 11971 dated 14 may 1999 et seq.)

INDIVIDUAL	DESCRIPTION OF POSITION			COMPENSATION			
FIRST AND LAST NAME	POSITION HELD[1]	PERIOD IN OFFICE	EXPIRATION OF TERM OF OFFICE	EMOLUMENTS FOR THE POSITION IN THE COMPANY PREPARING THE ACCOUNTS	NON-MONETARY BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER COMPEN-SATION
Directors							
Dieter Rampl	Chairman of the Board of Directors	1/1.2007-31/12.2007	on approval of 2008 Accounts	1,385	27		12
	Chairman of the Executive Committee	1/1.2007-3/8.2007		74			
	Member of the Chairman's Committee	1/1.2007-3/8.2007		4			
	Chairman of the Permanent Strategic Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	17			
	Chairman of the Nomination Committee	1/1.2007-3/8.2007		4			
	Chairman of Corporate Governance, HR and Nomination Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	18			
	Chairman of the Remuneration Committee	1/1.2007-31/12.2007	on approval of 2008 Accounts	21			
	Member of the Audit & Risk Committee	1/1.2007-31/12.2007	on approval of 2008 Accounts	32			
Gianfranco Gutty	First Deputy Chairman of the Board of Directors	1/1.2007-31/12.2007	on approval of 2008 Accounts	240			
	Member of the Executive Committee	1/1.2007-3/8.2007		47			
	Member of the Chairman's Committee	1/1.2007-3/8.2007		4			
	Member of the Permanent Strategic Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	17			
	Member of the Nomination Committee	1/1.2007-3/8.2007		4			
	Member of the Corporate Governance, HR and Nomination Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	18			
	Member of the Remuneration Committee	1/1.2007-31/12.2007	on approval of 2008 Accounts	21			
	Member of the Audit & Risk Committee	1/1.2007-31/12.2007	on approval of 2008 Accounts	33			
	Director in other Group companies						31
Franco Bellei	Deputy Chairman of the Board of Directors	1/1.2007-31/12.2007	on approval of 2008 Accounts	240	5		14
	Member of the Executive Committee	1/1.2007-3/8.2007		48			
	Member of the Chairman's Committee	1/1.2007-3/8.2007		4			
	Member of the Permanent Strategic Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	17			
	Member of the Nomination Committee	1/1.2007-3/8.2007		4			
	Member of the Remuneration Committee	1/1.2007-31/12.2007	on approval of 2008 Accounts	21			
	Member of the Audit Committee	1/1.2007-3/8.2007		15			
	Director in other Group companies						31
Berardino Libonati	Deputy Chairman of the Board of Directors	3/8.2007-31/12.2007	until the next Shareholders' Meeting	99			
	Member of the Executive Committee	3/8.2007		..			
	Member of the Permanent Strategic Committee	3/8.2007-31/12.2007	until the next Shareholders' Meeting	17			
	Member of the Audit & Risk Committee	3/8.2007-31/12.2007	until the next Shareholders' Meeting	17			

Notes to the Accounts (Continued)

Part H) Related-Party Transactions (Continued)

(continued)

Remuneration paid to Directors, Statutory Auditors and Key Management Personnel continued
(pursuant to article 78 of CONSOB resolution no. 11971 dated 14 may 1999 et seq.)

INDIVIDUAL	DESCRIPTION OF POSITION			COMPENSATION			
FIRST AND LAST NAME	POSITION HELD[1]	PERIOD IN OFFICE	EXPIRATION OF TERM OF OFFICE	EMOLUMENTS FOR THE POSITION IN THE COMPANY PREPARING THE ACCOUNTS	NON-MONETARY BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER COMPEN-SATION
Directors Continued:							
Fabrizio Palenzona	Deputy Chairman of the Board of Directors	1/1.2007-31/12.2007	on approval of 2008 Accounts	240			
	Member of the Executive Committee	1/1.2007-3/8.2007		47			
	Member of the Chairman's Committee	1/1.2007-3/8.2007		3			
	Member of the Permanent Strategic Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	17			
	Member of the Nomination Committee	1/1.2007-3/8.2007		4			
	Member of the Remuneration Committee	1/1.2007-31/12.2007	on approval of 2008 Accounts	21			
Anthony Wyand	Deputy Chairman of the Board of Directors	1/1.2007-31/12.2007	on approval of 2008 Accounts	239			
	Member of the Executive Committee	1/1.2007-3/8.2007		47			
	Member of the Chairman's Committee	1/1.2007-3/8.2007		3			
	Member of the Permanent Strategic Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	17			
	Member of the Nomination Committee	1/1.2007-3/8.2007		3			
	Member of the Remuneration Committee	1/1.2007-3/8.2007		3			
	Chairman of the Audit & Risk Committee	1/1.2007-31/12.2007	on approval of 2008 Accounts	36			
Alessandro Profumo	Member of the Board of Directors - Chief Executive Officer	1/1.2007-31/12.2007	on approval of 2008 Accounts	335	13	5,950[2]	3,051
	Member of the Executive Committee	1/1.2007-3/8.2007		48			
	Member of the Chairman's Committee	1/1.2007-3/8.2007		4			
	Member of the Permanent Strategic Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	17			
	Member of the Nomination Committee	1/1.2007-3/8.2007		4			
	Member of the Corporate Governance, HR and Nomination Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	18			
	Director in other Group companies						-
Roberto Bertazzoni	Member of the Board of Directors	1/1.2007-3/8.2007	resigned on August 3, 2007	50			
	Member of the Executive Committee	1/1.2007-3/8.2007		47			
	Director in other Group companies						52
Manfred Bischoff	Member of the Board of Directors	1/1.2007-31/12.2007	on approval of 2008 Accounts	84			1
	Member of the Permanent Strategic Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	17			
Vincenzo Calandra Buonaura	Member of the Board of Directors	1/1.2007-31/12.2007	on approval of 2008 Accounts	85	5		2
	Member of the Corporate Governance, HR and Nomination Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	18			
	Director in other Group companies						12

(continued)

Remuneration paid to Directors, Statutory Auditors and Key Management Personnel continued
(pursuant to article 78 of CONSOB resolution no. 11971 dated 14 may 1999 et seq.)

INDIVIDUAL	DESCRIPTION OF POSITION			COMPENSATION			
FIRST AND LAST NAME	POSITION HELD[1]	PERIOD IN OFFICE	EXPIRATION OF TERM OF OFFICE	EMOLUMENTS FOR THE POSITION IN THE COMPANY PREPARING THE ACCOUNTS	NON-MONETARY BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER COMPEN-SATION
Directors Continued:							
Enrico Tommaso Cucchiani	Member of the Board of Directors	18/9.2007-31/12.2007	until the next Shareholders' Meeting	23			
Giovanni Desiderio	Member of the Board of Directors	1/1.2007-16/5.2007	resigned on May 16, 2007	32			
	Director in other Group companies						130
Volker Doppelfeld	Member of the Board of Directors	1/1.2007-3/8.2007	resigned on August 3, 2007	49			
Donato Fontanesi	Member of the Board of Directors	3/8.2007-31/12.2007	until the next Shareholders' Meeting	35			
	Director in other Group companies						2
Giancarlo Garino	Member of the Board of Directors	1/1.2007-3/8.2007	resigned on August 3, 2007	50			
	Director in other Group companies						16
Francesco Giacomin	Member of the Board of Directors	1/1.2007-31/12.2007	on approval of 2008 Accounts	85			
	Member of the Executive Committee	1/1.2007-3/8.2007		48			
	Member of the Corporate Governance, HR and Nomination Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	18			
Piero Gnudi	Member of the Board of Directors	1/1.2007-31/12.2007	on approval of 2008 Accounts	85			4
Friedrich Kadrnoska	Member of the Board of Directors	1/1.2007-31/12.2007	on approval of 2008 Accounts	85			
	Member of the Executive Committee	1/1.2007-3/8.2007		48			
	Member of the Corporate Governance, HR and Nomination Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	18			
	Director in other Group companies						4
Max Dietrich Kley	Member of the Board of Directors	1/1.2007-31/12.2007	on approval of 2008 Accounts	85			2
	Member of the Nomination Committee	1/1.2007-3/8.2007		1			
	Member of the Remuneration Committee	1/1.2007-31/12.2007	on approval of 2008 Accounts	18			
Salvatore Ligresti	Member of the Board of Directors	3/8.2007-31/12.2007	until the next Shareholders' Meeting	35			
Salvatore Mancuso	Member of the Board of Directors	3/8.2007-31/12.2007	until the next Shareholders' Meeting	34			
	Member of the Remuneration Committee	3/8.2007-31/12.2007	until the next Shareholders' Meeting	18			
	Director in other Group companies						117
Luigi Maramotti	Member of the Board of Directors	3/8.2007-31/12.2007	on approval of 2008 Accounts	84			
	Member of the Permanent Strategic Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	17			
	Member of the Corporate Governance, HR and Nomination Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	18			

Notes to the Accounts (Continued)

Part H) Related-Party Transactions (Continued)

(continued)

Remuneration paid to Directors, Statutory Auditors and Key Management Personnel continued
(pursuant to article 78 of CONSOB resolution no. 11971 dated 14 may 1999 et seq.)

INDIVIDUAL	DESCRIPTION OF POSITION			COMPENSATION			
FIRST AND LAST NAME	POSITION HELD[1]	PERIOD IN OFFICE	EXPIRATION OF TERM OF OFFICE	EMOLUMENTS FOR THE POSITION IN THE COMPANY PREPARING THE ACCOUNTS	NON-MONETARY BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER COMPEN-SATION
Directors Continued:							
Antonio Maria Marocco	Member of the Board of Directors	20/5.2007-31/12.2007	on approval of 2008 Accounts	52			
	Chairman of the Control Body	3/8.2007-31/12.2007	on approval of 2008 Accounts	10			
Dieter Münich	Member of the Board of Directors	1/1.2007-18/9.2007	resigned on September 18, 2007	61			1
	Member of the Executive Committee	1/1.2007-3/8.2007		57			
	Director in other Group companies						13
Carlo Pesenti	Member of the Board of Directors	1/1.2007-31/12.2007	on approval of 2008 Accounts	84			
	Member of the Remuneration Committee	1/1.2007-31/12.2007	on approval of 2008 Accounts	19			
Hans-Jürgen Schinzler	Member of the Board of Directors	1/1.2007-31/12.2007	on approval of 2008 Accounts	85			
	Member of the Permanent Strategic Committee	3/8.2007-31/12.2007	on approval of 2008 Accounts	17			
Giovanni Vaccarino	Member of the Board of Directors	1/1.2007-3/8.2007	resigned on August 3, 2007	51			
	Chairman of the Control Body	1/1.2007-3/8.2007	resigned on August 3, 2007	15			
Paolo Vagnone	Member of the Board of Directors	1/1.2007-18/7.2007	resigned on July 18, 2007	46			
	Member of the Executive Committee	1/1.2007-18/7.2007	resigned on July 18, 2007	43			
	Member of the Audit Committee	1/1.2007-18/7.2007	resigned on July 18, 2007	13			
Nikolaus von Bomhard	Member of the Board of Directors	1/1.2007-31/12.2007	on approval of 2008 Accounts	82			
	Member of the Executive Committee	1/1.2007-3/8.2007		45			
Franz Zwickl	Member of the Board of Directors	18/9.2007-31/12.2007	until the next Shareholders' Meeting	24			
	Member of the Audit & Risk Committee	18/9.2007-31/12.2007	until the next Shareholders' Meeting	12			
	Director in other Group companies						4

(continued)

Remuneration paid to Directors, Statutory Auditors and Key Management Personnel continued
(pursuant to article 78 of CONSOB resolution no. 11971 dated 14 may 1999 et seq.)

INDIVIDUAL	DESCRIPTION OF POSITION			COMPENSATION			
FIRST AND LAST NAME	POSITION HELD(1)	PERIOD IN OFFICE	EXPIRATION OF TERM OF OFFICE	EMOLUMENTS FOR THE POSITION IN THE COMPANY PREPARING THE ACCOUNTS	NON-MONETARY BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER COMPEN-SATION
Statutory Auditors							
Gian Luigi Francardo	Chairman of the Board of Statutory Auditors	1/1.2007-10/5.2007					
	Standing Auditor	10/5.2007-31/12.2007	on approval of 2009 Accounts	89			1
	Statutory Auditor in other Group Companies						126
Giorgio Loli	Standing Auditor	1/1.2007-10/5.2007					
	Chairman of the Board of Statutory Auditors	10/5.2007-31/12.2007	on approval of 2009 Accounts	99			1
	Statutory Auditor in other Group Companies						15
Siegfried Mayr	Standing Auditor	10/5.2007-31/12.2007	on approval of 2009 Accounts	53			
Aldo Milanese	Standing Auditor	1/1.2007-31/12.2007	on approval of 2009 Accounts	80			1
	Statutory Auditor in other Group Companies						104
Vincenzo Nicastro	Standing Auditor	1/1.2007-31/12.2007	on approval of 2009 Accounts	83			1
	Statutory Auditor in other Group Companies						70
Roberto Timo	Standing Auditor	1/1.2007-10/5.2007					
Verrascina Giuseppe	Alternate Auditor	10/5.2007-31/12.2007	on approval of 2009 Accounts				
	Statutory Auditor in other Group Companies						36
Key Management Personnel					296	35,280 [3]	19,269

(1) On August 3, 2007 the Board resolved to abolish the Executive Committee, the Chairman's Committee and the Nomination Committee, to create the Corporate Governance, HR and Nomination Committee and the Permanent Strategic Committee and to rename the Audit & Risk Committee. The latter was renamed "Internal Control & Risks Committee" on 22 January 2008.

(2) Maximum amount potentially payable in April 2008 related to the achievement of 2007 Group performance targets.

(3) The amount includes both the maximum amount of the short term incentive to be paid in April 2008 related to the achievement of 2007 Group / personal performance targets and the amount of the medium term cash incentive which will be actually paid in April 2008 with regards to the achievement of Group goals measured as at 31.12.2007.

Carlo Pesenti's, Paolo Vagnone's and Enrico Tommaso Cucchiani's compensations were paid to Italmobiliare S.p.A., R.A.S. S.p.A. and Allianz S.p.A. respectively.

Compensations for the offices of Director in other Group companies (totaling €4,320 thousand) were paid directly to UniCredit S.p.A.

Notes to the Accounts (Continued)

Part H) Related-Party Transactions (Continued)

In order to comply with IAS 24 disclosure requirements, compensation paid to Directors and Key Management Personnel, including contributions to be paid by the company, allocations to the employee severance pay provision and fair value of share-based payments for the year, is provided below, according to the type of compensation. Amounts are net of compensation for the function of Directors at other Group Companies.

Remuneration paid to key management personnel (including directors)

	2007	2006
a) short-term employee benefits	69,922	37,676
b) post-retirement benefits	5,516	3,118
of which: under defined benefit plans	*199*	*488*
of which: under defined contribution plans	*5,317*	*2,630*
c) other long-term benefits	71	85
d) termination benefits	7,008	6,500
e) share-based payments	9,580	12,751
Total	**92,097**	**60,130**

The increase over 2006 was mainly due to an increase in the number of key management personnel following introduction of the new organizational structure and to variable compensation in relation to the attainment of Group and individual targets.

2. Related-Party transactions

It is established company practice, in the performance of its activity, to respect at all times the criteria of transparency, substantial and procedural correctness in transactions with related parties, as identified by the CONSOB, with reference to the international accounting principle known as "IAS 24", in line with laws and regulations prevailing from time to time.

As regards procedural profiles, as a listed issuer, in the 90's the company had already defined - in compliance with the recommendations made on the subject by CONSOB - a process for monitoring and informing the Board of Directors (and the Board of Auditors) about significant (atypical and/or unusual) transactions concluded with related parties. This process is intended to formalise the flow of information to the Board of Auditors, with information about the characteristics, the parties involved and the associated effects on the company's balance sheet, income statement and financial position, for all transactions with related parties, as well as to ensure that appropriate information be provided regularly in the management report that accompanies the annual financial statements.

UniCredit, always conscious of its position as a listed issuer, is also required to respect the information requirements foreseen in the CONSOB regulations in force, in relation to transactions with related parties, even when carried out through subsidiaries, whenever the object, payments, methods or timing might affect the security of company assets or the completeness and accuracy of the information, including accounting information, about the listed issuer. In this case, the company is required to make a related party disclosure document available to the public, drawn up according to the outline indicated in the aforementioned regulations.

Notwithstanding the frame of reference indicated above, during the year 2003 the UniCredit Board of Directors deliberated the definition of the criteria of identification of operations carried out with related parties, in compliance with the instructions originally provided by Consob in its communication no. 2064231 of 30 September 30 2002 and then by the model provided by IAS 24.

Intercompany transactions and/or transactions with related parties in general, both Italian and foreign, carried out by UniCredit in 2007 were performed on the basis of evaluations of reciprocal economic benefits. Conditions were defined strictly on the basis of the criteria of substantial correctness, in line with the shared goal of creating value for the entire group. These transactions were completed, as a rule, under conditions similar to those applied in transactions with unrelated third parties.

The same principle was also applied in relation to the intercompany supply of services, which were quantified on the basis of a minimum charge calculated to recover the related costs of production.

While complying with the principle set out in art. 2391 of the Italian Civil Code on the subject of directors' interests, the Company must also comply with art. 136 of Legislative Decree 385/93 (Consolidated Banking Act) on the subject of the obligations of corporate banking officers, which provides that they (or any party related to them) may assume obligations to the bank they manage, direct or control, only after unanimous approval of the governing body and the favorable vote of the members of the controlling body.

For this purpose, the above officers are required to give notice of individuals or legal entities with whom the establishment of possible relations could be construed as generating this type of obligation pursuant to article 136 of Legislative Decree 385/93 (nominees and companies controlled by company officers as well as companies in which they perform administration, management or control functions, and their subsidiaries or parents).

It is company practice to use the services of independent experts to issue fairness or legal opinions when the nature of the transaction, including those with related parties, so requires.

The following table sets out the assets, liabilities and guarantees as at 31 December 2007, for each group of related parties.

Notes to the Accounts (Continued)

Part H) Related-Party Transactions (Continued)

	31.12.2007				
	SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES
Financial assets held for trading	1,864,420	-	134,357	-	-
Financial assets at fair value through profit or loss	1	-	-	-	-
Avalaible-for-sale-financial assets	-	-	2,300	-	-
Loans and receivables with banks	138,267,025	12,054	3,004	-	-
Loans and receivables with customers	16,614,181	316,696	91,909	-	-
Investments in associates and joint ventures	72,078,576	-	254,081	-	-
Other assets	992,297	2,183	-	-	-
Total assets	**229,816,500**	**330,933**	**485,651**	**-**	**-**
Deposits from banks	66,025,390	698	9	-	-
Deposits from customers	1,387,175	-	-	-	-
Securities and financial liabilities	18,516,701	-	90,409	-	-
Other liabilities	3,500,077	107	-	-	-
Total liabilities	**89,429,343**	**805**	**90,418**	**-**	**-**
Guarantees issued and commitments	**48,165,365**	**1,232,575**	**-**	**-**	**-**

Pursuant to the provisions of applicable regulations, in 2007 no atypical and/or unusual transactions were carried out whose significance/size could give rise to doubts as to the protection of company assets and minority interest, either with related or other parties.

In respect of non-recurring events and transactions which are particularly important in view of the corporate organization, further details are provided in the consolidated report on operations (chapters “Corporate Transactions“ and “Subsequent events”), as well as in the chapter on financial investments and on subsequent events included in this annual report.

Information on Stock options and other equity instruments granted to directors, general managers and other key management personnel, in accordance with Section 78 of the Issuers’ Regulation no. 11971 and IAS 24 requirements, are provided below.

Information on Stock options and other equity instruments granted to directors, general managers and other key management personnel, in accordance with Section 78 of the Issuers' Regulation no. 11971 and IAS 24 requirements, are provided below.

UniCredit Stock option granted to Directors, General Managers and other key management personnel
(pursuant to Article 78 of CONSOB Resolution No. 11971 dated 14 May 1999 et seq.)

		OPTIONS HELD AT BEGINNING OF THE PERIOD[1]			OPTIONS GRANTED DURING THE PERIOD			OPTIONS EXERCISED DURING THE PERIOD			OPTIONS EXPIRED IN THE PERIOD[2]	OPTIONS HELD AT THE END OF THE PERIOD[3]		
FULL NAME	POSITION HELD	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE	AVERAGE MATURITY	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE	AVERAGE MATURITY	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE	AVERAGE MARKET PRICE AT EXERCISE DATE	NUMBER OF OPTIONS	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE	AVERAGE MATURITY
Alessandro Profumo	Managing Director/CEO	25,438,000	4.8727	Mar-15	3,467,502	7.0940	Jul-17	-	-	-	-	28,905,502	5.1391	Jul-15
Other managers	Key management	26,023,900	5.0578	Sep-17	8,248,362	6.7778	Dec-16	1,200,000	4.4440	6.1061	2,339,900	30,732,362	5.5622	Aug-17
Total of stock options		51,461,900			11,715,864			1,200,000			2,339,900	59,637,864		

(1) Options held at beginning of the period by managers qualified as Key Management Personnel includes 1,630,500 rights granted during previous accounting periods to managers who took KMP's office during 2007.
(2) Cancelled after resignation with loss of rights.
(3) Options held at the end of the period by managers qualified as Key Management Personnel includes 1,021,618 rights granted to managers who leaved KMP's office during 2007 without loss of rights.
"Average exercise price" and "Average maturity" are weighted according to the number of rights.

Notes to the Accounts (Continued)

Part H) Related-Party Transactions (Continued)

Other UniCredit equity instruments granted to Directors, General managers and other key management personnel
(pursuant to Article 78 of CONSOB Resolution No. 11971 dated 14 May 1999 et seq.)

		PERFORMANCE SHARES HELD AT BEGINNING OF THE PERIOD[1]			PERFORMANCE SHARES GRANTED DURING THE PERIOD			PERFORMANCE SHARES EXERCISED DURING THE PERIOD			PERFORMANCE SHARED EXPIRED IN THE PERIOD[2]	PERFORMANCE SHARED HELD AT THE END OF THE PERIOD[3]		
FULL NAME	POSITION HELD	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE	AVERAGE MATURITY	NUMBER OF THE OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE	AVERAGE MATURITY	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE	AVERAGE MARKET PRICE AT EXERCISE DATE	NUMBER OF OTHER EQUITY INSTRUMENTS	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE	AVERAGE MATURITY
Alessandro Profumo	Managing Director/CEO	1,413,000	-	May-08	492,575	-	Dec-10	575,000	-	6.8120	-	1,330,575	-	Dec-09
Other managers	Key management personnel	5,225,500	-	Nov-08	1,708,674	-	Dec-10	1,081,000	-	6.8120	353,000	5,500,174	-	Nov-09
Total Performance shares		6,638,500			2,201,249			1,656,000			353,000	6,830,749		

(1) Performance Shares held at beginning of the period by managers qualified as Key Management Personnel includes 520,300 rights granted during previous accounting periods to managers who took KMP's office during 2007.
(2) Cancelled after resignation with loss of rights.
(3) Performance Shares held at the end of the period by managers qualified as Key Management Personnel includes 169,019 rights granted to managers who leaved KMP's office during 2007 without loss of rights.
"Average exercise price" and "Average maturity" are weighted according to the number of rights.

Further information related to the mentioned long term incentive plans are exposed in “Part I - Share based payments”.
Due to the exercise of synthetic Cash-Settled Share Appreciation Rights linked to the share-value of some not listed subsidiaries, €1,292 thousand has been settled to Key management personnel.

Notes to the Accounts

Part I) Share-based Payments

Notes to the Accounts

Part I) Share-based Payments

A. Qualitative information

DESCRIPTION OF SHARE-BASED PAYMENTS

1. OUTSTANDING INSTRUMENTS

Group Medium & Long Term Incentive Plans for selected employees include the following categories:
- Equity-Settled Share Based Payments,
- Cash Settled Share Based Payments[1].

The first category includes the following:
- **Stock Options** allocated to selected Top & Senior Managers and Key Talents of the Group;
- **Performance Shares** allocated to selected Top & Senior Managers and Key Talents of the Group and represented by free UniCredit ordinary shares that the Company undertakes to grant, conditional upon achieving performance targets set at Group and Division level in the Strategic Plan and any amendments thereto approved by the Board;
- **Restricted Shares** allocated to selected Middle Managers of the Group.

The second category includes synthetic "Share Appreciation Rights" linked to the share-value of Pioneer Global Asset Management (PGAM).

2. MEASUREMENT MODEL

2.1 Stock Option

The Hull and White Evaluation Model has been adopted to measure the economic value of stock options.

This model is based on a trinomial tree price distribution using the Boyle's algorithm and estimates the early exercise probability on the basis of a deterministic model connected to:
- reaching a Market Share Value equals to an exercise price-multiple (**M**);
- probability of beneficiaries' early exit (**E**) after the end of the Vesting Period.

1. Linked to the economic value of instruments representing a Subsidiary's Shareholders' Equity.

The following table shows the measurements and parameters used in relation to the Stock Options granted in 2007.

Measurement of Stock Options 2007

	STOCK OPTIONS 2007
Exercise Price [€]	7.094
UniCredit Share Market Price [€]	7.094
Date of granting Board resolution (Grant Date)	12-Jun-2007
Vesting Period Start-Date	13-Jul-2007
Vesting Period End-Date	13-Jul-2011
Expiry date	15-Jul-2017
Exercise price - Multiple **(M)**	1.5
Exit Rate Post Vesting **(E)**	3.73%
Dividend Yield[2]	2.8306%
Volatility	17.296%
Risk Free Rate	4.626%
Stock Options' Fair Value per unit at Grant Date [€]	**1.3292**

2. Ratio between the average of the dividends paid by UniCredit S.p.A. from 2004 to 2007 and the stock's market value at grant date.

Parameters are calculated as follows:
- **Exit rate**: annual percentage of Stock Options forfeited due to termination;
- **Dividend-Yield**: last four years average dividend-yield, according to the duration of the vesting period;
- **Volatility**: historical daily average volatility for a period equals to the duration of the vesting period;
- **Exercise Price**: arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the granting Board resolution;
- **UniCredit Share Market Price**: set equals to the Exercise Price, in consideration of the "at the money" allocation of Stock Options at the date of grant.

2.2 Other equity instruments (Performance Shares)

The economic value of Performance Shares is measured considering the share market price at the grant date less the present value of the future dividends during the performance period. Parameters are estimated by applying the same model used for Stock Options measurement.

The following table shows the measurements and parameters used in relation to the Performance Shares granted in 2007.

Notes to the Accounts (Continued)

Part I) Share-based Payments (Continued)

Measurement of Performance Shares 2007

	PERFORMANCE SHARES 2007
Date of granting Board resolution (Grant Date)	12-Jun-2007
Vesting Period Start-Date	1-Jan-2010
Vesting Period End Date	31-Dec-2010
UniCredit Share Market Price [€]	7.094
Economic Value of Vesting Conditions [€]	-1.015
Performance Shares' Fair Value per unit at Grant Date [€]	**6.079**

2.3 Other equity instruments (Restricted Shares)

The economic value of Restricted Shares is measured considering the share market price at grant date. Any new Restricted Shares' Plans haven't been granted during 2007.

B. Quantitative information

1. ANNUAL CHANGES

UniCredit Stock Options

ITEMS/NUMBER OF OPTIONS AND EXERCISE PRICE	YEAR 2007 NUMBER OF OPTIONS	YEAR 2007 AVERAGE EXERCISE PRICE [€]	YEAR 2007 AVERAGE MATURITY	YEAR 2006 NUMBER OF OPTIONS	YEAR 2006 AVERAGE EXERCISE PRICE [€]	YEAR 2006 AVERAGE MATURITY
A. Outstanding at beginning of period	**109,837,343**	**4.9851**	**Sep-2016**	**130,505,783**	**4.6170**	**Mar-2014**
B. Increases						
B.1 New issues	29,809,423	7.094	Jul-2017	29,291,200	5.9508	Dec-2019
B.2 Other[1]	29,702,318	3.5013	Jan-2011			
C. Decreases						
C.1 Forfeited	4,469,793	5.1723		7,757,673	4.8618	
C.2 Exercised[2]	5,322,482	4.3626		42,201,967	4.5396	
C.3 Expired						
C.4 Other						
D. Outstanding at end of period	**159,556,809**	**5.1184**	**Dec-2015**	**109,837,343**	**4.9851**	**Sep-2016**
E. Vested Options at end of period	**44,344,112**	**4.2055**	**Sep-2010**	**32,086,993**	**4.6663**	**Aug-2010**

1. Allocations resulting from the replacement of ex-Capitalia plans with LTI plans based on UniCredit shares.
2. Exercises occurred in 2007 include figures related to ex-Capitalia plans that had been replaced with LTI plans based on UniCredit shares. The average market price at the exercise date is equal to €6.4508.

Other UniCredit equity instruments: Performance Shares and Restricted Shares

ITEMS/NUMBER OF OTHER EQUITY INSTRUMENTS AND EXERCISE PRICE	YEAR 2007 NUMBER OF OTHER EQUITY INSTRUMENTS	YEAR 2007 AVERAGE EXERCISE PRICE [€]	YEAR 2007 AVERAGE MATURITY	YEAR 2006 NUMBER OF OTHER EQUITY INSTRUMENTS	YEAR 2006 AVERAGE EXERCISE PRICE [€]	YEAR 2006 AVERAGE MATURITY
A. Outstanding at beginning of period	**30,184,750**	**-**	**Nov-2008**	**23,504,360**	**-**	**Apr-2008**
B. Increases						
B.1 New issues	8,205,268	-	Dec-2010	12,033,600	-	Sep-2009
B.2 Other						
C. Decreases						
C.1 Forfeited	1,323,730	-		2,804,350	-	
C.2 Exercised[1]	6,978,500	-		2,548,860	-	
C.3 Expired						
C.4 Other						
D. Outstanding at end of period[2]	**30,087,788**	**-**	**Oct-2009**	**30,184,750**	**-**	**Nov-2008**
E. Vested instruments at end of period	**-**			**4,219,600**		

1. The average market price at the exercise date is equal to € 6.5976.
2. 27,141,788 ordinary shares (at the end of 2007) and 24,345,350 ordinary shares (at the end of 2006), that the Company undertakes to grant, conditional upon achieving performance targets set in the Strategic Plan.

Notes to the Accounts (Continued)

Part I) Share-based Payments (Continued)

2. OTHER INFORMATION

Integration with Capitalia Group

In order to support the integration process with Capitalia Group, also in relation to compensation policies, on 30th July 2007, the UniCredit shareholders' meeting approved, on extraordinary session, the granting of Stock Options plans based on UniCredit shares, in exchange for Equity-Settled plans that have been granted, during the previous years, by Capitalia Group to its own employees, financial promotion agents and not employed Directors.

The following table shows the main features related to the above mentioned plans.

DESCRIPTION	ORIGINAL GRANT DATE	VESTING PERIOD	EXPIRY DATE	ORIGINAL EXERCISE PRICE [€]	STOCK OPTIONS' FAIR VALUE PER UNIT AT THE ORIGINAL GRANT [€][3]
Subscription rights UniCredit S.p.A. 2007-2008 (Ex Capitalia Warrants 2002) – 1st Tranche[1]	1-Oct-2002	3 years from the original Grant Date with the right to exercise in advance - after 2 years vesting - up to a maximum of 50% of the total number of the rights granted	30-Sep-2008	1.2140	-
Subscription rights UniCredit S.p.A. 2007-2008 (Ex Capitalia Warrants 2002) – 2nd Tranche[1]	3-Aug-2004		30-Sep-2008	2.4743	-
Subscription rights UniCredit S.p.A. 2007-2011 (Ex Capitalia Warrants 2005)[1]	9-May-2005		9-May-2011	4.1599	0.735761
Subscription rights UniCredit S.p.A. 2007-2011 (Ex Capitalia MD Warrants 2005)[2]	9-May-2005		9-May-2011	4.1599	0.735761
Subscription rights UniCredit S.p.A. 2007-2009 (Ex Finecogroup Warrants 2003)[1]	2-Jan-2004		31-Dec-2009	4.2400	-
Subscription rights UniCredit S.p.A. 2007-2011 (Ex Finecogroup Warrants 2005)[1]	24-May-2005		24-May-2011	3.9348	1.00761724

1. Each Right gives to the beneficiary the right to subscribe UniCredit ordinary shares according to the ratio of 1.12 UniCredit ordinary shares for each exercised Right.
2. This plan has been granted to not employed Directors of Capitalia Group's Companies. Each Right gives to the beneficiary the right to acquire UniCredit treasury ordinary shares according to the ratio of 1.12 UniCredit ordinary shares for each exercised Right.
3.The Right's fair value per unit at (the original) grant date is only reported for those plans (or portion of them) whose vesting period was not ended at date of merger effectiveness of Capitalia Group into UniCredit.

Effects on Profit or Loss

All Share-Based Payment granted after 7th November 2002 which vesting period ends after 1st January 2005 are included within the scope of the IFRS2.

Financial statement presentation related to share based payments (euro/000)				
	2007		2006	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
Costs	**16,984**		**23,287**	
-connected to Equity Settled Plans[1]	*16,984*		*23,287*	
-connected to Cash Settled Plans	-		-	
Debts for Cash Settled Plans[2]	**79,034**	**79,034**	**71,665**	**41,644**
-of which Intrinsic Value		*79,034*		*40,379*

1. Partly included in "other administrative expenses" in keeping with the recognition of other monetary charges connected to the remuneration of services provided by beneficiaries.
2. These debts are related to PGAM share's based medium - long term incentive plans and are offset by an equal credit towards PGAM that is booked in "other assets". Costs related to these incentive plans are recognized by the subsidiaries receiving "services" from the grantees.

Annexes

Annexes

Reconciliation of Condensed Account to Mandatory Reporting Schedule (Amounts in million of €)

In order to provide the supplementary information required by Consob Communication No. DEM/6064293 of 28 July 2006, a reconciliation of the reclassified balance sheet and profit and loss account to the mandatory reporting schedules, is provided below.

Balance sheet

	AMOUNTS AS AT		SEE NOTES TO THE ACCOUNTS
	31.12.2007	31.12.2006	
Assets			Part B) Assets
Cash and cash balances = *item 10*	4,027	26	Table 1.1
Financial assets held for trading = *item 20*	11,157	5,243	Table 2.1
Loans and receivables with banks = *item 60*	162,820	112,176	Table 6.1
Loans and receivables with customers = *item 70*	21,716	11,876	Table 7.1
Financial investments	78,469	41,168	
30. Financial assets at fair value through profit or loss	*59*	*39*	*Table 3.1*
40. Available-for-sale financial assets	*3,281*	*3,730*	*Table 4.1*
50. Held-to maturity invstments	*2,796*	-	*Table 5.1*
100. Investments in associates and joint ventures	*72,333*	*37,399*	*Table 10.2*
Hedging instruments	568	659	
80. Hedging derivatives	*569*	*661*	*Table 8.1*
90. Changes in fair value of portfolio hedged items	*-1*	*-2*	*Table 9.1*
Property, plant and equipment = *item 110*	24	12	Table 11.1
Goodwill = *item 120* - intangible assets net of which: goodwill	3,544	-	Table 12.1
Other intangible assets = *item 120* - Intangible assets net of goodwill	106	1	Table 12.1
Tax assets = *item 130*	4,113	1,266	
Non-current assets and disposal groups classified as held for sale = *item 140*	712	-	Table 14.1
Other assets = *item 150*	2,281	1,862	Table 15.1
Total assets	**289,537**	**174,289**	

Balance sheet

	AMOUNTS AS AT		SEE NOTES TO THE ACCOUNTS
	31.12.2007	31.12.2006	
Liabilities and shareholders' equity			Part B) Liabilities
Deposits from banks = *item 10*	97,941	63,548	Table 1.1
Deposits from customers and debt securities in issue	118,738	73,571	
20. Deposits from customers	*7,863*	*5,762*	*Table 2.1*
30. Debt securities in issue	*110,875*	*67,809*	*Table 3.1*
Financial liabilities held for trading = *item 40*	7,726	1,864	Table 4.1
Financial liabilities at fair value through profit or loss = item 50	6,016	-	Table 5.1
Hedging instruments	1,886	988	
60. Hedging derivatives	*2,595*	*1,353*	*Table 6.1*
70. Changes in fair value of portfolio hedged items	*-709*	*-365*	*Table 7.1*
Provisions for risks and charges = *item 120*	1,105	497	Table 12.1
Tax liabilities = *item 80*	1,884	1,342	
Liabilities included in disposal group classifid as held for sale = *item 90*	371	-	
Other liabilities	3,250	1,045	
100. Other liabilities	*3,186*	*990*	*Table 10.1*
110. Provision for employee severance pay	*64*	*55*	*Table 11.1*
Shareholders' equity	50,620	31,434	
- Capital and reserves	48,581	27,540	
130. Revaluation reserves, of which: Special revaluation laws	*277*	*277*	*Table 14.7*
160. Reserves	*8,271*	*4,774*	
170. Share premium	*33,708*	*17,628*	
180. Issued capital	*6,683*	*5,219*	*Table 14.2*
190. Treasury shares	*-358*	*-358*	*Table 14.2*
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	173	879	
130. Revaluation reserves, of which: Available-for-sale financial assets	*165*	*867*	*Table 14.7*
130. Revaluation reserves, of which: Cash-flow hedges	*8*	*12*	*Table 14.7*
- Net profit = *item 200*	1,866	3,015	
Total liabilities and shareholders' equity	**289,537**	**174,289**	

Annexes (Continued)

Reconciliation of Condensed Account to Mandatory Reporting Schedule (Continued)

INCOME STATEMENT	YEAR		SEE NOTES TO THE ACCOUNTS
	31.12.2007	31.12.2006	
			Part C)
Net interest = *item 30. Net interest margin*	-1,158	-158	Tables 1.1 and 1.4
Dividends and other income from equity investments	2,783	2,358	
70. Dividend income and similar revenue	*2,834*	*2,358*	Table 3.1
less: dividends from held for trading equity investments included in item 70	*-51*	-	Table 3.1
Net interest margin	**1,625**	**2,200**	
Net fees and commissions = *item 60*	61	54	Tables 2.1 and 2.3
Net trading, hedging and fair value income	66	30	
80. Gains and losses on financial assets and liabilities held for trading	*5*	*24*	Table 4.1
+ dividends from held for trading equity investments included in item 70	*51*	-	Table 3.1
90. Fair value adjustments in hedge accounting	*5*	*4*	Table 5.1
100. Gains and losses on disposal of: d) financial liabilities	*7*	-	Table 6.1
110. Gains and losses on financial assets/liabilities	*-2*	*2*	Table 7.1
Net other expenses/income	23	-10	
190. Other net operating income	*62*	*26*	Tables 13.1 and 13.2
less: Other operating income - of which: recovery of costs	*-39*	*-36*	Table 13.2
Net non-interest income	**150**	**74**	
OPERATING INCOME	**1,775**	**2,274**	
Payroll costs	-346	-271	
150. Administrative costs - a) staff expenses	*-388*	*-278*	Table 9.1
less: integration costs	*42*	*7*	
Other administrative expenses	-300	-197	
150. Administrative costs - b) other administrative expenses	*-325*	*-245*	Table 9.5
less: integration costs	*25*	*48*	
Recovery of expenses = *item 190. Other net operating income*			
- of which: Operative income recovery of costs	*39*	*36*	Table 13.2
Amortisation, depreciation and impairment losses on intangible and tangible assets	-14	-5	
170. Impairment/write-backs on property, plant and equipment	*-11*	*-4*	Table 11.1
180. Impairment/write-backs on intangible assets	*-3*	*-1*	Table 12.1
Operating costs	**-621**	**-437**	
OPERATING PROFIT	**1,154**	**1,837**	
Provisions for risks and charges	-18	-27	
160. Provisions for risks and charges	*-18*	*-32*	Table 10.1
less: integration costs	-	5	
Integration costs	-67	-60	
Net impairment losses on loans and provisions for guarantees and commitments	22	4	
100. Gains and losses on disposal of a) loans	*..*	-	Table 6.1
130. Impairment losses on a) loans	*33*	*10*	Table 8.1
130. Impairment losses on d) other financial assets	*-11*	*-6*	Table 8.4
Net income from investments	564	1,184	
100. Gains and losses on disposal of b) available-for-sale financial assets	*744*	*675*	*Table 6.1*
130. Impairment losses on: b) available-for-sale financial assets	*-5*	*-1*	*Table 8.2*
210. Profit (loss) of associates - of which: Write-backs (write-downs) of equity investments	*-179*	*-25*	*Table 14.1*
210. Profit (loss) of associates - of which: gains (losses) on disposal of equity investments	*3*	*532*	*Table 14.1*
240. Gains (losses) on disposal of investments	*1*	*3*	*Table 17.1*
PROFIT BEFORE TAX	**1,655**	**2,938**	
Income tax for the period = item 260. Tax expense (income) related to profit or loss from continuing operations	211	77	Table 18.1
NET PROFIT (LOSS) FOR THE YEAR	**1,866**	**3,015**	

Annexes (Continued)

Disclosure of fees paid to the Auditing Firm

and to entities belonging to its network for financial year 2007

(pursuant to article 149-duodecies, CONSOB Regulation no. 11971/99, as supplemented)

Disclosure of External Auditors' Fees - UniCredit S.p.A. - Financial Year 2007 - KPMG network

As prescribed by §149-duodecies of the Consob Issuers Regulation, the following table gives fees paid in 2007 for audit services rendered by KPMG SpA and firms in its network.

EXTERNAL AUDITING	SERVICE PROVIDER NAME OF AUDITING FIRM	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE COMPANY NAME	DESCRIPTION OF SERVICE	FEES (€000)[1]
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Audit of Company and Consolidated Accounts and First Half Report, accounting checks and foreign branches[2]	€ 2,047
Auditing Firm Total				€ 2,047
External Auditing Total				**€ 2,047**

CHECKING FOR THE PURPOSES OF OTHER OPINIONS	SERVICE PROVIDER NAME OF AUDITING FIRM	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE COMPANY NAME	DESCRIPTION OF SERVICE	FEES (€000)[1]
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Checking proforma and forecast consolidated accounts data, issuance of comfort letters and review of the social and environmental report	€ 1,606
Auditing Firm Total				€ 1,606
Network Auditing Firm(s)	Closed joint stock company KPMG Audit-KPMG Ukraine	UniCredit S.p.A.	Checking KPMG SpA's audit of the consolidated accounts	€ 7
Network Auditing Firm(s) Total				€ 7
Data Checking Total				**€ 1,613**

OTHER NON-AUDITING SERVICES	SERVICE PROVIDER NAME OF AUDITING FIRM	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE COMPANY NAME	DESCRIPTION OF SERVICE	TYPE	FEES (€000)[1]
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Checking the English translation of the annual accounts and first half report	Checking	€ 14
Auditing Firm Total					€ 14
Network Auditing Firm(s)					-
Network Auditing Firm(s) Total					-
Other Non-Auditing Services Total					**€ 14**
GRAND TOTAL					**€ 3,674**

1. Net of VAT and out-of pocket expenses
2. Contract approved by the Shareholders' Meeting of 10 May 2007 for total fees of €747,000, as supplemented by the Board of Directors on 12 March 2008, following the absorption of Capitalia (additional fees: €1,300,000)

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (amounts in €)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 31.12.2007	EMPLOYEES IN SERVICE AS AT 31.12.2007	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Pension Fund for the employees of Cassa di Risparmio di Trieste Collections Division" Registration no. 9081	99	-	Defined benefit		Payable by the company: 5.25% Payable by the employee: 1.35% - 3% depending on category
Opening balance as at 31.12.2006				**5,663,447**	
Provisions for the year:					
- interest cost				253,683	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				464,083	
Balance as at 31.12.2007				**5,453,047**	
Present value of the liabilities				**5,189,350**	
Non-recognised actuarial gains/losses				**263,697**	
"Supplementary Pension Fund for employees of Cassa di Risparmio di Torino in liquidation" Registration no. 9084	4	-	Defined benefit		
Opening balance as at 31.12.2006				**217,345**	
Provisions for the year:					
- interest cost				9,547	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				38,580	
Balance as at 31.12.2007				**188,312**	
Present value of the liabilities				**197,292**	
Non-recognised actuarial gains/losses				**-8,980**	
"Supplementary Pension Fund for the collection management staff of Cassa di Risparmio di Torino" Registration no. 9085	177	-	Defined benefit		Payable by the company according to technical accounts
Opening balance as at 31.12.2006				**11,986,916**	
Provisions for the year:					
- interest cost				488,513	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				1,282,413	
Balance as at 31.12.2007				**11,193,016**	
Present value of the liabilities				**11,882,000**	
Non-recognised actuarial gains/losses				**-688,984**	

Annexes (Continued)

Internal Pension Funds: Statement of Changes in the Year and Final Account (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 31.12.2007	EMPLOYEES IN SERVICE AS AT 31.12.2007	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary Company Pension Fund of the general obligatory insurance for the employees of the credit section of Cassa di Risparmio di Trento e Rovereto Spa, the Social Security Fund for employees of the agencies of the Tax Collections Service, and for the employees of the tax collection agency of Cassa di Risparmio di Trento e Rovereto Spa" Section A Registration no. 9131	464	-	Defined benefit		Payable by the company according to technical accounts + average monthly Euribor rate on equity
Opening balance as at 31.12.2006				**41,386,344**	
Provisions for the year:					
- interest cost				1,900,451	
- actuarial gains/losses recognised in the year				918,156	
Benefits paid in the year				4,579,106	
Other increases				101,080	
Balance as at 31.12.2007				**39,726,925**	
Present value of the liabilities				**37,623,000**	
Non-recognised actuarial gains/losses				**2,103,925**	
"Contract for Pensions and Social Security for Staff belonging to the Management/Senior Management, Officers, Managers, Employees, Subordinate employee and Auxiliary staff categories of Cariverona Banca Spa" Registration no. 9013	996	3	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 31.12.2006				**81,385,081**	
Provisions for the year:					
- interest cost				3,652,937	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				8,704,976	
Other increases				85,427	
Balance as at 31.12.2007				**76,418,469**	
Present value of the liabilities				**75,795,000**	
Non-recognised actuarial gains/losses				**623,469**	

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 31.12.2007	EMPLOYEES IN SERVICE AS AT 31.12.2007	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary pension fund of the obligatory insurance, invalidity, widows and survivors insurance (managed by the INPS) of the Cassa di Risparmio di Ancona" (absorbed on 1/10/89 by Cariverona Banca Spa) - Registration no. 9033	47	1	Defined benefit		Payable by the Company 10% + technical accounts
Opening balance as at 31.12.2006				**4.559.314**	
Provisions for the year:					
- interest cost				206,635	
- actuarial gains/losses recognised in the year				29,786	
Benefits paid in the year				459,398	
Other increases				5,314	
Balance as at 31.12.2007				**4,341,651**	
Present value of the liabilities				**4,175,000**	
Non-recognised actuarial gains/losses				**166,651**	
"Pension fund for employees, clerks and auxiliary workers of Banca Cuneese Lamberti Meinardi & C. - Cuneo" (absorbed on 1/8/92 by Cariverona Banca Spa) - Registration no. 9012	32	5	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 31.12.2006				**4,293,400**	
Provisions for the year:					Payable by Employees: 1%
- interest cost				195,517	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				321,268	
Other increases				1,131	
Balance as at 31.12.2007				**4,168,780**	
Present value of the liabilities				**4,190,000**	
Non-recognised actuarial gains/losses				**-21,220**	
"Pension fund for the employees of the former Credito Fondiario delle Venezie Spa" Registration no. 9067	9	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 31.12.2006				**1,382,239**	
Provisions for the year:					
- interest cost				62,905	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				105,562	
Balance as at 31.12.2007				**1,339,582**	
Present value of the liabilities				**1,339,000**	
Non-recognised actuarial gains/losses				**582**	

Annexes (Continued)

Internal Pension Funds: Statement of Changes in the Year and Final Account (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 31.12.2007	EMPLOYEES IN SERVICE AS AT 31.12.2007	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Agreement for the regulation of the social security benefits of the employees of the Istituto Federale delle Casse di Risparmio delle Venezie Spa" - Registration no. 9068	64	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 31.12.2006				**5,065,985**	
Provisions for the year:					
- interest cost				232,374	
- actuarial gains/losses recognised in the year				111,715	
Benefits paid in the year				559,216	
Balance as at 31.12.2007				**4,850,858**	
Present value of the liabilities				**5,054,000**	
Non-recognised actuarial gains/losses				**-203,142**	
"Internal Company Fund (FIA) of the former Credito Romagnolo" + CIP former Banca del Friuli - Registration no. 9151	1,239	-	Defined benefit		Payable by the Company from 2.5% to 6% +2.5% on equity Payable by the employee from 2% to 6%
Opening balance as at 31.12.2006				**109,487,355**	
Provisions for the year:					
- interest cost				4,979,693	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				10,271,763	
Balance as at 31.12.2007				**104,195,285**	
Present value of the liabilities				**107,452,685**	
(*) of which: Actual value of the obligation stipulated by the Agreement dated 31.1.1990 item 18				*2,920,466*	
Non-recognised actuarial gains/losses				**-3,257,400**	

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 31.12.2007	EMPLOYEES IN SERVICE AS AT 31.12.2007	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary Pension Fund for the employees of the former Carimonte Banca Spa" - Registration no. 9147	166	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 31.12.2006				**13,447,865**	
Provisions for the year:					
- interest cost				582,571	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				1,212,044	
Balance as at 31.12.2007				**12,818,392**	
Present value of the liabilities				**12,541,733**	
Non-recognised actuarial gains/losses				**276,659**	
"Fund for the employees of Magazzini Generali" Registration no. 9148	3	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 31.12.2006				**116,215**	
Provisions for the year:					
- interest cost				5,321	
- actuarial gains/losses recognised in the year				1,814	
Benefits paid in the year				11,907	
Balance as at 31.12.2007				**111,443**	
Present value of the liabilities				**124,885**	
Non-recognised actuarial gains/losses				**-13,442**	

Annexes (Continued)

Internal Pension Funds: Statement of Changes in the Year and Final Account (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 31.12.2007	EMPLOYEES IN SERVICE AS AT 31.12.2007	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary retirement benefits in favour of the members of the General Management of Credito Italiano who retired between 1 January 1963 and 30 September 1989 attributed to UniCredito Italiano" - Registration no. 9029	18	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 31.12.2006				**11,002,246**	
Provisions for the year:					
- interest cost				543,844	
- actuarial gains/losses recognised in the year				1,270,685	
Benefits paid in the year				1,419,806	
Balance as at 31.12.2007				**11,396,969**	
Present value of the liabilities				**11,021,690**	
Non-recognised actuarial gains/losses				**375,279**	
"Company Social Security Fund supplementing INPS benefits. Additional-benefit reserve accounts for employees of former Banca dell'Umbria 1462 S.p.A.". incl. the tax collection service SORIT - Registration no. 9021 e 9020	140	-	Defined benefit		Payable by the Company: reserve coverage Payable by employees: 1.5%
Opening balance as at 31.12.2006				**13,357,262**	
Provisions for the year:					
- interest cost				486,858	
- actuarial gains/losses recognised in the year				-169,695	
Benefits paid in the year				3,596,905	
Other increases				2,628,502	
Balance as at 31.12.2007				**12,706,022**	
Present value of the liabilities				**9,462,018**	
Non-recognised actuarial gains/losses				**3,244,004**	
"Company Social Security Fund supplementing INPS benefits of Cassa Risparmio Carpi SpA Defined-benefit reserve account for former employees" - Registration no. 9022	63	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 31.12.2006				**3,894,468**	
Provisions for the year:					
- interest cost				206,595	
- actuarial gains/losses recognised in the year				718,156	
Benefits paid in the year				499,872	
Balance as at 31.12.2007				**4,319,347**	
Present value of the liabilities				**4,282,563**	
Non-recognised actuarial gains/losses				**36,784**	

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 31.12.2007	EMPLOYEES IN SERVICE AS AT 31.12.2007	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Pension fund for the employees of former UniCredit Banca Mediocredito - Registration no. 9127	41	-	Defined benefit		
Opening balance as at 31.12.2006				**3,618,574**	
Provisions for the year:					
- interest cost				147,784	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				469,730	
Balance as at 31.12.2007				**3,296,628**	
Present value of the liabilities				**3,282,000**	
Non-recognised actuarial gains/losses				**14,628**	
Pension fund for the employees of Capitalia Head Office (former Banco di S.Spirito, former Banco di Roma and former Cassa di Risparmio di Roma) - Registration no. 9165	102	25	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 1.10.2007[1]				**88,707,424**	
Provisions for the year:					
- interest cost				1,101,630	
- actuarial gains/losses recognised in the year				-	
Current service cost(gross)				29,706	
Benefits paid in the year				2,313,235	
Other increases				9,902	
Balance as at 31.12.2007				**87,535,427**	
Present value of the liabilities				**87,154,207**	
Non-recognised actuarial gains/losses				**381,220**	

(1) Amount deriving from the absorption of Capitalia S.p.A.

"Pension fund for the employees of former Credito Italiano AG Francoforte "	2	2*	Defined benefit		
Opening balance as at 31.12.2006				**1,264,804**	
Provisions for the year:					
- interest cost				56,004	
- actuarial gains/losses recognised in the year				158,341	
Current service cost (gross)				72,010	
Benefits paid in the year				-	
Transfer for liquidation				1,551,159	
Balance as at 31.12.2007				**-**	
Present value of the liabilities				-	
Non-recognised actuarial gains/losses				**-**	

* of which: 2 deferred benefit

Annexes (Continued)

Internal Pension Funds: Statement of Changes in the Year and Final Account (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 31.12.2007	EMPLOYEES IN SERVICE AS AT 31.12.2007	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Pension fund for the employees of the London Branch"	11	96*	Defined benefit		
Opening balance as at 31.12.2006				**3,737,767**	
Provisions for the year:					
- Corrent service cost (gross)				256,143	
- interest cost				847,282	
- Performance of plan assets				-771,452	
- Curtailments and settlements				-	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				129,542	
Other decreases				-10,980	
Balance as at 31.12.2007				**3,929,218**	
Present value of the liabilities				**13,404,255**	
Present value of plan assets				**12,794,417**	
Present value of the liabilities, not funded by plan assets				**609,838**	
Non-recognised actuarial gains/losses				**3,319,380**	

* of which: 85 deferred benefit

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 31.12.2007	ACTIVE MEMBERS AS AT 31.12.2007	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary Pension Fund of the general obligatory insurance for the employees of the credit section of Cassa di Risparmio di Trento e Rovereto Spa, the Social Security Fund for the employees of the tax collection agencies of the Tax Collection Service and for the employees of the tax collection agency of Cassa di Risparmio di Trento e Rovereto Spa" Sections B e C - Registration no. 9131	-	666	Defined contribution - individual capitalisation		Payable by the Company for employees ante*: min. 2% max 14.35% for employees post*: min. 2% - max 2.35% + empl. sever. pay + average monthly Euribor rate on equity Payable by employees: by employees ante 0.50% by employees post 2%
Opening balance as at 31.12.2006				**41,814,649**	
Decreases:				**5,023,664**	
Capital paid out in the year				5,016,881	
Other changes:					
- transfer to other pension funds				6,783	
Increases:				**4,924,880**	
Performance of liquid assets net of operating costs and replacement tax				1,433,288	
Other changes:					
- contributions paid by employees and the Company[1]				69,046	
- contributions paid by other Group Companies[1]				3,415,284	
- other				7,262	
Balance as at 31.12.2007				**41,715,865**	
FUND ASSETS					
Liquid assets				41,536,518	
Items to be settled				179,347	
Total assets				**41,715,865**	

(1) includes employee severance pay

* ante/post employees: those who joined the complementary social security fund before/after 28.4.1993, when Legislative Decree 124/93 came into force

Annexes (Continued)

Internal Pension Funds: Statement of Changes in the Year and Final Account (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 31.12.2007	ACTIVE MEMBERS AS AT 31.12.2007	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Pension Fund supplementing INPS benefits. Defined-contribution account of former Banca dell'Umbria 1462 S.p.A." - Registration no. 9021	-	639	Defined contribution		Employees "ante": (*) - payable by the employee 0.25% with the option to contribute also the employee severance pay - payable by the Company: from 2% to 6.28% Employees "post": (*) - payable by the employee min. 0.25% + sever. pay - payable by the Company: 2%
Opening balance as at 31.12.2006				**32,870,066**	
Decreases:				**3,422,513**	
Capital paid out in the year				3,342,513	
Other changes:					
- payment of insurance policy covering death and invalidity risk				80,000	
Increases:				**4,021,345**	
Performance of liquid assets net of operating costs and replacement tax				1,301,583	
Other changes:					
- contributions paid by employees and the Company[1]				101,565	
- contributions paid by other Group Companies[2]				2,604,721	
- other				13,476	
Balance as at 31.12.2007				**33,468,898**	
FUND ASSETS					
Liquid assets				34,061,577	
Items to be settled				-592,679	
Total assets				**33,468,898**	

(1) includes employee severance pay and costs in respect of death and invalidity risk cover
(2) includes employee severance pay
* ante/post employees: those who joined the supplementary social security fund before/after 28.4.1993, when Legislative Decree 124/93 came into force

FUNDS AND DESCRIPTION OF MOVEMENTS	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Social Security Fund supplementing INPS benefits. Defined-contribution account - (cost of living) of former Banca dell'Umbria 1462 S.p.A." - Registration no. 9021	Defined contribution		
Opening balance as at 31.12.2006		**206,207**	
Provisions for the year		-	
Balance as at 31.12.2007		**206,207**	

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 31.12.2007	ACTIVE MEMBERS AS AT 31.12.2007	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Social Security Fund supplementing INPS benefits - Cassa di Risparmio di Carpi S.p.A. - Pension account" - Registration no. 9022	-	266	Defined contribution - individual capitalisation		Contribution rate employees ante*: from 0% in steps of 0.5% + employee severance pay, up to 2.325% (voluntary) Company contribution rate: - seniority in the Fund 31.12.96 (under 10 years: 3.5%, from 11 to 20 years: 4%, from 21 to 25: 5%, from 26 to 30: 6%, from 31 to 35 years: 6.5%, over 35 years: 1.5%) - rates according to age as at 31.12.96: under 30: 1, from 31 to 35: 1.1, from 36 to 40: 1.2, from 41 to 45: 1.25, from 46 to 50: 1.3 Contribution rate employees post*: - from 0% to 2% in steps of 0.5% + empl. severance pay Company contribution rate: 2%
Opening balance as at 31.12.2006				**9,174,881**	
Decreases:				**620,846**	
Capital paid out in the year				620,846	
Increases:				**915,507**	
Performance of securities and liquid assets net of operating costs and replacement tax				149,571	
Other changes:					
- contributions paid by employees and the Company				-	
contributions paid by other Group Companies[1]				765,936	
Balance as at 31.12.2007				**9,469,542**	
FUND ASSETS					
Securities including accruals				9,351,014	
Liquid assets net of items to be settled				118,528	
Total assets				**9,469,542**	

(1) includes employee severance pay

* ante/post employees: those who joined the complementary social security fund before/after 28.4.1993, when Legislative Decree 124/93 came into force

Annexes (Continued)

Internal Pension Funds: Statement of Changes in the Year and Final Account (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 31.12.2007	ACTIVE MEMBERS AS AT 31.12.2007	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Pension Fund for employees of former UniCredit Banca MEDIOCREDITO S.p.A. - Registration no. 9127	-	175	Defined contribution		Payable by the Company: 2.75% Payable by the employee: 1% + additional voluntary contribution from 0% to 2%
Opening balance as at 31.12.2006				**12,258,650**	
Decreases:				**726,885**	
Capital paid out in the year				610,191	
Decrease of securities and cash net of operating costs and tax withholding credit				116,694	
Increases:				**752,535**	
Other changes:					
- contributions paid by employees and the Company					
and contributions paid by other Group Companies[1]				752,535	
Balance as at 31.12.2007				**12,284,300**	
FUND ASSETS					
Securities including accruals				12,064,942	
Liquid assets net of items to be settled				219,358	
Total assets				**12,284,300**	

1. includes employee severance pay

Internal pension funds

In 2007 - a year earlier than originally envisaged - Legislative Decree no. 252/05, “Regulations on supplementary pension schemes”, came into force.

This legislation concerns all aspects of supplementary pensions: their legal form, governance, and the professionalism required for the management and control of pension schemes. It also governs conflicts of interest, financial management, the custodian bank, investment limits and supervision. In addition, a review was made of the fiscal aspects relating to contributions and payment of benefits, as well as of questions relating to the various forms of investment.

The decree introduced an important innovation with regard to financing, allowing subscribers the option of allocating their accruing employee severance pay to supplementary pension schemes. During the startup phase this allocation could be made either explicitly or tacitly during the first six months of 2007.

The implementation of the provisions of this legislative decree demanded that all the internal Funds’ regulations be revised. In particular, by June 30, 2007, modifications were made to the regulations of the following defined contribution funds earmarked for the allocation of employee severance pay:

- Supplementary Pension Fund of the General Obligatory Insurance for the employees of the Credit Section of the former Cassa di Risparmio di Trento e Rovereto S.p.A., the Social Security Fund for the employees of the tax collection agencies of the Tax Collection Service and for the Personnel of the tax collection agency of the former Cassa di Risparmio di Trento e Rovereto S.p.A - Registration no. 9131;
- Supplementary Pension Fund of the former Cassa Risparmio Carpi S.p.A - Registration no. 9022;
- Supplementary Company Pension Fund for the Personnel of the former UniCredit Banca Mediocredito S.p.A - Registration no. 9127;
- Company Pension Fund for the Personnel of the former Banca dell’Umbria - Registration no. 9021.

Approximately 21% of eligible contributors to the above Funds explicitly requested the allocation of their employee severance pay, with around 10.3% doing so tacitly, while all other contributors affected by the allocation option decided to keep their employee severance pay within the company.

All of the above funds also have a defined benefit section with already-retired contributors.

All other internal funds on the UniCredit balance sheet are of the defined benefit type, but have very few contributors still in service.

Participants in these funds who were unable to make an allocation to their registered fund because of its particular structure (based on distribution without individual accounts) had the option of allocating their employee severance pay to UniCredit’s Group Pension Fund, as established by the union Agreement of December 18, 2006.

At the end of 2007, the revision of the Regulations of the other pension funds on the UniCredit balance sheet, in compliance with Ministerial Decree no. 62/2007, was completed. The qualifying innovation was the introduction of the post of Fund Supervisor. This responsibility was given to Mr Massimo Giovanelli of the Labour Policies and Industrial Relations Unit.

As provided for by Art. 3 of the above Ministerial Decree, the amendments to the regulations were prepared for by asking the Regulatory Authority for derogations with regard to portability and surrenders and advances rendered impossible by the nature of the management of the funds’ resources (which is carried out on a distribution basis, with no individual accounts).

The assets of the four defined contribution funds are invested in liquid assets for the Funds of the former Banca Dell’Umbria and the former Caritro Cassa di Risparmio di Trento e Rovereto, while the Funds of the former UniCredit Banca Mediocredito and the former Cassa di Risparmio di Carpi are invested in an asset management plan. The 2007 yield of liquid assets was up compared with the previous year thanks to rate fluctuations, while the asset management of the former CR Carpi Fund - consisting of “VAR” management - produced positive results. However, the “benchmark” investment of the former UBMC Fund in three investment lines diversified according to the level of risk suffered from the turbulence of the markets, showing a slight fall overall.

In June 2007, the meetings of the Carpi Local Technical Committee resulted in a joint agreement on the appropriateness of transferring the defined contribution and individual capitalization positions of the Fund of the former local Cassa di Risparmio to the Group Pension Fund. This accord was ratified by a suitable agreement reached between the Group Workers’ Negotiating Body and the Parent Company, and subsequently also by the Board of Directors

Annexes (Continued)

Internal Pension Funds: Statement of Changes in the Year and Final Account (Continued)

of UniCredit. Consequently, since October 1, 2007 the bilateral contribution has been channeled into the Group Fund, while instructions have been issued for the liquidation of the assets invested in securities, and the consequent material transfer of the previous positions will take place in 2008, after all the assets have been made liquid.

A similar operation was also carried out for the defined contribution and individual capitalization section of the Pension Fund for the Personnel of the former UBMC, following the favorable opinion of the Fund's Supervisory Body on the collective transfer of the positions, subsequently confirmed by the union Agreement of December 6, 2007 and by the decision of the Board of Directors of UniCredit dated December 18, 2007. The deadline for completion of the operation was January 1, 2008, except for the technical times required for the liquidation of the real estate investments.

With regard to the Internal Company Fund of the former Credito Romagnolo (formerly Rolo Banca 1473), it has been decided to show separately the terminal liability of the Fund provided for by point 18 of the Agreement of January 31, 1990. The updating of this liability has been carried out taking account of the cash flows up to the envisaged date of exhaustion of the fund and with the remuneration of the annual accounting balances thus determined at the rate provided for by the union Agreements.

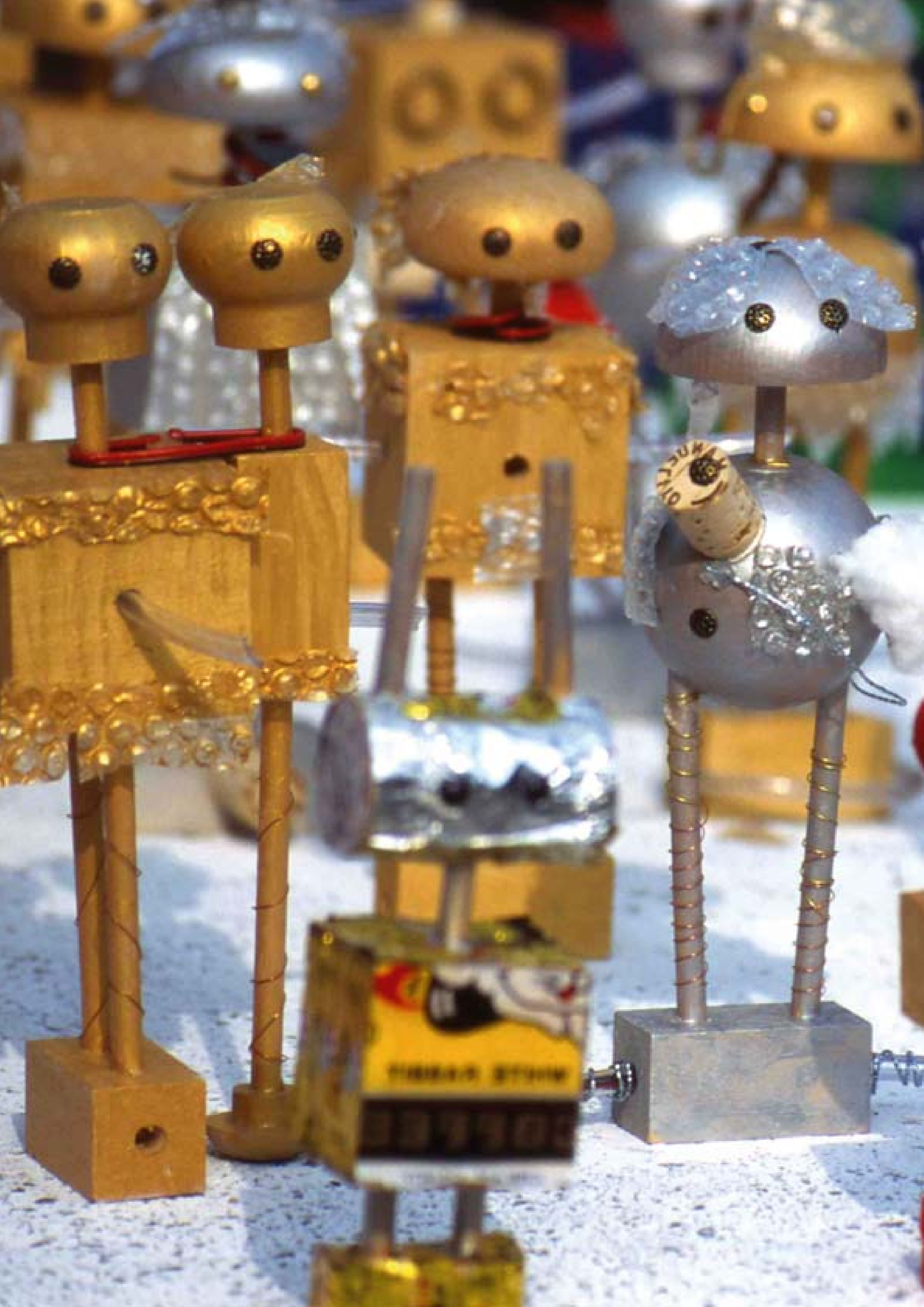
October 1, 2007 saw the implementation of the merger with Capitalia S.p.A., parent company of the banking group of the same name. One of the consequences of this corporate transaction was to channel into the UniCredit balance sheet the pension Fund for the integration of pensions to employees of the Head Office of the said former parent company.

The fund in question is a defined benefit fund without any allotted assets, and was closed to new inflows by a decision of the Board of Directors of UniCredit on October 16, 2007.

Finally, at the end of 2007 a formal definition was arrived at for the transfer of the debt relating to the pension Fund of the former Credito Italiano AG Frankfurt managed by Bayerische Hypo und Vereinsbank Ag (HVB) of Munich. In return for payment of the residual provision, the manager assumed all future charges, and the accounting entry has therefore been zeroed.

At the end of the year, instructions were issued for the technical actuarial valuations carried out on the basis of the following parameters:

	31.12.2007	31.12.2006
Discount rate	5.25%	4.25%
Rate of inflation	2%	2%
Rate of salary increase	3%	3%
Mortality tables	RG 48 Women are treated as 5 years younger	RG 48 Women are treated as 5 years younger



Certification

Certification pursuant to Article 81-ter of Consob Regulation no. 11971/99, as amended

The undersigned Alessandro Profumo (as Chief Executive Officer) and Ranieri de Marchis (*as the Manager Charged with preparing the financial reports*), of Unicredit SpA, taking into consideration Article 154-bis (subparagraph 3 and 4) of Italian Legislative Decree February 24th, 1998 n° 58, do hereby certify:

- the adequacy in relation to the Legal Entity features and
- the actual application

of the administrative and accounting procedures employed to draw up 2007 annual financial *statements*.

The adequacy of administrative and accounting procedures employed to draw up 2007 annual financial statements has been evaluated applying a Model defined by Unicredit Spa coherent with "Internal Control - Integrated Framework" (CoSO) and "Control Objective for IT and Related Technologies" (Cobit), which represent international commonly accepted standards for internal control system.

The undersigned also certify that annual financial statements as at December 31st 2007:

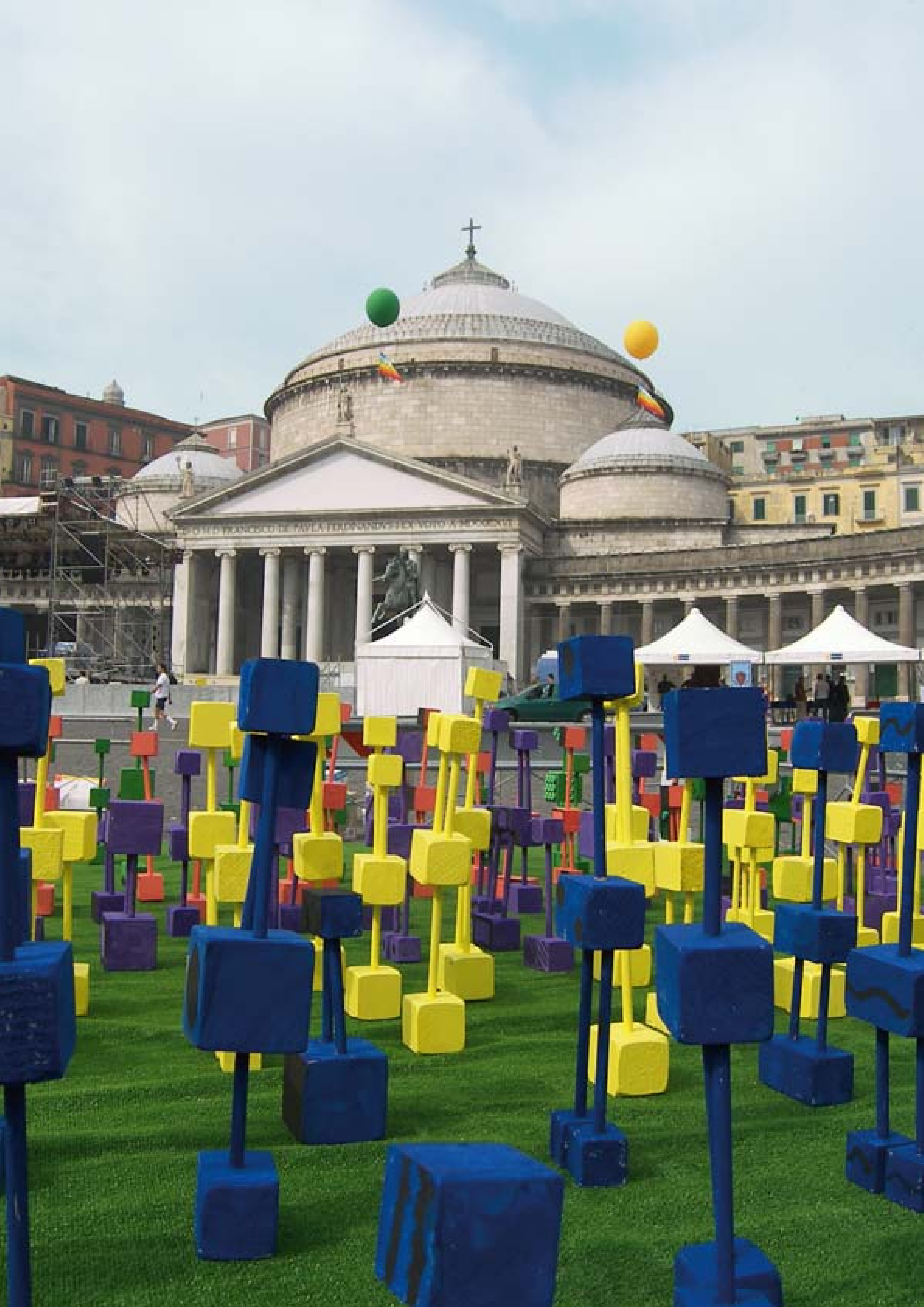
a) correspond to the results of the books and accounts records;

b) have been prepared according to International Financial Reporting Standards endorsed by EU and to article 9 of the Legislative Decree #38/05 (introduced EU Regulation #1606 issued on 19 July 2002) and, according to our best knowledge, is suitable to provide a fair and correct representation of the situation of the assets and liabilities, the economic and financial situation of the issuer.

Milan, 12 march 2008

Alessandro Profumo

Ranieri de Marchis



Report and Resolutions

Report of the Board of Statutory Auditors

Report of the Board of Statutory Auditors

Pursuant to Article 153 of Legislative Decree No. 58 of 24 February 1998

Dear Shareholders,

In 2007 we monitored compliance with the law and the Articles of Incorporation, adherence to the principles of proper management, the fitness of the organizational structure for each area of operation, the internal control system and the administrative and accounting procedures, as well as the reliability of such procedures to accurately reflect business operations, the manner of specific implementation of the rules of corporate governance contained in codes of conduct drawn up by companies managing regulated markets or by trade associations, to which the company has publicly declared its adherence, and the appropriateness of instructions issued by the Company to its subsidiaries concerning the disclosure of information to the public, pursuant to §149, Law 58/98.
We attended the 13 meetings of the Board of Directors and the eight meetings of the Executive Committee, which was dissolved after the meeting held on August 3, 2007, in addition to which the Chairman of the Board of Statutory Auditors and one or more Auditors, as designated from time to time, attended the eleven meetings of the Audit and Risks Committee. We obtained information from the Directors on the activities carried out and on the most significant transactions, in terms of their effect on profitability, finance and capital, carried out by the Company and by its subsidiaries, and we ascertained that the actions resolved on and executed were in accordance with the law and with the By-Laws and were not manifestly imprudent or reckless or potential generators of conflicts of interest.
In 2007 numerous intercompany and related-party transactions were carried out, as described in the Board of Directors' Report with reference to the current CONSOB regulations.
Pursuant to §23 of the By-Laws, the Statutory Auditors were provided with all essential information on these transactions.
These transactions were concluded in the Company's interest and under similar conditions to those applying to transactions made with unrelated third parties, i.e., in a Group interest perspective with the aim of recovering all costs incurred.
Our examination of the information provided did not reveal any transactions, including intercompany or related-party transactions, which could be considered atypical or unusual.

* * *

We carried out our duties by means of direct observation and inspections, as well as meetings with the managers of the various departments to obtain information, data and operational plans. To enable the reciprocal exchange of relevant information, we had periodic meetings with representatives of the auditing firm KPMG SpA, which holds the auditing appointment, pursuant to §155, Law 58/98, in respect of UniCredit SpA company financial statements and UniCredit Group consolidated financial statements, and limited auditing of the first half report, as well as verification that the company's books are properly kept and that all matters arising from operations are properly entered to the accounting books.

* * *

In 2007 the integration activities begun at the time of the acquisition of the Bayerische Hypo- und Vereinsbank AG continued. Following the absorption of Capitalia, effective October 1, 2007, activities were begun relative to this further expansion of the Group, involving all of the Parent Company’s main structures.

* * *

As part of this activity, the process of integrating certain former Capitalia Group companies with their counterpart companies in the PGAM subgroup was begun, as was the process of centralizing the asset management business of the former Capitalia Group banks – Banca di Roma, Banco di Sicilia, and Bipop CARIRE – in PIM SGR.

* * *

With particular reference to the unfavorable international outlook and the impairment of U.S. sub-prime mortgages and other structured financial instruments which emerged at the beginning of the second half of 2007, and the related widening of credit spreads and reduction of liquidity in the securitized loan market, we monitored the Group's interest-rate, equity and credit structured product business through meetings with the managers of the relevant departments and the auditing firm KPMG SpA. Both stated that the valuation of the instruments in question is wherever possible the available independent market price or, if reference prices are unavailable, the product of the model which is most consistent with market information.

* * *

In compliance with Banca d'Italia and CONSOB requests, we intensified our audits of activities conducted by the Group in OTC derivatives and examined an initial self-assessment report prepared by the Board of Directors at the request of the Banca d'Italia, providing our opinion to the latter in this regard.

* * *

In 2007 the Internal Audit Department not only continued the activities begun in the period following the acquisition of the Bayerische Hypo- und Vereinsbank AG Group, but also planned and implemented actions to integrate the former Capitalia group by means of a specific project.

Integration activities also continued in order to prepare common structures on Basel II, first pillar, and at the same time development of parallel programs for the second and third pillars was initiated.

In 2007 the Group Audit Unit completed 86 audits, 52 of which involved the parent company and 34 of which were carried out by the Internal Audit Department jointly with local Internal Audit Departments. These audits – an increase over the 75 carried out in 2006 – were examined by us individually, and we made pertinent recommendations where appropriate.

* * *

The duties of the Board of Statutory Auditors included 24 team audits (including 3 performed on foreign branches) and meetings with the Auditors of the main Italian subsidiaries. No significant facts emerged requiring to be reported to the regulatory authorities.

* * *

In 2007 the Board of Statutory Auditors received two complaints pursuant to §2408, Civil Code.
The first was formalized by shareholder Gianfranco d'Atri when he took the floor at the Shareholders' Meeting held on July 30, 2007, requesting verification as to whether any staff member or member of the Board of Directors or other high-level person had violated the obligation of confidentiality during the period in which the negotiations were underway for the absorption of Capitalia, prior to its disclosure to the market. The Board of Statutory Auditors requested an investigation by the Internal Audit Department. The audits performed, covering the various stages of the transaction and the change in the prices of the stocks concerned, revealed no evidence of violations of the obligation of confidentiality by UniCredit SpA Board members, employees or other high-level persons.
A second complaint pursuant to §2408, Civil Code and dated November 5, 2007 was received from Francesco Santoro, addressed to the Chairman of the Board of Statutory Auditors of UniCredit Banca SpA and later forwarded to us as being within our remit. The complaint concerned matters arising out of the management of Sanità SpA (formerly Acque e Terme di Bognanco SpA), a subsidiary of former Capitalia of which Mr Santoro was a shareholder. Mr Santoro complained that the Directors and Statutory Auditors of former Capitalia had taken measures that were irregular and could be criminal offences and requested that they "initiate appropriate compensation". At the time these matters were notified to the judicial authorities, which on several occasions, decided not to proceed, against which Mr Santoro appealed. A hearing on the latter before the Examining Magistrate of the Courts of Rome has not yet been scheduled. Mr Santoro also complains that former Capitalia failed to pursue the former Directors of Sanità SpA (in office in 1993) through an action

Report of the Board of Statutory Auditors (Continued)

Pursuant to Article 153 of Legislative Decree No. 58 of 24 February 1998 (Continued)

claiming liability, which at the time was not resolved by the Shareholders' Meeting. Minority shareholders of Sanità, including Mr Santoro, submitted this matter to the judicial authorities and the judgement was favourable to the complainants. The papers of Sanità show that the action of manifest liability approved by the judgement was not taken by Sanità and that this liability action – requested by Mr Santoro at several Shareholders' Meetings – was always rejected. We forwarded the complaint to the competent company departments for their assessment.
In 2007 we received four statements and where appropriate gave instructions to carry out the necessary corrective action.

* * *

As regards mandates undertaken by the auditing firm, the following additional mandates were awarded to it:

- Issuance of a comfort letter regarding bond issues in the US market, for a fee of €300,000

- Issuance of a comfort letter regarding bond issues in the European market, for a fee of €250,000
- Auditing of the English version of the consolidated first half report at June 30, 2007 and of the company and consolidated financial statements at December 31, 2007, for a fee of €13,500
- Auditing of proforma consolidated figures at December 31, 2006 and June 30, 2007 and the projected figures prepared as required by §70, CONSOB's Law 58/98 implementation regulations, as per its Resolution 11971/99 as amended and supplemented, for a fee of €800,000
- Performing gap analysis on the reporting system used to compile the UniCredit Group social report, for a fee of €56,000.

No mandates were awarded to companies forming part of the KPMG SpA network in 2007, other than the one awarded to the Closed joint stock company KPMG Audit - KPMG Ukraine at the request of the Ukraine Central Bank in connection with the acquisition of OJSC Ukrsotsbank, for the issuance of a letter certifying KPMG SpA's audit of the consolidated financial statements of UniCredit. UniCredit SpA did not retain any of the Italian entities with which KPMG SpA declared that it maintained ongoing relations.

* * *

The Board of Statutory Auditors issued the opinions required pursuant to §2389, Civil Code regarding the compensation of Directors holding with special duties.

In addition, pursuant to §154 bis.1, Law 58/98, we issued an opinion on the appointment of the nominated official in charge of the preparation of corporate accounting documents. Pursuant to item 5 of the Banca d'Italia compliance instructions approved on July 9, 2007 (No. 688006 dated July 10, 2007), we issued an opinion on the appointment of the Compliance Officer. With reference to the sale of the UniCredit SpA branches to non-shareholder independent third parties, pursuant to CONSOB Communication 97001574 we expressed an opinion on awarding the mandate to audit, with reference to IFRS, certain profitability and asset information useful to the process, to KPMG SpA.

* * *

Pursuant to the rules governing market operations issued by Borsa Italiana, you have been provided with the Report on Corporate Governance and adherence to the Corporate Governance Code for Listed Companies.
The Board of Statutory Auditors has verified the proper application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its own members.

* * *

The External Auditors expressed a positive opinion both on the company and the consolidated financial statements. The Board of Statutory Auditors has noted that the financial statements are prepared in accordance with the applicable rules and has found the information provided by the Board of Directors in its own reports to be complete and compliant, and consistent with the data contained in the financial statements, as well as with Banca d'Italia and CONSOB requirements. The Board of Statutory Auditors believes that the appropriation of the profits for the year as proposed by the Board of Directors is not contrary to the provisions of the law or the By-Laws.

9th April 2008

THE BOARD OF STATUTORY AUDITORS
GIORGIO LOLI (Chairman)
GIAN LUIGI FRANCARDO
SIEGFRIED MAYR
ALDO MILANESE
VINCENZO NICASTRO

Report of the External Auditors

KPMG

KPMG S.p.A.
Revisione e organizzazione contabile
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20124 MILANO MI

Telefono 02 6763.1
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 156 of legislative decree no. 58 of 24 February 1998

To the shareholders of
UniCredit S.p.A.

1 We have audited the separate financial statements of UniCredit S.p.A. as at and for the year ended 31 December 2007, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes thereto. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 12 April 2007 for our opinion on the prior year separate financial statements, which included the prior year figures presented for comparative purposes.

3 In our opinion, the separate financial statements of UniCredit S.p.A. as at and for the year ended 31 December 2007 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38 of 28 February 2005. Therefore, they are clearly stated and give a true and fair view of the financial position of UniCredit S.p.A. as at 31 December 2007, the results of its operations, changes in its equity and its cash flows for the year then ended.

Milan, 9 April 2008

KPMG S.p.A.

(Signed on the original)

Mario Corti
Director of Audit

Resolutions passed at the Shareholders' Meeting

Resolutions passed at the Shareholders' Meeting

The Ordinary and Extraordinary Shareholders' Meeting of UniCredit, held on 8 May 2008, having regard to the Reports of the Board of Directors and Board of Statutory Auditors on the 2007 financial year, approved the Accounts as at 31 December 2007 and resolved on the appropriation of net profit as recommended by the Board of Directors.

The declared dividend amounting to:
- € 0.26 for ordinary shares
- € 0.275 for savings shares

payable as of 22 May 2008, the share going ex-dividend as of 19 May 2008, through intermediaries that are members of the Monte Titoli centralised management system.

The Shareholders also resolved to:

- approve the Long Term Incentive Plan 2008 for the Group Top Management;

- approve the All Group Employee Share Ownership Plan;

- appoint as directors:
  - Enrico Tommaso CUCCHIANI
  - Donato FONTANESI
  - Marianna LI CALZI
  - Berardino LIBONATI
  - Salvatore LIGRESTI
  - Franz ZWICKL

- redefine remuneration of the directors being members of the Board Committees in maximum € 1,500,000, due for each year in office starting from 1 September 2007 authorising the Board of Directors to reallocate the approved sum, also in relation to possible future needs, with no change to the attendance fee for every meeting of the Committees in question, as approved by the Shareholders Meeting on 16 December 2005;

- approve Amendments to clauses 1, 2, 8, 9, 18, 19 and 20 of the Regulations governing general meetings;

- authorize the absorption of the cost of the remuneration due to the representative of the savings shareholders for € 25,000 (plus VAT, if due) and an expenses reimbursement of € 5,000 maximum;

- authorize, pursuant to Section 2390 of the Italian Civil Code, the offices taken up by the following directors in competing companies:
  - Mr. Dieter Rampl as Vice Chairman of Supervisory Board of Mediobanca Spa and as non executive director of Babcock and Brown;
  - Mr. Fabrizio Palenzona as Chairman of ADR Spa;
  - Mr. Vincenzo Calandra Buonaura as Director of Credito Emiliano Spa;
  - Mr. Carlo Pesenti as Member of Supervisory Board of Mediobanca Spa.

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Top managers
Courtesy Ferruccio Torboli (UniCredit Group)

UniCredit