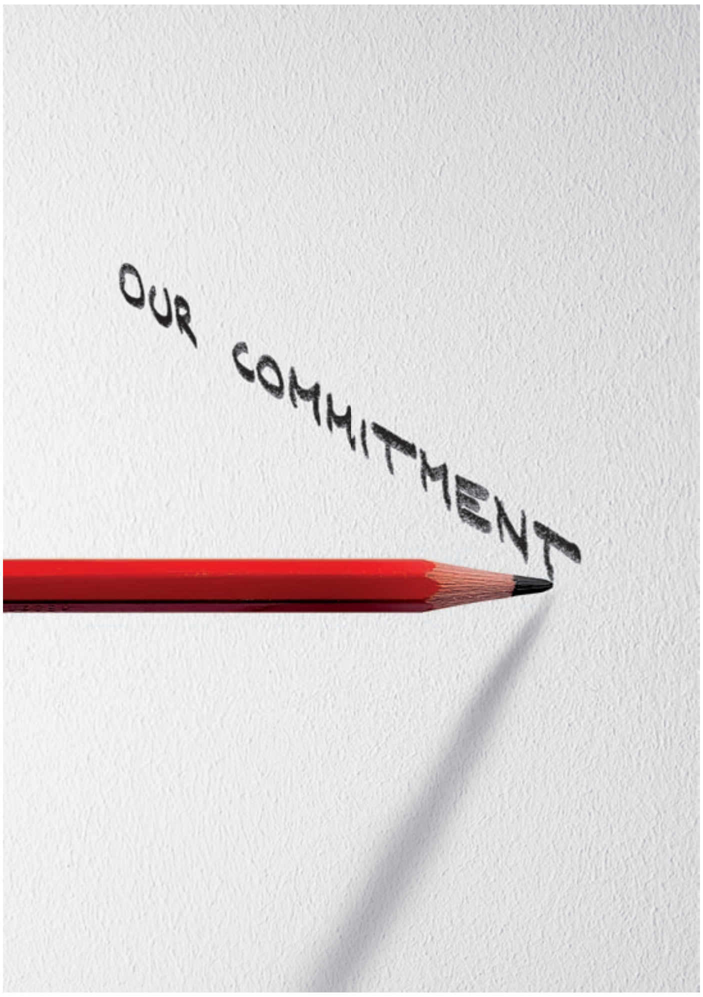
UniCredit

UniCredit S.p.A.
2008 Reports and Accounts

UniCredit
Italian Joint Stock Company
Registered Office: Rome, Via A. Specchi, 16
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 UniCredit Banking Group
Banking Group Register No. 3135.1
Member of the Interbank Deposit Protection Fund
Capital Stock: € 7,170,400,150.00 fully paid in

UniCredit



Our Commitment is Our Strength

2008 was a year that posed significant challenges to the global economy, to the financial services industry and to our business.
To date, our business model remains sound, and our outlook is positive for our future operations.

We remain positive because we know that we can count on our greatest strength. It is our solid and rigorous commitment - to our customers, to our people, to our investors, to the communities we serve, to our core values, to culture, to quality in everything we do, and to the sustainable success of our enterprise.

Every day we renew that commitment through the efforts and expertise of more than 174,000 people in 22 countries.

That is why this year's Annual Report features the photographs and words of UniCredit Group employees. No one could express our commitment more eloquently than the men and women who live it every day.

They speak to you from our branches and offices across Europe. Each message is different. Each expresses what commitment means to them, to their customers, and to their colleagues every single working day.

We feel that their words, their ideas truly capture the spirit of UniCredit Group – the spirit of commitment, our greatest strength.

UniCredit S.p.A.
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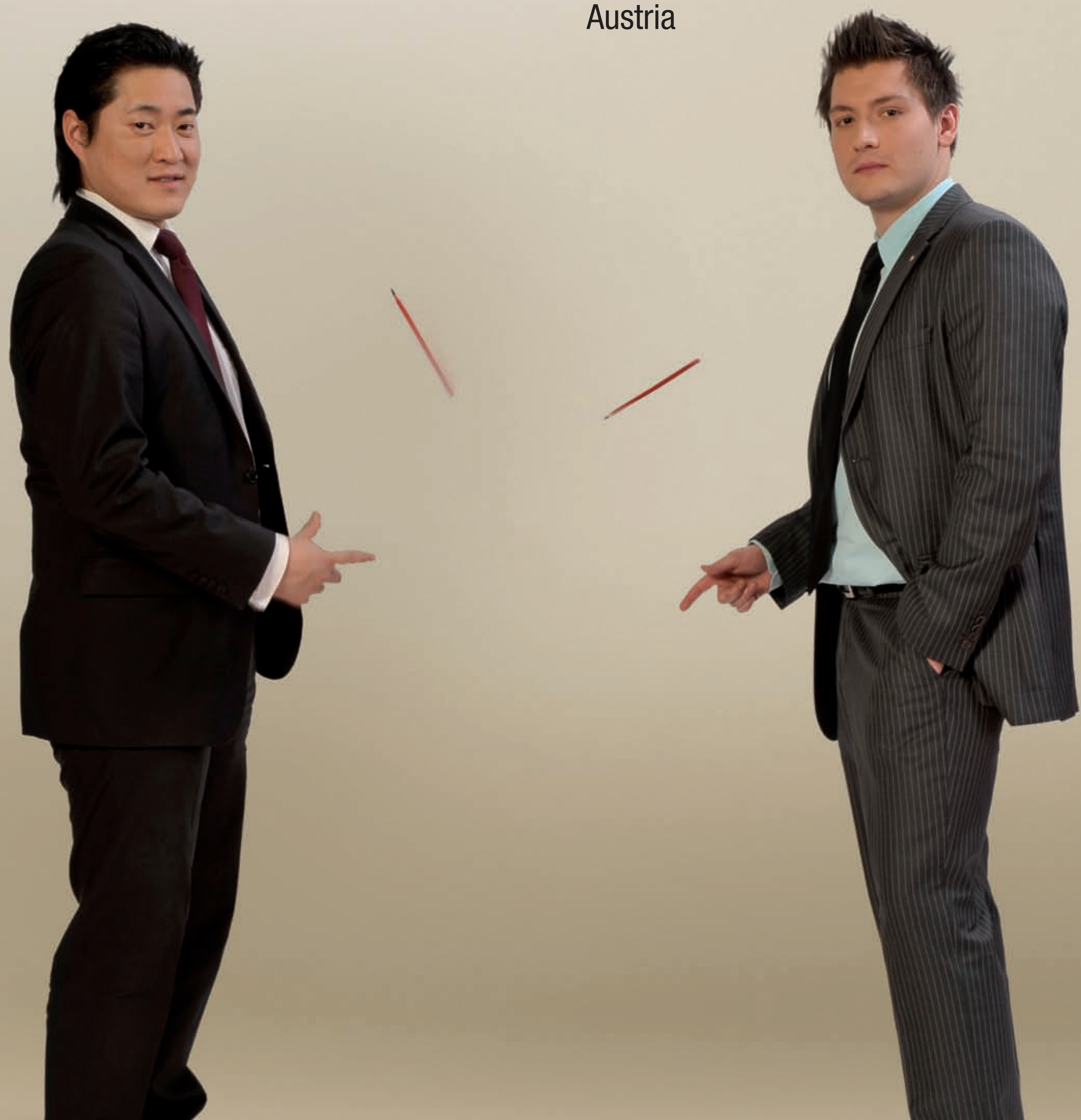
«The secret of our strength is quite simple: we do not follow corporate values handed down to us from a sheet of paper.
We exemplify through our own lives what the sheet of paper has to say!»

Oliver Riedl
Germany

«The network of our Group allows us to support our customers with different specialized products. The values of the Integrity Charter differentiate our Group. Different languages, different cultures, different working experiences, but one Group, one commitment and one way - straight forward! That is our strength.»

Christian Kiss
Austria



Board of Directors, Board of Statutory Auditors and External Auditors

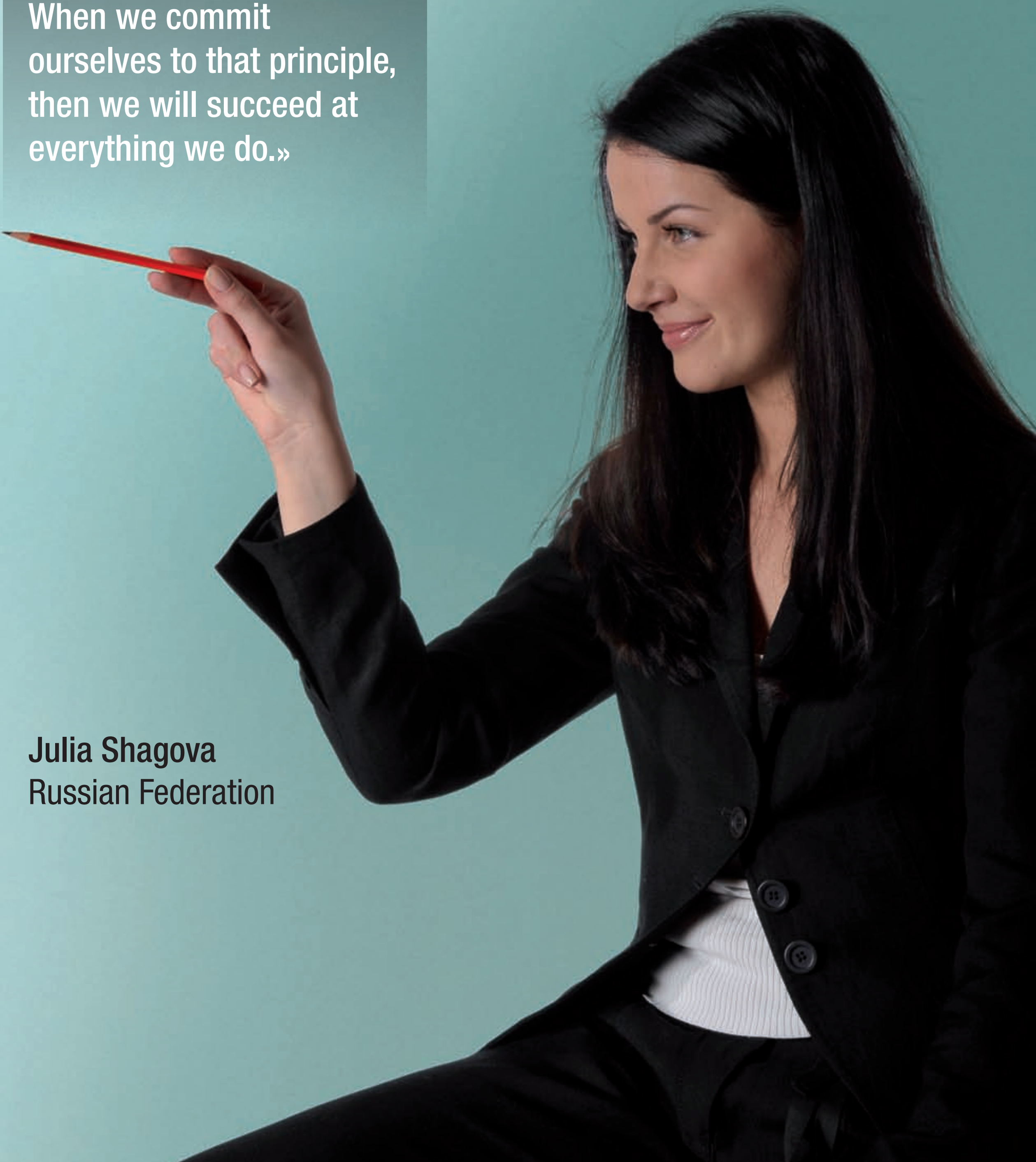
Board of Directors

Dieter Rampl	**Chairman**
Gianfranco Gutty	**Deputy Vice Chairman**
Franco Bellei Berardino Libonati Fabrizio Palenzona Anthony Wyand	**Deputy Chairmen**
Alessandro Profumo	**CEO**
Manfred Bischoff Vincenzo Calandra Buonaura Enrico Tommaso Cucchiani Donato Fontanesi Francesco Giacomin Piero Gnudi Friedrich Kadrnoska Max Dietrich Kley Marianna Li Calzi Salvatore Ligresti 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**
Ranieri de Marchis	**Nominated Official in charge of drawing up Company Accounts**

«We are the people who determine our future. There is no doubt that the atmosphere of our Group and beneficial relationships with our clients depend on us. To achieve this, we should stand by our moral and professional convictions and also consider our people's opinions. When we commit ourselves to that principle, then we will succeed at everything we do.»



Julia Shagova
Russian Federation

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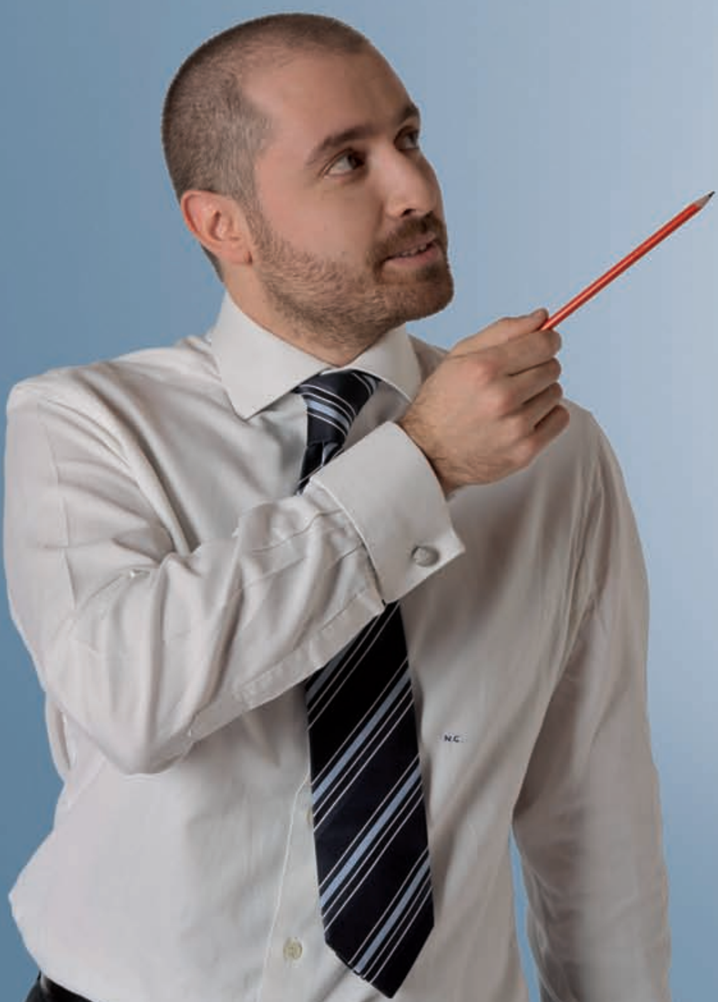
Note to the Report on Operations:
The following conventional symbols have been used in the tables:
- **A dash** (-) indicates that the item/figure is inexistent;
- **Two stops** (..) or **(n.s.)** when the figures do not reach the minimum considered significant or are not in any case considered significant;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

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

Lucia Rossi De Gasperis
Italy

«Every day, my work requires the use of both brain and heart. Using your brain means creating value with each service delivered. And using your heart means letting the customer feel the commitment you put into your work.»



Niccolò Ceci
Italy

«There is always a way to meet the customer's needs. Along this path, our experience serves as our compass and the customer's satisfaction is our final destination.
The work we do along the entire journey is our commitment.
The certainty of the result is our strength.»

Report on Operations

Introduction

To the Shareholders,

In 2008, the operations of the Company and Group were focused on reallocating operations performed by Capitalia, but mainly on the reorganisation and integration of the operations of the Group's Italian commercial banks as summarised below, but described in greater detail in the consolidated annual report. Towards the end of the year, in order to address financial market tensions, the Board of Directors approved a capital strengthening plan, which is described in detail in a specific section of the consolidated annual report. This plan calls for an increase in dividend-paying capital through the issuance of ordinary shares to be offered as options to shareholders.

At the beginning of the year, the Group continued the reallocation of operations (which started at the end of 2007) acquired by UniCredit as a result of the business combination with Capitalia. These operations were previously performed directly by Capitalia but are not consistent with the UniCredit organisational model. In this context, the Finance Operations business unit was sold in March to UniCredit Processes and Administration. As regards security services operations, the Depository Bank and Securities Custody and Settlement division was transferred to Société Générale Security Services in exchange for a capital increase approved by the transferee, with the shares received later sold to Société Générale. In April, loans of the former Capitalia that were classified as non-performing or restructured loans, as well as entries closely related to such loans, were sold in bulk pursuant to Article 58 of the Combined Banking Law to Aspra Finance, a company assigned to manage these types of loans within the Group.

Effective March 31, the business combination of UniCredit Banca Mobiliare (already a wholly-owned company) and UniCredit was finalised; the combination was effective for accounting and tax purposes on January 1, 2008. The most significant assets received by the merging company were equity investments.

The integration of former Capitalia banks (Banca di Roma, Banco di Sicilia and Bipop Carire) was more complex. This integration was achieved as part of a broader project to reorganise the operations of the Group's Italian commercial banks, the guidelines for which called for assigning the private banking, corporate banking, mortgage and personal loan businesses carried out by these banks to the UniCredit Group's existing banks and reorganising the Group's entire retail business on a regional basis.

The preparations for this transaction, which were launched from May to October by the above banks, involved the adoption of the Group's information systems as well as the bulk sale of non-performing loans and related entries to Aspra Finance.

On October 20, 2008, the agreement combining UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia and Bipop Carire with UniCredit was signed with effect for legal purposes on November 1, 2008, and with effect for accounting and tax purposes on January 1, 2008. Capitalia Partecipazioni was merged pursuant to the same business combination agreement. On the same date and effective immediately after the effective date of the aforementioned combination, UniCredit transferred the following businesses:

- the Retail business to three new banks, which at the same time were renamed UniCredit Banca (with headquarters in Bologna and regional responsibility for northern Italy), UniCredit Banca di Roma (with headquarters in Rome and regional responsibility for central and southern Italy), and Banco di Sicilia (with headquarters in Palermo and regional responsibility for Sicily);
- the Private Banking business to UniCredit Private Banking;
- the Corporate business to UniCredit Corporate Banking;
- the mortgage business to UniCredit Banca per la Casa;
- the personal loan business to UniCredit Consumer Financing Bank.

These transactions were carried out through the transfer, pursuant to Article 2343 of the Civil Code, of previously determined business divisions in payment for the same number of capital increases approved by the transferees. In addition, the "Real Estate" division, which consists of the real estate operations from the merger with former Capitalia banks, was transferred to UniCredit Real Estate in exchange for a capital increase approved by the latter.

Effective November 1, pursuant to the Group's organisational design, the capital market and bond origination and hedging services division, which UniCredit originally got from the merger with Capitalia, were sold to the Milan branch of HVB.

In November, there was another bulk sale of non-performing loans and related entries from the merged banks to Aspra Finance.

On November 14, the Extraordinary Shareholders' Meeting approved the increase in dividend-paying capital specified in a capital strengthening plan prepared by the Board of Directors. This plan set the upper limit for this increase at €3 billion and authorised the CEO to execute the plan. The CEO then set the number of ordinary shares to be issued at 972,225,376 with a par value of €0.50 each, with shares to be allocated at the ratio of 4 new shares for every 55 shares held, for a value of €2,997,370,834.21 including share premium. A security agreement was also signed with Mediobanca, which assumed the obligation to underwrite the newly issued shares in an amount equal to any unexercised options remaining after the offering of such options on the stock exchange, in the amount of the total capital increase.

The Company posted a net profit of €3,281 million in 2008, compared with €1,858 million for the previous year. It should be noted that the profit for 2007 included the operating impact from the merger with Capitalia S.p.A. starting from October 1, while net profit in 2008 reflected the impact, effective January 1, of the subsidiaries absorbed on November 1, as noted above. In addition, net profit for the year was affected by the €995 million from the net impact of the tax redemption for goodwill carried out pursuant to Article 15 of Legislative Decree No. 185 of November 29, 2008, which was converted to Law No. 2 of January 29, 2009.

Based on the above, comments on changes in individual items are not meaningful. See the notes to the income statement below in which pro-forma restated income statements are presented to analyse operations on an equivalent basis.

As indicated during the Extraordinary Shareholders' Meeting on November 14, 2008, in connection with the planned transactions to strengthen the capital base, a proposal will be made to the shareholders' meeting to allocate a portion of net profit for the year to an available reserve called "Reserve for allocating profits to Shareholders through the issuance of new free shares" to be used for a future increase in share capital free of charge pursuant to Article 2442 of the Civil Code.

Summary information on the balance sheet and income statement as at December 31, 2008 and for 2007 is given below. In this regard, it should be noted that certain amounts for 2007 were restated following the finalisation of the "Purchase Price Allocation" connected with the Capitalia S.p.A business combination, as required by IFRS3.

Condensed Accounts

Condensed Balance Sheet

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2008	12.31.2007	AMOUNT	PERCENT
Assets				
Cash and cash balances	33	4,027	-3,994	-99.2%
Financial assets held for trading	9,005	11,157	-2,152	-19.3%
Loans and receivables with banks	208,439	162,820	+45,619	+28.0%
Loans and receivable with customers	36,519	21,243	+15,276	+71.9%
Financial investments	80,078	78,469	+1,609	+2.1%
Hedging instruments	2,110	568	+1,542	+271.5%
Property, plant and equipment	38	25	+13	+52.0%
Goodwill	8,739	4,163	+4,576	+109.9%
Other intangible assets	33	106	-73	-68.9%
Tax assets	6,077	4,279	+1,798	+42.0%
Non-current assets and disposal groups classified as held for sale	-	712	-712	-100.0%
Other assets	5,019	2,233	+2,786	+124.8%
Total assets	**356,090**	**289,802**	**+66,288**	**+22.9%**
Liability and shareholders' equity				
Deposits from banks	157,703	97,941	+59,762	+61.0%
Deposits from customers and debt securities in issue	131,527	118,677	+12,850	+10.8%
Financial liabilities held for trading	3,893	7,726	-3,833	-49.6%
Financial liabilities designated at fair value	-	6,016	-6,016	-100.0%
Hedging instruments	3,929	1,886	+2,043	+108.3%
Provisions for risks and charges	1,490	1,160	+330	+28.4%
Tax liabilities	2,665	2,007	+658	+32.8%
Liabilities included in disposal group classified as held for sale	-	371	-371	-100.0%
Other liabilities	3,893	3,418	+475	+13.9%
Shareholders' equity:	50,990	50,600	+390	+0.8%
- Capital and reserves	*47,818*	*48,569*	*-751*	*-1.5%*
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	*-109*	*173*	*-282*	*-163.0%*
- Net profit (loss)	*3,281*	*1,858*	*+1,423*	*+76.6%*
Total liabilities and shareholders' equity	**356,090**	**289,802**	**+66,288**	**+22.9%**

Condensed Income Statement				(€ million)
	YEAR		CHANGE	
	2008	2007	€M	PERCENT
Net interest	3,426	-1,158	+4,584	n.s.
Dividends and other income from equity investments	2,973	2,783	+190	+6.8%
Net interest income	**6,399**	**1,625**	**+4,774**	**+293.8%**
Net fees and commissions	2,465	61	+2,404	n.s.
Net trading, hedging and fair value income	-288	66	-354	n.s.
Net other expenses/income	-131	23	-154	n.s.
Net non-interest income	**2,046**	**150**	**+1,896**	**n.s.**
OPERATING INCOME	**8,445**	**1,775**	**+6,670**	**+375.8%**
Payroll costs	-2,948	-346	-2,602	n.s.
Other administrative expenses	-2,492	-300	-2,192	n.s.
Recovery of expenses	348	39	+309	n.s.
Amortisation, depreciation and impairment losses on intangible and tangible assets	-91	-14	-77	n.s.
Operating costs	**-5,183**	**-621**	**-4,562**	**n.s.**
OPERATING PROFIT (LOSS)	**3,262**	**1,154**	**+2,108**	**+182.7%**
Net provisions for risks and charges	-402	-18	-384	n.s.
Integration costs	-66	-67	+1	-1.5%
Net write-downs of loans and provisions for guarantees and commitments	-285	22	-307	n.s.
Net income from investments	-286	564	-850	n.s.
PROFIT (LOSS) BEFORE TAX	**2,223**	**1,655**	**+568**	**+34.3%**
Income tax for the year	1,058	203	+855	+421.2%
NET PROFIT (LOSS) FOR THE YEAR	**3,281**	**1,858**	**+1,423**	**+76.6%**

Operations[1]

Human Resources

Personnel Changes

As at December 31, 2008, UniCredit S.p.A. had a staff consisting of 4,107 employees, compared with 2,774 as at December 31, 2007. The increase in personnel was largely due to the centralisation of governance, planning and coordination functions of the Retail banks (UniCredit Banca, UniCredit Banca di Roma and Banco di Sicilia) at UniCredit S.p.A., which, on November 1, resulted in the addition of:

- 1,217 employees in the Retail area;
- 112 employees in the Corporate Centre;
- 152 employees in the Corporate Investment Banking and Private Banking Area;
- 86 employees in the Global Banking Service area (GBS);

and other corporate transactions that resulted in:
- the transfer of 66 employees to UniCredit Process and Administration due to the sale of the Finance Operations division;
- the transfer of 15 employees to UniCredit HVB AG Milano due to the sale of the Former Capital Markets division.

During the year, there were ongoing efforts to limit staff growth through careful turnover management. In particular, the leaving incentive programme (solidarity fund and individuals entitled to pensions) led to the departure of 81 employees during the year. The remaining decrease of 72 employees was due to normal turnover during the year. The reorganisation 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 (figures include foreign branches).

Category	12.31.2008		12.31.2007		CHANGE	
	TOTAL	*OF WHICH: OUTSIDE ITALY*	TOTAL	*OF WHICH: OUTSIDE ITALY*	IN TOTAL	PERCENT
Senior Management	601	*93*	456	*74*	+145	+31.8%
Management - 3rd and 4th grade	1,257	*92*	901	*70*	+356	+39.5%
Management - 1st and 2nd grade	868	*30*	497	*11*	+371	+74.6%
Other Staff	1,381	*103*	920	*42*	+461	+50.1%
Total	**4,107**	***318***	**2,774**	***197***	**+1,333**	**+48.1%**
of which: Part-time staff	*259*	*-*	*202*	*-*	*+57*	*+28.2%*

The tables below provide a breakdown of personnel by seniority and age group. 51% of UniCredit SpA staff members (compared to 54% at end-2007) have a university degree (primarily in economics, business, banking or law). 43% of staff were women (compared to 45% at end-2007).

1. A description of the macroeconomic scenario is provided in the report on operations of the consolidated 2008 Annual Report.

Breakdown by seniority

	12.31.2008		12.31.2007		CHANGE	
	NUMBER	*PERCENT*	NUMBER	*PERCENT*	NUMBER	*PERCENT*
Up to 10	1,954	*47.6%*	1,379	*49.7%*	+575	*+41.7%*
From 11 to 20 years	630	*15.3%*	415	*15.0%*	+215	*+51.8%*
From 21 to 30 years	908	*22.1%*	549	*19.8%*	+359	*+65.4%*
Over 30	615	*15.0%*	431	*15.5%*	+184	*+42.7%*
Total	**4,107**	***100.0%***	**2,774**	***100.0%***	**+1,333**	***+48.1%***

Breakdown by age

	12.31.2008		12.31.2007		CHANGE	
	NUMBER	*PERCENT*	NUMBER	*PERCENT*	NUMBER	*PERCENT*
Up to 30	475	*11.6%*	313	*11.3%*	+162	*+51.8%*
From 31 to 40 years	1,331	*32.4%*	948	*34.2%*	+383	*+40.4%*
From 41 to 50 years	1,325	*32.2%*	846	*30.5%*	+479	*+56.6%*
Over 50	976	*23.8%*	667	*24.0%*	+309	*+46.3%*
Total	**4,107**	***100.0%***	**2,774**	***100.0%***	**+1,333**	***+48.1%***

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

Specific business activities related to the treasury, foreign branches and Global Transaction Banking (GTB) operations are carried out at Group HQ and are described in detail below.

Group Finance Department

As specified by the Group Liquidity Policy approved by the Parent Company's Board of Directors on March 21, 2007 and later revised by the same Board on June 25, 2008, 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's banks are organised by Liquidity Centres that correspond to the four major financial centres where the Group operates: Milan, Munich, Vienna and Warsaw.

The finance model used by Group HQ calls for centralisation of the liquidity requirements and surpluses generated by liquidity centres in the cash pooling system, which is brokered through an internal automated market managed by Group Treasury. During the liquidity crisis that occurred last year, this model made it possible to achieve an efficient allocation, within the Group, of funding generated independently by each liquidity centre, as well as funds raised on capital markets.

As part of this activity, the Group Finance Area has underwritten or bought senior and subordinated bonds, ABS notes and intercompany secured bonds issued by banks (OBGs) totalling €35,391 million. The pricing of these bonds reflected the real cost of funding incurred for each maturity by UniCredit in capital markets. The policy applied in the area of intra-group transfer prices covers this pricing.

Revenues from the internal liquidity market (IT Market Place) totalled €1,071 billion, an increase of 53% over 2007. This platform, which was launched in 2007, is qualified to price all segments of the monetary curve (up to a one-year maturity) and in all hard currencies and 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 Centres totalling 23 Group banks and companies.

In addition, the Group Finance Area completed intercompany transactions with maturities of over one year. These transactions were carried out through the granting of loans and subscription of bonds issued by subsidiaries totalling €25,994 million and through the issuance of bonds subscribed by subsidiaries for a total of €10,190 million.

The funding of business activity involves close coordination of the liquidity centres and the Group Finance Area to promote coordinated access to the markets (including local markets) where market conditions, product type and customer type could reduce the consolidated cost of funding based on the functional specialisation principle. Only the Parent can access public financial markets.

Funding has increased the company's indebtedness in the capital markets from €110,814 million at the end of 2007 to €122,334 million at the end of 2008.

Under particularly difficult market conditions, UniCredit met the funding targets set in the annual funding plan. In particular, the Parent Company issued senior and subordinated securities for a total of €20,100 million in the medium and long-term segment, pursuing its strategy of diversification by geographic area, currency and instrument followed in recent years. In addition, in the securitisation and OBG market, on behalf of the Group, UniCredit coordinated the issuance of ABS notes for a total of €42,415 million (including €1,133 million placed in the market and €41,282 retained by the Group) and OBGs (secured bonds issued by banks) issued for the first time in Italy for a total of €5,000 million (all retained by the Group).

In order to improve liquidity management efficiency, in 2008 procedures were implemented to access the tri-party market, through which there are better opportunities to directly access the funding of the Federal Reserve Bank of New York. In the MTS market, the average daily turnover of repo transactions was €4,829 million, an increase of €1,579 million over the €3,250 million in 2007.

The European Central Bank served as a significant channel for the Group's funding in 2008. The European Central Bank has offset the ongoing illiquidity of international capital markets, which was particularly evident in the second half of 2008. In order to generate new usable assets at the European Central Bank, starting in October 2008 the Group Finance Area carried out a number of initiatives that increased the total of eligible securities at year-end 2008 to about €40,000 million from €4,500 million at the beginning of the year.

Within this amount, cash that can be used as collateral in the form of loans to customers that are eligible for refinancing at the European Central Bank (so-called ABACO loans) reached a notional value of €3,479 million, compared with €2,700 million for the previous year.

Participation in the net interbank market decreased by €14,143 million over the last twelve months.

In 2008, 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, transactions involving direct and indirect equity investments were entered into in order to make capital utilisation more efficient.

As far as liquidity risk is concerned, during the year, in keeping with the Group Liquidity Policy, the Liquidity Contingency Plan was approved, aimed at defining the procedure, responsibilities and initiatives to be implemented in the event of a liquidity crisis, whether of a systemic or of a specific nature.

Finally, in 2008, the process of integrating the treasury and asset and liability management activities (which were previously carried out by Capitalia S.p.A.) into the Group Finance Area was completed.

Branches and representative offices abroad

In 2008 the Group continued to reorganise its foreign network of branches and representative offices including the branches and representative offices of the former Capitalia group.

In particular:

- Branches were rationalised in 2008 using two different strategies. If branches of UniCredit and Capitalia were present in the same market, these branches were merged (London, New York and Paris). At the same time, the branches in Bucharest, Hong Kong, Tokyo and Singapore were closed. The branches in Istanbul and Frankfurt are not operating and the liquidation is started. The branch in Beirut was sold to Byblos Bank and, in the first half of 2009, all the administrative activities will be completed. The November 1, related to the merger of UniCredit Banca di Roma into UniCredit, the former Capitalia group branches in Madrid and Shanghai became UniCredit branches.
- In the case of representative offices, the reorganisation planned in 2006 has been implemented with a special focus on eliminating overlapping areas, transferring managerial responsibility to UniCredit. For the former Capitalia group offices operating in the same places where UniCredit offices are present, the activities for the closing started. The November 1, related to the merger of UniCredit Banca di Roma into UniCredit, the former Capitalia group representative office in Tunisi became UniCredit representative office.

At the end of 2008, UniCredit S.p.A. had 7 branches abroad operating and 3 branches abroad in liquidation, 1 permanent establishment and 8 representative offices (including Shanghai and Moscow, which are to be closed in 2009).

Unicredit S.p.A. International Network

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

Operations (Continued)

Main Business Areas (Continued)

Global Transaction Banking

The Global Transaction Banking (GTB) unit now falls under the global business lines of UniCredit as part of the CIB & PB (Corporate Investment Banking and Private Banking) Area.

The GTB unit was established at the beginning of 2007 with a dual purpose: to broaden the range of products and services of the Corporate Division based on customer needs and to increase potential revenues.

Within the UniCredit Group, in addition to having responsibility for managing commercial loans and cash management activities, GTB provides appropriate support in these areas to local sales networks.

Below is a summary of the main projects and goals achieved in 2008 for various product lines:

- **CM&EB (Cash Management & Electronic Banking),** the main goals were the SEPA project, the development of cash management service in the CEE area and the leveraging of the unique positioning of SWIFTNet at corporate level. The development of SEPA is monitored closely, while CM&EB maintains and increases its revenue base through dedicated sales campaigns in individual countries.
- For **Trade Finance**, priorities were the growth of market share, especially in Germany, and the use of supply chain management solutions along the entire value chain.
- **GFI (Global Financial Institutions)** focused on entering into strong partnership agreements with foreign banks in countries where the UniCredit Group has no direct presence. In addition, it took advantage of its preferential position in the CEE area to serve as a key partner in the Financial Istitution sector. GFI also has an orientation toward emerging markets, where it intends to increase the market share of the UniCredit Group, especially in the area of payment orders and trade finance.
- **STEF (Structured Trade and Export Finance)** opened new markets by establishing new units in emerging countries with a concentration on key import markets (Russia, Ukraine, Kazakhstan and Turkey).

From an operational standpoint, GTB strengthened its divisional structure within the UniCredit Group by expanding its service model and operations in 22 countries and managing a total of 3.5 billion payments and 110,000 import and export letters of credit, confirming its position as a leader in transaction banking operations in continental Europe. It also laid the foundation for complying with regulatory changes in payment systems by upgrading technology platforms to the SEPA European directive and developing a single payment platform for the eurozone. In 2009, this will make it possible to offer customers the advantages of this initiative without the need for further human resources or IT investments. Customers will also be able to use the platform for UniCredit Group payments for all credit transfer transactions in all 31 SEPA countries. Finally, also in 2009, the necessary implementation procedures will be issued for the SEPA Direct Debit (SDD) component which UniCredit will make available starting in November 2009.

Governance and coordination activities

In addition to the specific business activities indicated above are the governance and planning activities carried out by Group HQ for the entire Group.
In order to continually improve its ability to perform these duties, in 2008 the Parent Company was involved in several reorganisation activities such as:
- the strengthening of competence lines such as Finance (CFO), Human Resource Management (HR), Organisation and Communication, based on significant coordination and planning carried out by related Responsible for the entire Group;
- the implementation of the Group's new organisational model, consisting specifically of establishing the Retail, Corporate Investment Banking & Private Banking ("CIB & PB") and Global Banking Services ("GBS") Areas within which business, organisational and service functions are to be reorganised.

Specifically, the Retail Area at Group HQ has become very large and now has about 1,500 employees with the goal of acting as the governance and coordination structure for the three new Retail banks established on November 1, 2008 and centralising the management of certain management functions (e.g., marketing and the management of staff-related administrative services) or support functions (e.g., the Call Centre, Customer Recovery and Security).

In addition, in 2008 the main business and support areas of the Private Banking division were centralised at Group HQ and the Corporate Banking division was reorganised by creating units for the governance and coordination of strategic functions with the unified goal of developing a single, group-wide strategy.

With regard to Risk Management operations, market and credit risk management was strengthened (focusing in part on restructuring non-performing loans) and centralising the management of control processes.

In the Compliance Area, efforts were focused on reorganising the entire structure in order to arrive at the linked management of the Law and Compliance departments to further strengthen the Parent Company's ability to manage the risk of non-compliance and conflicts of interest, to preserve the good name of the Bank and contribute to the enhancement of the company's value over time.

Operations (Continued)

Loans to Customers

Loans to customers reached €36,519 million at December 31, 2008, an increase of €15,276 million compared with the amount at the end of 2007.

Loans and receivables with customers (€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2008	12.31.2007	AMOUNT	PERCENT
Performing loans	28,999	18,284	+10,715	+58.6%
Impaired assets	240	985	-745	-75.6%
Repos	-	-	-	-
Debt securities	7,280	1,974	+5,306	+268.8%
Total loans and receivables with customers	**36,519**	**21,243**	**+15,276**	**+71.9%**
of which:				
units operating in Italy	*32,973*	*20,475*	*+12,498*	*+61.0%*
units operating abroad	*3,546*	*768*	*+2,778*	*+361.7%*

Of this increase, €12,498 million was due to units operating in Italy (+61%) and €2,778 million (+362%) to units operating abroad.

The €10,715 million increase in performing loans (from €18,284 million at year-end 2007 to €28,999 million at year-end 2008) was due to the increase in loans made to Group companies, and in particular, loans to Aspra Finance (€3,694 million), UniCredit Real Estate (€1,300 million) and UniCredit Factoring (€3,000 million) as well as the increase in loans to the corporate customers of UniCredit's foreign branches (€2,778 million). Prior to the transfer process on November 1, 2008, the latter were consolidated on the accounts of UniCredit Banca di Roma.

The €5,306 million (from €1,974 million at year-end 2007 to €7,280 million at year-end 2008) increase in debt securities was attributable to the repurchase of securitisation tranches originated by Group companies for the purposes of refinancing with the central bank (including €4,600 million originated by Locat, €603 million originated by HVB and €152 million originated by UniCredit Banca per la Casa).

Credit Quality

Impaired loans to customers (by type) (€ million)

	NON-PERFORMING LOANS	DOUBTFUL LOANS	TOTAL	RESTRUCTURED LOANS	PAST-DUE LOANS	IMAPAIRED LOANS
Face value	504	138	642	..	1	643
as a percentage of total loans	*1.36%*	*0.37%*	*1.74%*	..	-	*1.74%*
Write-downs	356	46	402	..	1	403
coverage ratio	*70.63%*	*33.33%*	*62.62%*	..	-	*62.67%*
Carrying value	148	92	240	..	-	240
as a percentage of total loans	*0.41%*	*0.25%*	*0.66%*	..	-	*0.66%*

Impaired loans to customers, which at year-end 2007 stood at €985 million, and which were almost entirely from the Capitalia business combination, dropped to €240 million due to the sale to Aspra Finance noted above.

The non-performing loan coverage ratio stood at 70.6%.

Deposits from Customers and Debt Securities in Issue

Deposits from customers and debt securities in issue, equalling €131,527 million, were up €12,850 million from the end of 2007.

Deposits from customers and debt securities in issue (€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2008	12.31.2007	AMOUNT	PERCENT
Deposits from customers	9,193	7,863	+1,330	+16.9%
Debt securities in issue	122,334	110,814	+11,520	+10.4%
Total deposits from customers and debt securities in issue	**131,527**	**118,677**	**+12,850**	**+10.8%**
of which:				
units operating in Italy	*102,284*	*75,342*	*+26,942*	*+35.8%*
units operating abroad	*29,243*	*43,335*	*-14,092*	*-32.5%*

Deposits from customers were €9,193 million, an increase of €1,330 million compared with 2007. The change was due to the net impact of the increase in deposits, mainly in the form of repos with Group companies (Pioneer) in the amount of €2,398 million, and a reduction in deposits from customers at foreign branches totalling €1,248 million (primarily the London branch in the amount of €1,433 million). Deposits from customers can be broken down as follows: 39% in time deposits (mostly at the London branch); 18% in current accounts and demand deposits; 17% in loans related to units operating in Italy; 26% in repos.

Debt securities in issue, equalling €122,334 million, posted an increase of €11,520 million over 2007. This figure is the result of a decrease in deposits in the form of certificates of deposit totalling €12,407 million (including €9,266 million at the New York branch and €3,152 million at the London branch), which was more than offset by an increase of €24,302 million in liabilities consisting of senior and subordinated bonds issued in 2008 in order to optimise the Group's maturity structure. Of the latter, €9,150 million are bonds subscribed by Group banks (mainly UniCredit Banca) to balance the structural liquidity position.

Operations (Continued)

Financial Investments

Financial investments of €80,078 million were up by €1,609 million over year-end 2007. This increase was primarily due to the increase of €3,827 million in held-to-maturity investments and the decrease of €2,480 million in equity investments.

Financial Investments (€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2008	12.31.2007	AMOUNT	PERCENT
Financial assets at fair value through profit or loss	318	59	+259	+439.0%
Available-for-sale financial assets	3,284	3,281	+3	+0.1%
of which: - equity investments	*1,005*	*1,686*	*-681*	*-40.4%*
- debt securities, equity instruments and investments funds units	*2,279*	*1,595*	*+684*	*+42.9%*
Held-to-maturity investments	6,623	2,796	+3,827	+136.9%
Equity investments	69,853	72,333	-2,480	-3.4%
Total financial investments	**80,078**	**78,469**	**+1,609**	**+2.1%**
of which:				
units operating in Italy	*79,932*	*78,422*	*+1,510*	*+1.9%*
units operating abroad	*146*	*47*	*+99*	*+210.6%*

Financial assets at fair value through profit or loss were up by €259 million due to the reclassification of the investment in the Pioneer Institutional Hedge Fund, which was previously classified, with the same number of shares, under held-for-trading financial assets.

Held-to-maturity investments, which totalled €6,623 million, were up by €3,827 million over year-end 2007. The increase was due to the acquisition of government debt securities in 2008 for the purposes of refinancing at the central bank.

Equity investments classified under available-for-sale financial assets totalled €1,005 million, a decrease of €681 million from year-end 2007. This decrease was due, in particular, to the sale of Edipower, with a book value of €203 million in December 2007 and the sale of Attijariwafa Bank (€108 million), with the generation of a capital gain of €83 million for the latter, and was also the result of the decrease in value of the stakes held which resulted in impairment losses of €569 million posted to the income statement (including €308 million for London Stock Exchange, €182 million for Banco do Sabadell and €34 million for Gemina), i.e., the posting of capital losses of about €65 million to the corresponding valuation reserve which was mainly attributable to Bank of Valletta. The above reductions more than offset the increase due to the addition of equity investments classified in the same portfolio at the time of the merger on November 1.

Equity investments in subsidiaries and associated companies reached €69,853 million, with a year-on-year decrease of €2,480 million. Of the reduction, €8,339 million was due to the impact of the corporate transaction of November 1 that resulted in the elimination of the book value of the companies being merged and an adjustment to the carrying amount of the transferee companies. This decrease more than offset increases including €2,515 million for recording equity investments previously held by the merged companies, €796 million from the business combination with UBM (which resulted in the recording of the stake held by the latter in HVB (6.44%) in the amount of €1,028 million and the elimination of the stake held in UBM totalling €232 million) and €2,410 million for acquisitions connected with the squeeze out of BA-CA shares (€1,015 million) and HVB shares (€1,396 million).

The most significant changes included the subscription of the Aspra Finance capital increase for €330 million, the reduction following the final liquidation allocation of Fineco Finance totalling €381 million and the sale of various equity interests including FIMIT, Centrale dei Bilanci and HoldCo77, the vehicle company to which shares of Bank BPH were sold, all of which resulted in net capital gains of €180 million.
In addition, the corporate transactions carried out on July 1, 2008 in relation to the partial spin-off of the asset gathering division by UniCredit Private Banking to FinecoBank, the partial spin-off of the area involved in loans against salaries by

FinecoBank to UniCredit Consumer Financing Bank, the partial spin-off of the mortgage operations of FinecoBank to UniCredit Banca per la Casa, and the partial spin-off by MCC of the leasing division to Locat and the real estate division to UniCredit Real Estate resulted in significant changes in the carrying value of the individual subsidiaries and associates involved in these transactions, and these changes had not an impact on the balance of equity investments, as operations infra-group.

A 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 2008 Annual Report, to which reference is therefore made.

Interbank business

In 2008, the Parent Company continued to be a net lender in the interbank market, but still reduced the balance between loan and deposit entries by €14,143 million from 2007. This result was due to an increase in deposits from banks (€59,762 million) which was greater than the increase in loans to banks (€45,619 million).

Movements in deposits and loans and receivables with banks were affected, in particular, by transactions entered into with Group banks involved in the business combination and in transfers of divisions that occurred on November 1, 2008. It should be noted that these transactions made it possible to improve the banks' specialisation in specific business sectors.

In this context, the transferee banks increased their liquidity requirements (especially UniCredit Corporate Banking and UniCredit Banca per la Casa) needed to finance the portfolios acquired. At the same time, the new Retail Banks reported excess liquidity positions resulting from the sale of assets.

More specifically, the increase of €45,619 million in loans and receivables with banks over year-end 2007 was due to the following:

- an increase in loans made to Group banks of €29,240 million (primarily to UniCredit Corporate Banking and UniCredit Banca per la Casa);
- an increase of about €8,000 million in senior and subordinated bonds in the loans and receivables portfolio; these were mainly issued by Group companies to fund the structural liquidity position;
- an increase of €20,453 million in repos with banks. This item was affected by the recognition of repo transactions posted in the accounts to report the Parent Company's lending of securities to Group banks. Since, by its nature, the lending of securities is cash neutral, loans received in an identical amount are posted under the item "Deposits from banks". Compared with 2007, actual repos with Group banks and in the market dropped by €5,341 million;
- a decrease of €11,346 million in the balance of the operating account held at Banca d'Italia (€7,294 million compared with €18,640 million in 2007);
- an increase of €575 million in loans of foreign branches to cover the merger on November 1 of assets from the branches of the former UniCredit Banca di Roma.

The increase of €59,762 million in deposits from banks was instead due to:

- an increase of about €35,000 million in deposits from banks, primarily from Group banks. As indicated above, this aggregate includes financing to the Parent Company in the form of loans (€25,898 million), which, when offset by repos, make the securities lending transactions cash neutral;
- an increase of €19,389 million in deposits between central banks including €17,036 million through repos;
- an increase of €8,236 million in deposits through repos with Group banks;
- a decrease of €5,158 million in deposits in the market through banks of the foreign branches.

Interbank Position (€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2008	12.31.2007	AMOUNT	PERCENT
Loans and receivables with banks	**208,439**	**162,820**	**+45,619**	**+28.0%**
units operating in Italy	*207,023*	*161,979*	*+45,044*	*+27.8%*
units operating abroad	*1,416*	*841*	*+575*	*+68.4%*
Deposits from banks	**157,703**	**97,941**	**+59,762**	**+61.0%**
units operating in Italy	*148,339*	*83,419*	*+64,920*	*+77.8%*
units operating abroad	*9,364*	*14,522*	*-5,158*	*-35.5%*
NET INTERBANK POSITION	**50,736**	**64,879**	**-14,143**	**-21.8%**
units operating in Italy	*58,684*	*78,560*	*-19,876*	*-25.3%*
units operating abroad	*-7,948*	*-13,681*	*+5,733*	*-41.9%*

Operations (Continued)

Shareholders' Equity, Subordinated Debt and Capital Ratios

Shareholders' Equity

As at December 31, 2008, shareholders' equity amounted to €50,990 million, compared with €50,600 million at the end of 2007. Increases were attributable to the reserve for business combinations within the Group (+€920 million), the sale of treasury shares (+€288 million) and net profit for the period. These increases were partially offset by a reduction for the distribution of dividends for 2007, decreases in reserves for the valuation of available-for-sale financial assets and of cash flow hedges (-€282 million) and by the posting of the reserve for sales within the Group pursuant to Article 58 of the Combined Banking Law (-€448 million) connected with the sale of non-performing loans to Aspra Finance.

Shareholders' Equity	(€ million)
Balance as at 12.31.2007	**50,600**
Increases:	
- share capital increase associated with the exercise of rights	8
- net profit for the year	3,281
- other changes	1,262
Decreases:	
- paid-out dividends	3,431
- other changes	730
Balance as at 12.31.2008	**50,990**

Main Shareholders

Share capital, which was fully subscribed and paid in, totalled €6,684,287,462.00, consisting of 13,368,574,924 shares of €0.50 each including 13,346,868,372 ordinary shares and 21,706,552 savings shares.

As at December 31, 2008, the shareholder register showed the following:
- There are approximately 385,000 shareholders;
- Resident shareholders own about 52% of capital and foreign shareholders 48%.
- 92% of ordinary share capital is held by legal entities and the remaining 8% by individuals.

As at December 31, 2008, the principal shareholders were as follows:

Principal UniCredit shareholders

SHAREHOLDER	ORDINARY SHARES	% OWNED[1]
1. Cassa di Risparmio Verona, Vicenza, Belluno e Ancona Foundation	668,494,453	5.009%
2. Central Bank of Libya Group	615,718,218	4.613%
3. Cassa Risparmio di Torino Foundation	517,277,185	3.876%
4. Carimonte Holding S.p.A.	447,117,993	3.350%
5. Allianz Group	315,544,510	2.364%
6. Barclays Global Investors UK Holding Ltd Funds	267,464,392	2.004%

1. as a percentage of ordinary capital

Treasury Shares

In January 2008, in compliance with the provisions of paragraph five of Article 2437-quater of the Civil Code, UniCredit made an offer on the automated screen-based stock exchange (MTA) organised and managed by Borsa Italiana S.p.A. to purchase 83,833,899 ordinary UniCredit S.p.A. shares resulting from the exchange of 74,851,696 Capitalia S.p.A. shares that were withdrawn and not sold in previous phases of the liquidation procedure pursuant to Article 2437-quater of the Civil Code, and that also remained completely unsold upon the conclusion of the above offer. Withdrawing shareholders were paid the liquidation value of the shares on January 23.

Following the above purchases, the number of treasury shares rose from 87,000,000 at year-end 2007 to 170,833,899 with a total value of €876 million.

The Ordinary Shareholders' Meeting of UniCredit held on November 14, 2008 voted to revoke the authorisation granted by the Ordinary Shareholders' Meeting on December 16, 2005 regarding the disposal of the 87,000,000 shares resulting from the share buy-back transaction and to authorise the sale, without time limitations, of all treasury shares held for a price not less than the market price at the time each sale is made less 5%.

Pursuant to this resolution, in December UniCredit moved forward with the sale of 170,357,899 treasury shares in several tranches, for a total of €288 million.
At year-end 2008 there was a total of 476,000 treasury shares.

Treasury Shares	
Number of ordinary shares as at 12.31.2008	476,000
Face value per share €	0.50
Total face value €	238,000
% on capital stock	..
Carrying value as at 12.31.2008 €	2,440,001

Subordinated Liabilities

During the year, the nominal amount of subordinated liabilities rose from €15,343 million at year-end 2007 to €17,311 million at year-end 2008 (+€1,968 million) following the issuance of two Upper Tier II subordinated bonds (€1,125 million) and seven Lower Tier II bonds (€1,620 million). This increase was partially offset by the total repayment of a Tier III bond (€300 million), the partial repayment of a Lower Tier II bond (€149 million) and the change resulting from the negative foreign exchange effect on transactions denominated in foreign currencies (€328 million).

Capital for regulatory purposes and capital ratios

Capital for regulatory purposes amounted to 56,125 million, of which 42,514 million is Tier 1 Capital, compared with €57,827 million at December 31, 2007.

The ratio of capital for regulatory purpose to total risk-weighted assets was 50.79% - not a very significant figure, since it reflects the Company's particular capital structure.

Income Statement

Operating Profit

In order to make a comparison as equivalent as possible between 2007 and 2008, pro-forma restated income statements were created as follows:
- The 2007 income statement was restated up to operating profit including the operating impact of the first three quarters of 2007 related to Capitalia before the business combination on October 1, 2007;
- The 2008 income statement was restated up to operating profit eliminating the impact of the merger of Capitalia Partecipazioni, UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia and Bipop Carire into UniCredit on November 1, 2008 and the concurrent transfer by UniCredit of the divisions acquired as follows: Retail Banking to the three newly established retail banks (UniCredit Banca, UniCredit Banca di Roma and Banco di Sicilia) with their respective specific regional responsibilities in northern Italy, central-southern Italy and Sicily; Private Banking to UniCredit Private Banking; Corporate Banking to UniCredit Corporate Banking; mortgages and loans to UniCredit Banca per la Casa and UniCredit Consumer Financing respectively.

The notes to the individual items in the income statement are therefore referred, where possible, to the restated 2007 and 2008 periods.

Operating profit (€ million)

	YEAR				CHANGE FROM RESTATED	
	2008		2007			
	CARRYING AMOUNT	RESTATED	CARRYING AMOUNT	RESTATED	€M	PERCENT
Net interest	3,426	-1,564	-1,158	-1,459	- 105	+ 7.2%
Dividends and other income from equity investments	2,973	2,825	2,783	3,718	- 893	- 24.0%
Net interest income	**6,399**	**1,261**	**1,625**	**2,259**	**- 998**	**- 44.2%**
Net fees and commissions	2,465	56	61	63	- 7	- 11.1%
Net trading, hedging and fair value income	-288	-323	66	227	- 550	n.s.
Net other expenses/income	-131	-150	23	117	- 267	n.s.
Net non-interest income	**2,046**	**-417**	**150**	**407**	**- 824**	**- 202.5%**
OPERATING INCOME	**8,445**	**844**	**1,775**	**2,666**	**- 1,822**	**- 68.3%**
Payroll costs	-2,948	-469	-346	-472	+ 3	- 0.6%
Other administrative expenses	-2,492	-448	-300	-459	+ 11	- 2.4%
Recovery of expenses	348	53	39	75	- 22	- 29.3%
Amortisation, depreciation and impairment losses on intangible and tangible assets	-91	-10	-14	-41	+ 31	- 75.6%
Operating costs	**-5,183**	**-874**	**-621**	**-897**	**+ 23**	**- 2.6%**
OPERATING PROFIT	**3,262**	**-30**	**1,154**	**1,769**	**- 1,799**	**- 101.7%**

Net Interest Income

Net interest income stood at €1,261 million, representing the difference between net interest of -€1,564 million and dividends and other income from equity investments of €2,825 million. Of this figure, €2,764 million related to Group companies and €61 million to non-Group companies. The comparable amount for the 2007 statement was €2,259 million, consisting of net interest of -€1,459 million and dividends and other income from equity investments of €3,718 million.

Net interest declined by €105 million compared with the 2007 figure. The decrease was attributable to the higher cost of financing equity investments, the volume of which rose due to the squeeze-out of HVB (€1,396 million) and BACA (€1,015 million). In addition, there was an increase in the cost of managing short-term liquidity resulting largely from the enlargement of market spreads and medium and long-term funding, which, with growing volumes, resulted in a deterioration in the issuance spread.

Within the item for dividends and other income from equity investments, the component related to Group companies was down by €831 million due to the business combination of UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia and Bipop Carire, while the component related to non-Group companies was down by €62 million due mainly to lower dividends from Mediobanca, partially sold, and Synesis which were sold in the fourth quarter of 2007.

Net Non-Interest Income

Net non-interest income stood at -€417 million, down by €824 million on the previous period, due to the negative contribution made by net trading, hedging and fair value income and the balance of other operating income and costs.

There was a net trading, hedging and fair value loss of €323 million, compared with income of €227 million in the previous period. The decrease of €550 million was generated by the transfer of Markets and Investment Banking operations to HVB Milano (-€155 million); the impact resulting from hedging the equity investment in Pekao with a put spread (-€88 million); the collared equity swap on Mediobanca (the transaction whereby UniCredit temporarily sold Mediobanca shares to a third party, and in exchange for the payment of a variable flow of interest, collected the related dividend and absorbed any difference in the share price -€12 million); the management of exchange rate risk (-€36 million) in a highly volatile environment; the Pioneer Fund (-€84 million); treasury operations related to interest and exchange rate hedging (-€70 million); and the different structure of certain liquid asset investment transactions.

The balance of other operating income and costs was -€150 million, compared with the +€117 million reported in the previous period. The decrease of €267 million was due to the lack of rental recoveries as a result of the transfer of the real estate division from the former Capitalia to UniCredit Real Estate (-€104 million); compliance with banking regulations for compulsory bank drafts related to Retail bank customers (-€102 million posted after the business combination) and costs that could not be capitalised related to the BACA squeeze-out (-€55 million).

Operating Costs

Taking into account expense recoveries, operating costs totalled €874 million compared with €897 million in 2007, a reduction of about €23 million (3%) despite the strengthening of the Parent Company's organisational structure following the absorption of several governance units from the Retail Division. This impact, which was related to the last two months of the year, was equal to about €25 million in staff expenses and €4 million in other administrative expenses.

Overall, staff expenses were down about €3 million (1%) compared with the previous year, from €472 million to €469 million, due in part to the continuation of the leaving incentive programme (those entitled to a pension and the Solidarity Fund). In addition, related to results lower than budget, variable compensation, which normally depends on these performances, was reduced significantly.

Other administrative expenses of €448 million were down by €11 million (about 2%) compared with the previous period, as a result of the rationalisation process and efforts of efficiency. Specifically, there was a reduction in advertising, marketing and costs of management of non performing loans (given up to Aspra Finance), in addition to lower indirect taxes due to the absence of local property tax following the sale of properties from the former Capitalia to UniCredit Real Estate. On the other hand, back-office costs were up due to the increase in Global Banking Transaction operations in addition to consulting expenses and staff-related expenses (due in part to the transfer of employees following the business combinations).

Operating Profit

There was an operating loss of €30 million, representing a decrease of €1,799 million (102%) from the €1,769 million in 2007 as a result of lower revenues.

Income Statement (Continued)

Net Profit

In the table below, the steps from operating profit to net profit have been reclassified for illustrative purposes. Here again, the two years being compared were made equivalent as described above.

Net profit (loss) (€ million)

	YEAR				CHANGE FROM RESTATED	
	2008		2007			
	CARRYING AMOUNT	RESTATED	CARRYING AMOUNT	RESTATED	€M	PERCENT
Operating profit (loss)	**3,262**	**-30**	**1,154**	**1,769**	**-1,799**	**-101.7%.**
Net provisions for risks and charges	-402	-154	-18	-60	-94	+156.7%
Integration costs	-66	-	-67	-162	+162	-100.0%
Net write-downs of loans and provisions for guarantees and commitments	-285	-300	22	-5	-295	n.s.
Net income from investments	-286	-276	564	671	-947	n.s.
PROFIT (LOSS) BEFORE TAX	**2,223**	**-760**	**1,655**	**2,213**	**-2,973**	**-134.3%**
Income tax for the year	1,058	1,850	203	387	+1,463	+378.0%
NET PROFIT (LOSS) FOR THE YEAR	**3,281**	**1,090**	**1,858**	**2,600**	**-1,510**	**-58.1%**

Provisions for risks and charges

Provisions for risks and charges, at -€154 million compared with -€60 million in 2007, are mainly attributable to provisions for legal and tax disputes.

Net write-downs of loans and provisions for guarantees and commitments

Net impairment losses on loans and provisions for guarantees and commitments totalled €300 million, an increase of €295 million over the €5 million in 2007 due to impairment losses on non-performing loans from UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia and Bipop Carire as a result of the business combination on November 1, 2008. These loans were later sold to Aspra Finance.

Integration costs

At year-end 2008, integration costs were a modest amount compared with the €162 million in 2007.

Net income from investments

There was a net loss from investments of €276 million, a decrease of €947 million compared with net gains of €671 million for 2007.

The main events affecting this item in 2008 were as follows:

- sales of equity investments of €306 million, of which €87 million for BPH, €94 million for CE.BI, €83 million for Attijariwafa Bank, €73 million for Société Generale Securities Services, €28 million for Fimit, €19 million for Euroclear and -€99 million for Fineco Finance;
- impairment losses on equity investments of €581 million including €308 for London Stock Exchange, €182 million for Banco do Sabadell, €34 million for Gemina, €22 million for Bank BPH, €22 million for Fineco Verwaltung, €9 million for Camfin, €6 million for Euroclass Multimedia, €2 million for Investimenti Infrastrutture and +€35 million for UPA.

Income Tax

Income taxes for the period were a positive figure of €1.850 million (€387 million in 2007).

The amount of the taxes is influenced by the application of art.15, para 10, of the Law Decree nr. 185 dated 11/29/08 converted into Law. nr. 2 dated 1/29/09. The mentioned Law allows the fiscal recognition of the values resulting as goodwill in the 2008 balance sheet through the payment, in one instalment, of a tax substitutive of Ires and Irap equal to 16% of the difference between the accounting and the tax value of such goodwill. The goodwill value will be recognised for tax purposes only and it may be deducted from income over a nine-year period starting from the year following that of payment. The withholding tax will be paid in 2009 and the goodwill will be deducted starting from 2010.

One of the accounting treatments compliant with Ias 12 allows to consider the tax amortization of the goodwill as a deductible temporary difference, with the following possibility to write-up corresponding deferred tax assets for an amount equal to the expected tax benefit, provided that there is a reasonable expectation of their recovery. Since at present there are no grounds to foresee that in the relevant years the Group Entities included in the area of tax consolidation will not have a sufficient taxable income to take advantage of the goodwill tax deductibility.

After assessing the tax-deductible goodwill at €8,651 million, "current tax" in the amount of €1,384 million and "deferred tax assets" in the amount of €2,379 million have been recognized in the Accounts as at December 31, 2008. The net result is €995 million of lower taxes. The deferred tax assets are arising out of the application of Ires tax, as there is not IRAP income.

Net Profit

The company's net profit, which was restated using the criteria described above, stood at €1,090 million, a decrease of 58% from €2,600 million in the previous year.

Other Information

Transactions with Group Companies

The table below shows the assets, including equity interests, liabilities, guarantees and commitments outstanding as at December 31, 2008, in respect of direct and indirect subsidiaries and companies subject to significant influence.

(€ million)

	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS
Subsidiaries	293,501	152,113	52,888
Companies subject to significant influence	1,938	39	-

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 2009 by March 31, 2009.

Risks

Risks and uncertainties that the Group has to face in the present circumstances are fully described in the consolidated annual report.

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 May 14, 1999, as subsequently amended and supplemented (last amendment: Consob Resolution 15520 of July 27, 2006).

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

POSITION HELD	LAST, FIRST NAME	INTEREST IN	TYPE OF SHARE	NUMBER OF SHARES: HELD AT END-2007[1]	ACQUIRED DURING THE YEAR	SOLD DURING THE YEAR	HELD AT END-2008[1]
LIST OF DIRECTORS AS OF DECEMBER 31, 2008							
Chairman	Rampl Dieter	UniCredit	ord.	227,795	-	-	227,795
Deputy Vice Chairman	Gutty Gianfranco	UniCredit	ord.	75,000	76,000	-	151,000
Deputy Chairman	Bellei Franco	UniCredit	ord.	50,000	20,000	-	70,000
Deputy Chairman	Libonati Berardino	UniCredit	ord.	-	1	-	1
Deputy Chairman	Palenzona Fabrizio	UniCredit	ord.	-	-	-	-
Deputy Chairman	Wyand Anthony	UniCredit	ord.	-	-	-	-
	indirectly held (spouse)	UniCredit	ord.	14,000	-	-	14,000
CEO	Profumo Alessandro	UniCredit	ord.	2,702,842[(2)]	150,000	-	2,852,842
Director	Bischoff Manfred	UniCredit	ord.	7,500	-	-	7,500
Director	Calandra Buonaura Vincenzo	UniCredit	ord.	39,606	-	-	39,606
Director	Cucchiani Enrico Tommaso	UniCredit	ord.	-	-	-	-
Director	Fontanesi Donato	UniCredit	ord.	-	-	-	-
Director	Giacomin Francesco	UniCredit	ord.	-	-	-	-
Director	Gnudi Piero	UniCredit	ord.	152,907	-	-	152,907
	indirectly held (spouse)	UniCredit	ord.	272,846	-	-	272,846
	indirectly held (other)	UniCredit	ord.	514,000	-	-	514,000
Director	Kadrnoska Friedrich	UniCredit	ord.	-	-	-	-
Director	Kley Max Dietrich	UniCredit	ord.	-	-	-	-
Director	Ligresti Salvatore	UniCredit	ord.	-	-	-	-
Director	Maramotti Luigi	UniCredit	ord.	5,610,556	-	-	5,610,556
Director	Marocco Antonio Maria	UniCredit	ord.	49,200	-	-	49,200
Director	Pesenti Carlo	UniCredit	ord.	-	-	-	-
Director	Schinzler Hans-Jürgen	UniCredit	ord.	-	-	-	-
Director	von Bomhard Nikolaus	UniCredit	ord.	-	-	-	-
Director	Zwickl Franz	UniCredit	ord.	4,000	-	-	4,000

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)

POSITION HELD	LAST, FIRST NAME	INTEREST IN	TYPE OF SHARE	NUMBER OF SHARES HELD AT END-2007[1]	ACQUIRED DURING THE YEAR	SOLD DURING THE YEAR	HELD AT END-2008[1]
UNTIL MARCH 31, 2008							
Director	Mancuso Salvatore	UniCredit	ord.	-	-	-	-
FROM MAY 8, 2008							
Director	Li Calzi Marianna	UniCredit	ord.	-	-	-	-
BOARD OF STATUTORY AUDITORS							
Chairman	Loli Giorgio	UniCredit	sav.	20,000	-	-	20,000
		UniCredit	ord.	-	30,000	-	30,000
Statutory Auditor	Francardo Gian Luigi	UniCredit	ord.	-	-	-	-
Statutory Auditor	Mayr Siegfried	UniCredit	ord.	-	-	-	-
Statutory Auditor	Milanese Aldo	UniCredit	ord.	-	-	-	-
Statutory Auditor	Nicastro Vincenzo	UniCredit	ord.	5,195	-	-	5,195
KEY MANAGEMENT PERSONNEL		UniCredit	ord.	1,717,351	1,611,776	226,500	3,102,627
		PGAM	ord.	-	65,000	65,000	-
		BA-CA	ord.	859	-	859	-
		HVB	ord.	182,785	-	-	182,785
		Pekao	ord.	10,000	40,000	25,000	25,000

1. or start/end date of position if not the same as the reference periods indicated.
2. the reported number differs from the one indicated in UniCredit 2007 Annual Report (i.e. 2,452,842 ordinary shares) due to a purchase of 250,000 ordinary shares made in May 2004, regularly reported to Borsa Italiana according to the Internal dealing rules (warning n. 5469 of May,13 2004) but not counted in data provided in 2004 Annual Report. Such inaccuracy affected also the reports on shares held in the following years.

Subsequent Events and Outlook

Subsequent Events

To implement the capital increase approved by the Shareholders' Meeting on November 14, 2008, from January 5 to 23 the new shares were offered to holders of UniCredit ordinary and savings shares in a ratio of 4 ordinary shares for every 55 shares held at a unit issuance price of €3.083 per share, with a share premium of €2.583. At the end of the option exercise period, 4,647,192 UniCredit shares were subscribed, equal to 0.48% of the shares offered.

Unexercised options were then offered by UniCredit on the MTA of Borsa Italiana, but none were purchased. Then, on February 23, 2009, Mediobanca underwrote 967,578,184 shares pursuant to the security agreement entered into by the latter with the obligation to underwrite a quantity of newly issued shares corresponding to the unexercised options. Thus, the capital increase of €2,997,370,834.21 was fully subscribed including €486,112,688.00 in share capital and €2,511,258,146.21 in share premium. Nearly all the shares underwritten by Mediobanca were used to support the issuance of financial instruments (the so-called CASHES); the features of these instruments are fully described in the section Steps to Strenghten Capital of the consolidated annual report.

As part of measures to strengthen the company's capital base, at the time the distribution of 2008 profits was approved, a proposal was made concerning the establishment of a specific "Reserve for allocating profits to Shareholders through the issuance of new free shares."

The reserve will be allocated to share capital in relation to a proposed free increase in share capital pursuant to Article 2442 of the Civil Code through the issuance of 4,821,213,831 ordinary shares and 4,341,310 savings shares with a nominal value of €0.50 for a total nominal amount of €2,412,777,570.50. It is proposed that the new shares will be issued in the following proportions:

- 13 ordinary shares for every 36 ordinary shares held, with the exception of 476,000 ordinary treasury shares held and 967,564,061 ordinary shares underwritten by Mediobanca and used to support the issuance of the CASHES financial instruments;
- 1 savings shares for every 5 savings shares held.

The Board of Directors, with the aim of further strengthening the existing policy of strong support to the economy and in order to align the Group to the European competitive context, where the major banks have already applied for or received comparable instruments, mandated the CEO to negotiate the terms and conditions related to the issuance of Government capital instruments for an amount of up to Euro 4 billion. Such instruments will be made available for subscription by the Finance Ministry in Austria, by the Economy and Finance Ministry in Italy and by third party investors.

Subsequent Events and Outlook (Continued)

Outlook

The applicable external environment, which is characterised by a projected recessionary economic situation whose negative impact will affect financial market performance, will have repercussions on the management of current operations in 2009.

Overall revenue performance will be affected by high volatility, however net interest income is projected to improve due to the foreseeable reduction in interest rates that will lower the cost of accessing capital markets.

Moreover, in order to effectively deal with the negative environment, the company has taken steps to closely manage costs through rationalisation measures that follow on from efficiency improvements that were started in 2008 along with a careful assessment of discretionary expenses.

Further details and informations are represented in the consolidated annual report.

Milan, March 17, 2009

BOARD OF DIRECTORS

Chairman
DIETER RAMPL

CEO
ALESSANDRO PROFUMO

«We had a foreign tourist turn to us with a problem. Even though it was not possible to resolve his problem from our office, I took my time to help him. I think he left satisfied, reassured that his bank is there for him anywhere he goes. These are the moments when we can show our true commitment to the bank and our customers. Every one of our employees represents the whole UniCredit Group.»

Reet Trumm
Estonia

Peter Bodensteiner
Germany

«One of our core values is trust. Trust is the most important asset in financial markets. In our business, we receive the trust of our clients every time they use UniCredit Group as their point of entry to international markets. This makes it necessary every day to work towards earning our clients' trust for tomorrow.»

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 December 31, 2008 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:

2008 Income Statement showed net profits, entirely available for distribution in accordance with art. 6 of Legislative Decree 38 dated February 28, 2005, of	**€ 3,281,086,843.54**

which we propose to distribute as follows:

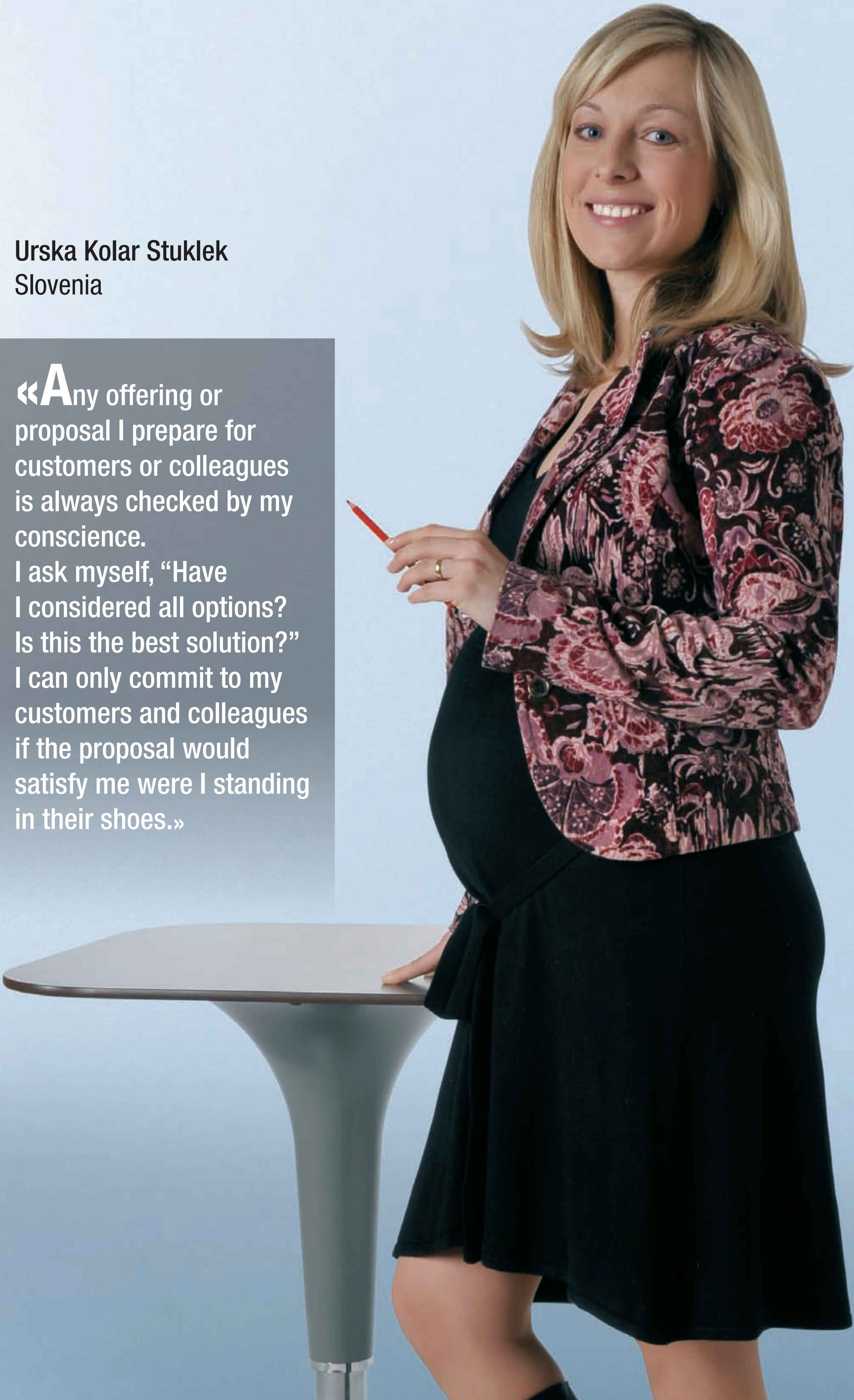
- to the Legal Reserve pursuant to the Articles of Association, article 32	€ 202,971,780.64
- to the Shareholders: - dividend of € 0.025 pursuant to art. 32, 1° paragraph, letter b) of Articles of Association, for each of the 21,706,552 saving shares	€ 542,663.80
- to the Reserve for allocating profits to Shareholders through the issuance of new free shares	€ 2,412,777,570.50
- to the Statutory Reserve	€ 664,794,828.60
	€ 3,281.086,843.54

Milan, March 17, 2009

BOARD OF DIRECTORS

Chairman
DIETER RAMPL

CEO
ALESSANDRO PROFUMO



Urska Kolar Stuklek
Slovenia

«Any offering or proposal I prepare for customers or colleagues is always checked by my conscience.
I ask myself, “Have I considered all options? Is this the best solution?”
I can only commit to my customers and colleagues if the proposal would satisfy me were I standing in their shoes.»

Company Accounts and Annexes

Company Accounts

Company Accounts

Accounts

Balance Sheet		(€)
ASSETS	12.31.2008	12.31.2007
10. Cash and cash balances	33,406,999	4,026,899,006
20. Financial assets held for trading	9,004,620,633	11,157,337,462
30. Financial assets at fair value through profit or loss	318,008,018	58,957,693
40. Available-for-sale financial assets	3,284,636,861	3,281,099,327
50. Held-to-maturity investments	6,622,865,723	2,796,247,097
60. Loans and receivables with banks	208,438,532,642	162,819,653,240
70. Loans and receivables with customers	36,518,992,685	21,243,201,945
80. Hedging derivatives	2,038,583,031	568,898,511
90. Changes in fair value of portfolio hedged financial assets (+/-)	71,457,550	(596,236)
100. Equity investments	69,852,748,035	72,332,656,928
110. Property, plant and equipment	37,846,644	25,065,779
120. Intangible assets:	8,771,798,523	4,268,230,847
of which:		
- goodwill	*8,738,566,004*	*4,162,547,796*
130. Tax assets:	6,076,925,808	4,279,175,870
a) current tax assets	*1,393,430,870*	*2,575,156,791*
b) deferred tax assets	*4,683,494,938*	*1,704,019,079*
140. Non-current assets and disposal groups classified as held for sale	39,930	712,151,777
150. Other assets	5,019,962,725	2,232,777,530
Total assets	**356,090,425,807**	**289,801,756,776**

Balance Sheet		(€)
LIABILITIES AND SHAREHOLDERS' EQUITY	**12.31.2008**	**12.31.2007**
10. Deposits from banks	157,703,378,386	97,941,324,665
20. Deposits from customers	9,192,910,564	7,863,436,091
30. Debt securities in issue	122,334,037,484	110,813,498,929
40. Financial liabilities held for trading	3,893,113,076	7,725,858,771
50. Financial liabilities at fair value through profit or loss	-	6,016,375,929
60. Hedging derivatives	2,914,023,126	2,595,953,281
70. Changes in fair value of portfolio hedged financial liabilities (+/-)	1,014,635,139	(709,831,406)
80. Tax liabilities:	2,665,342,753	2,006,645,153
a) current tax liabilities	*2,131,139,237*	*1,311,452,249*
b) deferred tax liabilities	*534,203,516*	*695,192,904*
90. Liabilities included in disposal groups classified as held for sale	-	371,169,870
100. Other liabilities	3,811,715,339	3,354,234,593
110. Provision for employee severance pay	81,590,898	63,513,475
120. Provisions for risks and charges:	1,490,015,910	1,159,380,306
a) post-retirement benefit obligations	*916,397,140*	*485,134,183*
b) other provisions	*573,618,770*	*674,246,123*
130. Revaluation reserves	168,228,357	450,256,676
160. Reserves	6,788,218,163	8,260,251,637
170. Share premium	34,070,282,307	33,707,908,266
180. Share capital	6,684,287,462	6,682,682,748
190. Treasury shares (-)	(2,440,001)	(358,415,712)
200. Net Profit or Loss (+/-)	3,281,086,844	1,857,513,504
Total liabilities and shareholders' equity	**356,090,425,807**	**289,801,756,776**

Note: balances at 12.31.2007 have been changed, since the "Purchase Price Allocation" connected to the business combination with Capitalia S.p.A.

Company Accounts (Continued)

Accounts

Income Statement		(€)
ITEMS	12.31.2008	12.31.2007
10. Interest income and similar revenues	19,268,768,404	6,147,448,334
20. Interest expense and similar charges	(15,842,899,080)	(7,305,510,168)
30. Net interest margin	**3,425,869,324**	**(1,158,061,834)**
40. Fee and commission income	2,653,701,150	91,553,880
50. Fee and commission expense	(188,308,495)	(30,254,026)
60. Net fees and commissions	**2,465,392,655**	**61,299,854**
70. Dividend income and similar revenue	2,974,650,605	2,834,584,725
80. Gains and losses on financial assets and liabilities held for trading	(240,012,518)	5,333,905
90. Fair value adjustments in hedge accounting	(6,459,172)	4,604,525
100. Gains and losses on disposal of:	(320,079,591)	751,230,535
a) loans	*(421,852,146)*	*3,883*
b) available-for-sale financial assets	*94,735,951*	*744,232,933*
c) held-to-maturity investments	-	-
d) financial liabilities	*7,036,604*	*6,993,719*
110. Gains and losses on financial assets/liabilities at fair value through profit or loss	(49,685,146)	(1,768,663)
120. Operating income	**8,249,676,157**	**2,497,223,047**
130. Impairment losses on:	(432,523,126)	17,288,540
a) loans	*172,638,633*	*33,219,537*
b) available-for-sale financial assets	*(568,940,173)*	*(4,837,106)*
c) held-to-maturity investments	*19,916*	-
d) other financial assets	*(36,241,502)*	*(11,093,891)*
140. Net profit from financial assets	**7,817,153,031**	**2,514,511,587**
150. Administrative costs:	(5,505,886,217)	(713,190,969)
a) staff expenses	*(3,013,418,467)*	*(388,138,367)*
b) other administrative expenses	*(2,492,467,750)*	*(325,052,602)*
160. Provisions for risks and charges	(401,879,424)	(18,372,622)
170. Impairment/write-backs on property, plant and equipment	(56,917,050)	(11,042,520)
180. Impairment/write-backs on intangible assets	(34,384,323)	(2,675,303)
190. Other net operating income	216,823,807	61,914,138
200. Operating costs	**(5,782,243,207)**	**(683,367,276)**
210. Profit (loss) of associates	187,185,159	(176,322,057)
240. Gain and losses on disposal of investments	1,353,427	642,898
250. Total profit or loss before tax from continuing operations	**2,223,448,410**	**1,655,465,152**
260. Tax expense (income) related to profit or loss from continuing operations	1,057,638,434	202,048,352
270. Total profit or loss after tax from continuing operations	**3,281,086,844**	**1,857,513,504**
290. Net Profit or Loss for the year	**3,281,086,844**	**1,857,513,504**

Note: balances at 12.31.2007 have been changed, since the "Purchase Price Allocation" connected to the business combination with Capitalia S.p.A.

Company Accounts (Continued)

Statement of changes in Shareholders' Equity

Statement of changes in Shareholders' Equity as at 12.31.2008

(€)

	BALANCE AS AT 12.31.2007	CHANGE IN OPENING BALANCE	BALANCE AS AT 1.1.2008	ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE PERIOD							NET PROFIT OR LOSS AS AT 12.31.2008	SHAREHOLDERS' EQUITY AS AT 12.31.2008
				RESERVES	DIVIDENDS	CHANGES IN RESERVES	SHAREHOLDERS' EQUITY TRANSACTIONS							
							ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS		
Share capital:	6,682,682,748	-	6,682,682,748	-	-	-	1,604,714	-	-	-	-	-	-	6,684,287,462
a) ordinary shares	6,671,829,472	-	6,671,829,472	-	-	-	1,604,714	-	-	-	-	-	-	6,673,434,186
b) other shares	10,853,276	-	10,853,276	-	-	-	-	-	-	-	-	-	-	10,853,276
Share premium	33,707,908,266	-	33,707,908,266	-	-	-	6,398,329	355,975,712	-	-	-	-	-	34,070,282,307
Reserves:	8,260,251,637	-	8,260,251,637	212,712,095	(1,786,311,190)	472,546,422	-	(424,217,893)	-	-	-	53,237,092	-	6,788,218,163
a) from profits	1,959,832,311	-	1,959,832,311	212,712,095	(1,786,311,190)	197,323	-	(585,529,909)	-	-	-	-	-	(199,099,370)
b) other	6,300,419,326	-	6,300,419,326	-	-	472,349,099	-	161,312,016	-	-	-	53,237,092	-	6,987,317,533
Revaluation reserves:	450,256,676	-	450,256,676	-	-	(282,028,319)	-	-	-	-	-	-	-	168,228,357
a) available-for-sale	165,258,089	-	165,258,089	-	-	(262,805,508)	-	-	-	-	-	-	-	(97,547,419)
b) cash-flow hedging	7,978,558	-	7,978,558	-	-	(19,222,811)	-	-	-	-	-	-	-	(11,244,253)
c) other [1]	277,020,029	-	277,020,029	-	-	-	-	-	-	-	-	-	-	277,020,029
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(358,415,712)	-	(358,415,712)	-	-	-	-	355,975,711	-	-	-	-	-	(2,440,001)
Net Profit (Loss) for the year	1,857,513,504	-	1,857,513,504	(212,712,095)	(1,644,801,409)	-	-	-	-	-	-	-	3,281,086,844	3,281,086,844
Shareholders' equity	50,600,197,119	-	50,600,197,119	-	(3,431,112,599)	190,518,103	8,003,043	287,733,530	-	-	-	53,237,092	3,281,086,844	50,989,663,132

Note: balances at 12.31.2007 have been changed, since the "Purchase Price Allocation" connected to the business combination with Capitalia S.p.A.

1. Special revaluation laws.

Statement of changes in Shareholders' Equity as at 12.31.2007

(€)

				ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE PERIOD								
							SHAREHOLDERS' EQUITY TRANSACTIONS							
	BALANCE AS AT 12.31.2006	CHANGE IN OPENING BALANCE	BALANCE AS AT 1.1.2007	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	NET PROFIT OR LOSS AS AT 12.31.2007	SHAREHOLDERS' EQUITY AS AT 12.31.2007
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	-	2,927,945,803	(2,042,550)	-	-	-	-	31,906,786	-	8,260,251,637
a) from profits	1,451,569,159	-	1,451,569,159	528,280,675	-	(17,974,973)	(2,042,550)	-	-	-	-	-	-	1,959,832,311
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)	-	-	-	-	-	-	-	1,857,513,504	1,857,513,504
Shareholders' equity	31,433,443,503	-	31,433,443,503	-	(2,486,228,845)	2,222,372,736	17,541,189,435	-	-	-	-	31,906,786	1,857,513,504	50,600,197,119

Note: balances at 12.31.2007 have been changed, since the "Purchase Price Allocation" connected to the business combination with Capitalia S.p.A.

1. Special revaluation laws

Company Accounts (Continued)

Cash Flow Statement

Cash Flow Statement		(€)
	12.31.2008	12.31.2007
A. OPERATING ACTIVITIES		
1. Operations	**-2,880,798,577**	**-636,071,322**
- profit (loss) for the period (+/-)	3,281,086,844	1,857,513,504
- profit (loss) of merged companies (+/-)	-2,925,418,171	-
- capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities at fair value through profit and loss (+/-)	-122,225,078	-2,295,039
- capital gains/losses on hedging transactions (+/-)	3,180,876	-4,604,525
- net write-offs/write-backs due to impairment (+/-)	607,363,512	10,621,915
- net write-offs/write-backs on tangible and intangible assets (+/-)	10,129,875	13,717,823
- provisions and other income/expenses (+/-)	-27,673,478	14,960,303
- tax not paid (+/-)	-1,096,641,462	-195,731,673
- other adjustements	-2,610,601,495	-2,330,253,630
2. Liquidity generated/absorbed by financial assets	**-78,608,916,264**	**-8,706,488,585**
- financial assets held for trading	1,828,919,766	2,340,248,433
- financial assets at fair value through profit and loss	-314,350,303	24,283,499
- available-for-sale financial assets	-340,775,913	348,818,482
- loans and receivables with banks	-68,076,858,699	-6,292,840,254
- loans and receivables with customers	-13,735,737,566	-6,129,989,758
- other assets	2,029,886,451	1,002,991,013
3. Liquidity generated/absorbed by financial liabilities	**82,570,458,717**	**28,314,807,943**
- deposits from banks	80,513,026,519	8,735,664,906
- deposits from customers	1,235,600,141	837,898,803
- debt securities in issue	11,299,266,369	12,905,950,355
- financial liabilities held for trading	-3,545,188,962	328,967,209
- financial liabilities designated at fair value through profit or loss	-6,016,375,929	3,849,911,909
- other liabilities	-915,869,421	1,656,414,761
Net liquidity generated/absorbed by operating activities	**1,080,743,876**	**18,972,248,036**
B. INVESTING ACTIVITIES		
1. Liquidity generated by:	**5,516,348,885**	**2,826,291,445**
- sales of equity investments	549,056,237	117,760,924
- collected dividends on equity investments	2,771,618,840	2,706,137,678
- sales of financial assets held to maturity	75,000,000	-
- sales of property, plant and equipment	18,424,271	2,381,327
- sales of intangible assets	471,340	10,514
- disposal of businesses	2,101,778,197	1,002
2. Liquidity absorbed by:	**-6,941,675,712**	**-15,332,318,593**
- purchases of equity investments	-2,994,778,115	-13,247,734,430
- purchases of financial assets held to maturity	-3,853,261,762	-2,068,612,878
- purchases of tangible assets	-58,256,180	-14,197,243
- purchases of intangible assets	-35,379,655	-774,042
- purchase of businesses	-	-1,000,000
Net liquidity generated/absorbed by investing actvities	**-1,425,326,827**	**-12,506,027,148**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares	-221,551,154	23,137,386
- issue/purchase of equity instruments	-	-
- distribution of dividends and other purposes	-3,431,112,599	-2,486,228,845
Net liquidity generated/absorbed by financing actvities	**-3,652,663,753**	**-2,463,091,459**
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	**-3,997,246,704**	**4,003,129,429**

Note: balances at 12.31.2007 have been changed, since the "Purchase Price Allocation" connected to the business combination with Capitalia S.p.A.
LEGEND: (+) generated; (-) absorbed

Reconciliation		(€)
	12.31.2008	12.31.2007
Cash and cash equivalents at the beginning of the year	**4,026,899,006**	**25,707,391**
Net liquidity generated/absorbed during the period	-3,997,246,704	4,003,129,429
Cash and cash equivalents: effect of exchange differences	3,754,697	-1,937,814
Cash and cash equivalents at the end of the period	**33,406,999**	**4,026,899,006**

LEGEND: (+) generated; (-) absorbed

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

These Accounts have been compiled according to the accounting principles issued as at December 31, 2008 by the International Accounting Standards Board (IASB), including all interpretations of SIC and IFRIC, endorsed by the European Commission, as provided for by the European Union Regulation no. 1606/2002, which was transposed in Italian law by the Legislative Decree no. 38 dated February 28, 2005 (see Section 4 - Other matters).
This report is part and parcel of the Annual Financial Statements under section 154-ter, paragraph 1 of the Single Finance Act (TUF, Leg. Decree no. 58 dated 2/24/1998).

Banca d'Italia, whose powers as per LD #87/92 in relation to banks' and regulated financial companies' Accounts were confirmed in the above-mentioned LD, laid down the formats for the Accounts and the Notes to the Accounts in its circular #262 dated December 22, 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, 2008.

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;
- 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 accompanied by the Directors' Report on Operations.

Unless otherwise specified, figures are given in **thousands of euros**. 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.**

As noted in the Report on Operations these Accounts were compiled on the assumption that they should present a continuing business.
At present there is no uncertainty as to the Company's ability to continue its business operations as envisaged by IAS 1. Measurement criteria are therefore in accordance with this assumption and with the principles of competence, relevance and materiality in financial statements and the priority of economic substance over juridical form. These principles are unchanged from 2007.

Risk and uncertainty due to use of estimated figures

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.

Estimated figures have been used for the recognition of the largest value-based items in the Accounts at December 31, 2008, as required by the accounting standards and regulations detailed above. These estimates are largely based on calculations of future recoverability of the values recognized in the Accounts under the rules contained in current legislation and were made assuming the continuity of the business, i.e. without considering the possibility of the forced sale of the items so valued.

The processes adopted support the values recognized at December 31, 2008. Valuation was particularly complex given the current macro-economic and market situation, which evince unusual volatility in all the financial data indispensable for valuation, and the consequent difficulty in making performance forecasts, even for the short term, in relation to the mentioned financial parameters which significantly affect estimates.

The parameters and information used to check the mentioned values were therefore significantly affected by the above factors, which could change rapidly in ways that cannot currently be foreseen, such that further effects on future balance-sheet values cannot be ruled out.

Estimates and projections are regularly reviewed. Any changes arising from these reviews 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.

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 12.31.2008.
Further details and information are represented in the consolidated annual report.

Section 4 - Other matters

It should be noted that the business combination with the former Capitalia group through the merger of Capitalia S.p.A. into UniCredit S.p.A. took effect on October 1, 2007. Thus, comparative figures from the income statement as at December 31, 2007 include the results of Capitalia S.p.A. for the period October 1, to December 31, 2007.
As required by IFRS 3, on the acquisition date of October 1, 2007, the acquisition cost was temporarily allocated with a fair value adjustment of the Capitalia S.p.A. net assets acquired (mainly equity investments, tangible and intangible assets, loans and securities in issue), and the remainder was allocated to goodwill.
Complete allocation of the purchase price was achieved within 12 months as required by IFRS 3. The changes to the fair values of assets acquired and liabilities and contingent liabilities assumed that had been recognised previously resulted in the adjustment of balance sheet figures and income statement figures as at December 31, 2007 used for comparison purposes.

In addition, as a part of the reorganisation of the operations of the Group's Italian commercial banks, UniCredit Banca S.p.A., UniCredit Banca di Roma S.p.A., Banco di Sicilia S.p.A. and Bipop Carire S.p.A. were merged into UniCredit S.p.A. with legal effect from November 1, 2008, but with effect for accounting and tax purposes from January 1, 2008.

On the same effective date, November 1, 2008, certain businesses, which had belonged to the above banks, were transferred to UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia, UniCredit Banca per la Casa (now UniCredit Consumer Financing Bank), UniCredit Corporate Banking, UniCredit Private Banking and UniCredit Real Estate in keeping with the referenced reorganisation and based on the divisional business model already applied to UniCredit's banks before the acquisition of Capitalia Group.

Under the reorganization the assets and liabilities of the entities absorbed by UniCredit S.p.A. were recognized at the values ruling in their accounts at October 31, 2008. The subsequent transfer of assets and liabilities on the same date as the absorption retained these values.

As a result of these transactions, the income statement figures for UniCredit S.p.A. as at December 31, 2008 include the results of the banks absorbed effective January 1, 2008.

In order to compare the operating results as at December 31, 2008 with pro-forma restated results for the previous year including Capitalia

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

S.p.A., see the Report on Operations, in which the 2008 income statement has also been restated by eliminating the impact of the mergers indicated that occurred during the year. It should be noted that reclassified accounts are used in the Report on Operations, and a reconciliation with official accounts is provided in Annex 1.

Finally, two bulk sales were completed during the year to Aspra Finance S.p.A. of non-performing loans and related entries from the former Capitalia S.p.A. as well as the other banks absorbed as noted above.

These transactions were carried out in order to reorganise the business according to the Group's model. Since there was no transfer of control over companies or businesses, they were not treated as prescribed by IFRS 3.

Their business rationale is the restructuring or reorganisation of business activities within the Group with no transfer of control over the assets and no trades with independent parties, such that there would be an exchange with economic third parties. They are not purchases in the economic sense and therefore the principle of prudence should have priority, and thus the accounting methods used should ensure the continuance of value.

Accordingly, these transactions were recognized on the principle of perpetuating the carry value of the sellers. Differences between these value and the actual transfer prices were recognized, net of the tax effect, in equity, by both the seller and the buyer.

Since 2008 the following principles or accounting interpretations have become effective:
- IFRIC 11: IFRS 2 - Group and Treasury Share Transactions (transposed into EC regulation 611/2007);
- Amendments to IAS 39 and IFRS 7 "Reclassification of Financial Instruments" (transposed into EC regulation 1004/2008).

The interpretation of IFRIC 11 clarifies the accounting recognition of share based payments made with equity instruments issued by the Parent or by other Subsidiaries. In this respect we note that UniCredit S.p.A. has already been using accounting policies, in line with interpretation instructions, and therefore the adoption thereof did not affect the Accounts.

Changes to IAS 39 and IFRS 7 introduce the opportunity to condense financial assets "held for trading" and "held for sale" and require the disclosure of additional information on condensed assets. For a description of the implementation of these changes in the 2008 Accounts see Chapters 1 and 4 in Part A.2) relating to the main items and part B) Balance Sheet - Assets.

The European Commission also transposed some accounting principles which have become effective after December 31, 2008, for which UniCredit did not avail itself of the possibility to implement them in advance.

These principles are:
- IAS 1: Presentation of Financial Statements (transposed into regulation EC 1274/2008);
- IAS 23: Borrowing costs (transposed into EC regulation 1260/2008);
- Amendments to IAS 32: Financial Instruments: Disclosure and Presentation and to IAS 1: Presentation of Financial Statements - (transposed into EC regulation 53/2009);
- Amendments to IFRS 1: First-time Adoption of IFRS and to IAS 27: Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate (transposed into EC regulation 69/2009);
- Amendment to IFRS 2: Share-Based Payment (transposed into EC regulation 1261/2008);
- IFRS 8: Operating Segments (transposed into EC regulation 1358/2007);
- IFRIC 13: Customer Loyalty Programmes (transposed into EC regulation 1262/2008);
- IFRIC 14: The limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (transposed into EC regulation 1263/2008);
- Improvements to IFRSs (transposed into EC regulation 70/2009).

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.

As at December 31, 2008 the IASB had issued or reviewed the following accounting principles:

- Amendments to IAS 27: Consolidated and Separate Financial Statements;
- Amendments to IAS 39: Financial Instruments - Eligible Hedged Items;
- Amendments to IAS 39: Reclassification of Financial Assets - Effective Date and Transition;
- IFRS 1: First-time Adoption of IFRS
- IFRS 3 : Business Combinations;
- IFRIC 12: Service Concession Arrangements;
- IFRIC 15: Agreements for the Construction of Real Estate;
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation;
- IFRIC 17: Distribution of a Non-Cash Assets to Owners;
- IFRIC 18: Transfers of Assets from Customers.

However, the adoption of these principles by UniCredit S.p.A. is subject to transposition thereof by the European Union.

These accounts are audited by KPMG S.p.A. pursuant to LD 58/98 and the resolution passed by the Shareholders' Meeting on May 10, 2007. The Board of Directors approved these Accounts on March 17, 2009 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 derivatives which constitute financial guarantees, see Section 17, and derivatives designated as hedging instruments - 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 these financial assets are measured 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.

EC Regulation 1004 dated October 15, 2008 transposed the changes to IAS 39 and IFRS 7 "Financial instruments: disclosures" approved by the IASB. These changes are retroactive to July 1, 2008 and allow the bank, after initial recognition, to reclassify certain "held for trading" and "available for sale" financial assets.

The following assets may be reclassified:

- held for trading or available for sale financial assets, which would have complied with the IAS definition of loans and receivables (if these assets had not been initially classified as held for trading or available for sale respectively), provided that the Entity intends and has the capacity to hold these assets for the foreseeable future or to maturity.
- Only "in rare circumstances" HfT assets, which did not comply with the loans and receivables definition when they were recognized, may be reclassified. Article 2 of the EC Regulation also states that "the current financial crisis is considered to be such a rare circumstance which would justify the use of this option [reclassification] by companies".

Therefore in 2008 UniCredit reclassified certain held for trading financial assets other than derivatives or financial instruments with embedded derivatives. For details on composition and reclassification see Section 4 and Part B) Assets.

The assets identified were recognized at fair value on the date of reclassification, without reconsidering the impacts already recognized in the Income Statement as at the same date.

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 interest at amortised cost being recognized in the income statement. 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 under item 130.b) "Impairment losses on AfS available for sale financial assets" and item 80 "Gains (losses) on financial assets and liabilities held for trading" respectively - 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".

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

In respect of debt instruments, any circumstances indicating that the borrower is experiencing financial difficulties which could prejudice the collection of the principal or interest, represent an impairment loss.

Lasting loss of value of equity instruments is assessed on the basis of indicators such as fair value below cost and adverse changes in the environment in which the company operates, as well as the issuer's debt service difficulties.

If the fall in fair value below cost is more than 50% or last for more than 18 months, the loss of value is normally considered lasting.

If however the fall in the fair value of the instrument is over 20% but less than or equal to 50% or continues for no less than 9 but no longer than 18 months, UniCredit analyses further income and market indicators.

If the results of the analysis are such as to prejudice the recovery of the amount originally invested, a lasting loss of value is recognized.

The amount taken to profit and loss is the difference between carrying amount (acquisition cost less any impairment loss already recognized 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 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 net cash flows of principal and interest; 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 toIFRS, 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.

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

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".

In the Notes to the Accounts, write-downs of impaired loans are classified as analytical in the relevant income statement item even when the calculation is flat-rate or statistical.

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. Doubtful loans also include loans not classified as non-performing granted to borrowers other than government entities where the following conditions are met:
  - they have fallen due and remained unpaid for more than 270 days;
  - the amount of the above exposure to the same borrower and other defaulted payments that are less than 270 days overdue, is at least 10% of the total exposure to that borrower.

  Doubtful loans are valued analytically when special elements make this advisable or by applying analytically flat percentages on a historical or stochastic basis in the remaining cases.
- **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 discounted cost due to renegotiation of the interest rate at a rate lower than the original contractual rate;
- **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 90 days past due.
  Retail loans to public-sector entities and companies resident or established in Italy are considered impaired where there are overdue or unauthorized exposures for more than 180 instead of 90 days.
  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.

Overdue exposures are valued at a flat rate on a historical or stochastic basis by applying where available the risk rating referred to LGD under Basel 2.

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.

The parameter for the average period from deterioration of a borrower's financial condition and its classification as an impaired loan is the Loss Confirmation Period.

The portfolio valuation is the product of the risk factors used under Basel 2 (with a one-year time horizon) and the above loss confirmation periods expressed as part of a year and diversified according to asset class on the basis of the characteristics and development level of the credit processes.

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 unsecured loans to residents of countries experiencing debt service difficulties, where the transfer risk is not included in the rating system applied, are generally determined, country by country, with the aim of attributing latent impairment on the basis of shared parameters.

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").

Loans and receivables also include, as "Assets sold but not derecognised", loans securitised after January 1, 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".

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".

With reference to the changes to IAS 39 and IFRS 7 "Reclassification of financial assets" as described under section 1, were reclassified Hft financial assets which on initial recognition did not meet the IFRS criteria for loans and receivables, following the occurrence in 2008 of the rare circumstances prescribed by the standard.

Please see part B) - Assets for details as to the composition and effects of these reclassifications.

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

These reclassifications entail a closer alignment of accounting classifcation and management strategy, in that they reflect the changes in the intention and ability to hold these assets to maturity and not to sell them in the short term.

The Directors believe that their intrinsic value is above fair value, considering the significant negative impact that fair value has suffered due to the reduced liquidity of the market.

The assets selected were recognized at their fair value on the reclassification date without restoring the effects already recognized in the income statement at that date.

Subsequently these assets were valued at amortised cost, adjusted where necessary to take into account any reductions in value or write-backs resulting from valuation.

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%.

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".

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

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%.

   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:

Subsidiaries

Subsidiaries are entities of which:

1. 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.
2. 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% 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% 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.

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

If there is evidence that an equity investment may have become impaired, its carrying value is compared with its recoverable value, which is determined on the basis of its value in use, in turn calculated by means of valuation models in general use in financial business, which discount expected future cash flow from the equity investment.

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 leased under a finance lease, only for those finance leases which provide for retention of risk by the lessor until the acceptance of the asset by the lessee and the start of rentals under the finance lease (any finance leases with transfer of risk are recognized as loans and receivables).

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".

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".

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

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 item 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.

Goodwill is tested for impairment annually, as for other intangible assets with an indefinite life. To this end it is allocated to the equity investment according to the Group’s divisional business model, which is the lowest level at which goodwill is monitored.

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.

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

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 referred to items debited or credited directly to equity, in the same or another year, such as those 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. 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.

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

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 or 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.

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.

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

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 *(Mark to Market).*

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 market prices are not available, the Bank adopts mark to model valuation using generally accepted methods. These models include techniques based on discounting future cash flow and calculations of volatility and are revised both during development and regularly thereafter to ensure full and continuing consistency.

The methods adopted use inputs based on prices formed in recent transactions involving the instrument to be valued or the prices of instruments with similar characteristics in terms of risk profile.

These prices are important for the purposes of determining significant parameters for credit risk, liquidity risk and price risk of the instrument under valuation.

Reference to these market parameters limits the discretionality of the valuation and at the same time ensures that the resulting fair value can be verified.

If for one or more risk factors it is not possible to refer to market data, the valuation models adopted use calculations based on historical data.

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 instruments other than those mentioned above is 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;

- 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.

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

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 pension reform by Law 252/2005, TFR installments accrued to 12.31.2006 stay in the employer and are considered a post-employment defined benefit plan therefore incurring actuarial valuation, though with simplified actuarial assumptions, i.e., forecast future pay rises are not considered.

TFR installments accrued since 01.01.2007 (date of Law 252's coming into effect) are, at the employee's discretion, either paid into a pension fund or left in the company and (where the company has in excess of 50 employees) paid into an INPS Treasury fund by the employer, and are considered a defined-contribution plan.

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.

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 (i.e. contracts under which the issuer makes pre-established payments in order to compensate the guaranteed party or buyer of protection for losses sustained due to default by a debtor on the maturity of a debt instrument) are initially and subsequently (on remeasurement following impairment losses) recognised in item 100 "Other liabilities".

After initial recognition, guarantees given are recognized at the greater of the initially recognized value, net of any amortized portion, and the estimated amount required to meet the obligation.

The effects of valuation, related to any impairment of the underlying, are recognized in the same balance-sheet item contra item 130.d "Write-downs and write-backs due to impairment of other financial transactions" in the income statement.

Notes to the Accounts (Continued)

Part A) Accounting Policies (Continued)

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 (see also Section 2 above).

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

Reclassification of Financial Assets

The following table details the financial assets reclassified in H2 2008, as reported in sections 1 and 4 of Part (A.2) Accounting Principles - Main Balance-Sheet Items.

These assets are (non-derivative) structured credit products and bonds issued by corporates or financial institutions.

As prescribed by IFRS 7, the table provides, for relevant category, the reclassified assets' face value, carrying value and fair value at December 31, 2008 as well as the pre-tax fair value gains/losses that would have been recognized if the reclassification had not been carried out.

The application of the amortized cost method to these assets - adjusted where necessary to take into account write-downs resulting from credit risk assessment - caused interest receivable of € 179 thousand to be recognized from the date of reclassification.

In Q4 2008 certain reclassified instruments were sold on which losses of € 216 thousand were recognized.

Considering also the above mentioned amounts, the overall pre-tax effect that would have been recognized in the income statement for 2008 if reclassification had not been carried out would have been a loss of € 1,625 thousand.

Reclassification of Financial Assets

	AMOUNTS AS AT 12.31.2008			
	NOMINAL AMOUNT	CARRYING AMOUNT	FAIR VALUE	FAIR VALUE GAINS/LOSSES NOT RECOGNIZED DUE TO RECLASSIFICATION (PRE-TAX)
Financial assets reclassified from category "Held for Trading" to "Loans and Receivables":	**67,226**	**61,598**	**59,347**	**-1,662**
- Structured credit products	10,126	8,496	9,324	923
- Other debt securities	57,100	53,102	50,023	-2,585

Section 1 - Cash and cash balances - Item 10

1.1 Cash and cash balances: breakdown

	12.31.2008	12.31.2007
a) Cash	97	26,122
b) Demand deposits with Central banks	33,310	4,000,777
Total	**33,407**	**4,026,899**

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading: product breakdown

	12.31.2008			12.31.2007		
ITEMS/VALUES	LISTED	UNLISTED	TOTAL	LISTED	UNLISTED	TOTAL
A) Financial assets (non-derivatives)						
1. Debt securities	1,035,423	1,500,545	2,535,968	503,508	1,335,918	1,839,426
1.1 Structured securities	51	-	51	-	-	-
1.2 Other debt securities	1,035,372	1,500,545	2,535,917	503,508	1,335,918	1,839,426
2. Equity instruments	-	-	-	61,930	698,335	760,265
3. Units in investment fund	-	-	-	345,542	118,131	463,673
4. Loans	-	-	-	-	-	-
4.1 Repos	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-
6. Assets sold but not derecognised	3,624,094	-	3,624,094	1,424,226	-	1,424,226
Total A	**4,659,517**	**1,500,545**	**6,160,062**	**2,335,206**	**2,152,384**	**4,487,590**
B) Derivative instruments						
1. Financial derivatives	-	2,844,526	2,844,526	5	6,669,694	6,669,699
1.1 trading	-	2,038,868	2,038,868	5	5,949,331	5,949,336
1.2 fair value hedges	-	-	-	-	44,115	44,115
1.3 other	-	805,658	805,658	-	676,248	676,248
2. Credit derivatives	-	33	33	-	48	48
2.1 trading	-	-	-	-	-	-
2.2 fair value hedges	-	-	-	-	-	-
2.3 other	-	33	33	-	48	48
Total B	**-**	**2,844,559**	**2,844,559**	**5**	**6,669,742**	**6,669,747**
Total (A+B)	**4,659,517**	**4,345,104**	**9,004,621**	**2,335,211**	**8,822,126**	**11,157,337**

"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 - Assets (Continued)

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

ITEMS/VALUES	12.31.2008	12.31.2007
A. Financial assets (non-derivatives)		
1. Debt securities	**2,535,968**	**1,839,426**
a) Governments and central banks	1,035,234	395,330
b) Other public-sector entities	647	254
c) Banks	1,498,589	1,382,724
d) Other issuers	1,498	61,118
2. Equity instruments	**-**	**760,265**
a) Banks	-	17,612
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**
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	**3,624,094**	**1,424,226**
a) Governments and central banks	3,624,094	1,279,725
b) Other public-sector entities	-	-
c) Banks	-	24,432
d) Other issuers	-	120,069
Total A	**6,160,062**	**4,487,590**
B. Derivative instruments		
a) Banks	2,192,010	6,418,369
b) Customers	652,549	251,378
Total B	**2,844,559**	**6,669,747**
Total (A+B)	**9,004,621**	**11,157,337**

2.3 Financial instruments held for trading: derivatives

TYPE OF DERIVATIVE/UNDERLYING ASSETS	12.31.2008 INTEREST RATES	CURRENCY AND GOLD	EQUITY INSTRUMENTS	LOANS	OTHER	TOTAL	12.31.2007 TOTAL
A) Listed derivates							
1) Financial derivatives:	**-**	**-**	**-**	**-**	**-**	**-**	**5**
• With underlyng asset exchange	-	-	-	-	-	-	5
- purchased options	-	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-	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**
B) Unlisted derivatives							
1) Financial derivatives:	**1,711,280**	**427,775**	**705,412**	**-**	**59**	**2,844,526**	**6,669,694**
• With underlyng asset exchange	-	427,535	-	-	-	427,535	1,622,547
- purchased options	-	19,521	-	-	-	19,521	1,070,073
- other derivatives	-	408,014	-	-	-	408,014	552,474
• With no underlyng asset exchange	1,711,280	240	705,412	-	59	2,416,991	5,047,147
- purchased options	339,541	240	705,412	-	59	1,045,252	2,456,782
- other derivatives	1,371,739	-	-	-	-	1,371,739	2,590,365
2) Credit Derivatives:	**-**	**-**	**-**	**33**	**-**	**33**	**48**
• With underlyng asset exchange	-	-	-	-	-	-	-
• With no underlyng asset exchange	-	-	-	33	-	33	48
Total B	**1,711,280**	**427,775**	**705,412**	**33**	**59**	**2,844,559**	**6,669,742**
Total (A + B)	**1,711,280**	**427,775**	**705,412**	**33**	**59**	**2,844,559**	**6,669,747**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

2.4 Financial assets held for trading (other than assets sold and not derecognised or impaired assets): annual changes					
	12.31.2008				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**1,839,426**	**760,265**	**463,673**	**-**	**3,063,364**
B. Increases	**35,391,180**	**839,187**	**98,151**	**-**	**36,328,518**
B.1 Purchases	33,628,601	835,517	96,461	-	34,560,579
of which: business combinations	*229,072*	-	-	-	*229,072*
B.2 Positive changes in fair value	89,227	-	1,073	-	90,300
B.3 Other changes	1,673,352	3,670	617	-	1,677,639
C. Reductions	**34,694,638**	**1,599,452**	**561,824**	**-**	**36,855,914**
C.1 Sales	27,933,603	1,422,338	233,980	-	29,589,921
of which: business combinations	*144,398*	-	-	-	*144,398*
C.2 Redemptions	2,957,305	2	-	-	2,957,307
C.3 Negative changes in fair value	12,109	-	8,815	-	20,924
C.4 Other changes	3,791,621	177,112	319,029	-	4,287,762
D. Closing balance	**2,535,968**	**-**	**-**	**-**	**2,535,968**

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						
	12.31.2008			12.31.2007		
ITEMS/VALUES	LISTED	UNLISTED	TOTAL	LISTED	UNLISTED	TOTAL
1. Debt securities	19,483	9,344	28,827	11	27,437	27,448
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	19,483	9,344	28,827	11	27,437	27,448
2. Equity instruments	-	31,510	31,510	-	31,510	31,510
3. Units in investment funds	257,671	-	257,671	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-
6. Assets sold but not derecognised	-	-	-	-	-	-
Total	**277,154**	**40,854**	**318,008**	**11**	**58,947**	**58,958**
Cost	***332,152***	***40,785***	***372,937***	***11***	***58,681***	***58,692***

3.2 Financial assets at fair value through profit or loss: breakdown by issuer/borrower

ITEMS/VALUES	12.31.2008	12.31.2007
1. Debt securities	**28,827**	**27,448**
a) Governments and central banks	-	6
b) Other public-sector entities	3	-
c) Banks	28,823	27,441
d) Other issuers	1	1
2. Equity instruments	**31,510**	**31,510**
a) Banks	-	-
b) Other issuers:	31,510	31,510
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	31,510	31,510
- other	-	-
3. Units in investment funds	**257,671**	**-**
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	**318,008**	**58,958**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

3.3 Financial assets at fair value through profit or loss (other than asssets sold and not derecognised): annual changes	12.31.2008				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**27,448**	**31,510**	**-**	**-**	**58,958**
B. Increases	**11,058**	**-**	**312,027**	**-**	**323,085**
B.1 Purchases	9,271	-	-	-	9,271
of which: business combinations	-	-	-	-	-
B.2 Positive changes in fair value	-	-	-	-	-
B.3 Other changes	1,787	-	312,027	-	313,814
C. Reductions	**9,679**	**-**	**54,356**	**-**	**64,035**
C.1 Sales	-	-	-	-	-
of which: business combinations	-	-	-	-	-
C.2 Redemptions	2	-	-	-	2
C.3 Negative changes in fair value	944	-	54,356	-	55,300
C.4 Other changes	8,733	-	-	-	8,733
D. Closing balances	**28,827**	**31,510**	**257,671**	**-**	**318,008**

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

4.1 Available-for-sale financial assets: product breakdown	12.31.2008			12.31.2007		
ITEMS/VALUES	LISTED	UNLISTED	TOTAL	LISTED	UNLISTED	TOTAL
1. Debt securities	644,118	481,478	1,125,596	281,273	252,901	534,174
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	644,118	481,478	1,125,596	281,273	252,901	534,174
2. Equity instruments	424,560	585,637	1,010,197	1,048,006	638,065	1,686,071
2.1 Measured at fair value	424,560	299,581	724,141	1,048,006	517,905	1,565,911
2.2 Carried at cost	-	286,056	286,056	-	120,160	120,160
3. Units in investment funds	142,697	255,827	398,524	27,478	75,516	102,994
4. Loans	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-
6. Assets sold but not derecognised	750,320	-	750,320	803,628	154,232	957,860
Total	**1,961,695**	**1,322,942**	**3,284,637**	**2,160,385**	**1,120,714**	**3,281,099**

"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.

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

ITEMS/VALUES	12.31.2008	12.31.2007
1. Debt securities	**1,125,596**	**534,174**
a) Governments and central banks	209,702	283,685
b) Other public-sector entities	8,483	16
c) Banks	640,742	124,278
d) Other issuers	266,669	126,195
2. Equity instruments	**1,010,197**	**1,686,071**
a) Banks	703,333	837,281
b) Other issuers:	306,864	848,790
- insurance companies	5,551	4,884
- financial companies	209,872	131,700
- non-financial companies	91,441	280,469
- other	-	431,737
3. Units in investment funds	**398,524**	**102,994**
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	**750,320**	**957,860**
a) Governments and central banks	750,320	736,919
b) Other public-sector entities	-	-
c) Banks	-	49,984
d) Other issuers	-	170,957
Total	**3,284,637**	**3,281,099**

4.3 Available-for-sale financial assets: hedged

	HEDGED ASSETS			
	12.31.2008		12.31.2007	
ASSETS/TYPE OF HEDGING	FAIR VALUE	CASH FLOW	FAIR VALUE	CASH FLOW
1. Debt securities	1,125,313	-	762,685	-
2. Equity instruments	-	-	203,200	-
3. Units in investment funds	-	-	-	-
4. Loans	-	-	-	-
5. Portfolio	-	-	-	-
Total	**1,125,313**	**-**	**965,885**	**-**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

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

ITEMS/VALUES	12.31.2008	12.31.2007
1. Financial assets subject to micro-hedging of fair value	**1,125,313**	**965,885**
a) Interest rate risk	1,125,313	762,685
b) Price risk	-	203,200
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	**1,125,313**	**965,885**

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

	12.31.2008				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**534,174**	**1,686,071**	**102,994**	**-**	**2,323,239**
B. Increases	**4,517,709**	**2,086,728**	**351,563**	**-**	**6,956,000**
B.1 Purchases	3,356,574	1,315,946	337,638	-	5,010,158
of which: business combinations	*699,847*	*1,307,594*	*196,853*	-	*2,204,294*
B.2 Positive changes in fair value	7,415	13,116	-	-	20,531
B.3 Write-backs	-	-	-	-	-
- through profit or loss	-	-	-	-	-
- in equity	-	-	-	-	-
B.4 Trasfers from other portfolios	-	35,139	-	-	35,139
B.5 Other changes	1,153,720	722,527	13,925	-	1,890,172
C. Decreases	**3,926,287**	**2,762,602**	**56,033**	**-**	**6,744,922**
C.1 Sales	2,884,984	492,076	10,195	-	3,387,255
of which: business combinations	*2,194,679*	*29,864*	-	-	*2,224,543*
C.2 Redemptions	97,827	-	-	-	97,827
C.3 Negative changes in fair value	69,004	440,478	37,218	-	546,700
C.4 Impairments	846	568,537	5,379	-	574,762
- through profit or loss	-	568,537	403	-	568,940
- in equity	846	-	4,976	-	5,822
C.5 Transfers to other portfolios	-	1,080,441	-	-	1,080,441
C.6 Other changes	873,626	181,070	3,241	-	1,057,937
D. Closing balance	**1,125,596**	**1,010,197**	**398,524**	**-**	**2,534,317**

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

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

5.1 Held-to-maturity investments: breakdown

TYPE OF TRANSACTION/VALUES	12.31.2008 TOTAL		12.31.2007 TOTAL	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
1. Debt securities	2,946,267	3,247,288	33,942	34,471
1.1 Structured securities	-	-	-	-
1.2 Other securities	2,946,267	3,247,288	33,942	34,471
2. Loans	-	-	-	-
3. Impaired assets	-	-	-	-
4. Assets sold but not derecognised	3,676,599	3,247,610	2,762,305	2,797,233
Total	**6,622,866**	**6,494,898**	**2,796,247**	**2,831,704**

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

TYPE OF TRANSACTIONS/VALUES	12.31.2008	12.31.2007
1. Debt securities	**2,946,267**	**33,942**
a) Governments and central banks	2,689,251	33,942
b) Other public-sector entities	-	-
c) Banks	257,016	-
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	**3,676,599**	**2,762,305**
a) Governments and central banks	3,364,584	2,762,305
b) Other public-sector entities	-	-
c) Banks	312,015	-
d) Other	-	-
Total	**6,622,866**	**2,796,247**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

5.4 Held-to-maturity investments (other than assets sold and not derecognized or impaired assets): annual changes	12.31.2008		
	DEBT SECURITIES	LOANS	TOTAL
A. Opening balance	**33,942**	**-**	**33,942**
B. Increases	**6,825,113**	**-**	**6,825,113**
B.1 Purchases	3,853,262		3,853,262
of which: business combinations	*18,232*	-	*18,232*
B.2 Write-backs	-	-	-
B.3 Trasfer from other portfolios	-	-	-
B.4 Other changes	2,971,851	-	2,971,851
C. Decreases	**3,912,788**	**-**	**3,912,788**
C.1 Sales	-	-	-
of which: business combinations	-		-
C.2 Redemptions	75,000	-	75,000
C.3 Write-downs	-	-	-
C.4 Trasfer to other portfolios	-	-	-
C.5 Other changes	3,837,788	-	3,837,788
D. Closing balances	**2,946,267**	**-**	**2,946,267**

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	12.31.2008	12.31.2007
A. Loans to Central Banks	**8,241,901**	**18,650,403**
1. Time deposits	7,378	9,866
2. Compulsory reserves	7,294,822	18,640,462
3. Repos	937,919	-
4. Other	1,782	75
B. Loans to Banks	**200,196,631**	**144,169,250**
1. Current accounts and demand deposits	64,065,566	15,194,943
2. Time deposits	53,308,602	84,026,587
3. Other loans	41,914,633	12,412,884
3.1 Repos	28,825,495	8,372,249
3.2 Finance leases	-	-
3.3 Other	13,089,138	4,040,635
4. Debt securities	33,986,532	32,534,836
4.1 Structured	-	-
4.2 Other	33,986,532	32,534,836
5. Impaired assets	440	-
6. Assets sold not derecognised	6,920,858	-
Total (carrying value)	**208,438,532**	**162,819,653**
Total (fair value)	***207,063,680***	***162,818,297***

Section 7 - Loans and receivables with customers - Item 70

7.1 Loans and receivables with customers: product breakdown		
TYPE OF TRANSACTIONS/VALUES	12.31.2008	12.31.2007
1. Current accounts	227,155	70,721
2. Repos	-	-
3. Mortgages	5,789,744	2,250,084
4. Credit cards and personal loans, incl. loans guaranteed by salary	-	-
5. Finance leases	-	-
6. Factoring	-	-
7. Other transactions	22,982,152	15,962,970
8. Debt securities	5,685,185	1,164,725
8.1 Structured	-	-
8.2 Other	5,685,185	1,164,725
9. Impaired assets	240,412	984,680
10. Assets sold but not derecognised	1,594,345	810,022
Total (carrying value)	**36,518,993**	**21,243,202**
Total (fair value)	***35,720,587***	***21,241,726***

The item 8.2 Other Debt Securities includes € 799,934 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 Policies).

The assets underlying these securitization transactions are non-performing loans, which book value was € 1,157,093 thousand on the balance-sheet date, whereas their face value was € 4,956,602 thousand.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

7.2 Loans and receivables with customers: breakdown by issuers/borrowers		
TYPE OF TRANSACTIONS/VALUES	12.31.2008	12.31.2007
1. Debt securities issued by:	**5,685,185**	**1,164,725**
a) Governments	713	-
b) Other public-sector entities	23,032	1,741
c) Other issuers	5,661,440	1,162,984
- non-financial companies	3,130	20,435
- financial companies	5,613,306	1,052,265
- insurance companies	45,004	90,284
- other	-	-
2. Loans to:	**28,999,051**	**18,283,775**
a) Governments	5,596	-
b) Other public-sector entities	1,418	3,016
c) Other entities	28,992,037	18,280,759
- non-financial companies	5,237,387	1,473,839
- financial companies	23,709,486	16,730,748
- insurance companies	4,846	-
- other	40,318	76,172
3. Impaired assets	**240,412**	**984,680**
a) Governments	-	-
b) Other public-sector entities	86,872	13,696
c) Other entities	153,540	970,984
- non-financial companies	153,263	679,843
- financial companies	-	35,503
- insurance companies	-	-
- other	277	255,638
4. Assets sold but not derecognised	**1,594,345**	**810,022**
a) Governments	-	-
b) Other public-sector entities	-	-
c) Other entities	1,594,345	810,022
- non-financial companies	-	-
- financial companies	1,594,345	810,022
- insurance companies	-	-
- other	-	-
Total	**36,518,993**	**21,243,202**

Section 8 - Hedging derivatives - Item 80

8.1 Hedging derivatives: breakdown by contract and underlying assets

TYPE OF DERIVATIVES/UNDERLYING ASSETS	12.31.2008 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:	**1,489,151**	**549,432**	**-**	**-**	**-**	**2,038,583**
• With underlying asset exchange	-	549,432	-	-	-	549,432
- purchased options	-	-	-	-	-	-
- other derivatives	-	549,432	-	-	-	549,432
• With no underlying asset exchange	1,489,151	-	-	-	-	1,489,151
- purchased options	1,127	-	-	-	-	1,127
- other derivatives	1,488,024	-	-	-	-	1,488,024
2) Credit derivatives:	**-**	**-**	**-**	**-**	**-**	**-**
- With underlying asset exchange	-	-	-	-	-	-
- With no underlying asset exchange	-	-	-	-	-	-
Total B	**1,489,151**	**549,432**	**-**	**-**	**-**	**2,038,583**
Total (A+B) 12.31.2008	**1,489,151**	**549,432**	**-**	**-**	**-**	**2,038,583**
Total (A+B) 12.31.2007	*420,401*	*75,077*	*73,421*	*-*	*-*	*568,899*

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

8.2 Hedging derivatives: breakdown by hedged assets and risk

TRANSACTIONS/TYPE OF HEDGES	12.31.2008							
	FAIR VALUE HEDGES						CASH-FLOW HEDGES	
	MICRO-HEDGE							
	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE
1. Available-for-sale financial assets	147	-	-	-	-	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	41	X	108,349
5. Foreign assets	X	X	X	X	X	X	-	X
Total assets	**147**	**-**	**-**	**-**	**-**	**41**	**-**	**108,349**
1. Financial liabilities	-	-	-	X	-	X	-	X
2. Portfolio	X	X	X	X	X	1,652,443	X	277,603
Total liabilities	**-**	**-**	**-**	**-**	**-**	**1,652,443**	**-**	**277,603**
1. Expected transactions	X	X	X	X	X	X	-	-

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	12.31.2008	12.31.2007
1. Positive changes	**71,457**	**-**
1.1 of specific portfolios:	-	-
a) loans and receivables	-	-
b) available-for-sale financial assets	-	-
1.2 overall	71,457	-
2. Negative changes	**-**	**(596)**
2.1 of specific portfolios:	-	-
a) loans and receivables	-	-
b) available-for-sale financial assets	-	-
2.2 overall	-	(596)
Total	**71,457**	**(596)**

9.2 Assets subject to macro-hedging of interest-rate risk: breakdown

HEDGED ASSETS	12.31.2008	12.31.2007
1. Loans and receivables	-	-
2. Available-for-sale financial assets	-	-
3. Portfolio	1,585,845	1,635,000
Total	**1,585,845**	**1,635,000**

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. Banco di Sicilia S.p.A. (formerly UniCredit Servizi Retail Tre S.p.A.)	Palermo	100.00%		
3. Bank Pekao S.A.	Warsaw	59.28%		
4. Bayerische Hypo- und Vereinsbank AG	Munich	100.00%		
5. BDR Roma Prima Ireland Ltd	Dublin	99.90%		
6. Box 2004 S.p.A.	Rome	100.00%		
7. Entasi S.r.l.	Rome	100.00%		
8. Eurofinance 2000 S.r.l.	Rome	100.00%		
9. Fineco Finance Ltd (in liquidation)	Dublin	100.00%		
10. Fineco Leasing S.p.A.	Brescia	100.00%		
11. Fineco Verwaltung AG	Frankfurt am Main	100.00%		
12. FinecoBank S.p.A.	Milan	100.00%		
13. I-Faber Società per Azioni	Milan	65.32%		
14. IPSE 2000 S.p.A.	Rome	50.00%		
15. Kyneste S.p.A.	Rome	100.00%		
16. Localmind S.p.A.	Milan	95.76%		
17. Locat S.p.A. (now UniCredit Leasing S.p.A.)	Bologna	9.16%	(A)	
18. Pioneer Global Asset Management S.p.A.	Milan	100.00%		
19. Sicilia Convention Bureau S.r.l.	Catania	100.00%		
20. Società di Gestioni Esattoriali in Delegazione Governativa in Sicilia - SO.G.E.D. S.p.A. (in liquidation)	Palermo	100.00%		
21. Società di Gestioni Esattoriali in Sicilia SO.G.E.SI. S.p.A. (in liquidation)	Palermo	80.00%		
22. Società Italiana Gestione ed Incasso Crediti S.p.A. (in liquidation)	Rome	95.00%	(B)	
23. Sofigere Société par Actions Simplifiée	Parigi	100.00%		
24. SOFIPA Società di Gestione del Risparmio (SGR) S.p.A. (formerly Capitalia SOFIPA SGR S.p.A.)	Rome	100.00%		
25. Trevi Finance N. 2 S.p.A.	Conegliano (TV)	60.00%		
26. Trevi Finance N. 3 S.r.l.	Conegliano (TV)	60.00%		
27. Trevi Finance S.p.A.	Conegliano (TV)	60.00%		
28. UniCredit Audit S.p.A.	Milan	100.00%		
29. UniCredit Banca di Roma S.p.A. (formerly UniCredit Servizi Retail Due S.p.A.)	Rome	100.00%		
30. UniCredit Banca per la Casa S.p.A. (now UniCredit Consumer Financing Bank S.p.A.)	Milan	100.00%		
31. UniCredit Banca S.p.A. (formerly UniCredit Servizi Retail Uno S.p.A.)	Bologna	100.00%		
32. UniCredit Bancassurance Management & Administration S.r.l.	Milan	100.00%		
33. UniCredit Bank Austria AG (formerly Bank Austria Creditanstalt AG)	Vienna	99.99%		
34. UniCredit Bank D.D. (formerly UniCredit Zagrebacka Banka D.D.)	Mostar	3.27%	(C)	3.28%
35. UniCredit Bank Ireland P.l.c.	Dublin	100.00%		
36. UniCredit Bulbank A.D.	Sofia	..	(D)	
37. UniCredit Consumer Financing Bank S.p.A. (formerly UniCredit Clarima Banca S.p.A.)	Milan	100.00%		
38. UniCredit Corporate Banking S.p.A. (formerly UniCredit Banca d'Impresa S.p.A.)	Verona	100.00%		
39. UniCredit Credit Management Bank S.p.A. (formerly UniCredito Gestione Crediti S.p.A. Banca per la gestione dei crediti)	Verona	97.81%	(E)	

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

continued: (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 (continued)				
40. UniCredit Delaware Inc.	Dover (Delaware)	100.00%		
41. UniCredit Global Information Services S.p.A.	Milan	100.00%		
42. UniCredit Global Leasing S.p.A. (now UniCredit Leasing S.p.A.)	Milan	67.41%	(F)	
43. UniCredit International Bank (Luxembourg) S.A.	Luxembourg	100.00%		
44. UniCredit Mediocredito Centrale S.p.A. (formerly MCC-Mediocredito Centrale S.p.A.)	Rome	100.00%		
45. UniCredit Merchant S.p.A. (formerly Capitalia Merchant S.p.A.)	Rome	100.00%		
46. UniCredit Private Banking S.p.A.	Turin	100.00%		
47. UniCredit Processes & Administration S.p.A. (now UniCredit Business Partner Società per Azioni)	Cologno Monzese (MI)	100.00%		
48. UniCredit Real Estate S.p.A.	Genoa	100.00%		
49. UniCredito Italiano Capital Trust I	Newark (Delaware)	100.00%		
50. UniCredito Italiano Capital Trust II	Newark (Delaware)	100.00%		
51. UniCredito Italiano Funding LLC I	Dover (Delaware)	100.00%		
52. UniCredito Italiano Funding LLC II	Dover (Delaware)	100.00%		
53. UniCredito Italiano Funding LLC III	Wilmington (Delaware)	100.00%		
54. UniCredito Italiano Funding LLC IV	Wilmington (Delaware)	100.00%		
55. Unimanagement S.r.l.	Turin	100.00%		
56. Xelion Doradcy Finansowi Sp.zo.o.	Warsaw	50.00%	(G)	
B. Joint ventures				
1. TLX S.p.A.	Milan	50.00%		
C. Companies under significant influence				
1. Aviva S.p.A.	Milan	49.00%		
2. Capitalia Assicurazioni S.p.A.	Milan	49.00%		
3. CARICESE S.r.l. (formerly Consorzio CA.RI.CE.SE.)	Bologna	32.97%	(H)	
4. Cassa di Liquidazione e Garanzia S.p.A. (in liquidation)	Trieste	24.61%		
5. CNP UniCredit Vita S.p.A. (formerly CNP Capitalia Vita S.p.A.)	Milan	16.92%	(I)	
6. Creditras Assicurazioni S.p.A.	Milan	50.00%		
7. Creditras Vita S.p.A.	Milan	50.00%		
8. Fidia - Fondo Interbancario d'Investimento Azionario S.G.R. S.p.A.	Milan	50.00%		
9. G.B.S. General Broker Service S.p.A.	Rome	20.00%		
10. Istituto per l'Edilizia Economica e Popolare di Catania S.p.A. (in liquidation)	Catania	20.00%		
11. Mediobanca - Banca di Credito Finanziario S.p.A.	Milan	8.66%		
12. Nuova Teatro Eliseo S.p.A.	Rome	41.01%		
13. SE.TE.SI Servizi Telematici Siciliani S.p.A.	Palermo	40.49%		
14. SIA-SSB S.p.A.	Milan	24.07%		
15. Società Gestione per il Realizzo S.p.A. (in liquidation)	Rome	26.38%	(J)	
16. Sviluppo Globale GEIE	Rome	25.00%		

(*) The equity stake is held by Parent Company and does not include any stake held by other Group companies.
(A) Another 90.84% stake is held by UniCredit Global Leasing S.p.A..
(B) Another 5% stake is held by UniCredit Mediocredito Centrale S.p.A..
(C) Another 89.98% stake is held, directly and indirectly, by UniCredit Bank Austria AG (89,97 % voting stocks).
(D) Another 92.07% stake is held by UniCredit Bank Austria AG..
(E) The subsidiary owns 175,000 treasury shares, equal to the remaining 2.19% of share capital.
(F) Another 32.59% stake is held by UniCredit Bank Austria AG..
(G) Another 50% is held by Bank Pekao S.A..
(H) Another 0.71 % is held by various Group banks.
(I) Another 21.88% is held by Fineco Verwaltung AG.
(J) Another 0.05% is held by IRFIS - Mediocredito della Sicilia S.p.A..

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.	5,219,157	71,832	-83,540	765,509		350,006	X
2. Banco di Sicilia S.p.A. (formerly UniCredit Servizi Retail Tre S.p.A.)	15,655,718	456,904	80,889	445,807		365,400	X
3. Bank Pekao S.A.	30,812,196	2,845,440	805,548	3,748,967	(1)	4,447,715	X
4. Bayerische Hypo- und Vereinsbank AG	373,486,134	20,358,433	-2,351,342	19,333,941		19,173,323	X
5. BDR Roma Prima Ireland Ltd	35,419	1,246	1,226	35,401	(2)	36,576	X
6. Box 2004 S.p.A.	8,370	529	109	7,587	(2)	8,394	X
7. Entasi S.r.l.	87	92	-	11		10	X
8. Eurofinance 2000 S.r.l.	146	126	3	34	(2)	35	X
9. Fineco Finance Ltd (in liquidation) (A)	-	-	-	-		..	X
10. Fineco Leasing S.p.A.	5,529,090	385,752	20,423	150,958	(2)	223,047	X
11. Fineco Verwaltung AG	171,476	3,940	3,447	171,099	(2)	194,189	X
12. FinecoBank S.p.A.	14,570,245	1,102,200	91,834	385,135	(2)	1,082,837	X
13. I-Faber Società per Azioni	15,921	15,509	2,724	10,102	(3)	9,700	X
14. IPSE 2000 S.p.A.	24,629	1,737	954	20,988		9,933	X
15. Kyneste S.p.A.	37,269	34,182	13,203	30,418		18,440	X
16. Localmind S.p.A.	2,707	124	3	2,655		1,712	X
17. Locat S.p.A. (now UniCredit Leasing S.p.A.)	20,721,028	1,263,852	112,702	1,116,632	(4)	241,232	X
18. Pioneer Global Asset Management S.p.A.	2,594,467	455,360	355,365	2,438,294		2,274,148	X
19. Sicilia Convention Bureau S.r.l. (B)	119	-	-	119		119	X
20. Società di Gestioni Esattoriali in Delegazione Governativa in Sicilia - SO.G.E.D. S.p.A. (in liquidation) (C)	46	4	-99	-72,737		..	X
21. Società di Gestioni Esattoriali in Sicilia SO.G.E.SI. S.p.A. (in liquidation) (D)	24,708	5,237	1,031	-144,639		..	X
22. Società Italiana Gestione ed Incasso Crediti S.p.A. (in liquidation) (E)	1,275	1,749	-2,797	-1,455		..	X
23. Sofigere Société par Actions Simplifiée	7,862	1,595	146	190		175	X
24. SOFIPA Società di Gestione del Risparmio (SGR) S.p.A. (formerly Capitalia SOFIPA SGR S.p.A.)	9,838	6,166	320	7,110	(2)	7,272	X
25. Trevi Finance N. 2 S.p.A.	165	77	-30	123	(2)	94	X
26. Trevi Finance N. 3 S.r.l.	191	83	10	169		93	X
27. Trevi Finance S.p.A.	131	77	-30	85	(2)	69	X
28. UniCredit Audit S.p.A.	42,082	62,047	990	3,682		2,228	X
29. UniCredit Banca di Roma S.p.A. (formerly UniCredit Servizi Retail Due S.p.A.)	42,710,335	841,305	40,396	1,140,676	(5)	1,327,750	X
30. UniCredit Banca per la Casa S.p.A. (now UniCredit Consumer Financing Bank S.p.A.)	100,176,008	1,832,663	-100,621	2,092,256		2,082,154	X
31. UniCredit Banca S.p.A. (formerly UniCredit Servizi Retail Uno S.p.A.)	59,764,723	991,898	-10,075	1,602,072	(5)	1,670,715	X
32. UniCredit Bancassurance Management & Administration S.r.l.	10,572	8,990	698	2,771		52	X
33. UniCredit Bank Austria AG (formerly Bank Austria Creditanstalt AG)	147,817,170	9,240,150	100	13,100,208	(3)	21,706,053	X
34. UniCredit Bank D.D. (formerly UniCredit Zagrebacka Banka D.D.)	1,691,682	141,351	15,750	172,886		1,496	X
35. UniCredit Bank Ireland P.l.c.	27,475,700	1,821,588	134,051	1,939,391	(6)	2,142,340	X
36. UniCredit Bulbank A.D.	5,631,815	439,569	149,148	702,048		25	X
37. UniCredit Consumer Financing Bank S.p.A. (formerly UniCredit Clarima Banca S.p.A.)	7,906,549	639,330	-20,539	593,334		445,484	X
38. UniCredit Corporate Banking S.p.A. (formerly UniCredit Banca d'Impresa S.p.A.)	113,288,605	6,099,321	352,398	7,575,213		6,321,887	X
39. UniCredit Credit Management Bank S.p.A. (formerly UniCredito Gestione Crediti S.p.A. Banca per la gestione dei crediti)	199,611	141,478	28,161	111,157		72,047	X
40. UniCredit Delaware Inc.	465,677	12,413	10	151		18	X
41. UniCredit Global Information Services S.p.A.	671,850	825,793	1,768	169,260		157,285	X
42. UniCredit Global Leasing S.p.A. (now UniCredit Leasing S.p.A.)	2,294,197	13,841	-23,287	648,303	(7)	514,326	X
43. UniCredit International Bank (Luxembourg) S.A.	4,065,818	318,029	39,557	241,007	(8)	305,443	X

Notes to the Accounts (CONTINUED)

Part B) Balance Sheet - Assets (CONTINUED)

continued: (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 (continued)							
44. UniCredit Mediocredito Centrale S.p.A. (formerly MCC-Mediocredito Centrale S.p.A.)	7,224,544	523,789	10,558	731,333	(2)	988,246	X
45. UniCredit Merchant S.p.A. (formerly Capitalia Merchant S.p.A.)	483,234	47,568	17,489	385,532		367,743	X
46. UniCredit Private Banking S.p.A.	9,162,452	666,799	91,314	385,354		281,108	X
47. UniCredit Processes & Administration S.p.A. (now UniCredit Business Partner Società per Azioni)	362,236	344,042	-312	48,578	(9)	49,153	X
48. UniCredit Real Estate S.p.A.	4,552,805	1,110,212	314,318	1,549,043		1,155,887	X
49. UniCredito Italiano Capital Trust I	550,360	43,459	-	1		1	X
50. UniCredito Italiano Capital Trust II	330,400	29,665	-	1		1	X
51. UniCredito Italiano Funding LLC I	550,362	43,459	-	2		2	X
52. UniCredito Italiano Funding LLC II	330,401	29,665	-	1		1	X
53. UniCredito Italiano Funding LLC III	764,642	30,730	462	1,253		1	X
54. UniCredito Italiano Funding LLC IV	320,954	17,224	186	558		1	X
55. Unimanagement S.r.l.	13,539	5,714	-2,556	537		643	X
56. Xelion Doradcy Finansowi Sp.zo.o.	1,292	5,052	-3,662	281		204	X
B. Joint ventures							
1. TLX S.p.A.	7,503	12,088	-	4,868	(9)	2,500	X
C. Companies under significant influence							
1. Aviva S.p.A. (F)	8,774,529	1,501,003	23,185	716,534		335,255	
2. Capitalia Assicurazioni S.p.A. (I)	83,046	10,770	358	11,041		5,202	
3. CARICESE S.r.l. (formerly Consorzio CA.RI.CE.SE.) (G)	9,755	25,390	-	1,624	(3)	2,383	
4. Cassa di Liquidazione e Garanzia S.p.A. (in liquidation) (H)	799	52	28	228		49	
5. CNP UniCredit Vita S.p.A. (formerly CNP Capitalia Vita S.p.A.) (F)	12,321,726	1,250,850	-14,356	357,129	(2)	135,189	
6. CreditRas Assicurazioni S.p.A. (F)	196,314	24,364	3,016	21,153		7,225	
7. CreditRas Vita S.p.A. (F)	18,493,713	3,945,751	13,204	364,887		169,023	
8. Fidia - Fondo Interbancario d'Investimento Azionario S.G.R. S.p.A. (I)	11,313	1,038	-320	7,589		3,006	
9. G.B.S. General Broker Service S.p.A. (J)	14,749	9,474	165	1,450		270	
10. Istituto per l'Edilizia Economica e Popolare di Catania S.p.A. (in liquidation) (G)	3,460	159	84	3,419		..	
11. Mediobanca - Banca di Credito Finanziario S.p.A. (K)	56,046,300	1,406,500	-58,200	4,186,700	(10)	1,079,371	515,597
12. Nuova Teatro Eliseo S.p.A. (G)	6,189	6,130	-245	840		344	
13. SE.TE.SI Servizi Telematici Siciliani S.p.A.	4,340	6,871	-441	332		49	
14. SIA-SSB S.p.A. (G)	290,396	334,910	9,064	157,754	(2/3)	73,503	
15. Società Gestione per il Realizzo S.p.A. (in liquidation) (L)	61,239	8,256	2,898	9,727		2,566	
16. Sviluppo Globale GEIE (G)	365	657	193	256		..	
						69,852,748	

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

(A) In February 2008 the company was put in liquidation; in March 2009 the company was removed from the Companies Register.

(B) Newly established company (December 2008); only the share capital is represented.

(C) The negative value of the shareholders equity is related to the debts with Banco di Sicilia, previous shareholder; in October 2008 Banco di Sicilia fully devalued these credits and sold them to Aspra Finance.

(D) Data are taken from the financial statements as at 12.31.2007. The negative value of the shareholders equity is related to the debts with Banco di Sicilia, previous shareholder, and other banks. Banco di Sicilia, and the other banks, quitclaimed a part of their credits to restore the negative equity; in October 2008 Banco di Sicilia sold his credit to Aspra Finance.

(E) In June 2008 the company was put in liquidation; there is a specific allowance for the amount of negative equity.

(F) Data are taken from the First Half Report as at 06.30.2008.

(G) Data are taken from the financial statements as at 12.31.2007.

(H) Data are taken from the liquidation financial as at 11.20.2008. In January 2009 the company was removed from the Companies Register.

(I) Data are teken from the balance sheet as at 09.30.2008.

(J) Data are taken from the financial statements as at 06.30.2008.

(K) Data are taken from the First Half Report as at 12.31.2008.

(L) Data are taken from the financial statements as at 12.31.2007 and consider the allotment of reserves and profits deliberated in 2008.

In respect of the above table, please note that:

- Data of subsidiaries and associates were taken from the 2008 financial statements or from 2008 draft accounts approved by the competent Corporate Bodies; if these were unavailable, data were taken from the most recent approved financial statements or balance sheet. Amounts relating to foreign companies were calculated at the exchange rate prevailing at the end of the year.
- The carrying amounts are higher than the value of the fraction of shareholders' equity shown for one or more of the following reasons:
  1) Higher stock prices.
  2) The cost of the absorption of Capitalia under IFRS 3 Business Combinations.
  3) Higher costs borne on acquisition or increase of an equity interest (including additional costs) and retained in the accounts given continuation of the reasons for the payment of these costs.
  4) Part spin-off of MCC's leasing business, whose cost was determined on absorption of Capitalia under IFRS 3 Business Combinations.
  5) The higher value of the business transferred on setting up the new bank.
  6) The valuation of proprietary listed equities, which required setting up a negative valuation reserve.
  7) The loss for the year and recognition of a negative reserve (in compliance with the interpretation of the OPI1 interpretation document issued by Assirevi) relating to a company acquired by Locat. With effect from January 1, 2009 UniCredit Global Leasing was absorbed by Locat (now UniCredit Leasing).
  8) The merger of Capitalia Luxembourg S.A., the cost of which was determined on absorption of Capitalia under IFRS 3 Business Combinations.
  9) Higher valuation of the subsidiary.
  10) No material change in the profit projections of Mediobanca's business and shareholdings.

10.3 Investments in associates and joint ventures: annual changes

	12.31.2008
A. Opening balance	**72,332,657**
B. Increases	**16,604,319**
B.1 Purchases	12,942,926
of which: business combinations	*2,810,525*
B.2 Write-backs	36,017
B.3 Revaluation	-
B.4 Other changes	3,625,376
C. Decreases	**19,084,228**
C.1 Sales	16,405,743
of which: business combinations	*16,081,495*
C.2 Write-downs	28,992
C.3 Other changes	2,649,493
D. Closing balance	**69,852,748**
E. Total revaluation	**-**
F. Total write-downs	**43,659**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

10.4 Commitments relating to equity investments in subsidiaries

The following commitments are reported as outstanding at December 31, 2008:
- a commitment to pay €1.5 million to our subsidiary Società Italiana Gestione e Incasso Crediti S.p.A. (in liquidation) to cover liquidation requirements.
- a commitment to pay: (i) €3.7 million to our subsidiary UniManagement S.r.l. , to cover losses expected in 2009/2010 (ii) a capital contribution of €1.3 million to our subsidiary Sicilia Convention Bureau S.r.l. to cover start-up costs.
- a commitment to take up a PLN 15 million rights issue by Xelion Doradcy Finansowi Sp. zo.o. in proportion to our stake, viz. PLN 7.5 million. In January 2009, our subsidiary carried out the capital increase and UniCredit subscribed and paid in its share of PLN 7.5 million, equivalent to about €2 million;
- a commitment relating to the incorporation of a subsidiary in Luxembourg with the object of issuing an instrument for the management of capital allocated for operational risks. The new company will have company capital of a maximum of €35 million.

Section 11 - Property, plant and equipment - Item 110

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

ASSETS/VALUES	12.31.2008	12.31.2007
A. Assets for operational use		
1.1 Owned	**28,714**	**25,066**
a) land	5	5
b) buildings	2,949	764
c) equipment	17,054	12,351
d) electronic systems	8,524	1,795
e) other	182	10,151
1.2 Leased	**-**	**-**
a) land	-	-
b) buildings	-	-
c) equipment	-	-
d) electronic systems	-	-
e) other	-	-
Total A	**28,714**	**25,066**
B. Held-for-investment assets		
2.1 Owned	**9,132**	**-**
a) land	3,758	-
b) buildings	5,374	-
2.2 Leased	**-**	**-**
a) land	-	-
b) buildings	-	-
Total B	**9,132**	**-**
Total (A + B)	**37,846**	**25,066**

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

	12.31.2008					
	LAND	BUILDINGS	EQUIPMENT	ELECTRONIC SYSTEMS	OTHER	TOTAL
A. Gross opening balance	**5**	**764**	**34,127**	**51,833**	**25,396**	**112,125**
A.1 Net decreases	-	-	(21,776)	(50,038)	(15,245)	(87,059)
A.2 Net opening balance	**5**	**764**	**12,351**	**1,795**	**10,151**	**25,066**
B. Increases	**4,341**	**18,054**	**50,943**	**76,206**	**229,647**	**379,191**
B1. Purchases	4,065	14,597	48,121	65,503	224,644	356,930
of which: business combinations	*4,065*	*14,597*	*39,379*	*50,220*	*194,792*	*303,053*
B.2 Capitalised expenditure on improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Increase in fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
B.5 Positive Exchange differences	236	438	17	-	5	696
B.6 Transfer from properties held for investment	-	3,019	-	-	-	3,019
B.7 Other changes	40	-	2,805	10,703	4,998	18,546
C. Decreases	**4,341**	**15,869**	**46,240**	**69,477**	**239,616**	**375,543**
C.1 Disposals	-	7,621	37,146	51,331	196,236	292,334
of which: business combinations	-	*7,621*	*37,037*	*51,299*	*195,705*	*291,662*
C.2 Depreciation	-	624	8,378	17,321	30,116	56,439
C.3 Impairment losses:	-	-	342	135	-	477
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	342	135	-	477
C.4 Reductions of fair value	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
C.5 Negative exchange difference	-	-	-	10	3	13
C.6 Transfers to:	3,798	5,374	-	-	-	9,172
a) property, plant and equipment held for investment	3,758	5,374	-	-	-	9,132
b) assets held for sale	40	-	-	-	-	40
C.7 Other changes	543	2,250	374	680	13,261	17,108
D. Net closing balance	**5**	**2,949**	**17,054**	**8,524**	**182**	**28,714**
D.1 Total net write-downs	-	(255)	(40,453)	(65,093)	(4,524)	(110,325)
D.2 Gross closing balance	**5**	**3,204**	**57,507**	**73,617**	**4,706**	**139,039**
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

	12.31.2008		
	LAND	BUILDINGS	TOTAL
A. Gross opening balance	**-**	**-**	**-**
B. Increases	**3,758**	**8,394**	**12,152**
B.1 Purchases	-	3,020	3,020
of which: business combinations	-	*3,020*	*3,020*
B.2 Capitalised expenditure on improvements	-	-	-
B.3 Increase in fair value	-	-	-
B.4 Write-backs	-	-	-
B.5 Positive exchange differences	-	-	-
B.6 Transfer from properties used in the business	3,758	5,374	9,132
B.7 Other changes	-	-	-
C. Decreases	**-**	**3,020**	**3,020**
C.1 Disposals	-	-	-
of which: business combinations	-	-	-
C.2 Depreciation	-	1	1
C.3 Reductions of fair value	-	-	-
C.4 Impairment losses	-	-	-
C.5 Negative exchange differences	-	-	-
C.6 Transfers to other asset portfolios	-	3,019	3,019
a) Properties used in the business	-	3,019	3,019
b) Non-current assets classified as held-for-sale	-	-	-
C.7 Other changes	-	-	-
D. Closing balances	**3,758**	**5,374**	**9,132**
E. Measured at fair value	**-**	**-**	**-**

Section 12 - Intangible assets - Item 120

12.1 Intangible assets: detail by type of assets

	12.31.2008		12.31.2007	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	X	8,738,566	X	4,162,548
A.2 Other intangible assets	33,233	-	105,683	-
A.2.1 Assets valued at cost:	33,233	-	105,683	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	33,233	-	105,683	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**33,233**	**8,738,566**	**105,683**	**4,162,548**

The value of goodwill as at 12.31.2008 resulted from UniCredit's absorption of Capitalia, registered the October 1, 2007, and from the reorganization of the Group's Italian commercial banks made in 2008, as described in the introduction.

12.2 Intangible assets: annual changes

	12.31.2008					
		OTHER INTANGIBLE ASSETS: GENERATED INTERNALLY		OTHER INTANGIBLE ASSETS: OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross Opening Balance	**4,162,548**	**-**	**-**	**289,181**	**-**	**4,451,729**
A.1 Net decreases	-	-	-	(183,498)	-	(183,498)
A.2 Net opening balance	**4,162,548**	**-**	**-**	**105,683**	**-**	**4,268,231**
B. Increases	**4,576,018**	**-**	**-**	**455,384**	**-**	**5,031,402**
B.1 Purchases	4,576,018	-	-	455,384	-	5,031,402
of which: business combinations	*4,576,018*	-	-	*450,382*	-	*5,026,400*
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	**-**	**-**	**-**	**527,834**	**-**	**527,834**
C.1 Disposals	-	-	-	73,744	-	73,744
C.2 Write-downs	-	-	-	34,384	-	34,384
- Depreciation	X	-	-	34,384	-	34,384
- write-downs	-	-	-	-	-	-
+ Net Equity	X	-	-	-	-	-
+ Profit and loss account	-	-	-	-	-	-
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	-	-	-	10	-	10
C.6 Other changes	-	-	-	419,696	-	419,696
D. Net Closing Balance	**8,738,566**	**-**	**-**	**33,233**	**-**	**8,771,799**
D.1 Total net write-downs	-	-	-	(172,453)	-	(172,453)
E. Gross Closing Balance	**8,738,566**	**-**	**-**	**205,686**	**-**	**8,944,252**
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:	12.31.2008	12.31.2007
Assets/liabilities held for trading	51,931	25,898
Other financial instruments	241,091	165,589
Hedging derivatives / changes in fair value of portfolio hedged items	278,823	268,261
Equity investments	18,685	-
Property, plant and equipment / intangible assets	2,401,729	14,033
Provisions	240,071	106,929
Other assets / liabilities	132,689	147,934
Loans and receivables with banks and customers	994,250	466,271
Taxes losses caried forward	245,816	218,314
Other	78,410	290,790
Total	**4,683,495**	**1,704,019**

13.2 Deferred tax liabilities: breakdown

DEFERRED TAX LIABILITIES RELATED TO:	12.31.2008	12.31.2007
Loans and receivables with banks and customers	-	45,181
Assets/liabilities held for trading	44,920	7,195
Hedging derivatives / changes in fair value of portfolio hedged items	275,525	271,287
Equity investments	691	2,126
Other financial instruments	104,134	150,479
Property, plant and equipment/intangible assets	29,500	41,374
Other assets / liabilities	2,064	-
Deposits from banks and customers	-	12,067
Other	77,370	165,484
Total	**534,204**	**695,193**

13.3 Deferred tax assets: annual changes (balancing P&L)	12.31.2008	12.31.2007
1. Opening balance	**1,644,219**	**390,556**
2. Increases	**3,917,946**	**1,878,819**
2.1 Deferred tax assets arising during the year	2,592,790	179,150
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) write-backs	-	-
d) other	2,592,790	179,150
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1,325,156	1,699,669
of which: business combinations	*1,157,564*	*1,699,669*
3. Decreases	**940,154**	**625,156**
3.1 Deferred tax assets derecognised during the year	605,812	216,164
a) reversals of temporary differences	605,812	216,164
b) write-downs of non-recoverable items	-	-
c) change in accounting policies	-	-
3.2 Reduction in tax rates	-	300,337
3.3 Other decreases	334,342	108,655
of which: business combinations	*285,413*	*52,068*
4. Final amount	**4,622,011**	**1,644,219**

13.4 Deferred tax liabilities: annual changes (balancing P&L)	12.31.2008	12.31.2007
1. Opening balance	**659,886**	**381,970**
2. Increases	**297,408**	**454,063**
2.1 Deferred tax liabilities arising during the year	29,655	97,068
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	29,655	97,068
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	267,753	356,995
of which: business combinations	*233,144*	*356,995*
3. Decreases	**426,054**	**176,147**
3.1 Deferred tax liabilities derecognised during the year	211,914	10,899
a) reversals of temporary differences	211,914	10,899
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	128,434
3.3 Other decreases	214,140	36,814
of which: business combinations	*55,608*	*36,811*
4. Final amount	**531,240**	**659,886**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

13.5 Deferred tax assets: annual changes (balancing Net Equity)	12.31.2008	12.31.2007
1. Opening balance	**59,800**	**164**
2. Increases	**135,580**	**90,972**
2.1 Deferred tax assets arising during the year	128,191	15,176
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	128,191	15,176
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	7,389	75,796
of which: business combinations	*7,389*	*75,796*
3. Decreases	**133,896**	**31,336**
3.1 Deferred tax assets derecognised during the year	1,916	-
a) reversals of temporary differences	1,916	-
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	131,980	19,376
of which: business combinations	*15,447*	-
4. Final amount	**61,484**	**59,800**

13.6 Deferred tax liabilities: annual changes (balancing Net Equity)	12.31.2008	12.31.2007
1. Opening balance	**35,307**	**70,167**
2. Increases	**4,774**	**16,281**
2.1 Deferred tax liabilities arising during the year	295	1,801
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	295	1,801
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	4,479	14,480
of which: business combinations	*4,479*	*14,480*
3. Decreases	**37,117**	**51,141**
3.1 Deferred tax liabilities derecognised during the year	24,273	37,247
a) reversal of temporary differences	24,273	29,807
b) due to change in accounting policies	-	-
c) other	-	7,440
3.2 Reduction in tax rates	-	13,894
3.3 Other decreases	12,844	-
of which: business combinations	*308*	-
4. Final amount	**2,964**	**35,307**

13.7 Other information

National tax consolidation rules

Legislative decree No. 344 of December 12, 2003, on corporate income tax (IRES) reform, introduced income tax for groups of companies on the basis of national consolidated tax rules.

The national consolidated tax scheme, which is optional, has a term of three tax years and is subject to certain requirements (controlling interest, identical financial years), has recently been significantly revised by the 2008 Financial Law which eliminated consolidation adjustments that made possible:

- the complete exclusion of dividends distributed within the scope of consolidation instead of exemption of 95% (effective, however, for dividends distributed starting September 1, 2007);
- 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.

Thus, at present, the participation in the national tax consolidation scheme provides the following benefits of an economic and/or financial nature:

- the immediate offsetting of taxable earnings and losses generated by companies included in the scope of consolidation;
- the total deductibility of interest expenses accrued by banks and other financial entities payable to other participating entities (banks and other financial entities), although only up to total interest expense accrued by such entities and payable to entities not participating in the tax consolidation scheme (Law 133/2008);
- the total deductibility of interest expense accrued by non-banking and non-financial entities to the same participating companies, if and to the extent to which, the other companies participating in the tax consolidation scheme report excess, and thus not fully utilised, gross operating profit (2008 Financial Law).

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

At the end of 2008, the companies for which the option was exercised for the national tax consolidation scheme were as follows:

UniCredit Banca Spa - Bologna	Company merged into UniCredit S.p.A. effective November 1, 2008
Banca di Roma Spa - Rome	Company merged into UniCredit S.p.A. effective November 1, 2008
Bipop Carire Spa - Brescia	Company merged into UniCredit S.p.A. effective November 1, 2008
Capitalia Partecipazioni Spa - Rome	Company merged into UniCredit S.p.A. effective November 1, 2008
UniCredit Banca Mobiliare Spa - Milan	Company merged into UniCredit S.p.A. effective March 31, 2008
Unicredit Banca d'Impresa Spa - Verona	
UniCredit Factoring Spa - Milan	
I-Faber Spa - Milan	
UniCredit Private Banking Spa - Turin	
Cordusio Fiduciaria Spa - Milan	
Pioneer Global Asset Management Spa - Milan	
Pioneer Alternative Investment Management Sgrpa - Milan	
Capitalia Investimenti Alternativi Spa - Milan	Company merged into Pioneer Alternative Invest. Man Sgrpa effective April 1, 2008
Pioneer Investment Management Sgrpa - Milan	
Capitalia Asset Management Spa - Rome	Company merged into Pioneer Investment Man Sgrpa effective March 29, 2008
Fineco Bank Spa - Milan	
UniCredit Xelion Banca Spa - Milan	Company merged into FinecoBank SpA effective July 7, 2008
UniCredit Real Estate Spa - Milan	
Immobiliare Piemonte Spa - Rome	Company merged into UniCredit Real Estate SpA effective July 1, 2008
UniCredit Processes & Administration Spa - Rome	
Capitalia Informatica Spa - Rome	Company merged into UniCredit Processes & Administration SpA effective April 1, 2008
UniCredit Global Leasing Spa - Milan	
Locat Spa - Bologna	
UniCredit Banca per la Casa Spa - Milan	
UniCredit Credit Managment Bank Spa - Verona	
UniCredit Global Information Services Spa - Milan	
UniCredit Audit Spa - Milan	
UniManagement Srl - Turin	
Fineco Leasing Spa - Brescia	
Sanità Spa in liq - Rome	
Capitalia Merchant Spa - Rome	
MedioCredito Centrale Spa - Rome	
Ipse 2000 Spa - Rome	
UniCredit Banca Spa - Bologna (NEW)	New option, June 13, 2008
UniCredit Banca di Roma - Rome (NEW)	New option, June 13, 2008

Alignment of balance-sheet and taxable goodwill

Decree-Law 185/08 (§15.10 and 12) - converted with amendments into Law 2/09 - made it possible to realign balance-sheet and taxable goodwill by paying a one-off tax in the amount of 16% of goodwill in place of corporate tax (IRES) and regional tax (IRAP).

This is a one-off amount due at the same time as the tax for the financial year in which the transaction was carried out.

The higher amount on which this tax is paid is recognized for tax purposes from the beginning of the fiscal year in which the tax is paid.

The maximum deduction allowed is one-ninth of the higher amount of goodwill, regardless of any amount recognized in the income statement,

and may be made from the fiscal year following that in which the tax is paid.
Payment of the one-off tax reduces the amortization period for tax purposes from 18 to 9 years with sole reference to the higher amount of goodwill on which the tax is paid.

Accordingly UniCredit S.p.A. has:

- established that total goodwill taxable as above was €8,651 million, which will therefore be amortized over nine tax years starting in fiscal 2010,

- provided for tax payable in the amount of €1,384 million, which will be paid on June 16, 2009, and

- recognized deferred tax assets of €2,379 million being the tax benefit permitted under IAS 12, which considers taxable amortization of goodwill as a temporary difference, deductible provided that there is an expectation of recoverability. With regard to this condition we have ascertained that there are currently no reasons to believe that the Group companies included in the Italian tax consolidation scheme (see previous section) will not produce sufficient taxable income in the relevant years for the one-off tax on goodwill to be deducted.

2008 Tax Dispute
With regard to the information provided in previous accounts concerning the VAT audit that involved:
- for financial year 2000, the company, on its own behalf and as the company absorbing Cassamarca, Cariverona, Rolo Banca 1473 and Banca CRT,
- for financial year 2001, the company, on its own behalf and as the company absorbing Cassamarca, Rolo Banca 1473, Banca CRT and Cassa di Risparmio di Trieste, for financial year 2002, the company as the company absorbing Banca CRT,

it should be noted that:
- for financial year 2000, all disputes have been discussed with the relevant Provincial Tax Commissions with a favourable outcome for the company. All the decisions were appealed by the tax bureaus: three disputes have already been discussed with the relevant Regional Tax Commissions (Banca CRT, Cariverona and Cassamarca), all of which still have a favourable outcome for the company;
- for financial year 2001, all disputes have been discussed with the relevant Provincial Tax Commissions, with the exception of Cassa di Risparmio di Trieste, with a favourable outcome for the company.
- for financial year 2002, to date no hearing has been held to discuss the disputes. The contingent liability totals about €300,000.

The company does not believe that it needs to make specific provisions.

On its own behalf, the company has no further pending disputes regarding direct taxes.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Assets (Continued)

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

	12.31.2008	12.31.2007
A. Individual assets		
A.1 Equity investments	-	486,400
A.2 Property, Plant and Equipment	40	-
A.3 Intangible assets	-	-
A.4 Other non-current assets	-	-
Total A	**40**	**486,400**
B. Asset groups classified as held for sale		
B.1 Financial assets held for trading	-	-
B.2 Financial assets at fair value through profit or loss	-	-
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 at fair value through profit or loss	-	-
D.6 Provisions	-	49
D.7 Other liabilities	-	104
Total D	**-**	**371,170**

Section 15 - Other assets - Item 150

15.1 Other assets: breakdown

ITEMS/VALUES	12.31.2008	12.31.2007
Margin with derivatives clearers (non-interest bearing)	-	1,050
Accrued income other capitalised income	184,764	140,836
Cash and other valuables held by cashier:	450	78
- cheques in clearing	43	78
- money orders, bank drafts and equivalent securities	-	-
- coupons, securities due on demand, revenue stamps and miscellaneous valuables	407	-
Interest and charges to be debited to:	992	234
- customers	992	234
- banks	-	-
Items in transit between branches not yet allocated to destination accounts	55	4,330
Items in processing	159,789	222,557
Items deemed definitive but non-attributable to other items:	1,347,605	566,350
- securities and coupons to be settled	302,097	14,328
- other transactions	1,045,508	552,022
Adjustments for unpaid bills and notes	-	-
Tax items other than those included in item 130	2,244,051	1,049,861
of which: Group VAT credit	*553,312*	*690,925*
Loans in respect of share based payments:	48,311	103,493
- loans to subsidiaries in respect of equity settled share based payments	45,475	24,459
- loans to subsidiaries in respect of cash settled share based payments	2,836	79,034
Other items:	1,033,946	143,988
- leasehold improvements (on non-separable assets)	13,494	7,729
- items related to accidents and disputes pending (valued at their estimated realization amount)	38,386	24,164
- other items	982,066	112,095
Total	**5,019,963**	**2,232,777**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities

Section 1 - Deposits from banks - Item 10

1.1 Deposits from banks: product breakdown

TYPE OF TRANSACTIONS/VALUES	12.31.2008	12.31.2007
1. Deposits from central banks	**23,887,257**	**4,498,116**
2. Deposits from banks	**133,816,122**	**93,443,209**
2.1 Current accounts and demand deposits	65,810,654	14,630,112
2.2 Time deposits	23,643,151	59,377,433
2.3 Loans	32,310,073	13,768,032
2.3.1 Financial leases	-	-
2.3.2 Other	32,310,073	13,768,032
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Liabilities relating to assets sold but not derecognised	12,052,244	5,667,632
2.5.1 Reverse repos	12,052,244	5,667,632
2.5.2 Other	-	-
2.6 Other liabilities	-	-
Total	**157,703,379**	**97,941,325**
Fair value	***157,703,379***	***97,941,325***

Section 2 - Deposits from customers - Item 20

2.1 Deposits from customers: product breakdown

TYPE OF TRANSACTIONS/VALUES	12.31.2008	12.31.2007
1. Current accounts and demand deposits	1,688,971	1,596,416
2. Time deposits	3,550,515	4,413,513
3. Deposits received in administration	-	-
4. Loans	1,234,311	1,306,622
4.1 Financial Leases	-	-
4.2 Other	1,234,311	1,306,622
5. Liabilities in respect of commitments to repurchase treasury shares	-	523,502
6. Liabilities relating to assets sold but not derecognised	2,398,271	22,960
6.1 Reverse repos	2,398,271	22,960
6.2 Other	-	-
7. Other liabilities	320,843	423
Total	**9,192,911**	**7,863,436**
Fair value	***9,192,911***	***7,863,436***

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 €1,234,311 thousand.

Section 3 - Debt securities in issue - Item 30

3.1 Debt securities in issue: product breakdown

	12.31.2008		12.31.2007	
	TOTAL		TOTAL	
TYPE OF SECURITIES/VALUES	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
A. Listed securities	**25,330,640**	**25,954,997**	**17,727,136**	**17,510,146**
1. Bonds	24,251,953	24,862,774	17,727,136	17,510,146
1.1 structured	3,721,397	3,721,397	4,623,230	4,620,265
1.2 other	20,530,556	21,141,377	13,103,906	12,889,881
2. Other securities	1,078,687	1,092,223	-	-
2.1 structured	15,506	15,506	-	-
2.2 other	1,063,181	1,076,717	-	-
B. Unlisted securities	**97,003,398**	**97,101,475**	**93,086,363**	**92,634,548**
1. Bonds	65,299,973	65,463,412	48,520,619	48,135,536
1.1 structured	8,347,480	8,347,480	9,935,212	11,206,063
1.2 other	56,952,493	57,115,932	38,585,407	36,929,473
2. Other securities	31,703,425	31,638,063	44,565,744	44,499,012
2.1 structured	640,739	640,739	48,690	48,690
2.2 other	31,062,686	30,997,324	44,517,054	44,450,322
Total	**122,334,038**	**123,056,472**	**110,813,499**	**110,144,694**

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

This item includes subordinated securities in the amount of €15,918,084 thousand.

3.4 Breakdown of item 30 “Debt securities in issue”: Covered Bond

In Q4 2008 UniCredit SpA issued six tranches of covered bonds *(Obbligazioni Bancarie Garantite)* with a total face value of €5 billion. In this period UniCredit SpA bought back €4 billion of these issues, thus eliminating the liabilities in issue.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

Section 4 - Financial liabilities held for trading - Item 40

4.1 Financial liabilities held for trading: product breakdown								
	12.31.2008				12.31.2007			
		FV				FV		
TYPE OF SECURITIES/VALUES	VN	LISTED	UNLISTED	FV*	VN	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	116,504	-	92,960	X	93,745	-	93,671	X
3.1 Bonds	116,504	-	92,960	X	93,745	-	93,671	X
3.1.1 Structured	116,504	-	92,960	X	93,745	-	93,671	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	**116,504**	**-**	**92,960**	**-**	**153,619**	**63,031**	**93,671**	**-**
B) Derivative instruments								
1. Financial derivatives	X	183,870	3,616,208	X	X	398,348	7,170,743	X
1.1 Trading	X	183,870	2,224,522	X	X	398,348	4,851,960	X
1.2 Relating to Fair Value Option	X	-	-	X	X	-	2,574	X
1.3 Other	X	-	1,391,686	X	X	-	2,316,209	X
2. Credit derivatives	X	-	75	X	X	-	66	X
2.1 Trading	X	-	42	X	X	-	18	X
2.2 Relating to Fair Value Option	X	-	-	X	X	-	-	X
2.3 Other	X	-	33	X	X	-	48	X
Total B	**X**	**183,870**	**3,616,283**	**X**	**X**	**398,348**	**7,170,809**	**X**
Total A+B	**X**	**183,870**	**3,709,243**	**X**	**X**	**461,379**	**7,264,480**	**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.

4.4 Financial liabilities held for trading: derivative instruments

TYPE OF DERIVATIVE/UNDERLYING ASSET	12.31.2008 INTEREST RATES	CURRENCY AND GOLD	EQUITY INSTRUMENTS	LOANS	OTHER	TOTAL	12.31.2007 TOTAL
A) Listed derivatives							
1) Financial derivatives:	**-**	**240**	**183,571**	**-**	**59**	**183,870**	**398,348**
• With underlying asset exchange	-	-	-	-	-	-	2
- options issued	-	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-	2
• With no underlying asset exchange	-	240	183,571	-	59	183,870	398,346
- options issued	-	240	183,571	-	59	183,870	398,346
- other derivatives	-	-	-	-	-	-	-
2) Credit derivatives:	**-**	**-**	**-**	**-**	**-**	**-**	**-**
• With underlying asset exchange	-	-	-	-	-	-	-
• With no underlying asset exchange	-	-	-	-	-	-	-
Total A	**-**	**240**	**183,571**	**-**	**59**	**183,870**	**398,348**
B) Unlisted derivatives							
1) Financial derivatives	**1,872,248**	**1,229,003**	**514,957**	**-**	**-**	**3,616,208**	**7,170,743**
• With underlying asset exchange	-	1,229,003	-	-	-	1,229,003	2,908,823
- options issued	-	31,481	-	-	-	31,481	1,049,297
- other derivatives	-	1,197,522	-	-	-	1,197,522	1,859,526
• With no underlying asset exchange	1,872,248	-	514,957	-	-	2,387,205	4,261,920
- options issued	339,541	-	514,957	-	-	854,498	2,076,813
- other derivatives	1,532,707	-	-	-	-	1,532,707	2,185,107
2) Credit derivatives	**-**	**-**	**-**	**75**	**-**	**75**	**66**
• With underlying asset exchange	-	-	-	42	-	42	18
• With no underlying asset exchange	-	-	-	33	-	33	48
Total B	**1,872,248**	**1,229,003**	**514,957**	**75**	**-**	**3,616,283**	**7,170,809**
Total (A+B)	**1,872,248**	**1,229,243**	**698,528**	**75**	**59**	**3,800,153**	**7,569,157**

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

	12.31.2008 DEPOSITS FROM BANKS	DEPOSITS FROM CUSTOMERS	DEBT SECURITIES IN ISSUE	TOTAL
A. Opening balance	**-**	**-**	**93,671**	**93,671**
B. Increases	**-**	**-**	**3,649**	**3,649**
B.1 Issues	-	-	-	-
B.2 Sales	-	-	-	-
B.3 Increases in fair value	-	-	1,421	1,421
B.4 Other changes	-	-	2,228	2,228
C. Decreases	**-**	**-**	**4,360**	**4,360**
C.1 Purchases	-	-	-	-
C.2 Redemptions	-	-	4,360	4,360
C.3 Reductions of fair value	-	-	-	-
C.4 Other changes	-	-	-	-
D. Closing balance	**-**	**-**	**92,960**	**92,960**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

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	12.31.2008			12.31.2007		
	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
Total	**-**	**-**	**-**	**5,955,686**	**887,117**	**5,129,259**

5.3 Financial liabilities measured at fair value - annual changes

	12.31.2008			
	DEPOSITS FROM BANKS	DEPOSITS FROM CUSTOMERS	DEBT SECURITIES IN ISSUE	TOTAL
A. Opening balance	**-**	**-**	**6,016,376**	**6,016,376**
B. Increases	**-**	**-**	**17,062**	**17,062**
B.1 Issues	-	-	-	-
B.2 Sales	-	-	-	-
of which: business combinations	-	-	-	-
B.3 Increases in fair value	-	-	-	-
B.4 Other changes	-	-	17,062	17,062
C. Decreases	**-**	**-**	**6,033,438**	**6,033,438**
C.1 Purchases	-	-	-	-
of which: business combinations	-	-	-	-
C.2 Redemptions	-	-	-	-
C.3 Reductions of fair value	-	-	-	-
C.4 Other changes	-	-	6,033,438	6,033,438
D. Closing balance	**-**	**-**	**-**	**-**

Section 6 - Hedging derivatives - Item 60

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

	12.31.2008					
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	**1,257,279**	**1,656,744**	**-**	**-**	**-**	**2,914,023**
• With underlying asset exchange	-	1,656,744	-	-	-	1,656,744
- issued options	-	-	-	-	-	-
- other derivatives	-	1,656,744	-	-	-	1,656,744
• With no underlying asset exchange	1,257,279	-	-	-	-	1,257,279
- issued options	30,980	-	-	-	-	30,980
- other derivatives	1,226,299	-	-	-	-	1,226,299
2) Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**
• With underlying asset exchange	-	-	-	-	-	-
• With no underlying asset exchange	-	-	-	-	-	-
Total B	**1,257,279**	**1,656,744**	**-**	**-**	**-**	**2,914,023**
Total (A+B) 12.31.2008	**1,257,279**	**1,656,744**	**-**	**-**	**-**	**2,914,023**
Total (A+B) 12.31.2007	***1,395,280***	***1,200,673***	**-**	**-**	**-**	***2,595,953***

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

6.2 Hedging derivatives: breakdown by hedged items and hedge type

TRANSACTIONS/HEDGE TYPES	12.31.2008							
	FAIR VALUE						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	116,391	-	-	-	-	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	72,477	X	-
5. Foreign assets	X	X	X	X	X	X	-	X
Total assets	**116,391**	**-**	**-**	**-**	**-**	**72,477**	**-**	**-**
1. Financial liabilities	-	-	-	X	-	X	-	X
2. Portfolio	X	X	X	X	X	1,608,137	X	1,117,018
Total liabilities	**-**	**-**	**-**	**-**	**-**	**1,608,137**	**-**	**1,117,018**
1. Expected transactions	X	X	X	X	X	X	-	-

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	12.31.2008	12.31.2007
1. Positive changes to financial liabilities	1,501,055	180,010
2. Negative changes to financial liabilities	(486,420)	(889,842)
Total	**1,014,635**	**(709,832)**

7.2 Liabilities macro-hedged against interest rate risk: breakdown

HEDGED LIABILITIES	12.31.2008	12.31.2007
1. Deposits	-	-
2. Debt securities in issue	-	5,313,097
3. Portfolio	38,993,329	21,201,121
Total	**38,993,329**	**26,514,218**

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	12.31.2008	12.31.2007
Liabilities for financial guarantees issued	517,716	479,453
- of which: guarantees issued on Trevi securities	*504,533*	*461,675*
Obligations for irrevocable commitments to distribute funds	-	10,642
Accrued expenses other than those to be capitalized for the financial liabilities concerned	110,169	1,745
Liabilities in respect of share based payments	2,836	79,034
Other liabilities due to employees	369,006	243,780
Items in transit between branches and not yet allocated to destination accounts	42,557	95,619
Available amounts to be paid to others	276,381	611,669
Items in processing	578,319	226,782
Entries related to securities transactions	-	33,517
Items deemed definitive but not attributable to other lines:	1,424,955	1,544,830
- accounts payable - suppliers	496,978	111,377
- other entries	927,977	1,433,453
- of which: Group Vat debt to subsidiaries	*553,312*	*695,801*
Liabilities for miscellaneous entries related to tax collection service	10,027	1,841
Adjustments for unpaid portfolio entries	-	-
Tax items different from those included in item 80	465,563	17,883
Other entries	14,186	7,440
Total	**3,811,715**	**3,354,235**

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

Section 11 - Provision for employee severance pay - Item 110

11.1 Provision for employee severance pay: annual changes

	12.31.2008	12.31.2007
A. Opening balance	**63,513**	**55,518**
B. Increases	**1,196,804**	**24,893**
B.1 Provisions for the year	55,746	(9,314)
B.2 Other increases	1,141,058	34,207
of which: business combinations	*1,132,198*	*31,216*
C. Reductions	**1,178,726**	**16,898**
C.1 Severance payments	126,013	7,627
C.2 Other decreases	1,052,713	9,271
of which: business combinations	*1,031,526*	*7,535*
D. Closing balance	**81,591**	**63,513**

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

	12.31.2008	12.31.2007
Discount rate	5.50%	5.25%
Expected return on plan assets	-	-
Rate of salary increase	-	-
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

	12.31.2008	12.31.2007
Defined Benefit obligations	79,603	57,911
Fair value of plane assets	-	-
	79,603	57,911
Unrecognised net actuarial loss/(gain)	1,988	5,651
Balance sheet (Provision) or Prepayement	**81,591**	**63,562**

Section 12 - Provisions for risks and charges - Item 120

12.1 Provisions for risks and charges: breakdown		
ITEMS/COMPONENTS	12.31.2008	12.31.2007
1. Pensions and other post retirement benefit obligations	**916,397**	**485,134**
2. Other provisions for risks and charges	**573,619**	**674,247**
2.1 Legal disputes	276,152	365,357
2.2 Staff expenses	-	-
2.3 Other	297,467	308,890
Total	**1,490,016**	**1,159,381**

Litigation risk

There are a number of lawsuits pending against UniCredit S.p.A..

This litigation is of the kind that ordinarily occurs in the course of business and involves several entities. It has been duly analysed in order, when opportune or necessary, to make provisions in appropriate amounts according to the circumstances, in accordance with proper accounting principles. An adverse outcome of these suits might, however, have a negative effect on the UniCredit S.p.A.'s economic and financial condition, though - as far as can be foreseen at the moment - not such as to significantly impact its solvency.

The following are cases pending at December 31, 2008, in which UniCredit S.p.A. is a defendant and the claim is equal to or exceeds €100 million. Tax, labour-law and debt recovery cases are not included.

Action initiated against UniCredit, its CEO and the CEO of HypoVereinsbank ("Hedge Fund Claim")

In 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 certain transactions regarding the transfer of equity investments or business lines from HVB, after its entry into the UniCredit Group, to UniCredit or other UniCredit Group companies (or vice versa). In addition, they argue that the cost of the reorganisation of HVB should be borne by UniCredit.

The defendants in the lawsuit are UniCredit, its CEO (Mr. Alessandro Profumo) and the CEO of HVB (Mr. Wolfgang Sprissler).

The plaintiffs are seeking: (i) damages in the amount of €17.35 billion payable to HVB; (ii) that the Munich Court order UniCredit to pay HVB's minority shareholders appropriate compensation in the form of a guaranteed regular dividend from November 19, 2005 onwards.

The defendants, while aware of the risk that any such suit inevitably entails, are of the opinion that the claims are groundless, bearing in mind that all the transactions referred to by the plaintiffs were effected on payment of consideration which was held to be fair inter alia on the basis of external independent opinions and valuations. For these reasons no provision has been made.

The defendants lodged their defence pleas with the Munich Court on February 25, 2008; the date of the first hearing has not yet been set by the Court.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

Verbraucherzentrale (Vzfk Claim)

It is also noted that a minority shareholder of HVB, Verbraucherzentrale für Kapitanleger (**Vzfk**), the former owner of a small equity investment in HVB, has brought an action against UniCredit, against its CEO Alessandro Profumo and against the CEO of HVB, Wolfgang Sprissler, jointly and severally. To be specific, the plaintiffs have asked the Munich Court:

- to order UniCredit, Mr. Profumo and Mr. Sprissler to pay €173.5 million (1% of the amount claimed pursuant to the referenced *Hedge Fund Claims*, see paragraph above);
- to order UniCredit to pay HVB's minority shareholders a regular dividend guaranteed in accordance with current German law;
- from a procedural standpoint, to combine this action with the action brought by the hedge funds.

The main argument is that UniCredit, Mr. Profumo and Mr. Sprissler were allegedly responsible for the fact that the business combination between UniCredit and HVB would not meet legal requirements, and in particular, would violate Article 291 of the German Stock Corporation Act. In fact, UniCredit was alleged to have carried out the business combination as a majority shareholder in pursuit of its own interests (acquisition of HVB's banking business in CEE countries at lower than market price) to the detriment of the interest of HVB's minority shareholders. Mr. Profumo and Mr. Sprissler allegedly contributed to the preparation and implementation of the aforementioned business combination plan.

Since it is believed that the claim is groundless, no provision has been made.
Please see Subsequent Events for further information on these proceedings.

Special Representative

On June 27, 2007 the Annual General Meeting of HypoVereinsbank (HVB) passed, inter alia, a resolution authorising a claim for damages to be made against UniCredit, its legal representatives, and the members of HVB's management board and supervisory board, citing alleged prejudice to HVB due to the sale by the latter of the Bank Austria Creditanstalt (BA) equity investment and the Business Combination Agreement (BCA) entered into with UniCredit during the business combination process. The lawyer Thomas Heidel was appointed as Special Representative with the duty of verifying if there are sufficient grounds to move forward with this claim. To this end the Special Representative was granted the authority to examine documents and obtain further information from the company.

Based on his investigations within HVB, in December 2007 the Special Representative called on UniCredit to return the BA shares it had acquired, to HVB.

In January 2008 UniCredit replied to the Special Representative stating that in its view such a request was completely unfounded for a number of reasons.

On February 20, 2008 Thomas Heidel in his capacity as Special Representative of HVB filed a petition against UniCredit S.p.A., its CEO, Alessandro Profumo, as well as against the HVB's CEO, Wolfgang Sprissler, and its Chief Financial Officer, Rolf Friedhofen, requiring the defendants to return the BA shares and to reimburse HVB for any additional losses in this matter or - if this application is not granted by the Court - to pay damages in the amount of at least e13.9 billion. The petition cites the Hedge Fund Claim described in the paragraph above entitled: Action initiated against UniCredit, its CEO and the CEO of HypoVereinsbank ("Hedge Fund Claim"), and it is supported by other arguments.

Attorney Thomas Heidel has filed and given notice of an amendment to his petition. In it he asks that UniCredit, its CEO and the CEO and CFO of HVB be ordered to return the additional amount of €2.92 billion in addition to damages that might ensue from the capital increase approved by HVB in April 2008 following the transfer of the banking business of the former UniCredit Banca Mobiliare (UBM) to HVB. In particular, the Special Representative asserts that the contribution was overvalued and that the rules on auditing were violated.

Since it is doubtful that the amendment of the Special Representative's petition is in line with the resolution passed by the HVB shareholders' meeting in June 2007, UniCredit considers the plaintiff's claims to be unfounded, partly in consideration of the fact that both the sale of BA and the transfer of the operations of the former UBM in exchange for the capital increase in HVB occurred on the basis of independent assessments of well known auditing firms and investment banks, and thus, it has not made any provisions.

It should be noted that on November 10, 2008 an Extraordinary Shareholders' meeting of HVB was held, and it resolved to remove Mr. Thomas Heidel as Special Representative of HVB. This means that the Special Representative no longer has authority to prosecute the actions brought against UniCredit by his representatives and by the representatives of HVB. In particular, the removal prevents the Special Representative from continuing his petition for damages, which, moreover, will not disappear automatically but, rather, only if a decision in this regard is made by HVB's supervisory board (against Messrs. Sprissler and Friedhofen) and management board (against UniCredit and its CEO). HVB's decision-making bodies initiated a review of this complex matter to make the related decisions under their authority.

The removal of the Special Representative was contested by the very Dr. Heidel and by a minority shareholder (Templer Beteiligungs Gmbh). The judge in the case set a deadline for filing briefs in response, and set a hearing to discuss the matter on April 2, 2009. It is possible that the action for damages brought by the Special Representative will be suspended pending the judge's decision concerning the legality of the Special Representative's removal.

Cirio

- In April 2004 the Administrator of Cirio Finanziaria S.p.A. served notice on Mr. Sergio Cragnotti and various banks including Capitalia S.p.A. (recently absorbed by UniCredit S.p.A.) and Banca di Roma S.p.A., of a petition to obtain a judgment declaring the invalidity of an allegedly 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 Administrator subsequently requested that Capitalia S.p.A. and Banca di Roma S.p.A. be jointly found liable to pay back a sum of approximately €168 million, and that all the defendants be found liable to pay damages of €474 million. The Administrator also requested, should the above fail, the revocation pursuant to Art. 2901 Italian Civil Code of the deeds of settlement made by Cirio S.p.A. and/or repayment by the banks of the sums paid over by Cirio under the agreement in question, on the grounds of undue profiteering. In May 2007 the case was retained for the judge's ruling. No preliminary investigation was conducted. In February 2008 an unexpected ruling of the Court ordered Capitalia S.p.A. (currently UniCredit S.p.A.) jointly and severally with Mr. Sergio Cragnotti to pay the sum of €223.3 million plus currency appreciation and interest to run from 1999. UniCredit S.p.A. has appealed requesting suspension of the execution of the judgment in the lower court. Please see Subsequent Events for the outcome of this petition.
- In April 2007 certain Cirio group companies in administration filed a petition against Capitalia S.p.A. (now UniCredit S.p.A.), Banca di Roma S.p.A., UniCredit Banca Mobiliare S.p.A. (now UniCredit S.p.A.) and other banks for damages arising from their role as arrangers of bond issues by Cirio group companies, which according to the plaintiffs were already insolvent at that time. Damages claimed jointly from all defendants have been quantified as follows:
  - for the increase of the losses entailed by the claimants' corporate failure: in a range of €421.6 million to €2.082 billion (depending on the criteria applied);
  - fees paid by some of the claimants to the lead managers for the placement of bonds: a total of €9.8 million;
  - the loss suffered by Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.) due to the impossibility of recovering, by post-bankruptcy clawback, at least the amounts used by Cirio Finanziaria S.p.A. between 1999 and 2000 to cover the debts of some companies of the group: to be determined during the proceedings.

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

  The case, which was retained for the judge's ruling at the hearing of June 12, 2008, was rescheduled for trial for the filing of briefs due to the unconstitutionality of the portion of Article 8(2)(a) of Legislative Decree No. 5 of 2003 that does not specify, among circumstances precluding the immediate setting of a date for a hearing by the defendant, the circumstance that the defendant used defences that led to the plaintiff's demand of the right to respond.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

UniCredit, having noted the opinion of its defence counsel, believes the action to be groundless, and is confident the judgement will be favourable. Accordingly, at present no provisions have been made.

International Industrial Participations Holding IIP N.V.
On October 30, 2007, International Industrial Participations Holding IIP N.V. (former Cragnotti & Partners Capital Investment N.V.) and Mr. Sergio Cragnotti brought a civil action against UniCredit S.p.A. (as successor to Capitalia S.p.A.) and Banca di Roma S.p.A. for compensation of no less than €135 million allegedly resulting (as actual damage and loss of profits):
- Primarily, from the breach of financial assistance undertakings previously executed in favour of Cragnotti & Partners Capital Investment N.V., Mr. Sergio Cragnotti, Cirio Finanziaria and the Cirio group, causing the insolvency of the group; and
- Secondarily, from an illegitimate refusal of the defendants to provide to Cirio Finanziaria S.p.A. and to the Cirio group the financial assistance deemed necessary to repay a bond expiring on November 6, 2002, in less than good faith and unfairly.

Following a recent reorganization of the UniCredit Group, without prejudice to the legitimation of UniCredit S.p.A. as defendant, the question in law, previously attributable to Banca di Roma S.p.A., was transferred to UniCredit Corporate Banking S.p.A..

The plaintiffs' claim in this action is totally groundless.

In particular, it was found that no financial undertaking was assumed with Mr. Cragnotti. Based on this and the fact that the proceeding is just beginning, no provisions have been made.

Acquisition of Cerruti Holding Company by Fin. Part S.p.A.
At the beginning of August 2008 the bankruptcy estate of Fin.Part S.p.A. **("Fin.Part")** brought a civil action against UniCredit S.p.A., UniCredit Banca S.p.A., UniCredit Corporate Banking S.p.A. and another bank not belonging to the UniCredit Group for contractual and tort liability. Fin.Part makes claim against each of the defendant banks - jointly and severally or, as a subordinate alternative, against each to the extent applicable - for compensation of damages allegedly suffered by Fin.Part and by its creditors as a result of the acquisition of Cerruti Holding Company S.p.A. **("Cerruti")**.

The action is meant to challenge the legality of the conduct displayed during the course of the years 2000 and 2001 by the defendant banks - in concert among them - directed toward the acquisition of the fashion sector of the "Cerruti 1881" group by means of a complex economic and financial transaction focused particularly on the issuance of a bond for €200 million issued by a Luxembourg vehicle (C Finance s.a.).

It is maintained that Fin.Part was not able to absorb the acquisition of Cerruti with its own funds and that the financial obligations connected with the payment of the bond brought about the bankruptcy of the company.

The bankruptcy estate therefore requests compensation of damages in an amount equal to €211 million, which represents the difference between the liabilities (€341 million) and the assets (€130 million) of the bankruptcy estate, or else such other amount as the court may establish. It is also requested that the defendants make restitution of all of the sums obtained as commissions, fees and interest in relation to the allegedly fraudulent activities.

On December 23, 2008 papers were filed that included the bankruptcy of C Finance s.a. in the case.

The trustee in bankruptcy asserts that the state of insolvency of C Finance, which was already in existence at the time of its establishment due to the issuance of the bond and the transfer of proceeds to Fin.Part in exchange for assets with no value, should be attributed to the banks involved in causing the financial difficulties since their executives contributed to devising and executing the transaction.

The banks are asked to provide compensation for damages equal to: a) the total of bankruptcy liabilities (€308.1 million); or b) amounts disbursed by C Finance to Fin.Part and Fin.Part International (€193 million); or c) the amount collected by UniCredit (€123.4 million).

In another area, the banks are being asked to return the amounts collected (€123.4 million in addition to €1.1 million in commissions) due to the alleged invalidity and illegality of the case, or for an illegal reason involving all the parties to the complex deal that the transaction in question allegedly turned into. This transaction was aimed at paying the debts of Fin.Part to UniCredit through the illegal transfer of wealth from C Finance to UniCredit. In addition, the transaction was allegedly a means for evading Italian laws on the limits and procedures for issuing bonds.

The UniCredit Group's legal counsel is preparing the Group's defence and also assessing procedural aspects and the relationship between the accompanying petitions of the two bankruptcies including on the basis of the appeal pursuant to Article 101 of the Bankruptcy Law, filed by the C Finance Bankruptcy against the Fin.Part Bankruptcy.

However, as confirmed by the above counsel, the opposing claim appears to be unfounded as well as weak in terms of evidence. As a result, and also on the basis that the proceeding is just getting started, no provisions have been made at this time. Please see Subsequent Events for further information relating to these proceedings.

GBS S.p.A.

At the beginning of February 2008, General Broker Service (GBS S.p.A.) started an arbitration proceeding against UniCredit S.p.A. whose ultimate aim 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 period 2003-2007; (iv) compensation for the losses incurred in the amount of €121.7 million; and (v) a declaration that UniCredit S.p.A. shall not be allowed to participate in any public auctions through its subsidiaries if not in association with GBS S.p.A..

The 1991 agreement, which contained an exclusivity obligation, had been executed between GBS S.p.A. and (the former) Banca Popolare di Pescopagano e Brindisi. In 1992 this bank merged with Banca di Lucania and became Banca Mediterranea. In 2000 Banca Mediterranea was merged into Banca di Roma S.p.A. which later became Capitalia S.p.A. (now UniCredit S.p.A.).

The brokerage relationship with GBS S.p.A., having its roots in the 1991 contract, was then ruled by (i) an insurance brokerage service agreement signed in 2003 between GBS S.p.A., AON S.p.A. and Capitalia S.p.A., whose validity had been extended until May 2007 and (ii) a similar, newer agreement signed in May 2007 between GBS S.p.A., AON S.p.A. and Capitalia Solutions S.p.A., in its own name and as proxy of commercial banks and in the interest of the companies of the former Capitalia Group, holding company included.

In July 2007 Capitalia Solutions S.p.A., on behalf of the entire Capitalia Group, exercised its right of withdrawal from the above contract in accordance with the terms of the contract (in which it is expressly recognised that, in the event of a withdrawal, the entities/banks of the former Capitalia Group should not be obliged to pay to the broker any amount for whatever reason).

At the request of GBS, an expert witness report has been ordered that will be prepared at the beginning of 2009.

Seeing that we are still in the preliminary investigation phase of the arbitration proceeding and that we believe that the request raised by GBS S.p.A. is unfounded, no provisions have been made.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

FURTHER MAIN TOPICS

Voidance action challenging HypoVereinsbank AG's (HVB's) transfer of Bank Austria Creditanstalt (BA) stake to UniCredit (Shareholders' Meeting resolution of October 25, 2006)

Numerous minority shareholders of HVB have filed petitions challenging the resolutions adopted by HVB's Extraordinary Shareholders' Meeting held on October 25, 2006 approving a Sale and Purchase Agreement (SPA) transferring the shares held by HVB in BA and HVB Bank Ukraine to UniCredit, the shares held by HVB in International Moscow Bank and AS UniCredit Bank Riga to BA and the transfer of the Vilnius and Tallin branches 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 the BCA entered into between HVB and UniCredit should be regarded as a de facto domination agreement.

The shareholders filed their lawsuits contesting alleged deficiencies of the formalities relating to the convocation and conduct of the Extraordinary Shareholders' meeting of October 25, 2006, and that the sales price for the shares was allegedly inadequate.

In the judgement of January 31, 2008, the Regional Court (Landesgericht) of Munich declared the resolutions passed at the extraordinary shareholders' meeting held on October 25, 2006 to be null and void for formal reasons. The Court expressed no opinion on the problem of the alleged inadequacy of the purchase price, but expressed the opinion that the Business Combination Agreement ("BCA") entered into by UniCredit and HVB in June 2005 should have been submitted to the shareholders' meeting of HVB since it would represent a "concealed" domination agreement.

HVB filed an appeal against this judgement since it believed that the provisions of the BCA would not actually be material with respect to the purchase and sale agreements submitted to the extraordinary shareholders' meeting on October 25, 2006, and that the matter concerning valuation parameters would not have affected the purchase and sale agreements submitted for the approval of the shareholders' meeting. HVB also believes that the BCA is not a "concealed" domination contract due in part to the fact that it specifically prevents entering into a domination agreement for five years following the purchase offer.

In essence, the HVB shareholder resolution could only become null and void when the court's decision becomes final. In light of the duration of the appeal phase, which is currently under way, as well as the ability to further challenge the second-level judgement at the German Federal Court of Justice, we estimate that it will take about three to four years for this decision to become final.

Moreover, it should be noted that in using a legal tool recognised under German law, and pending the aforementioned proceedings, HVB asked the shareholders' meeting held on July 29 and 30 2008 to reconfirm the resolutions that were passed by the extraordinary shareholders' meeting of October 25, 2006 (so-called confirmatory resolutions) and contested. The shareholders' meeting approved these resolutions, which, however, were in turn challenged by several shareholders in August 2008. The Court of Munich gave HVB until March 31, 2009 to prepare its defence in relation to this new proceeding, and scheduled a hearing in that court on June 25, 2009. In light of the latter challenges, HVB again resorted to the so-called Confirmatory Resolution, this time with regard to both the resolutions passed in 2006 and the resolution passed in 2008. The company's shareholders' meeting approved this confirmatory resolution on February 5, 2009.

In light of the succession of the above events, the appeal proceedings initiated by HVB against the judgement of January 31, 2008 were stayed until a final judgement is issued in relation to the Confirmatory Resolutions passed by the shareholders' meeting of HVB of July 29 and 30, 2008.

Voidance actions challenging HypoVereinsbank AG's (HVB's) squeeze-out resolution (Shareholders' Meeting resolution of June 27, 2007)

The Annual General Meeting of HypoVereinsbank AG (HVB) held on June 27, 2007 passed, inter alia, a resolution approving the transfer to UniCredit of the shares of the minority shareholders in exchange for a cash settlement of €38.26 per share (a so-called "Squeeze-out"). More than 100 shareholders filed suits challenging this resolution asking the Court to declare it null and void.

In its judgement of August 27, 2008, the Regional Court of Munich rejected the action. Various minority shareholders have filed an appeal with the High Regional Court.

In the meantime, HVB, which believes that such lawsuits are clearly unfounded, filed an unblocking motion in December 2007 asking the Court to grant clearance for the transfer resolution to be entered in the Commercial Register, notwithstanding the pending claims of minority shareholders challenging this resolution.

The Munich Court accepted HVB's request on the grounds that the procedural deficiencies of the resolution in question claimed by the claimants were unfounded. The minority shareholders challenged the judgement in the Higher Regional Court, which, in its judgement of September 3, 2008, rejected the appeal (the so-called Unblocking Motion of second instance). The judgement is final, and no resort can be made to higher levels of jurisdiction.

Accordingly, on September 15, 2008, the Commercial Court of Munich recorded the squeeze-out, and UniCredit became the shareholder of the entire share capital of HVB.

The matter can only be considered to be resolved in a definitive manner, however, with the outcome of the action for nullification of the resolution of the shareholders' meeting referred to above that is currently being appealed. The decision may, in the final instance, be further challenged at the Court of Federal Justice. Due in part to the fact that the court of appeal has already issued a decision in favour of HVB in the form of an Unblocking Motion, HVB believes that the Court of Appeal will consider the action for nullification brought by HVB's minority shareholders to be unfounded.

Squeeze-out of minority shareholders of HypoVereinsbank (Appraisal Proceedings)
Currently about 300 former minority shareholders of HVB have filed a request to revise the price obtained in the squeeze-out (so-called "Appraisal Proceedings"). The number of shareholders may increase since the office of the clerk of the court has not completed the review of applications filed. The dispute mainly concerns profiles regarding the valuation of HVB.

With regard to the first group of requests from former shareholders, the court has set a deadline of March 2, 2009 for HVB to file initial defence statements, while for the second group, the hearing has been scheduled on April 2, 2009. It is likely that both dates will be postponed.

Squeeze-out of the minority shareholders of Bank Austria.
After a settlement was reached on all legal challenges to the transaction in Austria, the resolution passed by the Bank Austria shareholders' meeting approving the squeeze-out of the ordinary shares held by minority shareholders (with the exception of the so-called "Golden Shareholders") was registered in the Vienna Commercial Register on May 21, 2008.

Accordingly, UniCredit became the owner of 99.995% of the Austrian bank's share capital with the resulting obligation to pay minority shareholders a total amount of about €1,045 million including the interest accrued on the squeeze-out price in accordance with local laws.

The minority shareholders received the payment for the squeeze-out and the corresponding interest.

Several shareholders who felt the price paid for the squeeze-out was not adequate have initiated proceedings at the Commercial Court of Vienna in which they are asking the court to review the adequacy of the amount paid to them (Appraisal/Proceedings). UniCredit immediately contested the competence of the Vienna court. In a judgement of October 14, 2008, the latter believed that it had the competence to review the case without going into the matter. UniCredit then contested the decision at the High Regional Court of Vienna. Upon the appeal of the parties, and if warranted by specific requirements, the case could be submitted, in the third and final instance, to the Austrian Supreme Court. Each of the judicial bodies could also stay all action and refer the assessment regarding which court actually has competence to the European Court of Justice.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

Parmalat

On August 1, 2008 the UniCredit Group reached settlement agreements with Parmalat S.p.A. (beneficiary of the Parmalat composition) and with the Special Administrator of the companies in administration of the Parmalat and Parmatour Groups, of Parma Associazione Calcio and the other companies of the former Parmalat group that are still in administration. These settlement agreements cover all reciprocal relations and claims arising from Parmalat's financial difficulties related in any way to the UniCredit Group including the former Capital group, during the period before the Parmalat group's declaration of insolvency.

First and foremost, UniCredit intends to confirm the conviction that its actions in this matter were always appropriate, and in particular, the Group had no knowledge whatsoever of the state of insolvency of Parmalat and the other companies of the group. Thus, the decision to reach a settlement arrangement was motivated solely by cost considerations and the uncertainties of a long, complex dispute, and it did not, and does not, involve any acknowledgement, implied or otherwise, of any liability.

The agreement called for waiving all post-insolvency clawback petitions and claims for compensation that may be initiated by the aforementioned entities in exchange for a payment of €271.7 million by the UniCredit Group.

The Special Administrator waived the aforementioned post-insolvency clawback petitions and claims for reimbursement as well as any other post-insolvency clawback petitions and claims for reimbursement against the UniCredit Group for contributing to causing and/or aggravating the various financial difficulties, and it also waived or revoked the filing of civil charges.

The UniCredit Group also waived all appeals and loan claims that had been granted but not yet satisfied.

It should be noted that the most significant actions initiated by the Parmalat group against the UniCredit Group (as a result of the absorption of the Capitalia group), which were settled as a result of the above agreements, included the following:

- three post-insolvency clawback petitions in bankruptcy pursuant to Article 67 of Royal Decree 267/1942 (the so-called bankruptcy law) initiated in December 2004 by Parmalat S.p.A. in administration ("Parmalat") against: (i) Banca di Roma in a total amount of €521.1 million; (ii) Bipop Carire in a total amount of €105.5 million; (iii) UniCredit Banca d'Impresa in a total amount of €611.5 million;
- two claims for reimbursement initiated in 2005 by several companies of the Parmalat group against several banks of the UniCredit Group jointly with other brokers outside the UniCredit Group:
  - about €4.4 billion for alleged damages caused by its "participation as co-lead manager" in the issuance of bonds between 1997 and the first half of 2001; and
  - about €1,861.8 million for alleged damages caused by having promoted in 2001 and then participated in the renewal (in 2002 and 2003) of a Debt Issuance Programme for the issuance of medium-term bonds in the Euromarket.
- another claim for reimbursement also initiated in 2005 by the administrator of Parmalat against Banca di Roma in the amount of (i) €4.299 billion for allegedly contributing to the financial difficulties of the Parmalat group, (ii) €8.5 million for the acquisition of the company Ciappazzi and (iii) €258 million or €103 million for the acquisition of Eurolat and for loans granted by Banca di Roma secured by the presentation of collection orders (RI.BA) issued in relation to receivables, all or a part of which did not exist.

Cirio and Parmalat criminal proceedings

Between the end of 2003 and the early months of 2004 criminal investigations of some former Capitalia Group (now UniCredit S.p.A.) employees and managers were conducted in relation to the insolvency of the Cirio Group. The trials originated by these investigations, connected to the declaration of insolvency of the Cirio Group, involved some other banking groups that, like the former Capitalia S.p.A., had extended loans to the Cirio Group.

The Administrator of Cirio and many bondholders joined the criminal judgement as civil claimants without specifying damages claimed.

In September 2007 these employees and managers were committed for trial. The first criminal hearing was fixed for March 14, 2008 before the Court of Rome. During the later hearing of May 14, 2008 numerous civil claims were lodged within the criminal proceeding and examined in the following hearings of June 6 and 11, 2008.

Additionally, at the beginning of May 2008 numerous Cirio bondholders and the Administrator of Cirio cited UniCredit S.p.A. as legally liable. In August 2008 several Cirio bondholders cited UniCredit Banca di Roma S.p.A. as legally liable.

At the hearing of December 15, 2008, UniCredit S.p.A., as the successor in all matters for UniCredit Banca di Roma S.p.A. following the corporate transactions of November 1, 2008, was held legally liable.

In 2003-2005 certain employees and managers of Capitalia S.p.A. (now UniCredit S.p.A.) were investigated in relation to the Parmalat Group bankruptcy. These investigations led to three criminal proceedings: “Ciappazzi”, “Parmatour” and “Eurolat”. With regard to the first two, in July 2007 the employees and managers involved were committed for trial. The first criminal hearing took place on March 14, 2008 before the Court of Parma. The “Ciappazzi” and “Parmatour” proceedings are in the early stage of the proceedings, during which the civil claims and petitions of the legally liable party are being reviewed. In respect of the “Eurolat” proceeding, in April 2008 the manager involved was committed for trial. At the hearing held on June 18, 2008, the Court of Parma declared that it was not territorially competent and transferred the trial papers to the Court of Rome, which was considered competent.

Capitalia S.p.A., (now UniCredit S.p.A.), and UniCredit Banca di Roma S.p.A. were cited by the Court as being legally liable in the “Ciappazzi" and “Parmatour” proceedings. Mediocredito Centrale S.p.A. and Banco di Sicilia S.p.A. of the former Capitalia Group are defendants only in the Ciappazzi lawsuit.

Parmalat Group companies in administration joined the criminal proceedings as civil claimants in all the above mentioned trials. Many bondholders are plaintiffs only in the Ciappazzi suit. All the civil claimants’ lawyers reserved the right to quantify damages at the end of the first-instance trials. In the Eurolat proceeding the position of UniCredit S.p.A. as being legally liable and the civil claims of Parmalat group companies lapsed following transfer of the case to the Court of Rome.

Upon the conclusion of the referenced settlement between UniCredit and Parmalat on August 1, 2008 (see the "Parmalat” section), the latter waived or revoked the filing of all civil charges.

The staff members involved in the above trials are of the opinion that they carried on their business in a proper and legal manner.

On the basis of the views of outside counsel as well as ours, it is at present not possible to reliably estimate the contingent liability arising out of the three above cases, although there is a potential risk of legal liability for UniCredit due to the complexity of the imputations. This is also due to the fact that the “Ciappazzi” and “Parmatour” proceedings are at an early stage and that the Court of Parma has declared itself territorially incompetent to hear the “Eurolat” trial.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

Subsequent Events

Madoff - Class action filed by Repex Ventures S.A.

Repex Ventures S.A. (the Plaintiff), a British Virgin Islands registered company, filed a Class Action Complaint with the New York South District Court against *(inter alia)* Bernard L. Madoff, Bernard Madoff Investment Securities LLC (BMIS), Bank Medici SA, Sonja Kohn, Herald Fund, Bank Austria, UniCredit S.p.A., Pioneer Alternative Investment Ltd. (Ireland), Primeo Select Funds and Ernst & Young LLP. This case represents an attempt to entangle UniCredit, Pioneer Alternative Investment and Bank Austria in class action litigation in the U.S.. In its complaint, Repex seeks to recover on behalf of a class of investors who became victims of the Madoff alleged fraud through investments in BMIS feeder funds.

Repex invested in a fund called Herald (LUX) U.S. Absolute Return Fund which in turn invested in BMIS. Though it invested only in Herald, Repex names several other funds as defendants, hoping to be designated class representative of all the investors in the named funds who became victims of the Madoff securities fraud. Repex alleges that each of these feeder funds was under the control or influence of Bank Medici. Although Repex is claiming compensation for its lost investments of $ 700,000 in one Madoff feeder fund, it is likely that other investors join the class action, implying a higher potential exposure to UniCredit.

The lawsuit, which for the time being has not been regularly served to any company belonging to our Group, is still in a very preliminary phase. Upon request of the Plaintiff, the original pre-trial conference set for January 27, 2009 was postponed to April 16, 2009.

We don't have any information in this very preliminary phase which would allow us to quantify a potential loss in a reliable manner given in particular the lack of jurisdiction relating to the entities being part to the UniCredit group.

Qui tam Complaint against Vanderbilt and other UniCredit entities

Mr. Frank Foy and his wife filed as qui tam plaintiffs a claim on behalf of the State of New Mexico (USA) in connection with the sale of Vanderbilt CDOs to the New Mexico Educational Retirement Board (ERB) and the State of New Mexico State Investment Council (SIC).
Mr. Foy served also in the position as ERB Chief Investment Officer and retired in March 2008.

Mr. Foy seeks, on behalf of the State, a total in excess of $ 360 million in damages, plus penalties, under the New Mexico Fraud Against Taxpayers Act on the grounds that Vanderbilt and the other defendants mentioned below falsely obtained $ 90 million in investment funds from ERB and SIC by (1) knowingly misrepresenting the safety and nature of the investments in Vanderbilt collateralised debt obligations and related products and (2) making improper payments to Governor Richardson and other State officials to get the investment. Foy claims that the State entirely lost the initial investment of $ 90 million and he seeks additional $ 30 million more for lost earnings. Since alleged damages are automatically trebled under the New Mexico Fraud Against Taxpayers Act, the damages sought an amount in excess of $ 360 million.

Defendants include, *inter alia*, the following:
- Vanderbilt Capital Advisors (VCA), a wholly owned indirect Pioneer Investment Management USA Inc. (PIM US) subsidiary
- Vanderbilt Financial, LLC (VF), a special purpose vehicle in which PIM US holds an 8% interest
- Pioneer Investment Management USA Inc. (PIM US), a wholly owned subsidiary of PGAM
- Pioneer Global Asset Management S.p.A., an UniCredit wholly owned subsidiary
- UniCredit S.p.A.
- various Board members of VCA, VF and PIM US
- legal firms, auditing firms, investment banks and State officials.

We don't have any information in this very preliminary phase which would allow us to quantify a potential loss in a reliable manner. However, for the time being, the claim has not been regularly served to any company belonging to our Group.

Cirio

By its order dated March 17, 2009 the Court of Appeals in Rome recognised that prima facie UniCredit SpA's grounds for appeal were not without foundation and suspended the sentence issued against UniCredit and Mr. Sergio Cragnotti to pay €223.3 million together with monetary revaluation and interest since 1999 as ordered by the Courts of Rome in February 2008 in favor of the Administrators of Cirio.

Acquisition of Cerruti Holding Company by Fin.Part S.p.A.

In January 2009 the judge rejected the application for attachment against the defendant, which is not a part of our Group, in an articulate order that contained numerous favourable findings for our Group's position.

Verbraucherzentrale (Vzfk Claim)

In March 2009 the writ issued by Vzfk translated into Italian was notified to UniCredit S.p.A. and its CEO Alessandro Profumo. Mr. Sprißler had already received the writ in German in August 2008.

Tax-Related Operating Risks

The provision for tax-related operating risks increased to €11.6 million after further provisions of €2.8 million and €5.6 million resulting from provisions already made by Banco di Sicilia to cover pending tax disputes.

This decision was made as a result of the absorption over time of several banks and companies, and the absorption of Capitalia S.p.A. in 2007 and of UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia, Bipop Carire, UBM and Capitalia Partecipazioni in 2008, for which certain tax periods are still subject to audits with respect to VAT, direct taxes and other minor taxes.

The entry into force of the so-called "Basel II" standards requires consideration of the operating risks associated with such circumstance.
It was decided not to make provisions with regard to other pending disputes, since the outcomes are expected to be broadly favourable.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

12.2 Provisions for risks and charges: annual changes

	12.31.2008		
	PENSIONS AND POST-RETIREMENT BENEFIT OBLIGATIONS	OTHER PROVISIONS	TOTAL
A. Opening balance	**485,134**	**674,247**	**1,159,381**
B. Increases	**554,016**	**1,181,359**	**1,735,375**
B.1 Provisions for the year (*)	2,887	342,037	344,924
B.2 Changes due to the passage of time	42,785	13,778	56,563
B.3 Differences due to discount-rate changes	-	6,878	6,878
B.4 Other increases	508,344	818,666	1,327,010
of which: business combinations	*500,802*	*798,716*	*1,299,518*
C. Decreases	**122,753**	**1,281,987**	**1,404,740**
C.1 Use during the year	96,566	533,990	630,556
C.2 Differences due to discount-rate changes	-	3,089	3,089
C.3 Other decreases	26,187	744,908	771,095
of which: business combinations	-	*715,149*	*715,149*
D. Closing balance (**)	**916,397**	**573,619**	**1,490,016**

(*) The amount of Pension and post-retirement benefit obligations includes tax and operating costs for €358 thousand concerning definited-contribution funds. The amount of the Other provisions is net of alllocations for costs relating to the indemnity given to Aspra Finance, following the sale of non-performing loans, recognized in Other liabilities (amounting to €42,276 thousand).

(**) Of which: Definited-benefit pension funds in the amount of €838,459 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	12.31.2008	12.31.2007
Opening net defined-benefit obligations	**387,989**	**315,867**
Service cost	2,137	358
Finance cost	42,785	15,189
Actuarial gains (losses) recognised in the year	(2,393)	3,039
Benefit paid	(88,809)	(37,991)
Other increases	502,631	91,538
of which: business combinations	*500,802*	*88,707*
Other reductions	(5,881)	(11)
Closing net defined-benefit obligations	**838,459**	**387,989**

3. CHANGES TO PLAN ASSETS AND OTHER INFORMATION	12.31.2008	12.31.2007
Opening fair value of plan assets	**12,794**	**13,665**
Expected return	2,253	771
Actuarial gains (losses)	(945)	-
Contribution paid by employer	129	-
Benefit paid	(1,644)	(129)
Other increases	32,293	-
of which: business combinations	*32,293*	-
Other reductions	(9,737)	(1,513)
Closing current value of plan assets	**35,143**	**12,794**
MAIN CATEGORIES OF PLAN ASSETS		
1. Equities	16,281	5,532
2. Bonds	14,438	4,151
3. Property	13	-
4. Other assets	4,411	3,111
5. Investment funds	-	-
Total	**35,143**	**12,794**

4. RECONCILIATIONS OF PRESENT VALUES OF PROVISIONS TO PRESENT VALUE OF PLAN ASSETS AND TO ASSETS AND LIABILITIES RECOGNIZED IN THE BALANCE SHEET	12.31.2008	12.31.2007
AMOUNT RECOGNIZED IN THE BALANCE SHEET	DEFINED BENEFIT PENSION PLANS	DEFINED BENEFIT PENSION PLANS
Present value of funded defined benefit obligations	52,644	13,404
Present value of unfunded defined benefit obligations	796,181	380,766
Present value of plan assets	(35,143)	(12,794)
sub-total	**813,682**	**381,376**
Unrecognized actuarial gains (losses)	24,777	6,613
Net liability	**838,459**	**387,989**
RETURN ON PLAN ASSETS		
Actuarial return on plan assets	2,253	771
Actuarial gain (loss) on plan assets	(945)	-
Actuarial return on plan assets	**1,308**	**771**

5. PRINCIPAL ACTUARIAL ASSUMPTIONS	12.31.2008	12.31.2007
Discount rate	5.51%	5.25%
Expected return on plan assets	4.60%	6.00%
Rate of increase in future compensation and vested rights	3.01%	3.00%
Rate of increase in pension obligations	2.20%	1.70%
Expected inflation rate	2.06%	2.00%

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

6. COMPARATIVE DATA: TOTAL DEFINED-BENEFIT OBLIGATIONS	12.31.2008	12.31.2007
Present value of defined-benefit obligations	848,825	394,170
Plan assets	(35,143)	(12,794)
Plan surplus/(deficit)	813,682	381,376
Unrecognized actuarial gains (losses)	24,777	6,613
Net liability	**838,459**	**387,989**

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	12.31.2008	12.31.2007
1. Share capital	6,684,287	6,682,683
2. Share premium reserve	34,070,282	33,707,908
3. Reserves	6,788,218	8,260,251
4. Treasury shares	(2,440)	(358,416)
5. Revaluation reserves	168,228	450,257
6. Equity instruments	-	-
7. Net profit (loss)	3,281,087	1,857,514
Total	**50,989,662**	**50,600,197**

In January 2008, after the purchase of 83,833,899 ordinary UniCredit S.p.A. shares resulting from the exchange of 74,851,696 Capitalia S.p.A. shares that were withdrawn, the number of treasury shares rose from 87,000,000 at year-end 2007 to 170,833,899 with a total value of € 875,703 thousand.

The Ordinary Shareholders' Meeting of UniCredit held on November 14, 2008 voted to revoke the authorisation granted by the Ordinary Shareholders' Meeting on December 16, 2005 regarding the disposal of the 87,000,000 shares resulting from the share buy-back transaction and to authorise the sale, without time limitations, of all treasury shares held for a price not less than the market price at the time each sale is made less 5%.

Pursuant to this resolution, in December UniCredit moved forward with the sale of 170,357,899 treasury shares in several tranches, for a total of € 287,733 thousand.

At year-end 2008 there was a total of 476,000 treasury shares.

14.2 Share capital and treasury shares: breakdown

	12.31.2008		12.31.2007	
	ISSUED SHARES	UNDERWRITTEN SHARES	ISSUED SHARES	UNDERWRITTEN SHARES
A. Share Capital				
A.1 ordinary shares	6,673,434	-	6,671,830	-
A.2 savings shares	10,853	-	10,853	-
Total (A)	**6,684,287**	**-**	**6,682,683**	**-**
B. Treasury Shares				
B.1 ordinary shares	(2,440)	-	(358,416)	-
B.2 savings shares	-	-	-	-
Total (B)	**(2,440)**	**-**	**(358,416)**	**-**

During 2008 the share capital which as at December 31, 2007 was made up of 13,343,658,943 ordinary shares and 21,706,552 savings shares, both of par value of € 0.50, changed as a result of the issuance of 3,209,429 ordinary shares following the exercise of stock options by beneficiaries.

As a result, capital increased from € 6,682,683 thousand at the end of 2007 to € 6,684,287 thousand at the end of 2008 and is made up 13,346,868,372 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

	12.31.2008		
ITEMS/TYPES	ORDINARY	OTHER (SAVING)	TOTAL
A. Issued shares as at the beginning 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	-	-	-
A.1 Treasury shares (-)	(87,000,000)	-	(87,000,000)
A.2 Shares outstanding: opening balance	**13,256,658,943**	**21,706,552**	**13,278,365,495**
B. Increases	**173,567,328**	**-**	**173,567,328**
B.1 New issues	3,209,429	-	3,209,429
- against payment	3,209,429	-	3,209,429
- business combinations		-	-
- bonds converted	-	-	-
- warrants exercised	-	-	-
- other	3,209,429	-	3,209,429
- free	-	-	-
- to employees		-	-
- to Directors	-	-	-
- other	-	-	-
B.2 Sales of treasury shares	170,357,899	-	170,357,899
B.3 Other changes	-	-	-
C. Decreases	**(83,833,899)**	**-**	**(83,833,899)**
C.1 Cancellation	-	-	-
C.2 Purchase of treasury shares	(83,833,899)	-	(83,833,899)
C.3 Business tranferred	-	-	-
C.4 Other changes	-	-	-
D. Shares outstanding: closing balance	**13,346,392,372**	**21,706,552**	**13,368,098,924**
D.1 Treasury Shares (+)	476,000	-	476,000
D.2 Shares outstanding as at the end of the year	13,346,868,372	21,706,552	13,368,574,924
- fully paid	13,346,868,372	21,706,552	13,368,574,924
- not fully paid	-	-	-

14.4 Capital: other information

	12.31.2008	12.31.2007
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

	12.31.2008	12.31.2007
Legal reserve	1,231,108	1,044,493
Statutory reserves	1,015,008	2,792,680
Other reserves	(2,445,215)	(1,877,341)
Total	**(199,099)**	**1,959,832**

Other reserves include reserves related to the changeover to IFRS, which is a negative amount of €2,097,846 thousand, and reserves related to the sale of treasury shares, which is a negative amount of €585,530 thousand.

14.7 Revaluation reserves: breakdown

ITEMS/COMPONENTS	12.31.2008	12.31.2007
1. Available-for-sale financial assets	(97,548)	165,258
2. Property, plant and equipment	-	-
3. Intangible assets	-	-
4. Hedges of foreign investments	-	-
5. Cash-flow hedges	(11,244)	7,979
6. Exchange differences	-	-
7. Non-current assets classified as held for sale	-	-
8. Special revaluation laws	277,020	277,020
Total	**168,228**	**450,257**

14.8 Revaluation reserves: annual changes

	12.31.2008								
	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	**165,258**	**-**	**-**	**-**	**7,979**	**-**	**-**	**277,020**	**450,257**
B. Increases	**247,596**	**-**	**-**	**-**	**4,197**	**-**	**-**	**-**	**251,793**
B.1 Fair value increases	18,425	-	-	-	5,872	-	-	-	24,297
B.2 Other changes	229,171	-	-	-	(1,675)	-	-	-	227,496
of which: business combinations	*(94,885)*	-	-	-	*(1,675)*	-	-	-	*(96,560)*
C. Reductions	**510,402**	**-**	**-**	**-**	**23,420**	**-**	**-**	**-**	**533,822**
C.1 Fair value reductions	221,715	-	-	-	20,142	-	-	-	241,857
C.2 Other changes	288,687	-	-	-	3,278	-	-	-	291,965
of which: business combinations	*14,912*	-	-	-	*1,662*	-	-	-	*16,574*
D. Closing balance	**(97,548)**	**-**	**-**	**-**	**(11,244)**	**-**	**-**	**277,020**	**168,228**

* B.2 Other changes o/w: business combinations includes negative reserves arising from the absorption of Group companies.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Liabilities (Continued)

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

	12.31.2008			12.31.2007		
ASSETS/VALUES	POSITIVE RESERVE	NEGATIVE RESERVE	TOTAL	POSITIVE RESERVE	NEGATIVE RESERVE	TOTAL
1. Debt securities	7,266	(75,509)	(68,243)	50,496	(38,080)	12,416
3. Equity securities	49,592	(56,361)	(6,769)	215,220	(62,265)	152,955
3. Units in investment funds	23	(22,559)	(22,536)	210	(323)	(113)
4. Loans	-	-	-	-	-	-
Total	**56,881**	**(154,429)**	**(97,548)**	**265,926**	**(100,668)**	**165,258**

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

	12.31.2008				
	DEBT SECURITIES	EQUITY SECURITIES	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
1. Opening balance	**12,416**	**152,955**	**(113)**	**-**	**165,258**
2. Positive changes	**27,217**	**210,890**	**9,489**	**-**	**247,596**
2.1 Fair value increases	5,549	12,876	-	-	18,425
2.2 Reclassification through profit or loss of negative provision	6,723	98,964	437	-	106,124
- due to impairment	-	98,964	292	-	99,256
- following disposal	6,723	-	145	-	6,868
2.3 Other changes	14,945	99,050	9,052	-	123,047
*of which: business combinations**	*(935)*	*(101,517)*	*7,567*	-	*(94,885)*
3. Negative changes	**107,876**	**370,614**	**31,912**	**-**	**510,402**
3.1 Fair value reductions	107,518	82,692	31,505	-	221,715
3.2 Reclassification through profit or loss of positive allowances: following disposal	34	114,396	150	-	114,580
3.3 Other changes	324	173,526	257	-	174,107
of which: business combinations	-	*14,912*	-	-	*14,912*
4. Closing balance	**(68,243)**	**(6,769)**	**(22,536)**	**-**	**(97,548)**

* 2.3 Other changes - of which: business combinations includes negative reserves arising from mergers.

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	**6,684,287**	**-**	**-**		
Share premium	**34,070,282**	A, B, C	34,070,282		
Reserves:	**6,788,218**				
legal reserve	1,231,108	B (1)	1,231,108		
reserve for treasury shares or interests	2,440	-	-		355,976 (4)
statutory reserves	1,015,008	A, B, C	1,015,008		2,038,282 (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 related to the medium-term incentive programme for Group staff	28,951	A	28,951		4,789 (7)
reserve related to equity-settled plans	150,530	-	-		
reserve related to business combinations (IFRS 3)	2,118,624	A, B, C	2,118,624		
reserve related to business combinations within the Group	4,383,389	A, B, C	4,383,389		
reserve arising out of transfers of assets within the Group under art. 58 Banking Law	(447,832)	A, B, C	(447,832)		
FTA reserve (related to changeover to IFRS)	(2,097,846)	(***)	(2,097,846)		
reserve arising out of sale of treasury shares	(585,530)	A, B, C	(585,530)		
other	(3,896)	A, B, C	(3,896)		
Revaluation reserves	**168,228**				
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	(97,548)	- (3)	-		
cash-flow hedges	(11,244)	- (3)	-		
Total	**47,711,015**		**40,982,550**		
Portion not allowed in distribution (**)			**1,365,808**		
Remaining portion available for distribution (***)			**39,616,742**		

(*) A: for capital increase; B: to cover losses; C: distribution to shareholders.

(**) Includes € 105,749 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 negative reserves.

(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 2445 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 2445 of the Civil Code.

(3) This Reserve is unavailable pursuant to article 6 of Legislative Decree no. 38/2005.

(4) For the assignation to the share premium related to the sale of treasury shares.

(5) Of which: €253,620 thousand and €1,777,672 thousand distributed among shareholders as 2005 and 2007 dividens, €6,990 thousand reduction for adjustment of the deferred tax rate through former Capitalia's net equity.

(6) For the recognition of deferred taxation associated to equity investments.

(7) For a capital increase.

Notes to the Accounts (Continued)

Part B) Balance Sheet - Other information

1. Guarantees and commitments		
TRANSACTIONS	12.31.2008	12.31.2007
1) Financial guarantees given to:	36,186,670	48,572,184
a) Banks	30,299,836	40,533,219
b) Customers	5,886,834	8,038,965
2) Commercial guarantees given to:	3,620,606	2,454,952
a) Banks	2,763,985	1,714,933
b) Customers	856,621	740,019
3) Other irrevocable commitments to disburse funds:	18,844,922	8,144,948
a) Banks:	14,597,651	4,167,204
i) Usage certain	14,030,791	3,221,266
ii) Usage uncertain	566,860	945,938
b) Customers:	4,247,271	3,977,744
i) Usage certain	908,761	755,411
ii) Usage uncertain	3,338,510	3,222,333
4) Underlying obligations for credit derivatives: sale of protection	211,353	211,847
5) Assets used to guarantee others' obligations	-	104
6) Other commitments	-	5,856,119
Total	**58,863,551**	**65,240,154**

2. Assets used to guarantee own liabilities and commitments		
PORTFOLIOS	12.31.2008	12.31.2007
1. Financial assets held for trading	3,624,094	1,424,226
2. Financial assets at fair value through profit or loss	-	-
3. Available for sale financial assets	750,560	958,104
4. Held-to-maturity investments	3,676,599	2,762,305
5. Loans and receivables with banks	6,992,712	418,878
6. Loans and receivables with customers	1,669,040	810,023
7. Property, plant and equipment	-	-

4. Asset management and trading on behalf of others

TYPE OF SERVICES	12.31.2008	12.31.2007
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)	305,099	66,437,851
1. Securities issued by the bank preparing the accounts	74	16,517,947
2. Other securities	305,025	49,919,904
c) Non-proprietary securities deposited with others	294,885	83,150,559
d) Investment and trading securities deposited with others	95,236,722	90,719,994
4. Other transactions	904	25,569

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

ITEMS/TYPE	UNIMPAIRED FINANCIAL ASSETS DEBT SECURITIES	UNIMPAIRED FINANCIAL ASSETS LOANS	IMPAIRED FINANCIAL ASSETS	OTHER ASSETS	TOTAL 2008	TOTAL 2007
1. Financial assets held for trading	180,903	-	-	31	180,934	162,649
2. Available for sale financial assets	160,872	-	-	-	160,872	71,944
3. Held to maturity investments	203,089	-	-	-	203,089	27,732
4. Loans and receivables with banks	2,449,498	7,311,595	-	-	9,761,093	4,760,401
5. Loans and receivables with customers	336,963	8,058,546	28,697	312	8,424,518	617,315
6. Financial assets at fair value through profit or loss	1,463	-	-	-	1,463	1,241
7. Hedging derivatives	x	x	x	-	-	385,096
8. Financial assets sold but not derecognised	292	433,731	-	-	434,023	-
9. Other assets	x	x	x	102,776	102,776	121,070
Total	**3,333,080**	**15,803,872**	**28,697**	**103,119**	**19,268,768**	**6,147,448**

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.

1.2-1.5 Interest income (expense) and similar revenues (charges): hedging differentials

ITEMS/TYPE	2008	2007
A. Positive differentials on:		
A.1 Fair-value micro-hedging of financial assets	9,126	1,183
A.2 Fair-value micro-hedging of financial liabilities	-	-
A.3 Macro-hedging of interest rate risk	1,852,703	834,783
A.4 Cash-flow micro-hedging of financial assets	44,902	-
A.5 Cash-flow micro-hedging of financial liabilities	5,068	-
A.6 Cash-flow macro-hedging	137,305	783,384
Total positive differentials (A)	**2,049,104**	**1,619,350**
B. Negative differentials on:		
B.1 Fair-value micro-hedging of financial assets	(11,697)	(8,237)
B.2 Fair-value micro-hedging of financial liabilities	(318,255)	-
B.3 Macro-hedging of interest rate risk	(1,890,325)	(941,234)
B.4 Cash-flow micro-hedging of financial assets	(192,177)	-
B.5 Cash-flow micro-hedging of financial liabilities	(7,983)	-
B.6 Cash-flow macro-hedging	(420,930)	(284,783)
Total negative differentials (B)	**(2,841,367)**	**(1,234,254)**
C. Net differentials (A-B)	**(792,263)**	**385,096**

1.3.1 Interest income from financial assets denominated in currency

INTEREST INCOME ON:	2008	2007
a) Assets denominated in currency	855,511	419,223

1.4 Interest expense and similar charges: breakdown

	2008				2007
ITEMS/TYPE	DEPOSITS	SECURITIES	OTHER LIABILITIES	TOTAL	TOTAL
1. Deposits from banks	(6,059,966)	X	-	(6,059,966)	(3,341,362)
2. Deposits from customers	(1,893,920)	X	(37)	(1,893,957)	(283,289)
3. Debt securities in issue	X	(6,517,203)	-	(6,517,203)	(3,554,334)
4. Financial liabilities held for trading	(808)	(4,127)	(36,271)	(41,206)	(5,204)
5. Financial liabilities at fair value through profit or loss	-	-	-	-	(24,855)
6. Financial liabilities relating to assets sold but not derecognised	(449,208)	-	-	(449,208)	-
7. Other liabilities	X	X	(89,096)	(89,096)	(96,466)
8. Hedging derivatives	X	X	(792,263)	(792,263)	-
Total	**(8,403,902)**	**(6,521,330)**	**(917,667)**	**(15,842,899)**	**(7,305,510)**

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:	2008	2007
a) Liabilities denominated in currency	(2,933,517)	(3,095,492)

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	2008	2007
a) guarantees given	100,837	33,410
b) credit derivatives	-	-
c) management, brokerage and consultancy services:	1,288,066	9,650
1. securities trading	3,053	315
2. currency trading	26,321	2,663
3. segregated accounts	15,040	-
3.1 individual	15,040	-
3.2. collective	-	-
4. custody and administration of securities	24,282	-
5. custodian bank	4,429	5,056
6. placement of securities	542,914	1,542
7. client instructions	65,905	74
8. advisory	69	-
9. distribution of third party services	606,053	-
9.1. segregated accounts	202,200	-
9.1.1. individual	202,200	-
9.1.2. collective	-	-
9.2. insurance products	357,342	-
9.3. other products	46,511	-
d) collection and payment services	384,971	35,781
e) securitization servicing	9,828	3,015
f) factoring	-	-
g) tax collection services	-	-
h) other services	869,999	9,698
Total	**2,653,701**	**91,554**

2.2 Fee and commission income by distribution channel

CHANNELS/SECTORS	2008	2007
a) through Group bank branches	**1,164,007**	**1,542**
1. segregated accounts	15,040	-
2. placement of securities	542,914	1,542
3. others' products and services	606,053	-
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	**1,164,007**	**1,542**

2.3 Fee and commission expense: breakdown		
TYPE OF SERVICES/SECTORS	2008	2007
a) guarantees received	(9,653)	(6,124)
b) credit derivatives	(10,211)	-
c) management, brokerage and consultancy services:	(38,928)	(14,089)
1. securities trading	(3,039)	(737)
2. currency trading	(2,100)	(1,928)
3. segregated accounts	(466)	-
3.1. own portfolio	-	-
3.2. others' portfolios	(466)	-
4. custody and administration of securities	(23,886)	(11,386)
5. placement of securities	(7,894)	(38)
6. off-site distribution of securities, products and services	(1,543)	-
d) collection and payment services	(61,766)	(4,469)
e) other services	(67,750)	(5,572)
Total	**(188,308)**	**(30,254)**

Section 3 - Dividend income and similar revenue - Item 70

3.1 Dividend income and similar revenue: breakdown				
	2008		2007	
ITEMS/REVENUES	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS
A. Financial assets held for trading	1,455	-	51,154	-
B. Available for sale financial assets	60,189	2,003	77,290	-
C. Financial assets at fair value through profit or loss	102	-	3	-
D. Investments	2,910,902	X	2,706,138	X
Total	**2,972,648**	**2,003**	**2,834,585**	**-**

Notes to the Accounts (Continued)

Part C) Income Statement (Continued)

A breakdown of dividends received in 2008 is given below.

Breakdown of dividends by shareholding	
	2008
UniCredit Bank Austria AG (formerly Bank Austria Creditanstald AG)	808,087
Bank Pekao S.A.	442,136
UniCredit Corporate Banking S.p.A.	386,143
Bayerische Hypo- und Vereinsbank A.G.	383,881
Pioneer Global Asset Management S.p.A.	352,547
Fineco Finance Ltd (in liquidation)	94,000
UniCredit Private Banking S.p.A.	84,899
FinecoBank S.p.A.	54,502
Mediobanca - Banca di Credito Finanziario S.p.A.	46,139
UniCredit Real Estate S.p.A.	41,720
Capitalia Luxembourg S.A. (now UniCredit International Bank (Luxembourg) S.A.)	34,236
UniCredit Banca per la Casa S.p.A. (now UniCredit Consumer Financing Bank S.p.A.)	32,664
Creditras Vita S.p.A.	32,000
Fineco Verwaltung AG	28,997
Aviva S.p.A.	23,055
UniCredit Credit Management Bank S.p.A.	21,300
Capitalia Asset Management S.G.R. S.p.A. (now Pioneer Investment Management S.G.R.p.A.)	18,000
UniCredit Mediocredito Centrale S.p.A. (formerly MCC - Mediocredito Centrale S.p.A.)	7,225
Società Gestione per il Realizzo S.p.A. (in liquidation)	4,903
Creditras Assicurazioni S.p.A.	2,925
UniCredit Bancassurance Management & Administration Srl	2,500
CNP UniCredit Vita S.p.A. (formerly CNP Capitalia Vita S.p.A.)	2,222
BDR Roma Prima Ireland Ltd	1,483
SIA_SSB S.p.A.	1,444
Centrale dei Bilanci S.r.l. Società Studi Finanziari	1,365
UniCredit Infrastrutture S.p.A. (now UniCredit MedioCredito Centrale S.p.A.)	869
Capitalia Investimenti Alternativi S.G.R. S.p.A. (now Pioneer Alternative Investment Management S.G.R.p.A.)	749
Sofipa Società di Gestione del Risparmio (SGR) S.p.A. (già Capitalia SOFIPA S.G.R.p.A.)	600
Sofigere Société par Actions Simpifiée	175
Romafides - Fiduciaria e Servizi S.p.A. (now Cordusio Società Fiduciaria per Azioni)	132
European Trust S.p.A. (now Cordusio Società Fiduciaria per Azioni)	4
Total	**2,910,902**

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

	2008				
TRANSACTIONS/P&L ITEMS	CAPITAL GAINS	TRADING PROFIT	CAPITAL LOSSES	TRADING LOSSES	NET PROFIT
1. Financial assets held for trading	**90,300**	**45,786**	**(20,924)**	**(33,467)**	**81,695**
1.1 Debt securities	89,227	43,308	(12,109)	(12,118)	108,308
1.2 Equity instruments	-	1,673	-	(14,159)	(12,486)
1.3 Units in investment funds	1,073	805	(8,815)	(7,190)	(14,127)
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**29**	**(1,421)**	**-**	**(1,392)**
2.1 Debt securities	-	29	(1,421)	-	(1,392)
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**296,094**
4. Derivatives	**1,831,269**	**5,443,032**	**(1,720,085)**	**(5,782,385)**	**(616,410)**
4.1 Financial derivatives:	1,831,216	5,443,005	(1,718,989)	(5,782,385)	(615,394)
- with underlying debt securities and interest rates	1,287,006	4,729,687	(1,483,892)	(4,663,173)	(130,372)
- with underlying equity securities and share indices	544,166	699,912	(235,053)	(1,118,668)	(109,643)
- with underlying currency and gold	X	X	X	X	(388,241)
- other	44	13,406	(44)	(544)	12,862
4.2 Credit derivatives	53	27	(1,096)	-	(1,016)
Total	**1,921,569**	**5,488,847**	**(1,742,430)**	**(5,815,852)**	**(240,013)**

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	2008	2007
A. Gains on:		
A.1 Fair value hedging instruments	1,619,424	113,472
A.2 Hedged asset items (fair value)	536,920	75,826
A.3 Hedged liability items (fair value)	37,720	232,814
A.4 Cash-flow hedges	107	-
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities (A)	**2,194,171**	**422,112**
B. Losses on:		
B.1 Fair value hedging instruments	(432,664)	(354,527)
B.2 Hedged asset items (fair value)	(1,129)	(45,523)
B.3 Hedged liability items (fair value)	(1,764,084)	(17,458)
B.4 Cash-flow hedges	(2,753)	-
B.5 Assets and liabilities denominated in currency	-	-
Total losses on hedging activities (B)	**(2,200,630)**	**(417,508)**
C. Net profit from hedging activities (A - B)	**(6,459)**	**4,604**

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

6.1 Gains and losses on disposals/repurchases: breakdown

	2008			2007		
ITEMS/P&L ITEMS	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
Financial assets						
1. Loans and receivables with banks	8	(78)	(70)	6	(2)	4
2. Loans and receivables with customers	17	(421,799)	(421,782)	-	-	-
3. Available-for-sale financial assets	129,666	(34,931)	94,735	746,060	(1,827)	744,233
3.1 Debt securities	13,468	(24,194)	(10,726)	1,796	(265)	1,531
3.2 Equity instruments	115,976	(9,688)	106,288	743,878	(288)	743,590
3.3 Units in investment funds	222	(1,049)	(827)	386	(1,274)	(888)
3.4 Loans	-	-	-	-	-	-
4. Held-to-maturity investments	-	-	-	-	-	-
Total assets	**129,691**	**(456,808)**	**(327,117)**	**746,066**	**(1,829)**	**744,237**
Financial liabilities						
1. Deposits with banks	-	-	-	-	-	-
2. Deposits with customers	-	-	-	-	-	-
3. Debt securities in issue	16,076	(9,039)	7,037	7,054	(60)	6,994
Total liabilities	**16,076**	**(9,039)**	**7,037**	**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

	2008				
TRANSACTIONS/P&L ITEMS	CAPITAL GAINS	GAINS ON TRANSFER	CAPITAL LOSSES	LOSSES ON TRANSFER	NET PROFIT
1. Financial assets	**-**	**-**	**(55,300)**	**-**	**(55,300)**
1.1 Debt securities	-	-	(944)	-	(944)
1.2 Equity securities	-	-	-	-	-
1.3 Units in investment funds	-	-	(54,356)	-	(54,356)
1.4 Loans	-	-	-	-	-
2. Financial liabilities	**-**	**17,062**	**-**	**(10,986)**	**6,076**
2.1 Debt securities	-	17,062	-	(10,986)	6,076
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	-	11,794	-	(12,255)	(461)
- on debt securities and interest rates	-	11,794	-	(12,255)	(461)
- on equity securities and share indices	-	-	-	-	-
- on currency and gold	X	X	X	X	-
- other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
Total derivatives	**-**	**11,794**	**-**	**(12,255)**	**(461)**
Total	**-**	**28,856**	**(55,300)**	**(23,241)**	**(49,685)**

Notes to the Accounts (Continued)

Part C) Income Statement (Continued)

Section 8 - Impairment losses - Item 130

8.1 Impairment losses on loans: breakdown

	2008								2007
	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	(19)	(5,143)	(768)	-	1,696	-	3,758	(476)	(325)
B. Loans and receivables with customers	(104,048)	(37,755)	(10,079)	29,301	185,823	-	109,873	173,115	33,545
C. Total	**(104,067)**	**(42,898)**	**(10,847)**	**29,301**	**187,519**	**-**	**113,631**	**172,639**	**33,220**

8.2 Impairment losses on available for sale financial assets: breakdown

	2008					2007
	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	-	(568,537)	X	X	(568,537)	(4,837)
C. Units in investment funds	-	(403)	X	-	(403)	-
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	**-**	**(568,940)**	**-**	**-**	**(568,940)**	**(4,837)**

8.3 Impairment losses on held-to-maturity investments: breakdown

	2008								2007
	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. Debt securities	-	-	-	-	-	-	20	20	-
B. Loans to banks	-	-	-	-	-	-	-	-	-
C. Loans to customers	-	-	-	-	-	-	-	-	-
D. Total	**-**	**-**	**-**	**-**	**-**	**-**	**20**	**20**	**-**

8.4 Impairment losses on other financial transactions: breakdown

TRANSACTIONS / P&L ITEMS	2008								2007
	WRITE-DOWNS (1)			WRITE-BACKS (2)				TOTAL (3)=(1)-(2)	TOTAL
	SPECIFIC		PORTFOLIO	SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER		INTEREST	OTHER	INTEREST	OTHER		
A. Guarantees given	-	(43,249)	(1,706)		5,090	-	3,623	(36,242)	(11,094)
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	-	-	-	-	-
E. Total	**-**	**(43,249)**	**(1,706)**	**-**	**5,090**	**-**	**3,623**	**(36,242)**	**(11,094)**

Columns "Write-backs - interest" in tables 8.1, 8.2, 8.3 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	2008	2007
1) Employees	**(2,911,317)**	**(356,521)**
a) Wages and salaries	(2,003,235)	(243,900)
b) Social charges	(536,969)	(62,110)
c) Severance pay	(10,631)	(11,731)
d) Social security costs	-	-
e) Allocation to employee severance pay provision	(61,445)	9,008
f) Provision for retirement payments and similar provisions:	(45,672)	(21,792)
- defined contribution	(3,143)	(3,206)
- defined benefit	(42,529)	(18,586)
g) Payments to external pension funds:	(204,938)	(24,880)
- defined contribution	(174,533)	(24,421)
- defined benefit	(30,405)	(459)
h) Costs related to share-based payments	(30,636)	(16,432)
i) Other employee benefits	(186,149)	(56,345)
l) Recovery of compensation	168,358	71,661
2) Other staff	**(90,396)**	**(25,434)**
3) Directors	**(11,705)**	**(6,183)**
4) Early retirement costs	**-**	**-**
Total	**(3,013,418)**	**(388,138)**

Notes to the Accounts (Continued)

Part C) Income Statement (Continued)

9.2 Average number of employees by category

STAFF AVERAGE NUMBER	2008	2007
a) Employees	**3,095**	**1,993**
1) Senior managers	400	285
2) Managers	1,630	1,039
3) Remaining staff	1,065	669
b) Other staff	**365**	**167**
Total	**3,460**	**2,160**

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 2008 reflect the centralisation of governance, planning and coordination functions of the Retail banks at UniCredit S.p.A..

9.3 Defined benefit company pension funds: total cost

PENSION AND SIMILAR FUNDS ALLOWANCES - WITH DEFINED BENEFITS	2008	2007
Current service cost	(2,137)	(358)
Interest cost	(42,785)	(15,960)
Expected return on plan assets	-	771
Net actuarial gain/loss recognized in year	2,393	(3,039)
Past service cost	-	-
Gains/losses on curtailments and settlements	-	-
Total	**(42,529)**	**(18,586)**

9.5 Other administrative expense: breakdown

ITEMS	2008	2007
1) Indirect taxes and duties	**(251,159)**	**(2,822)**
2) Miscellaneous costs and expenses	**(2,241,309)**	**(322,231)**
Advertising marketing and comunication	**(103,426)**	**(31,358)**
- advertising - campaigns & media	(33,248)	(4,285)
- advertising - point of sale communication & direct marketing	(6,716)	(1,736)
- advertising - promotional expenses	(2,684)	(494)
- advertising - market and comunication rsearches	(12,693)	(1,813)
- sponsorship	(21,089)	(12,242)
- entertainment and other expenses	(16,656)	(8,158)
- convention and internal communications	(10,340)	(2,630)
Expenses related to credit risk	**(140,260)**	**(18,972)**
- legal expenses to credit recovery	(52,676)	(2,954)
- credit information and inquiries	(22,722)	(2,520)
- credit recovery services	(64,862)	(13,498)
Expenses related to personnel	**(118,547)**	**(37,993)**
- personnel area services	(8,930)	(957)
- personnel training & recruiting	(25,774)	(8,955)
- travel expenses and car rentals	(64,607)	(22,413)

continued: (9.5 Other administrative expense: breakdown)

ITEMS	2008	2007
- premises rentals for personnel	(19,167)	(5,668)
- expenses for personnel financial advisors	(69)	-
Information comunication tecnology expenses	**(646,810)**	**(50,880)**
- lease of ICT equipment and software	(3,516)	(1,150)
- supply of small IT items	(517)	(323)
- ICT consumables (ICT)	(1,087)	(407)
- telephone, swift & data transmission (ICT)	(24,259)	(4,218)
- ICT service	(594,900)	(40,993)
- financial information providers	(13,767)	(3,471)
- repair and maintenance of ICT equipment	(8,764)	(318)
Consulting and professionals services	**(128,215)**	**(95,027)**
- technical consulting	(58,039)	(60,201)
- professional services	(6,713)	(3,595)
- management consulting	(22,746)	(13,377)
- legal and notarial expenses	(40,717)	(17,854)
Real estate expenses	**(576,389)**	**(29,905)**
- internal and external surveillance of premises	(32,282)	(1,205)
- real estate services	(241,562)	(1,916)
- cleaning of premises	(16,888)	(1,284)
- repair and mainteneance of forniture, machinery, equipment	(24,342)	(1,416)
- maintenece of premises	(2,212)	(234)
- premises rentals	(221,758)	(20,733)
- utilities	(37,345)	(3,117)
Other administrative expenses	**(527,662)**	**(58,096)**
- insurance	(62,107)	(13,523)
- office equipment rentals	(1,915)	(261)
- postage	(44,030)	(781)
- printing and stationery	(15,671)	(377)
- administrative services	(308,033)	(29,560)
- logistic services	(13,779)	(1,777)
- bank front office services	(11,220)	-
- trasport of documents	(29,190)	(685)
- supply of small office items	(11,420)	(565)
- donations	(4,300)	(329)
- association dues and fees	(13,787)	(2,070)
- other expenses	(12,210)	(8,168)
Total	**(2,492,468)**	**(325,053)**

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	2008 PROVISIONS	2008 REALLOCATION SURPLUS	2008 TOTAL	2007 TOTAL
1. Other provisions				
1.1 Legal disputes	(258,372)	65,389	(192,983)	(2,276)
1.2 Staff costs	-	-	-	-
1.3 Other	(225,324)	16,427	(208,897)	(16,097)
Total	**(483,696)**	**81,816**	**(401,880)**	**(18,373)**

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	2008 DEPRECIATION (A)	2008 IMPAIRMENT LOSSES (B)	2008 WRITE-BACKS (C)	2008 NET PROFIT (A + B - C)
A. Property, plant and equipment				
A.1 Owned	(56,440)	(477)	-	(56,917)
- for operational use	(56,439)	(477)	-	(56,916)
- for investment	(1)	-	-	(1)
A.2 Finance leases	-	-	-	-
- for operational use	-	-	-	-
- for investment	-	-	-	-
Total	**(56,440)**	**(477)**	**-**	**(56,917)**

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

12.1 Impairment on intangible assets: breakdown

ASSETS/P&L ITEMS	2008 DEPRECIATION (A)	2008 IMPAIRMENT LOSSES (B)	2008 WRITE-BACKS (C)	2008 NET PROFIT (A + B -C)
A. Intangible assets				
A.1 Owned	(34,384)	-	-	(34,384)
- generated internally by the company	-	-	-	-
- other	(34,384)	-	-	(34,384)
A.2 Finance leases	-	-	-	-
Total	**(34,384)**	**-**	**-**	**(34,384)**

Section 13 - Other net operating income - Item 190

13.1 Other operating expense: breakdown	2008	2007
Impairment losses on leasehold improvements (on non-separable assets)	(45,184)	(4,392)
Other costs related to the squeeze-out of BA-CA	(53,085)	-
Other costs related to the transfer to "Fondo depositi dormienti" (L. 266/2005 - D.P.R. 116/2007 as updated)	(66,263)	-
Other	(93,355)	(4,389)
Total	**(257,887)**	**(8,781)**

13.2 Other operating income: breakdown	2008	2007
Recovery of costs	347,987	38,627
Revenues for administrative services	76,335	-
Other Revenues	50,389	32,068
Total	**474,711**	**70,695**

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

14.1 Profit (Loss) of associates: breakdown

P&L ITEMS	2008	2007
A. Income	**317,258**	**3,850**
1. Revaluations	-	-
2. Gains on disposal	281,241	3,850
3. Write-backs	36,017	-
4. Other positive changes	-	-
B. Expense	**(130,073)**	**(180,172)**
1. Write-downs	-	-
2. Impairment losses	(28,992)	(179,091)
3. Losses on disposal	(101,081)	(1,081)
4. Other negative changes	-	-
Net gains (losses)	**187,185**	**(176,322)**

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	2008	2007
A. Property	**1,150**	**-**
- Gains on disposal	1,150	-
- Losses on disposal	-	-
B. Other assets	**203**	**643**
- Gains on disposal	304	708
- Losses on disposal	(101)	(65)
Net gains (losses)	**1,353**	**643**

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	2008	2007
1. Current tax (+/-)	(1,270,454)	452,328
2. Adjustment to current tax of prior years (+/-)	158,856	36,053
3. Reduction of current tax for the year (+)	-	-
4. Changes to deferred tax assets (+/-)	1,986,978	(337,350)
5. Changes to deferred tax liabilties (+/-)	182,259	51,018
Tax for the year (+/-) (-1+/-2+3+/-4+/-5)	**1,057,639**	**202,049**

"Tax expense (income) related to profit or loss from continuing operations" includes the net result of the fiscal release of goodwill, achieved by the application of art.15 of the Law Decree nr. 185 dated 11.29.2008, converted into Law nr. 2 dated 1.29.2009; consequently, current taxes in the amount of €1,384,236 thousand and deferred tax asset in the amount of €2,379,156 thousand have been recognized.

18.2 Reconciliation of theoretical tax charge to actual tax charge	2008	2007
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS (item 250)	2,223,448	1,655,465
Theoretical tax rate	27,5%	33%
Theoretical tax	(611,448)	(546,303)
1. Different tax rates	-	-
2. Non-taxable income - continuing differences	864,613	690,247
3. Non-tax-deductible expenses - continuing differences	(336,746)	(109,443)
4. Italian regional tax on production	(35,000)	(107)
5. Prior years and changes in tax rates	(215,795)	(156,599)
a) effects on current tax	158,856	13,990
- losses carried forward	-	-
- other previous year effects	158,856	13,990
b) effects on deferred tax	(374,651)	(170,589)
- changes in tax rates	-	(170,589)
- new tax levied (+) previous tax removed (-)	-	-
- other previous year effects	(374,651)	
6. Valuation adjustments and non-recognition of deferred taxes	2,426,162	-
- write-downs on deferred tax assets	-	-
- recognition of deferred tax assets	2,379,156	-
- non-recognition of deferred tax assets	-	-
- non-recognition of deferred tax assets/liabilities under IAS 12.39 and 12.44	-	-
- other	47,006	
7. Amortization of goodwill	-	-
8. Non-taxable foreign income	432,188	425,057
9. Withholding tax	(1,411,285)	-
10. Other differences	(55,050)	(100,803)
Tax entered to profit or loss	**1,057,639**	**202,049**

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

No data to be disclosed in this section.

Notes to the Accounts (Continued)

Part C) Income Statement (Continued)

Section 20 - Other information

The following table gives the income statement for the period 1.1 - 10.31.2008 of the subsidiaries that were absorbed - with legal effect from November 1, 2008 but in tax and accounting terms from January 1, 2008 - under the mentioned reorganization of the Group's commercial banks' business in Italy.

Certain data arising from this corporate transaction were reclassified in order to arrive at a definitive and precise presentation of the year-end results.

Due to the above the two periods' data as given in the tables of the Notes to the Accounts are not comparable.

Income Statement of the absorbed subsidiaries		
10.	Intrest income and similar revenues	9,559,386
20.	Interest expense and similar charges	(4,566,596)
40.	Fee and commission income	2,544,567
50.	Fee and commission expense	(135,180)
70.	Dividend income and similar revenue	148,366
80.	Gains and losses on financial assets and liabilities held for trading	47,947
90.	Fair value adjustment in hedge accounting	(3,278)
100.	Gain and losses on disposal of: *a) loans, b) available-for-sale financial assets, c) held-to-maturity investments, d) financial liabilities*	(18,702)
130.	Impairment losses on: *a) loans, b) available-for-sale financial assets, c) hed-to-maturity investments, d) other financial assets*	11,267
150.	Administrative costs	(4,589,138)
160.	Provisions for risks and charges	(248,103)
170.	Impairment/write-backs on property, plant and equipment	(50,156)
180.	Impairment/write-backs on intangible assets	(31,133)
190.	Other net operating income	314,529
210.	Profit (loss) of associates	(595)
240.	Gain and losses on disposal of investments	67
260.	Tax expense (income) related to profit or loss from continuing operations	(54,358)
290.	**Net Profit or Loss for the year**	**2,928,890**

Section 21 - Earnings per share

Earnings per share	2008	2007
Net profit	3,281,087	1,857,514
Average number of outstanding shares [1]	13,204,598,686	11,071,586,463
Average number of potential diluted shares	10,058,850	20,454,351
Average number of diluted shares	13,214,657,536	11,092,040,814
Earnings per share (€)	**0.248**	**0.168**
Diluted earnings per share (€)	**0.248**	**0.167**

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 December 22, 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.pA. 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	-	-	-	-	-	9,004,621	9,004,621
2. Available-for-sale financial assets	-	-	-	-	-	3,284,637	3,284,637
3. Held-to-maturity investments	-	-	-	-	-	6,622,866	6,622,866
4. Loans and receivables with banks	440	-	-	-	103,394	208,334,698	208,438,532
5. Loans and receivables with customers	148,609	91,750	53	-	19,513	36,259,068	36,518,993
6. Financial assets at fair value through profit or loss	-	-	-	-	-	318,008	318,008
7. Financial assets classified as held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	-	2,038,583	2,038,583
Total 12.31.2008	**149,049**	**91,750**	**53**	**-**	**122,907**	**265,862,481**	**266,226,240**
Total 12.31.2007	**977,896**	**497**	**6,286**	**-**	**70,873**	**201,581,987**	**202,637,539**

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	9,004,621	9,004,621
2. Available-for-sale financial assets	-	-	-	-	3,284,637	-	3,284,637	3,284,637
3. Held-to-maturity investments	-	-	-	-	6,622,866	-	6,622,866	6,622,866
4. Loans and receivables with banks	4,427	(3,987)	-	440	208,439,099	(1,007)	208,438,092	208,438,532
5. Loans and receivables with customers	643,703	(403,291)	-	240,412	36,320,841	(42,260)	36,278,581	36,518,993
6. Financial assets at fair value through profit or loss	-	-	-	-	xxx	xxx	318,008	318,008
7. Financial assets classified as held for sale	-	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	xxx	xxx	2,038,583	2,038,583
Total 12.31.2008	**648,130**	**(407,278)**	**-**	**240,852**	**254,667,443**	**(43,267)**	**265,985,388**	**266,226,240**
Total 12.31.2007	**4,567,946**	**(2,904,569)**	**-**	**984,679**	**189,890,931**	**(23,265)**	**201,652,860**	**202,637,539**

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	4,427	(3,987)	-	440
b) Doubtful loans	-	-	-	-
c) Restructured exposure	-	-	-	-
d) Past due	-	-	-	-
e) Country risk	104,401	xxx	(1,007)	103,394
f) Other assets	211,775,217	xxx	-	211,775,217
Total A	**211,884,045**	**(3,987)**	**(1,007)**	**211,879,051**
B. Off-balance-sheet exposure				
a) Impaired	-	-	-	-
b) Other	51,718,317	xxx	(7,331)	51,710,986
Total B	**51,718,317**	**-**	**(7,331)**	**51,710,986**

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**	**-**	**-**	**-**	**71,408**
- of which: Sold and not derecognised	-	-	-	-	-
B. Increases	**4,492**	**1,774**	**-**	**-**	**54,722**
B.1 Transfers from performing loans	4,418	-	-	-	-
B.2 Transfers to other impaired exposure	-	-	-	-	-
B.3 Other increases	74	1,774	-	-	54,722
of which: business combinations	*74*	*1,734*	-	-	*6,767*
C. Reductions	**93**	**1,774**	**-**	**-**	**21,729**
C.1 Transfers to performing loans	-	-	-	-	-
C.2 Derecognised items	62	-	-	-	-
C.3 Recoveries	-	1,735	-	-	205
C.4 Sales proceeds	-	-	-	-	-
C.5 Transfers to other impaired exposure	-	-	-	-	-
C.6 Other reductions	31	39	-	-	21,524
of which: business combinations	*31*	*39*	-	-	-
D. Closing balance	**4,427**	**-**	**-**	**-**	**104,401**
- 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.1 Opening balance	**28**	**-**	**-**	**-**	**535**
- of which: Sold and not derecognised	-	-	-	-	-
B. Increases	**4,040**	**1,734**	**-**	**-**	**5,078**
B.1 Writedowns	3,978	-	-	-	768
B.2 Transfers from other impaired exposure	-	-	-	-	-
B.3 Other increases	62	1,734	-	-	4,310
of which: business combinations	*62*	*1,734*	-	-	*4,213*
C. Reductions	**81**	**1,734**	**-**	**-**	**4,606**
C.1 Transfers to performing loans	-	-	-	-	3,697
C.2 Write-backs from recoveries	-	1,696	-	-	61
C.3 Write-offs	62	-	-	-	-
C.4 Transfers to other impaired exposure	-	-	-	-	-
C.5 Other reductions	19	38	-	-	848
of which: business combinations	*19*	*38*	-	-	-
D. Final gross writedowns	**3,987**	**-**	**-**	**-**	**1,007**
- 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	504,140	(355,531)	-	148,609
b) Doubtful loans	138,000	(46,250)	-	91,750
c) Restructured exposure	479	(426)	-	53
d) Past due	1,084	(1,084)	-	-
e) Country risk	19,644	xxx	(131)	19,513
f) Other assets	49,246,252	xxx	(42,129)	49,204,123
Total A	**49,909,599**	**(403,291)**	**(42,260)**	**49,464,048**
B. Off-balance-sheet exposure				
a) Impaired	20,095	(2,647)	-	17,448
b) Other	12,524,489	xxx	(506,230)	12,018,259
Total B	**12,544,584**	**(2,647)**	**(506,230)**	**12,035,707**

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	**4,557,198**	**2,662**	**8,058**	**-**	**-**
- of which: Sold not derecognised	-	-	-	-	-
B. Increases	**8,989,227**	**5,478,319**	**513,845**	**3,075,998**	**31,409**
B.1 Transfers from performing loans	403,257	1,617,509	45,170	1,679,667	-
B.2 Transfers from other impaired exposures	628,660	776,996	5,535	14,087	-
B.3 Other increases	7,957,310	3,083,814	463,140	1,382,244	31,409
of which: business combinations	*7,647,886*	*2,323,876*	*406,463*	*812,670*	*11,356*
C. Reductions	**13,042,285**	**5,342,981**	**521,424**	**3,074,914**	**11,765**
C.1 Transfers to performing loans	11,025	191,800	42,150	945,025	1,486
C.2 Derecognised items	302,189	48,828	-	1	-
C.3 Recoveries	298,482	1,132,624	13,146	111,520	-
C.4 Sales proceeds	2,395	5,802	-	-	-
C.5 Transfers to other impaired exposures	1,064	579,554	65,386	779,274	-
C.6 Other reductions	12,427,130	3,384,373	400,742	1,239,094	10,279
of which: business combinations	*12,414,862*	*3,281,441*	*337,326*	*867,286*	*638*
D. Closing balance gross exposure	**504,140**	**138,000**	**479**	**1,084**	**19,644**
- 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	**3,579,302**	**2,165**	**1,772**	**-**	**-**
- of which: Sold not derecognised	-	-	-	-	-
B. Increases	**5,717,540**	**1,039,524**	**42,399**	**139,964**	**2,637**
B.1 Writedowns	647,284	41,421	151	1,354	131
B.2 Transfers from other impaired exposure	183,542	71,874	20,326	8,764	-
B.3 Other increases	4,886,714	926,229	21,922	129,846	2,506
of which: business combinations	*4,814,822*	*903,489*	*21,922*	*99,765*	*2,142*
C. Reductions	**8,941,311**	**995,439**	**43,745**	**138,880**	**2,506**
C.1 Transfers to performing loans	23,876	91	101	-	1,164
C.2 Write-backs from recoveries	99,589	67,766	7,546	15,993	-
C.3 Write-offs	302,189	48,828	-	1	-
C.4 Transfers to other impaired exposure	108	192,593	15,631	76,174	-
C.5 Other reductions	8,515,549	686,161	20,467	46,712	1,342
of which: business combinations	*8,125,107*	*595,710*	*8,314*	*25,212*	*635*
D. Closing gross writedowns	**355,531**	**46,250**	**426**	**1,084**	**131**
- 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	**13,783,590**	**184,250,054**	**472,564**	**227,120**	**228,565**	**243,041**	**62,138,165**	**261,343,099**
B. Derivative contracts	**638,314**	**3,123,824**	**9,718**	**870**	**-**	**-**	**1,321,769**	**5,094,495**
B.1 Financial derivative contracts	638,314	3,123,824	9,718	-	-	-	1,111,286	4,883,142
B.2 Credit derivatives	-	-	-	870	-	-	210,483	211,353
C. Guarantees given	**805,263**	**16,121,944**	**1,100,249**	**1,460,826**	**74,514**	**24,902**	**20,219,578**	**39,807,276**
D. Otfher commitments to disburse funds	**623,491**	**934,052**	**1,453**	**82,078**	**20,322**	**-**	**17,183,526**	**18,844,922**
Total	**15,850,658**	**204,429,874**	**1,583,984**	**1,770,894**	**323,401**	**267,943**	**100,863,038**	**325,089,792**

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

The table details on- and off-balance sheet credits granted to counterparties rated by external rating agencies, which provide brief assessments of the creditworthiness of different classes of borrowers such as Sovereigns, Banks, Public Entities, Insurance Companies and (usually large) Enterprises.

The above disclosure refers to Standard and Poor's ratings, together with those of the other two large agencies, Moody's and Fitch.
In the case when 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 (AAA/AA- e A+/A-), comprises nearly all externally rated exposures, since the corresponding counterparties are mainly banks.

Unrated exposures, i.e. those with no external rating, were 31% of the portfolio

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	**207,348,138**	**335,084**	**346,363**	**159,326**	**107,705**	**123,772**
B. Derivative contracts	**3,733,391**	**108,720**	**-**	**11,232**	**-**	**-**
B.1 Financial derivative contracts	3,732,521	108,720	-	11,232	-	-
B.2 Credit derivatives	870	-	-	-	-	-
C. Guarantees given	**16,592,238**	**333,370**	**158,076**	**23,055**	**288,513**	**313,437**
D. Otfher commitments to disburse funds	**1,286,584**	**263,334**	**9,121**	**41,583**	**-**	**-**
Total	**228,960,351**	**1,040,508**	**513,560**	**235,196**	**396,218**	**437,209**

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

EXPOSURES	INTERNAL RATING CLASSES 7	8	9	10	IMPAIRED ASSETS	NO RATING	TOTAL
A. On-balance-sheet exposures	**223,201**	**18,175**	**224,578**	**12,634**	**240,852**	**52,203,271**	**261,343,099**
B. Derivative contracts	**-**	**-**	**-**	**-**	**-**	**1,241,152**	**5,094,495**
B.1 Financial derivative contracts	-	-	-	-	-	1,030,669	4,883,142
B.2 Credit derivatives	-	-	-	-	-	210,483	211,353
C. Guarantees given	**1,398,702**	**72,702**	**43,534**	**39,091**	**17,448**	**20,527,110**	**39,807,276**
D. Otfher commitments to disburse funds	**74,898**	**12,559**	**4,461**	**27,667**	**-**	**17,124,715**	**18,844,922**
Total	**1,696,801**	**103,436**	**272,573**	**79,392**	**258,300**	**91,096,248**	**325,089,792**

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 contains on- and off-balance sheet exposures grouped according to the counterparties' internal rating.

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

Ratings are assigned to individual counterparties using Group banks' internally-developed models included in their credit risk management processes. The internal models validated by the regulators are 'Group-wide' (e.g. for Banks, Multinationals and Sovereigns).

The different rating scales of these models are mapped in a single master-scale of 10 classes (illustrated in the table above) based on Probability of Default (PD).

Almost all internally-rated exposures were investment grade (classes 1 to 4), while exposures towards unrated counterparties were 28% of the total. No rating is assigned to these counterparties as they belong to a segment not yet covered by the models or still in the roll-out phase.

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	200,127	-	-	200,127	-	-	-	-	-	-	-	-	200,127
1.2. partially secured	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Secured exposures to customers:													
2.1. totally secured	3,577	-	3,577		-	-	-	-	-	-	-	-	3,577
2.2. partially secured	18,083	-	-	10,750	-	-	-	-	-				10,750

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	1,530	-	-	383	-	-	-	-	-	-	1,147	-	1,530
1.2. partially secured	3,033	-	-	-	-	-	-	-	-	-	519	169	688
2. Secured exposures to customers:													
2.1. totally secured	4,346	-	205	4,141	-	-	-	-	-	-	-	-	4,346
2.2. partially secured	6,558	-	-	2,489	-	-	-	-	-	-	-	-	2,489

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.

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			
EXPOSURES / COUNTERPARTIES	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. Balance Sheet exposures				
A.1 Non-performing loans	-	-	-	-
A.2 Doubtful loans	-	-	-	-
A.3 Restructured exposures	-	-	-	-
A.4 Past-due loans	-	-	-	-
A.5 Other exposures	11,679,548	xxx	(54)	11,679,494
Total A	**11,679,548**	**-**	**(54)**	**11,679,494**
B. Off-balance sheet exposures				
B.1 Non-performing loans	-	-	-	-
B.2 Doubtful loans	-	-	-	-
B.3 Other impaired assets	-	-	-	-
B.4 Other exposures	-	xxx	-	-
Total B	**-**	**-**	**-**	**-**
Total 12.31.2008	**11,679,548**	**-**	**(54)**	**11,679,494**
Total 12.31.2007	**957,479**	**-**	**-**	**957,479**

Continued: B.1 Breakdown of balance-sheet and off-balance-sheet exposures to customers by main business sector

	INSURANCE COMPANIES			
EXPOSURES / COUNTERPARTIES	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. Balance Sheet exposures				
A.1 Non-performing loans	-	-	-	-
A.2 Doubtful loans	-	-	-	-
A.3 Restructured exposures	-	-	-	-
A.4 Past-due loans	-	-	-	-
A.5 Other exposures	55,448	xxx	(47)	55,401
Total A	**55,448**	**-**	**(47)**	**55,401**
B. Off-balance sheet exposures				
B.1 Non-performing loans	-	-	-	-
B.2 Doubtful loans	-	-	-	-
B.3 Other impaired assets	-	-	-	-
B.4 Other exposures	-	xxx	-	-
Total B	**-**	**-**	**-**	**-**
Total 12.31.2008	**55,448**	**-**	**(47)**	**55,401**
Total 12.31.2007	**108,536**	**-**	**-**	**108,536**

OTHER PUBLIC ENTITIES				FINANCIAL COMPANIES			
GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
461	(461)	-	-	36,278	(36,278)	-	-
125,149	(38,277)	-	86,872	-	-	-	-
-	-	-	-	-	-	-	-
1,084	(1,084)	-	-	-	-	-	-
33,596	xxx	(14)	33,582	32,065,350	xxx	(13,999)	32,051,351
160,290	**(39,822)**	**(14)**	**120,454**	**32,101,628**	**(36,278)**	**(13,999)**	**32,051,351**
-	-	-	-		-	-	-
19,124	(1,676)	-	17,448	-	-	-	-
-	-	-	-	-	-	-	-
-	xxx	-	-	7,950,234	xxx	(504,534)	7,445,700
19,124	**(1,676)**	**-**	**17,448**	**7,950,234**	**-**	**(504,534)**	**7,445,700**
179,414	**(41,498)**	**(14)**	**137,902**	**40,051,862**	**(36,278)**	**(518,533)**	**39,497,051**
37,381	**(14,285)**	**(62)**	**23,034**	**29,106,353**	**(141,053)**	**(314,920)**	**28,650,380**

NON-FINANCIAL COMPANIES				OTHER BORROWERS			
GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
466,334	(318,002)	-	148,332	1,067	(790)	-	277
12,851	(7,973)	-	4,878	-	-	-	-
479	(426)	-	53	-	-	-	-
-	-	-	-	-	-	-	-
5,391,335	xxx	(27,845)	5,363,490	40,619	xxx	(301)	40,318
5,870,999	**(326,401)**	**(27,845)**	**5,516,753**	**41,686**	**(790)**	**(301)**	**40,595**
971	(971)	-	-	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,633,285	xxx	-	3,633,285	940,970	xxx	(1,696)	939,274
3,634,256	**(971)**	**-**	**3,633,285**	**940,970**	**-**	**(1,696)**	**939,274**
9,505,255	**(327,372)**	**(27,845)**	**9,150,038**	**982,656**	**(790)**	**(1,997)**	**979,869**
7,829,464	**(2,572,892)**	**(11,152)**	**5,245,420**	**8,269,658**	**(531,394)**	**(632)**	**7,737,632**

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

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	447,494	135,974	33,545	12,021	16,255	-	5,458	62	1,388	552
A.2 Doubtful loans	125,149	86,872	12,663	4,823	-	-	-	-	188	55
A.3 Restructured exposures	-	-	479	53	-	-	-	-	-	-
A.4 Past-due loans	-	-	-	-	1,084	-	-	-	-	-
A.5 Other exposures	42,386,690	42,378,401	5,304,732	5,284,797	1,218,825	1,207,397	283,695	281,104	71,954	71,937
Total A	**42,959,333**	**42,601,247**	**5,351,419**	**5,301,694**	**1,236,164**	**1,207,397**	**289,153**	**281,166**	**73,530**	**72,544**
B. Off-balance sheet exposure										
B.1 Non-performing loans	-	-	-	-	971	-	-	-	-	-
B.2 Doubtful loans	19,124	17,448	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	6,827,727	6,321,497	2,837,834	2,837,834	2,712,806	2,712,806	145,217	145,217	905	905
Total B	**6,846,851**	**6,338,945**	**2,837,834**	**2,837,834**	**2,713,777**	**2,712,806**	**145,217**	**145,217**	**905**	**905**
Total 12.31.2008	**49,806,184**	**48,940,192**	**8,189,253**	**8,139,528**	**3,949,941**	**3,920,203**	**434,370**	**426,383**	**74,435**	**73,449**
Total 12.31.2007	**38,279,041**	**34,320,561**	**5,341,711**	**5,333,884**	**2,841,533**	**2,754,173**	**233,229**	**227,575**	**87,279**	**86,288**

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	-	-	4,144	414	283	26	-	-	-	-
A.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-	-	-
A.4 Past-due loans	-	-	-	-	-	-	-	-	-	-
A.5 Other exposures	177,101,784	177,101,783	33,556,923	33,556,638	447,713	447,397	667,695	667,337	105,503	105,456
Total A	**177,101,784**	**177,101,783**	**33,561,067**	**33,557,052**	**447,996**	**447,423**	**667,695**	**667,337**	**105,503**	**105,456**
B. Off-balance sheet exposure										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	18,270,425	18,266,025	31,827,874	31,827,391	451,966	451,010	560,454	559,345	607,598	607,215
Total B	**18,270,425**	**18,266,025**	**31,827,874**	**31,827,391**	**451,966**	**451,010**	**560,454**	**559,345**	**607,598**	**607,215**
Total 12.31.2008	**195,372,209**	**195,367,808**	**65,388,941**	**65,384,443**	**899,962**	**898,433**	**1,228,149**	**1,226,682**	**713,101**	**712,671**
Total 12.31.2007	**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**

C. Securisation and sale transactions

C.1 Securisation Transactions

QUALITATIVE INFORMATION

No new securitization transactions were undertaken in 2008.

Securities worth €5,336 million were purchased and recognized as loans and receivables with customers; these originated from the securitizations of Group companies, viz. Locat S.p.A. (now UniCredit Leasing S.p.A.), UniCredit Banca per la Casa S.p.A. (now UniCredit Consumer Financing Bank S.p.A.) and HVB AG.

Accordingly the holding of securities eligible for refinancing with Banca d'Italia increased, raising UniCredit's counterbalancing capacity. Also part of the portfolio are:

- securitization transactions bought the previous year from Capitalia (Trevi Finance, Trevi Finance 2, Trevi Finance 3, Entasi, Caesar Finance and Caesar Finance 2000);

- Fonspa securitizations and third-party securitizations recognized as "Available for sale financial assets" and "Loans and receivables with customers", of which €937 million were originated by Group companies.

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 2008 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 € 138.81 million (€ 36.77 million for Trevi Finance, € 53.41million for Trevi 2 and € 48.63 million for Trevi 3).

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

NAME	TREVI FINANCE		TREVI FINANCE 2	
Type of securitisation:	traditional		traditional	
Originator:	Banca di Roma S.p.A		Banca di Roma S.p.A. 89%, Mediocredito di Roma S.p.A. 11%	
Issuer:	Trevi Finance S.p.A.		Trevi Finance N. 2 S.p.A.	
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 S.p.A.	
Target transaction:	Funding		Funding	
Type of asset:	ordinary loans - mortgage loans		ordinary loans - mortgage loans	
Quality of asset:	non performing	special purpose loan	non performing	special purpose loan
Closing date:	07. 21.1999		04.20.2000	
Nominal Value of disposal portfolio:	€ 2,689,000,000	€ 94,000,000	€ 2,425,000,000	€ 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 12.31.2008 was € 152,714,510.11.		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 12.31.2008 was € 160,871,986.63.	
Rating Agencies:	Moody's / Duff & Phelps / Fitch			
Amount of CDS or other supersenior risk transferred:	-		-	
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	-	-
. Nominal value issued	€ 620,000,000	€ 155,000,000	€ 650,000,000	€ 200,000,000
. Nominal value at the end of accounting period	-	-	-	-
. 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.
. 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	€ 357,632,958	€ 639,161,452	€ 414,378,178 (from 2/06/2009 € 217,499,114)
. ISIN	IT0003364228			
. Type of security	Junior			
. Class	D			
. Rating	n.r.			
. Nominal value issued	€ 343,200,000			
. Nominal value at the end of accounting period	€ 343,200,000 (from 02/18/2009 € 173,255,572)			

NAME	TREVI FINANCE 3		ENTASI	
Type of securitisation:	traditional		traditional	
Originator:	Banca di Roma S.p.A. 92.2%, Mediocredito Centrale S.p.A. 5.2% Leasing Roma S.p.A. 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 S.p.A.		Capitalia S.p.A.	
Target transaction:	Funding		Funding	
Type of asset:	Ordinary loans - mortgage loans		Collateralised bond obligation	
Quality of asset:	non performing	special purpose loan	Trevi Finance 3 classes C1 and C2 securities	
Closing date:	05.25.2001		06.28.2001	
Nominal Value of disposal portfolio:	€ 2,745,000,000	€ 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 to 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 12.31.2008 was € 160,350,877.85. 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 12.31.2008 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:	-		-	
Amount and Conditions of tranching:			ENTASI Series 2001-1	ENTASI Series 2001-2
. ISIN	XS0130116568	XS0130117020	IT0003142996	IT0003143028
. Type of security	Senior	Mezzanine	Senior	Senior
. Class	A	B	Serie 1	Serie 2
. Rating	Aaa/AAA/AAA	Aa1/A-/AA-	A1	A1
. Nominal value issued	€ 600,000,000	€ 150,000,000	€ 160,000,000	€ 160,000,000
. Nominal value at the end of accounting period	€ 8,502,000	€ 150,000,000	€ 160,000,000	€ 160,000,000
. ISIN	XS0130117459	XS0130117616		
. Type of security	Mezzanine	Mezzanine		
. Class	C1	C2		
. Rating	-	-		
. Nominal value issued	€ 160,000,000	€ 160,000,000		
. Nominal value at the end of accounting period	€ 286,245,821	€ 282,648,438		
. ISIN	IT0003355911			
. Type of security	Junior			
. Class	D			
. Rating	n,r,			
. Nominal value issued	€ 448,166,000			
. Nominal value at the end of accounting period	€ 448,166,000			

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

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	
Quality of asset:	performing		performing	
Closing date:	11.5.1999		06.02.2000	
Nominal Value of disposal portfolio:	€ 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:	-		-	
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.	-	-
. Nominal value issued	€ 270,000,000	€ 90,329,000	€ 410,000,000	€ 39,000,000
. Nominal value at the end of accounting period	-	€ 79,502,166	-	-
. ISIN			XS0112002653	
. Type of security			Junior	
. Class			C	
. Rating			n.r.	
. Nominal value issued			€ 51,000,000	
. Nominal value at the end of accounting period			€ 51,000,000	

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:	**115,296**	**109,103**	**270,178**	**264,622**	**578,364**	**602,282**
a) Impaired	-	-	270,178	264,622	510,774	535,312
b) Other	115,296	109,103	-	-	67,590	66,970
B. With third-party underlying assets:	**6,322,590**	**6,310,079**	**41,476**	**27,092**	**15,752**	**14,088**
a) Impaired	-	-	-	-	-	-
b) Other	6,322,590	6,310,079	41,476	27,092	15,752	14,088

Continued: (C.1.1 Exposure resulting from securitisation transactions broken down by quality of underlying assets)

	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**	**94,302**	**-**	**-**
a) Impaired	-	-	557,358	94,302	-	-
b) Other	-	-	-	-	-	-
B. With third-party underlying assets:	**-**	**-**	**55,000**	**55,000**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	55,000	55,000	-	-

Continued: (C.1.1 Exposure resulting from securitisation transactions broken down by quality of underlying assets)

	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**	**667,317**	**-**	**-**
a) Impaired	-	-	720,918	667,317	-	-
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 exposure

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	**109,103**	**-**	**264,622**	**-**	**602,282**	**-**
A.1 TREVI FINANCE Credit - Land Mortgage Loans	-	-	45,288	-	159,004	-
A.2 TREVI FINANCE 2 Credit - Land Mortgage Loans	-	-	219,334	-	183,896	-
A.3 TREVI FINANCE 3 Credit - Land Mortgage Loans	-	-	-	-	192,412	-
A.4 ENTASI Collateralised bond obligation	109,103	-	-	-	-	-
A.5 CAESAR FINANCE Collateralised bond obligation	-	-	-	-	59,167	-
A.6 CAESAR FINANCE 2000 Collateralised bond obligation	-	-	-	-	7,803	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Non-derecognised	**-**	**-**	**-**	**-**	**-**	**-**

Continued: (C.1.2 - Exposure resulting from the main "in-house" securitisation transactions broken down by type of securitised asset and by type of exposure)

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	**-**	**-**	**94,302**	**-42,858**	**-**	**-**
A.1 TREVI FINANCE Credit - Land Mortgage Loans	-	-	7,655	-1,535	-	-
A.2 TREVI FINANCE 2 Credit - Land Mortgage Loans	-	-	-	-	-	-
A.3 TREVI FINANCE 3 Credit - Land Mortgage Loans	-	-	86,647	-41,323	-	-
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	-	-	-	-	-	-

Continued: (C.1.2 - Exposure resulting from the main "in-house" securitisation transactions broken down by type of securitised asset and by type of exposure)

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	**-**	**-**	**667,317**	**-**	**-**	**-**
A.1 TREVI FINANCE Credit - Land Mortgage Loans	-	-	189,695	-	-	-
A.2 TREVI FINANCE 2 Credit - Land Mortgage Loans	-	-	247,113	-	-	-
A.3 TREVI FINANCE 3 Credit - Land Mortgage Loans	-	-	230,509	-	-	-
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	-	-	-	-	-	-

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 SECURITISED 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	4,677	-	-	-	-	-
A.2 AUGUSTO CL. A2 - 1 em. (^) - Public works and mortgage loans	-	-	-	-	12,103	-
A.3 BIPCA CORDUSIO RMBS CL. A1 - Private Mortgage Loans	666,393	-	-	-	-	-
A.4 BIPCA CORDUSIO RMBS CL. A2 - Private Mortgage Loans	185,527	-	-	-	-	-
A.5 CORDUSIO RMBS 1 CL. A2 - Private Mortgage Loans	69,125	-	-	-	-	-
A.6 CORDUSIO RMBS 2 CL. A2 - Private Mortgage Loans	32,901	-	-	-	-	-
A.7 CORDUSIO RMBS 3 CL. A2 - Private Mortgage Loans	36,905	-	-	-	-	-
A.8 CORDUSIO RMBS 4 CL. A2 - Private Mortgage Loans	12,956	-	-	-	-	-
A.9 DIOCLEZIANO CL. A2 (^) - Public works and mortgage loans	41,549	-	-	-	-	-
A.10 EUROCONNECT ISSUER LC 2007-1 CL. A - Corporate Loans	43,135	-7,585	-	-	-	-
A.11 EUROCONNECT ISSUER LC 2007-1 CL. B - Corporate Loans	-	-	10,203	-5,603	-	-
A.12 EUROCONNECT ISSUER LC 2007-1 CL. C - Corporate Loans	-	-	5,698	-4,974	-	-
A.13 EUROCONNECT ISSUER LC 2007-1 CL. D - Corporate Loans	-	-	5,410	-5,130	-	-
A.14 F-E PERSONAL LOANS 2003-1 CL. B - Personal loans guraranteed by salary	982	-	-	-	-	-
A.15 GELDILUX TS 2005 CL.A - Private loans	136,824	-	-	-	-	-
A.16 GELDILUX TS 2007 CL. A - Private loans	63,509	-	-	-	-	-
A.17 GELDILUX TS 2008 CL. A2 - Private loans	403,144	-	-	-	-	-
A.18 HELICONUS - Private Mortgage loans	8,569	-1,016	-	-	-	-
A.19 LOCAT SV - Serie 1 2008 CL. A1 - Car / Equipments / Real Estate leasing	551,157	-	-	-	-	-
A.20 LOCAT SV - Serie 1 2008 CL.A2 - Car / Equipments / Real Estate leasing	1,594,346	-	-	-	-	-
A.21 LOCAT SV - Serie 2 2008 Cl. A - Car / Equipments / Craft / Real Estate leasing	2,305,525	-	-	-	-	-
A.22 LOCAT SV - Serie 2006 - Car / Equipments / Real Estate leasing	69,099	-	-	-	-	-
A.23 LOCAT Securitization Vehicle 2 - Car / Equipments / Real Estate leasing	60,924	-	-	-	-	-
A.24 LOCAT SV Serie 2005 - Car / Equipments / Real Estate leasing	18,492	-	-	-	-	-
A.25 SCIP 2 (B2) - Public agency loans (Real Estate)	-	-	5,781	-1,249	-	-
A.26 OTHER 6 EXPOSURES	4,340	13	-	-	1,985	-1,761

(*) list of details for exposures over € 3 million.
(^) securitisation ex Fonspa.

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)*

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.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. A1 - Private Mortgage Loans	-	-	-	-	-	-
A.4 BIPCA CORDUSIO RMBS CL. A2 - Private Mortgage Loans	-	-	-	-	-	-
A.5 CORDUSIO RMBS 1 CL. A2 - Private Mortgage Loans	-	-	-	-	-	-
A.6 CORDUSIO RMBS 2 CL. A2 - Private Mortgage Loans	-	-	-	-	-	-
A.7 CORDUSIO RMBS 3 CL. A2 - Private Mortgage Loans	-	-	-	-	-	-
A.8 CORDUSIO RMBS 4 CL. A2 - Private Mortgage Loans	-	-	-	-	-	-
A.9 DIOCLEZIANO CL. A2 (^) - Public works and mortgage loans	-	-	-	-	-	-
A.10 EUROCONNECT ISSUER LC 2007-1 CL. A - Corporate Loans	-	-	-	-	-	-
A.11 EUROCONNECT ISSUER LC 2007-1 CL. B - Corporate Loans	-	-	-	-	-	-
A.12 EUROCONNECT ISSUER LC 2007-1 CL. C - Corporate Loans	-	-	-	-	-	-
A.13 EUROCONNECT ISSUER LC 2007-1 CL. D - Corporate Loans	-	-	-	-	-	-
A.14 F-E PERSONAL LOANS 2003-1 CL. B - Personal loans gururanteed by salary	-	-	55,000	-	-	-
A.15 GELDILUX TS 2005 CL.A - Private loans	-	-	-	-	-	-
A.16 GELDILUX TS 2007 CL. A - Private loans	-	-	-	-	-	-
A.17 GELDILUX TS 2008 CL. A2 - Private loans	-	-	-	-	-	-
A.18 HELICONUS - Private Mortgage loans	-	-	-	-	-	-
A.19 LOCAT SV - Serie 1 2008 CL. A1 - Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.20 LOCAT SV - Serie 1 2008 CL.A2 - Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.21 LOCAT SV - Serie 2 2008 Cl. A - Car / Equipments / Craft / Real Estate leasing	-	-	-	-	-	-
A.22 LOCAT SV - Serie 2006 - Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.23 LOCAT Securitization Vehicle 2 - Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.24 LOCAT SV Serie 2005 - Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.25 SCIP 2 (B2) - Public agency loans (Real Estate)	-	-	-	-	-	-
A.26 OTHER 6 EXPOSURES	-	-	-	-	-	-

(*) list of details for exposures over € 3 million.
(^) securitisation ex Fonspa.

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

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)*

	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED 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. A1 - Private Mortgage Loans	-	-	-	-	-	-
A.4 BIPCA CORDUSIO RMBS CL. A2 - Private Mortgage Loans	-	-	-	-	-	-
A.5 CORDUSIO RMBS 1 CL. A2 - Private Mortgage Loans	-	-	-	-	-	-
A.6 CORDUSIO RMBS 2 CL. A2 - Private Mortgage Loans	-	-	-	-	-	-
A.7 CORDUSIO RMBS 3 CL. A2 - Private Mortgage Loans	-	-	-	-	-	-
A.8 CORDUSIO RMBS 4 CL. A2 - Private Mortgage Loans	-	-	-	-	-	-
A.9 DIOCLEZIANO CL. A2 (^) - Public works and mortgage loans	-	-	-	-	-	-
A.10 EUROCONNECT ISSUER LC 2007-1 CL. A - Corporate Loans	-	-	-	-	-	-
A.11 EUROCONNECT ISSUER LC 2007-1 CL. B - Corporate Loans	-	-	-	-	-	-
A.12 EUROCONNECT ISSUER LC 2007-1 CL. C - Corporate Loans	-	-	-	-	-	-
A.13 EUROCONNECT ISSUER LC 2007-1 CL. D - Corporate Loans	-	-	-	-	-	-
A.14 F-E PERSONAL LOANS 2003-1 CL. B - Personal loans guraranteed by salary	-	-	-	-	-	-
A.15 GELDILUX TS 2005 CL.A - Private loans	-	-	-	-	-	-
A.16 GELDILUX TS 2007 CL. A - Private loans	-	-	-	-	-	-
A.17 GELDILUX TS 2008 CL. A2 - Private loans	-	-	-	-	-	-
A.18 HELICONUS - Private Mortgage loans	-	-	-	-	-	-
A.19 LOCAT SV - Serie 1 2008 CL. A1 - Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.20 LOCAT SV - Serie 1 2008 CL.A2 - Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.21 LOCAT SV - Serie 2 2008 Cl. A - Car / Equipments / Craft / Real Estate leasing	-	-	-	-	-	-
A.22 LOCAT SV - Serie 2006 - Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.23 LOCAT Securitization Vehicle 2 - Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.24 LOCAT SV Serie 2005 - Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.25 SCIP 2 (B2) - Public agency loans (Real Estate)	-	-	-	-	-	-
A.26 OTHER 6 EXPOSURES	-	-	-	-	-	-

(*) list of details for exposures over € 3 million.
(^) securitisation ex Fonspa.

C.1.4 Exposure resulting from securitisation transactions broken down by portfolio and type							
EXPOSURE / PORTFOLIO	TRADING	DESIGNATED AT FAIR VALUE	AVAILABLE FOR SALE	HELD-TO-MATURITY	LOANS	12.31.2008 TOTAL	12.31.2007 TOTAL
1. Balance-sheet exposures	**-**	**-**	**182,252**	**-**	**7,145,016**	**7,327,268**	**2,284,251**
- Senior	-	-	160,941	-	6,258,242	6,419,183	1,228,064
- Mezzanine	-	-	21,311	-	270,404	291,715	448,863
- Junior	-	-	-	-	616,370	616,370	607,324
2. Off-balance-sheet exposures	**-**	**-**	**-**	**-**	**816,618**	**816,618**	**1,090,782**
- Senior	-	-	-	-	-	-	-
- Mezzanine	-	-	-	-	816,618	816,618	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		
	AMOUNT	
ASSET/SECURITIES	TRADITIONAL	SYNTHETIC
A. Own underlying assets:	**1,718,206**	**-**
A.1 Totally derecognised	1,718,206	X
1. Non-performing loans	1,157,093	X
2. Doubtful loans	-	X
3. Restructured exposures	-	X
4. Past-due exposures	-	X
5. Other assets	561,113	X
A.2 Partially derecognised	-	X
1. Non-performing loans	-	X
2. Doubtful loans	-	X
3. Restructured exposures	-	X
4. Past-due exposures	-	X
5. Other assets	-	X
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:	**22,928**	**-**
B.1 Non-performing loans	70	-
B.2 Doubtful loans	375	-
B.3 Restructured exposures	-	-
B.4 Past-due exposures	-	-
B.5 Other assets	22,483	-

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 FIGURES)		LOANS COLLECTED DURING THE YEAR		PERCENTAGE OF SECURITIES REDEEMED (YEAR END FIGURES)					
						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.	392,411	152,715	36,774	-	100.00%	-	27.90%	-	-	-
	Trevi Finance n. 2 S.p.A.	332,530	160,872	53,407	-	100.00%	-	-	-	-	-
	Trevi Finance n. 3 S.p.A.	432,151	160,351	48,628	-	79.00%	-	-	-	-	-
	Entasi S.r.l.	-	568,894	-	18,066	-	-	-	-	-	-

C.2 Sales Transactions

C.2.1 Financial assets sold and not derecognised

TYPE / PORTFOLIO	FINANCIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND 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	**3,624,094**	**-**	**-**	**-**	**-**	**-**	**750,320**	**-**	**-**	**3,676,599**	**-**	**-**
1. Debt securities	3,624,094	-	-	-	-	-	750,320	-	-	3,676,599	-	-
2. Equity securities	-	-	-	-	-	-	-	-	-	X	X	X
3. UCIS	-	-	-	-	-	-	-	-	-	X	X	X
4. Loans	-	-	-	-	-	-	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-	-	-	-	-	-	-
B. Derivatives	**-**	**-**	**-**	**X**	**X**	**-**	**-**	**X**	**X**	**X**	**X**	**X**
Total 12.31.2008	**3,624,094**	**-**	**-**	**-**	**-**	**-**	**750,320**	**-**	**-**	**3,676,599**	**-**	**-**
Total 12.31.2007	**1,424,226**	**-**	**-**	**-**	**-**	**-**	**957,860**	**-**	**-**	**2,762,305**	**-**	**-**

Continued: (C.2.1 Financial assets sold and not derecognised)

TYPE / PORTFOLIO	LOANS AND RECEIVABLES WITH BANKS			LOANS AND RECEIVABLES WITH CUSTOMERS			TOTAL	
	A	B	C	A	B	C	12.31.2008	12.31.2007
A. Balance-sheet assets	**6,920,858**	**-**	**-**	**1,594,345**	**-**	**-**	**16,566,216**	**5,954,414**
1. Debt securities	6,920,858	-	-	1,594,345	-	-	16,566,216	5,954,414
2. Equity securities	X	X	X	X	X	X	-	-
3. UCIS	X	X	X	X	X	X	-	-
4. Loans	-	-	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-	-	-
B. Derivatives	**X**	**X**	**X**	**X**	**X**	**X**	**-**	**-**
Total 12.31.2008	**6,920,858**	**-**	**-**	**1,594,345**	**-**	**-**	**16,566,216**	**-**
Total 12.31.2007	**-**	**-**	**-**	**810,023**	**-**	**-**	**-**	**5,954,414**

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)

C.2.2 Financial liabilities relating to financial assets sold and not derecognised

LIABILITIES / ASSET PORTFOLIOS	FINANCIAL ASSETS HEDL FOR TRADING	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND 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	**1,436,332**	**-**	**-**	**561,596**	**400,343**	**-**	**2,398,271**
a) relating to fully recognised assets	1,436,332	-	-	561,596	400,343	-	2,398,271
b) relating to partially recognised assets	-	-	-	-	-	-	-
2. Deposits from Banks	**2,171,700**	**-**	**748,512**	**2,723,250**	**6,408,781**	**-**	**12,052,244**
a) relating to fully recognised assets	2,171,700	-	748,512	2,723,250	6,408,781	-	12,052,244
b) relating to partially recognised assets	-	-	-	-	-	-	-
Total 12.31.2008	**3,608,032**	**-**	**748,512**	**3,284,846**	**6,809,125**	**-**	**14,450,515**
Total 12.31.2007	**1,406,999**	**-**	**923,743**	**2,153,295**	**-**	**1,206,555**	**5,690,592**

Buy-Back Of Securitized Assets (Garda 1)

In 2008, on authorization by Banca d'Italia, the Garda Securitisation Series 2001-1 originated by Bipop-Carire S.p.A. and FinecoBank S.p.A. was closed out. The underlying assets had been derecognized by the originators as prescribed by the then ruling accounting principles.

The originators bought back the residual underlying mortgage loans at fair value.

The fair value of the loans outstanding at the buy-back date was €703 million (of which €240m relating to Fineco and €463m to Bipop).

These loans were recognized in the originators' accounts at face value less write-downs viz. €649 million (of which €214m relating to Fineco and €435 relating to Bipop) and the negative difference from the buy-back fair value, net of the tax effect, was €37 million (of which €17m relating to Fineco and €20m relating to Bipop) and was taken to equity.

The originators' equity benefited from a €12 million positive difference (of which €6m relating to Fineco and €6m to Bipop) – net of the tax effect – between redemption and carrying value of the bonds retained by the originators (and recognized in item 40 Available-for-sale financial assets) on initiating the securitizations now closed out.

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

The net effect of closing out this securitization was a €14m reduction in shareholders' equity. Since Bipop Carire S.p.A. had been absorbed by UniCredit S.p.A., this amount was recognized in the accounts of the latter.

Information on Structured Credit Products and OTC Derivatives

The impairment losses of US subprime mortgages which began in the second half of 2007 caused a general widening of credit spreads and a gradual transformation of the securitized credits market into an illiquid market characterized by forced sales. This contributed significantly to the later difficulties in the financial markets, which are still in turmoil.

Given this situation the market's need for information on the exposures held by banks increased with structured credit products being traded directly or through SPVs. Already in 2007 UniCredit Group provided ample information on these products, on the operations of the conduits sponsored by it and on OTC derivatives, together with the principles followed to measure and manage risk.

In 2008, additionally, several international and Italian organisms and regulators (viz., the Financial Stability Forum, the CEBS – Committee of European Banking Supervisors, Banca d'Italia and CONSOB) published documents encouraging or requiring banks to increase disclosure of their investments in consolidated SPEs (Special Purpose Entities), structured credit products, OTC derivatives and fair value hedges, in accordance with a proposal based on current best practice for financial information.

Starting with its Consolidated First Half 2008 Report, the UniCredit Group therefore provided this information, which has been updated to December 31, 2008 in Part (E) of the Notes to the Consolidated Accounts, which please see for details.

Please see Section C.1 above for information on the Company's activity as originator and investor in securitizations.

The Company does not act as sponsor of proprietary conduits or other Group entities, nor does it have exposures to 'US subprime' financial instruments.

Information on OTC derivatives follows.

Trading Derivatives with Customers

The business model governing OTC 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 transaction 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 Group trades OTC derivatives on a wide range of underlyings, e.g.: interest rates, currency rates, share prices and indexes, commodities (precious metals, base metals, petroleum and energy materials) and credit rights.

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) in the Parent and/or in the Division or subsidiary involved. 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.

In addition to the information given in chapter 17 - Other Information – Fair Value of Part A) Accounting Policies, it should be noted that 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 of the Italian commercial banks 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 2008 Income Statement of write-downs and write-backs of derivatives to take account of counterparty risk totaled a negative contribution of € 4 million related to write-downs of the net exposure towards Lehman Brothers (coverage ratio 90%).

Here follows the breakdown of balance-sheet asset item 20 "Financial assets held for trading" and of balance-sheet liability item 40 "Financial liability held for trading".

To make the distinction between customers and banking counterparties, the definition contained in Banca d'Italia Circular No. 262 of December 22, 2005 (which was used for the preparation of the accounts) was used as a reference.

Structured products were defined as derivative contracts that incorporate in the same instrument forms of contracts that generate exposure to several types of risk (with the exception of cross currency swaps) and/or leverage effects.

The balance of item 20 "Financial assets held for trading" with regard to derivative contracts totaled € 2,844 million (with a notional value of € 128,003 million) including € 652 million with customers, only referred to plain vanilla instruments (with a notional value of € 31,684 million). The notional value of derivatives with banking counterparties totaled € 96,319 million (fair value of € 2,192 million) including € 1,556 million related to structured derivatives (fair value of € 22 million).

The balance of item 40 "Financial liabilities held for trading" with regard to derivative contracts totaled € 3,800 million (with a notional value of € 96,357 million) including € 1,552 million with customers. The notional value of derivatives with customers amounted to € 39,833 million including € 39,630 million in plain vanilla (with a fair value of € 1,534 million) and € 203 million in structured derivatives (with a fair value of € 18 million). The notional value of derivatives with banking counterparties totaled € 56,523 million (fair value of € 2,248 million) including € 93 million related to structured derivatives (fair value of € 15 million).

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

Section 2 - Market risks

Please see Part E of these Notes 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	-	39,959,305	8,440,697	1,765,396	3,698,486	1,141,191	1,414,148	-
1.2 Loans to banks	63,764,718	78,442,267	4,928,517	279,462	2,162,536	19,026	-	7,295,262
1.3 Loans to customers								
- current accounts	72,736	450	-	-	-	-	-	-
- other loans								
- with prepayment option	-	-	-	-	-	-	-	-
- other	188,403	21,890,872	1,363,721	384,185	1,399,020	2,115,965	1,991	148,547
2. Balance-sheet liabilities								
2.1 Deposits from customers								
- current accounts	763,508	664,457	8,268	9,363	-	-	-	-
- other loans								
- with prepayment option	-	-	-	-	-	-	-	-
- other	320,761	2,073,586	4,376	90,377	30,853	952,439	261,388	-
2.2 Deposits from banks								
- current accounts	12,552,442	-	-	-	-	-	-	-
- other loans	77,607,803	39,464,729	4,686,883	3,162,012	11,777	70,293	759,710	-
2.3 Debt securities								
- with prepayment option	-	-	1,257	-	-	-	-	-
- other	355,043	55,850,857	11,923,611	11,730,696	17,753,548	6,243,307	1,214,323	-
2.4 Other liabilities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-

Continued: 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
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	-	1,079,803	1,062,682	946,756	12,841,584	2,584,771	8,959	-
+ Short positions	-	1,083,982	1,065,444	946,756	12,896,300	2,584,771	8,959	-
- Other								
+ Long positions	-	30,584,738	1,734,307	5,857,306	25,690,932	10,329,603	1,507,175	-
+ Short positions	-	79,319,208	9,764,637	2,763,331	8,961,767	4,928,806	1,121,856	-

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	-	37,229	5,230	6,197	17,172	84,673	17,689	-
1.2 Loans to banks	617,317	4,062,529	439,497	52,784	204,340	-	-	-
1.3 Loans to customers								
- current accounts	33,564	119,981	-	-	-	-	-	-
- other loans								
- with prepayment option	-	-	-	-	-	-	-	-
- other	71	151,775	82,669	121,696	614,134	130,115	68,544	62
2. Balance-sheet liabilities								
2.1 Deposits from customers								
- current accounts	61,832	609,147	-	-	-	-	-	-
- other loans								
- with prepayment option	-	-	-	-	-	-	-	-
- other	4	591,302	3,790	57,532	2,200	-	-	-
2.2 Deposits from banks								
- current accounts	106,521	-	-	-	-	-	-	-
- other loans	2,877,002	8,740,889	387,982	29,910	442,810	544,403	-	-
2.3 Debt securities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	9,584,123	1,166,584	372,899	334,018	2,689	-	-
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	-	3,762	2,492	-	52,131	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other								
+ Long positions	-	22,628,574	1,442,793	1,205,727	1,055,575	578,429	-	-
+ Short positions	-	5,892,518	842,594	413,222	13,652	-	-	-

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	-	127,116	-	-	-	-	-	-
1.2 Loans to banks	346,533	2,390,769	149,237	585	160,454	-	-	-
1.3 Loans to customers								
- current accounts	2,200	-	-	-	-	-	-	-
- other loans								
- with prepayment option	-	-	-	-	-	-	-	-
- other	22,878	145,127	31,453	16,821	72,486	59,556	441	-
2. Balance-sheet liabilities								
2.1 Deposits from customers								
- current accounts	32,126	52,861	-	2,973	-	-	-	-
- other loans								
- with prepayment option	-	-	-	-	-	-	-	-
- other	259	740,732	82,929	23,059	1,839	314,618	-	-
2.2 Deposits from banks								
- current accounts	254,596	-	-	-	-	-	-	-
- other loans	1,249,371	1,912,558	334,514	114,792	-	220,681	-	-
2.3 Debt securities								
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	4,934,501	554,054	254,395	121,207	29,885	-	-
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	-	6,979,172	1,740,612	2,061,665	1,614,641	1,053,398	23,783	-
+ Short positions	-	2,929,518	86,685	539,896	408,983	-	-	-

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.

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

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

2. 4 Price Risk - Banking Portfolio

QUANTITATIVE INFORMATION

1. Banking portfolio: exposures in equity instruments and investment fund units

TYPES OF EXPOSURE / VALUES	CARRYING AMOUNT	
	LISTED	UNLISTED
A. Equity instruments	**45,739,489**	**25,154,966**
A.1 Shares	45,739,489	25,154,966
A.2 Innovative capital instruments	-	-
A.3 Other equity instruments	-	-
B. Investment fund units	**400,368**	**255,827**
B.1 Under Italian law	15,382	204,773
- harmonised open-ended	-	-
- non-harmonised open-ended	-	-
- closed-ended	15,382	188,518
- reserved	-	-
- speculative	-	16,255
B.2 Other EU countries	384,806	51,054
- harmonised	126,890	-
- non-harmonised open-ended	257,916	-
- non-harmonised closed-ended	-	51,054
B.3 Non-EU countries	180	-
- open-ended	180	-
- closed-ended	-	-
Total	**46,139,857**	**25,410,793**

2. 5 Exchange Rate Risk

QUANTITATIVE INFORMATION

1. Distribution of assets, liabilities and derivatives by currency

	VALUTE					
ITEMS	US DOLLAR	GB POUND	YEN	RENMINBI (YUAN)	SWISS FRANC	OTHER CURRENCIES
A. Financial assets						
A.1 Debt securities	169,716	-	-	-	-	126,440
A.2 Equity securities	1,372	150,599	-	-	578	26,737
A.3 Loans to banks	4,214,613	858,199	257,532	36,093	643,251	390,219
A.4 Loans to customers	1,426,457	85,375	8,065	169,083	10,991	141,122
A.5 Other financial assets	19	-	-	-	-	-
B. Other assets	44,275	30,968	3,111	-	5,402	16,361
C. Financial liabilities						
C.1 Deposits from banks	9,629,167	1,347,722	204,564	96,002	601,974	818,325
C.2 Deposits from customers	2,796,902	1,061,441	24,795	58,904	76,735	51,830
C.3 Debt securities in issue	11,570,551	6,707,598	746,789	-	82,041	197,000
D. Other liabilities	541,526	158,562	1,670	192	660	8,778
E. Financial derivatives						
- Options						
+ Long positions	66,272	-	-	-	-	-
+ Short positions	66,663	-	-	-	-	48,821
- Other derivatives						
+ Long positions	24,604,052	9,142,003	957,388	-	746,716	1,523,403
+ Short positions	5,150,093	882,514	256,778	-	643,185	1,040,967
Total assets	**30,526,776**	**10,267,144**	**1,226,096**	**205,176**	**1,406,938**	**2,224,282**
Total liabilities	**29,754,902**	**10,157,837**	**1,234,596**	**155,098**	**1,404,595**	**2,165,721**
Difference (+/-)	**771,874**	**109,307**	**(8,500)**	**50,078**	**2,343**	**58,561**

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

	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	-	116,048,946	-	-	-	-
3. Domestic currency swaps	-	-	-	-	-	-
4. Currency interest rate swaps	-	-	-	-	-	63,667
5. Basis swaps	-	57,413,126	-	-	-	-
6. Stock index swaps	-	-	-	-	-	-
7. Commodity index swaps	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-
9. Cap options	-	423,481	-	-	-	-
- Purchased	-	253,011	-	-	-	-
- Issued	-	170,470	-	-	-	-
10. Floor options	-	82,540	-	-	-	-
- Purchased	-	-	-	-	-	-
- Issued	-	82,540	-	-	-	-
11. Other options	-	-	-	4,376,197	4,058,745	200,016
- Purchased	-	-	-	2,010,459	-	148,298
- Plain vanilla	-	-	-	1,559,796	-	148,298
- Exotic	-	-	-	450,663	-	-
- Issued	-	-	-	2,365,738	4,058,745	51,718
- Plain vanilla	-	-	-	1,916,472	4,058,745	51,718
- Exotic	-	-	-	449,266	-	-
12. Forwards	422,394	-	-	-	-	13,258,760
- Purchased	422,394	-	-	-	-	820,576
- Sold	-	-	-	-	-	1,009,996
- Currencies/Currencies	-	-	-	-	-	11,428,188
13. Other derivative contracts	-	-	-		-	-
Total	**422,394**	**173,968,093**	**-**	**4,376,197**	**4,058,745**	**13,522,443**
Average amounts	**959,969**	**248,358,189**	**251,561**	**27,201,778**	**1,352,915**	**26,497,704**

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		12.31.2008 TOTAL		12.31.2007 TOTAL	
LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
-	-	-	-	-	6,150,948
-	-	-	116,048,946	-	194,773,313
-	-	-	-	-	468,499
-	-	-	63,667	-	890,945
-	-	-	57,413,126	-	28,488,283
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	209,031	-
-	-	-	423,481	-	35,029,853
-	-	-	253,011	-	16,108,151
-	-	-	170,470	-	18,921,702
-	-	-	82,540	-	17,512,811
-	-	-	-	-	6,063,778
-	-	-	82,540	-	11,449,033
-	9,626	4,058,745	4,585,839	516,153	45,560,221
-	4,813	-	2,163,570	170,460	22,508,093
-	4,813	-	1,712,907	170,460	22,041,804
-	-	-	450,663	-	466,289
-	4,813	4,058,745	2,422,269	345,693	23,052,128
-	4,813	4,058,745	1,973,003	345,693	22,587,236
-		-	449,266	-	464,892
-	-	422,394	13,258,760	751	33,936,670
-	-	422,394	820,576	391	22,365,310
-	-	-	1,009,996	360	9,830,589
-	-	-	11,428,188	-	1,740,771
-	-	-	-	-	523,218
-	**9,626**	**4,481,139**	**191,876,359**	**725,935**	**363,334,761**
1,721	**5,427**	**2,566,166**	**302,063,098**	**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						
	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	-	46,554,253	-	-	-	-
3. Domestic currency swaps	-	-	-	-	-	-
4. Currency interest rate swaps	-	-	-	-	-	3,482,179
5. Basis swaps	-	9,957,621	-	-	-	-
6. Stock index swaps	-	-	-	-	-	-
7. Commodity index swaps	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-
9. Cap options	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-
- Issued	-	-	-	-	-	-
10. Floor options	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-
- Issued	-	-	-	-	-	-
11. Other options	-	925,720	-	5,248	-	-
- Purchased	-	370,000	-	2,624	-	-
- Plain vanilla	-	370,000	-	2,624	-	-
- Exotic	-	-	-	-	-	-
- Issued	-	555,720	-	2,624	-	-
- Plain vanilla	-	555,720	-	2,624	-	-
- Exotic	-	-	-	-	-	-
12. Forwards	-	-	-	-	-	43,912,713
- Purchased	-	-	-	-	-	11,246,258
- Sold	-	-	-	-	-	71,992
- Currencies/currencies	-	-	-	-	-	32,594,463
13. Other derivative contracts	-	-	-	-	-	-
Total	**-**	**57,437,594**	**-**	**5,248**	**-**	**47,394,892**
Average amounts	**-**	**45,390,428**	**-**	**186,822**	**-**	**41,162,420**

This table gives the notional value of accounting hedging derivatives, classified in the regulatory banking book.

OTHER UNDELYING ASSETS		12.31.2008 TOTAL		12.31.2007 TOTAL	
LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
-	-	-	-	-	-
-	-	-	46,554,253	-	28,531,784
-	-	-	-	-	-
-	-	-	3,482,179	-	3,875,291
-	-	-	9,957,621	-	6,787,995
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	930,968	-	1,390,938
-	-	-	372,624	-	547,609
-	-	-	372,624	-	547,609
-	-	-	-	-	-
-	-	-	558,344	-	843,329
-	-	-	558,344	-	843,329
-	-	-	-	-	-
-	-	-	43,912,713	-	36,926,053
-	-	-	11,246,258	-	34,461,528
-	-	-	71,992	-	1,180,129
-	-	-	32,594,463	-	1,284,396
-	-	-	-	-	-
-	**-**	**-**	**104,837,734**	**-**	**77,512,061**
-	**-**	**-**	**86,739,670**	**-**	**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	-	311,856	-	-	-	-
3. Domestic currency swaps	-	-	-	-	-	-
4. Currency interest rate swaps	-	-	-	-	-	2,122,861
5. Basis swaps	-	-	-	-	-	-
6. Stock index swaps	-	-	-	-	-	-
7. Commodity index swaps	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-
9. Cap options	-	8,626,980	-	-	-	-
- Purchased	-	4,313,490	-	-	-	-
- Issued	-	4,313,490	-	-	-	-
10. Floor options	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-
- Issued	-	-	-	-	-	-
11. Other options	-	-	-	20,486,890	-	512,181
- Purchased	-	-	-	10,243,445	-	244,888
- Plain vanilla	-	-	-	9,257,461	-	244,888
- Exotic	-	-	-	985,984	-	-
- Issued	-	-	-	10,243,445	-	267,293
- Plain vanilla	-	-	-	9,257,461	-	267,293
- Exotic	-	-	-	985,984	-	-
12. Forwards	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-
- Sold	-	-	-	-	-	-
- Currencies/currencies	-	-	-	-	-	-
13. Other derivative contracts	-	-	-	-	-	-
Total	**-**	**8,938,836**	**-**	**20,486,890**	**-**	**2,635,042**
Average amounts	**-**	**2,979,612**	**-**	**11,593,279**	**-**	**4,968,462**

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 UNDELYING ASSETS		12.31.2008 TOTAL		12.31.2007 TOTAL	
LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
-	-	-	-	-	-
-	-	-	311,856	-	-
-	-	-	-	-	-
-	-	-	2,122,861	-	6,572,831
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	8,626,980	-	-
-	-	-	4,313,490	-	-
-	-	-	4,313,490	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20,999,071	-	6,876,736
-	-	-	10,488,333	-	3,438,368
-	-	-	9,502,349	-	3,414,575
-	-	-	985,984	-	23,793
-	-	-	10,510,738	-	3,438,368
-	-	-	9,524,754	-	3,414,575
-	-	-	985,984	-	23,793
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	**-**	**-**	**32,060,768**	**-**	**13,449,567**
-	**-**	**-**	**19,541,353**	**-**	**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:	**422,394**	**116,554,967**	**-**	**4,376,196**	**-**	**13,522,442**
1. With underlying asset exchange	422,394	-	-	-	-	13,419,006
- Purchases	422,394	-	-	-	-	820,576
- Sales	-	-	-	-	-	1,156,575
- Foreign currencies/Foreign currencies	-	-	-	-	-	11,441,855
2. With no underlying asset exchange	-	116,554,967	-	4,376,196	-	103,436
- Purchases	-	62,988,645	-	2,047,884	-	51,718
- Sales	-	53,566,322	-	2,328,312	-	51,718
- Foreign currencies/Foreign currencies	-	-	-	-	-	-
B. Banking book	**-**	**56,418,809**	**-**	**20,492,138**	**-**	**50,029,933**
B1. Hedging	-	47,479,973	-	5,248	-	47,394,892
1. With underlying asset exchange	-	-	-	-	-	47,394,892
- Purchases	-	-	-	-	-	14,189,481
- Sales	-	-	-	-	-	498,556
- Foreign currencies/Foreign currencies	-	-	-	-	-	32,706,855
2. With no underlying asset exchange	-	47,479,973	-	5,248	-	-
- Purchases	-	36,868,618	-	248	-	-
- Sales	-	10,611,355	-	5,000	-	-
- Foreign currencies/Foreign currencies	-	-	-	-	-	-
B2. Other derivatives	-	8,938,836	-	20,486,890	-	2,635,041
1. With underlying asset exchange	-	-	-	-	-	2,635,041
- Purchases	-	-	-	-	-	2,204,607
- Sales	-	-	-	-	-	430,434
- Foreign currencies/Foreign currencies	-	-	-	-	-	-
2. With no underlying asset exchange	-	8,938,836	-	20,486,890	-	-
- Purchases	-	4,469,418	-	10,243,445	-	-
- Sales	-	4,469,418	-	10,243,445	-	-
- 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 UNDERLYING ASSETS		12.31.2008 TOTAL		12.31.2007 TOTAL	
LISTED	UNLISTED	LISTED	UNLISTED	LISTED	UNLISTED
-	**9,626**	**422,394**	**134,463,231**	**712,035**	**334,860,378**
-	-	422,394	13,419,006	473,501	61,176,341
-	-	422,394	820,576	180,891	34,700,170
-	-	-	1,156,575	292,610	24,728,821
-	-	-	11,441,855	-	1,747,350
-	9,626	-	121,044,225	238,534	273,684,037
-	4,813	-	65,093,060	84,752	131,041,522
-	4,813	-	55,951,165	153,782	142,642,515
-	-	-	-	-	-
-	**-**	**-**	**126,940,880**	**-**	**84,173,634**
-	-	-	94,880,113	-	70,724,067
-	-	-	47,394,892	-	41,356,562
-	-	-	14,189,481	-	37,696,879
-	-	-	498,556	-	2,375,287
-	-	-	32,706,855	-	1,284,396
-	-	-	47,485,221	-	29,367,505
-	-	-	36,868,866	-	25,147,619
-	-	-	10,616,355	-	4,219,886
-	-	-	-	-	-
-	-	-	32,060,767	-	13,449,567
-	-	-	2,635,041	-	6,572,831
-	-	-	2,204,607	-	6,411,831
-	-	-	430,434	-	161,000
-	-	-	-	-	-
-	-	-	29,425,726	-	6,876,736
-	-	-	14,712,863	-	3,438,368
-	-	-	14,712,863	-	3,438,368
-	-	-	-	-	-

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	726,126	-	241,552	297,392	-	137,277
A.4 Financial companies	641,025	-	176,980	946	-	3,083
A.5 Insurance companies	-	-	-	209	-	87
A.6 Non-financial enterprises	5,961	-	900	-	-	-
A.7 Other entities	-	-	-	-	-	-
Total 12.31.2008	**1,373,112**	**-**	**419,432**	**298,547**	**-**	**140,447**
Total 12.31.2007	**1,309,065**	**2,245,719**	**324,067**	**736,804**	**1,219,190**	**529,918**
B. Banking Book:						
B.1 Governments and central banks	-	-	-	-	-	-
B.2 Public bodies	-	-	-	-	-	-
B.3 Banks	1,641,862	-	255,240	406,865	-	526,412
B.4 Financial companies	181,949	-	32,113	-	-	-
B.5 Insurance companies	-	-	-	-	-	-
B.6 Non-financial enterprises	-	-	-	-	-	-
B.7 Other entities	3,507	-	695	-	-	-
Total 12.31.2008	**1,827,318**	**-**	**288,048**	**406,865**	**-**	**526,412**
Total 12.31.2007	**312,889**	**115,548**	**56,643**	**617,735**	**-**	**283,637**

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
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
366,293	-	66,022	59	-	65	-	-
2	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
867	-	-	-	-	-	-	-
-	-	-		-	-	-	-
367,162	**-**	**66,022**	**59**	**-**	**65**	**-**	**-**
605,090	**3,658**	**141,986**	**153**	**-**	**-**	**971,737**	**784,598**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
610,058	-	105,680	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
610,058	**-**	**105,680**	**-**	**-**	**-**	**-**	**-**
89,086	**-**	**62,493**	**-**	**-**	**-**	**-**	**-**

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	-	-	-	87,757	-	30,689
A.2 Public bodies	-	-	-	-	-	-
A.3 Banks	1,019,125	-	312,616	16,319	-	46,939
A.4 Financial companies	514,335	-	318,863	8,173	-	31,527
A.5 Insurance companies	620	-	88	3,101	-	4,660
A.6 Non-financial enterprises	-	-	-	-	-	-
A.7 Other entities	-	-	-	183,570	-	55,973
Total 12.31.2008	**1,534,080**	**-**	**631,567**	**298,920**	**-**	**169,788**
Total 12.31.2007	**1,589,864**	**1,600,524**	**280,926**	**946,669**	**1,003,861**	**293,685**
B. Banking Book:						
B.1 Governments and central banks	-	-	-	-	-	-
B.2 Public bodies	-	-	-	-	-	-
B.3 Banks	1,061,023	-	170,645	17,347	-	311,635
B.4 Financial companies	157,180	-	37,805	-	-	-
B.5 Insurance companies	-	-	-	-	-	-
B.6 Non-financial enterprises	-	-	-	-	-	-
B.7 Other entities	334,660	-	27,297	382,260	-	795,671
Total 12.31.2008	**1,552,863**	**-**	**235,747**	**399,607**	**-**	**1,107,306**
Total 12.31.2007	**1,046,438**	**349,668**	**187,978**	**544,314**	**-**	**363,519**

Tables A.4 and A.5 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
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
573,345	-	25,832	-	-	-	-	-
16	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,732	-	-	-	-	-	-	-
240	-	40,856	59	-	65	-	-
575,333	**-**	**66,688**	**59**	**-**	**65**	**-**	**-**
968,652	**8,593**	**105,742**	**153**	**-**	**-**	**352,702**	**173,526**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,340,383	-	238,480	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,855	-	10,218	-	-	-	-	-
2,353,238	**-**	**248,698**	**-**	**-**	**-**	**-**	**-**
2,099,803	**2,434**	**520,910**	**-**	**-**	**-**	**-**	**-**

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	**67,698,869**	**31,793,783**	**92,383,706**	**191,876,358**
A.1 Financial derivative contracts on debt securities and interest rates	51,547,907	30,640,480	91,779,706	173,968,093
A.2 Financial derivative contracts on equity securities and share indices	2,711,970	1,060,226	604,000	4,376,196
A.3 Financial derivative contracts on exchange rates and gold	13,429,366	93,077	-	13,522,443
A.4 Financial derivative contracts on other underlying assets	9,626	-	-	9,626
B. Banking book	**56,763,633**	**46,321,126**	**33,813,743**	**136,898,502**
B.1 Financial derivative contracts on debt securities and interest rates	7,082,912	30,240,552	29,052,966	66,376,430
B.2 Financial derivative contracts on equity securities and share indices	3,678,173	13,194,785	3,619,180	20,492,138
B.3 Financial derivative contracts on exchange rates and gold	46,002,548	2,885,789	1,141,597	50,029,934
B.4 Financial derivative contracts on other underlying assets	-	-	-	-
Total 12.31.2008	**124,462,502**	**78,114,909**	**126,197,449**	**328,774,860**
Total 12.31.2007	**203,439,782**	**154,685,322**	**96,171,285**	**454,296,389**

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	-	-	5,748	-
Credit default swap	-	-	*5,748*	-
1.2 With no underlying asset exchange	-	-	870	-
Credit linked note	-	-	*870*	-
Total 12.31.2008	**-**	**-**	**6,618**	**-**
Total 12.31.2007	**-**	**-**	**14,271**	**-**
Average amounts	**-**	**-**	**11,453**	**-**
2. Sales of protection				
2.1 With underlying asset exchange	-	-	210,483	-
Credit default swap	-	-	*210,483*	-
2.2 With no underlying asset exchange	-	-	870	-
Credit default swap	-	-	*870*	-
Total 12.31.2008	**-**	**-**	**211,353**	**-**
Total 12.31.2007	**-**	**-**	**211,847**	**-**
Average amounts	**-**	**-**	**211,701**	**-**

B.2 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	**211,353**	**33**	**21,061**
B.1 Purchases of protection - counterparty:	**870**	**33**	**13**
1. Governments and central banks	-	-	-
2. Public bodies	-	-	-
3. Banks	-	-	-
4. Financial companies	-	-	-
5. Insurance companies	-	-	-
6. Non-financial enterprises	-	-	-
7. Other entities	870	33	13
B.2 Sales of protection - counterparty:	**210,483**	**-**	**21,048**
1. Governments and central banks	-	-	-
2. Public bodies	-	-	-
3. Banks	-	-	-
4. Financial companies	210,483	-	21,048
5. Insurance companies	-	-	-
6. Non-financial enterprises	-	-	-
7. Other entities	-	-	-
Total as at 12.31.2008	**211,353**	**33**	**21,061**
Total as at 12.31.2007	**211,847**	**48**	**21,069**

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	**5,748**	**-**	**212,223**	**217,971**
B.1 Credit derivatives with qualified reference obligation	5,748	-	1,740	7,488
B.2 Credit derivatives with non-qualified reference obligation	-	-	210,483	210,483
Total as at 12.31.2008	**5,748**	**-**	**212,223**	**217,971**
Total as at 12.31.2007	**7,472**	**5,435**	**213,211**	**226,118**

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	UNSPECIFIED TERM
Balance-sheet assets										
A.1 Government securities	-	-	82,557	52,981	206,020	2,836,373	1,623,159	3,067,519	3,804,406	-
A.2 Listed debt securities	2	-	16	-	-	-	-	817,171	126,789	-
A.3 Other debt securities	1,498,481	-	-	50,954	125,086	124,993	510,744	17,804,255	29,847,359	-
A.4 Units in investment funds	656,195	-	-	-	-	-	-	-	-	-
A.5 Loans										
- Banks	64,239,670	5,466,154	68,885	25,075,402	16,364,025	4,446,588	3,251,660	3,684,519	3,944,947	7,295,262
- Customers	331,104	1,327,747	66,419	8,468,584	3,424,559	1,380,450	904,336	7,108,238	4,320,007	234,445
Balance-sheet liabilities										
B.1 Deposits										
- Banks	65,106,453	2,145,886	432,360	3,346,605	5,135,376	2,715,038	3,116,687	6,500	-	-
- Customers	763,420	695,978	670,625	260,879	148,300	12,376	99,654	30,854	1,213,827	737
B.2 Debt securities in issue	12,962	987,537	1,313,430	2,103,465	4,833,781	2,380,381	9,125,299	56,086,738	28,229,049	-
B.3 Other liabilities	338,623	4,389,693	1,434,748	21,337,130	4,020,368	1,425,104	59,941	1,422,302	1,466,264	-
"Off balance sheet" transactions										
C.1 Financial derivatives with exchange of principal										
- Long positions	5	3,974,930	2,126,434	4,759,285	5,945,776	1,331,443	1,217,067	1,312,503	24,895	-
- Short positions	2,834	6,478,960	5,898,706	12,241,463	15,416,588	4,196,056	3,290,466	2,609,481	1,495,550	-
C.2 Deposits and borrowings to be received										
- Long positions	534,895	645,903	-	-	2,000	-	-	-	-	-
- Short positions	-	745,040	1,537	-	321,943	108,228	4,050	2,000	-	-
C.3 Irrevocable commitments to disburse funds										
- Long positions	2,807,479	3,383,952	3,450,000	7,164,852	20,264	5,168	306,074	304,745	259,353	-
- Short positions	17,490,534	-	-	-	-	-	-	-	211,353	-

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	UNSPECIFIED TERM
Balance-sheet assets										
A.1 Government securities	-	-	-	-	1,148	-	1,333	1,761	3,788	-
A.2 Listed debt securities	-	-	-	-	-	-	6,197	13,349	-	-
A.3 Other debt securities	-	-	-	-	-	2,156	-	36,041	102,837	-
A.4 Units in investment funds	-	-	-	-	-	-	-	-	-	-
A.5 Loans										
- Banks	1,345,945	217,856	9,546	709,486	812,802	332,238	51,128	157,823	541,195	-
- Customers	33,635	128,403	45,351	63,962	59,153	103,009	121,031	583,635	184,316	117
Balance-sheet liabilities										
B.1 Deposits										
- Banks	1,796,525	1,295,638	467,201	2,352,789	2,955,561	387,982	29,740	395	-	-
- Customers	64,119	150,143	437,789	343,273	266,956	3,790	57,532	2,200	-	-
B.2 Debt securities in issue	-	662,872	700,415	4,860,513	3,077,161	1,166,584	382,147	607,932	2,689	-
B.3 Other liabilities	21,649	325,255	-	-	899,139	-	-	862,255	538,910	-
"Off balance sheet" transactions										
C.1 Financial derivatives with exchange of principal										
- Long positions	-	5,431,056	3,212,587	7,137,268	8,696,100	1,543,309	1,747,751	770,903	39,520	-
- Short positions	-	3,572,089	174,441	692,758	2,115,563	720,362	1,365,877	471,957	-	-
C.2 Deposits and borrowings to be received										
- Long positions	119,045	534,297	175	18	-	2,155	-	6,184	97	-
- Short positions	-	534,297	175	4,357	62,945	52,414	1,437	6,249	97	-
C.3 Irrevocable commitments to disburse funds										
- Long positions	134,854	177,237	1,078	82,336	71,509	195,084	81,956	190,467	7,728	-
- Short positions	942,249	-	-	-	-	-	-	-	-	-

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	UNSPECIFIED TERM
Balance-sheet assets										
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	1	-		-	-
A.3 Other debt securities	-	-	-	-	1,854	37,260	4,630	83,371	-	-
A.4 Units in investment funds		-	-	-	-	-	-	-	-	-
A.5 Loans										
- Banks	725,235	284,104	-	472,990	199,859	132,622	5,380	143,819	37,209	-
- Customers	27,147	10,201	9,653	19,170	110,886	31,646	16,821	65,440	59,997	-
Balance-sheet liabilities										
B.1 Deposits										
- Banks	492,097	254,252	287,004	682,039	685,905	334,514	114,765	-	-	-
- Customers	32,388	293,566	106,571	132,856	260,577	82,929	26,000	1,839	314,618	-
B.2 Debt securities in issue	-	509,427	1,040,899	548,198	1,314,929	1,084,448	838,017	528,239	29,885	-
B.3 Other liabilities	261	-	-	-	-	-	-	-	220,472	-
"Off balance sheet" transactions										
C.1 Financial derivatives with exchange of principal										
- Long positions	2,626	1,935,258	1,272,440	1,011,398	3,033,677	1,827,297	1,889,513	1,489,941	1,077,181	-
- Short positions	-	1,665,518	799,836	78,095	588,248	173,371	367,744	444,380	-	-
C.2 Deposits and borrowings to be received										
- Long positions	520,987	309,747	5	-	-	-	-	-	-	-
- Short positions	-	309,747	14	1,448	477,110	42,420	-	-	-	-
C.3 Irrevocable commitments to disburse funds										
- Long positions	21,437	332,989	16	3,620	14,090	33,579	-	415	3,263	-
- Short positions	409,409	-	-	-	-	-	-	-	-	-

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	11,407	339,811	7,094,324	421,834	1,277,936	47,599
2. Debt securities in issue	-	-	1,500,366	-	23,532,860	97,300,812
3. Financial liabilities held for trading	87,757	-	522,524	3,720	1,732	3,277,380
4. Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Total as at 12.31.2008	**99,164**	**339,811**	**9,117,214**	**425,554**	**24,812,528**	**100,625,791**
Total as at 12.31.2007	**134,263**	**103,093**	**6,286,744**	**218,388**	**43,326,104**	**82,412,249**

3. Breakdown of financial liabilities by area					
EXPOSURES / COUNTERPARTIES	ITALY	OTHER EUROPEAN COUNTRIES	AMERICA	ASIA	REST OF THE WORLD
1. Deposits from customers	2,529,049	4,305,741	2,036,587	197,144	124,390
2. Deposits from banks	126,464,879	23,729,178	2,540,206	2,382,984	2,586,132
3. Debt securities in issue	93,103,858	22,209,007	6,991,288	29,885	-
4. Financial liabilities held for trading	2,991,069	823,435	60,678	13,029	4,902
5. Financial liabilities at fair value through profit or loss	-	-	-	-	-
Total as at 12.31.2008	**225,088,855**	**51,067,361**	**11,628,759**	**2,623,042**	**2,715,424**
Total as at 12.31.2007	**118,144,158**	**83,849,195**	**21,924,859**	**4,532,793**	**1,971,161**

Section 4 - Operational risks

QUALITATIVE INFORMATION

Information on operational risk management and monitoring is provided in Part E of the Notes to the Consolidated Accounts.

QUANTITATIVE INFORMATION

Detailed below is the percentage composition, by type of event, of operational risk sources as defined by the New Basel Capital Accord and acknowledged by the New Regulations for the Prudential Supervision of Banks issued by the Bank of Italy in December 2006 (Circular No. 263).
The major categories are as follows:

- Internal fraud: losses owing to unauthorised activity, fraud, embezzlement or violation of laws, regulations or business directives that involve at least one internal member of the bank;
- External fraud: losses owing to fraud, embezzlement or violation of laws by subjects external to the bank;
- Employment practices and workplace safety: losses arising from actions in breach of employment, health and workplace safety laws or agreements, from personal injury compensation payments or from cases of discrimination or failure to apply equal treatment;
- Clients, products and professional practices: losses arising from non-fulfilment of professional obligations towards clients or from the nature or characteristics of the products or services provided;
- Damage from external events: losses arising from external events, including natural disasters, acts of terrorism and vandalism;
- Business disruption and system failures: losses owing to business disruption and system failures or interruptions;
- Process management, execution and delivery: losses owing to operational or process management shortfalls, as well as losses arising from transactions with commercial counterparties, sellers and suppliers.

execution	13.7%
IT system	0.1%
damage from external events	-
clients	54.1%
employment practices and workplace safety	27.7%
external fraud	0.6%
internal fraud	3.8%
Total	**100.0%**

Notes to the Accounts (Continued)

Part E) Risks and Hedging Policies (Continued)

In 2008, the main source of operational risk were "Clients, products and professional practices", a category which includes losses arising from the non-fulfilment of professional obligations towards clients or from the nature or characteristics of the products or services provided, as well as any sanctions for violating tax regulations. The second largest contribution to losses came from employment practices. There were also, in decreasing amounts, losses owing to errors in process management, execution and delivery due to operational or process management shortfalls, internal fraud and external fraud. The residual risk categories were damage to physical assets from external events and IT problems.

Notes to the Accounts

Part F) Shareholders' Equity

Notes to the Accounts (amounts in thousands of €)

Part F) Shareholders' Equity

Section 1 - Shareholders' Equity

The informations about Shareholders' equity are represented in section 14 - Shareholders' equity - Items 130,150,160,170,180,190 and 200".

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	TOTAL CAPITAL 12.31.2008 (€/000)
Innovative capital instruments					
1) 10.5 Perpetual	USD	9.20% p.a. for the first 10 years then 3-month euribor + 335 bps	CALL 10.05.10	450,000,000	323,316
2) 10.5 Perpetual	EURO	8.048% p.a. act/act for the first 10 years then 3-month euribor + 325 bps	CALL 10.05.10	540,000,000	540,000
3) 10.27 Perpetual	EURO	4.028% p.a. for the first 10 years then 3-month euribor + 176 bps	CALL 10.27.15	750,000,000	750,000
4) 10.27 Perpetual	GBP	5.396% p.a. for the first 10 years then sterling libor 3m + 176 bps	CALL 10.27.15	300,000,000	314,961
Total innovative capital instruments (Tier I)					**1,928,277**

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 12.31.2008 (€/000)
Hybrid capitalisation instruments					
1) 03.31.2010	EURO	6-month euribor + 0.20% p.a.	-	775,000,000	775,000
2) 02.28.2012	EURO	6.10%	-	500,000,000	499,826
3) 02.01.2016	EURO	3.95%	-	900,000,000	897,621
4) 02.01.2016	GBP	5.00%	-	450,000,000	471,781
5) 06.05.2018	EURO	6.70%	-	1,000,000,000	998,322
6) 06.25.2018	EURO	6-month euribor + 1.70% p.a.	-	125,000,000	125,000
Total hybrid capitalisation instruments (Upper Tier II)					**3,767,550**
Subordinated loans					
1) 10.29.2010	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	-	298,800,000	298,800
2) 12.13.2010	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	104,400
3) 03.16.2011	EURO	6% p.a.	-	500,000,000	299,503
4) 07.23.2014	EURO	3-month euribor +25 bps per annum for years 1-5 +85 bps per annum for years 6-10	CALL 07.23.09	500,000,000	499,339
5) 08.03.2014	EURO	First two years: annual nominal interest rate 3% Subsequent years: 6-month Euribor + 0.20%	CALL 08.03.09	300,000,000	275,241
6) 08.11.2014	EURO	3-month Euribor + 0.55% From August 2009: 3-month Euribor + 1.15%	CALL 08.11.09	300,000,000	299,934
7) 12.02.2014	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 12.02.09	300,000,000	279,933
8) 06.23.2015	EURO	Until June 2010: 3-month Euribor + 0.45% From June 2010: 3-month Euribor + 1.05%	CALL 06.23.10	300,000,000	299,999
9) 06.30.2015	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 06.30.10	400,000,000	368,216
10) 03.30.2016	EURO	Gross fixed interest rate: 3.50% p.a. Year 2: variable coupon equal to 75% of 10-Y annual swap rate	CALL 03.30.11	170,000,000	166,342
11) 03.30.2016	EURO	Gross fixed interest rate: 4.00% p.a. Year 2: variable coupon equal to 65% of 10-Y annual swap rate	CALL 03.30.11	230,000,000	216,428
12) 04.07.2016	EURO	3-month Euribor + 0.30% From April 2011: 3-month Euribor + 0.90%	CALL 04.07.11	400,000,000	397,653
13) 10.21.2016	EURO	3-month Euribor + 0.45%. From October 2011: 3-month Euribor + 1.05%	CALL 10.21.11	650,000,000	649,998

Notes to the Accounts (Continued)

Part F) Shareholders' Equity (Continued)

continued: (Shareholders' Equity - 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 12.31.2008 (€/000)
14) 06.15.2015	EURO	3-month euribor +25 bps p.a. for years 1-5 +85 bps p.a. for years 6-10	CALL 06.15.10	500,000,000	499,539
15) 09.20.2016	EURO	3-month euribor +30 bps p.a. for years 1-5 +90 bps p.a. for years 6-10	CALL 09.20.11	1,000,000,000	998,935
16) 09.20.2016	EURO	4.125% p.a. for years 1-5 3-month euribor + 94 bps p.a. for years 6-10	CALL 09.20.11	500,000,000	498,394
17) 09.26.2017	EURO	5.75% p.a.	-	1,000,000,000	996,427
18) 10.30.2017	EURO	5.45% p.a.	-	10,000,000	10,000
19) 10.30.2017	EURO	5.45% p.a.	-	10,000,000	10,000
20) 11.13.2017	EURO	5.54% p.a.	-	10,000,000	10,000
21) 11.27.2017	EURO	5.70% p.a.	-	500,000	500
22) 11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
23) 11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
24) 11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
25) 11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
26) 11.27.2017	EURO	5.70% p.a.	-	20,000,000	20,000
27) 11.27.2017	EURO	5.70% p.a.	-	20,000,000	20,000
28) 11.27.2017	EURO	5.70% p.a.	-	20,000,000	20,000
29) 11.27.2017	EURO	5.70% p.a.	-	40,000,000	40,000
30) 12.04.2017	EURO	EUR_CMS(10Y), calculated on the basis of a formula as set out in the regulations	-	170,750,000	170,750
31) 12.11.2017	EURO	EUR_10Y_CMS, calculated on the basis of a formula as set out in the regulations	-	100,000,000	100,000
32) 12.28.2017	EURO	3-month euribor for years 1-5 3-month Euribor + 0.50% for years 6-10	CALL 12.28.12	1,111,572,000	1,111,572
33) 10.16.2018	GBP	6.375% p.a. until 10.15.2013 3-month Libor + 1.38% from 10.16.2013 to maturity	CALL 10.16.13	350,000,000	366,859
34) 09.22.2019	EURO	4.5% p.a. act/act for years 1-10 3-month euribor + 95 bps p.a. for years 11-15	CALL 09.22.14	500,000,000	499,067
35) 01.30.2018	EURO	5,74% p.a.	-	10,000,000	9,982
36) 01.30.2018	EURO	5,74% p.a.	-	10,000,000	9,982
37) 03.03.2023	EURO	6,04% p.a.	-	125,000,000	124,882
38) 03.31.2018	EURO	3-month euribor +0.75% for years 1-5 3-month euribor + 1.35% for years 6-10	CALL 03.31.13	1,340,575,000	1,340,575
39) 04.10.2018	EURO	EUR_10Y_CMS vs. 6m euribor fixed in advance	-	15,000,000	15,000
40) 04.24.2018	EURO	EUR_10Y_CMS, calculated on the basis of a formula as set out in the regulations	-	100,000,000	100,000
Total subordinated loans - Lower Tier II					**11,148,250**
Total					**14,915,800**

3. Tier 3 Capital

As at December 31, 2008, there are not subordinated loans Tier 3.

B. QUANTITATIVE INFORMATION

Solvency filters

	YEAR 2008	YEAR 2007
A. Tier 1 before solvency filters	**43,977,370**	**45,610,705**
B.Tier 1 solvency filters	**(578,720)**	**(510,540)**
B.1 Positive IAS/IFRS solvency filters	-	6,748
B.2 Negative IAS/IFRS solvency filters	(578,720)	(517,288)
C. Tier 1 after solvency filters (A+B)	**43,398,650**	**45,100,165**
D.Deductions from tier 1	884,810	208,809
E.Total TIER 1 (C - D)	**42,513,840**	**44,891,356**
F. Tier 2 before solvency filters	**15,192,820**	**13,083,945**
G.Tier 2 solvency filters	**-**	**(42,120)**
G.1 Positive IAS/IFRS solvency filters	-	-
G.2 Negative IAS/IFRS solvency filters	-	(42,120)
H.Tier 2 after solvency filters (F+G)	**15,192,820**	**13,041,825**
I.Deductions from tier 2	884,810	208,809
L.Total TIER 2(H - I)	**14,308,010**	**12,833,016**
M.Deductions from tier 1 e tier 2	697,169	185,723
N.Total capital (E+L-M)	**56,124,681**	**57,538,649**
O.TIER 3	-	288,678
P.Total capital + TIER 3 (N+ O)	**56,124,681**	**57,827,327**

Notes to the Accounts (Continued)

Part F) Shareholders' Equity (Continued)

2.2 Capital adequacy

B. QUANTITATIVE INFORMATION

CATEGORIES/ITEMS	12.31.2008	
	NON WEIGHED AMOUNTS	WEIGHED AMOUNTS / REQUIREMENTS
A. RISK ASSETS		
A.1 Credit and counterparty risk	**434,321,012**	**102,721,268**
1. Standardized approach	417,193,263	96,511,374
2. IRB approaches	10,836,802	4,234,575
2.1 Fundation	-	-
2.1 Advanced	10,836,802	4,234,575
3. Securization	6,290,947	1,975,319
B. CAPITAL REQUIREMENTS		
B.1 Credit and counterparty risk		**8,217,701**
B.2 Market Risk		**85,580**
1. Standardized approach		85,580
2. Internal models		-
3. Concentration risk		-
B.3 Operational risk		**197,254**
1. Basic indicator approach (BIA)		-
2. Traditional standardized approach (TSA)		-
3. Advanced measurement approach (AMA)		197,254
B.4 Other capital requirements		**-**
B.5 Total capital requirements		**8,839,757**
C. RISK ASSETS AND CAPITAL RATIOS		
C1. Weighed risk assets		110,496,959
C2. Tier 1 / Weighed risk assets (Tier 1 capital ratio)		38.48%
C3. Regulatory capital included Tier 3 / Weighed risk assets (Total capital ratio)		50.79%

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

In 2008 no business combination under IFRS 3 was finalized. The changes undertaken in order to reorganize operations according to the Group business model adopted did not involve transfer of control over companies or businesses and therefore were not regulated by IFRS 3.

1.2 Other information on business combinations

Capitalia Group

In 2007 the business combination with Capitalia Group was completed through the absorption of Capitalia SpA by UniCredit SpA.

The initial recognition of this transaction in the 2007 accounts was provisional, according to IFRS 3. The limited time that elapsed from the acquisition date to the date of preparation of 2007 accounts did not make it possible to arrive at all fair value valuations under IFRS 3.

Since completion of the above mentioned valuations, the fair value of certain assets, liabilities and contingent liabilities recognized in 2007 accounts has been updated to take account of the improved knowledge gained so far. In compliance with IFRS 3 fair values were updated as from the acquisition date and therefore all changes were made on the basis of Capitalia's balance sheet as at October 1, 2007. As stated in Par A) of these notes, balances indicated in 2007 accounts have been recalculated to take account of the new values. Additionally, goodwill was determined provisionally in 2007 accounts, while final data are included in these accounts.

The following table shows a comparison between provisional data included in 2007 accounts and 2008 final data.

(€ million)

	2007 PROVISIONAL DATA	2008 FINAL DATA
Capitalia Group net assets	8,953	8,953
Fair value adjustment	5,048	4,436
Fair value of Capitalia net assets	**14,001**	**13,389**
Goodwill	3,544	4,163
Transaction cost	**17,545**	**17,552**

Recognition of Capitalia SpA net assets at fair value made the following adjustments necessary:

(€ million)	2007 PROVISIONAL DATA	2008 FINAL DATA
Financial instruments	12	12
Equity investments	5,468	5,468
Loans	-630	-1,098
Intangible assets	105	105
Property, plant and equipment	-101	-100
Securities issued	299	366
Provisions for risks and charges	-260	-314
Other liabilities	-73	-282
Tax effects	228	279
Total	**5,048**	**4,436**

1.2.1 Changes in goodwill over the year

Goodwill (€ million)	2007	2008
Opening balance		**3,544**
Gross value	-	3,544
Accumulated permanent reductions	-	-
Goodwill arising out of acquisitions made in the year	3,544	-
Completion of Capitalia Group Purchase Price Allocation		619
Net exchange differences	-	-
Other change	-	4,576
Closing balance	**3,544**	**8,739**
Gross value	3,544	8,739
Accumulated permanent reductions	-	-

Changes in goodwill in 2008 amounted to €4,576m and arose out of the internal reorganization which followed the absorption by UniCredit SpA of UniCredit Banca di Roma, Banco di Sicilia, Bipop Carire and Capitalia Partecipazioni (as described in the Report on Operations).

Under IAS 36 intangible assets with an indefinite useful life shall be tested for impairment annually by comparing the carrying amount of the assets with their recoverable amount, irrespective of whether there is any indication of impairment.

Goodwill is an intangible asset with indefinite useful life not generating cash flow, therefore it is necessary to calculate the recoverable amount of the Cash Flow Generating Unit (CGU) it belongs to. Goodwill arising out of business combinations was allocated as from the acquisition date to the cash flow generating units, which are expected to benefit from integration synergies, irrespective of whether other assets or liabilities of the absorbed company are allocated to these units.

For a description of the goodwill allocation methods to CGUs and the relevant impairment test see Part G - Business Combinations of the Consolidated Accounts, since the test was performed at consolidated CGUs level.

Section 2 - Business Combinations occurring after the end of the year

No data to be disclosed 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

UniCredit SpA's related parties as defined by IAS 24 with which UniCredit Group companies undertook transactions included:

- UniCredit's direct and indirect subsidiaries
- UniCredit's associates
- UniCredit's key management personnel
- The close relatives of key management personnel and subsidiaries or associates of key management personnel or their close relatives
- Pension Funds benefiting Group employees.

Key management personnel are officers of UniCredit with direct or indirect power and responsibility for planning, management and control of the company's business. This group includes the CEO and the other Directors, the members of UniCredit's Management Committee and the Head of Internal Audit, in office in 2008.

1. Details of Directors' and Top Managers' Compensation

As required by Consob the following are details of the compensation paid to Members of the Board, the Statutory Auditors and senior managers with responsibility for strategy.

Remuneration paid to Directors, Statutory Auditors and Key Management Personnel (pursuant to article 78 of CONSOB resolution no. 11971 dated May 14, 1999 et seq.)

INDIVIDUAL	DESCRIPTION OF POSITION			COMPENSATION			
FIRST AND LAST NAME	POSITION HELD	PERIOD IN OFFICE	EXPIRATION OF TERM OF OFFICE (ON APPROVAL OF ACCOUNTS FOR)	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	1/1.2008-12/31.2008	2008	1,386	26		11
	Chairman of the Permanent Strategic Committee	1/1.2008-12/31.2008	2008	44			
	Chairman of the Corporate Governance, HR and Nomination Committee	1/1.2008-12/31.2008	2008	43			
	Chairman of the Remuneration Committee	1/1.2008-12/31.2008	2008	43			
	Member of the Internal Control & Risk Committee	1/1.2008-12/31.2008	2008	45			
Gianfranco Gutty	Deputy Vice Chairman of the Board of Directors	1/1.2008-12/31.2008	2008	241			
	Member of the Permanent Strategic Committee	1/1.2008-12/31.2008	2008	44			
	Member of the Corporate Governance, HR and Nomination Committee	1/1.2008-12/31.2008	2008	43			
	Member of the Remuneration Committee	1/1.2008-12/31.2008	2008	43			
	Member of the Internal Control & Risk Committee	1/1.2008-12/31.2008	2008	45			
	Director in other Group companies						8
Franco Bellei	Deputy Chairman of the Board of Directors	1/1.2008-12/31.2008	2008	241	3		13
	Member of the Permanent Strategic Committee	1/1.2008-12/31.2008	2008	42			
	Member of the Remuneration Committee	1/1.2008-12/31.2008	2008	44			
	Director in other Group companies						8
Berardino Libonati	Deputy Chairman of the Board of Directors	1/1.2008-12/31.2008	2008	240			..
	Member of the Permanent Strategic Committee	1/1.2008-12/31.2008	2008	43			
	Member of the Remuneration Committee	6/25.2008-12/31.2008	2008	20			
	Member of the Internal Control & Risk Committee	1/1.2008-6/25.2008		22			
Fabrizio Palenzona	Deputy Chairman of the Board of Directors	1/1.2008-12/31.2008	2008	240			
	Member of the Permanent Strategic Committee	1/1.2008-12/31.2008	2008	44			
	Member of the Remuneration Committee	1/1.2008-12/31.2008	2008	42			
Anthony Wyand	Deputy Chairman of the Board of Directors	1/1.2008-12/31.2008	2008	240			..
	Member of the Permanent Strategic Committee	1/1.2008-12/31.2008	2008	44			
	Chairman of the Internal Control & Risk Committee	1/1.2008-12/31.2008	2008	45			
Alessandro Profumo	Member of the Board of Directors - Chief Executive Officer	1/1.2008-12/31.2008	2008	336	12		3,045
	Member of the Permanent Strategic Committee	1/1.2008-12/31.2008	2008	44			
	Member of the Corporate Governance, HR and Nomination Committee	1/1.2008-12/31.2008	2008	43			
	Director in other Group companies						-

Notes to the Accounts (Continued)

Part H) Related-Party Transactions (Continued)

continued:

Remuneration paid to Directors, Statutory Auditors and Key Management Personnel (pursuant to article 78 of CONSOB resolution no. 11971 dated May 14, 1999 et seq.)

INDIVIDUAL	DESCRIPTION OF POSITION			COMPENSATION			
FIRST AND LAST NAME	POSITION HELD	PERIOD IN OFFICE	EXPIRATION OF TERM OF OFFICE (ON APPROVAL OF ACCOUNTS FOR)	EMOLUMENTS FOR THE POSITION IN THE COMPANY PREPARING THE ACCOUNTS	NON-MONETARY BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER COMPEN-SATION
DIRECTORS continued:							
Manfred Bischoff	Member of the Board of Directors	1/1.2008-12/31.2008	2008	84			
	Member of the Permanent Strategic Committee	1/1.2008-12/31.2008	2008	44			
Vincenzo Calandra Buonaura	Member of the Board of Directors	1/1.2008-12/31.2008	2008	85	3		3
	Member of the Corporate Governance, HR and Nomination Committee	1/1.2008-12/31.2008	2008	43			
	Director in other Group companies						11
Enrico Tommaso Cucchiani	Member of the Board of Directors	1/1.2008-12/31.2008	2008	83			
Donato Fontanesi	Member of the Board of Directors	1/1.2008-12/31.2008	2008	85			
	Director in other Group companies						2
Francesco Giacomin	Member of the Board of Directors	1/1.2008-12/31.2008	2008	85			
	Member of the Corporate Governance, HR and Nomination Committee	1/1.2008-12/31.2008	2008	43			
Piero Gnudi	Member of the Board of Directors	1/1.2008-12/31.2008	2008	84	3		3
Friedrich Kadrnoska	Member of the Board of Directors	1/1.2008-12/31.2008	2008	85			
	Member of the Corporate Governance, HR and Nomination Committee	1/1.2008-12/31.2008	2008	42			
	Director in other Group companies						4
Max Dietrich Kley	Member of the Board of Directors	1/1.2008-12/31.2008	2008	83			
	Member of the Remuneration Committee	1/1.2008-12/31.2008	2008	42			
Marianna Li Calzi	Member of the Board of Directors	5/8.2008-12/31.2008	2008	55	2		2
	Member of the Internal Control & Risk Committee	6/25.2008-12/31.2008	2008	23			
Salvatore Ligresti	Member of the Board of Directors	1/1.2008-12/31.2008	2008	83			
Salvatore Mancuso	Member of the Board of Directors	1/1.2008-3/31.2008	resigned on 1/4.2008	20			
	Member of the Remuneration Committee	1/1.2008-3/31.2008	resigned on 1/4.2008	10			
	Director in other Group companies						30
Luigi Maramotti	Member of the Board of Directors	1/1.2008-12/31.2008	2008	85			
	Member of the Permanent Strategic Committee	1/1.2008-12/31.2008	2008	43			
	Member of the Corporate Governance, HR and Nomination Committee	1/1.2008-12/31.2008	2008	43			
Antonio Maria Marocco	Member of the Board of Directors	1/1.2008-12/31.2008	2008	86			
	Chairman of the Supervisory Body (*)	1/1.2008-12/31.2008	2008	25			
Carlo Pesenti	Member of the Board of Directors	1/1.2008-12/31.2008	2008	84			
	Member of the Remuneration Committee	1/1.2008-12/31.2008	2008	41			
Hans-Jürgen Schinzler	Member of the Board of Directors	1/1.2008-12/31.2008	2008	84			
	Member of the Permanent Strategic Committee	1/1.2008-12/31.2008	2008	43			

continued:

Remuneration paid to Directors, Statutory Auditors and Key Management Personnel (pursuant to article 78 of CONSOB resolution no. 11971 dated May 14, 1999 et seq.)

INDIVIDUAL	DESCRIPTION OF POSITION			COMPENSATION			
FIRST AND LAST NAME	POSITION HELD	PERIOD IN OFFICE	EXPIRATION OF TERM OF OFFICE (ON APPROVAL OF ACCOUNTS FOR)	EMOLUMENTS FOR THE POSITION IN THE COMPANY PREPARING THE ACCOUNTS	NON-MONETARY BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER COMPEN-SATION
DIRECTORS continued							
Nikolaus von Bomhard	Member of the Board of Directors	1/1.2008-12/31.2008	2008	82			
Franz Zwickl	Member of the Board of Directors	1/1.2008-12/31.2008	2008	85			
	Member of the Internal Control & Risk Committee	1/1.2008-12/31.2008	2008	46			
	Director in other Group companies						4
STATUTORY AUDITORS							
Giorgio Loli	Chairman of the Board of Statutory Auditors	1/1.2008-12/31.2008	2009	104			4
	Statutory Auditor in other Group companies						8
Gian Luigi Francardo	Standing Auditor	1/1.2008-12/31.2008	2009	79			3
	Statutory Auditor in other Group companies						119
Siegfried Mayr	Standing Auditor	1/1.2008-12/31.2008	2009	79			3
Aldo Milanese	Standing Auditor	1/1.2008-12/31.2008	2009	79			3
	Statutory Auditor in other Group companies						117
Vincenzo Nicastro	Standing Auditor	1/1.2008-12/31.2008	2009	79			3
	Statutory Auditor in other Group companies						95
Giuseppe Verrascina	Alternate Auditor	1/1.2008-12/31.2008	2009	-			
	Statutory Auditor in other Group companies						41
KEY MANAGEMENT PERSONNEL					**221**		**15,127**

(*) On August 1, 2008 the Control Body was renamed "Supervisory Body".

Carlo Pesenti's compensations were paid to Italmobiliare S.p.A.

Compensations for the offices of Director in other Group companies (totaling €3,433 thousand) were paid directly to UniCredit S.p.A.

Notes to the Accounts (Continued)

Part H) Related-Party Transactions (Continued)

Total compensation paid to the **Directors and senior managers with responsibility for strategy** is given below with details of the type of compensation as required by IAS 24.

In contrast to the Consob table above, these amounts do not include payments made to the Statutory Auditors since these do not come under IAS 24 and include contributions made by the Company, allocations to severance pay funds and the cost for the year of equity-based payments. The amounts shown do not include compensation for offices held in other Group companies.

Remuneration paid to key management personnel (including directors)

	2008	2007
a) short-term employee benefits	20,924	69,922
b) post-retirement benefits	2,411	5,516
of which: under defined benefit plans	-	*199*
of which: under defined contribution plans	*2,411*	*5,317*
c) other long-term benefits	63	71
d) termination benefits	2,300	7,008
e) share-based payments	15,059	9,580
Total	**40,757**	**92,097**

The decrease versus last year is principally due to the fact that, in line with the Group governance model – which provides for a direct link between corporate results and Senior Management variable compensation – no 2008 performance-related bonuses have been paid to the Group CEO nor to the other Key Management Personnel.

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 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 2008 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. The main services supplied internally within the UniCredit Group-information technology, real estate management and back office-are centralised in ad hoc legal entities or dedicated service centres, to achieve significant synergies, and the related level of service is monitored by the central departments of the Issuer. Services are supplied in accordance with specific contracts, i.e., service level agreements, entered intobetween each single supplier and customer. The service level agreements govern, among other things, the type of service to be provided, the amount of payment for the services, and the method by which the payment due is calculated.

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).

Notes to the Accounts (Continued)

Part H) Related-Party Transactions (Continued)

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 December 31, 2008, for each group of related parties.

	12.31.2008				
	SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES
Financial assets held for trading	2,025,406	-	1	-	-
Financial assets at fair value through profit or loss	1	-	-	-	-
Avalaible-for-sale-financial assets	-	-	3,744	-	6,415
Held-to-maturity investments	-	-	-	-	-
Loans and receivables with banks	195,894,100	179,078	-	-	8,477
Loans and receivables with customers	24,890,938	476,543	91,461	-	-
Equity investments	68,036,813	2,500	1,813,435	-	-
Other assets	1,995,578	113	28,964	-	3
Total assets	**292,842,836**	**658,234**	**1,937,605**	**-**	**14,895**
Deposits from banks	117,661,292	26,055	38,408	-	-
Deposits from customers	1,888,629	-	-	-	-
Securities and financial liabilities	28,759,185	-	-	-	-
Other liabilities	3,777,970	179	205	-	117
Total liabilities	**152,087,076**	**26,234**	**38,613**	**-**	**117**
Guarantees issued and commitments	**51,599,699**	**1,287,897**	**-**	**-**	**437**

Pursuant to the provisions of applicable regulations, in 2008 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“, “Subsequent events” and "Steps to Strenghten Capital").

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 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 May 14, 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	CEO	28,905,502	5.1391	Jul-15	6,843,895	4.1850	Jun-18	-	-	-	-	35,749,397	4.9565	Jan-16
Other managers	Key management personnel	30,101,228	5.5716	Aug-17	17,060,286	4.1850	Jun-18	224,000	2.2092	3.3350	345,048	46,592,466	5.0711	Jan-18
Total stock option		**59,006,730**			**23,904,181**			**224,000**			**345,048**	**82,341,863**		

(1) Options held at beginning of the period by managers qualified as Key Management Personnel includes 1,633,712 rights granted during previous accounting periods to managers who took KMP's office during 2008. At the same time, the number of options at beginning of the period has been reduced by 2,264,846 rights related to the change in Key Management Personnel perimeter: in 2008 Management Commitee members and the Internal Audit chief only have been qualified as KMP.

(2) Cancelled after resignation / retirement with loss of rights.

(3) Options held at the end of the period by managers qualified as Key Management Personnel includes 971,802 rights granted to managers who leaved KMP's office during 2008 without loss of rights.

"Average exercise price" and "Average maturity" are weighted according to the number of rights.

Other UniCredit equity instruments granted to Directors, General managers and other key management personnel (pursuant to Article 78 of CONSOB Resolution No. 11971 dated May 14, 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 SHARES EXPIRED IN THE PERIOD[2]	PERFORMANCE SHARES HELD AT THE END OF THE PERIOD[3]		
FULL NAME	POSITION HELD	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE	AVERAGE MATURY	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE	AVERAGE MATURY	NUMBER OF OTHER EQUITYINSTRUMENTS	AVERAGE EXERCISE PRICE	AVERAGE MARKET PRICE AT EXERCISE DATE	NUMBER OF OTHER EQUITY INSTRUMENTS	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE	AVERAGE MATURY
Alessandro Profumo	CEO	1,330,575	-	Dec-09	849,497	-	Dec-11	-	-	-	-	2,180,072	-	Sep-10
Other managers	Key management personnel	5,336,173	-	Nov-09	2,794,829	-	Dec-11	-	-	-	91,084	8,039,918	-	Aug-10
Total Performance Shares		**6,666,748**			**3,644,326**		**-**				**91,084**	**10,219,990**		

(1) Performance Shares held at beginning of the period by managers qualified as Key Management Personnel includes 422,086 rights granted during previous accounting periods to managers who took KMP's office during 2008. At the same time, the number of performance shares at beginning of the period has been reduced by 586,087 rights related to the change in Key Management Personnel perimeter: in 2008 Management Committee members and the Internal Audit Chief only have been qualified as KMP.

(2) Cancelled after resignation / retirement with loss of rights.

(3) Performance Shares held at the end of the period by managers qualified as Key Management Personnel includes 168,496 rights granted to managers who leaved KMP's office during 2008 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, €3,812 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 Payment**;
- **Cash Settled Share Based Payment**[1].

The first category includes the following:
- **Stock Option** allocated to selected Top & Senior Managers and Key Talents of the Group;
- **Performance Share** 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 Share** 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.

The following table shows the measurements and parameters used in relation to the Stock Options granted in 2008.

Measurement of Stock Options 2008

	STOCK OPTION 2008
Exercise Price [€]	4.185
UniCredit Share Market Price [€]	4.185
Date of granting Board resolution (Grant Date)	Jun-25-2008
Vesting Period Start-Date	Jul-9-2008
Vesting Period End-Date	Jul-9-2012
Expiry date	Jul-9-2018
Exercise price - Multiple **(M)**	1.5
Exit Rate Post Vesting **(E)**	3.73%
Dividend Yield*	4.8459%
Volatility	20.564%
Risk Free Rate	4.649%
Stock Options' Fair Value per unit at Grant Date [€]	**0.6552**

* Ratio between the average of the dividends paid by UniCredit S.p.A. from 2005 to 2008 and the stock's market value at grant date.

1. Linked to the economic value of instruments representing a Subsidiary's Shareholders' Equity.

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 2008.

Measurement of Performance Shares 2008

	PERFORMANCE SHARE 2008
Date of granting Board resolution (Grant Date)	Jun-25-2008
Vesting Period Start-Date	Jan-1-2011
Vesting Period End-Date	Dec-31-2011
UniCredit Share Market Price [€]	4.185
Economic Value of Vesting Conditions [€]	-0.705
Performance Shares’ Fair Value per unit at Grant Date [€]	**3.480**

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 2008.

Notes to the Accounts (Continued)

Part I) Share-based Payments (Continued)

B. Quantitative information

1. ANNUAL CHANGES

UniCredit Stock Option

ITEMS/NUMBER OF OPTIONS AND EXERCISE PRICE	YEAR 2008 NUMBER OF OPTIONS	YEAR 2008 AVERAGE EXERCISE PRICE[€]	YEAR 2008 AVERAGE MATURITY	YEAR 2007 NUMBER OF OPTIONS	YEAR 2007 AVERAGE EXERCISE PRICE[€]	YEAR 2007 AVERAGE MATURITY
A. Outstanding at beginning of period	**159,556,809**	**5.1184**	**Dec-2015**	**109,837,343**	**4.9851**	**Sep-2016**
B. Increases						
B.1 New issues	78,195,846	4.185	Jul-2018	29,809,423	7.094	Jul-2017
B.2 Other[1]				29,702,318	3.5013	Jan-2011
C. Decreases						
C.1 Forfeited	6,877,643	5.248		4,469,793	5.1723	
C.2 Exercised[2]	3,185,636	2.4865		5,322,482	4.3626	
C.3 Expired	109,200	2.2092				
C.4 Other						
D. Outstanding at end of period	**227,580,176**	**4.8320**	**Nov-2016**	**159,556,809**	**5.1184**	**Dec-2015**
E. Vested Options at end of period	**63,946,358**	**4.1606**	**Apr-2012**	**44,344,112**	**4.2055**	**Sep-2010**

1. Allocations resulting from the replacement of ex-Capitalia plans with LTI plans based on UniCredit shares.
2. Exercises include figures related to ex-Capitalia plans that had been replaced with LTI plans based on UniCredit shares. In 2008 the average market price at the exercise date is equal to € 3.8642.

Other UniCredit equity instruments: Performance Shares and Restricted Shares

ITEMS/NUMBER OF OTHER EQUITY INSTRUMENTS AND EXERCISE PRICE	YEAR 2008 NUMBER OF OTHER EQUITY INSTRUMENTS	YEAR 2008 AVERAGE EXERCISE PRICE[€]	YEAR 2008 AVERAGE MATURITY	YEAR 2007 NUMBER OF OTHER EQUITY INSTRUMENTS	YEAR 2007 AVERAGE EXERCISE PRICE[€]	YEAR 2007 AVERAGE MATURITY
A. Outstanding at beginning of period	**30,087,788**	**-**	**Oct-2009**	**30,184,750**	**-**	**Nov-2008**
B. Increases						
B.1 New issues	18,785,807	-	Dec-2011	8,205,268	-	Dec-2010
B.2 Other						
C. Decreases						
C.1 Forfeited	1,949,715	-		1,323,730	-	
C.2 Exercised				6,978,500	-	
C.3 Expired						
C.4 Other						
D. Outstanding at end of period[1]	**46,923,880**	**-**	**Aug-2010**	**30,087,788**	**-**	**Oct-2009**
E. Vested instruments at end of period	**10,058,850**			**-**		

1. UniCredit undertakes to grant, conditional upon achieving performance targets set in the Strategic Plan, 43,977,880 ordinary shares at the end of 2008 (27,141,788 ordinary shares at the end of 2007).

2. OTHER INFORMATION

Employee Share Ownership Plan 2008

In May 2008 the Ordinary Shareholders' Meeting approved the "UniCredit Group Employee Share Ownership Plan 2008" ("ESOP 2008") that offers to eligible Group employees the opportunity to purchase UniCredit ordinary shares at favorable conditions in order to reinforce employees' sense of belonging and commitment to achieve the corporate goals.

The ESOP 2008 was launched on October, 27 2008 in five countries across the Group (Austria, Bulgaria, Germany, Hungary and Italy) with a participation rate of about 3.6% of the eligible employees.

The ESOP 2008 is a broad based share plan under which:

1. during the **"Enrolment Period"** (from January 2009 to December 2009) the Participants can buy UniCredit ordinary shares ("Investment Shares") by means of monthly or one-off contributions (via one to three installments in March, May and/or October 2009) taken from their Current Account. In case, during this Enrolment Period, a Participant leaves the Plan, he/she will lose the right to receive any free ordinary shares at the end of the Enrolment Period;
2. at the end of the Enrolment Period (January 2010), each Participant will receive one free ordinary share (**"Discount Share"**) every 20 shares purchased; Discount Shares will be locked up for three years;
3. furthermore, at the end of the Enrolment Period, the Participant will receive another free restricted share (**"Matching Share"**) every 5 shares acquired, considering for the computation both the Investment Shares and the Discount Shares; also this free ordinary share will be subject to lockup for the next three years but, differently from the Discount Share, the Participant will lose the entitlement to the Matching Share if, during the three-year holding period, he/she will no longer be an employee of a UniCredit Group Company unless the employment has been terminated for one of the specific reasons stated in the Rules of the Plan. In some countries, for fiscal reasons, it will not be possible to grant the Matching Shares at the end of the Enrolment Period: in that case an alternative structure is offered that provides to the Participants of those countries the right to receive the Matching Shares at the end of the Holding Period ("Alternative Structure");
4. during the "**Holding Period**" (from January 2010 to January 2013), the Participants can sell the Investment Shares purchased at any moment, but they will lose the corresponding Matching Share (or right to receive them).

Discount Shares and Matching Shares are qualified as "Equity Settled Share-based Payments" as Participants, according to Plan's Rules, will receive UniCredit Equity Instruments as consideration for the services rendered to the legal entity where they are employed. For both Discount Shares and Matching Shares (or rights to receive them) the fair value will be measured at the end of the Enrolment Period according to the weighed average price paid by Participants to acquire the Investment Shares on the market.

All Profit and Loss and Net Equity effects related to ESOP 2008 will be booked as follows:
- during 2009 for Discount Shares;
- during the three-year period 2010-2012 for Matching Shares (or rights to receive them).

ESOP 2008 has not been produced any effect on 2008 Financial Statement.

Effects on Profit or Loss

All Share-Based Payment granted after November 7, 2002 which *vesting period* ends after January 1, 2005 are included within the scope of the IFRS2.

Financial statement presentation related to share based payments (euro/000)

	2008		2007	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
Costs	**31,186**		**16,984**	
- connected to Equity Settled Plans[1]	*31,186*		*16,984*	
- connected to Cash Settled Plans	-		-	
Debts for Cash Settled Plans[2]	**2,836**	**2,836**	**79,034**	**79,034**
- of which Intrinsic Value		*1,917*		*79,034*

1 Partly included in "other administrative expenses".

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 July 28, 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
	12.31.2008	12.31.2007	
Assets			Part B) Assets
Cash and cash balances = *item 10*	33	4,027	Table 1.1
Financial assets held for trading = *item 20*	9,005	11,157	Table 2.1
Loans and receivables with banks = *item 60*	208,439	162,820	Table 6.1
Loans and receivables with customers = *item 70*	36,519	21,243	Table 7.1
Financial investments	80,078	78,469	
30. Financial assets at fair value through profit or loss	*318*	*59*	*Table 3.1*
40. Available-for-sale financial assets	*3,284*	*3,281*	*Table 4.1*
50. Held-to maturity invstments	*6,623*	*2,796*	*Table 5.1*
100. Equity investments	*69,853*	*72,333*	*Table 10.2*
Hedging instruments	2,110	568	
80. Hedging derivatives	*2,039*	*569*	*Table 8.1*
90. Changes in fair value of portfolio hedged financial assets	*71*	*-1*	*Table 9.1*
Property, plant and equipment = *item 110*	38	25	Table 11.1
Goodwill = *item 120 - intangible assets net of which: goodwill*	8,739	4,163	Table 12.1
Other intangible assets = *item 120 - Intangible assets net of goodwill*	33	106	Table 12.1
Tax assets = *item 130*	6,077	4,279	
Non-current assets and disposal groups classified as held for sale = *item 140*	-	712	Table 14.1
Other assets = *item 150*	5,019	2,233	Table 15.1
Total assets	**356,090**	**289,802**	

Balance Sheet			
	AMOUNTS AS AT		SEE NOTES TO THE ACCOUNTS
	12.31.2008	12.31.2007	
Liabilities and shareholders' equity			Part B) Liabilities
Deposits from banks = *item 10*	157,703	97,941	Table 1.1
Deposits from customers and debt securities in issue	131,527	118,677	
20. Deposits from customers	*9,193*	*7,863*	*Table 2.1*
30. Debt securities in issue	*122,334*	*110,814*	*Table 3.1*
Financial liabilities held for trading = *item 40*	3,893	7,726	Table 4.1
Financial liabilities at fair value through profit or loss = *item 50*	-	6,016	Table 5.1
Hedging instruments	3,929	1,886	
60. Hedging derivatives	*2,914*	*2,595*	*Table 6.1*
70. Changes in fair value of portfolio hedged financial liabilities	*1,015*	*-709*	*Table 7.1*
Provisions for risks and charges = *item 120*	1,490	1,160	Table 12.1
Tax liabilities = *item 80*	2,665	2,007	
Liabilities included in disposal group classifid as held for sale = *item 90*	-	371	
Other liabilities	3,893	3,418	
100. Other liabilities	*3,811*	*3,354*	*Table 10.1*
110. Provision for employee severance pay	*82*	*64*	*Table 11.1*
Shareholders' equity	50,990	50,600	
- Capital and reserves	47,818	48,569	
130. Revaluation reserves, of which: Special revaluation laws	*277*	*277*	*Table 14.7*
160. Reserves	*6,789*	*8,259*	
170. Share premium	*34,070*	*33,708*	
180. Share capital	*6,684*	*6,683*	*Table 14.2*
190. Treasury shares	*-2*	*-358*	*Table 14.2*
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	-109	173	
130. Revaluation reserves, of which: Available-for-sale financial assets	*-98*	*165*	*Table 14.7*
130. Revaluation reserves, of which: Cash-flow hedges	*-11*	*8*	*Table 14.7*
- *Net profit or loss = item 200*	3,281	1,858	
Total liabilities and shareholders' equity	**356,090**	**289,802**	

Annexes (Continued)

Reconciliation of Condensed Account to Mandatory Reporting Schedule (Continued)

Income Statement	YEAR 2008	YEAR 2007	SEE NOTES TO THE ACCOUNTS
			Part C)
Net interest = item 30. Net interest margin	3,426	-1,158	Tables 1.1 and 1.4
Dividends and other income from equity investments	2,973	2,783	
70. Dividend income and similar revenue	*2,974*	*2,834*	*Table 3.1*
less: dividends from held for trading equity investments included in item 70	*-1*	*-51*	*Table 3.1*
Net interest margin	**6,399**	**1,625**	
Net fees and commissions = item 60	2,465	61	Tables 2.1 and 2.3
Net trading, hedging and fair value income	-288	66	
80. Gains and losses on financial assets and liabilities held for trading	*-240*	*5*	*Table 4.1*
+ dividends from held for trading equity investments included in item 70	*1*	*51*	*Table 3.1*
90. Fair value adjustments in hedge accounting	*-6*	*5*	*Table 5.1*
100. Gains and losses on disposal of: d) financial liabilities	*7*	*7*	*Table 6.1*
110. Gains and losses on financial assets/liabilities at fair value through profit or loss	*-50*	*-2*	*Table 7.1*
Net other expenses/income	-131	23	
190. Other net operating income	*217*	*62*	*Tables 13.1 and 13.2*
less: Other operating income - of which: recovery of costs	*-348*	*-39*	*Table 13.2*
Net non-interest income	**2,046**	**150**	
OPERATING INCOME	**8,445**	**1,775**	
Payroll costs	-2,948	-346	
150. Administrative costs - a) staff expenses	*-3,014*	*-388*	*Table 9.1*
less: integration costs	*66*	*42*	
Other administrative expenses	-2,492	-300	
150. Administrative costs - b) other administrative expenses	*-2,492*	*-325*	*Table 9.5*
less: integration costs	*-*	*25*	
Recovery of expenses = item 190. Other net operating income			
- of which: Operating income - recovery of costs	*348*	*39*	*Table 13.2*
Amortisation, depreciation and impairment losses on intangible and tangible assets	-91	-14	
170. Impairment/write-backs on property, plant and equipment	*-57*	*-11*	*Table 11.1*
180. Impairment/write-backs on intangible assets	*-34*	*-3*	*Table 12.1*
Operating costs	**-5,183**	**-621**	
OPERATING PROFIT	**3,262**	**1,154**	

continued:

Income Statement

	YEAR		SEE NOTES TO THE ACCOUNTS
	2008	2007	Part C)
Provisions for risks and charges	-402	-18	
160. Provisions for risks and charges	*-402*	*-18*	*Table 10.1*
less: integration costs	-	-	
Integration costs	-66	-67	
Net impairment losses on loans and provisions for guarantees and commitments	-285	22	
100. Gains and losses on disposal of a) loans	*-422*	*..*	*Table 6.1*
130. Impairment losses on a) loans	*173*	*33*	*Table 8.1*
130. Impairment losses on d) other financial assets	*-36*	*-11*	*Table 8.4*
Net income from investments	-286	564	
100. Gains and losses on disposal of b) available-for-sale financial assets	*95*	*744*	*Table 6.1*
130. Impairment losses on: b) available-for-sale financial assets	*-569*	*-5*	*Table 8.2*
210. Profit (loss) of associates - of which: Write-backs (write-downs) of equity investments	*7*	*-179*	*Table 14.1*
210. Profit (loss) of associates - of which: gains (losses) on disposal of equity investments	*180*	*3*	*Table 14.1*
240. Gains (losses) on disposal of investments	*1*	*1*	*Table 17.1*
PROFIT BEFORE TAX	**2,223**	**1,655**	
Income tax for the period = item 260. Tax expense (income) related to profit or loss from continuing operations	1,058	203	Table 18.1
NET PROFIT (LOSS) FOR THE YEAR	**3,281**	**1,858**	

Annexes (Continued)

Disclosure of fees paid to the Auditing Firm

and to entities belonging to its network for financial year 2008 (pursuant to article 149-duodecies, CONSOB Regulation no. 11971/99, as supplemented)

Disclosure of External Auditors' Fees - UniCredit S.p.A. - Financial Year 2008 - KPMG network

As prescribed by §149-duodecies of the Consob Issuers Regulation, the following table gives fees paid in 2008 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[1] (€'000)
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]	€ 1,330
Auditing Firm Total				€ 1,330
External Auditing Total				**€ 1,330**

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[1] (€'000)
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Checking the provisional data of the Prospectus and issuing a comfort letter relating to the capital increase; limited review of the consolidated Q3 Report as at September 30, 2008; issuing confort letters; audit of the Sustainability Report; signing the Italian tax declaration forms *(Modello Unico* and *Modello 770 S/O)*	€ 3,171
Auditing Firm Total				€ 3,171
Network Auditing Firm(s)				-
Network Auditing Firm(s) Total				-
Date Checking Total				**€ 3,171**

OTHER NON-AUDITING SERVICES	SERVICE PROVIDER NAME OF AUDITING FIRM	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE COMPANY NAME	DESCRIPTION OF SERVICE	TYPE	FEES[1] (€'000)
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)	KPMG Audit Sp.zo.o.	UniCredit S.p.A.	Translation of financial reports issued for the Warsaw stock exchange from English to Polish		€ 80
Network Auditing Firm(s) Total					€ 80
Other Non-Auditing Services Total					**€ 94**
GRAND TOTAL					**€ 4,595**

1. Net of VAT and out-of pocket expenses
2. Contract approved by the Shareholders' Meeting of May 10, 2007 for total fees of €770,000, as supplemented by the Board of Directors on February 12, 2009, following the absorption of Capitalia (additional fees: €560,000)

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (amounts in €)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2008	EMPLOYEES IN SERVICE AS AT 12.31.2008	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Pension Fund for the employees of Cassa di Risparmio di Trieste Collections Division" Registration no. 9081	98	-	Defined benefit		Payable by the company: 5.25%
Opening balance as at 12.31.2007				**5,453,047**	
Provisions for the year:					
- interest cost				259,991	
- actuarial gains/losses recognised in the year				-	Payable by the employee: 1.35% - 3% depending on category
Benefits paid in the year				452,292	
Balance as at 12.31.2008				**5,260,746**	
Present value of the liabilities				**4,596,874**	
Non-recognised actuarial gains/losses				**663,872**	
"Supplementary Pension Fund for employees of Cassa di Risparmio di Torino in liquidation" Registration no. 9084	4	-	Defined benefit		
Opening balance as at 12.31.2007				**188,312**	
Provisions for the year:					
- interest cost				10,012	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				52,487	
Balance as at 12.31.2008				**145,837**	
Present value of the liabilities				**276,985**	
Non-recognised actuarial gains/losses				**-131,148**	
"Supplementary Pension Fund for the collection management staff of Cassa di Risparmio di Torino" Registration no. 9085	173	-	Defined benefit		
Opening balance as at 12.31.2007				**11,193,016**	Payable by the company according to technical accounts
Provisions for the year:					
- interest cost				591,482	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				1,192,130	
Balance as at 12.31.2008				**10,592,368**	
Present value of the liabilities				**10,798,421**	
Non-recognised actuarial gains/losses				**-206,053**	

Annexes (Continued)

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2008	EMPLOYEES IN SERVICE AS AT 12.31.2008	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	441	-	Defined benefit		Payable by the company according to technical accounts + average monthly Euribor rate on equity
Opening balance as at 12.31.2007				**39,726,925**	
Provisions for the year:					
- interest cost				1,755,433	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				4,352,017	
Other increases				97,257	
Balance as at 12.31.2008				**37,227,598**	
Present value of the liabilities				**36,011,342**	
Non-recognised actuarial gains/losses				**1,216,256**	
"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	985	4	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2007				**76,418,469**	
Provisions for the year:					
- interest cost				3,668,429	
- actuarial gains/losses recognised in the year				-	
- current service cost (gross)				11,000	
Benefits paid in the year				8,461,891	
Other increases				99,325	
Balance as at 12.31.2008				**71,735,332**	
Present value of the liabilities				**70,242,099**	
Non-recognised actuarial gains/losses				**1,493,233**	

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2008	EMPLOYEES IN SERVICE AS AT 12.31.2008	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 10/1/89 by Cariverona Banca Spa) - Registration no. 9033	45	1	Defined benefit		Payable by the Company 10% + technical accounts
Opening balance as at 12.31.2007				**4,341,651**	
Provisions for the year:					
- interest cost				201,877	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				421,630	
Balance as at 12.31.2008				**4,121,898**	
Present value of the liabilities				**2,849,470**	
Non-recognised actuarial gains/losses				**1,272,428**	
"Pension fund for employees, clerks and auxiliary workers of Banca Cuneese Lamberti Meinardi & C. - Cuneo" (absorbed on 8/1/92 by Cariverona Banca Spa) - Registration no. 9012	36 (*)	4	Defined benefit		Payable by the Company on the basis of the technical accounts Payable by Employees: 1%
Opening balance as at 12.31.2007				**4,168,780**	
Provisions for the year:					
- interest cost				210,543	
- actuarial gains/losses recognised in the year				-	
Current service cost (gros)				14,000	
Benefits paid in the year				348,020	
Balance as at 12.31.2008				**4,045,303**	
Present value of the liabilities				**4,050,964**	
Non-recognised actuarial gains/losses				**-5,661**	
"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 12.31.2007				**1,339,582**	
Provisions for the year:					
- interest cost				67,468	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				105,702	
Balance as at 12.31.2008				**1,301,348**	
Present value of the liabilities				**1,264,192**	
Non-recognised actuarial gains/losses				**37,156**	

(*) of which:3 deferred benefit

Annexes (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2008	EMPLOYEES IN SERVICE AS AT 12.31.2008	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	61	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2007				**4,850,858**	
Provisions for the year:					
- interest cost				250,878	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				530,833	
Balance as at 12.31.2008				**4,570,903**	
Present value of the liabilities				**4,687,392**	
Non-recognised actuarial gains/losses				**-116,489**	
"Internal Company Fund (FIA) of the former Credito Romagnolo" + CIP former Banca del Friuli - Registration no. 9151	1,215	-	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 12.31.2007				**104,195,285**	
Provisions for the year:					
- interest cost				5,377,264	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				10,142,154	
Balance as at 12.31.2008				**99,430,395**	
Present value of the liabilities*				**102,176,988**	
(*) of which: Actual value of the obligation stipulated by the Agreement dated 1.31.1990 item 18				*1,755,000*	
Non-recognised actuarial gains/losses				**-2,746,593**	
"Supplementary Pension Fund for the employees of the former Carimonte Banca Spa" - Registration no. 9147	163	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2007				**12,818,392**	
Provisions for the year:					
- interest cost				627,295	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				1,184,287	
Balance as at 12.31.2008				**12,261,400**	
Present value of the liabilities				**11,909,522**	
Non-recognised actuarial gains/losses				**351,878**	

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2008	EMPLOYEES IN SERVICE AS AT 12.31.2008	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"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 12.31.2007				**111,443**	
Provisions for the year:					
- interest cost				6,239	
- actuarial gains/losses recognised in the year				954	
Benefits paid in the year				11,954	
Balance as at 12.31.2008				**106,682**	
Present value of the liabilities				**118,117**	
Non-recognised actuarial gains/losses				**-11,435**	
"Supplementary retirement benefits in favour of the members of the General Management of Credito Italiano who retired between January 1, 1963 and September 30, 1989 attributed to UniCredito Italiano" - Registration no. 9029	16	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2007				**11,396,969**	
Provisions for the year:					
- interest cost				543,613	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				1,264,443	
Balance as at 12.31.2008				**10,676,139**	
Present value of the liabilities				**10,082,336**	
Non-recognised actuarial gains/losses				**593,803**	
"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	138	-	Defined benefit		Payable by the Company: reserve coverage Payable by employees: 1.5%
Opening balance as at 12.31.2007				**12,706,022**	
Provisions for the year:					
- interest cost				471,663	
- actuarial gains/losses recognised in the year				-2,297,804	
Benefits paid in the year				2,785,598	
Other increases				1,624,522	
Balance as at 12.31.2008				**9,718,805**	
Present value of the liabilities				**11,014,922**	
Non-recognised actuarial gains/losses				**-1,296,117**	

Annexes (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2008	EMPLOYEES IN SERVICE AS AT 12.31.2008	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Social Security Fund supplementing INPS benefits of Cassa Risparmio Carpi SpA Defined-benefit reserve account for former employees" - Registration no. 9022	62	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2007				**4,319,347**	
Provisions for the year:					
- interest cost				213,355	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				440,888	
Balance as at 12.31.2008				**4,091,814**	
Present value of the liabilities				**3,654,091**	
Non-recognised actuarial gains/losses				**437,723**	
"Pension fund for the employees of former UniCredit Banca Mediocredito" - Registration no. 9127	39	-	Defined benefit		
Opening balance as at 12.31.2007				**3,296,628**	
Provisions for the year:					
- interest cost				160,317	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				452,114	
Balance as at 12.31.2008				**3,004,831**	
Present value of the liabilities				**2,893,635**	
Non-recognised actuarial gains/losses				**111,196**	
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	125 (*)	20	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2007				**87,535,427**	
Provisions for the year:					
- interest cost				4,385,853	
- actuarial gains/losses recognised in the year				-	
Current service cost (gross)				157,391	
Benefits paid in the year				7,847,803	
Balance as at 12.31.2008				**84,230,868**	
Present value of the liabilities				**82,240,777**	
Non-recognised actuarial gains/losses				**1,990,091**	

(*) of which: 21 deferred benefit

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2008	EMPLOYEES IN SERVICE AS AT 12.31.2008	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
Statement post-employment benefits and pensions for staff of the Cassa di Risparmio di Roma - Registration no. 9096	2.763 (*)	1.429	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2007				**-**	
Opening balance of absorbed company				**211,473,067**	
Provisions for the year:					
- interest cost				10,261,348	
- actuarial gains/losses recognised in the year				-	
- Current service cost (gross)				1,770,925	
Benefits paid in the year				13,172,297	
Balance as at 12.31.2008				**210,333,043**	
Present value of the liabilities				**190,477,127**	
Non-recognised actuarial gains/losses				**19,855,916**	
Statement of the "Pension Fund for staff of the former Bipop Group CARIRE - Registration no. 1202	21	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2007				**-**	
Opening balance of absorbed company				**400,000**	
Balance as at 12.31.2008				**400,000**	
Present value of the liabilities				**2,345,405**	
Present value of plan assets				**1,918,713**	
Present value of the liabilities, not funded by plan assets				**426,692**	
Non-recognised actuarial gains/losses				**-26,692**	
Statement of "Post-employment benefit for staff of Banco di Sicilia" - Registration no. 9161	3.471 (**)	223	Defined benefit		Payable by the Company on the basis of the technical accounts Payable by employees: Senior Management: 0.8% Management (3rd and 4th grade): 0.6% Management (1st and 2nd grade): 0.30% Other Staff: 0.15%
Opening balance as at 12.31.2007				**-**	
Opening balance of absorbed company				**180,874,183**	
Provisions for the year:					
- interest cost				8,549,495	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				25,057,780	
Other increases				8,309	
Balance as at 12.31.2008				**164,374,207**	
Present value of the liabilities				**160,885,135**	
Non-recognised actuarial gains/losses				**3,489,072**	

(*) of which:554 deferred benefit.
(**) of which:164 deferred benefit.

Annexes (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2008	EMPLOYEES IN SERVICE AS AT 12.31.2008	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
Statement of the "FIP former Sicilcassa - supplementary pension fund for staff of Cassa Centrale di Risparmio V.E. per le province siciliane" - Registration no. 9063	2.927	-	Defined benefit		Payable by the company on basis of the tecnical accounts
Opening balance as at 12.31.2007				**-**	
Opening balance of absorbed company				**87,535,130**	
Provisions for the year:					
- interest cost				4,450,388	
- actuarial gains/losses recognised in the year				-	
Benefits paid in the year				10,433,310	
Balance as at 12.31.2008				**81,552,208**	
Present value of the liabilities				**83,605,576**	
Non-recognised actuarial gains/losses				**-2,053,368**	
Statement of the "Pension fund for employees of the former Banca di Roma" - London Branch	190 (*)	-	Defined benefit		
Opening balance as at 12.31.2007				**-**	
Opening balance of absorbed company				**20,519,622**	
Provisions for the year:					
- interest cost				2,217,137	
- corrent service cost (gross)				-	
- performance of plan assets				-1,494,737	
- exchange rate effect				-4,721,129	
Balance as at 12.31.2008				**16,520,893**	
Present value of the liabilities				**41,827,821**	
Present value of plan assets				**23,845,669**	
Present value of the liabilities, not funded by plan assets				**17,982,152**	
Non-recognised actuarial gains/losses				**-1,461,259**	
"Pension fund for the employees of the London Branch" (ex Credito Italiano)	96 (**)	11	Defined benefit		
Opening balance as at 12.31.2007				**3,929,218**	
Provisions for the year:					
- corrent service cost (gross)				183,727	
- interest cost				758,132	
- performance of plan assets				-758,285	
- actuarial gains/losses recognised in the year				-96,829	
Benefits paid in the year				99,737	
Exchange rate effects				-1,159,843	
Balance as at 12.31.2008				**2,756,383**	
Present value of the liabilities				**10,608,830**	
Present value of plan assets				**9,171,458**	
Present value of the liabilities, not funded by plan assets				**1,437,372**	
Non-recognised actuarial gains/losses				**1,319,011**	

(*) of which:166 deferred benefit.
(**) of which: 85 deferred benefit.

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2008	EMPLOYEES IN SERVICE AS AT 12.31.2008	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	-	641	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
Opening balance as at 12.31.2007				**41,715,865**	
Decreases:				**3,867,062**	
Capital paid out in the year				3,867,062	
Increases;				**4,815,986**	
Performance of liquid assets net of operating costs and replacement tax				1,443,372	
Other changes:					
- contributions paid by employees and the Company[1]				74,443	
- contributions paid by other Group Companies[1]				3,288,405	
- other				9,766	Payable by employees: by employees ante 0.50% by employees post 2%
Balance as at 12.31.2008				**42,664,789**	
FUND ASSETS					
Liquid assets				42,578,396	
Items to be settled				86,393	
Total assets				**42,664,789**	

1. includes employee severance pay

* ante/post employees: those who joined the complementary social security fund before/after 4.28.1993, when Legislative Decree 124/93 came into force

Annexes (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2008	EMPLOYEES IN SERVICE AS AT 12.31.2008	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	-	615	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%
Opening balance as at 12.31.2007				**33,468,898**	
Decreases:				**2,569,916**	
Capital paid out in the year				2,352,808	
Other changes:					
- transfer to other pension funds				-	
- payment of insurance policy covering death and invalidity risk				217,108	
Increases:				**3,883,775**	
Performance of liquid assets net of operating costs and replacement tax				1,461,175	
Other changes:					
- contributions paid by employees and the Company (1)				238,289	Employees "post": (*) - payable by the employee min. 0.25% + sever. pay - payable by the Company: 2%
- contributions paid by other Group Companies (2)				2,161,074	
- other				23,237	
Balance as at 12.31.2008				**34,782,757**	
FUND ASSETS					
Liquid assets				34,988,024	
Items to be settled				-205,267	
Total assets				**34,782,757**	

(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 4.28.1993, when Legislative Decree 124/93 came into force

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2008	EMPLOYEES IN SERVICE AS AT 12.31.2008	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. 9020			Defined contribution		
Opening balance as at 12.31.2007				**206,207**	
Provisions for the year				-	
Balance as at 12.31.2008				**206,207**	

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2008	EMPLOYEES IN SERVICE AS AT 12.31.2008	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	-	4	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 12.31.96: (under 10 years: 3.5%, from 11 to 20 years: 4%, from 21 to 25 years: 5%, from 26 to 30 years: 6%, from 31 to 35 years: 6.5%, over 35 years: 1.5%) - rates according to age as at 12.31.96: under 30 years: 1, from 31 to 35 years: 1.1, from 36 to 40 years: 1.2, from 41 to 45 years: 1.25, from 46 to 50 years: 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 12.31.2007				**9,469,542**	
Decreases:				**9,338,077**	
Capital paid out in the year				210,283	
Reduction in fund assets net of admin. expense and gross of withholding tax				73,364	
Paid out on transfer of members of the fund to the Group's external pension fund				9,054,430	
Balance as at 12.31.2008				**131,465**	
FUND ASSETS					
Liquid assets net of items to be settled				131,465	
Total assets				**131,465**	

* ante/post employees: those who joined the complementary social security fund before/after 4.28.1993, when Legislative Decree 124/93 came into force

Annexes (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2008	EMPLOYEES IN SERVICE AS AT 12.31.2008	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Pension Fund for employees of former UniCredit Banca MEDIOCREDITO S.p.A. - Registration no. 9127	-	1	Defined contribution		Payable by the Company: 2.75% Payable by the employee: 1% + additional voluntary contribution from 0% to 2%
Opening balance as at 12.31.2007				**12,284,300**	
Decreases:				**12,131,379**	
Capital paid out in the year				734,198	
Decrease of securities and cash net of operating costs and tax withholding credit				145,906	
Paid out on transfer of members of the fund to the Group's external pension fund				11,251,275	
Balance as at 12.31.2008				**152,921**	
FUND ASSETS					
Liquid assets net of items to be settled				152,921	
Total assets				**152,921**	

Internal Pension Funds

In 2008 UniCredit assumed the supplementary pension schemes that were previously in the former Capitalia Group.

Following the carve-out whereby UniCredit Banca, Bipop Carire, UniCredit Banca di Roma and Banco di Sicilia were absorbed by UniCredit S.p.A., the internal pension funds held by the last two of these entities – viz., the Pension and provident fund for staff of the former Cassa di Risparmio di Roma, the former Banca di Roma external plans with London branch and the Pension Fund for staff of Banco di Sicilia, as well as FIP former Sicilcassa – Supplementary Pension Fund for the staff of Cassa Centrale di Risparmio V.E. per le province siciliane – were taken over by UniCredit.

The above corporate transaction also entailed UniCredit's assumption of the guarantee originally issued by the former Bipop-Carire, as required by the by-laws of the Former Bipop-Carire Group staff Pension Fund, in favor of the staff entitled to defined benefit.

Under Group agreements with staff unions, outstanding individual pension schemes in the name of current members of the former CrCarpi and former UBMC fund were transferred to the Pension Fund for UniCredito Italiano Group staff.

There was no change to current legislation in this field, though the ongoing interpretation of the supervisor, COVIP, clarified the application of the more complex aspects of the law.

2008 was thus a year of consolidation of the situation that emerged in 2007 with the coming into effect of Law 252/05. The severe and increasing market turmoil had no significant effect on the overall performance of the funds, since these funds are invested in Group assets and not in financial instruments.

The liabilities of defined-benefit funds are determined using the projected unit credit method. Funded plans' assets are valued at fair value at the balance-sheet date. The balance sheet consists of the Deficit or Surplus (i.e. the difference between the fund's obligations and its assets) net of unrecognized actuarial gains or losses. Actuarial gains or losses are recognized in the income statement only if they exceed the 10% corridor.

The average rates of the main financial and actuarial assumptions were the following:

	12.31.2008	12.31.2007
Discount Rate	5.51%	5.25%
Expected yield of plan assets	4.60%	6%
Expected rate of salary growth	3.01%	3%
Future increases in pension benefits	2.20%	1.70%
Expected inflation rate	2.06%	2.00%
Mortality rate (*)	RG48	RG48

(*) only for Italy plans

Certification

Certification pursuant to Article 81-ter of CONSOB Regulation no. 11971/99, as amended

1. 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 24, 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 2008 annual financial statements.

2. The adequacy of administrative and accounting procedures employed to draw up 2008 annual financial statements has been evaluated applying a Model defined by UniCredt SpA coherent with “Internal Controls - Integrated Framework” (CoSO) and “Control Objective for IT and Related Technologies” (Cobit), which represent international commonly accepted standards for internal control system.

3. The undersigned also **certify** that:

   3.1 The 2008 annual financial statements:

   a) was prepared in compliance with applicable international accounting standards recognized by the European Community pursuant to European Parliament and Council Regulation no.1606/2002 of July 19, 2002;

   b) corresponds to results of the books and accounts records;

   c) prepared according to Article 9 of the Legislative Decree N.38/05, 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.

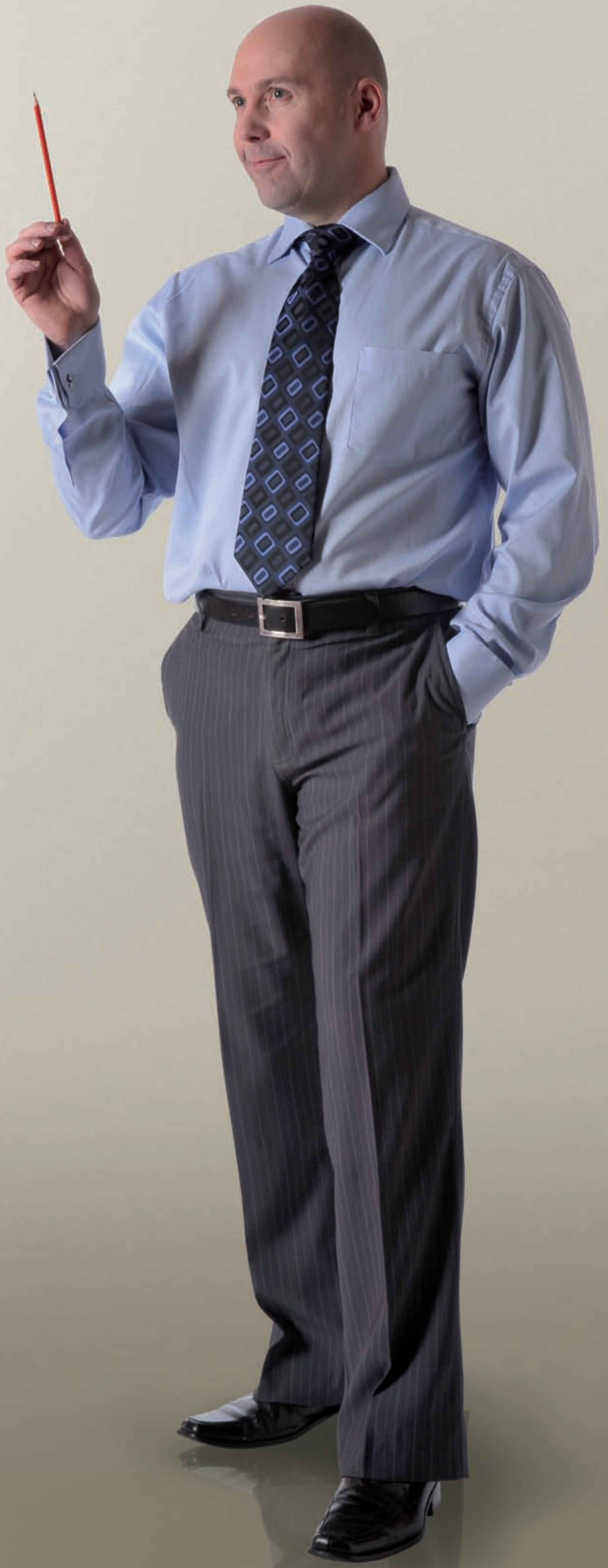
   3.2 The directors’ report shall contain a reliable analysis of the trend and operating results, as well as the situation of the Issuer, together with a description of the main risks and uncertainties they are exposed.

Milan, March 17, 2009

Alessandro Profumo

Ranieri de Marchis

«After 26 years working for the Group, I thought I had seen everything. Then came 2008, which was the most professionally challenging year ever.
I have seen the dynamism of the Group and its workforce.
I know we can rise to the challenge.
I know our commitment.
I know our strength.
I know the best is yet to come.»



Tony Hall
United Kingdom

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 February 24, 1998

Dear Shareholders,

In 2008 we monitored compliance with the law and the Company's By-Laws, adherence to the principles of proper management, the fitness of the organisational 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 14 meetings of the Board of Directors, and the Chairman of the Board of Statutory Auditors and one or more Auditors, as designated from time to time, attended the 14 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 decided and executed were in accordance with the law and with the company By-Laws and were not manifestly imprudent, reckless or potential generators of conflicts of interest.

In the previous financial year, numerous intercompany and related-party transactions were carried out, as described in the Board of Directors' Report with reference to current CONSOB regulations.

Pursuant to § 23 By-Laws, the Statutory Auditors were provided with all essential information on these transactions.

These transactions were concluded in the Company 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, that might be considered to be untypical and/or unusual.

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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. For the reciprocal exchange of relevant information, we held periodic meetings with representatives of the auditing firm KPMG SpA, which is responsible for the auditing, pursuant to § 155 Law 58/98, in respect to 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 accounts are properly kept and that all management operations are properly entered in the accounting books.

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2008 saw a continuation of the activities of integrating the former Capitalia networks and foreign subsidiaries. Some of the main integration activities were as follows: (i) extension of the Group IT platform to the former Capitalia banks, and definition of the programme for integration of the "commercial bank" platform in Germany, Austria and major eastern European countries; (ii) distribution of the Italian branches according to the new territorial scheme: UniCredit Banca in the north, UniCredit Banca di Roma in the centre/south, and Banco di Sicilia in Sicily; (iii) reallocation of corporate and private clients, residential mortgages and personal loans from former Capitalia banks to the segment banks and companies created by the Group.

****

With particular reference to the unfavourable international climate and its repercussions on the financial system, we constantly monitored the liquidity situation and the actions taken to ensure capital adequacy. We obtained from the management the necessary information on the maintenance of the capital requirements and on the actions taken for consolidation and for the strengthening of risk management. We also obtained frequent and repeated reassurances from the external Auditors concerning the correct presentation, in the accounts and in the interim reports, of the valuations of Italian and foreign assets with the greatest exposure to the volatility of the financial markets.

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During 2008, the Internal Audit maintained its focus on the greatest risks to which the Group is exposed. The activities of the Group Internal Audit determined that the system of internal controls within the Group was satisfactory overall, while noting the need for improvement in a number of areas.

In addition to monitoring the activities of local internal auditors, the Internal Audit Department completed 79 direct audits following specific requests; of these, 52 concerned the parent company and 27 were carried out by the Internal Audit Department jointly with local Internal Audit Departments. We examined each of these audits and made pertinent recommendations where considered appropriate.

****

The supervisory duties of the Board of Statutory Auditors were also carried out by means of 21 team audits (including one performed on a foreign branch), meetings with the Auditors of the principal Italian subsidiaries, meetings with the Chairs of the Internal Control and Risks Committees of the principal Italian subsidiaries, and meetings with the chief external Auditors of the principal Italian and foreign subsidiaries. No significant findings emerged requiring to be reported to the regulatory authorities.

****

During the course of 2008 and up to the present date, the Board of Statutory Auditors received two complaints pursuant to § 2408 Civil Code.

Mr Salvo Cardillo invited the Board of Statutory Auditors to verify compliance with the rules on prompt communication to the public of privileged information for the period 1 September 30, 2008 and any omissions from such information, also in respect of the real estate market. In the period indicated by Mr Cardillo, it was found that the Directors were not entered in the "occasional" section of the Registry of persons having access to privileged information. Furthermore, during the same period of time and in subsequent days, it was found that eight "price sensitive" press releases had been made to the market pursuant to § 114 of the Consolidated Finance Act, concerning, among other things, the financial situation of the UniCredit Group and the prompt measures taken to significantly strengthen its asset base. With regard to the alleged inertia on the part of the Directors in defending the interests of the Group, according to the findings of the audits carried out, the company, its Managing Director and other company representatives provided news, data and information to the public about the Group, which was cited in 17 national and international press articles, as well as on the company website. More specifically, with specific reference to the real estate market, it was confirmed that HYPO Real Estate was never part of the UniCredit Group, having left the HVB Group long before it was acquired by UniCredit.

Mr Santoro followed up a similar accusation made in 2007, which was reported on in last year's report to the shareholders, by stating the following facts to the Statutory Auditors on March 23, 2009 and requesting they take action accordingly:

1. In the motion and the public prosecutor's and examining judge's dismissal of the prosecution of managers of the former Capitalia Group for aiding and abetting and false accounting, as stated by the accuser, in the bank's management of various reorganizations of its subsidiary Sanità SpA, serious offences. In February 2009 Mr Santoro appealed to the Supreme Court against the dismissal.
2. Mr Profumo should not have told the Shareholders' Meeting held on November 14, 2008 that no further action was to be taken in respect of the liability of the Directors of Sanità SpA, already approved by a final judgement of the magistracy, because the shareholders of Sanità SpA had rejected it, given that Banca di Roma held 99.9% of the capital of Sanità SpA and should have abstained on the grounds of conflict of interest.
3. Mr Profumo should not have stated to the Shareholders' Meeting that the career bonus paid to Mr Geronzi was duly resolved by the Board of Directors as proposed by the Remuneration Committee and having consulted the Statutory Auditors, as required by § 2389, 3 Civil Code, to which §19 of Capitalia's By-Laws refers, since the mentioned section of the Civil Code contemplates only compensation paid to Directors for special mandates and §19 of Capitalia's By-Laws does not concern the option of paying a career bonus.
4. Mr Profumo should not have stated to the Shareholders' Meeting that the bank bears the defence costs of Mr Geronzi and the other accused given the provisions of the collective labour contracts whenever criminal acts or personal interest or profit are to be excluded from their behaviour, since these offences are not only very serious and recognized by the judicial system, but also aimed to conceal the real situation of the bank from the supervisory authorities.
5. Mr Profumo should not have told the Shareholders' Meeting that no provision was being made for Parmalat's claim for damages of €5 billion and then reach a settlement costing €200 million.

Report of the Board of Statutory Auditors (Continued)

6. The following checks were requested in respect of the last capital raising:
   a. Which parties subscribed shares at €3.083 instead of buying them in the stock exchange for under €1.50;
   b. Whether Mediobanca's purchase of the shares not taken up is in violation of § 2359 et seq. Civil Code;
   c. Whether the continual sales of the bank's shares in the stock exchange are not determined by those who are aware that the real situation is very different from the officially described state of affairs, with particular reference to loans and possible future losses.

On point 1, the Statutory Auditors are not able to make a judgment since the matter is still sub judice.

On point 2, given that the mere ownership of a majority of the shares in a company does not cause to exist, per se, a situation of conflict of interest for the shareholder who is called on to express an opinion of a liability action unless the existence of a specific interest of the shareholder in question is proven contrary to the interest of the company, the Statutory Auditors note that, in the specific case, their checks showed that the shareholders of the mentioned company had always rejected (by a vote of the majority of those present) the liability action, since it would have brought no advantage to the company. Consequently, the very existence of this reason manifests the fact that the shareholder made a judgment in the interest of the company at the time of the decision in which no conflict of interest can be found, consistently with the foregoing. The Statutory Auditors record lastly that until the 2003 reform of corporate law, the only party allowed to promote a liability action against serving Directors in 1992 was Sanità SpA and not individual shareholders.

On point 3, the Statutory Auditors examined the documents then prepared by Capitalia SpA, including a pro-veritate opinion by a leading legal firm, which confirmed that the career bonus is regulated by § 2389, paragraph 3 of the Civil Code.

On point 4, the Statutory Auditors refer to point 1. According to the dismissal order, no liability is ascribable to former Capitalia Group members, therefore the behaviour of the Bank in respect of bearing the defence costs is legitimate.

On point 5, the Statutory Auditors noted that Mr Profumo in the shareholders' meeting of November 14, 2008 had confirmed the transaction with the Parmalat Group during the extraordinary meeting and had explained the reasons according to which a claim of €12 billion should be defined costing €270 million.

On point 6, the Statutory Auditors performed the checks required and noted that:
a. The parties who subscribed shares are individuals and legal persons; detailed information received by intermediaries is available to all shareholders in the shareholders' book kept at the Company;
b. The provisions of § 2359-bis of the Civil Code – Subscription of shares by subsidiaries – is not applicable since Mediobanca SpA is not a subsidiary of UniCredit SpA;
c. Loan quality control systems aim to prevent that the loan quality is assessed unilaterally. The segregated assessment, control and monitoring functions shall ensure objectivity. The Audit function supervises compliance with rules and procedures.

Mr Santoro invited the Board of Statutory Auditors to supervise the adequacy of the organisational, administrative and accounting structure adopted by the company as well as its effective functioning, and mentioned two cases in which he had noted criticisable behaviours. The Statutory Auditors are examining the two cases in compliance with their supervisory role.

During the course of 2008 and up to the present date, we received 3 statements providing for the implementation, when appropriate, of the necessary corrective actions in relation to the identified issues.

****

With regard to the mandates conferred on the external auditors, the following additional mandates were entrusted to KPMS SpA. and its network ("parties related to the Company responsible for the auditing of ongoing relations" form part of the network, as defined by CONSOB Regulation No. 11971):

- Issuance of a "comfort letter" regarding bond issues on the US market, for a fee of €45,000.00;
- Issuance of a "comfort letter" regarding bond issues on the European market (6), for a fee of €481,800.00;
- Auditing of the English version of the statutory and consolidated accounts at December 31, 2008 and of the half-yearly report at 30 June 2008, for a fee of €13,900.00;
- Auditing of the interim consolidated accounts at September 30, 2008, for a fee of €679,000.00;
- Auditing of pro-forma figures from the Prospectus pertaining to the UniCredit capital increase, and issuance of a "comfort letter" relating to the accounting data in the Prospectus, for a fee of €1,600,000.00;
- Signature of the Unified Tax Return form and Simplified and Standard Tax Form 770, for a fee of €25,000.00;
- Auditing of the accounts of the UniCredit Group at December 31, 2008, for a fee of €300,000.00;
- Review of the reporting system for the accounts of the UniCredit Group at December 31, 2008, for a fee of €40,000.00;
- Translation of financial reports issued for the purposes of the Warsaw Stock Exchange, for a fee of €80,000.00;

****

The Board of Statutory Auditors issued the opinions required pursuant to Art. 2389 of the Civil Code regarding the remuneration of Directors carrying out special duties.

In addition, pursuant to Art. 5, paragraph 2 of the Supervisory Requirements concerning the Regulation of Covered Bonds, we issued our favourable opinion on the legal conformity of the activities described in the UniCredit Group Covered Bonds Programme, and the supervisory requirements and provisions of Banca d'Italia. In addition, we issued our favourable opinion on the comments contained in the product Sheet, confirming the maintenance of the bank's economic and capital equilibrium as provided for by the Group Financial Audit Plan approved by the Board of Directors on January 22, 2008, designed to maintain the bank's economic and capital equilibrium.

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Pursuant to the market regulation instructions issued by Borsa Italiana [Italian Stock Exchange], we have provided you with the Annual Report on the Corporate Governance system and on compliance with 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.

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The external Auditors have expressed a positive opinion on the company accounts and consolidated accounts. The Board of Statutory Auditors has noted that the accounts have been prepared in conformity with the applicable rules, and has found the information provided by the Board of Directors in its reports to be complete, adequate and consistent with the data contained in the accounts, as well as with the requirements of Banca d'Italia and CONSOB. 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 and of the By-laws.

April 10, 2009

THE BOARD OF STATUTORY AUDITORS
GIORGIO LOLI (Chairman)
GIAN LUIGI FRANCARDO
SIEGFRIED MAYR
ALDO MILANESE
VINCENZO NICASTRO

Report of the Board of Statutory Auditors (Continued)

List of the offices of every member of the Board of Statutory Auditors (Annex 5bis - Table 4)

NAME	COMPANY	OFFICE HELD	EXPIRY OF OFFICE	NR. OF OFFICES HELD IN LISTED COMPANIES	TOTAL NR. OF OFFICES HELD
Giorgio Loli				2	18
	Acer Italia SpA	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2010		
	Coesia SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2008		
	Finprema Srl	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		
	G.D SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2010		
	Isoil Impianti SpA	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2008		
	Isoil Industria SpA	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2008		
	ITS SpA	Director	Approval of Financial Statements at 12.31.2010		
	Maire Technimont SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		
	Polaroid (Italy) SpA in liquidation	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2010		
	StyleMark SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2010		
	Residenziale Immobiliare 2004 SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2010		
	Studio Arte Srl	Chairman of the Board of Directors	Approval of Financial Statements at 12.31.2009		
	UniCredit Real Estate SpA	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2008		
	UniCredit SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		
	Poli e Associati SpA	Member of the Board	Approval of Financial Statements at 12.31.2008		
	Consorzio del Compr. Del Porto di S. Teresa Gallura	Member of the Board	Approval of Financial Statements at 12.31.2010		
	Verde Moscova Soc. Coop	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		
	Perennius Capital Partners SGR SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		

NAME	COMPANY	OFFICE HELD	EXPIRY OF OFFICE	NR. OF OFFICES HELD IN LISTED COMPANIES	TOTAL NR. OF OFFICES HELD
Gian Luigi Francardo				1	6
	UniCredit SpA	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		
	UniCredit Banca SpA	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2010		
	Pioneer Global Asset Management SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		
	Uniaudit SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2008		
	SAIWA SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2010		
	Comar Ass.ni SpA (in compulsory receivership)	Official Receiver	Until end of the office		

NAME	COMPANY	OFFICE HELD	EXPIRY OF OFFICE	NR. OF OFFICES HELD IN LISTED COMPANIES	TOTAL NR. OF OFFICES HELD
Siegfried Mayr				1	1
	UniCredit SpA	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		

Report of the Board of Statutory Auditors (Continued)

List of the offices of every member of the Board of Statutory Auditors (Annex 5bis - Table 4) (Continued)

NAME	COMPANY	OFFICE HELD	EXPIRY OF OFFICE	NR. OF OFFICES HELD IN LISTED COMPANIES	TOTAL NR. OF OFFICES HELD
Aldo Milanese				3	16
	AEM Torino Distribuzione SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2010		
	Azimut Holding SpA	Member of the Board of Directors	Approval of Financial Statements at 12.31.2009		
	Centro Estero per l'Internazionalizzazione del Piemonte S.c.p.A. - CIEP S.c.p.A.	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2008		
	Federal Mogul Italy Srl	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		
	Finanziaria Città di Torino Srl	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		
	Finanziaria Fondazioni SpA in Liquidazione	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		
	Holding Piemonte e Valle d'Aosta SpA	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		
	IRIDE SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2008		
	Pegaso Investimenti Campioni d'Impresa SpA	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2008		
	Pronto Assistance SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2008		
	Teksid SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		
	Torino Nuova Economia SpA	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2008		
	UniCredit Family Financing Bank SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2011		
	UniCredit SpA	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		
	UniCredit Private Banking SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2010		
	UniManagement Srl	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		

NAME	COMPANY	OFFICE HELD	EXPIRY OF OFFICE	NR. OF OFFICES HELD IN LISTED COMPANIES	TOTAL NR. OF OFFICES HELD
Vincenzo Nicastro				2	12
	Filati Bertrand in Administration	Chairman of the Supervisory Committee	//		
	Carrozzeria Bertone SpA in Administration	Provisional Liquidator	//		
	UniCredit SpA	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2009		
	UniCredit Corporate Banking SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2010		
	UniCredit Leasing SpA	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2011		
	Sitech SpA	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2008		
	Realty Vailog SpA	Director	Approval of Financial Statements at 12.31.2008		
	Reno de Medici SpA	Director	Approval of Financial Statements at 12.31.2010		
	Red.IM Srl	Chairman of the Board of Directors	Approval of Financial Statements at 12.31.2011		
	Chia Hotels & Resorts SpA	Chairman of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2010		
	Costa Verde Arbus Srl	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2010		
	Cosud Srl	Member of the Board of Statutory Auditors	Approval of Financial Statements at 12.31.2008		

Report of the External Auditors

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

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

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

Report of the auditors 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 2008, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. 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.

The separate financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, the parent's directors restated such corresponding figures included in the prior year separate financial statements. We audited such financial statements and issued our report thereon on 9 April 2008. We have examined the methods used to restate the prior year corresponding figures and related disclosures to the extent that we considered to be necessary to express an opinion on the separate financial statements at 31 December 2008.

3 In our opinion, the separate financial statements of UniCredit S.p.A. as at and for the year ended 31 December 2008 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. 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 2008, the results of its operations, changes in its equity and its cash flows for the year then ended.

4 The directors of UniCredit S.p.A. are responsible for the preparation of a report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements to which it refers, as required by article 156.4-bis.d of Legislative decree no. 58/98. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the report on operations is consistent with the separate financial statements of the UniCredit Group as at and for the year ended 31 December 2008.

Milan, 9 April 2009

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

Resolutions of the shareholders' meeting held on April 29, 2009

The Ordinary Meeting of the Shareholders of UniCredit held on April 29, 2009, having noted the Reports of the Directors and the Statutory Auditors for the 2008 financial year, approved the Accounts as at December 31, 2008 and resolved to appropriate net profit as proposed by the Board of Directors, viz.:

- to pay a dividend of €0.025 on each savings share, payable as from May 21, 2009, going ex-dividend on May 18, 2009, through the intermediaries that participate in the Monte Titoli system.

The Extraordinary Meeting of the Shareholders of UniCredit resolved to approve the proposed scrip issue pursuant to §2442 Civil Code in the amount of €1,218,815,136.50 through the issue of 2,435,097,842 ordinary shares and 2,532,431 savings shares with a par value of €0.50 each, to be assigned to holders of ordinary shares and saving shares in the Company, imputing to capital a Reserve for the assignment of profit to shareholders by means of a scrip issue of new shares for the above amount set up on approval of the appropriation of net profit for the year 2008. The new shares will be assigned in the ratio of 29 new ordinary shares to 159 ordinary shares held and 7 new savings share to 60 saving shares held with a par value of €0.50 each.

The shares will be listed "ex-assignment" as of May 18, 2009 and the new shares will be placed at the disposal of shareholders according to the above ratios as from May 21, 2009.

The Shareholders' Meeting also resolved to:

- fix the number of members of the Board of Directors at 23 for financial years 2009 through 2011, and appointed the following Directors to remain in office until the approval of the 2011 Accounts:

1. Giovanni BELLUZZI
2. Farhat Omar BENGDARA
3. Manfred BISCHOFF
4. Vincenzo CALANDRA BUONAURA
5. Luigi CASTELLETTI
6. Enrico Tommaso CUCCHIANI
7. Donato FONTANESI
8. Francesco GIACOMIN
9. Piero GNUDI
10. Friedrich KADRNOSKA
11. Marianna LI CALZI
12. Salvatore LIGRESTI
13. Luigi MARAMOTTI
14. Antonio Maria MAROCCO
15. Fabrizio PALENZONA
16. Carlo PESENTI
17. Alessandro PROFUMO
18. Dieter RAMPL
19. Hans Jürgen SCHINZLER
20. Anthony WYAND
21. Franz ZWICKL
22. Theodor WAIGEL
23. Lucrezia REICHLIN

- fix the compensation of the Board of Directors and members of Board Committees, for each year in office, as provided by § 26 of the Company's By-Laws and the Chairman of the Supervisory Body pursuant to Law 231/01 as follows:
  - Board of Directors: €3.200.000, of which €1.315.000 to the Members of Board Committees;
  - Attendance fee for Board and Committee meetings: €400;
  - Chairman of the L231 Supervisory Body: €25.000.

- authorize the Directors of UniCredit to hold office in competitor concerns, pursuant to § 2390 Civil Code;

- approve the UniCredit Group's remuneration policy;

- approve the 2009 UniCredit Group Employee Share Ownership Plan.

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At UniCredit Group we are aware that our business activities have an impact on the environment, and always factor environmental sustainability into our strategic decisions.

In 2009 the greenhouse gas emissions associated with the paper used for the publication of 2008 Consolidated Reports and Accounts and Sustainability Report have been offset by a contribution to a biomass-fueled district heating plant in Italy (Valtellina).

The offsets for the 2008 Consolidated Reports and Accounts and Sustainability Report were executed in association with AzzeroCO_2

Pictures

Cover, sorter pages and Top Manager

Courtesy Ferruccio Torboli (UniCredit Group)

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UniCredit