Meeting real needs with concrete solutions.

Consolidated First Half Financial Report as at June 30, 2012

Every day, life presents new challenges and opportunities. Every day, we each have a new story to tell that involves tangible needs and requires clear answers.

In this year's annual report, we illustrate our way of banking with stories of the people, businesses and institutions who use our customized solutions. You will read stories about how we worked together to promote sports in schools and how we gave a boost to long-established industrial firms by enabling them to update their machinery. You will also learn about how we have supported the development of new computer systems and have provided broad support to the green economy.

These stories were built on entrepreneurship, courageous innovation, respect for tradition, and our strong bonds with local communities.

We strongly believe that being a bank today means making a concrete difference, day in and day out, for those who have chosen to do business with us. It means facing challenges together and creating a world of new opportunities.

These are true stories - snapshots of ordinary life that shape the mosaic of our daily work. At UniCredit, we are creating a world of relationships, where our stakeholders can best meet the changing needs of the times.

Consolidated First Half Financial Report as at June 30, 2012

Supporting programmes that change lives.

UniCredit has always sought to be closer to clients, through a range of effective social programmes. UniCredit Bank in Slovakia has financed the creation of a magnetic resonance diagnostic program, renovated student dormitories, and enabled the development of the Hotel Cassovar where T-Systems employs 2,500 people in the city of Košice. Moreover, it financed the construction of a new power plant, thereby supporting the liberalization of energy markets and stimulating the development of a free competitive marketplace.

Local communities need concrete answers to build a better future.

Contents

Notes

The following conventional symbols have been used in the tables:

- a dash (-) indicates that the item/figure is inexistent;
- two stops (..), “n.s.” or “n.m.” 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 available.

Any discrepancies between data are solely due to the effect of rounding.

Streamlining banking through innovative technology.

In Ukraine, PSJC "Ukrsotsbank", operating under the trademark of UniCredit Bank™, created *FlexCube*, a fully centralized system for managing the territory's commercial banking activities.
The programme's implementation centralized Legal, HR, Back Office and IT functions, transferring them to the same office where a legal team is available to serve customers.
The FlexCube project has improved the servicing of bank accounts, local payments and credit cards. A 10-year agreement outsourcing the information technology system to IBM will allow for improved service and reduced costs. Moreover, Experian has developed FEBO (Fast Evaluation Business Opportunities), a retail evaluation system that manages workflow and measures risk and opportunity. FEBO, which in 2012 was smoothly integrated with FlexCube, is a first step in portfolio management and credit risk reduction. Innovation is a real need and this is a real solution for the benefit of all PSJC "Ukrsotsbank", customers.

Introduction

Board of Directors, Board of Statutory Auditors and External Auditors

Board of Directors appointed by the Shareholders' Meeting on May 11, 2012

Giuseppe Vita	**Chairman**
Candido Fois	**Deputy Vice Chairman**
Khadem Abdualla Al Qubaisi Vincenzo Calandra Buonaura Fabrizio Palenzona	**Vice Chairmen**
Federico Ghizzoni	**CEO**
Manfred Bischoff Henryka Bochniarz Alessandro Caltagirone Luca Cordero di Montezemolo Francesco Giacomin Helga Jung Friedrich Kadrnoska Marianna Li Calzi Luigi Maramotti Antonio Maria Marocco Lucrezia Reichlin Lorenzo Sassoli de Bianchi Anthony Wyand	**Directors**
Lorenzo Lampiano	**Company Secretary**

Board of Statutory Auditors

Maurizio Lauri	**Chairman**
Cesare Bisoni Vincenzo Nicastro Michele Rutigliano Marco Ventoruzzo	**Standing Auditors**
Massimo Livatino Paolo Domenico Sfameni	**Alternate Auditors**
Roberto Nicastro	**General Manager**
Marina Natale	**Nominated Official in charge of drawing up Company Accounts**
KPMG S.p.A.	**External Auditors**

UniCredit S.p.A.
A joint stock company
Registered Office in Rome: Via Alessandro Specchi, 16
Head Office in Milan: Piazza Cordusio
Share capital €19,647,948,525.10 fully paid in.
Fiscal Code, VAT number and Registration number with the Company Register of Rome: 00348170101
Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group with code 02008.1
Cod. ABI 02008.1
Member of the National Interbank Deposit Guarantee Fund and of the National Compensation Fund

Prefatory Note to the Consolidated First Half Financial Report

General Aspects

This **Consolidated First Half Financial Report** was compiled under Article 154-ter, paragraph 2 of Legislative Decree no. 58 of February 24, 1998, according to IAS/IFRS international accounting standards, in compliance with the requirements of IAS 34 Interim Financial Reporting, in the summary version provided for in paragraph 10, instead of the full reporting provided for annual accounts.

This First-Half Financial Report was prepared in line with the **first revision to the Bank of Italy Circular no. 262/2005 of November 18, 2009.**

Press releases on significant events during the period, the market presentation on second quarter results, and the public disclosure under Pillar III of Basel 2 are also available on UniCredit's website.

Any discrepancies between data disclosed are solely due to the effect of rounding.

Preparation criteria

The Consolidated First Half Financial Report includes:

- **the Interim Report on Operations** using reclassified financial statement formats, including not only comments on the results for the period and on other main events, but also the additional financial information required by the CONSOB;
- **the Condensed Interim Consolidated Accounts,** stated in comparison with those for 2011; specifically, as provided for by IAS 34, the balance sheet has been compared with the figures as at December 31, 2011, while the Income Statement, the Statement of Comprehensive Income, the Change in Shareholders' Equity and the Cash Flow Statement are compared with the corresponding figures for the first half of the previous year;
- **the Explanatory Notes,** which include not only the detailed information required by IAS 34, stated according to the formats adopted in the financial statements, but also the additional information required by the CONSOB and the information deemed useful for providing a true picture of the consolidated corporate standing;
- **the Certification of the Condensed Interim Consolidated Financial Statements** pursuant to Article 81-ter of CONSOB Regulation no. 11971 of May 14, 1999 and subsequent amendments and addenda.
- **the Auditor's Report** by KPMG S.p.A. as a limited review.

Scope of consolidation

In the first six months of 2012 there were the following changes in the scope of consolidation:

- fully consolidated subsidiaries decreased from 760 as at December 31, 2011 to 758 as at June 30, 2012, with a decrease of 2 companies;
- the number of proportionately consolidated entities, which were 30 as at December 31, 2011, was unchanged;
- companies consolidated at equity decreased from 57 as at December 31, 2011 to 55 as at June 30, 2012, with a decrease of 2 companies.

For further details see Explanatory Notes - Part A - Accounting Policies - Section 3 - Consolidation Procedures and Scope.

Non-current assets and disposal groups held for sale

The main assets reclassified on the basis of IFRS 5 under non-current assets and disposal groups held for sale on the balance sheet as at June 30, 2012 are mainly those related to Business Oil attributable to Italpetroli group, to the three companies of the Cameron Granville Asset Management group, to the equity investment in Sofipa SGR S.p.A., and to property owned by some Group companies.

For further details see:

- "Other information - Rationalization of Group operations and other corporate transactions" in Interim Report on Operations;
- "Part B - Consolidated Balance Sheet - Asset - Section 15" in Condensed Interim Consolidated Financial Statements - Explanatory Notes.

Segment Reporting (Summary)

Segment reporting is presented and commented on the basis of the organizational structure currently used in management reporting of Group results, which consists of the following business segments:

- F&SME Network Italy;
- F&SME Network Germany;
- F&SME Network Austria;
- F&SME Network Poland;
- F&SME Factories;
- Corporate & Investment Banking (CIB);
- Private Banking;
- Asset Management;
- Central Eastern Europe (CEE);
- Group Corporate Center (the latter includes Global Banking Services, Corporate Centre, and consolidation adjustments not assigned to the single business segments).

Profit and loss data are given in the items of the reclassified income statement down to operating profit.

Helping home buyers make better decisions.

In the past, retail customers applying for a mortgage loan in Hungary, found themselves in a tight spot. Sometimes they had to make a down payment on a property before having secured a suitable loan. Today, new Előrelátó (Foresee) mortgage loan helps UniCredit Bank customers avoid these high-pressure situations by providing them with the time and information they need to make responsible decisions.

UniCredit provides customers with a mortgage loan pledge certificate, which remains valid for six months and is based on income and creditworthiness. Előrelátó (Foresee) mortgage loan won the title of “The Retail Loan Product of the Year 2011” in The Bank of the Year competition in Hungary.

This way, UniCredit Bank customers have the security they need before they set out to find their new home.

Interim Report on Operations

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

Highlights

Income Statement

(€ million)

	H1		
	2012	2011	CHANGE
Operating income	13,351	13,376	- 0.2%
of which: - net interest	*7,480*	*7,780*	*- 3.9%*
- dividends and other income from equity investments	*223*	*243*	*- 8.2%*
- net fees and commissions	*3,944*	*4,160*	*- 5.2%*
Operating costs	(7,584)	(7,783)	- 2.6%
Operating profit	5,767	5,593	+ 3.1%
Profit (loss) before tax	2,473	2,573	- 3.9%
Net profit (loss) attributable to the Group	**1,083**	**1,321**	**- 18.0%**

Operating income and Operating profit (loss) were restated to take account of the following reclassifications:

- reclassification, carried out by three subsidiaries of the Group in the first half of 2012, of reversals connected with the passing of time from item "Net interest" to item "Net write-downs on loans and provisions for guarantees and commitments" with impact on Operating profit (loss);
- reclassification of markups incorporated in the sale price of some trading products, traded by some Group entities, which are recognized under item "Net trading, hedging and fair value income" with impact on Operating profit (loss), which were previously recorded under item "Net fees and commissions".

Balance Sheet

(€ million)

	AMOUNTS AS AT		
	06.30.2012	12.31.2011	CHANGE
Total assets	954,950	926,769	+ 3.0%
Financial assets held for trading	126,175	130,985	- 3.7%
Loans and receivables with customers	556,815	559,553	- 0.5%
of which: - impaired loans	*43,699*	*40,184*	*+ 8.7%*
Financial liabilities held for trading	122,767	123,286	- 0.4%
Deposits from customers and debt securities in issue	580,427	561,370	+ 3.4%
of which: - deposits from customers	*417,641*	*398,379*	*+ 4.8%*
- securities in issue	*162,787*	*162,990*	*- 0.1%*
Shareholders' Equity	**61,031**	**51,479**	**+ 18.6%**

The figures in these tables refer to reclassified balance sheet and income statement.

Staff and Branches

	AS AT		
	06.30.2012	12.31.2011	CHANGE
Employees[1]	157,641	160,360	- 2,719
Employees (subsidiaries are consolidated proportionately)	147,363	150,240	- 2,877
Branches[2]	9,398	9,496	- 98
of which: - Italy	*4,366*	*4,400*	*- 34*
- Other countries	*5,032*	*5,096*	*- 64*

1. "Full Time Equivalent" data (FTE): number of employees counted for the rate of presence.
These figures include all employees of subsidiaries consolidated proportionately, such as Koç Financial Services Group employees.
2. These figures include all branches of subsidiaries consolidated proportionately, such as Koç Financial Services Group branches.

Profitability Ratios

	H1		
	2012	2011	CHANGE
EPS[1] (€)	0.21	0.67	- 0.46
Cost/income ratio	56.8%	58.2%	- 1.4
EVA[2] (€ million)	(1,637)	(753)	- 884

1. H1 2012 for EPS calculation net profit of €1,083 million was deducted of €46 million due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the Cashes transaction. EPS for the H1 2011 has been restated following the reverse share split operation executed on December 27, 2011. The H1 2011 EPS calculation used a net profit of €1,238 million instead of €1,321 million due to payments charged to equity relating to the own shares usufruct agreement entered into as part of the Cashes transaction.
2. Economic Value Added, equal to the difference between NOPAT (net operating profit after taxes) and the cost of capital.

Risk Ratios

	AS AT	
	06.30.2012	12.31.2011
Net non-performing loans to customers / Loans to customers	3.51%	3.24%
Net impaired loans to customers / Loans to customers	7.85%	7.18%

Capital Ratios

	AS AT	
	06.30.2012	12.31.2011
Capital for regulatory purposes (€ million)	60,459	56,973
Total risk weighted assets (€ million)	447,734	460,395
Core Tier 1 Ratio	**10.39%**	**8.40%**
Total regulatory capital/Total risk-weighted assets	**13.50%**	**12.37%**

See § Capital and Value Management - Capital Ratios, for more details.

Ratings

	SHORT-TERM DEBT	MEDIUM AND LONG-TERM	OUTLOOK	STANDALONE RATING
Fitch Ratings	F2	A-	NEGATIVE	a-
Moody's Investors Service	P-2	Baa2	NEGATIVE	C-
Standard & Poor's	A-2	BBB+	NEGATIVE	a-

Data as at August 1, 2012.

Condensed Accounts

Consolidated Balance Sheet

(€ million)

ASSETS	AMOUNTS AS AT 06.30.2012	AMOUNTS AS AT 12.31.2011	CHANGE AMOUNT	CHANGE PERCENT
Cash and cash balances	31,477	9,728	+ 21,749	+ 223.6%
Financial assets held for trading	126,175	130,985	- 4,811	- 3.7%
Loans and receivables with banks	65,463	56,365	+ 9,098	+ 16.1%
Loans and receivables with customers	556,815	559,553	- 2,738	- 0.5%
Financial investments	99,550	99,364	+ 186	+ 0.2%
Hedging instruments	21,948	18,069	+ 3,878	+ 21.5%
Property, plant and equipment	11,947	12,198	- 251	- 2.1%
Goodwill	11,665	11,567	+ 98	+ 0.8%
Other intangible assets	4,081	4,118	- 37	- 0.9%
Tax assets	13,626	14,346	- 720	- 5.0%
Non-current assets and disposal groups classified as held for sale	316	345	- 29	- 8.4%
Other assets	11,886	10,130	+ 1,756	+ 17.3%
Total assets	**954,950**	**926,769**	**+ 28,181**	**+ 3.0%**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 06.30.2012	AMOUNTS AS AT 12.31.2011	CHANGE AMOUNT	CHANGE PERCENT
Deposits from banks	127,122	131,807	- 4,685	- 3.6%
Deposits from customers	417,641	398,379	+ 19,261	+ 4.8%
Debt securities in issue	162,787	162,990	- 204	- 0.1%
Financial liabilities held for trading	122,767	123,286	- 519	- 0.4%
Financial liabilities designated at fair value	787	786	+ 1	+ 0.1%
Hedging instruments	20,641	18,050	+ 2,591	+ 14.4%
Provisions for risks and charges	8,241	8,496	- 256	- 3.0%
Tax liabilities	6,217	6,210	+ 7	+ 0.1%
Liabilities included in disposal groups classified as held for sale	96	252	- 156	- 61.9%
Other liabilities	24,175	21,715	+ 2,460	+ 11.3%
Minorities	3,445	3,318	+ 127	+ 3.8%
Group Shareholders' Equity:	61,031	51,479	+ 9,552	+ 18.6%
- Capital and reserves	*60,982*	*62,417*	*- 1,434*	*- 2.3%*
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	*(1,034)*	*(1,731)*	*+ 696*	*- 40.2%*
- Net profit (loss)	*1,083*	*(9,206)*	*+ 10,289*	*n.s.*
Total liabilities and Shareholders' Equity	**954,950**	**926,769**	**+ 28,181**	**+ 3.0%**

Consolidated Income Statement

(€ million)

	H1		CHANGE		
	2012	2011	€M	PERCENT	ADJUSTED[1]
Net interest	7,480	7,780	- 301	- 3.9%	- 2.8%
Dividends and other income from equity investments	223	243	- 20	- 8.2%	- 8.1%
Net fees and commissions	3,944	4,160	- 217	- 5.2%	- 4.5%
Net trading, hedging and fair value income	1,639	1,094	+ 546	+ 49.9%	+ 50.5%
Net other expenses/income	65	99	- 34	- 34.1%	- 36.2%
OPERATING INCOME	**13,351**	**13,376**	**- 25**	**- 0.2%**	**+ 0.7%**
Payroll costs	(4,580)	(4,675)	+ 95	- 2.0%	- 1.6%
Other administrative expenses	(2,725)	(2,762)	+ 37	- 1.3%	- 0.7%
Recovery of expenses	245	217	+ 27	+ 12.7%	+ 12.7%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(523)	(563)	+ 40	- 7.1%	- 6.2%
Operating costs	**(7,584)**	**(7,783)**	**+ 199**	**- 2.6%**	**- 2.0%**
OPERATING PROFIT (LOSS)	**5,767**	**5,593**	**+ 174**	**+ 3.1%**	**+ 4.3%**
Net write-downs on loans and provisions for guarantees and commitments	(3,308)	(2,678)	- 631	+ 23.6%	+ 24.0%
NET OPERATING PROFIT (LOSS)	**2,459**	**2,915**	**- 457**	**- 15.7%**	**- 13.7%**
Provisions for risks and charges	(76)	(405)	+ 329	- 81.2%	- 80.5%
Integration costs	(20)	(6)	- 14	+ 213.2%	+ 213.1%
Net income from investments	111	69	+ 41	+ 60.0%	63.4%
PROFIT (LOSS) BEFORE TAX	**2,473**	**2,573**	**- 100**	**- 3.9%**	**- 1.7%**
Income tax for the period	(998)	(1,018)	+ 20	- 2.0%	- 1.0%
NET PROFIT (LOSS)	**1,475**	**1,555**	**- 80**	**- 5.1%**	**- 2.3%**
Profit (Loss) from non-current assets held for sale, after tax	-	-	-	-	-
PROFIT (LOSS) FOR THE PERIOD	**1,475**	**1,555**	**- 80**	**- 5.1%**	**- 2.3%**
Minorities	(166)	(205)	+ 39	- 19.0%	- 15.3%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**1,309**	**1,350**	**- 41**	**- 3.0%**	**- 0.3%**
Purchase Price Allocation effect	(223)	(29)	- 194	n.s.	n.s.
Goodwill impairment	(2)	-	- 2	n.s.	n.s.
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**1,083**	**1,321**	**- 238**	**- 18.0%**	**- 15.2%**

Notes:

1. Changes at constant foreign exchange rates and perimeter.

Comparative figures as at June 30, 2011 differ from those disclosed in the 2011 First Half Financial Report due to:

- the reclassification, carried out by three subsidiaries of the Group in the first half of 2012, of the reversals connected with the passing of time from item "Net interest" to item "Net write-downs on loans and provisions for guarantees and commitments";
- the recognition under item "Net trading, hedging and fair value income" of the margins incorporated in the sale price of some trading products, traded by some Group entities, which were previously recorded under item "Net fees and commissions".

Quarterly Figures

Consolidated Balance Sheet

(€ million)

ASSETS	AMOUNTS AS AT 06.30.2012	03.31.2012	AMOUNTS AS AT 12.31.2011	09.30.2011	06.30.2011	03.31.2011
Cash and cash balances	31,477	19,669	9,728	5,566	6,596	5,982
Financial assets held for trading	126,175	119,109	130,985	140,008	107,203	106,400
Loans and receivables with banks	65,463	65,033	56,365	72,474	71,544	67,319
Loans and receivables with customers	556,815	553,658	559,553	562,447	561,792	558,825
Financial investments	99,550	103,337	99,364	96,886	97,352	96,373
Hedging instruments	21,948	19,537	18,069	18,626	10,718	9,828
Property, plant and equipment	11,947	12,214	12,198	12,288	12,345	12,629
Goodwill	11,665	11,664	11,567	11,529	20,244	20,293
Other intangible assets	4,081	4,056	4,118	4,034	5,007	5,061
Tax assets	13,626	13,649	14,346	13,519	12,329	12,797
Non-current assets and disposal groups classified as held for sale	316	329	345	376	798	726
Other assets	11,886	10,808	10,130	12,544	12,845	14,744
Total assets	**954,950**	**933,063**	**926,769**	**950,296**	**918,772**	**910,977**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 06.30.2012	03.31.2012	AMOUNTS AS AT 12.31.2011	09.30.2011	06.30.2011	03.31.2011
Deposits from banks	127,122	124,876	131,807	139,476	115,688	112,908
Deposits from customers	417,641	406,232	398,379	392,517	406,713	401,923
Debt securities in issue	162,787	164,240	162,990	166,714	179,223	180,446
Financial liabilities held for trading	122,767	117,050	123,286	137,734	98,035	97,016
Financial liabilities designated at fair value	787	857	786	912	1,065	1,156
Hedging instruments	20,641	18,307	18,050	17,265	10,040	8,447
Provisions for risks and charges	8,241	8,370	8,496	8,615	8,252	8,156
Tax liabilities	6,217	6,465	6,210	5,873	5,356	5,821
Liabilities included in disposal groups classified as held for sale	96	107	252	260	976	761
Other liabilities	24,175	21,152	21,715	25,367	25,302	26,153
Minorities	3,445	3,542	3,318	3,271	3,397	3,502
Group Shareholders' Equity:	61,031	61,865	51,479	52,292	64,726	64,686
- Capital and reserves	*60,982*	*61,115*	*62,417*	*62,621*	*63,384*	*64,259*
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	*(1,034)*	*(164)*	*(1,731)*	*(1,008)*	*20*	*(384)*
- Net profit (loss)	*1,083*	*914*	*(9,206)*	*(9,320)*	*1,321*	*810*
Total liabilities and Shareholders' Equity	**954,950**	**933,063**	**926,769**	**950,296**	**918,772**	**910,977**

The amount shown in the item "Cash and cash balances" as at March 31, 2012 differs from that disclosed in the Consolidated Interim Report as at March 31, 2012 as a result of the reclassification of demand deposits with Central Banks, previously classified in "Loans and receivables with banks".

Consolidated Income Statement

(€ million)

	2012		2011			
	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	3,690	3,790	3,817	3,827	3,900	3,880
Dividends and other income from equity investments	169	54	47	91	126	117
Net fees and commissions	1,946	1,997	1,989	1,948	2,042	2,118
Net trading, hedging and fair value income	407	1,232	255	(229)	344	750
Net other expenses/income	35	30	(13)	85	39	59
OPERATING INCOME	**6,247**	**7,104**	**6,093**	**5,721**	**6,452**	**6,924**
Payroll costs	(2,271)	(2,309)	(2,177)	(2,357)	(2,342)	(2,333)
Other administrative expenses	(1,349)	(1,376)	(1,488)	(1,391)	(1,418)	(1,345)
Recovery of expenses	135	109	164	143	113	104
Amortisation, depreciation and impairment losses on intangible and tangible assets	(260)	(263)	(298)	(275)	(279)	(284)
Operating costs	**(3,745)**	**(3,839)**	**(3,799)**	**(3,879)**	**(3,925)**	**(3,858)**
OPERATING PROFIT (LOSS)	**2,502**	**3,265**	**2,295**	**1,842**	**2,527**	**3,066**
Net write-downs on loans and provisions for guarantees and commitments	(1,910)	(1,398)	(1,493)	(1,844)	(1,178)	(1,500)
NET OPERATING PROFIT (LOSS)	**592**	**1,867**	**801**	**(2)**	**1,349**	**1,566**
Provisions for risks and charges	(61)	(16)	(48)	(266)	(244)	(161)
Integration costs	(15)	(5)	(90)	(174)	(3)	(3)
Net income from investments	81	29	(123)	(612)	(15)	84
PROFIT (LOSS) BEFORE TAX	**598**	**1,875**	**541**	**(1,054)**	**1,087**	**1,486**
Income tax for the period	(252)	(746)	(248)	(149)	(463)	(555)
NET PROFIT (LOSS)	**346**	**1,129**	**292**	**(1,203)**	**624**	**932**
Profit (Loss) from non-current assets held for sale, after tax	-	-	-	-	-	-
PROFIT (LOSS) FOR THE PERIOD	**346**	**1,129**	**292**	**(1,203)**	**624**	**932**
Minorities	(68)	(98)	(78)	(81)	(99)	(107)
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**278**	**1,031**	**214**	**(1,284)**	**525**	**825**
Purchase Price Allocation effect	(106)	(117)	(92)	(687)	(14)	(15)
Goodwill impairment	(2)	-	(8)	(8,669)	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**169**	**914**	**114**	**(10,641)**	**511**	**810**

Notes:

Starting from Q1 2012 mark-up embedded in trading transactions sale price,negotiated by some Group's entities, are booked in "Net trading, hedging and fair value income" (before booked in "Net fees and commisions"); previous periods have been reclassified.

Comparative figures as at June 30, 2011 differ from those disclosed in the 2011 First Half Financial Report due to the reclassification, carried out by three subsidiaries of the Group in the first half of 2012, of the reversals connected with the passing of time from item "Net interest" to item "Net write-downs on loans and provisions for guarantees and commitments".

Comparison of Q2 2012 / Q2 2011

Condensed Income Statement

(€ million)

	Q2		CHANGE		
	2012	2011	€M	PERCENT	ADJUSTED[1]
Net interest	3,690	3,900	- 210	- 5.4%	- 4.5%
Dividends and other income from equity investments	169	126	+ 43	+ 33.8%	+ 34.1%
Net fees and commissions	1,946	2,042	- 96	- 4.7%	- 4.2%
Net trading, hedging and fair value income	407	344	+ 63	+ 18.3%	+ 19.3%
Net other expenses/income	35	39	- 4	- 10.2%	- 10.6%
OPERATING INCOME	**6,247**	**6,452**	**- 205**	**- 3.2%**	**- 2.4%**
Payroll costs	(2,271)	(2,342)	+ 71	- 3.0%	- 2.7%
Other administrative expenses	(1,349)	(1,418)	+ 68	- 4.8%	- 4.3%
Recovery of expenses	135	113	+ 22	+ 19.5%	+ 19.6%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(260)	(279)	+ 18	- 6.6%	- 5.9%
Operating costs	**(3,745)**	**(3,925)**	**+ 180**	**- 4.6%**	**- 4.1%**
OPERATING PROFIT (LOSS)	**2,502**	**2,527**	**- 25**	**- 1.0%**	**+ 0.2%**
Net write-downs on loans and provisions for guarantees and commitments	(1,910)	(1,178)	- 732	+ 62.2%	+ 62.8%
NET OPERATING PROFIT (LOSS)	**592**	**1,349**	**- 757**	**- 56.1%**	**- 54.0%**
Provisions for risks and charges	(61)	(244)	+ 183	- 75.1%	- 74.6%
Integration costs	(15)	(3)	- 12	+ 376.2%	+ 375.2%
Net income from investments	81	(15)	+ 97	n.s.	n.s.
PROFIT (LOSS) BEFORE TAX	**598**	**1,087**	**- 489**	**- 45.0%**	**- 42.5%**
Income tax for the period	(252)	(463)	+ 212	- 45.7%	- 44.5%
NET PROFIT (LOSS)	**346**	**624**	**- 278**	**- 44.5%**	**- 41.0%**
Profit (Loss) from non-current assets held for sale, after tax	-	-	-	-	-
PROFIT (LOSS) FOR THE PERIOD	**346**	**624**	**- 278**	**- 44.5%**	**- 41.0%**
Minorities	(68)	(99)	+ 31	- 30.9%	- 27.0%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**278**	**525**	**- 247**	**- 47.1%**	**- 43.6%**
Purchase Price Allocation effect	(106)	(14)	- 92	n.s.	n.s.
Goodwill impairment	(2)	-	- 2	n.s.	n.s.
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**169**	**511**	**- 342**	**- 66.9%**	**- 63.1%**

Notes:

1. Changes at constant exchange rates and perimeter.

Comparative figures as at June 30, 2011 differ from those disclosed in the 2011 First Half Financial Report due to:

- the reclassification, carried out by three subsidiaries of the Group in the first half of 2012, of the reversals connected with the passing of time from item "Net interest" to item "Net write-downs on loans and provisions for guarantees and commitments";
- the recognition under item "Net trading, hedging and fair value income" of the margins incorporated in the sale price of some trading products, traded by some Group entities, which were previously recorded under item "Net fees and commissions".

Segment Reporting (Summary)

Key Figures by Business Segment

(€ million)

	F&SME NETWORK ITALY	F&SME NETWORK GERMANY	F&SME NETWORK AUSTRIA	F&SME NETWORK POLAND	F&SME FACTORIES	CORPORATE & INVESTMENT BANKING	PRIVATE BANKING	ASSET MANAGEMENT	CENTRAL EASTERN EUROPE	GROUP CORPORATE CENTER[1]	CONSOLIDATED GROUP TOTAL
Income statement											
OPERATING INCOME											
H1 2012	3,255	731	552	543	1,015	3,745	461	338	2,346	364	13,351
H1 2011	*3,132*	*802*	*558*	*581*	*959*	*4,306*	*456*	*402*	*2,328*	*(146)*	*13,376*
Operating costs											
H1 2012	(2,130)	(730)	(444)	(332)	(420)	(1,354)	(280)	(223)	(1,121)	(549)	(7,584)
H1 2011	*(2,244)*	*(724)*	*(437)*	*(356)*	*(433)*	*(1,393)*	*(286)*	*(234)*	*(1,093)*	*(583)*	*(7,783)*
OPERATING PROFIT											
H1 2012	1,125	1	107	211	596	2,391	181	115	1,225	(185)	5,767
H1 2011	*888*	*77*	*121*	*225*	*525*	*2,913*	*170*	*168*	*1,235*	*(729)*	*5,593*
PROFIT BEFORE TAX											
H1 2012	14	13	61	184	194	1,086	163	111	739	(93)	2,473
H1 2011	*(187)*	*53*	*32*	*175*	*243*	*2,156*	*162*	*168*	*753*	*(981)*	*2,573*
Balance Sheet											
LOANS TO CUSTOMERS											
as at June 30, 2012	121,596	41,962	20,710	10,185	54,788	217,184	8,076	-	72,684	9,630	556,815
as at June 30, 2011	*129,534*	*44,971*	*22,053*	*9,387*	*54,099*	*221,200*	*7,016*	-	*67,444*	*6,089*	*561,792*
DEPOSITS FROM CUSTOMERS AND DEBT SECURITIES IN ISSUE											
as at June 30, 2012	132,914	49,092	28,430	13,236	16,545	145,645	37,281	-	62,714	94,570	580,427
as at June 30, 2011	*121,429*	*45,558*	*27,375*	*12,837*	*15,510*	*161,284*	*34,755*	-	*54,930*	*112,258*	*585,936*
TOTAL RISK WEIGHTED ASSETS											
as at June 30, 2012	53,971	14,997	10,978	9,160	47,931	177,616	4,958	1,853	88,437	37,833	447,734
as at June 30, 2011	*56,200*	*14,208*	*11,942*	*8,466*	*46,309*	*186,421*	*4,743*	*1,837*	*82,558*	*32,476*	*445,160*
EVA											
H1 2012	(372)	(68)	(18)	60	(162)	(330)	90	62	62	(962)	(1,637)
H1 2011	*(445)*	*(12)*	*(28)*	*63*	*(32)*	*662*	*84*	*100*	*165*	*(1,312)*	*(753)*
Cost/income ratio											
H1 2012	65.4%	99.9%	80.5%	61.2%	41.3%	36.1%	60.6%	66.1%	47.8%	150.8%	56.8%
H1 2011	*71.6%*	*90.3%*	*78.3%*	*61.3%*	*45.2%*	*32.3%*	*62.8%*	*58.2%*	*47.0%*	*n.s.*	*58.2%*
Employees[2]											
as at June 30, 2012	30,091	7,609	3,841	13,702	6,205	8,947	3,015	1,928	50,613	31,690	157,641
as at June 30, 2011	*30,671*	*7,479*	*3,720*	*14,197*	*6,049*	*9,631*	*3,016*	*1,925*	*51,508*	*32,367*	*160,562*

Notes:

Figures were recasted, where necessary, on a like-to-like basis to consider changes in scope of business segments and computation rules.

1. Global Banking Services, Corporate Centre, inter-segment adjustments and consolidation adjustments not attributable to individual segments.
2. "Full Time Equivalent". These figures include all the employees of subsidiaries consolidated proportionately, such as Koç Financial Services.

How the UniCredit Group has grown

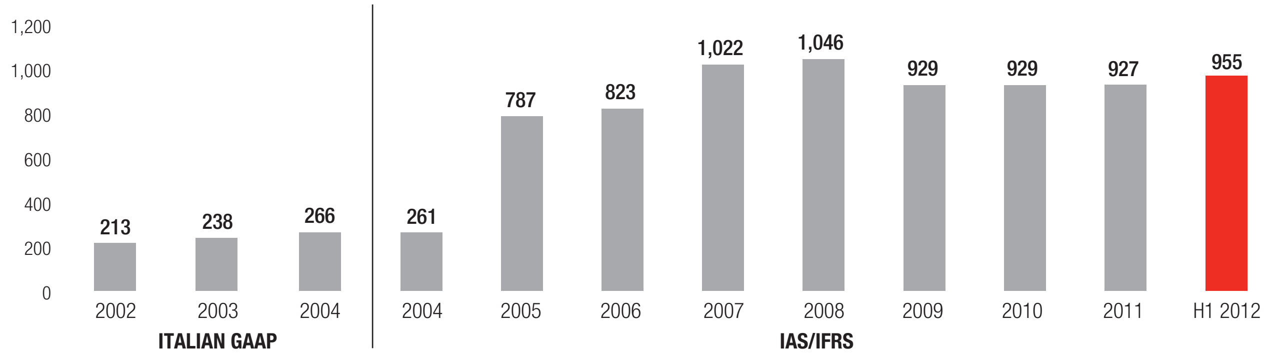
UniCredit S.p.A. (formerly Unicredito Italiano S.p.A.) and the Group of companies with the same name which the latter heads up came about as a result of the merger, in October 1998, between the Credito Italiano S.p.A., founded in 1870 under the name of Banca di Genova, and Unicredito S.p.A., the latter the holding company which held the controlling equity investments in Banca CRT, CRV and Cassamarca. As a result of this merger, the Credito Italiano Group and the Unicredito Group pooled the strength of their respective products and the complementary nature of the geographic coverage for the purpose of more effectively competing on the banking and financial services markets both in Italy and in Europe, thereby creating the UniCredit group. Since its creation, the Group has continued to expand in Italy and in Eastern European countries, both via buy-outs and via systematic growth, also consolidating its roles in sectors of important significance outside Europe, such as the asset management sector in the USA.
This expansion was characterized, particularly:
- by the merger with the HVB Group, achieved by means of a public exchange offer furthered by UniCredit on August 26, 2005 so as to take over control of HVB and the companies it headed up. Following this offer, finalized during 2005, UniCredit in fact acquired a holding of 93.93% in HVB's share capital (UniCredit has now 100% of the shares, after the acquisition of minority interest concluded on September 15, 2008 - so-called "squeeze-out" - in accordance with German regulations);
- by the merger with the Capitalia Group, achieved by means of merger through incorporation of Capitalia within UniCredit, which became effective as from October 1, 2007.

Group Figures 2002 - 2012

	IAS/IFRS									ITALIAN GAAP		
	H1 2012	2011	2010	2009	2008	2007	2006	2005	2004	2004	2003	2002
Income Statement (€ million)												
Operating income	13,351	25,200	26,347	27,572	26,866	25,893	23,464	11,024	10,203	10,375	10,465	10,099
Operating costs	(7,584)	(15,460)	(15,483)	(15,324)	(16,692)	(14,081)	(13,258)	(6,045)	(5,701)	(5,941)	(5,703)	(5,483)
Operating profit (loss)	5,767	9,740	10,864	12,248	10,174	11,812	10,206	4,979	4,502	4,434	4,762	4,616
Profit (loss) before income tax	2,473	2,060	2,517	3,300	5,458	9,355	8,210	4,068	3,238	2,988	3,257	2,924
Net profit (loss) for the period	1,475	644	1,876	2,291	4,831	6,678	6,128	2,731	2,239	2,300	2,090	1,962
Net profit (loss) attributable to the Group	1,083	(9,206)	1,323	1,702	4,012	5,961	5,448	2,470	2,069	2,131	1,961	1,801
Balance sheet (€ million)												
Total assets	954,950	926,769	929,488	928,760	1,045,612	1,021,758	823,284	787,284	260,909	265,855	238,256	213,349
Loans and receivables to customers	556,815	559,553	555,653	564,986	612,480	574,206	441,320	425,277	139,723	144,438	126,709	113,824
of which: non-performing loans	*19,519*	*18,118*	*16,344*	*12,692*	*10,464*	*9,932*	*6,812*	*6,861*	*2,621*	*2,621*	*2,373*	*2,104*
Deposits from customers and debt securities in issue	580,427	561,370	583,239	596,396	591,290	630,533	495,255	462,226	155,079	156,923	135,274	126,745
Shareholders' Equity	61,031	51,479	64,224	59,689	54,999	57,724	38,468	35,199	14,373	14,036	13,013	12,261
Profitability ratios (%)												
Operating profit (loss) / Total assets [1]	0.60	1.05	1.17	1.32	0.97	1.16	1.24	0.63	1.73	1.67	2.00	2.16
Cost/income ratio	56.8	61.4	58.8	55.6	62.1	54.4	56.5	54.8	55.9	57.3	54.5	54.3

Information in the table are "historical figures". They don't allow comparison because they are not recasted.
1. Annualized figures.

Total assets
(€ billion)



UniCredit Share

Share Information

	H1 2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Share price (€)											
- maximum	4.570	13.105	2.336	2.769	5.697	7.646	6.727	5.864	4.421	4.425	5.255
- minimum	2.362	4.225	1.512	0.634	1.539	5.131	5.564	4.082	3.805	3.144	3.173
- average	3.302	8.573	1.931	1.902	3.768	6.541	6.161	4.596	4.083	3.959	4.273
- end of period	2.822	4.225	1.570	2.358	1.728	5.659	6.654	5.819	4.225	4.303	3.808
Number of outstanding shares (million)											
- at period end[1]	5,789	1,930	19,297.6	16,779.3	13,368.1	13,278.4	10,351.3	10,303.6	6,249.7	6,316.3	6,296.1
- shares cum dividend	5,693	1,833	18,330.5	18,329.5	13,372.7	13,195.3	10,357.9	10,342.3	6,338.0	6,316.3	6,296.1
of which: savings shares	*2.42*	*2.42*	*24.2*	*24.2*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*
- average[1]	5,153	1,930	19,101.8	16,637.8	13,204.6	11,071.6	10,345.2	6,730.3	6,303.6	-	-
Dividend											
- total dividends (€ million)		(**)	550	550	(*)	3,431	2,486	2,276	1,282	1,080	995
- dividend per ordinary share		(**)	0.030	0.030	(*)	0.260	0.240	0.22	0.205	0.171	0.158
- dividend per savings share		(**)	0.045	0.045	(*)	0.275	0.255	0.235	0.220	0.186	0.173

Information in the table are "historical figures" and they must be read with reference to each single period.

1. The number of shares is net of trasury shares and included n. 96.76 million of shares held under a contract of usufruct.

(*) 2008 dividend was paid with cash to savings shareholders (€0.025 per share, for a total amount of €0.5 million), and with newly issued shares (so called "scrip dividend").

(**) As per Bank of Italy's paper dated March 2, 2012, in keeping with the decision of UniCredit S.p.A.'s Board of Directors and in line with the intention announced to the Shareholders' Meeting in 2012, UniCredit S.p.A. did not pay any dividends with respect to its 2011 financial results.

In 2011 the following operations were carried out:
- the €2.5 billion free capital increase, through the allocation to capital of an equivalent amount transferred from the "Issue-premium reserve";
- the reverse stock split of ordinary and savings shares based on a ratio of 1 new ordinary or savings share for every 10 existing ordinary or savings shares;
- elimination of the per-share nominal value of UniCredit shares.

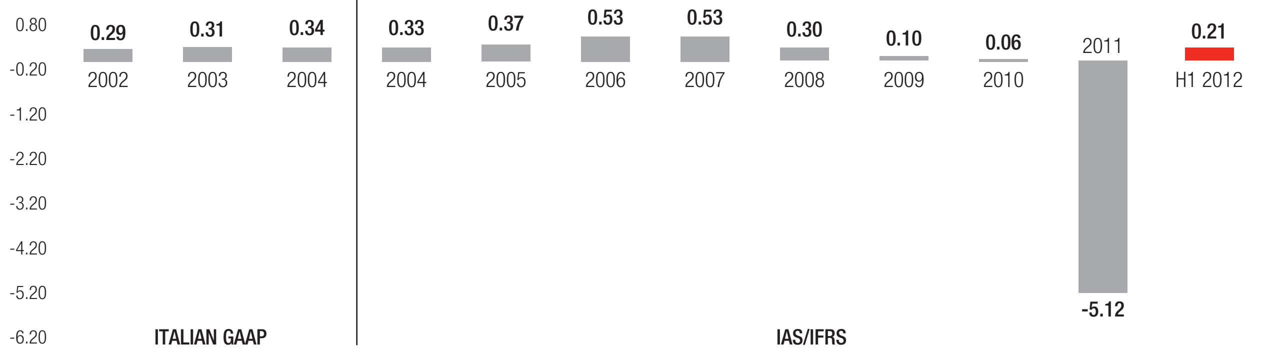
In the first quarter of 2012 the capital increase of €7.5 billion equal to a number of shares issued of 3,859,602,938 was fully subscribed for.

Earnings Ratios

	IAS/IFRS									ITALIAN GAAP		
	H1 2012	2011	2010	2009	2008	2007	2006	2005	2004	2004	2003	2002
Shareholders' Equity (€ million)	61,031	51,479	64,224	59,689	54,999	57,690	38,468	35,199	14,373	14,036	13,013	12,261
Group portion of Net profit (loss) (€ million)	1,083	(9,206)	1,323	1,702	4,012	5,901	5,448	2,470	2,069	2,131	1,961	1,801
Net worth per share (€)	10.54	26.67	3.33	3.56	4.11	4.34	3.72	3.42	2.30	2.21	2.06	1.95
Price/ Book value	0.27	0.16	0.47	0.66	0.42	1.30	1.79	1.70	1.84	1.91	2.09	1.96
Earnings per share (€)	0.21	- 5.12	0.06	0.10	0.30	0.53	0.53	0.37	0.33	0.34	0.31	0.29
Payout ratio (%)			41.6	32.3	(*)	58.1	45.6	92.1		60.2	55.1	55.2
Dividend yield on average price per ordinary share (%)	-	-	1.55	1.58	(*)	3.97	3.90	4.79		5.02	4.32	3.70

Information in the table are "historical figures" and they must be read with reference to each single period.
(*) 2008 dividend was paid with cash to savings shareholders (€0,025 per share, for a total amount of €0.5 million), and with newly issued shares (so called "scrip dividend").
The 2008 EPS figure published in the consolidated report as at December 31, 2008 was €0.30 and has now been amended to €0.26 due to the increase in the number of shares following the capital increase (IAS 33 § 28).
For the purposes of calculating 2009 EPS, net profit for the period of €1,702 million was changed to €1,571 million due to disbursements made in connection with the foreseen use of treasury shares agreed under the 'cashes' transaction, and charged to equity.For the purposes of calculating EPS, net profit for the 2010 of 1,323 million was changed to 1,167million; net losses for 2011 of 9,206 million was changed to 9,378 million; net profit for H1 2012 of €1,083 million was deducted of €46 million.

Earnings per share
(€)



Group Results

Macroeconomic situation, banking and financial markets

International situation

USA/Eurozone

The first part of the year was characterized by a very positive performance of financial markets and signs of recovery in the real economy, but developments in the second quarter showed renewed tensions related to the sovereign debt in the euro zone and increased uncertainty on financial markets, with widespread concern about a possible exit of Greece from the euro zone, heightened by some disappointing data on economic growth.
In particular, the Greek elections in May resulted in a highly fragmented Hellenic parliament and fueled growing uncertainty in financial markets until the elections of June 19, that led to the formation of a government favorable to the rescue plan.
Moreover, towards the end of June a European summit was held with the main objective to lay the groundwork for greater banking integration and take measures to support economic growth in the euro area. With respect to growth, in the United States the latest estimate of GDP for the first quarter confirmed that the U.S. economy grew by 1.9% q/q (annualized), a slightly lower figure than the preliminary estimate. Business surveys revealed a slowdown trend in the quarter, while the labor market showed signs of losing momentum, with less jobs created than in the previous quarter. As widely expected, at the latest FOMC meeting (June) the Fed left the reference rate unchanged at 0-0.25% and confirmed that rates will remain exceptionally low until at least the end of 2014. The FOMC also decided to prolong the Operation Twist until the end of the year.
As regards the euro area, after stabilization of the GDP in the first quarter of the year, some growth indicators started to weaken at the beginning of the second quarter, remaining so throughout the period, suggesting a possible, although not sharp, contraction in GDP in the second quarter. After standing at 2.7% in the first quarter, inflation showed a downward trend and finally reached 2.4% (preliminary figure) in June, mainly due to a decrease in oil prices. The ECB continued to support the banking sector with unlimited liquidity and relaxation of the collateral requirements. The refi rate remained at 1% during the quarter, but for the first time in many months the option of a rate cut was discussed by the Executive Board's Meeting in June.

Banking and financial markets

In line with the backdrop of weak economic growth, bank lending to the private sector in the euro area still showed signs of deceleration, recording marginally negative growth in May (-0.1% y/y). Among the Group's three key countries, Italy confirmed a sharp downward trend in loans to the private sector, which showed zero growth in May, in the wake of a further slowdown in loans to households and a contraction exceeding 1% in loans to businesses. By contrast, both in Germany and in Austria lending to the private sector continued to expand during the quarter. Bank deposits showed a slight recovery in Italy in the period from April to May, mainly driven by a recovery in time deposits, while current account deposits experienced a further, sharp contraction. Bank deposits continued to show a sustained growth rate both in Austria and in Germany. With respect to bank rates, interest rates on loans confirmed a decrease in all the Group's three key countries, with a subsequent reduction in the bank spread (difference between the average rate on loans and the average rate on deposits). As regards equity markets, the second quarter was characterized by renewed volatility on financial markets and a deterioration of the performance of stock markets, especially the Italian and the German stock markets.

CEE Countries

Q2 looks set to be a better quarter for economic activity in CEE than Q1, capturing a variety of factors. Firstly better weather conditions facilitated a bounce in industrial production in a number of countries. Secondly more favorable global risk appetite facilitated a further inflow of portfolio capital to the region, helping finance governments and to a certain extent the private sector. Following a slump in GDP in Q1 to 0.4% QoQ, we expect an improvement in Q2. For the year as a whole, we forecast GDP growth at 2.6% for CEE, recovering to 3.4% next year.
But there is differentiation across the region from a number of perspectives. For example, though growth is slowing, the outlook for larger economies remains one whereby they continue to outperform EMU. Poland has done an impressive job of building financing buffers. Though real GDP growth looks set to slow into H2-12, the government has made considerable progress in consolidating the budget deficit while the NBP may cut rates in Q4, proving a cushion for growth. Though later than desired, the CBT's and government's efforts in Turkey have begun to facilitate a much needed re-balancing in economic activity. Following double digit gains in recent quarters, domestic demand growth has ground to a halt and we see a modest, more sustainable pace of recovery from here, facilitated by a gradual easing of monetary policy. The pace of consolidation in Turkey's C/A balance is impressive while fiscal policy remains in good shape.
In Russia, the government has put forward a raft of reform measures to reduce the reliance of the economy on oil prices. Meanwhile limited reliance on foreign funding has helped to protect the economy for volatile external risk appetite. Increased RUB volatility also helps to protect both the economy and budget performance from external shocks.
But there are also a number of weaker economies in the region which, despite the favorable funding environment for emerging markets, are struggling to post gains in GDP and at times secure government financing. While we continue to be impressed by Romania's efforts under its IMF programme since 2009, a recent

change in government has introduced some uncertainty to the fiscal policy outlook. Indecision in forming a government in Serbia against a weak growth backdrop and in deficits requires a new IMF anchor. Slovenia and Croatia have put forward a raft of structural reform measures but determining the pace of recovery in economic activity remains uncertain. Meanwhile a lack of willingness to commit to IMF-requested reforms keeps real GDP growth low to negative in Ukraine and Hungary and sovereigns shut out from external bond markets in the face of rising IMF repayments.

Main results and performance for the period

Introduction

In the first half of 2012 the **Net profit attributable to the Group was** €1,083 million, down by €238 million (down by 18.0%, or 15.2% at constant exchange rates and perimeter) compared to the first half 2011.

The **Net operating profit** was at €2,459 million, down by €457 million (down by 15.7%) compared to the same period 2011.

Such a decrease is largely driven by higher **Net write downs on loans and provision for guarantees and commitments,** which are up by €631 million to €3,308 million (up by 23.6% over the first half 2011).

The **Operating profit** instead increased by 3.1% to €5,767 million, as a result of slight decrease of **Operating income** over the same period last year (down by 0.2%) and operating expenses reduction by 2.6%

Operating income

The **Operating income** was at €13,351 in the first half of 2012, slightly decreasing (down by 0.2%, up by 0.7% at constant exchange rates and perimeter) over the same period last year.

Net interest amounted to €7,480 in the first half of 2012, slightly down by €301 million over the same period 2011 (down by 3.9%, or 2.8% at constant exchange rates and perimeter).

Besides the dynamics of market rates (3-month Euribor indicates a decrease of 39 basis points, from 1.26% on average in the first half of 2011 to 0.87% in the first half of 2012), the decrease is driven by lower contribution of UCB AG, which last year recorded a not repeatable revenue from a financing transaction.

Deposits from customers in the first half 2012 were €417.6 billion up by €10.9 billion over the same period last year, thanks to positive contribution from all countries. Loans to customers were at €556.8 billion down by €5 billion over the first half 2011 (but up by €3.2 billion over the first quarter 2012) due to lower volumes in Western European Countries, partially offset by CEE countries and Financial Institutions. Commercial funding gap reduced by -€38 billionn compared to the same period 2011 at €95 billion.

Dividends and other income from equity investments were at €223 million, slightly decreasing over the last year (down by €20 million) due to lower contribution from Private Equity investment portfolio.

Net fees and commissions amounted to €3,944 million in the first half 2012, 5.2% lower comparing to the same period 2011 (down by 4.5% at constant exchange rates and perimeter). Such an evolution is largely attributable to investment services (asset management, administrative and bancassurance). On the other side, fees related to lending were growing, while income from transactional activities were flat.

Net trading, hedging and fair value showed an increase of €546 million (+49.9%) compared to the previous year. The trend was positively influenced by the success recorded on the tender offer for bond buy-back which generated a gross gain of €697 million. Excluding this component the net trading would have decreased by €152 million (-13.9%) due to a decline of Markets activities (which were partially compensated by an increase in Net Interest Income).

Group Results (Continued)

Main results and performance for the period (Continued)

Finally, **Net other expenses/income** (€65 million) showed a decrease of €34 million compared to the first half 2011 mainly due to charges occurred in the Hungarian subsidiary related to the Early Repayment Program (ERP), being the government's program for early repayment of loans at subsidized interest rates in foreign currency.

Operating income

(€ million)

	2011 H1	2012 H1	CHANGE %	2012 Q2	CHANGE % ON Q2 2011	CHANGE % ON Q1 2012
Net interest	7,780	7,480	- 3.9%	3,690	- 5.4%	- 2.6%
Dividends and other income from equity investments	243	223	- 8.2%	169	+ 33.8%	+ 210.0%
Net fees and commissions	4,160	3,944	- 5.2%	1,946	- 4.7%	- 2.6%
Net trading, hedging and fair value income	1,094	1,639	+ 49.9%	407	+ 18.3%	- 67.0%
Net other expenses/income	99	65	- 34.1%	35	- 10.2%	+ 18.9%
Operating income	**13,376**	**13,351**	**- 0.2%**	**6,247**	**- 3.2%**	**- 12.1%**

Operating costs

Operating costs, in the first half 2012, were at €7,584 million, down by 2.6% compared to the first half 2011 (down by 2% at constant exchange rates and perimeter).

Payroll costs amounted to €4,580 million, decreasing by 2% over the first half 2011, due to staff reduction (down by 1.8% to 157.641 *Full Time Equivalent*) which offset the wage pressures recorded in some countries were the Group operates, as well as due to lower provision on the variable component that reflects decreasing results compared to last year.

Other administrative expenses in the first half 2012 were at €2,725 million, 1.3% below the same period of 2011 (0.7% lower at constant exchange rates and perimeter). Higher attention to cost containment is particularly visible on discretionary spending such as those related to advertising and marketing (-10.1% at constant exchange rates), personnel related (-12.9% at constant exchange rates) and consulting (-10.2% at constant exchange rates).

Write downs of tangible and intangible assets amounted to €523 million, decreasing compared to the same period last year (down by 7.1%), mainly due to extension of the useful life of IT investments, as noted on the results of the first quarter of 2012.

Operating costs

(€ million)

	2011 H1	2012 H1	CHANGE %	2012 Q2	CHANGE % ON Q2 2011	CHANGE % ON Q1 2012
Payroll costs	(4,675)	(4,580)	- 2.0%	(2,271)	- 3.0%	- 1.7%
Other administrative expenses	(2,762)	(2,725)	- 1.3%	(1,349)	- 4.8%	- 2.0%
Recovery of expenses	217	245	+ 12.7%	135	+ 19.5%	+ 24.2%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(563)	(523)	- 7.1%	(260)	- 6.6%	- 0.8%
Operating costs	**(7,783)**	**(7,584)**	**- 2.6%**	**(3,745)**	**- 4.6%**	**- 2.4%**

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

Net write-downs on loans and provisions for guarantees and commitments amounted to €3,308 million in the first half of 2012 with an increase of 23.6% compared to the same period of the previous year. Such a trend is reflected in CoR of 119bps being 23bps above first half 2011. Major part of the decline is generated in Italy which is suffering from macroscenario deterioration and in Germany which registered write backs in the same period of the previous year. Positive dynamics in Austria and CEE division

Growth of provisions is reflected in the higher amount of impaired loans that increased their weight in total loans from 7.18% at December 31, 2011 to 7.85% at June 30, 2012. The coverage ratio was 43.8% compared to 44.6% registered in December 2011.

Loans to customers - asset quality

(€ million)

	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	IMPAIRED LOANS	PERFORMING LOANS	TOTAL CUSTOMER LOANS
As at 06.30.2012							
Face value	44,831	19,799	8,020	5,070	**77,720**	515,804	**593,524**
as a percentage of total loans	*7.55%*	*3.34%*	*1.35%*	*0.85%*	***13.09%***	*86.91%*	
Writedowns	25,312	5,766	2,201	742	**34,021**	2,688	**36,709**
as a percentage of face value	*56.5%*	*29.1%*	*27.4%*	*14.6%*	***43.8%***	*0.5%*	
Carrying value	19,519	14,033	5,819	4,328	**43,699**	513,116	**556,815**
as a percentage of total loans	*3.51%*	*2.52%*	*1.05%*	*0.78%*	***7.85%***	*92.15%*	
As at 12.31.2011							
Face value	42,245	18,735	7,250	4,301	**72,531**	522,279	**594,810**
as a percentage of total loans	*7.10%*	*3.15%*	*1.22%*	*0.72%*	***12.19%***	*87.81%*	
Writedowns	24,127	5,704	1,856	660	**32,347**	2,910	**35,257**
as a percentage of face value	*57.1%*	*30.4%*	*25.6%*	*15.3%*	***44.6%***	*0.6%*	
Carrying value	18,118	13,031	5,394	3,641	**40,184**	519,369	**559,553**
as a percentage of total loans	*3.24%*	*2.33%*	*0.96%*	*0.65%*	***7.18%***	*92.82%*	

In H1 2012 past-due impaired loans included certain types of exposure which December 31, 2011 benefited from a temporary or permanent 180-day default trigger.

Loans that benefited from the temporary waiver (i.e. loans to resident firms or firms registered in Italy) fall under Bank of Italy rules that came into force on January 1, 2012; those that benefited from the permanent waiver (i.e. retail loans and loans to public-sector entities resident or registered in Italy) under the Financial Stability Board's recommendations, to which the Group has adhered.

Net operating profit

Net operating profit of first half of 2012 at €2,473 million declining by 3.9% compared to the same period of previous year.

Provision for Risk and charges amounted to -€76 million, showing a strong decrease compared to -€405 million registered in the same period of 2011 (down by 81.2%). 2011 result was penalized by a prudential provision regarding a project finance operation in Germany.

Integration costs in first half 2012 amounted to -€20 million.

Finally, **Net income from investments** totaled €111 million, €69 million more than registered in the first half of 2011, driven by the gain on London Stock Exchange shareholding disposal (€109 million).

Profit before tax by business segment

(€ million)

	OPERATING INCOME	OPERATING EXPENSES	PROFIT (LOSS) AND NET WRITE DOWNS ON LOANS	NET OPERATING PROFIT	PROFIT BEFORE TAX 2011 H1	PROFIT BEFORE TAX 2012 H1
F&SME Network Italy	3,255	(2,130)	(1,083)	42	(187)	14
F&SME Network Germany	731	(730)	(8)	(7)	53	13
F&SME Network Austria	552	(444)	(46)	61	32	61
F&SME Network Poland	543	(332)	(27)	184	175	184
F&SME Factories	1,015	(420)	(390)	205	243	194
Corporate & Investment Banking	3,745	(1,354)	(1,358)	1,033	2,156	1,086
Private Banking	461	(280)	(3)	178	162	163
Asset Management	338	(223)	-	115	168	111
Central Eastern Europe	2,346	(1,121)	(481)	744	753	739
Group Corporate Center	364	(549)	88	(97)	(981)	(93)
Group Total	**13,351**	**(7,584)**	**(3,308)**	**2,459**	**2,573**	**2,473**

Group Results (Continued)

Main results and performance for the period (Continued)

Profit (loss) attributable to the Group

Profit (loss) for the period totaled €1,475 million (down by 5.1% compared to the same period of 2011) affected by income taxes of €998 million. Tax rate at 40.4%, showed a slight increase compared to first half of 2011 (at 39.6%).

Minority interests amounted to -€166 million, down by 19% compared to first half 2011

Purchase Price Allocation amounted to -€223 million, down €194 million compared to the first half of 2011. This deterioration (related to the higher value attributed to the acquisition of HVB) is due to the end of the positive effect from the component allocated to liabilities, while the part related to the assets continues to generate negative effects.

As a result of all these elements, the **Group** obtained **net profit** of €1,083 million, with a decrease of €238 million (down by 18%) compared to first half of 2011.

Profit (loss) attributable to the Group

(€ million)

	2011 H1	2012 H1	CHANGE %	2012 Q2	CHANGE % ON Q2 2011	CHANGE % ON Q1 2012
Operating income	**13,376**	**13,351**	**- 0.2%**	**6,247**	**- 3.2%**	**- 12.1%**
Operating cost	(7,783)	(7,584)	- 2.6%	(3,745)	- 4.6%	- 2.4%
Operating profit (loss)	**5,593**	**5,767**	**+ 3.1%**	**2,502**	**- 1.0%**	**- 23.4%**
Net write-downs on loans and provisions for guarantees and commitments	(2,678)	(3,308)	+ 23.6%	(1,910)	62.2%	36.6%
Net operating profit (loss)	**2,915**	**2,459**	**- 15.7%**	**592**	**- 56.1%**	**- 68.3%**
Provision for risk and charges	(405)	(76)	- 81.2%	(61)	- 75.1%	290.7%
Integration costs	(6)	(20)	+ 213.2%	(15)	n.s.	201.0%
Net income from investment	69	111	+ 60.0%	81	n.s.	+ 178.2%
Profit (loss) before tax	**2,573**	**2,473**	**- 3.9%**	**598**	**- 45.0%**	**- 68.1%**
Income tax for the period	(1,018)	(998)	- 2.0%	(252)	- 45.7%	- 66.3%
Profit (loss) for the period	**1,555**	**1,475**	**- 5.1%**	**346**	**- 44.5%**	**- 69.3%**
Minorities	(205)	(166)	- 19.0%	(68)	- 30.9%	- 30.3%
Net profit (loss) attributable to the Group before PPA	**1,350**	**1,309**	**- 3.0%**	**278**	**- 47.1%**	**- 73.1%**
Purchase Price Allocation effects	(29)	(223)	n.s.	(106)	n.s.	- 9.2%
Goodwill impairment	-	(2)	n.s.	(2)	n.s.	n.s.
Net profit (loss) attributable to the Group	**1,321**	**1,083**	**- 18.0%**	**169**	**- 66.9%**	**- 81.5%**

Capital and Value Management

Principles of value creation and disciplined capital allocation

In order to create value for the shareholders, the Group's strategic guidelines are aimed at optimizing the composition of its business portfolio. This goal is pursued through a process of capital allocation to each business line in relation to its specific risk profile and ability to generate extra income measured as EVA, which is the main performance indicator related to TSR (Total Shareholder Return). The development of Group operations with a view to value creation requires a process for allocating and managing capital governed by different phases in the process of planning and control, articulated as:

- formulation of the proposed propensity for risk and capitalization targets;
- analysis of the risks associated with the value drivers and resulting allocation of capital to the business lines and to the Business Units;
- assignment of performance targets in line with risk;
- analysis of the impact on the Group's value and of the creation of value for shareholders;
- drafting and proposal of the financial plan and dividend policy.

The process of capital allocation is based on a "dual track" logic, considering both economic capital, measured through the full evaluation of risks by risk management models, and regulatory capital, quantified applying internal capitalization targets to regulatory capital requirements.

Capital Ratios

The Group dynamically manages its capital base by monitoring regulatory capital ratios, anticipating the appropriate changes necessary to achieve its targets, and optimizing the composition of its assets and equity. Planning and monitoring refer, on the one hand, to shareholders' equity and the composition of regulatory capital (Core Tier 1, Tier 1, Lower and Upper Tier 2, and Tier 3 Capital) and, on the other hand, to the Risk-Weighted Assets (RWAs). The Risk-Weighted Assets, for portfolios managed using the Advanced model, not only depend on the nominal value of the assets but also on the relevant credit parameters. Besides volume dynamics, it is also crucial to monitor and forecast the change in the loan quality of the portfolio in view of the macroeconomic scenario (the so-called pro-cyclical effect).

The Core Tier 1 Ratio[1] (Basel 2) at June 2012 was 10.39%. The Tier 1 Ratio and Total Capital Ratio, respectively, were 10.94% and 13.50%.

Capital Ratios (€ million)

	AS AT	
	06.30.2012	12.31.2011
Total Capital	60,459	56,973
Tier 1 Capital	48,975	42,917
Core Tier 1 Capital	46,540	38,691
Total RWA	447,734	460,395
Total Capital Ratio	**13.50%**	**12.37%**
Tier 1 Ratio	**10.94%**	**9.32%**
Core Tier 1 Ratio	**10.39%**	**8.40%**

The recent economic and financial crisis, which began in 2007, has given rise to intense debate on the need to revise, in a more restrictive sense, the rules for measuring capital and the capital ratios imposed by Basel 2. With the aim of raising the resilience of the banking sector, the Basel Committee on Banking Supervision published the comprehensive reform framework (Basel 3) on December 16, 2010. The package modifies the rules for the levels of banks capital adequacy and introduces limits in terms of liquidity, medium-long term funding and leverage. The Basel Committee defined a smoothed timeline for the introduction of new rules, with the full implementation by January 2019 after a phase-in starting from January 2013. On July 20, 2011, a legislative proposal drawn up by the European Commission with a view to implementing the Basel 3 standards in Europe was published. Specifically, the proposal involves two separate legislative instruments: a Directive (CRD IV) and a Regulation (CRRI), which will include the majority of the measures relating to capital requirements, the provisions of which will be directly binding and applicable within each European Union Member State. The Commission's proposal is currently being analysed by the European Parliament and the Council of the European Union with a view to definitively approving it in 2012.

Shareholders' Equity attributable to the Group

The **Shareholders' Equity of the Group,** including the **net profit of the period** (€ 1,083 million), amounted to €61,031 million at June 30, 2012, compared to €51,479 million at December 31, 2011.

The statement of changes in Shareholders' Equity is included in the Consolidated Accounts.

The following table shows the main changes that occurred in 2012.

Shareholders' Equity attributable to the Group (€ million)

Shareholders' Equity as at December 31, 2011	**51,479**
Capital increase (net of capitalized costs)	7,355
Disbursements related to Cashes transaction ("canoni di usufrutto")	(46)
Dividend payment	-
Forex translation reserve	434
Change in afs / cash-flow hedge reserve	696
Others	31
Net profit (loss) for the period	1,083
Shareholders' Equity as at June 30, 2012	**61,031**

UniCredit has launched a review of the internal composition of shareholder's equity, in order to verify the efficiency of the organization of its system of reserves, in accordance with the origin and the statutory framework governing each of them and also on the basis of the allocation of the loss recorded in financial year 2011. The review will be completed in time for the preparation of the draft financial statements for the current year.

1. Core Tier 1 Ratio is defined according to the internal methodology, as currently it's not included in the Prudential Reporting Schemes.

Results by Business Segment

Family & Small Medium Enterprise (F&SME)

F&SME Network Italy

The primary goal of the Family & SME Division is to allow individuals, households, small and medium enterprises to meet their financial needs by offering them a complete range of reliable, high-quality products and services at a competitive price. The Group's major strengths in retail banking are the experience of its employees and the central role played by customer satisfaction. UniCredit holds a strategic position in the retail banking segment in Italy thanks to its nearly 4,000 branches throughout the country.

Income Statement, Key Ratios and Indicators

(€ million)

F&SME NETWORK ITALY	2011 H1	2012 H1	CHANGE %	2012 Q2	CHANGE % ON Q2 2011	CHANGE % ON Q1 2012
Operating income	3,132	3,255	+ 3.9%	1,627	+ 2.4%	- 0.0%
Operating costs	(2,244)	(2,130)	- 5.1%	(1,057)	- 5.7%	- 1.5%
Net write-downs on loans	(1,036)	(1,083)	+ 4.6%	(593)	+ 22.1%	+ 21.2%
Net operating profit	(148)	42	- 128.6%	(23)	+ 27.6%	- 134.9%
Profit before tax	(187)	14	- 107.7%	(44)	+ 24.3%	- 175.5%
Loans to customers (eop)	129,534	121,596	- 6.1%	121,596	- 6.1%	- 1.6%
Customer deposits (incl. Securities in issue - eop)	121,429	132,914	+ 9.5%	132,914	+ 9.5%	+ 2.5%
Total RWA Eop	56,200	53,971	- 4.0%	53,971	- 4.0%	- 3.4%
EVA (€ million)	(445)	(372)	- 16.4%	(200)	+ 4.0%	+ 16.9%
Absorbed Capital (€ million)	4,338	5,839	+ 34.6%	5,798	+ 29.2%	- 1.4%
RARORAC	-20.50%	-12.73%	777pb	- 13,83%	335pb	- 217pb
Cost/Income	+71.6%	+65.4%	- 621pb	+ 64,9%	- 560pb	- 101pb
Cost of Risk	1.63%	1.75%	13pb	1,93%	41pb	35pb
Full Time Equivalent (eop)	30,671	30,091	- 1.9%	30,091	- 1.9%	- 0.8%

The F&SME Network Italy closed the first half 2012 with an **operating income** of €3,255 million, up by 3.9% over the first half 2011. This trend was due to an increase in net interest margin, thanks to the increasing average volume of deposits and a growing spread on sight deposits. The loan margin, on the contrary, was affected by the increase in cost of funding together with lower average volumes. Fees decreased due to the contraction of upfront fees on investments products sales, only partially offset by increased financing fees. The second quarter 2012 recorded an operating income of €1,627 million, in line with the previous quarter. The net interest income has benefited from a good commercial persistence of client rates, that more than offset the drop of euribor compared to the previous quarter. Commissions, on the contrary, recorded a slight decrease compared with first quarter, due to the decrease in bond sales upfront fees.

The **operating costs** amounted to €2,130 million, down by 5.1% over the previous year thanks to savings on other administrative expenses and on structural staff expenses, linked to the reduction of FTEs (-1.9% y/y). Compared to the previous quarter, the operating costs were down by 1.5% primarily due to the saving on the other administrative expenses, thanks to the cost containment actions, while HR costs were flat.

The increase in revenues and savings on costs had a positive effect on **cost/income** that in June 2012 showed a value of 65.4%, strongly lower than the corresponding value in June 2011, equal to 71.6%.

Net write-downs on loans amounted to €1,083 million, representing a worsening over the first half 2011 (+4.6%), due to higher new flows to default on middle enterprises and to the worsening of impaired portfolio of middle enterprises. The cost of risk, in the first half of 2012, was 175 bps, up by 13 basis points compared to the same period of 2011. In the second quarter 2012, net write down on loans amounted to €593 million, increasing (+21.2%) compared to the previous quarter, due to worsening of impaired portfolio of the small and medium enterprises and to the higher new flows to default on small business, drawing the cost of risk to 193 bps (+35 bps).

The F&SME Network Italy closed the first half 2012 with a **profit before tax** of €14 million, increasing over the previous year. The second quarter closed with a profit before taxes of -€44 million, with a strong decrease compared to previous quarter.

As at June 30, 2012 the volume of **loans to customers** was €121,596 million, representing a decline of 6.1% compared to June 2011, due to the declining stock of mortgages. **Customer deposits** (including securities in issue) totaled €132,914 million, an increase of 9.5% from June 2011, thanks to strong push of term deposits. **Risk weighted assets** amounted to €53,971 million, a decrease of 4.0% over the same period of the previous year.

F&SME Network Germany

The primary goal of the Family & SME Division is to allow individuals, households and small and medium enterprises to meet their financial needs by offering them a complete range of reliable, high-quality products and services at a competitive price.
The Group's major strengths in retail banking are the experience of its employees and the central role played by customer satisfaction. UniCredit holds a strategic position in the retail banking segment in Germany thanks to its nearly 620 branches throughout the country.

Income Statement, Key Ratios and Indicators

(€ million)

F&SME NETWORK GERMANY	2011 H1	2012 H1	CHANGE %	2012 Q2	CHANGE % ON Q2 2011	CHANGE % ON Q1 2012
Operating income	802	731	- 8.8%	374	- 5.8%	+ 4.6%
Operating costs	(724)	(730)	+ 0.8%	(363)	- 0.1%	- 1.0%
Net write-downs on loans	(13)	(8)	- 39.6%	3	- 64.1%	- 124.5%
Net operating profit	65	(7)	- 111.0%	13	- 67.6%	- 164.6%
Profit before tax	53	13	- 75.0%	15	- 47.6%	n.s.
Loans to customers (eop)	44,971	41,962	- 6.7%	41,962	- 6.7%	- 1.3%
Customer deposits (incl. Securities in issue - eop)	45,558	49,092	+ 7.8%	49,092	+ 7.8%	+ 4.1%
Total RWA Eop	14,208	14,997	+ 5.6%	14,997	+ 5.6%	- 4.8%
EVA (€ million)	(12)	(68)	n.s.	(28)	n.s.	- 29.0%
Absorbed Capital (€ million)	1,014	1,398	+ 37.9%	1,403	+ 34.7%	+ 0.8%
RARORAC	-2.30%	-9.78%	- 748pb	- 8.09%	n.s.	340pb
Cost/Income	+90.3%	+99.9%	957pb	+ 97.2%	552pb	- 553pb
Cost of Risk	0.06%	0.04%	- 2pb	0.02%	4pb	- 12pb
Full Time Equivalent (eop)	7,479	7,609	+ 1.7%	7,609	+ 1.7%	+ 0.2%

In the first half of 2012 F&SME Network Germany **operating income** amounted to €731 million, 8.8% less than in the first half of 2011, mainly resulting from the strong decline in net interest due to the persistent low market rates level. Despite stable commissions, consumers continued to be prudent due to the financial crisis, leading to lower revenues from securities transactions. F&SME Network Germany will try to counter this trend by creating and distributing innovative products fitting the need of its customers. In the second quarter of 2012, F&SME Network Germany increased its operating income mainly thanks to a positive performance on fees more than offsetting the impact on net interest margin due to the decreased market rates.

Operating costs totaled €730 million, a slight increase of 0.8%. In the HR Costs the bulk of the increase was due to normal wage drifts and higher allocations for pension funds. This increase was compensated by lower other administrative applying strict cost measures.

Despite the stable cost situation, the **cost/income** worsened compared to the previous year to 99.9% mainly caused by declined revenues due to the development of market rates as a consequence of the ongoing euro crisis.

Net write-downs on loans were €8 million in the first half of year 2012 which constitutes a reduction of 39.6% compared to the first half 2011.This decrease results from the new calibration of the rating classes for private customers, finally leading to a relief of loan loss provisions. The **cost of risk** was confirmed on a very low level (4bps) and offers a comfortable basis for further growth in loans business.

F&SME Network Germany reported in the first half of 2012 a **profit before tax** of €13 million, mainly due to the decreasing trend of spreads for deposits in the course of development of market rates.

F&SME Network Germany ended the first half of 2012 with a volume of **loans to customers** of €41,962 million, down by 6.7% compared to the first half of the previous year. The reason was the normal rundown of the stock of mortgages. **Customer deposits (including securities in issue)** amounted to €49,092 (+7.8% y/y), expressing on the one side the high confidence of customers in UniCredit, on the other hand the ongoing uncertainty of the customers for investments. **Risk weighted assets** were up (due to higher operational risks) at €14,997 with an increase of 5.6%.

Results by Business Segment (Continued)

Family & Small Medium Enterprise (F&SME) (Continued)

F&SME Network Austria

The primary goal of the Family & SME Division is to allow individuals, households and small enterprises to meet their financial needs by offering them a complete range of reliable, high-quality products and services at a competitive price.

The Group's major strengths in retail banking are the experience of its employees and the central role played by customer satisfaction. UniCredit holds a strategic position in the retail banking segment in Austria thanks to its nearly 280 branches throughout the country.

Income Statement, Key Ratios and Indicators

(€ million)

F&SME NETWORK AUSTRIA	2011 H1	2012 H1	CHANGE %	2012 Q2	CHANGE % ON Q2 2011	CHANGE % ON Q1 2012
Operating income	558	552	- 1.1%	279	+ 0.5%	+ 2.0%
Operating costs	(437)	(444)	+ 1.8%	(224)	- 0.7%	+ 1.3%
Net write-downs on loans	(101)	(46)	- 54.0%	(13)	- 71.8%	- 60.7%
Net operating profit	21	61	+ 196.9%	42	n.s.	+ 119.1%
Profit before tax	32	61	+ 92.4%	42	+ 161.6%	+ 116.7%
Loans to customers (eop)	22,053	20,710	- 6.1%	22,053	- 6.1%	+ 1.4%
Customer deposits (incl. Securities in issue - eop)	27,375	28,430	+ 3.9%	27,375	+ 3.9%	+ 1.1%
Total RWA Eop	11,942	10,978	- 8.1%	11,942	- 8.1%	+ 2.7%
EVA (€ million)	(28)	(18)	- 36.4%	(1)	- 87.8%	- 91.4%
Absorbed Capital (€ million)	1,048	1,120	+ 6.8%	1,172	+ 20.0%	+ 9.8%
RARORAC	- 5.37%	- 3.20%	218pb	- 0.48%	426pb	570pb
Cost/Income	+ 78.3%	+ 80.5%	227pb	+ 80.3%	- 92pb	- 56pb
Cost of Risk	0.93%	0.45%	- 48pb	0.25%	- 60pb	- 39pb
Full Time Equivalent (eop)	3,720	3,841	+ 3.2%	3,841	+ 3.2%	- 0.7%

During the first half of 2012, F&SME Network Austria recorded an **operating income** of €552 million, slightly down (-1.1%) compared to the same period in 2011. The decrease is due to a lower fee income, related mainly to lower upfront fees for new sales of mutual funds and securities business given the low investment appetite among customers following the highly volatile market development. Such trend is only partially offset by an improvement of net interest income, with positive volume effect on deposits, while lending business was impacted by declining volumes and high funding costs.

Operating costs stood at €444 million, an increase by 1.8% from the first half of 2011. This increase is mainly due to overtime worked in connection with the Payments Directive and the planned expansion of the customer-focused sales network, which required a larger number of FTEs (+3.2%; many FTEs were for this purpose brought in from other areas of the bank's operations). In 2011, F&SME Bank Austria moved closer to customers by increasing to 56 the number of specialized offices for small and medium enterprises. This year 39 competence centres will be created for independent professionals. In the second quarter of 2012 operating costs rose slightly (+1.3%) after falling in the previous quarter mainly due to HR costs.

The cost increase in the first half period had a negative effect on the **cost/income,** which at the end of June chalked up a 227 bps increase over the same period in the previous year to 80.5%.

The **Net write-downs on loans** totaled €46 million, sharply down from the first half of 2011 (-54.0%), as a results of improved asset quality accompanied by a reduction of the IBNR provision for performing loans thanks to progress in methodology. The **cost of risk** at the end of June 2012 fell to 45 bps, the lowest level in the latest five years.

The F&SME Network Austria ended the first half with a **profit before tax** of €61 million, a sharp increase (+92.4%) compared to the first half of 2011, mainly due to the reduction of impairment losses on loans. Profit before taxes rose more slowly, compared to net operating profit, since the non-operating items were 12% higher in the previous year due to one-off effects.

As of June 30, 2012, the volume of **loans to customers** stood at €20,710 million, lower by 6.1% compared to June 2011. Such a trend was influenced by exchange rate effects (CHF/EUR). The decline was strongest in the area of personal loans and short-term overdrafts, while mortgages remained unchanged. **Customer deposits** volume (including securities in issue) totalled €28,430 million, significantly higher than in June 2011 (+3.9%), confirming the F&SME Network Austria important role in terms of net funding source, with a loan/primary funds ratio of 74%. **Risk weighted assets** came in at €10,978 million, a significant drop of 8.1% from June 2011, thanks to the methodological improvements in identifying risk and higher asset quality mentioned above.

F&SME Network Poland

The primary goal of the Family & SME Division in Poland is to allow individuals, households, small and medium enterprises to satisfy their financial needs by offering them a complete range of reliable, high-quality products and services at a competitive price. The Group's major strengths in retail banking are the experience of its employees and the central role played by customer satisfaction. UniCredit holds a strategic position in the retail banking segment in Poland, thanks to its nearly 1,000 branches throughout the country.

Income Statement, Key Ratios and Indicators

(€ million)

F&SME NETWORK POLAND	2011 H1	2012 H1	CHANGE %	2012 Q2	CHANGE % ON Q2 2011	CHANGE % ON Q1 2012
Operating income	581	543	- 6.6%	270	- 9.5%	- 0.8%
Operating costs	(356)	(332)	- 6.7%	(167)	- 7.9%	+ 0.6%
Net write-downs on loans	(50)	(27)	- 46.3%	(15)	- 44.5%	+ 18.9%
Net operating profit	175	184	+ 5.2%	89	- 2.7%	- 5.9%
Profit before tax	175	184	+ 5.2%	89	- 2.6%	- 5.9%
Loans to customers (eop)	9,387	10,185	+ 8.5%	10,185	+ 8.5%	+ 2.2%
Customer deposits (incl. Securities in issue - eop)	12,837	13,236	+ 3.1%	13,236	+ 3.1%	- 1.2%
Total RWA Eop	8,466	9,160	+ 8.2%	9,160	+ 8.2%	+ 6.2%
EVA (€ million)	63	60	- 4.0%	28	- 14.7%	- 11.1%
Absorbed Capital (€ million)	385	462	+ 20.0%	476	+ 21.7%	+ 6.6%
RARORAC	+ 32.68%	+ 26.14%	n.s.	+ 23.85%	n.s.	- 474pb
Cost/Income	+ 61.3%	+ 61.2%	- 10pb	+ 61.6%	111pb	88pb
Cost of Risk	1.12%	0.55%	- 57pb	0.58%	- 58pb	7pb
Full Time Equivalent (eop)	14,197	13,702	- 3.5%	13,702	- 3.5%	- 1.2%

In the first half of 2012 F&SME Network Poland reported an **operating income** of €543 million, lower by 6.6% comparing to the first half of 2011. Key driver is net non interest income, which decreased comparing to the first half of 2011 due to the decreasing fees related to investments products. In the second quarter of 2012 F&SME Network Poland reported an operating income of €270 million, stable comparing to the first quarter 2012. At fixed exchange rate the operating income rose thanks to the net interest margin supported by the growth of lending and deposit volumes.

Operating costs, in the first half of 2012 stood at €332 million, decreasing by 6.7% comparing to the first half of 2011 thanks to increased efficiency and reduction of non-HR costs. Strict control of costs together with decrease of revenues had a neutral effect on the cost/income, which in first half 2012 amounted to 61.2%, stable comparing to the value registered in the first half of 2011 (-10bps).

The improvement of the cost efficiency is supported by the further development of electronic banking system functionalities. The number of individuals with an access to electronic banking Pekao24 increased in the last 12 months by 13.5%. The number of business client with the access to electronic banking system PekaoFIRMA24 increased in the last year by 12.8%.

Net write-downs on loans totaled €27 million, which showed a clear improvement trend compared to the first half of the previous year thanks to the improvement of default rates on retail loan portfolio.

The F&SME Network Poland ended first half 2012 with **profit before tax** of €184 million, with a 5.2% increase comparing to the first half of 2011, primarily due to a lower operating income partially reimbursed by the improvement in costs and risk provisions.

In the first half of 2012 **loans to customers** volume was of €10,185 million, which increased by 8.5% comparing to the first half of 2011. The F&SME Network Poland improved its competitive position in the retail market both in cash loans and mortgage loans.

As at June 30, 2012 **customer deposits** (including securities in issue) stood at €13,236 million, growing by +3.1% compared to the first half of 2011. It was supported by the fact that "Premium Personal Banking" offers a new service, dedicated to affluent clients, launched in the first quarter of 2012, to further support the development of deposits and investment products.

Risk weighted assets came in at €9,160 million, an increase of 8.2% from June 2011 and of 6.2% from previous quarter.

Results by Business Segment (Continued)

Family & Small Medium Enterprise (F&SME) (Continued)

F&SME Factories

In addition to the F&SME Networks in Italy, Germany, Austria and Poland, the F&SME Division includes the following product companies:

- Asset Gathering: includes Group banks (FinecoBank in Italy, DAB Bank in Germany and DAT Bank in Austria) that offer the banking and investment services of traditional banks, differentiating themselves by specializing in online trading and a pronounced bent towards technological innovation.
- Consumer Finance: product line specializing in the consumer credit business, which supports the Networks with solutions capable of meeting families' multiple needs for consumer financing.
- Leasing: product line specializing in the leasing business, which supports the Networks with solutions capable of meeting the multiple financing needs of businesses.
- Factoring: product line specializing in the business of extending credit against commercial invoices assigned by customers. Through factoring, companies may obtain access to credit by assigning their invoices and benefitting from a series of additional services (management, collection and credit insurance).

These companies seek to pursue excellence in terms of products and services and provide efficient sales and after-sales assistance by also supporting the Networks to improve the level of customer satisfaction.

Income Statement, Key Ratios and Indicators

(€ million)

F&SME NETWORK FACTORIES	2011 H1	2012 H1	CHANGE %	2012 Q2	CHANGE % ON Q2 2011	CHANGE % ON Q1 2012
Operating income	959	1,015	+ 5.9%	522	+ 7.8%	+ 5.7%
Operating costs	(433)	(420)	- 3.1%	(208)	- 4.3%	- 1.4%
Net write-downs on loans	(300)	(390)	+ 30.3%	(254)	+ 64.9%	+ 87.2%
Net operating profit	226	205	- 9.1%	59	- 47.4%	- 59.7%
Profit before tax	243	194	- 20.2%	50	- 61.9%	- 65.0%
Loans to customers (eop)	54,099	54,788	+ 1.3%	54,788	+ 1.3%	- 0.5%
Customer deposits (incl. Securities in issue - eop)	15,510	16,545	+ 6.7%	16,545	+ 6.7%	+ 1.0%
Total RWA Eop	46,309	47,931	+ 3.5%	47,931	+ 3.5%	- 0.5%
EVA (€ million)	(32)	(162)	n.s.	(120)	n.s.	+ 180.7%
Absorbed Capital (€ million)	3,192	4,331	+ 35.7%	4,321	+ 35.2%	- 0.5%
RARORAC	- 2.00%	- 7.50%	- 550pb	- 11.08%	n.s.	n.s.
Cost/Income	+ 45.2%	+ 41.3%	- 383pb	+ 39.9%	- 504pb	- 287pb
Cost of Risk	1.11%	1.41%	30pb	1.85%	71pb	88pb
Full Time Equivalent (eop)	6,049	6,205	+ 2.6%	6,205	+ 2.6%	+ 0.8%

The F&SME Factories closed the first half of 2012 with an **operating income** of €1,015 million, up by 5.9% over the first half of 2011. This trend is due to increasing net interest margin, mainly thanks to spread increase and growing volumes on asset gathering deposits. Fees are declining mainly due to the drop in asset gathering for lower volumes of transactions. Compared to the previous quarter the operating income was up by 5.7%, mainly because of asset gathering net interest margin increase thanks to the rising spread and volumes of deposits.

Operating costs amounted to €420 million, strongly down over the first half 2011 (-3.1%) thanks to both savings in HR costs and other administrative expenses, especially in consumer finance perimeter. The structural HR costs were down, despite an increase in the number of FTEs (+2.6% y/y) related to the companies development plans, confirming the policy of cost efficiency. Compared to the previous quarter, costs have decreased by 1.4%, mainly thanks to reduction of HR costs in leasing.

The increase in revenues and cost savings had a positive impact on **cost/income** in June 2012, recording a value of 41.3%, sharply down from the value of the first half of 2011 (-383 bps).

Net write-downs on loans amounted to €390 million, increasing compared to first half of 2011 (+30.3%). Such increase, concentrated in leasing, was due to worsening macroeconomic scenario and worsening of portfolio quality in some countries (Ukraine). The cost of risk in 2012 is 141 basis points, up by 30 basis points compared to the value recorded in the first half of 2011. The increase of net write-downs on loans compared to the previous quarter is +87.2%, with a negative effect on the cost of risk (+88 basis points).

The F&SME Factories closed the first half of 2012 with a **profit before tax** of €194 million, lower in comparison with the first half of the previous year (-20.2%), mainly due to the higher net write-downs on loans. The drop in profit before taxes compared to the previous quarter is 65%.

In late June 2012 **loans to customers** amounted to €54,788 million, with an increase of 1.3% compared to June 2011, largely attributable to volumes of factoring. Compared to the previous quarter, however, loans to customers recorded a decline attributable to leasing and related to the strategy of deleveraging on going.

Customer deposits (including securities in issue) amounted to €16,545 million, an increase of 6.7% from the first half of 2011, thanks to strong performance of asset gathering.

Risk weighted assets stood at €47,931 million, a slight increase of 3.5% over the same period of previous year. The growth is due to the factoring, generated from the downgrading of Italian government, that has determined an increase of weighting of public entities, only partially offset by reduction recorded in leasing, thanks to deleveraging on going.

Results by Business Segment (Continued)

Corporate & Investment Banking (CIB)

Introduction

The Corporate & Investment Banking (CIB) division is dedicated to corporate customers with revenues of over €50 million and institutional customers of UniCredit Group.

The business model adopted is focused on a clear distinction between coverage and local distribution (Network) areas, and those areas dedicated to centralized specialization of dedicated products or services, namely Financing & Advisory (F&A), Markets and Global Transaction Banking (GTB).

Income Statement, Key Ratios and Indicators

(€ million)

CORPORATE & INVESTMENT BANKING (CIB)	2011 H1	2012 H1	CHANGE %	2012 Q2	CHANGE % ON Q2 2011	CHANGE % ON Q1 2012
Operating income	4,306	3,745	- 13.0%	1,738	- 12.7%	- 13.4%
Operating costs	(1,393)	(1,354)	- 2.8%	(672)	- 4.6%	- 1.5%
Net write-downs on loans	(669)	(1,358)	+ 103.0%	(886)	+ 248.5%	+ 87.7%
Net operating profit	2,243	1,033	- 53.9%	180	- 82.6%	- 78.9%
Profit before tax	2,156	1,086	- 49.6%	200	- 78.6%	- 77.4%
Loans to customers (eop)	221,200	217,184	- 1.8%	217,184	- 1.8%	+ 0.9%
Customer deposits (incl. Securities in issue - eop)	161,284	145,645	- 9.7%	145,645	- 9.7%	+ 5.3%
Total RWA Eop	186,421	177,616	- 4.7%	177,616	- 4.7%	- 4.6%
EVA (€ million)	662	(330)	- 149.8%	(363)	- 254.7%	n.s.
Absorbed Capital (€ million)	13,639	17,271	+ 26.6%	17,012	+ 27.9%	- 3.0%
RARORAC	+ 9.71%	- 3.82%	n.s.	- 8.54%	n.s.	n.s.
Cost/Income	+ 32.3%	+ 36.1%	380pb	+ 38.7%	330pb	468pb
Cost of Risk	0.61%	1.25%	65pb	1.63%	117pb	75pb
Full Time Equivalent (eop)	9,631	8,947	- 7.1%	8,947	- 7.1%	- 2.3%

The Corporate & Investment Banking division ended first half 2012 with a **net profit** of €674 million, down from 2011 (-€733 million y/y).

Operating income was €3,745 million, down by 13% y/y, negatively influenced by difficulties and uncertainty in the macroeconomic environment. **Net interest income** at June 2012 was €2,429 million, down €93 million y/y, driven primarily by the unfavorable rise in funding costs in spite of improved performance in trade-related interests and rates operations. Lower contribution from **Dividends and other income from equity investments** (-€26 million y/y). **Net commission and fees** record a decrease (-6.3% y/y) due to general reduction in client activity in financial markets. **Trading income** at June 2012 was €474 million, down by 46.7% y/y, on the back of a less favorable market environment as compared to previous year and characterized by uncertainty in the Eurozone.
The first half trend records a decline in **operating income** by 13% y/y driven primarily by **trading income** (-€415 million y/y).

Operating costs at June 2012 amount to €1,354 million, down 2.8% compared to 2011 thanks primarily to decrease in **payroll costs** (-6.1% y/y) following a noticeably reduction in FTEs (-684 FTE y/y).

Net write-downs on loans and provisions totaled €1,358 million in the first half 2012, with a noticeable deterioration from 2011 levels (+103% y/y) due to a less favorable credit environment in Italy and write-backs occurred in Germany in 2011.

Net operating profit at June 2012 was €1,033 million, substantially down compared to 2011 levels (-€1,210 million y/y), mainly impacted by reduction in revenues and increase in net write-downs on loans.

As of June 30, 2012 **loans to customers** recorded volumes down by 1.8% compared to 2011 as a results of a slowdown in commercial lending operations mainly in Italy.

Deposits from customers (including securities) were down by 9.7% compared to June 2011, reflecting the change in the less favorable deposits market.

Risk weighted assets were down compared to 2011 first half (-4.7% y/y) reflecting a visible reduction mainly on credit risk in spite of the increase in market risk component due to implementation of Basel 2.5 directives.

EVA as of June 2012 was -€330 million, substantially down compared to 2011 level (€-992 million y/y) following a slowdown in operating profitability and a simultaneous rise in cost of capital.

At June 2012 the **cost/income ratio** was 36.1%, up 380bp from 2011.

The **cost of risk** for 2012 first half was 1.3%, up by 65bp compared to 2011.

The **FTE** (Full Time Equivalent) trend fell by 7.1% compared to June 2011 following whether the exit of MedioCredito Centrale from the scope of consolidation and general restructuring plan.

Results by Business Segment (Continued)

Private Banking

Introduction

The Private Banking Division provides high net worth individuals with solutions and services to manage their personal wealth. Among others it is catering to the needs of entrepreneurs, top managers and other opinion leaders thus serving some of UniCredit's key clients. Independent advisory leading to advanced solutions, an uncompromising focus on customer value and constantly striving for excellence are the core values of Private Banking.
The Division boasts trustful and lasting relationships with more than 200,000 clients in Italy, Germany, Austria, Luxembourg and Poland, managed by more than 1,200 private bankers located in about 250 branch offices.

Income Statement, Key Ratios and Indicators

(€ million)

PRIVATE BANKING	2011 H1	2012 H1	CHANGE %	2012 Q2	CHANGE % ON Q2 2011	CHANGE % ON Q1 2012
Operating income	456	461	+ 1.2%	223	- 2.8%	- 6.3%
Operating costs	(286)	(280)	- 2.3%	(138)	- 4.0%	- 2.9%
Net write-downs on loans	(5)	(3)	- 39.2%	(2)	- 59.1%	+ 54.0%
Net operating profit	164	178	+ 8.5%	83	+ 2.6%	- 12.2%
Profit before tax	162	163	+ 1.0%	72	- 8.9%	- 20.8%
Loans to customers Eop	7,016	8,076	+ 15.1%	8,076	+ 15.1%	+ 0.3%
Customer deposits (incl. Securities in issue) Eop	34,755	37,281	+ 7.3%	37,281	+ 7.3%	+ 0.9%
Total RWA Eop	4,743	4,958	+ 4.5%	4,958	+ 4.5%	+ 2.5%
EVA (€ million)	84	90	+ 6.6%	43	+ 7.1%	- 9.3%
Absorbed Capital (€ million)	408	446	+ 9.4%	450	+ 10.0%	+ 1.8%
RARORAC	+ 41.34%	+ 40.28%	- 106pb	+ 37.98%	- 102pb	- 465pb
Cost/Income	+ 62.8%	+ 60.6%	- 214pb	+ 61.8%	- 76pb	214pb
Full Time Equivalent (eop)	3,016	3,015	- 0.0%	3,015	- 0.0%	- 0.2%

The **total financial assets under management and administration** by the Division were €146.9 billion as of June 30, 2012, up by 3.1% compared to December 31, 2011. Net of extraordinary items, at the end of first half 2012 financial assets were slightly above €118 billion, increasing by €3.1 billion (+2.7%) from the beginning of the year.
Net inflows of ordinary assets of the half year were positive by €1.1 billion, driven by relevant inflows on deposits (+€1.5 billion) offsetting outflows on asset under management (-€0.1 billion) and on asset under administration (-€0.3 billion). Despite market financial turmoil, also the net inflows of ordinary assets of the second quarter 2012 were positive by €0.7 billion. With reference to the performance effect, the positive impact of the financial market rally in the first quarter (+€4.6 billion) has been partially written off by the fall in the second quarter 2012 (-€2.6 billion); the overall impact in the first half year was +€2 billion.

In terms of economic performance, **net operating profit** for the Private Banking Division as of June 30, 2012 was €178 million, up by 8.5% y/y.

Revenues of €461 million were up by 1.2% y/y driven by the good trend of **net interest** (+13.6% y/y), thanks to higher contribution from deposit business, particularly in Italy. **Net commissions** went down y/y (-4.8%) mainly due to the decrease of sales fees, also impacted by the market volatility in the latest months. **Return on ordinary financial assets** (ROA), as of June 30, 2012, was equal to 78bp, an increase compared to the 75bp in the same period of 2011.
Operating costs amounted to €280 million down by 2.3% on the same half of the previous year. Moderate reduction recorded on staff expenses (-1.2% y/y) mainly thanks to the variable component, while the increase of other administrative expenses (+7.8% y/y) was attributable to higher tax charges on securities accounts in Italy, that were fully offset by expenses recovery; actually, total operating costs excluding payroll costs fell by 3.6% y/y, as a result of effective expenditure containment actions.
Improvement on **cost/income ratio**, that as of June 30, 2012 stood at 60.6% compared to 62.8% as of June 2011.

1. Extraordinary transactions are those that, because of their nature, large size and low or non-existent earning potential, are not attributable to any ordinary company assets (primarily assets of institutional clients and business client shareholding).

Profit before tax was €163 million, with a slightly increase (+1% y/y), affected by higher provisions for risks and charges, due to claims and lawsuits, mainly in Germany.
An overview on the **operating results of the business lines** spotlights a sharp growth of the net operating profit in Italy (+36.4% y/y) and Austria (+22.1% y/y); slowdown in Germany[2] (-36.9% y/y) and Poland (-59.5% y/y).

The Division has been working intensively on commercial synergies with other Divisions of the Group and on the enhancement of the service model through specialization by client segments. A particular focus of the first half year was on product innovation: the launch of "UniCredit Green" in Italy (new guaranteed mandate in ETF), of "Depot Global" (a new advisory service) in Germany and of "Guided Investment" service, based on European Fund selection process, were the major milestones that have been achieved.

2. Including Luxembourg

Results by Business Segment (Continued)

Asset Management

Introduction

Asset Management operates under the Pioneer Investments brand, the asset management company within the UniCredit Group specializing in the management of customer investments worldwide.
The Business Line, a partner of many leading international financial institutions, offers investors a broad range of financial solutions, including mutual funds, assets under administration and portfolios for institutional investors. Pioneer Investments started an organic growth strategic plan which will further enhance the quality of Pioneer Investments' product offering while maintaining focus on delivering an outstanding level of client service.
Furthermore, its relationship with UniCredit was reviewed through a distribution agreement that sets specific requirements in terms of performance and quality of service provided by Pioneer.

Income Statement, Key Ratios and Indicators

(€ million)

ASSET MANAGEMENT	2011 H1	2012 H1	CHANGE %	2012 Q2	CHANGE % ON Q2 2011	CHANGE % ON Q1 2012
Operating income	402	338	- 15.8%	170	- 13.0%	+ 1.2%
Operating costs	(234)	(223)	- 4.4%	(115)	- 1.7%	+ 5.5%
Net write-downs on loans	-	-	n.s.	-	n.s.	n.s.
Net operating profit	168	115	- 31.6%	55	- 29.8%	- 6.8%
Profit before tax	168	111	- 34.1%	53	- 32.5%	- 7.0%
EVA (€ million)	100	62	- 37.8%	31	- 32.1%	- 3.4%
Absorbed Capital (€ million)	306	301	- 1.5%	301	- 2.8%	- 0.2%
RARORAC	+ 65.58%	+ 41.38%	n.s.	+ 40.71%	n.s.	- 133pb
Cost/Income	+ 58.2%	+ 66.1%	n.s.	+ 67.5%	n.s.	278pb
Full Time Equivalent (eop)	1,925	1,928	+ 0.1%	1,928	+ 0.1%	+ 0.5%

In the first half of 2012 Asset Management reported **operating profit** of €115 million, down 31.6% over the first half of 2011.

Operating income stood at €338 million, down €64 million (-15.8%) compared to first six months of 2011.

Such a decrease is primarily attributable to lower net commissions (-€62 million) as a result of lower AuM.

In the first half of 2012 **operating costs** significantly fell compared to first half of 2011 (€11 million or -4.4%), of which €7 million due to lower payroll costs and €4 million for lower administrative expenses.

Compared to the data of the second quarter of the previous year, operating profit for the second quarter of 2012 was significantly down (-€23 million or -29.8%).

Such a decrease is essentially attributable to lower net commissions (-€28 million) mainly as a consequence of lower AuM partially offset by a decrease in operating costs (-€2 million).

Because of the above factors, in the first half of the current year profit before tax totaled €111 million, down €57 million (-34.1%) compared to the first half 2011.

The Business Line's results are reflected in the following value indicators: **EVA** was €62 million in the first half of 2012 compared to €100 million in first half of the previous year (-37.8%);
the cost/income ratio stood at 66.1% in the first quarter 2012, having impacted by substantial revenue decrease.

At the end of June 2012, Asset Management had 1,928 employees (**FTE**), substantially in line with first half of previous year: leavers have been off-set by switch of temporary workforce into permanent staff.

Assets under management as of June 30, 2012 totaled €154 billion, down 1.4% since the beginning of the year.
The decrease is impacted by restructuring initiatives which envisage the transfer of low margin assets from AuM to AuA and to UniCredit group (total impact -€11.0 billion) starting from 1st January.
Net of this extraordinary effect AuM at the end of June increased by 1.9% since the beginning of the year, mainly driven by positive market effect.

Central Eastern Europe (CEE)

Introduction

UniCredit is a market leader in Central and Eastern Europe, where it has a broad network of about 2,700 branches. Its regional footprint is diverse and includes a direct presence in 18 countries. The Group's market position in CEE provides local banks with substantial competitive advantages. This includes the sharing of best practices, significant economies of scale, access to international markets and strong brand recognition. Moreover, the diversified portfolio in this region enables modular growth and increased market penetration for UniCredit's global product lines.

Income Statement, Key Ratios and Indicators

(€ million)

CENTRAL EASTERN EUROPE (CEE)	2011 H1	2012 H1	CHANGE %	2012 Q2	CHANGE % ON Q2 2011	CHANGE % ON Q1 2012
Operating income	2,328	2,346	+ 0.8%	1,214	+ 3.8%	+ 7.3%
Operating costs	(1,093)	(1,121)	+ 2.6%	(575)	+ 3.3%	+ 5.1%
Net write-downs on loans	(516)	(481)	- 6.7%	(262)	+ 7.4%	+ 19.7%
Net operating profit	719	744	+ 3.5%	378	+ 2.2%	+ 3.1%
Profit before tax	753	739	- 1.8%	376	- 6.8%	+ 3.6%
Loans to customers (eop)	67,444	72,684	+ 7.8%	72,684	+ 7.8%	+ 2.3%
Customer deposits (incl. Securities in issue - eop)	54,930	62,714	+ 14.2%	62,714	+ 14.2%	+ 3.1%
Total RWA Eop	82,558	88,437	+ 7.1%	88,437	+ 7.1%	+ 5.5%
EVA (€ million)	165	62	- 62.1%	36	- 61.1%	+ 34.1%
Absorbed Capital (€ million)	6,578	7,779	+ 18.3%	7,828	+ 17.4%	+ 1.3%
RARORAC	+ 5.02%	+ 1.61%	- 341pb	+ 1.83%	- 369pb	45pb
Cost/Income	+ 47.0%	+ 47.8%	83pb	+ 47.3%	- 23pb	- 98pb
Cost of Risk	1.56%	1.35%	- 21pb	1.46%	- 1pb	22pb
Full Time Equivalent (eop)	51,508	50,613	- 1.7%	50,613	- 1.7%	- 0.9%

The CEE Division closed the Q2 2012 with a **profit before tax** of €376 million, representing a 3.6% increase over the Q1 2012 which was driven by an increase in operating income.

Operating income amounted to €1,214 million in Q2 2012, up by 7.2% over the Q1 2012 (at constant rates), driven by the growth of the business volume, but partly also due to the effect in the first quarter related to the Early Repayment Program (ERP) for CHF borrowers in Hungary. The provisions booked in anticipation last year in order to cover the early repayments, in 2012 had to be reclassified to other operating expenses when clients exercised their options.

Net interest income of €831 million improved by 3.6% at constant rates and fee & commission income of €260 million improved by 7.7% over the prior quarter which in both cases is ahead of the growth of the underlying business volumes. The trading result of €104 million remained practically unchanged while the balance of other operating income and expenses was positively impacted by the ERP reclassification mentioned in the previous paragraph.

Operating costs amounted to €575 million, increasing by 4.9% over the prior quarter at constant rates partially because of a salary increase and the network expansion in Turkey.

Net write-down on loans amounted to €262 million in Q2 2012, representing a 20.4% increase at constant rates over the prior quarter. Excluding the ERP-effect mentioned above the increase is reduced to 8.5% and remains as such below the expectations, reflecting an improving risk environment.

Net operating profit thus reached €378 million in Q2 2012, up by 3.1% over the prior quarter.

Loans to customers (net of provisions) stood at €73 billion at the end of the second quarter which, at constant rates, represents a 2.4% increase versus the prior quarter. **Customer deposits** (including securities issued) at €63 billion increased by 3.3%, further improving the commercial funding position within the region.

At the end of the second quarter the division employed a **staff** of 50,613 FTE (Full-Time Equivalents) across the whole region. This represents a reduction of 905 FTE versus the year-end 2011 which is principally due to further reorganizational activities in the Ukraine and Kazakhstan, counterbalanced by only moderate staff increases in select countries to support the ongoing business and network expansion.

Other information

Rationalization of Group operations and other corporate transactions

In keeping with its organizational and business model, the Group has completed several projects to rationalize and reorganize the operations of certain internal units and subsidiaries with the aim of achieving greater synergies and cost reductions.

Rationalization of the support units and companies of the Group's Global Banking Services

The plan designed to rationalize the support units and companies of the Group Global Banking Services area, which has been widely described in the 2011 financial statements, has been completed as far the Italian businesses are concerned by finalizing the merger, effective from January 1, 2012, of UniCredit Real Estate ScpA into UniCredit and of UniCredit Business Partner ScpA into UniCredit Business Integrated Solutions ScpA (UBIS). At the same time, UniCredit transferred its "General Real Estate Services" and "Information and Communication Technology, Security (ICT), Global Sourcing and Operations" business units to UBIS.

With regard to the reorganization of operations and units in the Global Banking Services area of foreign businesses, it should be noted that:

- in Austria the corporate reorganization was achieved through the merger of UniCredit Business Partner GmbH (a back-office, controlled by UBIS) into UniCredit Business Integrated Solutions Austria GmbH (an IT company of which UBIS acquired control from UniCredit Bank Austria AG), effective from February 1, 2012, while certain remaining and final merger transactions are currently being finalized and will be completed by the end of this year;
- in Germany the reorganization was completed by merging all middle- and back-office, procurement, facility management operations, as well as some operating activities falling within the real estate facility management into a single company, UniCredit Global Business Services GmbH (a company wholly owned by UniCredit Bank AG).

Following the aforementioned transactions, UBIS assumed the role of operating sub-holding to provide the Group's support services both in Italy and abroad.
In this role the company will ensure a global vision for external and domestic customers' requests in terms of priorities and opportunities and will maximize the effectiveness of investments by combining the technologies and tools being used.

In addition to the aforementioned reorganization of operations in the Global Banking Services area, the executive plan to qualify UBIS as the sole company providing support services also called for maintaining a strategic focus on extra captive market segments through specific subsidiary or associated companies if oriented towards special markets, co-branding actions, partnerships or joint ventures to grow such markets.

In this context, an initiative designed to rationalize support services for the Human Resources processes ("HR administrative services") was developed with Hewlett Packard (HP) by setting up a company specializing in the provision of such services and signing a multi-year agreement with the newly-established company for the provision of HR administrative services to Group companies in Italy and in Austria. On May 1 the plan was finalized with the transfer from UBIS to the above-mentioned company, called ES Share Service Center S.p.A. (ES SSC), of the unit responsible for managing the HR administrative services, previously in UCBP and transferred to UBIS after the absorption of UCBP. As a result of the transfer, UBIS now holds 49% of ES SSC, with HP holding 51%.

The Family Office project: establishment of a dedicated consultancy (SIM)

The "Private - Ultra High Net Worth Individuals" (individuals with a disposable income of more than €10 million) market segment is strategic for the Group in terms of highest profitability and asset growth rates. In this context, UniCredit decided to launch the Family Office project, which provides for the establishment of a consultancy dedicated to the needs of the "business families" belonging to the above-mentioned segment.

The new consultancy (established in September 2011 and called Cordusio Sim Advisory & Family Office), which last April received CONSOB's authorization to operate, will be the entity within the Group dedicated to the offering of consultancy services focusing on investment and integrated financial solutions (e.g. account aggregation/consolidation services, integrated planning, business advisory & governance of business families), i.e. advice on how to manage the portfolios of clients of the Group's entities and of third-party intermediaries, and on the asset protection.

The consultancy, which started operating last July, is wholly owned by Cordusio Fiduciaria in order to capitalize on both the synergies resulting from decades of expertise and the well-established brand as well as to optimize processes, reduce costs and improve the effectiveness of the activity.

Merger of Pioneer Alternative Investment Management SGRpA and Pioneer Investment Management SGRpA

In order to rationalize and streamline the corporate structure of the Pioneer Investments Italia conglomerate, in January 2012 UniCredit launched a project providing for the merger of Pioneer Alternative Investment Management SGRpA (PAIM - a company promoting and managing hedge funds) into Pioneer Investment Management SGRpA (PIM - a mutual fund management company and asset management service company), companies with very similar organizational and operational characteristics.

The merger, authorized by Banca d'Italia and approved by PAIM's and PIM's Meetings in June, should be finalized by the third quarter of 2012.

Merger of Family Credit Network S.p.A.

In order to rationalize and streamline the Group structure, reduce costs and make it easier to manage risks, in March a plan was approved that provides for the merger of Family Credit Network S.p.A. into UniCredit, and allows the Parent Company to directly grant "financing against salary-guaranteed loans" and loans through financial intermediaries/financial agents/credit brokers.

The transaction, approved last June by Banca d'Italia, is expected to become effective in the second half of this year.

Sale of the stake in Sofipa SGR S.p.A.

Upon conclusion of the negotiations that were already being conducted in the first half of 2012, on July 19, 2012 UniCredit S.p.A. signed an agreement for the sale of its stake (100% of share capital) in Sofipa SGR S.p.A. to Cuneo e Associati S.p.A. and Paolo Zapparoli, shareholders of Synergo SGR S.p.A..
Under the terms of the transaction, Sofipa SGR S.p.A. will be sold at a price equal to the shareholders' equity of Sofipa as at June 30, 2012.
The agreement provides that UniCredit will, *inter alia*, subscribe for €50 million of shares of Sinergia II, the fund launched by Synergo SGR S.p.A. in 2011 targeting investments in medium-sized Italian enterprises, whose fundraising phase is nearing completion.

The closing is expected to take place by the end of this year, subject to the fulfillment of certain conditions, including the buyers obtaining the necessary authorization from the relevant regulatory authorities.

Other transactions involving the Group

Sale of the stake held in London Stock Exchange Group Plc
The sale, through an accelerated bookbuilt offering, of the entire stake worth €198.3 million in London Stock Exchange Group plc was finalized last May (16.6 million ordinary shares representing 6.1% of share capital), resulting in a positive contribution to net income on a consolidated basis, for the first half 2012, of approximately €121.5 million.

Sale of the oil business segment of Compagnia Italpetroli S.p.A.
Upon conclusion of the negotiations that were already being conducted in the first half of 2012, on July 30, 2012 the agreement for the sale of the oil business segment of Compagnia Italpetroli S.p.A. was signed. The transaction, subject to the necessary approval and to the completion of the corporate reorganization relating to the business segment being sold, is expected to be completed by the end of the current financial year.

Project for the reorganization of the Group's Italian businesses

In order to carry on the process of rationalization of the Group, in line with the current organizational model, last July UniCredit embarked on a project for the rationalization of certain activities carried out by Italian subsidiaries, through direct merger into UniCredit or its subsidiaries.

Specifically, the project - which will be implemented in stages by the end of 2013 - aims to reduce the complexity of the Group, simplify the governance and reduce costs, and provides for:
- the merger into UniCredit of UniCredit Audit (which provides Audit services for Italian companies), UniManagement (which provides management training services for the Group), UniCredit Merchant (which manages certain minority investments and some investments of Principal Investments) and UniCredit Logistics (a company for the development of infrastructure and logistics services);
- the merger into UniCredit Leasing and into I-Faber of Fineco Leasing (specializing in real estate leasing) and Joinet (an e-commerce service company), respectively.

Other information (Continued)

Certifications and other communications

With reference to paragraph 8 of Art. 5 - "Public information on transactions with related parties" of Consob Regulation containing provisions relating to transactions with related parties (adopted by Consob with Resolution no. 17221 of March 12, 2010, as subsequently amended by Resolution no. 17389 of June 23, 2010), it should be noted that:

a. according to the "Procedures for transactions with related parties", adopted by UniCredit S.p.A.'s Board of Directors on November 9, 2010 and published on the website www.unicreditgroup.eu, in H1 2012 the Bank's *Presidio Unico* received no reports of transactions of greater significance;
b. in H1 2012, no transactions with related parties as defined by Article 2427, paragraph 22-bis of the Civil Code were conducted, under different conditions from normal market conditions materially affecting the Group's financial and economic situation;
c. in H1 2012, there were no changes or developments in the individual transactions with related parties already described in the latest annual report that had a material effect on the Group's financial position or results during the reference period.

For more information on related-party transactions please refer to the Consolidated Financial Statements - Explanatory notes - Part H.

Capital Strengthening

UniCredit S.p.A.'s Extraordinary Shareholders' Meeting, held in Rome on December 15, 2011, approved the capital strengthening measures announced to the market on November 14, 2011.

More specifically, the Shareholders' Meeting approved:
- the capitalization of the share premium reserve originated by the CASHES shares through a free capital increase, pursuant to Article 2442 of the Italian Civil Code;
- the cancellation of the nominal value of UniCredit ordinary and savings shares;
- a share capital increase by way of a rights issue for a total maximum amount of €7.5 billion to be carried out through the issuance of new ordinary shares with regular beneficial ownership rights to be offered on a pre-emptive basis to existing holders of UniCredit ordinary and savings shares, pursuant to Article 2441, first, second and third paragraph of the Italian Civil Code;
- a reverse stock split of ordinary and savings shares based on a ratio of 1 new ordinary or savings share for every 10 existing ordinary or savings shares;
- an amendment to UniCredit's Articles of Association enabling the Board of Directors to offer shareholders the chance to receive dividends either in cash or UniCredit ordinary shares (scrip dividend) or a mix of cash and ordinary shares.

UniCredit S.p.A.'s Board of Directors has also announced its intention not to submit to the Shareholders' Meeting, in 2012, any proposals for the payment of dividends with respect to its 2011 financial results, as per Bank of Italy's paper dated March 2, 2012.

Therefore, in 2011 the following steps were taken:
- the €2,499,217,969.50 free capital increase, through the allocation to capital of an equivalent amount transferred from the "Issue-premium reserve";
- the cancellation of the nominal value of UniCredit S.p.A. ordinary and savings shares;
- the reverse stock split of ordinary and savings shares based on the ratio approved by the Extraordinary Shareholders' Meeting on December 15, 2011. As a result of this initiative, the number of ordinary and savings shares has decreased from 19,274,251,710 to 1,927,425,171 and from 24,238,980 to 2,423,898 respectively.

On January 4, 2012 the Board of Directors of UniCredit S.p.A. approved the terms and the timetable of the pre-emptive offer of ordinary shares to existing shareholders based on the resolution of the Extraordinary Shareholders' Meeting of December 15, 2011:
- the new ordinary shares, with no par value, have been offered on a pre-emptive basis to existing holders of ordinary and savings shares of the Company at the price of €1.943 per share, at the subscription ratio of 2 new ordinary shares for every 1 ordinary and/or savings share held;
- a maximum of 3,859,602,938 new ordinary shares will be issued, increasing the Company's share capital by, and for an aggregate amount of, €7,499,208,508.53;

During the subscription period (January 9, 2012 - January 27, 2012 in Italy, Germany and Austria and January 12, 2012 - January 27, 2012 in Poland), 1,925,199,755 subscription rights were exercised and, thus, 3,850,399,510 shares were subscribed for representing 99.8% of the total shares offered, for an aggregate amount of €7,481,326,247.93.
The unexercised rights, relating to the subscription of 9,203,428 UniCredit S.p.A. ordinary shares, have been offered by UniCredit, through UniCredit Bank AG, Milan Branch, on the Stock Exchange, pursuant to Article 2441, paragraph 3, of the Italian Civil Code.
All the rights were sold during the first trading session on February 1, 2012 and the new shares were subsequently subscribed.
The capital increase was therefore fully subscribed.

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On March 27, 2012, the Board of Directors resolved the issue of the UniCredit ordinary shares promised under the already approved Group Key Resources Plan, following the verification of the achievement of the performance targets set in the Plan. To that effect, the Board of Directors confirmed its approval for a free increase in share capital for an amount of € 276,700.57 corresponding to no. 84,023 ordinary shares.

Furthermore, in execution of the Group Senior Executive Plan, the Board of Directors has resolved an increase in UniCredit share capital for a maximum number of 9,222,891 ordinary shares, corresponding to maximum € 46,114,455 , at the service of the exercise of the performance stock options, exercisable as of the year following the 4-year performance period (2012-2015) and until December 31, 2022, conditional upon achieving of performance conditions set by the Board of Directors and subsequently verified at the end of the 4-year period of reference.

Other information (Continued)

Reconciliation of Condensed Accounts to Mandatory Reporting Schedule

Consolidated Balance Sheet

(€ million)

	AMOUNTS AS AT		SEE THE NOTES
ASSETS	06.30.2012	12.31.2011	PART B - ASSETS
Cash and cash balances = *item 10*	31,477	9,728	Section 1
Financial assets held for trading = *item 20*	126,175	130,985	Section 2
Loans and receivables with banks = *item 60*	65,463	56,365	Section 6
Loans and receivables with customers = *item 70*	556,815	559,553	Section 7
Financial investments	99,550	99,364	
Item 30. Financial assets at fair value through profit or loss	*21,664*	*28,624*	*Section 3*
Item 40. Available-for-sale financial assets	*66,513*	*57,919*	*Section 4*
Item 50. Held-to-maturity investments	*7,644*	*9,265*	*Section 5*
Item 100. Investments in associates and joint ventures	*3,728*	*3,555*	*Section 10*
Hedging instruments	21,948	18,069	
Item 80. Hedging derivatives	*18,908*	*16,241*	*Section 8*
Item 90. Changes in fair value of portfolio hedged items	*3,040*	*1,828*	*Section 9*
Property, plant and equipment = *item 120*	11,947	12,198	Section 12
Goodwill = *item 130 - Intangible assets of which: goodwill*	11,665	11,567	Section 13
Other intangible assets = *item 130 - Intangible assets net of goodwill*	4,081	4,118	Section 13
Tax assets = *item 140*	13,626	14,346	Section 14
Non-current assets and disposal groups classified as held for sale = *item 150*	316	345	Section 15
Other assets	11,886	10,130	
Item 110. Insurance reserves attributable to reinsurer	*1*	*1*	*Section 11*
Item 160. Other assets	*11,885*	*10,129*	*Section 16*
Total assets	**954,950**	**926,769**	

Continued: Consolidated Balance Scheet

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 06.30.2012	AMOUNTS AS AT 12.31.2011	SEE THE NOTES PART B - LIABILITIES
Deposits from banks = item 10	127,122	131,807	Section 1
Deposits from customers = item 20	417,641	398,379	Section 2
Debt securities in issue = *item 30*	162,787	162,990	Section 3
Financial liabilities held for trading = *item 40*	122,767	123,286	Section 4
Financial liabilities at fair value through profit or loss = *item 50*	787	786	Section 5
Hedging instruments	20,641	18,050	
Item 60. Hedging derivatives	*14,719*	*13,209*	*Section 6*
Item 70. Changes in fair value of portfolio hedged items	*5,922*	*4,841*	*Section 7*
Provisions for risks and charges = *item 120*	8,241	8,496	Section 12
Tax liabilities = *item 80*	6,217	6,210	Section 8
Liabilities included in disposal groups classified as held for sale = *item 90*	96	252	Section 9
Other liabilities	24,175	21,715	
Item 100. Other liabilities	*22,883*	*20,416*	*Section 10*
Item 110. Provision for employee severance pay	*1,070*	*1,089*	*Section 11*
Item 130. Insurance reserves	*222*	*210*	*Section 13*
Minorities = *item 210*	3,445	3,318	Section 16
Shareholders' Equity, of which:	61,031	51,479	
- Capital and reserves	60,982	62,417	
Item 140. Revaluation reserves, of which: Special revaluation laws	*277*	*277*	*Section 15*
Item 140. Revaluation reserves, of which: Exchange differences	*(1,788)*	*(2,222)*	*Section 15*
Item 140. Revaluation reserves, of which: equity investments valued at equity method	*(2)*	*(166)*	*Section 15*
Item 140. Revaluation reserves, of which: non current assets classified held for sale	-	*(1)*	*Section 15*
Item 170. Reserves	*9,978*	*15,565*	*Section 15*
Item 180. Share premium	*32,878*	*36,823*	*Section 15*
Item 190. Issued capital	*19,648*	*12,148*	*Section 15*
Item 200. Treasury shares	*(8)*	*(7)*	*Section 15*
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	(1,034)	(1,731)	
Item 140. Revaluation reserves, of which: Available-for-sale financial assets	*(1,818)*	*(2,477)*	*Section 15*
Item 140. Revaluation reserves, of which: Cash-flow hedges	*783*	*747*	*Section 15*
- Net profit (loss) = *item 220*	1,083	(9,206)	Section 15
Total liabilities and Shareholders' Equity	**954,950**	**926,769**	

Other information (Continued)

Reconciliation of Condensed Accounts to Mandatory Reporting Schedule (Continued)

Consolidated Income Statement

(€ million)

	H1 2012	H1 2011	SEE THE NOTES PART C
Net interest	7,480	7,780	Section 1
Item 30. Net interest margin	*7,271*	*7,859*	
less: Purchase Price Allocation effect	*208*	*(79)*	
Dividends and other income from equity investments	223	243	
Item 70. Dividend income and similar revenue	*126*	*631*	*Section 3*
less: dividends from held for trading equity instruments included in item 70	*(22)*	*(489)*	
Item 240. Profit (loss) of associates - of which: Profit (loss) of associates valued at equity	*119*	*101*	*Section 16*
Net fees and commissions = item 60	3,944	4,160	Section 2
Net trading, hedging and fair value income	1,639	1,094	
Item 80. Gains (losses) on financial assets and liabilities held for trading	842	*481*	*Section 4*
+ dividends from held for trading equity instruments (from item 70)	*22*	*489*	
+ net provisions - trading profit (from item 190)	-	-	
Item 90. Fair value adjustments in hedge accounting	*(53)*	*60*	*Section 5*
Item 100. Gains (losses) on disposal or repurchase of : d) financial liabilities	*886*	*9*	*Section 6*
Item 110. Gains (losses) on financial assets and liabilities designated at fair value through profit and loss	*(58)*	*55*	*Section 7*
Net other expenses/income	65	99	
Gains (losses) on disposals / repurchases on loans and receivables - not impaired position (from item 100 a)	*6*	*1*	
Item 150. Premiums earned (net)	*77*	*63*	*Section 9*
Item 160. Other income (net) from insurance activities	*(62)*	*(51)*	*Section 10*
Item 220. Other net operating income	*344*	*352*	*Section 15*
less: Other operating income - of which: recovery of costs	*(245)*	*(217)*	
Net write-downs/-backs of tangible operating lease assets (from item 200)	*(57)*	*(53)*	
Gains (losses) on disposals of investments - assets leasing operation (from item 270)	*2*	*3*	
OPERATING INCOME	**13,351**	**13,376**	
Payroll costs	(4,580)	(4,675)	
Item 180. Administrative costs - a) staff expenses	(4,588)	*(4,681)*	*Section 11*
less: integration costs	*8*	*6*	
Other administrative expenses	(2,725)	(2,762)	
Item 180. Administrative costs - b) other administrative expenses	*(2,728)*	*(2,762)*	*Section 11*
less: integration costs	*3*	-	
Recovery of expenses = item 220. Other net operating income - of which: Operating income - recovery of costs	245	217	Section 15
Amortisation, depreciation and impairment losses on intangible and tangible assets	(523)	(563)	
Item 200. Impairment/Write-backs on property, plant and equipment	*(396)*	*(408)*	*Section 13*
less: Impairment losses/write backs on property owned for investment	*6*	*11*	
less: Net write-downs/-backs of tangible operating lease assets (from item 200)	*57*	*53*	
less: integration costs	-	-	
Item 210. Impairment/Write-backs on intangible assets	*(299)*	*(336)*	*Section 14*
less: integration costs	*1*	-	
less: Purchase Price Allocation effect	*108*	*117*	
OPERATING COSTS	**(7,584)**	**(7,783)**	
OPERATING PROFIT (LOSS)	**5,767**	**5,593**	

Continued: Consolidated Income Statement. (€ million)

	H1		SEE THE NOTES
	2012	2011	PART C
OPERATING PROFIT (LOSS)	**5,767**	**5,593**	
Net impairment losses on loans and provisions for guarantees and commitments	(3,308)	(2,678)	
Item 100. Gains (losses) on disposal and repurchase of a) loans	*(1)*	*(6)*	*Section 6*
less: Gains (losses) on disposals / repurchases on loans and receivables - not impaired position (from item 100 a)	(6)	(1)	
Item 130. Impairment losses on a) loans	*(3,242)*	*(2,596)*	*Section 8*
Item 130. Impairment losses on d) other financial assets	*(59)*	*(74)*	*Section 8*
NET OPERATING PROFIT (LOSS)	**2,459**	**2,915**	
Provisions for risks and charges	(76)	(405)	
Item 190. Provisions for risks and charges	(84)	*(405)*	*Section 12*
less: net provisions - trading profit	-	-	
Surplus on release of integration provision	*8*	-	
less: Purchase Price Allocation effect	-	-	
Integration costs	(20)	(6)	
Net income from investments	111	69	
Item 100. Gains (losses) on disposal and repurchase of b) available-for-sale financial assets	191	*178*	*Section 6*
Item 100. Gains (losses) on disposal and repurchase of c) held-to-maturity investments	*(5)*	*(4)*	*Section 6*
Item 130. Impairment losses on: b) available-for-sale financial assets	*(62)*	*(98)*	*Section 8*
Item 130. Impairment losses on: c) held-to-maturity investments	*(16)*	*(50)*	*Section 8*
Impairment losses/write backs on property owned for investment (from item 200)	*(6)*	*(11)*	
Item 240. Profit (loss) of associates -of which: write-backs/impairment losses and gains/ losses on disposal of associates valued at equity	(49)	*6*	*Section 16*
Item 250. Net valuation at fair value of tangible and intangible assets	-	-	*Section 17*
Item 270. Gains (losses) on disposal of investments	*60*	*51*	*Section 19*
less: Gains (losses) on disposals of investments - assets leasing operation (from item 270)	*(2)*	*(3)*	
less: Purchase Price Allocation effect	-	-	
PROFIT (LOSS) BEFORE TAX	**2,473**	**2,573**	
Income tax for the period	(998)	(1,018)	
Item 290. Tax expence related to profit from continuing operations	**(905)**	*(1,009)*	*Section 20*
less: Purchase Price Allocation effect	*(93)*	*(10)*	
NET PROFIT (LOSS)	**1,475**	**1,555**	
Gains (losses) on assets classified as held for sale, after tax = item 310	-	-	
PROFIT (LOSS) FOR THE PERIOD	**1,475**	**1,555**	
Minorities	(166)	(205)	
Item 330. Minorities	**(166)**	*(205)*	*Section 22*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**1,309**	**1,350**	
Purchase Price Allocation effect	(223)	(29)	
Impairment of goodwill	(2)	-	
Item 260. Impairment of goodwill	(2)	-	*Section 18*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**1,083**	**1,321**	

Notes:

Comparative figures as at June 30, 2011 differ from those disclosed in the 2011 First Half Financial Report due to:

- the reclassification, carried out by three subsidiaries of the Group in the first half of 2012, of the reversals connected with the passing of time from item "Net interest" to item "Net write-downs on loans and provisions for guarantees and commitments";
- the recognition under item "Net trading, hedging and fair value income" of the margins incorporated in the sale price of some trading products, traded by some Group entities, which were previously recorded under item "Net fees and commissions".

Subsequent Events and Outlook

Subsequent Events

On July 9, 2012 UniCredit S.p.A. and Premafin Finanziaria S.p.A. announced that they had concluded a deal in which the Parties have agreed as follows:
- to terminate, by mutual agreement, the shareholders' agreement entered into on July 8, 2011, consequently releasing both Parties from all of their respective obligations under the Shareholders' Agreement, without the need to perform any other formalities or make further announcements and with each of the Parties waiving any claim, action, or request related or connected to the Shareholders' Agreement against the other. By terminating the Shareholders' Agreement, the Bank also undertook the obligation to procure that the members Board of Directors of Fondiaria-SAI S.p.A. designated by the Bank in accordance with the Shareholders' Agreement and currently in office resign on the date the Premafin Capital Increase is subscribed for, effective on the date of resignation;
- to terminate, by mutual agreement, the investment agreement executed, and announced to the market, on March 22, 2011 by UniCredit and Premafin, consequently releasing both Parties from all of their respective outstanding obligations under the UniCredit Agreement, without the need to perform any other formalities or make further announcements and with each of the Parties waiving any claim, action, or request related or connected to the UniCredit Agreement against the other. The effectiveness of the termination of the agreement is subject to the non-occurrence of the condition subsequent that UGF fail to subscribe for the Premafin share capital on or before the effective date.

In the context of the capital increase of Fondiaria-SAI S.p.A. as approved by the Extraordinary Shareholders General meeting held on 19 March and subsequently confirmed by the Extraordinary Shareholders General meeting held on June 27, 2012, UniCredit S.p.A., currently holding a 6.6% stake in Fondiaria's share capital (represented by ordinary shares) exercised 242.251 option rights in order to subscribe for 61.047.252 new ordinary shares for a total amount equal to Euro 61.047.252.

On July 16, 2012, the rating agency Moody's confirmed UniCredit S.p.A.'s "C/Baa2" standalone rating ("Bank Financial Strength Rating" or "BFSR").
Following the downgrade of the sovereign debt on July 13, the long-term debt and deposit rating was cut to "Baa2" (from "A3") with a negative outlook. The "Prime-2" short-term rating was confirmed.
Moody's also changed the long- and short term ratings of UniCredit Leasing from "Baa2/Prime-2" to "Baa3/Prime-3", reiterating its negative outlook.

On August 2, 2012 the company was served with "inviti a comparire" further to art. 5 D.Lgs June 19, 1997 no. 218 in relation to structured finance transactions conducted in the financial years 2007, 2008 and 2009 by the group's holding company Unicredit S.p.A., as well as by Unicredit Banca d'Impresa (later UniCredit Corporate Banking S.p.A.), Capitalia S.p.A., Unicredit Banca di Roma S.p.A. and Banco di Sicilia S.p.A..
The "Brontos" transaction, as it was named by the seller Barclays Bank Plc, is included in these transactions.
UniCredit S.p.A., who has intervened on its own behalf as well as on behalf of the above mentioned banks, although convinced that its actions and the actions of its representatives and employees, both present and former, were correct, -- also after having reviewed the opinion of its advisors on this matter -- has adhered to the proposed tax assessment (the so called "adesione all'invito al contraddittorio") with the sole aim of mitigating the costs, uncertainty and risks connected with the duration and complexity of any tax litigation, and of minimizing the risk of additional tax, interest and penalties, if any.
On the following day, 3 August, UniCredit S.p.A. moreover made payment of all related amounts.
Following such payment, all pending tax claims arising out of the formal notification of the PVC by the Guardia di Finanza dated June 21, 2011, in respect of which UniCredit S.p.A. has provided wide ranging information on many occasions, have been definitively extinguished.
Such settlement entails an overall disbursement for taxes and penalties, of approximately Euro 264 million which will be covered by provisions created previously (please refer to the Explanatory Notes to the Financial Statements).

Outlook

Following positive developments in the first quarter, the second quarter saw a deterioration of growth prospects for advanced economies and, in particular, Eurozone countries and a return of tensions in financial markets due to a re-intensification of the Sovereign debt crisis in Europe and disappointing economic growth figures.

For the current year Italy is expected to face a sharp contraction in GDP, also due to the negative impact of the fiscal consolidation measures implemented in the second half of 2011. In Austria and Germany, where our Group has strong roots, growth rates will continue to be positive. Despite the impact of the ongoing slowdown in economic activity in Western Europe and increasing differentiation in macroeconomic trends across countries, the outlook for the CEE region remains positive, with average GDP growth expected to significantly outperform that in the Eurozone.

The European summit held at the end of June laid the foundations to create a unified bank supervision system, the first step towards a more integrated European banking sector, and promoted direct actions to support economic growth.

Furthermore, following the support provided with the two extraordinary long-term refinancing operations (LTROs), the ECB has re-affirmed its commitment to continue to guarantee adequate liquidity to the banking sector. ECB's support, combined with the strengthening of European banks' capital should allow for a gradual normalization of credit intermediation.

Despite a rapidly deteriorating global economic environment, UniCredit's 2012 first half shows good resilience of its gross operating profit, supported by the active implementation of the Strategic Plan's cost containment program. The deterioration of the macroeconomic environment, particularly in Italy, led to an increase in loans provisions which penalized the Net Profit.
The capital position and liquidity were further strengthened in line with the targets.

During second half of 2012 Group results will continue to be affected by macroeconomic context and by the responses that will be given to the sovereign debt crisis. The benefit of UniCredit's both geographical and business diversification will keep being an important mitigation factor.

In the current scenario, even with persistent high volatility, the revenues and the asset quality will be the items more impacted by the general economic slowdown. Elements of specific focus will keep being the capital liquidity and position, the simplification of the organizational structure as already approved by the Board of Directors and the cost containment program.

Milan - August 3, 2012

THE BOARD OF DIRECTORS

Chairman
GIUSEPPE VITA

CEO
FEDERICO GHIZZONI

Tailoring investment strategies for foundations.

In Austria, approximately 3,100 large private foundations perform a diverse range of activities. Austrian civil and tax codes present these organizations with a complex legal environment that requires specific solutions. In 2011, Bank Austria created a competence line that specializes in serving foundations. Highly qualified staff advise these clients and guide them through all phases of the transactions. The bank provides valuable resources including developing investment strategies that suit the specific purposes of a foundation, analyzing and managing liquidity and addressing financial needs while minimizing liability risk. With this project UniCredit has offered a simple answer for customers with sophisticated and complex requirements.

Condensed Interim Consolidated Financial Statements

Notes

The following conventional symbols have been used in the tables:

- a dash (-) indicates that the item/figures 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 available;
- "X" indicates an item not be completed under Banca d'Italia instructions.

Unless otherwise stated, all amounts are in **thousands of euros**.

Consolidated Accounts

Consolidated Balance Sheet

Consolidated Balance Sheet

(€ ‘000)

BALANCE SHEET - ASSETS	AMOUNTS AS AT 06.30.2012	12.31.2011
10. Cash and cash balances	31,477,494	9,728,137
20. Financial assets held for trading	126,174,770	130,985,409
30. Financial assets at fair value throgh profit or loss	21,664,332	28,624,394
40. Available-for-sale financial assets	66,512,668	57,919,008
50. Held-to-maturity investments	7,644,259	9,265,450
60. Loans and receivables with banks	65,463,093	56,364,996
70. Loans and receivables with customers	556,814,835	559,553,003
80. Hedging derivatives	18,907,836	16,241,206
90. Changes in fair value of portfolio heged items (+/-)	3,039,678	1,827,857
100. Investments in associates and joint ventures	3,728,431	3,554,675
110. Insurance reserves attributable to reinsures	775	928
120. Property, plant and equipment	11,946,727	12,198,058
130. Intangible assets	15,746,809	15,685,444
of which: - goodwill	*11,665,322*	*11,567,192*
140. Tax assets	13,626,497	14,346,042
a) current tax assets	*1,523,004*	*1,685,303*
b) deferred tax assets	*12,103,493*	*12,660,739*
150. Non-current assets and disposal groups classified as held for sale	316,068	345,161
160. Other assets	11,885,481	10,128,976
Total assets	**954,949,753**	**926,768,744**

Continued: Consolidated Balance Sheet (€ '000)

BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 06.30.2012	12.31.2011
10. Deposits from banks	127,122,354	131,806,952
20. Deposits from customers	417,640,731	398,379,282
30. Debt securities in issue	162,786,554	162,990,254
40. Financial liabilities held for trading	122,767,191	123,285,765
50. Financial liabilities at fair value through profit or loss	786,756	785,966
60. Hedging derivatives	14,718,740	13,208,746
70. Changes in fair value of portfolio hedged items (+/-)	5,922,162	4,840,832
80. Tax liabilities	6,217,099	6,209,785
a) current tax liabilities	*1,564,540*	*1,504,846*
b) deferred tax libilities	*4,652,559*	*4,704,939*
90. Liabilities included in disposal groups classified as held for sale	96,118	252,164
100. Other liabilities	22,883,432	20,416,128
110. Provision for employee severance pay	1,070,409	1,089,409
120. Provisions for risks and charges	8,240,583	8,496,169
a) post retirement benefit obligations	*4,520,050*	*4,509,105*
b) other reserves	*3,720,533*	*3,987,064*
130. Insurance reserves	221,576	209,714
140. Revaluation reserves	(2,548,085)	(3,843,089)
170. Reserves	9,978,073	15,564,529
180. Share premium	32,877,938	36,823,215
190. Issued capital	19,647,949	12,148,463
200. Treasury shares (-)	(7,872)	(7,337)
210. Minorities (+/-)	3,445,140	3,318,245
220. Net Profit (Loss) for the year (+/-)	1,082,905	(9,206,448)
Total liabilities and Shareholders' Equity	**954,949,753**	**926,768,744**

Consolidated Income Statement

Consolidated Income Statement

(€ '000)

ITEM	AS AT 06.30.2012	AS AT 06.30.2011
10. Interest income and similar revenues	14,686,957	14,341,146
20. Interest expenses and similar charges	(7,415,567)	(6,482,406)
30. Net interest margin	**7,271,390**	**7,858,740**
40. Fee and commision income	4,753,153	5,032,994
50. Fee and commission expense	(809,440)	(872,565)
60. Net fee and commissions	**3,943,713**	**4,160,429**
70. Dividend income and similar revenue	126,116	631,402
80. Gains and losses on financial assets and liabilities held for trading	842,403	480,142
90. Fair value adjustments in hedge accounting	(53,018)	60,179
100. Gains and losses on disposal of:	**1,070,484**	**177,696**
a) loans	*(1,325)*	*(6,319)*
b) available-for-sale financial assets	*190,723*	*178,326*
c) held-to-maturity investments	*(5,307)*	*(3,558)*
d) financial liabilities	*886,393*	*9,247*
110. Gains and losses on financial assets/liabilities at fair value through profit or loss	(58,301)	55,089
120. Operating income	**13,142,787**	**13,423,677**
130. Impairment losses on:	(3,378,707)	(2,818,920)
a) loans	*(3,242,115)*	*(2,596,488)*
b) available-for-sale financial assets	*(62,023)*	*(98,169)*
c) held-to-maturity investments	*(15,830)*	*(50,480)*
d) other financial assets	*(58,739)*	*(73,783)*
140. Net profit from financial activities	**9,764,080**	**10,604,757**
150. Premiums earned (net)	76,725	63,243
160. Other income (net) from insurance activities	(62,476)	(51,215)
170. Net profit from financial and insurance activities	**9,778,329**	**10,616,785**
180. Administrative costs:	(7,316,436)	(7,443,406)
a) staff expense	*(4,587,954)*	*(4,681,154)*
b) other administrative expense	*(2,728,482)*	*(2,762,252)*
190. Net provision for risks and charges	(83,741)	(404,742)
200. Impairment/write-backs on property, plant and equipment	(396,099)	(408,125)
210. Impairment/write-backs on intangible assets	(299,395)	(335,554)
220. Other net operating income	344,452	352,190
230. Operating costs	**(7,751,219)**	**(8,239,637)**
240. Profit (loss) of associates	69,752	106,240
250. Gains and losses on tangible and intangible assets measured at fair value	4	(184)
260. Impairment of goodwill	(2,416)	-
270. Gains and losses on disposal of investments	60,138	51,443
280. Total profit or loss before tax from continuing operations	**2,154,588**	**2,534,647**
290. Tax expense (income) related to profit or loss from continuing operations	(905,259)	(1,008,519)
300. Total profit or loss after tax from continuing operations	**1,249,329**	**1,526,128**
310. Total profit or loss after tax from discontinued operations	-	-
320. Net Profit or Loss for the year	**1,249,329**	**1,526,128**
330. Minorities	(166,424)	(205,432)
340. Holdings Income (Loss) of the year	**1,082,905**	**1,320,696**

Earnings per share (€)	0.21	0.67
Diluted earnings per share (€)	0.20	0.67

Notes:

For further information on **earnings per share** and **diluted earnings per share** please see Notes to the Accounts- Part C – Information on the Income Statement – Section 24. H1 2011 earnings per share and diluted earnings per share were recalculated to allow comparison following the reverse stock split which took place on December 27, 2011.

Comparative figures as at June 30, 2011 differ from those disclosed in the 2011 First Half Financial Report due to:

- the reclassification, carried out by three subsidiaries of the Group in the first half of 2012, of the reversals connected with the passing of time from item 10. Interest income and similar revenues to item 130. Impairment losses on loans;
- the recognition under item 80. Gains and losses on financial assets and liabilities held for trading of the margins incorporated in the sale price of some trading products, traded by some Group entities, which were previously recorded under item 40. Fee and commission income and item 50. Fee and commission expense.

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income

(€ '000)

ITEMS	AS AT 06.30.2012	AS AT 06.30.2011
10. Net Profit (Loss) for the year	**1,249,329**	**1,526,128**
Other comprehensive income after tax		
20. Available-for-sale financial assets	693,833	629,112
30. Property plant and equipment	-	-
40. Intangible assets	-	-
50. Hedges of foreign investments	-	-
60. Cash flow hedges	29,582	(265,163)
70. Exchange differences	552,929	(485,154)
80. Non current assets classified as held for sale	-	(1,196)
90. Actuarial gains (losses) on defined benefits plans	-	-
100. Valuation reserves from investments accounted for using the equity method	163,543	(48,310)
110. Total of other comprehensive income after tax	**1,439,887**	**(170,711)**
120. Comprehensive income after tax (10+110)	**2,689,216**	**1,355,417**
130. Consolidated comprehensive income attributable to minorities	(312,548)	(146,010)
140. Consolidated comprehensive income attributable to Parent Company	**2,376,668**	**1,209,407**

Statement of Changes in Shereholders' Equity

Statement of Changes in Shareholders' Equity includes Group portion and minorities:

Statement of changes in Shareholders' Equity as at June 30, 2012

(€ '000)

	BALANCE AS AT 12.31.2011	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2012	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: RESERVES	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: DIVIDENS	CHANGES DURING THE PERIOD: CHANGES IN RESERVES	CHANGES DURING THE PERIOD: SHAREHOLDERS' EQUITY TRANSACTIONS: ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDEND	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS	COMPREHENSIVE INCOME (H1 2012)	TOTAL SHAREHOLDERS' EQUITY AS AT 06.30.2012	SHAREHOLDERS' EQUITY GROUP AS AT 06.30.2012	PSHAREHOLDERS' EQUITY MINORITIES AS AT 06.30.2012
Issued capital:																
a) ordinary shares	12,600,516		12,600,516			846	7,506,519							20,107,881	19,639,723	468,158
b) othe shares	15,259		15,259				(7,033)							8,226	8,226	-
Share premiums	38,591,316		38,591,316	(3,945,277)		2,288								34,648,327	32,877,938	1,770,389
Reserves:																
a) from profits	12,991,203		12,991,203	(5,082,834)		(166,801)	(277)							7,741,291	6,765,731	975,560
b) other	3,492,261		3,492,261			(46,550)	(144,978)					30,350		3,331,083	3,212,342	118,741
Revaluation reserves	(4,043,335)		(4,043,335)			1,571							1,439,887	(2,601,877)	(2,548,085)	(53,792)
Treasury shares	(7,960)		(7,960)			(252)								(8,212)	(7,872)	(340)
Net profit or Loss for the period	(8,841,682)		(8,841,682)	9,028,111	(186,429)								1,249,329	1,249,329	1,082,905	166,424
Total Shareholders' Equity	**54,797,578**	**-**	**54,797,578**	**-**	**(186,429)**	**(208,898)**	**7,354,231**	**-**	**-**	**-**	**-**	**30,350**	**2,689,216**	**64,476,048**	**61,030,908**	**3,445,140**
Shareholders' Equity Group	51,479,333	-	51,479,333	-	(2,100)	(207,574)	7,354,231	-	-	-	-	30,350	2,376,668	61,030,908		
Shareholders' Equity minorities	3,318,245		3,318,245		(184,329)	(1,324)							312,548	3,445,140		

The amounts reported in column "Stock options" represent the effects relating to the delivery of shares (Stock Options, Performance Shares, Discount and Matching Shares connected with the ESOP Plans and other Group Executive Incentive Plans).

Item "Reserves from profits - Changes in reserves" includes the effects arising from the change in accounting policies followed by the Group to account for the fair value adjustments of Loans ex Capitalia that has been recognized in the context of the Business Combination for the amount of (182) euro million.

Statement of changes in Shareholders' Equity as at June 30, 2011

(€ '000)

	BALANCE AS AT 12.31.2010	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2011	ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE PERIOD								TOTAL SHAREHOLDERS' EQUITY AS AT 06.30.2011	SHAREHOLDERS' EQUITY GROUP AS AT 06.30.2011	PSHAREHOLDERS' EQUITY MINORITIES AS AT 06.30.2011
							SHAREHOLDERS' EQUITY TRANSACTIONS									
				RESERVES	DIVIDENS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDEND	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS	COMPREHENSIVE INCOME (H1 2011)			
Issued capital:																
a) ordinary shares	10,012,413		10,012,413			3,624	454							10,016,491	9,637,125	379,366
b) othe shares	12,120		12,120											12,120	12,120	-
Share premiums	41,091,961		41,091,961			(2,982)								41,088,979	39,322,433	1,766,546
Reserves:																
a) from profits	12,570,882		12,570,882	861,975		(113,595)	(454)							13,318,808	12,348,115	970,693
b) other	3,612,656		3,612,656			(84,138)						44,702		3,573,220	3,454,479	118,741
Revaluation reserves	(1,237,158)		(1,237,158)			(339)							(170,711)	(1,408,208)	(1,364,450)	(43,758)
Treasury shares	(4,218)		(4,218)			(881)								(5,099)	(4,939)	(160)
Net profit or Loss for the period	1,644,569		1,644,569	(861,975)	(782,594)								1,526,128	1,526,128	1,320,696	205,432
Total Shareholders' Equity	**67,703,225**	**-**	**67,703,225**	**-**	**(782,594)**	**(198,311)**	**-**	**-**	**-**	**-**	**-**	**44,702**	**1,355,417**	**68,122,439**	**64,725,579**	**3,396,860**
Shareholders' Equity Group	64,224,045	-	64,224,045	-	(558,110)	(194,465)	-	-	-	-	-	44,702	1,209,407	64,725,579	-	-
Shareholders' Equity minorities	3,479,180		3,479,180		(224,484)	(3,846)							146,010	3,396,860	-	-

The amounts reported in column "Stock options" represent the effects relating to the delivery of shares (Stock Options, Performance Shares, Discount and Matching Shares connected with the ESOP Plans and other Group Executive Incentive Plans).

As at June 30, 2011 the item "Reserves from profits - Changes in reserves" included the changes brought about by the revision of the criteria used by the Group to classify amounts collected from investee company. The revision aimed at better recording their economic effects.

Consolidated Cash Flow Statement (indirect method)

Consolidated Cash Flow Statement (indirect method)

(€ '000)

	AS AT	
	06.30.2012	06.30.2011
A. OPERATING ACTIVITIES		
1. Operations	**7,607,201**	**5,117,005**
- profit and loss of the period (+/-)	1,082,905	1,320,696
- capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities designated at fair value through profit and loss (+/-)	268,692	(532,056)
- capital gains/losses on hedging operations (+/-)	53,018	(60,179)
- net write-offs/write-backs due to impairment (+/-)	4,302,233	1,844,347
- net write-offs/write-backs on tangible and intangible assets (+/-)	695,490	743,863
- provisions and other incomes/expenses (+/-)	303,666	729,561
- not paied tax (+)	678,516	868,877
- other adjustments (+)	222,681	201,896
2. Liquidity generated/absorbed by financial assets	**(6,511,913)**	**4,927,629**
- financial assets held for trading	4,733,548	15,798,516
- financial assets at fair value	6,826,124	(1,722,162)
- available-for-sale financial assets	(7,554,184)	26,929
- loans and receivables with banks	(8,762,232)	(1,431,426)
- loans and receivables with customers	1,008,124	(9,946,021)
- other assets	(2,763,293)	2,201,793
3. Liquidity generated/absorbed by financial liabilities	**12,149,265**	**(9,408,030)**
- deposits from banks	(5,066,279)	4,193,967
- deposits from customers	16,937,382	5,996,133
- debt certificates including bonds	(347,195)	(1,942,616)
- financial liabilities held for trading	(548,919)	(16,061,416)
- financial liabilities designated at fair value	790	(202,699)
- other liabilities	1,173,486	(1,391,399)
Net liquidity generated/absorbed by operating activities	**13,244,553**	**636,604**
B. INVESTMENT ACTIVITIES		
1. Liquidity generated/absorbed by:		
- equity investments	-	(7,623)
- collected dividends on equity investments	59,700	41,590
- financial assets held to maturity	1,758,027	599,662
- tangible assets	(259,282)	35,940
- intangible assets	(236,324)	(199,103)
- sales/purchases of subsidiaries and divisions	1,934	1,628
Net liquidity generated/absorbed by investment activities	**1,324,055**	**472,094**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	7,354,231	-
- distribution of dividends and other scopes	(226,735)	(866,732)
Net liquidity generated/absorbed by funding activities	**7,127,496**	**(866,732)**
NET LIQUIDITY GENERATED / ABSORBED DURING THE PERIOD	**21,696,104**	**241,966**

KEY:
(+) generated;
(-) absorbed.

Continued: Consolidated Cash Flow Statement (indirect method)

Reconciliation

(€ '000)

	AS AT	
	06.30.2012	06.30.2011
Cash and cash equivalents at the beginning of the period	**9,728,137**	**6,414,097**
Net liquidity generated/absorbed during the period	21,696,104	241,966
Cash and cash equivalents: effect of exchange rate variations	53,253	(59,855)
Cash and cash equivalents at the end of the period	**31,477,494**	**6,596,208**

The increase in item "Cash and cash equivalents at the end of the period" is due to demand deposits with Central Banks, which increased from €5,529 million as at December 31, 2011 to €27,566 million as at June 30, 2012.

Explanatory Notes

Part A - Accounting Policies

Part A - Accounting Policies

A.1 - General

Section 1 - Statement of Compliance with IFRSs

This Consolidated First Half Financial Report has been prepared in accordance with the IFRS issued by the *International Accounting Standards Board* (IASB), including the interpretation documents issued by the SIC and the IFRIC, and endorsed by the Eurpean Commission up to 30 June 2012, pursuant to EU Regulation 1606/2002 which was incorporated into Italy's legislation through the Legislative Decree no. 38 dated 28 February 2005 and as required by art. 154-ter 3 of the Single Finance Act (TUF, Leg. Decree no. 58 dated 24/2/1998).

As required by art. 154-ter 2 TUF, this Consolidated First Half Financial Report includes the Condensed Interim Consolidated Financial Statements, the Interim Report on Operations and the certification required by art. 154-bis 5 TUF.

The contents of this Condensed Interim Consolidated Financial Statements are in line with IAS 34 on interim reporting. In accordance with § 10 IAS 34, UniCredit has opted to provide condensed first half consolidated accounts.

This Condensed Interim Consolidated Financial Statements are subject to a limited audit of the accounts by KPMG S.p.A..

Section 2 - Preparation Criteria

As mentioned above, these Accounts have been prepared in accordance with the IFRS endorsed by the European Commission. 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 Condense Interim Consolidated Financial Statements comprises the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement (compiled using the indirect method), the Explanatory Notes and Annexes.

These are in line with Banca d'Italia schedules as prescribed by the first amendment dated November 18, 2009 to Circular 262 dated 22 December 2005, in that they give comparative figures, as at December 31, 2011 for the balance sheet and as at 30 June 2011 for the profit and loss account, the comprehensive income statement, the statement of changes in equity and the cash-flow statement.

Figures in the schedules and explanatory notes are given in **thousands of euros,** if not otherwise specified.
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 2011.

Risk and uncertainty due to use of estimated figures

The IFRSs 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 and 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 some of the largest value-based items in the Condensed Interim Consolidated Financial Statements as at June 30, 2012, as required by the accounting standards and regulations above detailed. 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 June 30, 2012. Valuation was particularly complex given the continuing uncertainty of the macro-economic and market situation which was characterized by significant volatility of financial indicators used in the valuation process and still high levels of credit impairment.

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 are recognized in the period in which they are carried out, provided that the change concerns that period. If the reappraisal concerns both current and future periods it is recognized in both current and future periods as appropriate.

Uncertainty affecting estimates is generally inherent in the measurement of:
- fair value of financial instruments not listed in active markets;
- loans and receivables, investments and, in general, financial assets;
- severance pay (Italy) and other employee benefits;
- provisions for risks and charges (including potential liabilities assessment);
- goodwill and other intangibile assets;
- assets and liabilities related to insurance contracts;
- deferred tax assets

since quantifying all these items is mainly dependent both on the evolution of domestic and international socio-economic conditions and on the performance of the financial markets and its effect on interest rates, stock prices, actuarial assumptions, creditworthiness of borrowers and counterparties and more generally on Group's performance.

Specifically referring to future cash flow projections used in the valuation of goodwill and other intangible assets, it should be noted that the parameters and the information used are significantly influenced by the macroeconomic market situation, which could change in unpredictable ways. For further information please refer to Part B – Consolidated Balance Sheet – Section 13 – Intangible assets.

Section 3 - Consolidation Procedures and Scope

Consolidation criteria and principles used to prepare the Consolidated First Half Financial Report as at June 30, 2012 are as follows:

Accounts used for consolidation

For the preparation of the Consolidated First Half Financial Reports as at June 30, 2012, the following sources were used:
- Parent company UniCredit S.p.A first-half accounts;
- the first-half accounts of the other fully consolidated Group entities, except for those noted here, duly condensed (reclassified) and adjusted to take into account the requirements of consolidation and, where necessary, to bring them into line with IFRS;
- for the companies belonging to the Leasing Sub-Group and reporting to UniCredit Leasing S.p.A.:
  - the half-year accounts of UniCredit Leasing S.p.A.;
  - the first-half accounts of companies recognised using proportionate consolidation in the 2011;
  - the sub-consolidated half-year accounts of Austrian subsidiaries, i.e. UniCredit Leasing (Austria) GMBH and its subsidiaries.
  - the sub-consolidated half-year accounts of the CEE subsidiaries, i.e. all direct and indirect subsidiaries of the Parent Company UniCredit Leasing S.p.A located in CEE countries.
- The sub-consolidated first-half accounts of Compagnia Italpetroli Group including Compagnia Italpetroli S.p.A. and its direct and indirect subsidiaries.

Balance Sheet items in foreign currencies are converted at closing exchange rates; the average exchange rate for the year is used for the profit and loss account, which is considered a valid approximation of the rate of exchange at the date of the transaction.

The income statements and the balance sheets of the main fully consolidated subsidiaries prepared under IFRS are subject to audit by leading audit companies

Subsidiaries

Subsidiaries are entities of which:
- the Parent owns, directly or indirectly through subsidiaries, more than half of the voting power unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
- the Parent owns half or less of the voting power and has:
  - power over more than half of the voting rights by virtue of an agreement with other investors;
  - power to govern the financial and operating policies of the entity under a statute or an agreement;
  - 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
  - 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.

Part A - Accounting Policies (Continued)

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.

The list of subsidiaries also includes any special purpose entities as required by SIC 12.
SIC 12 requires UniCredit to consolidate special purpose entities, provided that, in substance, the majority of the risks and rewards incident to the activities of these special purpose entities is attributable to the Bank or, in substance, the Bank controls the special purpose entities. An interest in the equity capital of the special purpose entities is immaterial in this regard.
Thus the consolidation of special purpose entities in accordance with SIC 12 has the same effect as full consolidation. Equity interests held by third parties in a special purpose entity consolidated by the Bank in accordance with SIC 12 are recognized under minority interest.

The carrying amount of an investment in a fully or proportionately consolidated entity held by the Parent or another Group company is eliminated against the recognition of the subsidiary's assets and liabilities as well as the Group's portion of equity of the subsidiary.

Intragroup balances, off-balance sheet transactions, income and expenses and gain/losses between consolidated companies are eliminated in full or proportionately, in accordance with the consolidation procedures adopted.

A subsidiary's income and expenses are included in consolidation from the date the Parent acquires control. On disposal of a subsidiary, its income and expenses are consolidated up to the date of disposal, i.e., when the Parent ceases to control the subsidiary. The difference between the proceeds from the disposal of the subsidiary and the carrying amount of its net assets is recognised in item 270 "Gains (Losses) on disposal of investments" in profit and loss.

Minority interests are recognised in the consolidated balance sheet item 210 "Minorities" separately from liabilities and Parent shareholders' equity. Minority interests in the profit or loss of the Group are separately disclosed under item 330 of the consolidated profit and loss account.

On first-time consolidation, subsidiaries are measured at fair value as at the acquisition date, i.e. at the cost of obtaining control of the subsidiary inclusive of ancillary costs.

Associates

These are entities over which an investor has significant influence, and which is neither a subsidiary nor an interest in a joint venture.
It is presumed that the investor has significant influence if the investor:
- holds, directly or indirectly, at least 20 per cent of the voting power of an investee, or
- is able, also through shareholders' agreements, to exercise significant influence through:
  - representation on the board of directors or equivalent governing body of the investee;
  - participation in policy-making process, including participation in decisions about dividends or other distributions;
  - material transactions between the investor and the investee;
  - interchange of managerial personnel;
  - provision of essential technical information.

Investments in associates are recognised using the equity method. The carrying amount includes goodwill (less any impairment loss). The investor's share of the profit and loss of the investee after the date of acquisition is recognised in item 240 "Profit (Loss) of associates" in profit or loss. Distributions received from an investee reduce the carrying amount of the investment.

If the investor's share of an associate's losses is equal to or more than its carrying amount, then no further losses are recognised, unless the investor has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised profits on transactions with associates are eliminated to the extent of the Group's interest. Unrealised losses are likewise eliminated, unless the transactions show evidence of impairment of the assets exchanged.

The changes in the revaluation reserves of associates, which are recorded as a contra item to changes in value of items that are relevant for this purpose (see Section 2 above - General Principles), are reported separately in the Statement of Comprehensive Income.

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 financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Interests in joint ventures are recognised using proportionate consolidation.

The following table shows the companies included in the scope of consolidation, as well as those valued by using the equity method.

Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

				OWNERSHIP RELATIONSHIP		
	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	HELD BY	HOLDING %	VOTING RIGHTS (2)
	A.COMPANY					
	A.1 LINE BY LINE METHOD					
1	**UNICREDIT SPA**	**ROME**		**HOLDING**		
2	A&T-PROJEKTENTWICKLUNGS GMBH & CO. POTSDAMER PLATZ BERLIN KG	MUNICH	1	GRUNDSTUCKSAKTIENGESELLSCHAFT AM POTSDAMER PLATZ (HAUS VATERLAND)	66.67	
3	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. OBERBAUM CITY KG	GRUNWALD	1	SIRIUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	100.00	98.11
4	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. PARKKOLONNADEN KG	GRUNWALD	1	A&T-PROJEKTENTWICKLUNGS GMBH & CO. POTSDAMER PLATZ BERLIN KG	100.00	98.11
5	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. STUTTGART KRONPRINZSTRASSE KG	GRUNWALD	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	98.11
6	ACTIVE ASSET MANAGEMENT GMBH	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
7	AGROB IMMOBILIEN AG	ISMANING	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	52.72	75.02
8	AI BETEILIGUNGS GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
9	ALINT 458 GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	BAD HOMBURG	1	UNICREDIT LEASING S.P.A.	100.00	
10	ALLEGRO LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
11	ALLIB LEASING S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
12	ALLIB NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA	ZAGREB	1	UNICREDIT LEASING S.P.A.	100.00	
13	ALLIB ROM S.R.L.	BUCHAREST	1	UNICREDIT LEASING S.P.A.	100.00	
14	ALMS LEASING GMBH.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
15	ALPINE CAYMAN ISLANDS LTD.	GEORGE TOWN	1	UNICREDIT BANK AUSTRIA AG	100.00	
16	ALTUS ALPHA PLC	DUBLIN	4	UNICREDIT BANK AG	..	(3)
17	ALV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
18	ANI LEASING IFN S.A.	BUCHAREST	1	UNICREDIT GLOBAL LEASING EXPORT GMBH	10.01	
				UNICREDIT LEASING S.P.A.	89.99	
19	ANTARES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
20	ANTUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	MUNICH	1	HVB PROJEKT GMBH	90.00	
21	ARABELLA FINANCE LTD.	DUBLIN	4	UNICREDIT BANK AG	..	(3) (4)
22	ARANY PENZUEGYI LIZING ZRT.	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
23	ARGENTAURUS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH	MUNICH	1	HVB PROJEKT GMBH	100.00	
24	ARNO GRUNDSTUCKSVERWALTUNGS GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
25	ARRONDA IMMOBILIENVERWALTUNGS GMBH	MUNICH	1	HVB PROJEKT GMBH	100.00	
26	ARTIST MARKETING ENTERTAINMENT GMBH	VIENNA	1	MY BETEILIGUNGS GMBH	100.00	
27	AS UNICREDIT BANK, LATVIA	RIGA	1	UNICREDIT BANK AUSTRIA AG	100.00	
28	ATF CAPITAL B.V.	ROTTERDAM	1	JSC ATF BANK	100.00	
29	ATF FINANCE JSC	ALMATY CITY	1	JSC ATF BANK	100.00	
30	ATF INKASSATSIYA LTD	ALMATY CITY	1	JSC ATF BANK	100.00	
31	ATLANTERRA IMMOBILIENVERWALTUNGS GMBH	MUNICH	1	HVB PROJEKT GMBH	90.00	
32	AUFBAU DRESDEN GMBH	MUNICH	1	HVB PROJEKT GMBH	100.00	
33	AUSTRIA LEASING GMBH	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	0.40	
				GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.40	99.60
34	AUTOGYOR INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	

Part A - Accounting Policies (Continued)

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
35	AWT HANDELS GESELLSCHAFT M.B.H.	VIENNA	1	AWT INTERNATIONAL TRADE GMBH	100.00	
36	AWT INTERNATIONAL TRADE GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
37	B.I. INTERNATIONAL LIMITED	GEORGE TOWN	1	TRINITRADE VERMOGENSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG	100.00	
38	BA ALPINE HOLDINGS, INC.	WILMINGTON	1	UNICREDIT BANK AUSTRIA AG	100.00	
39	BA BETRIEBSOBJEKTE GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
40	BA BETRIEBSOBJEKTE GMBH & CO BETA VERMIETUNGS OG	VIENNA	1	BA BETRIEBSOBJEKTE GMBH	99.90	
				MY DREI HANDELS GMBH	0.10	
41	BA BETRIEBSOBJEKTE PRAHA, SPOL.S.R.O.	PRAGUE	1	BA BETRIEBSOBJEKTE GMBH	100.00	
42	BA CA LEASING (DEUTSCHLAND) GMBH	BAD HOMBURG	1	UNICREDIT LEASING S.P.A.	94.90	
43	BA CA SECUND LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
44	BA CREDITANSTALT BULUS EOOD	SOFIA	1	HVB LEASING OOD	100.00	
45	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
46	BA GEBAEUDEVERMIETUNGSGMBH	VIENNA	1	BA GVG-HOLDING GMBH	70.00	
47	BA GVG-HOLDING GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
48	BA IMMO GEWINNSCHEIN FONDS1	VIENNA	4	UNICREDIT BANK AUSTRIA AG	..	(3)
49	BA PRIVATE EQUITY GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
50	BA-CA ANDANTE LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
51	BA-CA FINANCE (CAYMAN) II LIMITED	GEORGE TOWN	1	ALPINE CAYMAN ISLANDS LTD.	100.00	
52	BA-CA FINANCE (CAYMAN) LIMITED	GEORGE TOWN	1	ALPINE CAYMAN ISLANDS LTD.	100.00	
53	BA-CA INFRASTRUCTURE FINANCE ADVISORY GMBH	VIENNA	1	ZETA FUENF HANDELS GMBH	100.00	
54	BA-CA LEASING DREI GARAGEN GMBH	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	100.00
55	BA-CA LEASING MAR IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
56	BA-CA LEASING MODERATO D.O.O.	LJUBLJANA	1	UNICREDIT LEASING S.P.A.	100.00	
57	BA-CA LEASING VERSICHERUNGSSERVICE GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
58	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
59	BA-CA PRESTO LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
60	BA-CA WIEN MITTE HOLDING GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
61	BA-CREDITANSTALT LEASING ANGLA SP. Z O.O.	WARSAW	1	UNICREDIT LEASING S.P.A.	100.00	
62	BA/CA-LEASING BETEILIGUNGEN GMBH	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
63	BA/CA-LEASING FINANZIERUNG GMBH	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	100.00	
64	BACA CENA IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
65	BACA CHEOPS LEASING GMBH	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
66	BACA HYDRA LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
67	BACA KOMMUNALLEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
68	BACA LEASING ALFA S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
69	BACA LEASING CARMEN GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
70	BACA LEASING GAMA S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
71	BACA LEASING UND BETEILGUNGSMANAGEMENT GMBH	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	98.80	99.00
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
72	BACA NEKRETNINE DOO	SARAJEVO	1	UNICREDIT LEASING S.P.A.	100.00	
73	BACA ROMUS IFN S.A.	BUCHAREST	1	UNICREDIT GLOBAL LEASING EXPORT GMBH	10.01	
				UNICREDIT LEASING S.P.A.	89.99	
74	BACA-LEASING AQUILA INGATLANHASNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
75	BACA-LEASING GEMINI INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
76	BACA-LEASING NERO INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
77	BACA-LEASING OMIKRON INGATLANHASZNOSTO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
78	BACA-LEASING URSUS INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS (2)
				HELD BY	HOLDING %	
79	BACAL ALPHA DOO ZA POSLOVANJE NEKRETNINAMA	ZAGREB	1	UNICREDIT LEASING S.P.A.	100.00	
80	BACAL BETA NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA	ZAGREB	1	UNICREDIT LEASING S.P.A.	100.00	
81	BAL CARINA IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
82	BAL DEMETER IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
83	BAL HESTIA IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
84	BAL HORUS IMMOBILIEN LEASING GMBH	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
85	BAL HYPNOS IMMOBILIEN LEASING GMBH	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
86	BAL LETO IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
87	BAL OSIRIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
88	BAL PAN IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
89	BAL SOBEK IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
90	BALEA SOFT GMBH & CO. KG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
91	BALEA SOFT VERWALTUNGSGESELLSCHAFT MBH	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
92	BANDON LEASING LTD.	DUBLIN	4	UNICREDIT BANK AG	..	(3)
93	BANK AUSTRIA CREDITANSTALT LEASING IMMOBILIENANLAGEN GMBH	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
94	BANK AUSTRIA FINANZSERVICE GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
95	BANK AUSTRIA HUNGARIA BETA LEASING KORLATOLT FELELOSSEGU TSRSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
96	BANK AUSTRIA IMMOBILIENSERVICE GMBH	VIENNA	1	PLANETHOME AG	100.00	
97	BANK AUSTRIA LEASING ARGO IMMOBILIEN LEASING GMBH	VIENNA	1	RONDO LEASING GMBH	99.80	100.00
98	BANK AUSTRIA LEASING HERA IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
99	BANK AUSTRIA LEASING IKARUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
100	BANK AUSTRIA LEASING MEDEA IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
101	BANK AUSTRIA REAL INVEST CLIENT INVESTMENT GMBH	VIENNA	1	BANK AUSTRIA REAL INVEST GMBH	100.00	
102	BANK AUSTRIA REAL INVEST GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	94.95	
103	BANK AUSTRIA REAL INVEST IMMOBILIEN-KAPITALANLAGE GMBH	VIENNA	1	BANK AUSTRIA REAL INVEST GMBH	100.00	
104	BANK AUSTRIA WOHNBAUBANK AG	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
105	BANK PEKAO SA	WARSAW	1	UNICREDIT SPA	59.24	
106	BANKHAUS NEELMEYER AG	BREMEN	1	UNICREDIT BANK AG	100.00	
107	BARODA PIONEER ASSET MANAGEMENT COMPANY LTD	MUMBAI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
108	BARODA PIONEER TRUSTEEE COMPANY PVT LTD	MUMBAI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
109	BAULANDENTWICKLUNG GDST 1682/8 GMBH & CO OEG	VIENNA	1	CALG ANLAGEN LEASING GMBH	1.00	
				CALG IMMOBILIEN LEASING GMBH	99.00	
110	BDK CONSULTING	LUCK	1	PUBLIC JOINT STOCK COMPANY UNICREDIT BANK	100.00	
111	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
112	BIL IMMOBILIEN FONDS GMBH & CO OBJEKT PERLACH KG	MUNICH	1	BIL V & V VERMIETUNGS GMBH	5.22	5.14
				ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	94.78	93.87
113	BIL LEASING-FONDS GMBH & CO VELUM KG	MUNICH	1	UNICREDIT BANK AG	100.00	33.33
				BIL LEASING-FONDS VERWALTUNGS-GMBH	0.00	33.33
114	BIL LEASING-FONDS VERWALTUNGS-GMBH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
115	BIL V & V VERMIETUNGS GMBH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
116	BLACK FOREST FUNDING LLC	DOVER	4	UNICREDIT BANK AG	..	(3)
117	BLUE CAPITAL EUROPA IMMOBILIEN GMBH & CO. ACHTE OBJEKTE GROSSBRITANNIEN KG	HAMBURG	1	WEALTHCAP FONDS GMBH	90.91	
				WEALTHCAP INVESTORENBETREUUNG GMBH	9.09	

Part A - Accounting Policies (Continued)

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
118	BORGO DI PEROLLA SRL	MASSA MARITTIMA (GROSSETO)	1	FONDIARIA LASA SPA	100.00	
119	BREWO GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
120	BULBANK AUTO LEASING EOOD	SOFIA	1	BULBANK LEASING EAD	100.00	
121	BULBANK LEASING EAD	SOFIA	1	UNICREDIT LEASING AD	100.00	
122	BV GRUNDSTUCKSENTWICKLUNGS-GMBH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
123	BV GRUNDSTUCKSENTWICKLUNGS-GMBH & CO. VERWALTUNGS-KG	MUNICH	1	UNICREDIT BANK AG	100.00	
124	CA-LEASING ALPHA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
125	CA-LEASING BETA 2 INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
126	CA-LEASING DELTA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
127	CA-LEASING EPSILON INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
128	CA-LEASING EURO, S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
129	CA-LEASING KAPPA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
130	CA-LEASING LAMBDA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
131	CA-LEASING OMEGA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
132	CA-LEASING OVUS S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
133	CA-LEASING PRAHA S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
134	CA-LEASING SENIOREN PARK GMBH	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	100.00
135	CA-LEASING TERRA POSLOVANJE Z NEPREMICNINAMI D.O.O.	LJUBLJANA	1	UNICREDIT LEASING S.P.A.	100.00	
136	CA-LEASING YPSILON INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
137	CA-LEASING ZETA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
138	CABET-HOLDING GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
139	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	VIENNA	1	CABET-HOLDING GMBH	100.00	
140	CAC REAL ESTATE, S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
141	CAC-IMMO SRO	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
142	CAFU VERMOEGENSVERWALTUNG GMBH & CO OG	VIENNA	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
143	CAL-PAPIER INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
144	CALG 307 MOBILIEN LEASING GMBH	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	99.00
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
145	CALG 443 GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	99.00
				CALG IMMOBILIEN LEASING GMBH	1.00	
146	CALG 445 GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
147	CALG 451 GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
148	CALG ALPHA GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
149	CALG ANLAGEN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
150	CALG ANLAGEN LEASING GMBH & CO GRUNDSTUCKVERMIETUNG UND -VERWALTUNG KG	MUNICH	1	CALG ANLAGEN LEASING GMBH	99.90	100.00
151	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	100.00
152	CALG GAMMA GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
153	CALG GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	74.80	75.00
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP [1]	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS [2]
154	CALG IMMOBILIEN LEASING GMBH	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	100.00
155	CALG IMMOBILIEN LEASING GMBH & CO 1050 WIEN, SIEBENBRUNNENGASSE 10-21 OG	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
156	CALG IMMOBILIEN LEASING GMBH & CO 1120 WIEN, SCHONBRUNNER SCHLOSS-STRASSE 38-42 OG	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
157	CALG IMMOBILIEN LEASING GMBH & CO PROJEKT ACHT OG	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
158	CALG IMMOBILIEN LEASING GMBH & CO PROJEKT FUNF OG	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
159	CALG IMMOBILIEN LEASING GMBH & CO PROJEKT VIER OG	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
160	CALG IMMOBILIEN LEASING GMBH & CO PROJEKT ZEHN OG	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
161	CALG MINAL GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	100.00
162	CAMERON GRANVILLE 2 ASSET MANAGEMENT INC	TAGUIG	1	CAMERON GRANVILLE ASSET MANAGEMENT (SPV-AMC) , INC	100.00	
163	CAMERON GRANVILLE 3 ASSET MANAGEMENT INC.	TAGUIG	1	CAMERON GRANVILLE ASSET MANAGEMENT (SPV-AMC) , INC	100.00	
164	CAMERON GRANVILLE ASSET MANAGEMENT (SPV-AMC) , INC	TAGUIG	1	HVB ASIA LIMITED	100.00	
165	CAMPO DI FIORI SAS	ROME	1	IMMOBILIARE PATETTA SRL	96.67	
				SOCIETÀ COLLE AURELIA IMMOBILIARE S.C.A.I. SRL	3.33	
166	CARD COMPLETE SERVICE BANK AG	VIENNA	1	UNICREDIT BANK AUSTRIA AG	50.10	
167	CARDS & SYSTEMS EDV-DIENSTLEISTUNGS GMBH	VIENNA	1	CARD COMPLETE SERVICE BANK AG	5.00	
				DINERS CLUB CEE HOLDING AG	1.00	
				UNICREDIT BANK AUSTRIA AG	52.00	
168	CBD INTERNATIONAL SP.Z.O.O.	WARSAW	1	ISB UNIVERSALE BAU GMBH	100.00	
169	CDM CENTRALNY DOM MAKLERSKI PEKAO SA	WARSAW	1	BANK PEKAO SA	100.00	
170	CEAKSCH VERWALTUNGS G.M.B.H.	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	100.00	
171	CENTAR KAPTOL DOO	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
172	CENTER HEINRICH-COLLIN-STRASSE1 VERMIETUNGS GMBH U.CO KG	VIENNA	4	BA IMMO GEWINNSCHEIN FONDS1	..	[3]
173	CENTRUM BANKOWOSCI BEZPOSREDNIEJ SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSC	KRAKOW	1	BANK PEKAO SA	100.00	
174	CENTRUM KART SA	WARSAW	1	BANK PEKAO SA	100.00	
175	CHARADE LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	75.00
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
176	CHEFREN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
177	CHIYODA FUDOSAN GK	TOKYO	4	UNICREDIT BANK AG	..	[3]
178	CHRISTOPH REISEGGER GESELLSCHAFT M.B.H.	VIENNA	1	LASSALLESTRASSE BAU-, PLANUNGS-, ERRICHTUNGS- UND VERWERTUNGSGESELLSCHAFT M.B.H.	100.00	
179	CIVITAS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
180	CJSC BANK SIBIR	OMSK CITY	1	ZAO UNICREDIT BANK	100.00	
181	CLOSED JOINT-STOCK COMPANY UNICREDIT SECURITIES	MOSCOW	1	AI BETEILIGUNGS GMBH	99.50	
				BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.50	
182	CO.RI.T. S.P.A. IN LIQUIDAZIONE	ROME	1	UNICREDIT CREDIT MANAGEMENT BANK SPA	60.00	
183	COFIRI S.P.A. IN LIQUIDAZIONE	ROME	1	UNICREDIT CREDIT MANAGEMENT BANK SPA	100.00	
184	COM.P.I.S. - COMPAGNIA PETROLIFERA ITALIA SUD SOCIETÀ A RESPONSABILITÀ LIMITATA	ROME	1	SOCIETÀ DEPOSITI COSTIERI - SO.DE.CO. SRL	100.00	
185	COMMUNA - LEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	REAL-LEASE GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	99.80	100.00
186	COMPAGNIA FONDIARIA ROMANA (C.F.R.) SRL	ROME	1	IMMOBILIARE PATETTA SRL	72.50	
				INFISSER SRL	15.00	
				SOCIETÀ VERONESE GESTIONE COMPRAVENDITA IMMOBILI A R.L.	12.50	

Part A - Accounting Policies (CONTINUED)

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
187	COMPAGNIA ITALPETROLI S.P.A.	ROME	1	UNICREDIT SPA	100.00	
188	CONTRA LEASING-GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	75.00
				JAUSERN-LEASING GESELLSCHAFT M.B.H.	25.00	
189	CORDUSIO SIM - ADVISORY & FAMILY OFFICE SPA	MILAN	1	CORDUSIO SOCIETÀ FIDUCIARIA PER AZIONI	100.00	
190	CORDUSIO SOCIETÀ FIDUCIARIA PER AZIONI	MILAN	1	UNICREDIT SPA	100.00	
191	CRIVELLI SRL	MILAN	1	UNICREDIT SPA	100.00	
192	CUMTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
				UNICREDIT BANK AG	6.15	
193	DAB BANK AG	MUNICH	1	UNICREDIT BANK AG	79.53	
194	DBC SP.Z O.O.	WARSAW	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
195	DC ELEKTRONISCHE ZAHLUNGSSYSTEME GMBH	VIENNA	1	KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H.	100.00	
196	DEBO LEASING IFN S.A.	BUCHAREST	1	UNICREDIT GLOBAL LEASING EXPORT GMBH	10.01	
				UNICREDIT LEASING S.P.A.	89.99	
197	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT ALPHA MANAGEMENT KG	MUNICH	1	HVB PROJEKT GMBH	100.00	
198	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT BETA MANAGEMENT KG	MUNICH	1	HVB PROJEKT GMBH	100.00	
199	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT GAMMA MANAGEMENT KG	MUNICH	1	HVB PROJEKT GMBH	100.00	
200	DINERS CLUB CEE HOLDING AG	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.80	
201	DINERS CLUB CS S.R.O.	BRATISLAVA	1	DINERS CLUB CEE HOLDING AG	100.00	
202	DINERS CLUB POLSKA SP.Z.O.O.	WARSAW	1	DINERS CLUB CEE HOLDING AG	100.00	
203	DIRANA LIEGENSCHAFTSVERWERTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
204	DIREKTANLAGE.AT AG	SALZBURG	1	DAB BANK AG	100.00	
205	DLV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
206	DOM INWESTYCYJNY XELION SP. Z O.O.	WARSAW	1	BANK PEKAO SA	50.00	
				UNICREDIT SPA	50.00	
207	DOMUS CLEAN REINIGUNGS GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
208	DOMUS FACILITY MANAGEMENT GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
209	DUODEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
210	EK MITTELSTANDSFINANZIERUNGS AG	VIENNA	1	UNICREDIT BANK AUSTRIA AG	98.00	
211	ENDERLEIN & CO. GMBH	BIELEFELD	1	PLANETHOME AG	100.00	
212	ENTASI SRL	ROME	1	UNICREDIT SPA	100.00	
213	ERSTE ONSHORE WINDKRAFT BETEILIGUNGSGESELLSCHAFT MBH & CO. WINDPARK GREFRATH KG	OLDENBURG	1	WEALTHCAP INVESTORENBETREUUNG GMBH	0.07	
				WEALTHCAP PEIA MANAGEMENT GMBH	68.45	68.20
214	ERSTE ONSHORE WINDKRAFT BETEILIGUNGSGESELLSCHAFT MBH & CO. WINDPARK KRAHENBERG KG	OLDENBURG	1	WEALTHCAP INVESTORENBETREUUNG GMBH	0.05	
				WEALTHCAP PEIA MANAGEMENT GMBH	68.49	68.24
215	ERSTE ONSHORE WINDKRAFT BETEILIGUNGSGESELLSCHAFT MBH & CO. WINDPARK MOSE KG	OLDENBURG	1	WEALTHCAP INVESTORENBETREUUNG GMBH	0.05	0.06
				WEALTHCAP PEIA MANAGEMENT GMBH	68.48	68.23
216	ESPERTI IN MEDIAZIONE SRL	VERONA	1	UNICREDIT CREDIT MANAGEMENT BANK SPA	100.00	
217	EUROFINANCE 2000 SRL	ROME	1	UNICREDIT SPA	100.00	
218	EUROLEASE AMUN IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
219	EUROLEASE ANUBIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
220	EUROLEASE ISIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
221	EUROLEASE MARDUK IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
222	EUROLEASE RA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
223	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
224	EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.)	BUDAPEST	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
225	EUROPA FACILITY MANAGEMENT LTD.	BUDAPEST	1	PIONEER INVESTMENT FUND MANAGEMENT LIMITED	100.00	
226	EUROPE REAL-ESTATE INVESTMENT FUND	BUDAPEST	4	UNICREDIT BANK HUNGARY ZRT.	..	(3)
227	EUROPEAN-OFFICE-FONDS	MUNICH	4	UNICREDIT BANK AG	..	(3)
228	EUROVENTURES-AUSTRIA-CA-MANAGEMENT GESMBH	VIENNA	1	CABET-HOLDING GMBH	100.00	
229	EXPANDA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
230	FACTORBANK AKTIENGESELLSCHAFT	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
231	FAMILY CREDIT NETWORK SPA	MILAN	1	UNICREDIT SPA	100.00	
232	FCT UCG TIKEHAU	PARIS	4	UNICREDIT SPA	..	(3)
233	FINECO LEASING S.P.A.	BRESCIA	1	UNICREDIT SPA	100.00	
234	FINECO VERWALTUNG AG	MUNICH	1	UNICREDIT SPA	100.00	
235	FINECOBANK SPA	MILAN	1	UNICREDIT SPA	100.00	
236	FMC LEASING INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
237	FMZ SAVARIA SZOLGALTATO KFT	BUDAPEST	1	UNICREDIT LEASING KFT	75.00	
238	FMZ SIGMA PROJEKTENTWICKLUNGS GMBH	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
239	FOLIA LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	100.00
240	FONDIARIA LASA SPA	ROME	1	IMMOBILIARE PATETTA SRL	100.00	
241	FONDO SIGMA	ROME	4	UNICREDIT SPA	..	(3)
242	FOOD & MORE GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
243	FORUM POLSKIEGO BIZNESU MEDIA SP.Z O.O.	WARSAW	1	PROPERTY SP. Z.O.O. (IN LIQUIDAZIONE)	100.00	
244	FUGATO LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
245	G.N.E. GLOBAL GRUNDSTUCKSVERWERTUNG GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
246	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
247	GBS GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.00	100.00
248	GEBAUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	99.00
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
249	GELDILUX-PP-2011 S.A.	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
250	GELDILUX-TS-2007 S.A.	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
251	GELDILUX-TS-2010 S.A.	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
252	GELDILUX-TS-2011 S.A.	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
253	GEMEINDELEASING GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	37.30	37.50
				CALG IMMOBILIEN LEASING GMBH	37.50	
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
254	GEMMA VERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG	PULLACH	4	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	6.09	(3)

Part A - Accounting Policies (CONTINUED)

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
255	GIMMO IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH	MUNICH	1	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	100.00	
256	GOLF- UND COUNTRY CLUB SEDDINER SEE IMMOBILIEN GMBH	MUNICH	1	ANTUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	6.00	
				HVB PROJEKT GMBH	94.00	
257	GRAND CENTRAL FUNDING CORPORATION	NEW YORK	4	UNICREDIT BANK AG	..	(3)
258	GRAND CENTRAL RE LIMITED	HAMILTON	1	UNICREDIT BANK AG	92.50	
259	GRUNDSTUCKSAKTIENGESELLSCHAFT AM POTSDAMER PLATZ (HAUS VATERLAND)	MUNICH	1	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	98.24	
260	GRUNDSTUCKSGESELLSCHAFT SIMON BESCHRANKT HAFTENDE KOMMANDITGESELLSCHAF	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
261	GRUNDSTUCKSVERWALTUNG LINZ-MITTE GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
262	GUS CONSULTING GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
263	GYOR BEVASARLOKOZPONT INGATLANBERUHAZO ES UZEMELTETO KORLATOLT FELELOSSEGU TAESASAG	BUDAPEST	1	UNICREDIT GLOBAL LEASING EXPORT GMBH	5.00	
				UNICREDIT-LEASING MIDAS INGATLANHASZNOSITO KARLATOLT FELELOSSEGU TARSASAG	95.00	
264	H & B IMMOBILIEN GMBH & CO. OBJEKTE KG	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
265	H.F.S. HYPO-FONDSBETEILIGUNGEN FUR SACHWERTE GMBH	MUNICH	1	UNICREDIT BANK AG	10.00	
				WEALTH MANAGEMENT CAPITAL HOLDING GMBH	90.00	
266	H.F.S. IMMOBILIENFONDS GMBH	EBERSBERG	1	H.F.S. HYPO-FONDSBETEILIGUNGEN FUR SACHWERTE GMBH	100.00	
267	H.F.S. LEASINGFONDS DEUTSCHLAND 1 GMBH & CO. KG (IMMOBILIENLEASING)	MUNICH	4	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	0.08	(3)
268	H.F.S. LEASINGFONDS DEUTSCHLAND 7 GMBH & CO. KG	MUNICH	4	HVB PROJEKT GMBH	0.02	(3)
				WEALTHCAP REAL ESTATE MANAGEMENT GMBH	0.08	
269	HAWA GRUNDSTUCKS GMBH & CO. OHG HOTELVERWALTUNG	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	99.50	
				TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	0.50	
270	HAWA GRUNDSTUCKS GMBH & CO. OHG IMMOBILIENVERWALTUNG	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	99.50	
				TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	0.50	
271	HERKU LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	75.00
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
272	HOKA LEASING-GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
				WOM GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	74.80	75.00
273	HOLDING SP. Z.O.O. (IN LIQUIDATION)	WARSAW	1	BANK PEKAO SA	100.00	
274	HONEU LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	75.00
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
275	HUMAN RESOURCES SERVICE AND DEVELOPMENT GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
276	HVB - LEASING PLUTO KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
277	HVB ALTERNATIVE ADVISORS LLC	WILMINGTON	1	UNICREDIT BANK AG	100.00	
278	HVB ASIA LIMITED	SINGAPORE	1	UNICREDIT BANK AG	100.00	
279	HVB ASSET LEASING LIMITED	LONDON	1	HVB LONDON INVESTMENTS (CAM) LIMITED	100.00	
280	HVB ASSET MANAGEMENT HOLDING GMBH	MUNICH	1	HVB VERWA 4 GMBH	100.00	
281	HVB AUTO LEASING EOOD	SOFIA	1	HVB LEASING OOD	100.00	
282	HVB CAPITAL LLC	WILMINGTON	1	UNICREDIT BANK AG	100.00	
283	HVB CAPITAL LLC II	WILMINGTON	1	UNICREDIT BANK AG	100.00	
284	HVB CAPITAL LLC III	WILMINGTON	1	UNICREDIT BANK AG	100.00	
285	HVB CAPITAL LLC VI	WILMINGTON	1	UNICREDIT BANK AG	100.00	
286	HVB CAPITAL PARTNERS AG	MUNICH	1	UNICREDIT BANK AG	100.00	

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
287	HVB EXPERTISE GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
288	HVB EXPORT LEASING GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
289	HVB FIERO LEASING EOOD	SOFIA	1	BULBANK LEASING EAD	100.00	
290	HVB FINANCE LONDON LIMITED	LONDON	1	UNICREDIT BANK AG	100.00	
291	HVB FUNDING TRUST	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
292	HVB FUNDING TRUST II	WILMINGTON	1	UNICREDIT BANK AG	100.00	
293	HVB FUNDING TRUST III	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
294	HVB GESELLSCHAFT FUR GEBAUDE BETEILIGUNGS GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
295	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	MUNICH	1	UNICREDIT BANK AG	100.00	
296	HVB GLOBAL ASSETS COMPANY (GP), LLC	DOVER	1	UNICREDIT BANK AG	100.00	
297	HVB GLOBAL ASSETS COMPANY L.P.	DOVER	1	HVB GLOBAL ASSETS COMPANY (GP), LLC	0.01	
				UNICREDIT BANK AG	4.99	
298	HVB HONG KONG LIMITED	HONG KONG	1	UNICREDIT BANK AG	100.00	
299	HVB IMMOBILIEN AG	MUNICH	1	UNICREDIT BANK AG	100.00	
300	HVB INVESTMENTS (UK) LIMITED	GEORGE TOWN	1	UNICREDIT BANK AG	100.00	
301	HVB LEASING CZECH REPUBLIC S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
302	HVB LEASING MAX INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
303	HVB LEASING OOD	SOFIA	1	UNICREDIT BULBANK AD	2.39	
				UNICREDIT LEASING S.P.A.	97.61	
304	HVB LIFE SCIENCE GMBH & CO. BETEILIGUNGS-KG	MUNICH	1	UNICREDIT BANK AG	100.00	
305	HVB LONDON INVESTMENTS (AVON) LIMITED	LONDON	1	UNICREDIT BANK AG	100.00	
306	HVB LONDON INVESTMENTS (CAM) LIMITED	LONDON	1	UNICREDIT BANK AG	100.00	
307	HVB PRINCIPAL EQUITY GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
308	HVB PROFIL GESELLSCHAFT FUR PERSONALMANAGEMENT MBH	MUNICH	1	UNICREDIT BANK AG	100.00	
309	HVB PROJEKT GMBH	MUNICH	1	HVB IMMOBILIEN AG	94.00	
				UNICREDIT BANK AG	6.00	
310	HVB REALTY CAPITAL INC.	NEW YORK	1	UNICREDIT U.S. FINANCE LLC	100.00	
311	HVB SECUR GMBH	MUNICH	1	UNICREDIT GLOBAL BUSINESS SERVICES GMBH	100.00	
312	HVB SUPER LEASING EOOD	SOFIA	1	BULBANK LEASING EAD	100.00	
313	HVB TECTA GMBH	MUNICH	1	HVB IMMOBILIEN AG	94.00	
				UNICREDIT BANK AG	6.00	
314	HVB VERWA 1 GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
315	HVB VERWA 4 GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
316	HVB VERWA 4.4 GMBH	MUNICH	1	HVB VERWA 4 GMBH	100.00	
317	HVB-LEASING AIDA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
318	HVB-LEASING ATLANTIS INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
319	HVB-LEASING DANTE INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
320	HVB-LEASING FIDELIO INGATLANHASNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
321	HVB-LEASING FORTE INGATLANHASNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	

Part A - Accounting Policies (Continued)

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
322	HVB-LEASING GARO KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
323	HVB-LEASING HAMLET INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
324	HVB-LEASING JUPITER KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
325	HVB-LEASING LAMOND INGATLANHASZNOSITO KFT.	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
326	HVB-LEASING MAESTOSO INGATLANHASZNOSITO KFT.	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
327	HVB-LEASING NANO KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
328	HVB-LEASING OTHELLO INGATLANHASNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
329	HVB-LEASING ROCCA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
330	HVB-LEASING RUBIN KFT.	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
331	HVB-LEASING SMARAGD KFT.	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
332	HVB-LEASING SPORT INGATLANHASZNOSITO KOLATPOT FEOEOASSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
333	HVB-LEASING ZAFIR KFT.	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
334	HVBFF INTERNATIONAL GREECE GMBH	MUNICH	1	HVBFF INTERNATIONALE LEASING GMBH	100.00	
335	HVBFF INTERNATIONALE LEASING GMBH	MUNICH	1	HVBFF OBJEKT BETEILIGUNGS GMBH	10.00	
				WEALTHCAP PEIA MANAGEMENT GMBH	90.00	
336	HVBFF OBJEKT BETEILIGUNGS GMBH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
337	HVBFF PRODUKTIONSHALLE GMBH I.L.	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
338	HVZ GMBH & CO. OBJEKT KG	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
339	HYPO-BANK VERWALTUNGSZENTRUM GMBH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
340	HYPO-BANK VERWALTUNGSZENTRUM GMBH & CO. KG OBJEKT ARABELLASTRASSE	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
341	HYPO-REAL HAUS- UND GRUNDBESITZ GESELLSCHAFT MBH & CO. IMMOBILIEN-VERMIETUNGS KG	MUNICH	1	HVB PROJEKT GMBH	80.00	
342	HYPOVEREINS IMMOBILIEN EOOD	SOFIA	1	UNICREDIT BULBANK AD	100.00	
343	HYPOVEREINSFINANCE N.V.	AMSTERDAM	1	UNICREDIT BANK AG	100.00	
344	I-FABER SPA	MILAN	1	UNICREDIT SPA	65.32	
345	IMMOBILIARE PATETTA SRL	ROME	1	COMPAGNIA ITALPETROLI S.P.A.	100.00	
346	IMMOBILIARE TABACCAIA SRL	MASSA MARITTIMA (GROSSETO)	1	BORGO DI PEROLLA SRL	100.00	
347	IMMOBILIEN RATING GMBH	VIENNA	1	BANK AUSTRIA REAL INVEST GMBH	61.00	
				UNICREDIT BANK AUSTRIA AG	19.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	19.00	
348	IMMOBILIENLEASING GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	ARNO GRUNDSTUCKSVERWALTUNGS GESELLSCHAFT M.B.H.	74.80	75.00
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
349	INFISSER SRL	ROME	1	IMMOBILIARE PATETTA SRL	100.00	
350	INPROX CHOMUTOV, S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
351	INPROX KLADNO, S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
352	INPROX POPRAD, SPOL. S.R.O.	BRATISLAVA	1	UNICREDIT LEASING S.P.A.	100.00	
353	INPROX SR I., SPOL. S R.O.	BRATISLAVA	1	UNICREDIT LEASING S.P.A.	100.00	
354	INTERKONZUM DOO SARAJEVO	SARAJEVO	1	UNICREDIT LEASING S.P.A.	100.00	
355	INTERNATIONALES IMMOBILIEN-INSTITUT GMBH	MUNICH	1	UNICREDIT BANK AG	94.00	
356	INTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
				UNICREDIT BANK AG	6.15	

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
357	INTRO LEASING GESELLSCHAFT M.B.H.	VIENNA	1	PROJEKT-LEASE GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
358	IPSE 2000 S.P.A. (IN LIQUIDAZIONE)	ROME	1	UNICREDIT SPA	50.00	
359	ISB UNIVERSALE BAU GMBH	BRANDEBURG	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
360	ISTRA D.M.C. DOO	UMAG	1	ISTRATURIST UMAG, HOTELIJERSTVO TURIZAM I TURISTICKA AGENCIJA DD	100.00	
361	ISTRATURIST UMAG, HOTELIJERSTVO TURIZAM I TURISTICKA AGENCIJA DD	UMAG	1	ZAGREBACKA BANKA D.D.	71.80	
362	IVONA BETEILIGUNGSVERWALTUNG GMBH	VIENNA	1	BA IMMO GEWINNSCHEIN FONDS1	100.00	
363	JANA KAZIMIERZA DEVELOPMENT SP.Z.O.O.	WARSAW	1	PEKAO PROPERTY SA	100.00	
364	JAUSERN-LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
365	JOHA GEBAEUDE- ERRICHTUNGS- UND VERMIETUNGS-GESELLSCHAFT M.B.H.	LEONDING	1	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	99.03	
366	JSC ATF BANK	ALMATY CITY	1	UNICREDIT BANK AUSTRIA AG	99.67	99.74
367	KAISERWASSER BAU- UND ERRICHTUNGS GMBH UND CO OG	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.80	0.00
				RAMSES-IMMOBILIENHOLDING GMBH	0.00	100.00
368	KELLER CROSSING L.P.	WILMINGTON	1	US PROPERTY INVESTMENTS INC.	100.00	
369	KINABALU FINANCIAL PRODUCTS LLP	LONDON	1	UNICREDIT BANK AG	100.00	99.90
				VERBA VERWALTUNGSGESELLSCHAFT MBH	0.00	0.10
370	KINABALU FINANCIAL SOLUTIONS LTD	LONDON	1	UNICREDIT BANK AG	100.00	
371	KLEA ZS-IMMOBILIENVERMIETUNG G.M.B.H.	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.80	100.00
372	KLEA ZS-LIEGENSCHAFTSVERMIETUNG G.M.B.H.	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.80	100.00
373	KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H.	VIENNA	1	CARD COMPLETE SERVICE BANK AG	100.00	
374	KUNSTHAUS LEASING GMBH	VIENNA	1	KUTRA GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	5.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
375	KUTRA GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
376	LAGERMAX LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
377	LAGEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
378	LARGO LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
				VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.	98.80	99.00
379	LASSALLESTRASSE BAU-, PLANUNGS-, ERRICHTUNGS- UND VERWERTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.00	100.00
380	LEASFINANZ BANK GMBH	VIENNA	1	BACA LEASING UND BETEILGUNGSMANAGEMENT GMBH	100.00	
381	LEASFINANZ GMBH	VIENNA	1	LF BETEILIGUNGEN GMBH	100.00	
382	LEGATO LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	75.00
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
383	LELEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
384	LF BETEILIGUNGEN GMBH	VIENNA	1	BACA LEASING UND BETEILGUNGSMANAGEMENT GMBH	100.00	
385	LIFE MANAGEMENT ERSTE GMBH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
386	LIFE MANAGEMENT ZWEITE GMBH	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
387	LIFE SCIENCE I BETEILIGUNGS GMBH	MUNICH	1	HVB LIFE SCIENCE GMBH & CO. BETEILIGUNGS-KG	100.00	
388	LIMITED LIABILITY COMPANY AI LINE	MOSCOW	1	UNICREDIT SECURITIES INTERNATIONAL LIMITED IN LIQUIDATION	99.90	
389	LINO HOTEL-LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
390	LIPARK LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	75.00
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	

Part A - Accounting Policies (Continued)

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
391	LIVA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
392	LLC UKROTSBUD	KIEV	1	PUBLIC JOINT STOCK COMPANY UKRSOTSBANK	99.00	
393	LOCALMIND SPA	MILAN	1	UNICREDIT SPA	95.76	
394	LOCAT CROATIA DOO	ZAGREB	1	UNICREDIT LEASING S.P.A.	100.00	
395	LOWES LIMITED IN LIQUIDATION	NICOSIA	1	AI BETEILIGUNGS GMBH	100.00	
396	LTD SI&C AMC UKRSOTS REAL ESTATE	KIEV	1	PUBLIC JOINT STOCK COMPANY UKRSOTSBANK	100.00	
397	M. A. V. 7., BANK AUSTRIA LEASING BAUTRAGER GMBH & CO.OHG.	VIENNA	1	UNICREDIT MOBILIEN LEASING GMBH	98.04	100.00
398	M.A.I.L. BETEILIGUNGSMANAGEMENT GESELLSCHAFT M.B.H. & CO. MCLTHETA KG	VIENNA	1	M.A.I.L. FINANZBERATUNG GESELLSCHAFT M.B.H.	100.00	
399	M.A.I.L. FINANZBERATUNG GESELLSCHAFT M.B.H.	VIENNA	1	BANK AUSTRIA REAL INVEST GMBH	99.95	
				TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	0.05	
400	MARTIANEZ COMERCIAL, SOCIEDAD ANONIMA	PUERTO DE LA CRUZ	1	UNICREDIT PEGASUS LEASING GMBH	99.96	100.00
401	MBC IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
402	MC MARKETING GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
403	MC RETAIL GMBH	VIENNA	1	MC MARKETING GMBH	100.00	
404	MENUETT GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
405	MERIDIONALE PETROLI SRL	VIBO VALENTIA	1	COM.P.I.S. - COMPAGNIA PETROLIFERA ITALIA SUD SOCIETÀ A RESPONSABILITÀ LIMITATA	98.66	
406	MERKURHOF GRUNDSTUCKSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG	MUNICH	1	UNICREDIT BANK AG	100.00	
407	METROPOLIS SP. ZO.O.	WARSAW	1	PEKAO PROPERTY SA	100.00	
408	MEZZANIN FINANZIERUNGS AG	VIENNA	1	UNICREDIT BANK AUSTRIA AG	56.67	
409	MIK BETA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
410	MIK INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
411	MILLETERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
412	MM OMEGA PROJEKTENTWICKLUNGS GMBH	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
413	MOBILITY CONCEPT GMBH	OBERHACHING	1	UNICREDIT LEASING GMBH	60.00	
414	MOC VERWALTUNGS GMBH & CO. IMMOBILIEN KG	MUNICH	4	HVB PROJEKT GMBH	23.00	(3)
415	MOGRA LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	75.00
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
416	MOVIE MARKET BETEILIGUNGS GMBH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
417	MY BETEILIGUNGS GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
418	NAGE LOKALVERMIETUNGSGESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
419	NATA IMMOBILIEN-LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	51.50	
				UNICREDIT LEASING (AUSTRIA) GMBH	6.00	
420	NF OBJEKT FFM GMBH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
421	NF OBJEKT MUNCHEN GMBH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
422	NF OBJEKTE BERLIN GMBH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
423	NO. HYPO LEASING ASTRICTA GRUNDSTUCKVERMIETUNGS GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
424	NXP CO-INVESTMENT PARTNERS VIII L.P.	LONDON	1	HVB CAPITAL PARTNERS AG	85.00	

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS (2)
				HELD BY	HOLDING %	
425	OCEAN BREEZE ENERGY GMBH & CO. KG	MUNICH	4	OCEAN BREEZE FINANCE S.A. - COMPARTMENT 1	..	(3)
426	OCEAN BREEZE FINANCE S.A. - COMPARTMENT 1	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
427	OCT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
428	OLG HANDELS- UND BETEILIGUNGSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
429	OMNIA GRUNDSTUCKS-GMBH & CO. OBJEKT EGGENFELDENER STRASSE KG	MUNICH	1	HVB IMMOBILIEN AG	94.00	
				UNICREDIT BANK AG	6.00	
430	OMNIA GRUNDSTUCKS-GMBH & CO. OBJEKT HAIDENAUPLATZ KG	MUNICH	1	HVB IMMOBILIEN AG	94.00	
				UNICREDIT BANK AG	6.00	
431	OOO UNICREDIT LEASING	MOSCOW	1	UNICREDIT LEASING S.P.A.	60.00	
				ZAO UNICREDIT BANK	40.00	
432	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	MUNICH	1	HVB PROJEKT GMBH	100.00	
433	OTHMARSCHEN PARK HAMBURG GMBH & CO. CENTERPARK KG	MUNICH	1	HVB PROJEKT GMBH	10.00	
				T & P FRANKFURT DEVELOPMENT B.V.	30.00	
				T & P VASTGOED STUTTGART B.V.	60.00	
434	OTHMARSCHEN PARK HAMBURG GMBH & CO. GEWERBEPARK KG	MUNICH	1	HVB PROJEKT GMBH	10.00	
				T & P FRANKFURT DEVELOPMENT B.V.	30.00	
				T & P VASTGOED STUTTGART B.V.	60.00	
435	PALAIS ROTHSCHILD VERMIETUNGS GMBH & CO OG	VIENNA	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
436	PARZHOF-ERRICHTUNGS- UND VERWERTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.60	99.80
				UNICREDIT LEASING (AUSTRIA) GMBH	0.20	
437	PAZONYI'98 INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
438	PEKAO BANK HIPOTECZNY S.A.	WARSAW	1	BANK PEKAO SA	100.00	
439	PEKAO FAKTORING SP. ZOO	LUBLIN	1	BANK PEKAO SA	100.00	
440	PEKAO FINANCIAL SERVICES SP. ZOO	WARSAW	1	BANK PEKAO SA	100.00	
441	PEKAO FUNDUSZ KAPITALOWY SP. ZOO	WARSAW	1	BANK PEKAO SA	100.00	
442	PEKAO LEASING HOLDING S.A.	WARSAW	1	BANK PEKAO SA	80.10	
				UNICREDIT LEASING S.P.A.	19.90	
443	PEKAO LEASING SP ZO.O.	WARSAW	1	BANK PEKAO SA	36.49	
				PEKAO LEASING HOLDING S.A.	63.51	
444	PEKAO PIONEER P.T.E. SA	WARSAW	1	BANK PEKAO SA	65.00	
				PIONEER GLOBAL ASSET MANAGEMENT SPA	35.00	
445	PEKAO PROPERTY SA	WARSAW	1	BANK PEKAO SA	100.00	
446	PEKAO TELECENTRUM SP. ZOO	WARSAW	1	BANK PEKAO SA	100.00	
447	PELOPS LEASING GESELLSCHAFT M.B.H.	VIENNA	1	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	99.80	100.00
448	PENSIONSKASSE DER HYPO VEREINSBANK VVAG	MUNICH	4	UNICREDIT BANK AG	..	(3)
449	PESTSZENTIMREI SZAKORVOSI RENDELO KFT.	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
450	PETROLI INVESTIMENTI SPA	CIVITAVECCHIA	1	SOCIETÀ DEPOSITI COSTIERI - SO.DE.CO. SRL	100.00	
451	PIANA LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
452	PIONEER ALTERNATIVE INVESTMENT MANAGEMENT (BERMUDA) LIMITED	HAMILTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
453	PIONEER ALTERNATIVE INVESTMENT MANAGEMENT LTD	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
454	PIONEER ALTERNATIVE INVESTMENT MANAGEMENT SGR PA	MILAN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
455	PIONEER ALTERNATIVE INVESTMENTS (ISRAEL) LTD	RAMAT GAN.	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
456	PIONEER ALTERNATIVE INVESTMENTS (NEW YORK) LTD	DOVER	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
457	PIONEER ASSET MANAGEMENT AS	PRAGUE	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
458	PIONEER ASSET MANAGEMENT S.A.I. S.A.	BUCHAREST	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	97.42	
				UNICREDIT TIRIAC BANK S.A.	2.58	
459	PIONEER ASSET MANAGEMENT SA	LUXEMBOURG	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	

Part A - Accounting Policies (Continued)

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
460 PIONEER FUNDS DISTRIBUTOR INC	BOSTON	1	PIONEER INVESTMENT MANAGEMENT INC	100.00	
461 PIONEER GLOBAL ASSET MANAGEMENT SPA	MILAN	1	UNICREDIT SPA	100.00	
462 PIONEER GLOBAL FUNDS DISTRIBUTOR LTD	HAMILTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
463 PIONEER GLOBAL INVESTMENTS (AUSTRALIA) PTY LIMITED	SYDNEY	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
464 PIONEER GLOBAL INVESTMENTS (TAIWAN) LTD.	TAIPEI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
465 PIONEER GLOBAL INVESTMENTS LIMITED	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
466 PIONEER INSTITUTIONAL ASSET MANAGEMENT INC	WILMINGTON	1	PIONEER INVESTMENT MANAGEMENT USA INC.	100.00	
467 PIONEER INVESTMENT COMPANY AS	PRAGUE	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
468 PIONEER INVESTMENT FUND MANAGEMENT LIMITED	BUDAPEST	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
469 PIONEER INVESTMENT MANAGEMENT INC	WILMINGTON	1	PIONEER INVESTMENT MANAGEMENT USA INC.	100.00	
470 PIONEER INVESTMENT MANAGEMENT LIMITED	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
471 PIONEER INVESTMENT MANAGEMENT LLC	MOSCOW	1	PIONEER ASSET MANAGEMENT AS	1.00	
			PIONEER GLOBAL ASSET MANAGEMENT SPA	99.00	
472 PIONEER INVESTMENT MANAGEMENT SHAREHOLDER SERVICES INC.	BOSTON	1	PIONEER INVESTMENT MANAGEMENT USA INC.	100.00	
473 PIONEER INVESTMENT MANAGEMENT SOC. DI GESTIONE DEL RISPARMIO PER AZ	MILAN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
474 PIONEER INVESTMENT MANAGEMENT USA INC.	WILMINGTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
475 PIONEER INVESTMENTS AG	BERNE	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
476 PIONEER INVESTMENTS AUSTRIA GMBH	VIENNA	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
477 PIONEER INVESTMENTS KAPITALANLAGEGESELLSCHAFT MBH	MUNICH	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
478 PIONEER PEKAO INVESTMENT FUND COMPANY SA (POLISH NAME: PIONEER PEKAO TFI SA)	WARSAW	1	PIONEER PEKAO INVESTMENT MANAGEMENT SA	100.00	
479 PIONEER PEKAO INVESTMENT MANAGEMENT SA	WARSAW	1	BANK PEKAO SA	49.00	
			PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
480 PLANETHOME AG	UNTERFOHRING	1	UNICREDIT BANK AG	100.00	
481 PLANETHOME GMBH	MANNHEIM	1	PLANETHOME AG	100.00	
482 POLLUX IMMOBILIEN GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.80	
483 POMINVEST DD	SPLIT	1	ZAGREBACKA BANKA D.D.	88.66	88.95
484 PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
485 PORTIA GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
486 POSATO LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	75.00
			UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
487 PRELUDE GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	99.00
			UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
488 PRIM Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
489 PRIVATE JOINT STOCK COMPANY FERROTRADE INTERNATIONAL	KIEV	1	UNICREDIT BANK AUSTRIA AG	100.00	
490 PROJEKT-LEASE GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	ARNO GRUNDSTUCKSVERWALTUNGS GESELLSCHAFT M.B.H.	74.80	75.00
			UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
491 PROPERTY SP. Z.O.O. (IN LIQUIDAZIONE)	WARSAW	1	BANK PEKAO SA	100.00	
492 PRVA STAMBENA STEDIONICA DD ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
493 PUBLIC JOINT STOCK COMPANY UKRSOTSBANK	KIEV	1	PRIVATE JOINT STOCK COMPANY FERROTRADE INTERNATIONAL	69.15	69.16
			UNICREDIT BANK AUSTRIA AG	26.19	26.20
494 PUBLIC JOINT STOCK COMPANY UNICREDIT BANK	KIEV	1	BANK PEKAO SA	100.00	
495 QUADEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
496 QUART Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	100.00
497 QUINT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP [1]	OWNERSHIP RELATIONSHIP		VOTING RIGHTS [2]
				HELD BY	HOLDING %	
498	RAMSES IMMOBILIEN GESELLSCHAFT M.B.H. & CO OG	VIENNA	1	RAMSES-IMMOBILIENHOLDING GMBH	0.20	
				UNICREDIT BANK AUSTRIA AG	99.30	
499	RANA-LIEGENSCHAFTSVERWERTUNG GMBH	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	99.90	
500	REAL ESTATE MANAGEMENT POLAND SP. Z O.O.	WARSAW	1	UNICREDIT LEASING S.P.A.	100.00	
501	REAL INVEST IMMOBILIEN GMBH	VIENNA	1	M.A.I.L. FINANZBERATUNG GESELLSCHAFT M.B.H.	100.00	
502	REAL-LEASE GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
503	REAL-RENT LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
504	REDSTONE MORTGAGES LIMITED	LONDON	1	UNICREDIT BANK AG	100.00	
505	REGEV REALITATENVERWERTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
506	RHOTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
				UNICREDIT BANK AG	6.15	
507	RIGEL IMMOBILIEN GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.80	
508	ROMA 2000 SRL	ROME	1	COMPAGNIA ITALPETROLI S.P.A.	100.00	
509	RONCASA IMMOBILIEN-VERWALTUNGS GMBH	MUNICH	1	HVB PROJEKT GMBH	90.00	
510	RONDO LEASING GMBH	VIENNA	1	WOM GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
511	ROSENKAVALIER 2008 GMBH	FRANCOFORTE	4	UNICREDIT BANK AG	..	[3]
512	ROYSTON LEASING LIMITED	GRAND CAYMAN	4	UNICREDIT BANK AG	..	[3]
513	RSB ANLAGENVERMIETUNG GESELLSCHAFT M.B.H.	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
514	S.I.P.I.C. - SOCIETÀ INDUSTRIALE PETROLIFERA ITALIA CENTRALE SRL	ROME	1	SOCIETÀ DEPOSITI COSTIERI - SO.DE.CO. SRL	100.00	
515	SALOME FUNDING PLC	DUBLIN	4	UNICREDIT BANK AG	..	[3] [5]
516	SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
517	SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG SAARLAND	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
518	SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG VERWALTUNGSZENTRUM	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	97.78	
				TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	2.22	
519	SANITÀ - S.R.L. IN LIQUIDAZIONE	ROME	1	UNICREDIT CREDIT MANAGEMENT BANK SPA	99.60	
520	SANTA ROSA SAS	ROME	1	IMMOBILIARE PATETTA SRL	99.42	
				SOCIETÀ COLLE AURELIA IMMOBILIARE S.C.A.I. SRL	0.58	
521	SAS-REAL INGATLANUEZEMELTETO ES KEZELO KFT (ENGL ISH :SAS-REAL KFT)	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
522	SCHOELLERBANK AKTIENGESELLSCHAFT	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
523	SCHOELLERBANK INVEST AG	SALZBURG	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
524	SECA-LEASING GESELLSCHAFT M.B.H.	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	74.80	75.00
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
525	SEDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
526	SELFOSS BETEILIGUNGSGESELLSCHAFT MBH	GRUNWALD	1	HVB PROJEKT GMBH	100.00	
527	SEXT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
528	SHS LEASING GMBH	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	99.00
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
529	SIA UNICREDIT INSURANCE BROKER	RIGA	1	SIA UNICREDIT LEASING	100.00	
530	SIA UNICREDIT LEASING	RIGA	1	AS UNICREDIT BANK, LATVIA	5.01	
				UNICREDIT LEASING S.P.A.	94.99	
531	SIGMA LEASING GMBH	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.40	99.60
				UNICREDIT LEASING (AUSTRIA) GMBH	0.40	
532	SIMON VERWALTUNGS-AKTIENGESELLSCHAFT I.L.	MUNICH	1	UNICREDIT BANK AG	99.98	

Part A - Accounting Policies (Continued)

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
533	SIRIUS IMMOBILIEN GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.80	
534	SIRIUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	MUNICH	1	HVB PROJEKT GMBH	5.00	
				SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG	95.00	
535	SOCIETÀ SPORTIVA TORREVECCHIA SRL	ROME	1	COMPAGNIA FONDIARIA ROMANA (C.F.R.) SRL	100.00	
536	SOCIETÀ BENI CULTURALI A R.L.	ROME	1	FONDIARIA LASA SPA	5.00	
				IMMOBILIARE PATETTA SRL	95.00	
537	SOCIETÀ DEPOSITI COSTIERI - SO.DE.CO. SRL	ROME	1	COMPAGNIA ITALPETROLI S.P.A.	100.00	
538	SOCIETÀ DI GESTIONI ESATTORIALI IN SICILIA SO.G.E.SI. S.P.A. IN LIQ.	PALERMO	1	UNICREDIT CREDIT MANAGEMENT BANK SPA	80.00	
539	SOCIETÀ ITALIANA GESTIONE ED INCASSO CREDITI S.P.A. IN LIQUIDAZIONE	ROME	1	UNICREDIT CREDIT MANAGEMENT BANK SPA	100.00	
540	SOCIETÀ PETROLIFERA GIOIA TAURO SRL	REGGIO CALABRIA	1	MERIDIONALE PETROLI SRL	49.00	
				SOCIETÀ DEPOSITI COSTIERI - SO.DE.CO. SRL	51.00	
541	SOCIETÀ VERONESE GESTIONE COMPRAVENDITA IMMOBILI A R.L.	ROME	1	IMMOBILIARE PATETTA SRL	100.00	
542	SOFIGERE SOCIETE PAR ACTIONS SIMPLIFIEE	PARIS	1	UNICREDIT SPA	100.00	
543	SOFIPA SOCIETÀ DI GESTIONE DEL RISPARMIO (SGR) S.P.A.	MILAN	1	UNICREDIT SPA	100.00	
544	SOLARIS VERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	94.90	
545	SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG	MUNICH	1	HVB PROJEKT GMBH	100.00	
546	SONATA LEASING-GESELLSCHAFT M.B.H.	VIENNA	1	ARNO GRUNDSTUCKSVERWALTUNGS GESELLSCHAFT M.B.H.	1.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	98.80	99.00
547	SPECTRUM GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	WOM GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
548	SPREE GALERIE HOTELBETRIEBSGESELLSCHAFT MBH	MUNICH	1	ARGENTAURUS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH	100.00	
549	STATUS VERMOGENSVERWALTUNG GMBH	SCHWERIN	1	UNICREDIT BANK AG	100.00	
550	STEWE GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	PROJEKT-LEASE GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	24.00	
				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	75.80	76.00
551	STRUCTURED INVEST SOCIETE ANONYME	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
552	STRUCTURED LEASE GMBH	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
553	SUVREMENE POSILOVNE KOMUNIKACIJE D.O.O	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
554	SVIF UKRSOTSBUD	KIEV	4	PUBLIC JOINT STOCK COMPANY UKRSOTSBANK	..	(3)
555	T & P FRANKFURT DEVELOPMENT B.V.	AMSTERDAM	1	HVB PROJEKT GMBH	100.00	
556	T & P VASTGOED STUTTGART B.V.	AMSTERDAM	1	HVB PROJEKT GMBH	87.50	
557	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	MUNICH	1	HVB TECTA GMBH	75.00	
558	TERRONDA DEVELOPMENT B.V.	AMSTERDAM	1	HVB PROJEKT GMBH	100.00	
559	TERZ Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
560	THE TRANS VALUE TRUST COMPANY LTD	TOKYO	4	UNICREDIT BANK AG	..	(3)
561	TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	99.67	
562	TRANSTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
				UNICREDIT BANK AG	6.15	
563	TREDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
564	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	VIENNA	1	BANK AUSTRIA REAL INVEST GMBH	100.00	
565	TREVI FINANCE N. 2 S.P.A.	CONEGLIANO (TREVISO)	1	UNICREDIT SPA	60.00	

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
566	TREVI FINANCE N. 3 S.R.L.	CONEGLIANO (TREVISO)	1	UNICREDIT SPA	60.00	
567	TREVI FINANCE S.P.A.	CONEGLIANO (TREVISO)	1	UNICREDIT SPA	60.00	
568	TRICASA GRUNDBESITZ GESELLSCHAFT MBH & CO. 1. VERMIETUNGS KG	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	
569	TRICASA GRUNDBESITZGESELLSCHAFT DES BURGERLICHEN RECHTS NR. 1	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	
570	TRIESTE ADRIATIC MARITIME INITIATIVES SRL	TRIESTE	3	UNICREDIT SPA	34.10	
571	TRINITRADE VERMOGENSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG	MUNICH	1	UNICREDIT BANK AG	100.00	
572	UCL NEKRETNINE D.O.O.	SARAJEVO	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	30.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	70.00	
573	UCTAM BALTICS SIA	RIGA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
574	UCTAM BULGARIA EOOD	SOFIA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
575	UCTAM D.O.O. BEOGRAD	BELGRADE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
576	UCTAM RK LIMITED LIABILITY COMPANY	ALMATY CITY	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
577	UCTAM RO S.R.L.	BUCHAREST	1	UCTAM BALTICS SIA	0.02	
				UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.98	
578	UCTAM RU LIMITED LIABILITY COMPANY	MOSCOW	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
				ZAO UNICREDIT BANK	..	
579	UCTAM UKRAINE LLC	KIEV	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.90	
580	UCTAM UPRAVLJANJE D.O.O.	LJUBLJANA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
581	UFFICIUM IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	KUTRA GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	5.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
582	UNI IT SRL	TRENTO	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	51.00	
583	UNICOM IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
584	UNICREDIT (CHINA) ADVISORY LIMITED	BEIJING	1	UNICREDIT BANK AG	100.00	
585	UNICREDIT AUDIT SOCIETÀ CONSORTILE PER AZIONI	MILAN	1	FAMILY CREDIT NETWORK SPA	0.02	
				FINECOBANK SPA	0.01	
				PIONEER ALTERNATIVE INVESTMENT MANAGEMENT SGR PA	0.01	
				PIONEER INVESTMENT MANAGEMENT SOC. DI GESTIONE DEL RISPARMIO PER AZ	0.01	
				SOFIPA SOCIETÀ DI GESTIONE DEL RISPARMIO (SGR) S.P.A.	0.02	
				UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	0.02	
				UNICREDIT FACTORING SPA	0.01	
				UNICREDIT SPA	99.90	
586	UNICREDIT AURORA LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
587	UNICREDIT AUTO LEASING E.O.O.D.	SOFIA	1	UNICREDIT LEASING AD	100.00	
588	UNICREDIT BANK A.D. BANJA LUKA	BANJA LUKA	1	UNICREDIT BANK AUSTRIA AG	92.92	
589	UNICREDIT BANK AG	MUNICH	1	UNICREDIT SPA	100.00	
590	UNICREDIT BANK AUSTRIA AG	VIENNA	1	UNICREDIT SPA	99.99	
591	UNICREDIT BANK CZECH REPUBLIC A.S.	PRAGUE	1	UNICREDIT BANK AUSTRIA AG	100.00	

Part A - Accounting Policies (Continued)

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
592 UNICREDIT BANK D.D.	MOSTAR	1	UNICREDIT BANK AUSTRIA AG	24.40	24.29
			UNICREDIT SPA	3.27	3.28
			ZAGREBACKA BANKA D.D.	65.59	65.69
593 UNICREDIT BANK HUNGARY ZRT.	BUDAPEST	1	UNICREDIT BANK AUSTRIA AG	100.00	
594 UNICREDIT BANK IRELAND PLC	DUBLIN	1	UNICREDIT SPA	100.00	
595 UNICREDIT BANK OJSC	BISHKEK	1	JSC ATF BANK	97.14	
596 UNICREDIT BANK SERBIA JSC	BELGRADE	1	UNICREDIT BANK AUSTRIA AG	100.00	
597 UNICREDIT BANK SLOVAKIA A.S.	BRATISLAVA	1	UNICREDIT BANK AUSTRIA AG	99.03	
598 UNICREDIT BANKA SLOVENIJA D.D.	LJUBLJANA	1	UNICREDIT BANK AUSTRIA AG	99.99	
599 UNICREDIT BETEILIGUNGS GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
600 UNICREDIT BPC MORTGAGE S.R.L.	VERONA	1	UNICREDIT SPA	60.00	
601 UNICREDIT BROKER DOO SARAJEVO ZA BROKERSKE POSLOVE U OSIGURANJU	SARAJEVO	1	UNICREDIT GLOBAL LEASING VERSICHERUNGSSERVICE GMBH	100.00	
602 UNICREDIT BROKER S.R.O.	BRATISLAVA	1	UNICREDIT GLOBAL LEASING VERSICHERUNGSSERVICE GMBH	19.68	
			UNICREDIT LEASING SLOVAKIA A.S.	80.32	
603 UNICREDIT BULBANK AD	SOFIA	1	UNICREDIT BANK AUSTRIA AG	96.53	
			UNICREDIT SPA	..	
604 UNICREDIT BUSINESS INTEGRATED SOLUTIONS AUSTRIA GMBH	VIENNA	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	100.00	
605 UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	MILAN	1	CORDUSIO SOCIETÀ FIDUCIARIA PER AZIONI	..	
			FAMILY CREDIT NETWORK SPA	..	
			FINECOBANK SPA	..	
			PIONEER ALTERNATIVE INVESTMENT MANAGEMENT SGR PA	..	
			PIONEER INVESTMENT MANAGEMENT SOC. DI GESTIONE DEL RISPARMIO PER AZ	..	
			SOFIPA SOCIETÀ DI GESTIONE DEL RISPARMIO (SGR) S.P.A.	..	
			UNICREDIT AUDIT SOCIETÀ CONSORTILE PER AZIONI	..	
			UNICREDIT BANK AG	..	
			UNICREDIT FACTORING SPA	..	
			UNICREDIT SPA	100.00	
			UNIMANAGEMENT SCRL	..	
606 UNICREDIT BUSINESS PARTNER S.R.O.	PRAGUE	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	100.00	
607 UNICREDIT CAIB CZECH REPUBLIC A.S.	PRAGUE	1	UNICREDIT BANK CZECH REPUBLIC A.S.	100.00	
608 UNICREDIT CAIB HUNGARY LTD	BUDAPEST	1	UNICREDIT BANK AUSTRIA AG	100.00	
609 UNICREDIT CAIB POLAND S.A.	WARSAW	1	UNICREDIT BANK AUSTRIA AG	100.00	
610 UNICREDIT CAIB ROMANIA SRL	BUCHAREST	1	UNICREDIT BANK AUSTRIA AG	99.99	
			UNICREDIT CAIB SLOVAKIA A.S.	0.01	
611 UNICREDIT CAIB SECURITIES ROMANIA SA	BUCHAREST	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	80.02	
			UNICREDIT TIRIAC BANK S.A.	19.98	
612 UNICREDIT CAIB SECURITIES UK LTD.	LONDON	1	UNICREDIT BANK AG	100.00	
613 UNICREDIT CAIB SERBIA LTD. BELGRADE	BELGRADE	1	UNICREDIT BANK AUSTRIA AG	100.00	
614 UNICREDIT CAIB SLOVAKIA A.S.	BRATISLAVA	1	UNICREDIT BANK AUSTRIA AG	100.00	
615 UNICREDIT CAIB SLOVENIJA, D.O.O.	LJUBLJANA	1	UNICREDIT BANK AUSTRIA AG	100.00	
616 UNICREDIT CAPITAL MARKETS LLC	NEW YORK	1	UNICREDIT U.S. FINANCE LLC	100.00	
617 UNICREDIT CONSUMER FINANCING AD	SOFIA	1	UNICREDIT BULBANK AD	49.90	
			UNICREDIT SPA	50.10	
618 UNICREDIT CONSUMER FINANCING IFN S.A.	BUCHAREST	1	UNICREDIT SPA	53.94	
			UNICREDIT TIRIAC BANK S.A.	46.06	
619 UNICREDIT CREDIT MANAGEMENT BANK SPA	VERONA	1	UNICREDIT SPA	100.00	
620 UNICREDIT CREDIT MANAGEMENT IMMOBILIARE S.P.A.	VERONA	1	UNICREDIT CREDIT MANAGEMENT BANK SPA	100.00	

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS (2)
				HELD BY	HOLDING %	
621	UNICREDIT DELAWARE INC	DOVER	1	UNICREDIT SPA	100.00	
622	UNICREDIT DIRECT SERVICES GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
623	UNICREDIT FACTORING EAD	SOFIA	1	UNICREDIT BULBANK AD	100.00	
624	UNICREDIT FACTORING SPA	MILAN	1	UNICREDIT SPA	100.00	
625	UNICREDIT FLEET MANAGEMENT S.R.O.	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
626	UNICREDIT FLEET MANAGEMENT S.R.O.	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
627	UNICREDIT FUGGETLEN BIZTOSITASKOZVETITO KFT	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	25.20	
				UNICREDIT LEASING KFT	74.80	
628	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	VIENNA	1	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	99.80	100.00
629	UNICREDIT GLOBAL BUSINESS SERVICES GMBH	UNTERFOHRING	1	UNICREDIT BANK AG	100.00	
630	UNICREDIT GLOBAL LEASING EXPORT GMBH	VIENNA	1	UNICREDIT GLOBAL LEASING PARTICIPATION MANAGEMENT GMBH	100.00	
631	UNICREDIT GLOBAL LEASING PARTICIPATION MANAGEMENT GMBH	VIENNA	1	UNICREDIT LEASING S.P.A.	100.00	
632	UNICREDIT GLOBAL LEASING VERSICHERUNGSSERVICE GMBH	VIENNA	1	UNICREDIT LEASING S.P.A.	100.00	
633	UNICREDIT INGATLANLIZING ZRT	BUDAPEST	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
634	UNICREDIT INSURANCE BROKER EOOD	SOFIA	1	UNICREDIT LEASING AD	100.00	
635	UNICREDIT INSURANCE BROKER SRL	BUCHAREST	1	BA-CA LEASING VERSICHERUNGSSERVICE GMBH	99.80	
636	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	LUXEMBOURG	1	UNICREDIT SPA	100.00	
637	UNICREDIT JELZALOGBANK ZRT.	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
638	UNICREDIT KFZ LEASING GMBH	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	100.00	
639	UNICREDIT LEASING (AUSTRIA) GMBH	VIENNA	1	UNICREDIT LEASING S.P.A.	99.98	100.00
640	UNICREDIT LEASING AD	SOFIA	1	UNICREDIT BULBANK AD	24.37	
				UNICREDIT LEASING S.P.A.	75.63	
641	UNICREDIT LEASING AVIATION GMBH	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
642	UNICREDIT LEASING BAUTRAGER GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
643	UNICREDIT LEASING CORPORATION IFN S.A.	BUCHAREST	1	UNICREDIT LEASING S.P.A.	80.00	
				UNICREDIT TIRIAC BANK S.A.	20.00	
644	UNICREDIT LEASING CROATIA D.O.O. ZA LEASING	ZAGREB	1	UNICREDIT LEASING S.P.A.	100.00	
645	UNICREDIT LEASING CZ, A.S.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
646	UNICREDIT LEASING D.O.O.	SARAJEVO	1	UNICREDIT LEASING S.P.A.	100.00	
647	UNICREDIT LEASING FINANCE GMBH	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
648	UNICREDIT LEASING FLEET MANAGEMENT S.R.L.	BUCHAREST	1	UNICREDIT GLOBAL LEASING EXPORT GMBH	10.00	
				UNICREDIT LEASING S.P.A.	90.00	
649	UNICREDIT LEASING FUHRPARKMANAGEMENT GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
650	UNICREDIT LEASING GMBH	HAMBURG	1	UNICREDIT BANK AG	100.00	
651	UNICREDIT LEASING HUNGARY ZRT	BUDAPEST	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	5.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
652	UNICREDIT LEASING IMMOTRUCK ZRT.	BUDAPEST	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	28.56	
				UNICREDIT LEASING (AUSTRIA) GMBH	71.44	
653	UNICREDIT LEASING KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
654	UNICREDIT LEASING LUNA KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	80.00	
655	UNICREDIT LEASING MARS KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	80.00	
656	UNICREDIT LEASING REAL ESTATE S.R.O.	BRATISLAVA	1	UNICREDIT LEASING S.P.A.	100.00	
657	UNICREDIT LEASING ROMANIA S.A.	BUCHAREST	1	UNICREDIT LEASING S.P.A.	100.00	
				UNICREDIT TIRIAC BANK S.A.	..	
658	UNICREDIT LEASING S.P.A.	BOLOGNA	1	UNICREDIT BANK AUSTRIA AG	31.01	
				UNICREDIT SPA	68.99	
659	UNICREDIT LEASING SLOVAKIA A.S.	BRATISLAVA	1	UNICREDIT BANK SLOVAKIA A.S.	19.90	
				UNICREDIT LEASING CZ, A.S.	8.80	
				UNICREDIT LEASING S.P.A.	71.30	
660	UNICREDIT LEASING SRBIJA D.O.O. BEOGRAD	BELGRADE	1	UNICREDIT LEASING S.P.A.	100.00	

Part A - Accounting Policies (Continued)

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
661 UNICREDIT LEASING TECHNIKUM GMBH	VIENNA	1	LF BETEILIGUNGEN GMBH	99.80	100.00
662 UNICREDIT LEASING TOB	KIEV	1	UNICREDIT LEASING S.P.A.	100.00	
663 UNICREDIT LEASING URANUS KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	80.00	
664 UNICREDIT LEASING VERSICHERUNGSSERVICE GMBH & CO KG	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
665 UNICREDIT LEASING, LEASING, D.O.O.	LJUBLJANA	1	UNICREDIT BANKA SLOVENIJA D.D.	1.79	
			UNICREDIT LEASING S.P.A.	98.21	
666 UNICREDIT LOGISTICS SRL	VERONA	1	UNICREDIT SPA	100.00	
667 UNICREDIT LONDON INVESTMENTS LIMITED	LONDON	1	UNICREDIT BANK AG	100.00	
668 UNICREDIT LUNA LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
669 UNICREDIT LUXEMBOURG FINANCE SA	LUXEMBOURG	1	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	100.00	
670 UNICREDIT LUXEMBOURG S.A.	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
671 UNICREDIT MERCHANT S.P.A.	ROME	1	UNICREDIT SPA	100.00	
672 UNICREDIT MOBILIEN LEASING GMBH	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
673 UNICREDIT OBG S.R.L.	VERONA	1	UNICREDIT SPA	60.00	
674 UNICREDIT PARTNER D.O.O	ZAGREB	1	UNICREDIT GLOBAL LEASING VERSICHERUNGSSERVICE GMBH	20.00	
			UNICREDIT LEASING CROATIA D.O.O. ZA LEASING	80.00	
675 UNICREDIT PARTNER D.O.O BEOGRAD	BELGRADE	1	BA-CA LEASING VERSICHERUNGSSERVICE GMBH	100.00	
676 UNICREDIT PARTNER LLC	KIEV	1	UNICREDIT GLOBAL LEASING VERSICHERUNGSSERVICE GMBH	100.00	
677 UNICREDIT PEGASUS LEASING GMBH	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	74.80	75.00
			UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
678 UNICREDIT POIJIST'OVACI MAKLERSKA SPOL. S R.O.	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
679 UNICREDIT POLARIS LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
680 UNICREDIT RENT D.O.O. BEOGRAD	BELGRADE	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
681 UNICREDIT SECURITIES INTERNATIONAL LIMITED IN LIQUIDATION	NICOSIA	1	AI BETEILIGUNGS GMBH	100.00	
682 UNICREDIT TECHRENT LEASING GMBH	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.00	
			UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
683 UNICREDIT TIRIAC BANK S.A.	BUCHAREST	1	ARNO GRUNDSTUCKSVERWALTUNGS GESELLSCHAFT M.B.H.	0.01	
			BANK AUSTRIA-CEE BETEILIGUNGSGMBH	0.01	
			BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	0.01	
			UNICREDIT BANK AUSTRIA AG	95.52	50.57 (6)
			UNICREDIT LEASING (AUSTRIA) GMBH	0.01	
			UNICREDIT LEASING ROMANIA S.A.	..	
684 UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	VIENNA	1	UNICREDIT TURN-AROUND MANAGEMENT GMBH	100.00	
685 UNICREDIT TURN-AROUND MANAGEMENT GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
686 UNICREDIT U.S. FINANCE LLC	WILMINGTON	1	UNICREDIT BANK AG	100.00	
687 UNICREDIT ZAVAROVALNO ZASTOPINSKA DRUZBA DOO	LJUBLJANA	1	UNICREDIT GLOBAL LEASING VERSICHERUNGSSERVICE GMBH	100.00	
688 UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	100.00
689 UNICREDIT-LEASING HOMONNA INGATLNHASZNOSITO KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
690 UNICREDIT-LEASING HOSPES KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
691 UNICREDIT-LEASING MIDAS INGATLANHASZNOSITO KARLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
692 UNICREDIT-LEASING NEPTUNUS KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	96.35	
693 UNICREDIT-LEASING ORION INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
694 UNICREDIT-LEASING SATURNUS KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS (2)
				HELD BY	HOLDING %	
695	UNICREDITO ITALIANO CAPITAL TRUST III	NEWARK	1	UNICREDITO ITALIANO FUNDING LLC III	100.00	
696	UNICREDITO ITALIANO CAPITAL TRUST IV	NEWARK	1	UNICREDITO ITALIANO FUNDING LLC IV	100.00	
697	UNICREDITO ITALIANO FUNDING LLC III	DELAWARE	1	UNICREDIT SPA	100.00	
698	UNICREDITO ITALIANO FUNDING LLC IV	DELAWARE	1	UNICREDIT SPA	100.00	
699	UNIMANAGEMENT SCRL	TURIN	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	0.01	
				UNICREDIT SPA	99.99	
700	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
701	US PROPERTY INVESTMENTS INC.	DALLAS	1	UNICREDIT BANK AG	100.00	
702	V.M.G. VERMIETUNGSGESELLSCHAFT MBH	MUNICH	1	H.F.S. HYPO-FONDSBETEILIGUNGEN FUR SACHWERTE GMBH	100.00	
703	VANDERBILT CAPITAL ADVISORS LLC	WILMINGTON	1	PIONEER INSTITUTIONAL ASSET MANAGEMENT INC	100.00	
704	VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	75.00
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
705	VERBA VERWALTUNGSGESELLSCHAFT MBH	MUNICH	1	UNICREDIT BANK AG	100.00	
706	VERWALTUNGSGESELLSCHAFT KATHARINENHOF MBH	MUNICH	1	UNICREDIT BANK AG	100.00	
707	VIENNA DC BAUTRAEGER GMBH	VIENNA	1	WED WIENER ENTWICKLUNGSGESELLSCHAFT FUER DEN DONAURAUM AKTIENGESELLSCHAFT	100.00	
708	VIENNA DC TOWER 1 LIEGENSCHAFTSBESITZ GMBH	VIENNA	1	WED DONAU-CITY GESELLSCHAFT M.B.H.	100.00	
709	VIENNA DC TOWER 2 LIEGENSCHAFTSBESITZ GMBH	VIENNA	1	WED DONAU-CITY GESELLSCHAFT M.B.H.	100.00	
710	VILLINO PACELLI SRL	ROME	1	IMMOBILIARE PATETTA SRL	100.00	
711	VUWB INVESTMENTS INC.	ATLANTA	1	WEALTHCAP FONDS GMBH	100.00	
712	WEALTH CAPITAL INVESTMENT INC.	WILMINGTON	1	WEALTHCAP FONDS GMBH	100.00	
713	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
714	WEALTHCAP EQUITY GMBH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
715	WEALTHCAP EQUITY MANAGEMENT GMBH	MUNICH	1	WEALTHCAP EQUITY GMBH	100.00	
716	WEALTHCAP FONDS GMBH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
717	WEALTHCAP INITIATOREN GMBH	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
718	WEALTHCAP INVESTORENBETREUUNG GMBH	MUNICH	1	H.F.S. HYPO-FONDSBETEILIGUNGEN FUR SACHWERTE GMBH	100.00	
719	WEALTHCAP PEIA KOMPLEMENTAR GMBH	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
720	WEALTHCAP PEIA MANAGEMENT GMBH	MUNICH	1	UNICREDIT BANK AG	6.00	
				WEALTH MANAGEMENT CAPITAL HOLDING GMBH	94.00	
721	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	MUNICH	1	H.F.S. HYPO-FONDSBETEILIGUNGEN FUR SACHWERTE GMBH	100.00	
722	WEALTHCAP STIFTUNGSTREUHAND GMBH	MUNICH	1	WEALTHCAP FONDS GMBH	100.00	
723	WEALTHCAP USA IMMOBILIEN VERWALTUNGS GMBH	MUNICH	1	WEALTHCAP FONDS GMBH	100.00	
724	WED DONAU-CITY GESELLSCHAFT M.B.H.	VIENNA	1	WED WIENER ENTWICKLUNGSGESELLSCHAFT FUER DEN DONAURAUM AKTIENGESELLSCHAFT	100.00	
725	WED HOLDING GESELLSCHAFT M.B.H.	VIENNA	3	UNICREDIT BANK AUSTRIA AG	48.06	
726	WED WIENER ENTWICKLUNGSGESELLSCHAFT FUER DEN DONAURAUM AKTIENGESELLSCHAFT	VIENNA	1	UNICREDIT BANK AUSTRIA AG	38.00	
				WED HOLDING GESELLSCHAFT M.B.H.	62.00	
727	WOM GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
728	Z LEASING ALFA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
729	Z LEASING ARKTUR IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00

Part A - Accounting Policies (Continued)

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
730	Z LEASING AURIGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
731	Z LEASING CORVUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	99.80	100.00
732	Z LEASING DORADO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	CALG GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
733	Z LEASING DRACO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
734	Z LEASING GAMA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
735	Z LEASING GEMINI IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
736	Z LEASING HEBE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	GEBAUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	99.80	100.00
737	Z LEASING HERCULES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
738	Z LEASING IPSILON IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
739	Z LEASING ITA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
740	Z LEASING JANUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
741	Z LEASING KALLISTO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
742	Z LEASING KAPA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
743	Z LEASING LYRA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
744	Z LEASING NEREIDE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
745	Z LEASING OMEGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
746	Z LEASING PERSEUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BANK AUSTRIA LEASING ARGO IMMOBILIEN LEASING GMBH	100.00	
747	Z LEASING SCORPIUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
748	Z LEASING TAURUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	99.80	100.00
749	Z LEASING VENUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
750	Z LEASING VOLANS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
751	ZAGREB NEKRETNINE DOO	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
752	ZAGREBACKA BANKA D.D.	ZAGREB	1	UNICREDIT BANK AUSTRIA AG	84.48	
753	ZANE BH DOO	SARAJEVO	1	ZAGREB NEKRETNINE DOO	100.00	
754	ZAO LOCAT LEASING RUSSIA	MOSCOW	1	OOO UNICREDIT LEASING	100.00	
755	ZAO UNICREDIT BANK	MOSCOW	1	UNICREDIT BANK AUSTRIA AG	100.00	
756	ZAPADNI TRGOVACKI CENTAR D.O.O.	RIJEKA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
757	ZB INVEST DOO	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
758	ZETA FUENF HANDELS GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	A.2 COMPANIES RECOGNISED USING PROPORTIONATE CONSOLIDATION					
1	BA HYPO FINANCIRANJE D.O.O. ZA POSLOVANJE NEKRET- NINAMA	ZAGREB	7	HYPO-BA LEASING SUD GMBH	50.00	
2	EUROLEASE FINANCE, D.O.O.	LJUBLJANA	7	HYPO-BA LEASING SUD GMBH	50.00	
3	FIDES LEASING GMBH	VIENNA	7	CALG ANLAGEN LEASING GMBH	50.00	
4	HYBA NEKRETNINE D.O.O. ZA POSLOVANJE NEKRTNINAMA	ZAGREB	7	HYPO-BA LEASING SUD GMBH	50.00	

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
5	HYPO-BA LEASING SUD GMBH	KLAGENFURT	7	UNICREDIT LEASING S.P.A.	50.00	
6	HYPO-BA PROJEKT, FINANCIRANJE D.O.O.	LJUBLJANA	7	HYPO-BA LEASING SUD GMBH	50.00	
7	HYPO-BA ZAGREB D.O.O. ZA POSLOVANJE NEKRETNINAMA	ZAGREB	7	HYPO-BA LEASING SUD GMBH	50.00	
8	INPROX LEASING, NEPREMICNINE, D.O.O.	LJUBLJANA	7	HYPO-BA LEASING SUD GMBH	50.00	
9	INPROX OSIJEK D.O.O.	ZAGREB	7	HYPO-BA LEASING SUD GMBH	50.00	
10	KOC FINANSAL HIZMETLER AS	ISTANBUL	7	UNICREDIT BANK AUSTRIA AG	50.00	
11	MONTREAL NEKRETNINE D.O.O.	ZAGREB	7	HYPO-BA LEASING SUD GMBH	50.00	
12	ORBIT ASSET MANAGEMENT LIMITED	HAMILTON	7	PIONEER ALTERNATIVE INVESTMENT MANAGEMENT (BERMUDA) LIMITED	50.00	
13	RCI FINANCIAL SERVICES S.R.O.	PRAGUE	7	UNICREDIT LEASING CZ, A.S.	50.00	
14	STICHTING CUSTODY SERVICES YKB	AMSTERDAM	7	YAPI KREDI BANK NEDERLAND N.V.	40.90	
15	SYNERGA NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNIN-AMA	ZAGREB	7	HYPO-BA LEASING SUD GMBH	50.00	
16	UNICREDIT MENKUL DEGERLER AS	ISTANBUL	7	KOC FINANSAL HIZMETLER AS	50.00	
				YAPI KREDI FINANSAL KIRALAMA AO	..	
17	YAPI KREDI B TIPI YATIRIM ORTAKLIGI A.S.	ISTANBUL	7	YAPI KREDI YATIRIM MENKUL DEGERLER AS	18.39	
				YAPI VE KREDI BANKASI AS	4.54	
18	YAPI KREDI BANK AZERBAIJAN CLOSED JOINT STOCK COMPANY	BAKU	7	YAPI KREDI FINANSAL KIRALAMA AO	0.04	
				YAPI KREDI YATIRIM MENKUL DEGERLER AS	0.04	
				YAPI VE KREDI BANKASI AS	40.82	
19	YAPI KREDI BANK MOSCOW	MOSCOW	7	YAPI KREDI FINANSAL KIRALAMA AO	0.06	
				YAPI VE KREDI BANKASI AS	40.83	
20	YAPI KREDI BANK NEDERLAND N.V.	AMSTERDAM	7	YAPI KREDI HOLDING BV	13.40	
				YAPI VE KREDI BANKASI AS	27.5	
21	YAPI KREDI DIVERSIFIED PAYMENT RIGHTS FINANCE COMPANY	GEORGE TOWN	7	YAPI VE KREDI BANKASI AS	40.90	(3)
22	YAPI KREDI EMEKLILIK AS	ISTANBUL	7	YAPI KREDI FAKTORING AS	0.01	
				YAPI KREDI SIGORTA AS	38.40	
				YAPI KREDI YATIRIM MENKUL DEGERLER AS	0.01	
				YAPI VE KREDI BANKASI AS	..	
23	YAPI KREDI FAKTORING AS	ISTANBUL	7	YAPI KREDI FINANSAL KIRALAMA AO	0.01	
				YAPI VE KREDI BANKASI AS	40.88	
24	YAPI KREDI FINANSAL KIRALAMA AO	ISTANBUL	7	YAPI KREDI FAKTORING AS	..	
				YAPI VE KREDI BANKASI AS	40.43	
25	YAPI KREDI HOLDING BV	AMSTERDAM	7	YAPI VE KREDI BANKASI AS	40.90	
26	YAPI KREDI INVEST LIMITED LIABILITY COMPANY	BAKU	7	YAPI KREDI BANK AZERBAIJAN CLOSED JOINT STOCK COMPANY	40.90	
27	YAPI KREDI PORTFOEY YOENETIMI AS	ISTANBUL	7	YAPI KREDI YATIRIM MENKUL DEGERLER AS	35.71	
				YAPI VE KREDI BANKASI AS	5.17	
28	YAPI KREDI SIGORTA AS	ISTANBUL	7	YAPI KREDI FAKTORING AS	3.25	
				YAPI KREDI YATIRIM MENKUL DEGERLER AS	4.90	
				YAPI VE KREDI BANKASI AS	30.27	
29	YAPI KREDI YATIRIM MENKUL DEGERLER AS	ISTANBUL	7	YAPI KREDI FINANSAL KIRALAMA AO	..	
				YAPI VE KREDI BANKASI AS	40.89	
30	YAPI VE KREDI BANKASI AS	ISTANBUL	7	KOC FINANSAL HIZMETLER AS	40.90	
	A.3 VALUED AT EQUITY METHOD					
1	ADF SERVICE GMBH	VIENNA	8	CAFU VERMOEGENSVERWALTUNG GMBH & CO OG	4.50	
				EUROVENTURES-AUSTRIA-CA-MANAGEMENT GESMBH	5.78	
				UNICREDIT BANK AUSTRIA AG	13.59	
2	ADLER FUNDING LLC	DOVER	8	UNICREDIT BANK AG	32.81	
3	AIRPLUS AIR TRAVEL CARD VERTRIEBSGESELLSCHAFT M.B.H.	VIENNA	8	DINERS CLUB CEE HOLDING AG	33.33	
4	ALLIANZ ZB D.O.O. DRUSTVO ZA UPRAVLJANJIE DOBROVOLJNIM MIROVINSKIM FONDOM	ZAGREB	8	ZAGREBACKA BANKA D.D.	49.00	

Part A - Accounting Policies (Continued)

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP [1]	OWNERSHIP RELATIONSHIP		VOTING RIGHTS [2]
				HELD BY	HOLDING %	
5	ALLIANZ ZB D.O.O. DRUSTVO ZA UPRAVLJANJIE OBVEZNIM MIROVINSKIM FONDOM	ZAGREB	8	ZAGREBACKA BANKA D.D.	49.00	
6	ANGER MACHINING GMBH	TRAUN	8	EK MITTELSTANDSFINANZIERUNGS AG	49.00	
7	AVIVA SPA	MILAN	8	UNICREDIT SPA	49.00	
8	BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	INNSBRUCK	8	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	37.53	41.70
				UNICREDIT BANK AUSTRIA AG	9.85	4.93
9	BANQUE DE COMMERCE ET DE PLACEMENTS SA	GENEVA	8	YAPI VE KREDI BANKASI AS	30.67	
10	BKS BANK AG	KLAGENFURT	8	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	28.01	29.64
				UNICREDIT BANK AUSTRIA AG	8.02	7.46
11	BLUVACANZE SPA	MILAN	8	UNICREDIT SPA	41.70	
12	CA IMMOBILIEN ANLAGEN AKTIENGESELLSCHAFT	VIENNA	8	UNICREDIT BANK AUSTRIA AG	18.16	
13	CASH SERVICE COMPANY AD	SOFIA	8	UNICREDIT BULBANK AD	20.00	
14	CENTRAL POLAND FUND LLC	DELAWARE	1	BANK PEKAO SA	53.19	
15	CNP UNICREDIT VITA S.P.A.	MILAN	8	UNICREDIT SPA	38.80	
16	COMTRADE GROUP B.V.	AMSTERDAM	8	HVB CAPITAL PARTNERS AG	21.05	
17	CONSORZIO SE.TEL. SERVIZI TELEMATICI IN LIQUIDAZIONE	NAPLES	8	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	33.33	
18	CREDITRAS ASSICURAZIONI SPA	MILAN	8	UNICREDIT SPA	50.00	[7]
19	CREDITRAS VITA SPA	MILAN	8	UNICREDIT SPA	50.00	[7]
20	DA VINCI S.R.L.	ROME	8	FONDO SIGMA	25.00	[3]
21	EUROPROGETTI & FINANZA S.P.A. IN LIQUIDAZIONE	ROME	8	UNICREDIT SPA	39.79	
22	FIDIA SGR SPA	MILAN	8	UNICREDIT SPA	50.00	
23	FONDIARIA - SAI SPA	TURIN	8	UNICREDIT SPA	4.90	6.60
24	FORSTINGER INTERNATIONAL GMBH	VIENNA	8	EK MITTELSTANDSFINANZIERUNGS AG	32.00	
25	G.B.S. - GENERAL BROKER SERVICE S.P.A.	ROME	8	UNICREDIT SPA	20.00	
26	INCONTRA ASSICURAZIONI S.P.A.	MILAN	8	UNICREDIT SPA	49.00	
27	IPG-INDUSTRIEPARK GYOR PROJEKTIERUNGSGESELLSCHAFT M.B.H.	GERASDORF	8	UNICREDIT LEASING S.P.A.	40.00	
28	KAPITAL-BETEILIGUNGS AKTIENGESELLSCHAFT	VIENNA	8	UNICREDIT BANK AUSTRIA AG	20.00	
29	KRAJOWA IZBA ROZLICZENIOWA SA	WARSAW	8	BANK PEKAO SA	34.44	
30	MARINA CITY ENTWICKLUNGS GMBH	VIENNA	8	CABET-HOLDING GMBH	25.00	
31	MARINA TOWER HOLDING GMBH	VIENNA	8	CABET-HOLDING GMBH	25.00	
32	MARTUR SUNGER VE KOLTUK TESISLERI TICARET VE SANAYI A. S.	ISTANBUL	8	HVB CAPITAL PARTNERS AG	20.00	
33	MEDIOBANCA BANCA DI CREDITO FINANZIARIO SPA	MILAN	8	UNICREDIT SPA	8.66	
34	MULTIPLUS CARD D.O.O. ZA PROMIDZBU I USLUGE	ZAGREB	8	SUVREMENE POSILOVNE KOMUNIKACIJE D.O.O	25.00	
35	NEEP ROMA HOLDING SPA	ROME	8	UNICREDIT SPA	40.00	
36	NOTARTREUHANDBANK AG	VIENNA	8	UNICREDIT BANK AUSTRIA AG	25.00	
37	OAK RIDGE INVESTMENT LLC	WILMINGTON	8	PIONEER INSTITUTIONAL ASSET MANAGEMENT INC	49.00	
38	OBERBANK AG	LINZ	8	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	29.15	32.54
				UNICREDIT BANK AUSTRIA AG	4.19	1.65
39	OESTERREICHISCHE HOTEL- UND TOURISMUSBANK GESELLSCHAFT M.B.H.	VIENNA	8	UNICREDIT BANK AUSTRIA AG	50.00	
40	OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	VIENNA	8	CABET-HOLDING GMBH	24.75	
				SCHOELLERBANK AKTIENGESELLSCHAFT	8.26	
				UNICREDIT BANK AUSTRIA AG	16.14	
41	OESTERREICHISCHE WERTPAPIERDATEN SERVICE GMBH	VIENNA	8	UNICREDIT BANK AUSTRIA AG	29.30	
42	PAPCEL A.S.	LITOVEL	8	EK MITTELSTANDSFINANZIERUNGS AG	33.74	34.00
43	PAYLIFE BANK GMBH	VIENNA	8	CAFU VERMOEGENSVERWALTUNG GMBH & CO OG	4.50	
				EUROVENTURES-AUSTRIA-CA-MANAGEMENT GESMBH	5.78	
				UNICREDIT BANK AUSTRIA AG	13.59	
44	PIRELLI PEKAO REAL ESTATE SP. Z O.O.	WARSAW	8	BANK PEKAO SA	25.00	
45	SIA SPA	MILAN	8	UNICREDIT SPA	24.07	

Continued: Investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity

NAME		MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS (2)
				HELD BY	HOLDING %	
46	SOCIETÀ GESTIONE PER IL REALIZZO SPA IN LIQUIDAZIONE	ROME	8	UNICREDIT SPA	26.38	
47	SP PROJEKTENTWICKLUNG SCHOENEFELD GMBH & CO.KG	STUTTGART	8	UNICREDIT BANK AUSTRIA AG	50.00	
48	SVILUPPO GLOBALE GEIE	ROME	8	UNICREDIT SPA	33.33	
49	SW HOLDING SPA	ROME	8	UNICREDIT MERCHANT S.P.A.	28.57	13.79
50	TORRE SGR S.P.A.	ROME	8	PIONEER INVESTMENT MANAGEMENT SOC. DI GESTIONE DEL RISPARMIO PER AZ	37.50	
51	UNI GEBAEUDEMANAGEMENT GMBH	LINZ	8	BA GVG-HOLDING GMBH	50.00	
52	V.A. HOLDING GMBH	VIENNA	8	EK MITTELSTANDSFINANZIERUNGS AG	44.57	
53	WIEN MITTE IMMOBILIEN GMBH	VIENNA	8	BA-CA WIEN MITTE HOLDING GMBH	50.00	
54	WIENER KREDITBUERGSCHAFTSGESELLSCHAFT M.B.H.	VIENNA	8	UNICREDIT BANK AUSTRIA AG	24.49	
55	YAPI KREDI KORAY GAYRIMENKUL YATIRIM ORTAKLIGI AS	ISTANBUL	8	YAPI VE KREDI BANKASI AS	30.45	

Notes to the table showing the investments in subsidiaries, companies recognized under proportionate consolidation and valued at equity within the scope of consolidation:

(1) Type of relationship:
- 1 = majority of voting rights at ordinary shareholders' meeting;
- 2 = dominant influence at ordinary shareholders' meeting;
- 3 = agreements with other shareholders;
- 4 = other types of control;
- 5 = centralised management pursuant to paragraph 1 of art. 26 of "Legislative decree 87/92";
- 6 = centralised management pursuant to paragraph 2 of art. 26 of "Legislative decree 87/92";
- 7 = joint control;
- 8 = associate companies.

(2) Voting rights available in general meeting. Voting rights are disclosed only if different from the percentage of ownership.
(3) Companies fully consolidated pursuant to SIC 12.
(4) Breakdown of second-level SPEs consolidated by Arabella Finance Ltd under SIC12: Elektra Purchase No. 17 S.A., Elektra Purchase No. 23 LTD, Elektra Purchase No. 24 LTD, Elektra Purchase No. 28 LTD. During the first half of 2012, the SPEs Elektra Purchase No. 27 LTD and Elektra Purchase No. 50 LTD, consolidated as at December 31, 2011, were closed down.
(5) Following the restructuring of the transaction, all second-level SPEs consolidated by Salome Funding Plc under SIC12 as at December 31, 2011 were closed down during the first half of 2012: Cosima Purchase No. 13 LTD, Cosima Purchase No. 14 LTD, Cosima Purchase No. 15 LTD and Cosima Purchase No. 6 S.A.
(6) The equity investment in Unicredit Tiriac Bank S.A. is consolidated at 95.56% by virtue of a direct investment equal to 50.60% and an option on minority interests representing 44.96% of share capital.
(7) According to shareholders' agreements, the "control" of Credit Ras Assicurazioni and Credit Ras Vita is assigned to the other shareholder (Ras). As regards other companies, control is not contractually assigned to any shareholder (financial and strategic management decisions are not subject to shareholders' unanimity). Therefore the conditions set by IAS 31, §3 for joint control are not satisfied.

Changes in the scope of consolidation

Fully consolidated entities, including the Parent Company, decreased from 760 as at December 31, 2011 to 758 as at June 30, 2012 (- 2 entities).
The number of **proportionately** consolidated entities, totaling 30 as at December 31, 2011, was unchanged as at June 30, 2012.
Companies consolidated at **equity method,** totaling 57 as at December 31, 2011, were 55 as at June 30, 2012 (- 2 entities).

Wholly-owned subsidiaries

The following table shows the changes in equity investments in wholly-owned subsidiaries.

Equity investments in wholly-owned subsidiaries (consolidated line by line): annual changes

	NUMBER OF COMPANIES
A. Opening balance	**760**
B. Increased by	**7**
B.1 Newly established companies	-
B.2 Change of the consolidation method	1
B.3 Entities consolidated for the first time in 2012	6
C. Reduced by	**9**
C.1 Disposal	4
C.2 Change of the consolidation method	-
C.3 Absorption by other Group entities	5
D. Closing balance	**758**

Part A - Accounting Policies (Continued)

Details of increases and reductions in the first half of 2012 are presented below:

Increases

Change of the consolidation method

COMPANY NAME	MAIN OFFICE
BA GEBAEUDEVERMIETUNGSGMBH	VIENNA

The table above refers to the transfer from item 100. Investments in entities subject to significant influence valued at net equity to Investments in subsidiaries – fully consolidated following the acquisition of the controlling stake.

Entities consolidated for the first time in 2012

COMPANY NAME	MAIN OFFICE
UNICREDIT OBG S.R.L.	VERONA
UCTAM BULGARIA EOOD	SOFIA
CU@2012 FACILITY SERVICES GMBH	VIENNA

COMPANY NAME	MAIN OFFICE
BARODA PIONEER TRUSTEEE COMPANY PVT LTD	MUMBAI
CORDUSIO SIM - ADVISORY & FAMILY OFFICE SPA	MILAN
CHIYODA FUDOSAN GK	TOKYO

As at June 30, 2012 entities consolidated for the first mainly related to new companies acquired/which became operational during the first half of 2012. A Special Purpose Entity, too, was consolidated for the first time in accordance with SIC 12.

Reductions

Disposal

COMPANY NAME	MAIN OFFICE
IRFIS - FINANZIARIA PER LO SVILUPPO DELLA SICILIA S.P.A.	PALERMO
SOCIETÀ VISSANA INDUSTRIA LAVORAZIONE ALIMENTARE S.V.I.L.A. A RESPONSABILITÀ LIMITATA	VISSO

COMPANY NAME	MAIN OFFICE
HVB CAPITAL LLC VIII	WILMINGTON
HVB FUNDING TRUST VIII	WILMINGTON

The above table refers to disposals and liquidations of inactive companies.

Absorption by other Group entities

COMPANY NAME OF THE MERGERED ENTITY	MAIN OFFICE		COMPANY NAME OF THE TAKING IN ENTITY	MAIN OFFICE
UNICREDIT REAL ESTATE SOCIETÀ CONSORTILE PER AZIONI	GENOA	>>>	UNICREDIT SPA	ROME
UNICREDIT BUSINESS PARTNER SOCIETÀ CONSORTILE PER AZIONI	COLOGNO MONZESE	>>>	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	MILAN
UNICREDIT BUSINESS PARTNER GMBH	VIENNA	>>>	UNICREDIT BUSINESS INTEGRATED SOLUTIONS AUSTRIA GMBH	VIENNA
CU@2012 FACILITY SERVICES GMBH	VIENNA	>>>	DOMUS FACILITY MANAGEMENT GMBH	VIENNA
HVB INTERNATIONAL ASSET LEASING GMBH	MUNICH		UNICREDIT BANK AG	MUNICH

The following table shows the Entities which changed their company name during the first half of 2012.

Entities line by line which changed the company name during 2012

COMPANY NAME	MAIN OFFICE
WEALTHCAP USA IMMOBILIEN VERWALTUNGS GMBH (ex BLUE CAPITAL USA IMMOBILIEN VERWALTUNGS GMBH)	MUNICH
UNICREDIT SECURITIES INTERNATIONAL LIMITED IN LIQUIDATION (ex UNICREDIT SECURITIES INTERNATIONAL LIMITED)	NICOSIA
WEALTHCAP EQUITY MANAGEMENT GMBH (ex BLUE CAPITAL EQUITY MANAGEMENT GMBH)	MUNICH

COMPANY NAME	MAIN OFFICE
SUVREMENE POSILOVNE KOMUNIKACIJE D.O.O (ex MARKETING ZAGREBACKE BANKE, ZA PROPAGANDU, TRZISNAISTRAZIVANJAI IZDVASTVO,D.O.O)	ZAGREB
LOWES LIMITED IN LIQUIDATION (ex LOWES LIMITED)	NICOSIA

Proportionately consolidated companies

The number of **proportionately** consolidated entities, totaling 30 as at December 31, 2011, was unchanged as at June 30, 2012.

Companies consolidated at equity method

The following table shows the changes in equity investments in companies subject to significant influence (consolidated at equity method).

Equity investments in companies under significant influence: annual changes

	NUMBER OF COMPANIES
A. Opening balance	**57**
B. Increased by	**-**
B.1 Newly established companies	-
B.2 Change of the consolidation method	-
B.3 Entities consolidated for the first time in 2012	-
C. Reduced by	**2**
C.1 Disposal	1
C.2 Change of the consolidation method	1
C.3 Absorption by other Group entities	-
D. Closing balance	**55**

Reductions
Reductions refer to the liquidation of the company OECLB HOLDING GMBH in liq - Vienna and the transfer of the company BA GEBAEUDEVERMIETUNGS GMBH to controlling interests - fully consolidated subsidiaries.

Section 4 - Subsequent Events

No material events have occurred after the balance sheet date that would make it necessary to change any of the information given in the Consolidated First Half Financial Report as at June 30, 2012. Please refer to the specific paragraph of the Report on Operations for a description of the significant events after half year end.

Section 5 - Other Matters

Since 2012 the following principles or accounting interpretations have become effective:
- Amendments to IFRS 7 – Financial Instruments: Disclosures – Transfers of Financial Assets (EU Regulation 1205/2011). These amendments necessitate the disclosure of more information in the year-end Reports on financial assets transferred but not derecognized and on continuing involvement. Therefore they do not have any impact on balance sheet and income statement, and no additions to the Condensed Interim Consolidated Financial Statements are necessary.

The European Commission also transposed the following accounting principles which have become effective after June 30, 2012 and therefore are not yet applicable for the purposes of this First Half Financial Report, but they will be from the next financial year:
- Amendment to IAS 1 – Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income (EU Regulation 475/2012);
- Revised IAS 19 – Employee Benefits (EU Regulation 475/2012). The main change introduced by the revised IAS 19 consists in the requirement that the present value of the assumed obligations (net of plan assets) is disclosed; moreover, the possibility of using the so-called “corridor method” with reference to the portion of actuarial gains/losses not exceeding 10% of the present value of the obligation is no longer provided for.

As at June 30, 2012 the IASB issued the following standards, amendments, interpretations or revisions:
- Amendments to IAS 12 – Deferred tax: Recovery of Underlying Assets (December 2010);
- IAS 27 revised - Separate Financial Statements (May 2011);
- IAS 28 revised - Investments in Associates and Joint Ventures (May 2011);
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities (December 2011);
- Improvements to IFRSs (2009-2011) (May 2012);
- Amendments to IFRS1 – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (December 2010);
- Amendments to IFRS1 – Government Loans (March 2012);
- Amendments to IFRS 7- Offsetting Financial Assets and Financial Liabilities (December 2011) and Mandatory Date and Transition (December 2011);
- IFRS 9 - Financial Instruments (November 2009) and subsequent amendments (amendments to IFRS 9 - Mandatory Effective Date and Transition - December 2011);
- IFRS 10 - Consolidated Financial Statement (May 2011)
- IFRS 11 - Joint Arrangements (May 2011);
- IFRS 12 - Disclosure of Interests in Other Entities (May 2011);
- IFRS 13 - Fair value measurement (May 2011).
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine (December 2011).

However, the alignment to these principles by the Group is subject to transposition thereof by the European Commission.

Part A - Accounting Policies (Continued)

Starting from the calculation of supervisory capital as at June 30, 2010, the Group exercised the option (allowed by Banca d'Italia on May 18, 2010) to deduct all capital gain and losses arising out of changes in fair value recognized after December 31, 2009 in revaluation reserves in respect of debt securities issued by the Central Administrations of EU Countries and held as "financial assets available for sale".

The Consolidated First Half Financial Report was approved by the Board of Directors of August 3, 2012, which authorized its disclosure to the public, also pursuant to IAS 10.

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

A.2 - The Main Items of the Accounts

With regard to the classification and valuation of the main items, please refer to Part A.2 of the Notes to the Consolidated Accounts as at December 31, 2011. No changes have been made to these principles.

In addition to the information provided in the above-mentioned part A.2, the following should be noted:
- During the first half of 2012, the Group reviewed the accounting policies used to record the changes in the value of the loans accounted for using the purchase method.
  As required by IAS 8, the new policies adopted make it possible to reflect in a more precise way the effects of prepayment and impairment on such higher value, which translates into a more accurate disclosure in the financial statements. This change in accounting policies, which may be subject to further refinement in the second half of 2012, resulted in the recognition, in the first half of 2012, of reserves from profits amounting to -€182,209 thousand.
- Since January 1, as part of the periodic assessment of the useful life of tangible and intangible assets, the Group has increased by a period the useful lives used for the amortization of certain tangible and intangible assets. Such review is based on the historical experience in the use of these assets, which shows longer time horizons than those previously used. As required by IAS 8, the review of the useful life has resulted, since 2012, in the recognition of lower depreciation for an amount of ~€40 million, compared to those that would have been recognized if such review had not been carried out.

A.3 - Information on fair value

This section presents a disclosure of reclassified financial instruments according to IAS 39 and information on fair value hierarchy as required by IFRS 7.

For a definition of fair value, as well as for information on the methodologies and processes adopted to measure it, see Part A.3 of the Notes to the 2011 Consolidated accounts. No changes occurred in this respect.

A.3.1 Transfers between Portfolios

The amendments to IAS 39 and to IFRS 7 "Reclassification of financial assets" approved by the IASB in 2008 make it possible to reclassify certain financial assets, after their initial recognition, out of the HfT and AfS portfolios.

In particular, the following may be reclassified:
- those HfT or AfS financial assets that would have satisfied the definition specified by international accounting standards for the loan portfolio (if such assets were not classified as HfT or AfS respectively on initial recognition) if the entity intends, and is able, to hold them for the foreseeable future or until maturity;
- "only in rare circumstances" those HfT financial assets, which, at the time of their recording, did not satisfy the definition of loans.

As a result of some amendments to the regulations in force, made also in the light of the continuing turbulence on financial markets, in one of the CEE countries where the Group operates debt securities with a carrying value of €42,168 thousand were reclassified from the "financial assets held for trading" portfolio to the "financial assets available for sale" portfolio during the first half of 2012.

The following table provides the book value and fair value as at June 30, 2012 (broken down by type of underlying asset and portfolio) of assets which had been reclassified in H2 2008, H1 2009 and H1 2012.
The income/expenses that would have been recognized if such reclassifications had not occurred, as well as those effectively recognized through profit or loss or at equity are also provided.

These income/expenses before taxes are broken down into two categories: those arising "from measurement" (including any write-downs) and "other" (including interest and gains/losses on the disposal of the transferred assets).

Furthermore, it should be noted that, before the transfer, the financial instruments subject to reclassification in the first half of 2012 led to the recognition of gains amounting to €620 thousand.

As a result the overall impact before taxes that would have been recognized in the income statement as of June 30, 2012, if these assets had not been reclassified, would have been a gain of €324,829 thousand, while the impact actually recognized was a gain of €184,275 thousand.

A.3.1.1 Reclassified financial assets: book value, fair value and effects on comprehensive income (€ '000)

					INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAX)		INCOME/EXPENSE RECOGNIZED DURING THE PERIOD (BEFORE TAX)	
INSTRUMENTS TYPE (1)	ACCOUNTING PORTFOLIO BEFORE RECLASSIFICATION (2)	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION (3)	CARRYING AMOUNT AS AT 06.30.2012 (4)	FAIR VALUE AS AT 06.30.2012 (5)	FROM MEASUREMENT (6)	OTHER (7)	FROM MEASUREMENT (8)	OTHER (9)
A. Debt securities			**7,796,194**	**6,973,091**	**131,808**	**175,456**	**(1,711)**	**170,867**
	Held for trading	Available for sale	51,404	51,404	242	650	411	505
	Held for trading	Held to maturity	194,959	205,868	(121)	2,751	-	2,500
	Held for trading	Loans to Banks	2,209,766	2,236,963	52,605	46,830	-	49,361
	Held for trading	Loans to Customers	5,157,438	4,353,722	90,541	121,350	(2,122)	114,827
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	182,627	125,134	(11,459)	3,875	-	3,674
B. Equity instruments			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
C. Loans			**346,040**	**371,552**	**3,944**	**13,621**	**-**	**15,119**
	Held for trading	Available for sale	-	-	-	-	-	-
	Held for trading	Held to maturity	-	-	-	-	-	-
	Held for trading	Loans to Banks	100,193	104,318	3,058	6,640	-	7,544
	Held for trading	Loans to Customers	245,847	267,234	886	6,981	-	7,575
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	-	-	-	-	-	-
D. Units in investment funds			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
Total			**8,142,234**	**7,344,643**	**135,752**	**189,077**	**(1,711)**	**185,986**

Debt securities reclassified in the loan with customers portfolio include structured credit products (other than derivative contracts and financial instruments with incorporated derivatives) for an amount of €4,234,159 thousand at June 30, 2012.

Part A - Accounting Policies (Continued)

A.3.2 Fair Value Hierarchy

IFRS 7 calls for classifying instruments being measured at fair value as a function of the ability to observe the inputs used for pricing.

To be specific, three levels are specified:

- Level 1: the fair value of instruments classified in this level is determined based on quotation prices observed in active markets;
- Level 2: the fair value of instruments classified in this level is determined based on valuation models that use inputs that can be observed in active markets;
- Level 3: the fair value of instruments classified in this level is determined based on valuation models that primarily use inputs that cannot be observed in active markets.

The following tables show a breakdown of financial assets and liabilities designated at fair value according to the above-mentioned levels, as well as the annual changes of Level 3 assets or liabilities.

A.3.2.1 Accounting portfolios - breakdown by fair value levels

(€ '000)

	AMOUNTS AS AT 06.30.2012			AMOUNTS AS AT 12.31.2011		
FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets held for trading	17,885,080	105,139,968	3,149,722	17,238,259	108,329,882	5,417,268
2. Financial assets at fair value through P&L	5,611,064	14,030,567	2,022,701	5,546,819	21,348,886	1,728,689
3. Available for sale financial assets	49,662,975	11,279,743	5,569,950	39,736,037	12,877,709	5,305,262
4. Hedging derivative assets	-	18,819,517	88,319	-	16,241,206	-
Total	**73,159,119**	**149,269,795**	**10,830,692**	**62,521,115**	**158,797,683**	**12,451,219**
1. Financial liabilities held for trading	8,648,927	112,312,439	1,805,825	8,839,266	110,136,900	4,309,599
2. Financial liabilities at fair value through P&L	-	786,756	-	-	785,966	-
3. Hedging derivative liabilities	3,798	14,697,947	16,995	700	13,208,046	-
Total	**8,652,725**	**127,797,142**	**1,822,820**	**8,839,966**	**124,130,912**	**4,309,599**

As at June 30, 2012, item 3. "Available-for-sale financial assets" - Level 1 included €18,271 thousand Greek Government securities with a nominal value of €121,778 thousand.

The positions related to the restructuring of the bonds issued or guaranteed by the Republic of Greece and arising out of the participation in the bond swap offer launched in the first quarter of 2012, initially recorded at fair value, maintain the status of impaired exposure, with any further loss in value recognized in profit or loss, should market prices be lower than the amortized costs at the reporting date.
The value of the positions represented by Greek government securities classified under available-for-sale financial assets as at June 30, 2012 was determined by applying the prices observed in the market at that date, which fall into Level 1 of the fair value hierarchy.
For further information on these positions, on the terms and conditions of the Offer and its economic effects, see also Section E – Information on Sovereign Exposures.

A.3.3 Day One Profit/Loss

The value at which financial instruments are recognized is equal to their fair value on the same date.

The fair value of financial instruments, other than those designated at fair value through profit or loss, at their recognition date is usually assumed to be equal to the amount collected or paid.

For financial instruments held for trading (see sections 1 and 14 of Part A.2 above) and instruments designated at fair value (see sections 5 and 15 of Part A.2 above), any difference from the amount collected or paid is posted under the appropriate items of the income statement.

The use of conservative valuation models, the processes described above for revising the models used and related parameters and value adjustments to reflect model risk ensure that the amount recognized in the income statement is not derived from the use of valuation parameters that cannot be observed.

More specifically, the calculation of value adjustments to reflect model risk ensures that the fair value portion of these instruments relating to the use of subjective parameters is not recognized in the profit and loss account, but changes the balance sheet value of these instruments.
Recognition of this portion in the profit and loss account is then made only when objective parameters are applied and therefore the adjustments are derecognized.

The balance of value adjustments to reflect model risk changed from € 110,507 thousand at December 31, 2011 to € 141,402 thousand at June 30, 2012.

Part B - Consolidated Balance Sheet

Part B - Consolidated Balance Sheet

Assets

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading: product breakdown

(€ '000)

ITEM/VALUES	AMOUNTS AS AT 06.30.2012 LEVEL 1	LEVEL 2	LEVEL 3	AMOUNTS AS AT 12.31.2011 LEVEL 1	LEVEL 2	LEVEL 3
A) Financial assets (non-derivatives)						
1. Debt securities	10,373,679	3,365,935	1,577,822	9,156,130	6,198,507	2,267,664
1.1 Structured securities	22,598	902,154	582,275	9,185	918,718	737,272
1.2 Other debt securities	10,351,081	2,463,781	995,547	9,146,945	5,279,789	1,530,392
2. Equity instruments	3,227,733	1,684	12,803	3,472,662	672	101,717
3. Units in investment funds	1,272,025	121,841	15,656	1,442,253	38,890	23,645
4. Loans	751	7,082,945	-	739	7,195,501	31,826
4.1 Reverse Repos	-	7,016,602	-	-	7,009,232	-
4.2 Other	751	66,343	-	739	186,269	31,826
Total (A)	14,874,188	10,572,405	1,606,281	14,071,784	13,433,570	2,424,852
B) Derivative instruments						
1. Financial derivatives	2,509,537	92,749,729	882,188	2,527,152	92,584,639	978,337
1.1 Trading	2,507,748	91,437,144	881,994	2,520,546	91,191,018	977,282
1.2 Related to fair value option	-	117,136	-	-	113,050	-
1.3 Other	1,789	1,195,449	194	6,606	1,280,571	1,055
2. Credit derivatives	501,355	1,817,834	661,253	639,323	2,311,673	2,014,079
2.1 Trading	501,355	1,805,553	661,253	639,323	2,298,627	1,962,026
2.2 Related to fair value option	-	-	-	-	-	-
2.3 Other	-	12,281	-	-	13,046	52,053
Total (B)	3,010,892	94,567,563	1,543,441	3,166,475	94,896,312	2,992,416
Total (A+B)	17,885,080	105,139,968	3,149,722	17,238,259	108,329,882	5,417,268
Total Level 1, Level 2 and Level 3			126,174,770			130,985,409

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies - A.3 Information on fair value.

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

(€ '000)

ITEM/VALUES	AMOUNTS AS AT 06.30.2012 LEVEL 1	LEVEL 2	LEVEL 3	AMOUNTS AS AT 12.31.2011 LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	5,549,082	12,566,814	1,497,587	5,462,731	19,519,614	1,090,291
1.1 Structured securities	1,149	22,151	26,532	1,602	36,102	43,935
1.2 Other debt securities	5,547,933	12,544,663	1,471,055	5,461,129	19,483,512	1,046,356
2. Equity instruments	300	11	35,445	440	11	35,445
3. Units in investment funds	61,682	-	489,567	83,648	-	492,590
4. Loans	-	1,463,742	102	-	1,829,261	110,363
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	1,463,742	102	-	1,829,261	110,363
Total	5,611,064	14,030,567	2,022,701	5,546,819	21,348,886	1,728,689
Total Level 1, Level 2 and Level 3			21,664,332			28,624,394

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies – A.3 Information on fair value.

The decrease in the balance of this item over December 31, 2011 relates to the changes in the portfolio mainly due to disposals and the redemption of assets at maturity.

Section 4 - Available for sale financial assets - Item 40

4.1 Available for sale financial assets: product breakdown

(€ '000)

	AMOUNTS AS AT 06.30.2012			AMOUNTS AS AT 12.31.2011		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**49,132,257**	**11,123,007**	**2,659,197**	**39,097,624**	**12,631,144**	**2,326,117**
1.1 Structured securities	55,907	103,259	748,463	68,474	32,426	536,863
1.2 Other	49,076,350	11,019,748	1,910,734	39,029,150	12,598,718	1,789,254
2. Equity instruments	**354,689**	**15,083**	**1,784,866**	**490,820**	**18,542**	**1,842,670**
2.1 Measured at fair value	354,689	15,083	928,960	490,820	18,542	967,270
2.2 Carried at cost	-	-	855,906	-	-	875,400
3. Units in investment funds	**176,029**	**129,133**	**1,125,886**	**147,593**	**201,020**	**1,136,475**
4. Loans	**-**	**12,520**	**1**	**-**	**27,003**	**-**
Total	**49,662,975**	**11,279,743**	**5,569,950**	**39,736,037**	**12,877,709**	**5,305,262**
Total Level 1, Level 2 and Level 3			**66,512,668**			**57,919,008**

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies - A.3 Information on fair value.

The increase of the sub-item 1.2 Other debt securities - level 1- is substantially due to, in addition to the changes in fair values, the purchases of Sovereign debt securities during the first half 2012. Details on exposures towards Sovereign debt securities are provided in Part E of the Explanatory Notes.

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

Held-to-maturity investments: product breakdown

(€ '000)

	BOOK VALUE AMOUNTS AS AT	
	06.30.2012	12.31.2011
1. Debt securities	**7,644,259**	**9,265,450**
- Structured securities	93,843	95,631
- Other securities	7,550,416	9,169,819
2. Loans	**-**	**-**

Section 6 - Loans and receivables with banks - Item 60

6.1 Loans and receivables with banks: product breakdown

(€ '000)

	AMOUNTS AS AT	
TYPE OF TRANSACTIONS/VALUES	06.30.2012	12.31.2011
A. Loans to Central Banks	**11,569,404**	**10,757,197**
1. Time deposits	1,836,165	336,572
2. Compulsory reserves	6,944,667	9,153,696
3. Reverse repos	840,399	342,900
4. Other	1,948,173	924,029
B. Loans to banks	**53,893,689**	**45,607,799**
1. Current accounts and demand deposits	22,182,766	20,081,848
2. Time deposits	5,340,720	3,833,032
3. Other loans	18,829,369	16,482,217
3.1 Reverse repos	*12,630,891*	*9,534,693*
3.2 Finance leases	*3,962*	*4,036*
3.3 Other	*6,194,516*	*6,943,488*
4. Debt securities	7,540,834	5,210,702
4.1 Structured	*63,531*	*66,594*
4.2 Other	*7,477,303*	*5,144,108*
Total carrying amount	**65,463,093**	**56,364,996**
Total impaired assets	**48,597**	**62,345**

It should be noted that in addition to the loans to Central Banks shown in this table, as at June 30, 2012 the increase in item 10. Cash and cash balances is basically attributable to demand deposits with Central Banks.

Part B - Consolidated Balance Sheet - Assets (Continued)

Section 7 - Loans and receivables with customers - Item 70

7.1 Loans and receivable with customers: product breakdown

(€ '000)

	AMOUNTS AS AT			
	06.30.2012		12.31.2011	
TYPE OF TRANSACTIONS/VALUES	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED
1. Current accounts	51,664,715	8,465,310	55,245,150	7,783,637
2. Reverse repos	19,434,827	81	13,718,120	5
3. Mortgages	165,915,928	17,211,969	171,507,678	15,720,939
4. Credit cards and personal loans, including wage assignement loans	21,788,125	685,920	20,821,987	604,621
5. Finance leases	28,854,802	4,231,792	29,883,702	3,614,605
6. Factoring	10,260,518	357,276	10,963,399	319,467
7. Other transactions	199,296,543	12,666,272	205,498,832	12,022,377
8. Debt securities	15,900,813	79,944	11,729,840	118,644
8.1 Structured securities	*4,151,842*	*61,128*	*4,152,538*	*92,540*
8.2 Other debt securities	*11,748,971*	*18,816*	*7,577,302*	*26,104*
Total carrying amount	**513,116,271**	**43,698,564**	**519,368,708**	**40,184,295**

Total carrying amount Performing and Impaired	**556,814,835**	**559,553,003**

The sub-item "7. Other transactions" includes:
- €31,798 million for pooled transactions (€33,849 million as at December 31, 2011);
- €12,887 million advances to customers for import/export (€14,162 million as at December 31, 2011);
- €13,776 million for advances to ordinary customers (€14,301 million as at December 31, 2011);
- €11,912 million 'hot money' transactions (€13,348 million as at December 31, 2011);
- €66,433 million for other non-current account loans (€65,112 million as at December 31, 2011).

Sub-items 7. "Other transactions" and 8.2 "Other Debt Securities" include €440 million and €359 million respectively 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 were performed before January 1, 2002.
An Italian Government bond partly guarantees the securities of item 8.2 for €197 million.
The assets underlying these securitization transactions are non-performing loans, whose carrying amount was €670 million at June 30, 2012, as against a face value of €3,884 million.

Finally the liabilities item 100 "Other liabilities" includes €741 million relating to the impairment of the guarantee issued in the context of the securitization transaction "Trevi Finance 3".
This commitment aims at guaranteeing the redemption of class C mezzanine securities issued by the vehicle company as part of the securitization.
These securities are zero-coupon bonds with a maturity value (August 16, 2016) of €1,012.8 million and a carrying value of €741 million in the vehicle company's financial statements as at June 30, 2012.
Therefore, the liability recognized at the balance sheet date corresponds to the present value of the guarantee, which increases parallel with the redemption value of the guaranteed securities.

The sub-items 2 "Reverse repos" and 7. "Other transactions" did not include the type of securities lending transactions collateralized by securities or not collateralized. See also the section "Other Information" of Part B.

Section 13 - Intangible assets - Item 130

An **intangible asset** is an identifiable non-monetary asset without physical substance, to be used for several years. Intangible assets include goodwill and, among "other intangible assets", brands, core deposits, customer relationships and software.
Goodwill is the excess of the cost of a business combination over the net fair value of the assets and liabilities of companies or businesses at the acquisition date.
As at June 30, 2012 intangible assets amounted to €15,747 million, up from €15,685 million as at December 31, 2011. The increase is related to the increase in intangible assets generated internally, acquired from outside and positive exchange differences partially offset by amortization of the period.

13.1 Intangible assets: breakdown

(€ '000)

ASSETS/VALUES	AMOUNTS AS AT 06.30.2012		AMOUNTS AS AT 12.31.2011	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**X**	**11,665,322**	**X**	**11,567,192**
A.1.1 attributable to the Group	X	11,665,322	X	11,567,192
A.1.2 attributable to minorities	X	-	X	-
A.2 Other intangible assets	**3,937,513**	**143,974**	**3,975,282**	**142,970**
A.2.1 Assets carried at cost:	3,937,513	143,974	3,975,282	142,970
a) Intangible assets generated internally	*741,805*	-	*649,316*	-
b) Other assets	*3,195,708*	*143,974*	*3,325,966*	*142,970*
A.2.2 Assets valued at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**3,937,513**	**11,809,296**	**3,975,282**	**11,710,162**
Total finite and indefinite life		**15,746,809**		**15,685,444**

Part B - Consolidated Balance Sheet - Assets (Continued)

13.2 Intangible assets: annual changes

(€ '000)

		CHANGE IN FIRST HALF 2012 OTHER INTANGIBLE ASSETS				
		GENERATED INTERNALLY		OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross opening balance	**22,847,237**	**1,176,659**	**-**	**7,268,701**	**1,072,993**	**32,365,590**
A.1 Total net reduction in value	(11,280,045)	(527,343)	-	(3,942,735)	(930,023)	(16,680,146)
A.2 Net opening balance	**11,567,192**	**649,316**	**-**	**3,325,966**	**142,970**	**15,685,444**
B Increases	**102,572**	**167,176**	**-**	**123,753**	**1,004**	**394,505**
B.1 Purchases	1,864	10,235	-	76,001	-	88,100
B.2 Increases in intangible assets generated internally	X	149,666	-	288	-	149,954
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value		-	-	-	-	-
- in equity	*X*	-	-	-	-	-
- through profit or loss	*X*	-	-	-	-	-
B.5 Positive exchange differences	100,708	1,119	-	26,515	1,004	129,346
B.6 Other changes	-	6,156	-	20,949	-	27,105
C. Reduction	**4,442**	**74,687**	**-**	**254,011**	**-**	**333,140**
C.1 Disposals	-	9	-	1,721	-	1,730
C.2 Write-downs	2,416	66,242	-	233,153	-	301,811
- amortization	*X*	*66,242*	-	*231,924*	-	*298,166*
- write-downs	*2,416*	-	-	*1,229*	-	*3,645*
+ in equity	*X*	-	-	-	-	-
+ through profit or loss	*2,416*	-	-	*1,229*	-	*3,645*
C.3 Reduction in fair value		-	-	-	-	-
- in equity	*X*	-	-	-	-	-
- through profit or loss	*X*	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	27	-	27
C.5 Negative exchange differences	2,026	123	-	5,646	-	7,795
C.6 Other changes	-	8,313	-	13,464	-	21,777
D. Net Closing Balance	**11,665,322**	**741,805**	**-**	**3,195,708**	**143,974**	**15,746,809**
D.1 Total net write-down	(11,381,706)	(592,802)	-	(4,183,014)	(930,563)	(17,088,085)
E. Gross closing balance	**23,047,028**	**1,334,607**	**-**	**7,378,722**	**1,074,537**	**32,834,894**
F. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

The Group does not use the revaluation model (fair value) to measure intangible assets.
Intangible Assets - Other - Indefinite life include trademarks (brands).
Intangible Assets - Other - Definite life also include:
- Customer Relationships and Core Deposits of €2,396 million;
- Software of €593 million;
- Licences, patents and similar rights of €104 million.

As at June 30, 2012 Goodwill includes positive exchange differences for €100 million related to the appreciation of the original currency in which the Goodwill is booked. The variation mainly refers to the companies operating in Poland for €55 million, into Assett Management and Turkey respectively for €23 million and €15 million.
After the variations, the Goodwill book value as at June 2012 (€11,665 million) is negatively affected by exchange differences for €816 million mainly referred to the companies operating in Ukraine €380 million, Poland €148 million, Russia €122 million, Turkey €112 million and finally Kazakhstan for €49 million.

In application of IFRS 5, the company SOFIPA Società di Gestione del Risparmio (SGR) S.p.A. was reclassified as Asset held for sale and measured at the lower of its carrying amount and fair value less costs to sell; related to this the goodwill was impaired for ~€2 million.
For further details on goodwill impairment losses and write-downs of other intangible assets with an indefinite life please refer to the following pages.

Information on intangible assets noted during business combinations

The application of IFRS 3 to the accounting for business combinations revealed in the course of time significant amounts of intangible assets and goodwill. The following table shows the change in the values posted for the various intangible assets identified during the period, including the valuation effects described below.

(€ million)

INTANGIBLE ASSETS (EXCEPT SOFTWARE)	TOTAL 12.31.2011	AMORTIZATION	IMPAIRMENT	(*) OTHER CHANGES	TOTAL 06.30.2012
Trademarks	143	-	-	1	144
Core deposits and customer relationships	2,494	(108)	-	10	2,396
Goodwill	11,567	-	(2)	100	11,665
TOTAL	**14,204**	**(108)**	**(2)**	**111**	**14,205**

(*) due essentially to the exchange rate effect

Any discrepancies in this table and between data given in the above table and other information in Explanatory Notes are due to the effect of rounding.

Trademarks and **goodwill** are considered indefinite-life intangible assets. They are expected to contribute indefinitely to income flows.

The **other intangible assets** noted have finite useful lives, originally valued by discounting financial flows over the residual lifetime of the relationships in place on the date of the business combination from which they derive. Finite-life intangible assets are subject to amortization based on the associated useful life.

The types of intangible assets noted as a result of business combinations and the methods used to determine their associated fair value on the acquisition date are indicated below.

Trademarks

The fair value of initial recognition of trademarks is determined using the “relief from royalty” method, which estimates their value based on the payments received for granting their use to third parties. Royalties are calculated by applying the royalty rate to the income flows (adjusted operating income of the items not associated with the trademarks themselves).

In summary, the method may be broken down into three stages:

- determination of the royalty rate (based on a comparison with similar cases or calculated analytically);
- application of the royalty rate to income flows;
- determination of the present value of royalties after taxes, calculated by applying a discount rate that takes into account the risk context of the trademark being valued.

Starting from 2007, the Group’s trademark policy has been characterized by initiatives designed to strengthen the value of the UniCredit trademark, meanwhile preserving the local trademarks of the Group’s banks. These initiatives include:

- the introduction of the UniCredit trademark in all countries where the Group operates, so that it is present alongside the local trademarks of the Group’s banks;
- starting from 2009, the sponsorship of the UEFA Champions League;
- the recent launch of advertising campaigns focused on the UniCredit trademark in the major countries where the Group operates.

These initiatives have produced very positive results with respect to the perception of the UniCredit trademark in the markets where the Group is present.

In particular, the coexistence of the UniCredit trademark and the local trademarks represented a first step towards the use of a single UniCredit trademark. As part of this strategy aimed at creating a trademark architecture based on a single trademark, in line with the above-mentioned commercial initiatives and in light of their success, the Group resolved to implement a re-branding strategy, which in the short term will lead to the termination of the use of some trademarks, in order to focus on the use of the single trademark.

The residual value of indefinite-useful-life intangible assets (trademarks) referable to Fineco Bank and ATF Bank Kazakhstan is respectively €93 million and €51 million.

Core Deposits

The value of the Core Deposit comes from the fact that part of the short-term deposits of a bank (current accounts and savings deposits) and current account overdrafts remains deposited in the accounts for significant periods of time.

The useful life of the relationship is longer than the contract duration. The spread between the actual cost of deposits by means of Core Deposits and the cost of deposits at interbank market rates (the markdown) represents the most significant value component associated with this intangible asset. The income planning used to determine the fair value of Core Deposits also takes into account the fee component, which contributes to the total income from these relationships.

Part B - Consolidated Balance Sheet - Assets (Continued)

The determination of the fair value of this asset is based on the discounting of cash flows that represent the income margins generated by the deposits over the residual duration of the relationships in place on the date of acquisition. Inasmuch as these are finite-life assets, the associated value is amortized on a straight line over the expected duration of their economic benefit.
The average residual useful life of Core Deposits is 20 years.

Customer Relationships

Assets under Management (AuM)

The value of this intangible asset comes mainly from the ability of the company to obtain a profit from the placement of products that are related to the assets managed with its own customers.
The income flows used to value this asset when first posted are:
- for the placement banks, the fees granted by the producers;
- for the producers, the fees received from the customers, net of fees paid, mainly to the placement banks.

These fees are considered recurring, because they are tied to managed assets held by customers.
The average residual useful life of these intangible assets is 19 years.

Assets under Custody (AuC)

The value of this intangible asset comes mainly from the ability of the company to obtain a profit from customer assets under administration.
The income flows used to value this asset when first posted consist of the fees received for the work associated with assets under administration.
These fees are considered recurring, because they are generated by the normal activity of customers acting on their own portfolios.
The average residual useful life of these intangible assets is 9 years.

Life Insurance

The value of this intangible asset comes mainly from the ability of the company to obtain a profit from the placement of products related to the “bancassurance” business with its own customers.
The income flows used to value this asset when first posted consist of the fees received for the work associated with the bancassurance business.
These fees are considered recurrent because, from the point of view of the investor, they are similar to the products of managed/administered deposits.
The average residual useful life of these intangible assets is 24 years.

Products

This intangible asset relates to the profitability generated by trading on behalf of the asset management companies of the Group. The income flows used to evaluate this asset when first posted consist of the fees received for the brokerage work on behalf of the asset management companies themselves. These fees are considered recurring, because they are generated by the normal activity of the funds in which customers’ deposits have been invested.
Furthermore, in some cases, the value of the asset is related to fees received for the disbursement of regional incentives.
The average residual useful life of these intangible assets is 3 years.

Other

This intangible asset includes all other types of so-called customer relationships, including by way of example those deriving from the ability of the company to obtain placement fees on third-party bonds and from securities auctions.
The average residual useful life of these intangible assets is 15 years.

The Group does not hold intangible assets acquired through public grants or intangible assets pledged against liabilities.

Impairment testing of intangible assets during business combinations

In accordance with IAS 36, all indefinite-useful-life intangible assets, including goodwill, must be subjected at least annually to impairment testing to verify the recoverability of their value. For finite-useful-life intangible assets, possible loss of value must be determined each time indicators of loss appear.
Under IAS 36, impairment testing of intangible assets with indefinite lives must be performed at least annually and, in any case, whenever there is objective evidence of the occurrence of events that may have reduced their value. For UniCredit the trigger event is a market capitalization lower than Shareholders’ Equity.
Recoverable value is the greater of the value in use (present value of future cash flows generated by the asset being valued) and the associated fair value, net of sales costs.

The recoverable value of intangible assets subject to impairment testing must be determined for the individual assets, unless both the following conditions exist:
• the value in use of the asset is not estimated to be close to the fair value, net of sales costs;
• the asset does not generate incoming cash flows largely independent of those coming from other assets.

If these conditions exist, the impairment test is conducted at the level of the Cash Generating Unit (CGU), as required by the cited accounting principle.

It should be noted that the impairment testing performed by the UniCredit group by way of the determination of the value in use of the Cash Generating Units (CGU), as described below, includes both indefinite-useful-life intangible assets (goodwill and trademarks) and finite-useful-life intangible assets (core deposits and customer relationships), whenever the loss indicators provided for by the accounting principle occur.
We believe that core deposits and customer relationships cannot be subjected to separate impairment testing, because these assets do not generate cash flows independent of the cash flows from other assets.

To determine the value in use of intangible assets subject to impairment testing, IAS 36 requires that reference be made to cash flows for the assets under conditions that were current on the test date.

Given that performing an analytical test of the positive fair value adjustments recorded according to the purchase method provided for by IFRS 3 with reference to loans to customers (included in the carrying value of the Group) would be excessively burdensome, their periodic sustainability is assessed within the overall carrying value of the Group as part of the impairment test of the intangible assets, deducting their share of amortized cost for the period from the Group's income flows.

For the impairment testing, the value in use of the Cash Generating Units (CGU) to which these intangible assets are assigned must be calculated taking into account the cash flows for all assets and liabilities included in the CGU and not only those for which goodwill and/or the intangible asset were recorded when applying IFRS 3.

Definition of Cash Generating Units (CGU)

Estimating the value in use for the purposes of any impairment testing of intangible assets, including goodwill, which do not generate cash flows except in conjunction with other business assets, requires that these assets first be attributed to operating units that are relatively autonomous in the business context (from the points of view of independent cash flows generated and of internal planning and reporting). These operating units are defined as Cash Generating Units (CGU).

In accordance with the provisions of IFRS 3 and IAS 36, for the purposes of impairment testing, goodwill has been allocated to the following operational Divisions of the Group, identified as CGUs:

- ***F&SME Networks (Italy, Germany, Austria and Poland),*** which includes Mass Market, Affluent, Small Business and SME clients, grouped according to their geographical location;
- ***F&SME Factories*** which includes, regardless of their geographical location, the following product lines: Leasing, Factoring, Asset Gathering and Consumer Finance;
- ***Corporate & Investment Banking*** (formerly Corporate and Markets & Investment Banking) which includes:
  - businesses with minimum annual revenues of €50 million;
  - the assets of the Group on financial markets and in Investment Banking (e.g., trading, distribution, structured derivatives, lending and syndication assets, mergers and acquisitions, private equity portfolio management, direct investment in the equity of listed and unlisted businesses);
- ***Private Banking,*** which includes private clientele with medium-high financial liquidity, to whom we provide advisory and asset management services. The division uses traditional channels that are typical for this customer segment (private bankers) and innovative distribution models (networks of financial consultants and online banking and trading services);
- ***Asset Management,*** which specializes in protecting and increasing the value of customer investments through a series of innovative financial solutions (UCITs, asset management, institutional investor portfolios, etc.);
- ***Central Eastern Europe*** (CEE), which includes the businesses of the Group in the countries of Central and Eastern Europe (except Poland), including assets in Kazakhstan and Ukraine, which are subject to specific assessment;
- ***Parent Company*** and other companies.

The CGU is the lowest level for Group-level goodwill monitoring. The identified CGUs correspond to the organizational business units through which the Group develops its own activity and for which it provides segment reporting.

In the CGU "Central Eastern Europe" (CEE), additional tests were performed for each country where the Group operates. The allocation methodology adopted took into account synergies and expected results by the above organizational units.

The allocation of goodwill to the various CGUs called for two distinct phases:

- the first phase identified goodwill as the difference between the fair value of the purchase posted in the individual financial statement of the purchaser and the shareholders' equity at fair value after applying the purchase price method to the assets, liabilities and potential liabilities of the financial statement of the entity acquired (net of minority interests), assessed at fair value. This phase also took into consideration all fair value from transfers of companies or branches within the Group which took place as long as the purchase price allocation was provisional;
- the second phase allocated residual goodwill to the various CGUs, weighting them according to their respective fair value.

All identified goodwill has been allocated to the various CGUs.

Part B - Consolidated Balance Sheet - Assets (Continued)

The book value of the CGUs

The book value of the CGUs is determined in accordance with the criterion used to determine their recoverable value. The recoverable value of the CGUs includes flows from their respective financial assets and liabilities, so the book value must also include the financial assets and liabilities generating those flows.
The book value of each CGU is determined based on its contribution to consolidated shareholders' equity, including minority interests. Specifically, the book value of the CEE CGUs is determined via the summation of the individual book values of each company in the consolidated financial statement (corresponding to their book Shareholders' Equity), taking into account any intangible assets noted at the time of purchase (net of later amortization and impairment) and the consolidation entries.

Because it would be excessively complex to determine the carrying amount of the other CGUs based on book values, it is necessary to use operational factors to break them down correctly. These factors are determined by the Capital Management operating unit of the Finance and Administration Planning Department.

The carrying amount of the CGUs as of June 30, 2012, determined as described above, and the portions of goodwill and other intangible assets allocated to each of them are shown below.

(€ million)

CASH GENERATING UNIT (CGU)	VALUE AS AT 06.30.2012	OF WHICH GOODWILL (GROUP SHARE)	OF WHICH OTHER INTANGIBLE ASSET (*)
Retail	**17,717**	**5,101**	**52**
of which:			
Network Italy	*8,240*	*3,367*	-
Network Germany	*1,351*	*17*	-
Network Austria	*1,260*	*282*	-
Network Poland	*1,536*	*480*	-
Factory	*5,330*	*957*	*52*
Private Banking	**925**	**439**	**10**
Asset Management	**1,458**	**1,299**	**-**
Corporate & Investment Banking (CIB)	**19,461**	**2,545**	**-**
Central Eastern Europe (CEE)	**16,049**	**2,279**	**41**
of which:			
Ukraine	*597*	-	-
Kazakhstan	*444*	-	*41*
Group parent and other companies (**)	**8,295**	**2**	**1,586**
Total	**63,904**	**11,665**	**1,689**

Any discrepancies in this table and between data given in the above table and other information in Explanatory Notes are due to the effect of rounding.
(*) Stated amounts are net of deferred taxes.
(**) €1,586 million represents the portion of customer relationships tested at Group level.

Estimating cash flows to determine the value in use of the CGUs

As noted, based on IAS 36, the impairment test for indefinite-life intangible assets must be performed at least annually and in any case whenever there is any indication that their value may be impaired. The referenced accounting principles require that the impairment test be carried out by comparing the book value of each CGU with its recoverable value. When the latter proves to be less than the book value, a write-down must be recorded in the financial statement. The recoverable value of the CGU is the greater of its fair value (net of sales costs) and the related value in use.

The recoverable amount relating to each CGU is the value in use and is determined on the basis of future cash flows expected from each CGU to which the goodwill has been allocated. These cash flows are estimated based on:
• budget for 2012 approved by the Board of Directors on February 28, 2012;
• for the period 2013-2015, the strategic plan approved by the Board of Directors on November 14, 2011

Projections of future profits were extended to 2021, in order to obtain an assessment of the earning capability of the Group and its ability to create value over time, notwithstanding the current macroeconomic downturn. These projections were developed by extrapolation for all CGUs and for the individual CEE countries.

Expected cash flow for 2021 represents the basis for calculating the Terminal Value, which represents the ability of the CGUs to generate future cash flows beyond that year. Based on the adopted methodology, Terminal Value is calculated as a perpetual income estimated on the basis of a normalized, economically sustainable cash flow, consistent with a constant or decreasing long-term growth rate ("g"), as required by the IAS/IFRS accounting standards.

The value in use is determined by discounting the financial flows at a rate that takes into account present market rates and the specific risks of the asset. Taking into consideration the different risk levels of their respective operating environments, we used different risk premiums for each CGU which were specific to the individual entity or operating sector. The discount rates included a component related to country risk.

The Board of Directors has approved the valuation procedure (impairment test) and the results based on the financial flow estimates and additional assumptions, developed by the Management.

The calculation of the utility value for impairment testing purposes was conducted using a Discounted Cash Flow model (DCF). The cash flows were determined by subtracting from net profit (net of minority interests) the annual capital requirement generated by changes in risk-weighted assets. This capital requirement is defined as the level of capitalization that the Group aspires to achieve in the long term.

The Discounted Cash Flow model used by the Group is based on three stages:
- first stage - from 2012 to 2015 - which uses:
  - 2012: Group Budget data as approved by the Board of Directors
  - 2013-2015: internal cash-flow projections approved by the Board of Directors
- intermediate period from 2016 to 2021: cash flows are extrapolated starting from the last period of explicit forecast (2015) using reducing growth rates up to those of the Terminal Value, applying a ceiling to profits such that the 2015 ratio of Net Profit to RWAs is maintained;
- terminal value calculated using a nominal growth rate of 2%. The euro area's nominal GDP growth from 1996 to 2011 was 3.2% (1.6% real growth and ~1.6% inflation). The nominal 2%, corresponding to ~ 0% real growth, does not exceed the above-mentioned average level.

As required by IAS 36, the nominal growth rates applied to the model both in the intermediate period and in the TV are lower than the average long-term growth rate of the sector or of the Country or Countries in which the Group is present.

To take into account the current macroeconomic environment characterized by high volatility and the recent review of the Italian GDP, the assessment of the CGU F&SME Network Italy reflects a temporary execution risk estimate. This prudential factor will be removed or modified according to the changed economic conditions.

Goods destined for auxiliary and shared assets (corporate assets) were allocated to the CGU to which they refer, where applicable. For the indivisible portion of these assets, the recoverable value was verified at overall Group level.

In July 2012 the Group announced the launch of a project, to be put into practice in 2013, for a new organizational structure. For the purposes of the impairment test as at June 30, 2012, the current organizational structure is the relevant one (see § "Definition of Cash Generating Units").

Discount rates of cash flows

The main assumptions used by Management to calculate the CGUs' recoverable value were as follows:

CGU	INITIAL DISCOUNT RATE NET OF TAX (KE)	FINAL DISCOUNT RATE NET OF TAX (KE)	NOMINAL GROWTH RATE USED TO CALCULATE TERMINAL VALUE
CIB	**13.17%**	**10.00%**	**2.00%**
F&SME Network Italy	**12.02%**	**10.00%**	**2.00%**
F&SME Network Germany	**12.02%**	**10.00%**	**2.00%**
F&SME Network Austria	**12.02%**	**10.00%**	**2.00%**
F&SME Network Poland	**14.68%**	**10.50%**	**2.00%**
F&SME Factories	**12.02%**	**10.00%**	**2.00%**
Private Banking	**10.39%**	**10.00%**	**2.00%**
Asset Management	**11.69%**	**10.00%**	**2.00%**
Central Eastern Europe (CEE) (1)	**17.78%**	**11.37%**	**2.00%**
of which:			
JSC Ukrsotsbank (USB)	*27.85%*	*12.00%*	*2.00%*
JFC ATF Bank (ATF)	*16.24%*	*12.00%*	*2.00%*
Poland Market(2)	14.68%	10.50%	2.00%

1. The discount rate used for the Central Eastern Europe CGU is the weighted arithmetic mean of the discount rates used for individual countries belonging to the individual business sector.
2. Although since June 2010 Poland has been segmented (into CIB, Retail and Private Banking) and is no longer a separate CGU, each segment is still valued in local currency and according to the parameters of the country of operation.

Part B - Consolidated Balance Sheet - Assets (Continued)

As shown in the above table, future financial flows were discounted using a conservative estimate of the discount rate, incorporating the various risk factors linked to the business sector into the equity cost (Ke). The discount rate is a nominal rate, net of taxes.
The cost of capital used in the goodwill impairment test is in line with the consensus estimates of analysts.

In particular, the initial cost of capital of the Group and the individual sectors is the sum of the following:
- risk-free rate: the average over the last six years of the five-year euro swap rate. The six-year horizon was adopted in line with the average economic cycle in the euro zone;
- debt risk premium: the average over the last six years of the Credit Default Swap paid by UniCredit;
- risk premium on own equity: calculated using the option-based model, based on the volatility of UniCredit's share price over the last six years. For the business segments, the last six years' average volatility of the shares of banks operating in the same sector was taken, while also taking into account the benefits of differentiation.

The initial cost of capital, differentiated by CEE country, is the sum of the following:
- risk-free rate: the average over the last six years of the five-year local currency swap rate. If no swap rate was available, the most liquid and representative interbank rate was taken;
- country risk premium: the average Credit Default Swap paid by the country over the last six years (or shorter period in the absence of a sufficiently long history);
- risk premium on own equity: calculated using the option-based model, based on the volatility of UniCredit's share price over the last six years.

The cost of capital used in discounting cash flows converges to a specific value for each CGU. This value is determined taking into account the market's risk perception concerning the ability of the banking sector to generate returns in the long-term and the level of capitalization that the Group hopes to achieve in the long term. The terminal value cost of capital used differed depending on whether the CGU was located in Western Europe, in an Eastern European country that would enter the euro zone by 2018, or in another country.

The results of the impairment test

The impairment test confirmed the carrying value of goodwill in the Condensed Interim Consolidated Financial Statements as at June 30, 2012 for the Group and all CGUs.

Also with regard to intangible assets other than goodwill, the impairment test confirms that their recoverable value exceeds the amount recognized in the consolidated accounts, from which the provisions already recorded and the deferred tax expense recognized with respect to such assets have been deducted.

Lastly, it should also be noted that the parameters and information used to verify the recoverability of goodwill (in particular the expected cash flows for the various CGUs, as well as the discount rates used) are significantly influenced by the macroeconomic and market situation, which may be subject to currently unpredictable shifts. The effect that these shifts, and the As changes in the corporate strategies (including new organizational structures), may have on the estimated cash flows of the different CGUs and on the main assumptions made could therefore lead, in the coming financial years, to different results from those reported in this Consolidated First Half Financial Report.

Should the macroeconomic environment continue to deteriorate during the second half of 2012, the result of the goodwill impairment test as at December 2012 could be a recoverable amount lower than the carrying value.

Section 15 - Non-current assets and disposal groups classified as held for sale - Item 150 (assets) and 90 (liabilities)

These items include non-current assets and the group of associated assets and liabilities (i.e. a group of units generating financial cash flow) whose sale is highly probable. They are recognized at the lesser of the carrying amount and fair value net of disposal costs.
Balance sheet data at June 30, 2012, compared to December 31, 2011, do not include IRFIS - Finanziaria per lo Sviluppo della Sicilia S.p.A., three buildings owned by HVB Gesellschaft für Gebäude mbH & Co. KG and other three buildings owned respectively by Omnia Grunstucks-GMBH & Co, Salvatorplatz-Grundstucksgesellschaft MBH and Terreno Grundstucksverwaltung GMBH & Co.
Respect of December 2011, the building located in Vienna Schottengasse, three companies held by Cameron Granville Asset Management Group and SOFIPA Società di Gestione del Risparmio (SGR) S.p.A. have been included.
Figures as at June 30, 2012 refer mainly to Italpetroli Group's Business Oil, the Cameron Granville Asset Management Group companies and properties held by UniCredit Bank Austria AG, UniCredit Bank AG and Joha Gebaude-Errichtungs-und Vermietungsgesellschaft MBH.

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

(€ '000)

	AMOUNTS AS AT	
	06.30.2012	12.31.2011
A. Individual assets		
A.1 Financial assets	15,642	38,206
A.2 Equity investments	2,730	1,328
A.3 Property, Plant and Equipment	254,687	277,582
A.4 Intangible assets	27	1,537
A.5 Other non-current assets	42,982	26,508
Total A	**316,068**	**345,161**
B. Assets 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	-	-
B.7 Equity investments	-	-
B.8 Property, Plant and Equipment	-	-
B.9 Intangible assets	-	-
B.10 Other assets	-	-
Total B	**-**	**-**
Total A+B	**316,068**	**345,161**
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	57,912	207,902
C.2 Securities	-	-
C.3 Other liabilities	38,206	44,262
Total C	**96,118**	**252,164**
D. Liabilities included in disposal groups classified as held for sale		
D.1 Deposits from banks	-	-
D.2 Deposits from customers	-	-
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	-	-
D.7 Other liabilities	-	-
Total D	**-**	**-**
Total C+D	**96,118**	**252,164**

Part B - Consolidated Balance Sheet

Liabilities

Section 1 - Deposits from banks - Item 10

1.1 Deposits from banks: product breakdown

(€ '000)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 06.30.2012	AMOUNTS AS AT 12.31.2011
1. Deposits from central banks	**40,946,880**	**38,209,743**
2. Deposits from banks	**86,175,474**	**93,597,209**
2.1 Current accounts and demand deposits	13,832,999	12,785,602
2.2 Time deposits	17,027,881	20,123,019
2.3 Loans	48,600,064	53,483,276
2.3.1 repos	*27,091,594*	*31,443,921*
2.3.2 other	*21,508,470*	*22,039,355*
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Other liabilities	6,714,530	7,205,312
Total	**127,122,354**	**131,806,952**

The sub-item 2.3 Loans includes repos executed using proprietary securities issued by Group companies, which were eliminated from assets on consolidation.

The same sub-item do not include the type of securities lending transactions collateralized by securities or not collateralized. See also section "Other information" of Part B.

Section 2 - Deposits from customers - Item 20

2.1 Deposits from customers: product breakdown

(€ '000)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 06.30.2012	AMOUNTS AS AT 12.31.2011
1. Current accounts and demand deposits	224,735,373	221,736,556
2. Time deposits	114,030,861	112,126,473
3. Loans	68,085,625	51,426,950
3.1 repos	*57,469,972*	*39,075,082*
3.2 other	*10,615,653*	*12,351,868*
4. Liabilities in respect of commitments to repurchase treasury shares	626,415	605,369
5. Other liabilities	10,162,457	12,483,934
Total	**417,640,731**	**398,379,282**

Loans also include liabilities relating to repos executed using proprietary securities issued by Group companies, which were eliminated from assets on consolidation.

The same item do not include the type of securities lending transactions collateralized by securities or not collateralized. See also the section "Other information" of Part B.

Section 3 - Debt securities in issue - Item 30

Debt securities in issue: product breakdown

(€ '000)

TYPE OF SECURITIES/VALUES	BALANCE SHEET VALUE AMOUNTS AS AT 06.30.2012	12.31.2011
A. Listed securities		
1. Bonds	140,144,670	149,131,697
1.1 structured	*4,196,527*	*6,112,801*
1.2 other	*135,948,143*	*143,018,896*
2. Other securities	22,641,884	13,858,557
2.1 structured	*828,749*	*838,685*
2.2 other	*21,813,135*	*13,019,872*
Total	**162,786,554**	**162,990,254**

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies – A.3 Information on fair value.

The sum of the sub-items 1.1 "Structured bonds" and 2.1 "Other structured securities" was equal to €5,025 million and accounted for 3% of total debt securities. They mainly refer to equity-linked and interest-rate linked instruments.
UniCredit S.p.A. is nearly the sole contributor to such instruments.

The fair value of derivatives embedded in structured securities, presented in Line 20 of Assets and Line 40 of Liabilities and included in Trading derivatives – Others, amounted to a net balance of negative €147 million.

Section 4 - Financial liabilities held for trading - Item 40

Financial liabilities held for trading: product breakdown

(€ '000)

TYPE OF OPERATIONS / GROUP COMPONENTS	AMOUNTS AS AT 06.30.2012 FAIR VALUE LEVEL 1	LEVEL 2	LEVEL 3	AMOUNTS AS AT 12.31.2011 FAIR VALUE LEVEL 1	LEVEL 2	LEVEL 3
A. Financial liabilities						
1. Deposits from banks	636,405	242,001	11,540	863,055	106,847	12,341
2. Deposits from customers	4,169,774	6,235,360	29,900	4,064,959	4,916,144	2,222
3. Debt securities	26,633	8,366,389	312,659	2,038	8,395,672	993,216
3.1 Bonds	26,074	6,704,031	303,269	-	6,504,711	749,229
3.1.1 Structured	-	*5,839,279*	*167,166*	-	*5,348,612*	*611,242*
3.1.2 Other	*26,074*	*864,752*	*136,103*	-	*1,156,099*	*137,987*
3.2 Other securities	559	1,662,358	9,390	2,038	1,890,961	243,987
3.2.1 Structured	*559*	*1,662,358*	*9,390*	*2,038*	*1,890,961*	*243,987*
3.2.2 Other	-	-	-	-	-	-
Total A	**4,832,812**	**14,843,750**	**354,099**	**4,930,052**	**13,418,663**	**1,007,779**
B. Derivatives instruments						
1. Financial derivatives	3,303,875	95,500,643	830,512	3,269,278	94,063,167	1,223,366
1.1 Trading	3,302,247	93,579,642	738,979	3,268,887	92,309,876	1,029,873
1.2 Related to fair value option	-	495,096	-	-	460,338	-
1.3 Other	1,628	1,425,905	91,533	391	1,292,953	193,493
2. Credit derivatives	512,240	1,968,046	621,214	639,936	2,655,070	2,078,454
2.1 Trading derivatives	512,240	1,953,064	621,014	639,936	2,637,182	2,027,527
2.2 Related to fair value option	-	-	-	-	-	-
2.3 Other	-	14,982	200	-	17,888	50,927
Total B	**3,816,115**	**97,468,689**	**1,451,726**	**3,909,214**	**96,718,237**	**3,301,820**
Total A+B	**8,648,927**	**112,312,439**	**1,805,825**	**8,839,266**	**110,136,900**	**4,309,599**
Total Level 1, Level 2 and Level 3			122,767,191			123,285,765

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies - A.3 Information on fair value.

Part B - Consolidated Balance Sheet - Liabilities (Continued)

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

Financial liabilities at fair value through profit or loss: product breakdown

(€ '000)

	AMOUNTS AS ATL 06.30.2012			AMOUNTS AS AT 12.31.2011		
	FAIR VALUE			FAIR VALUE		
TYPE OF TRANSACTIONS/GROUP COMPONENTS	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Deposits from banks	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured	-	-	-	-	-	-
1.2 Other	-	-	-	-	-	-
2. Deposits from customers	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-
3. Debt securities	**-**	**786,756**	**-**	**-**	**785,966**	**-**
3.1 Structured	-	786,756	-	-	785,966	-
3.2 Other	-	-	-	-	-	-
Total	**-**	**786,756**	**-**	**-**	**785,966**	**-**
Total Level 1, Level 2 and Level 3			**786,756**			**785,966**

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies - A.3 Information on fair value.

Section 12 - Provisions for risks and charges - Item 120

As at June 30, 2012 **Provision for risks and charges** amounted to €8,241 million, a decrease over end 2011 (€8,496 million).
The sub-item 2. "Other provisions for risks and charges", which amounted to €3,721 million as at June 30, 2012, consists of:

- legal disputes: provisions for legal disputes, cases in which the Group is a defendant, and post-insolvency clawback petitions. (See Part E - Section 4 "Operational Risk" - item B - "Legal risk" for further information concerning legal disputes);
- staff expenses: sundry HR costs;
- other: provisions for risks and charges not attributable to the above items. See the table 12.4 below for details.

12.1 Provisions for risk and charges: breakdown

(€ '000)

	AMOUNTS AS AT	
ITEM/COMPONENTS	06.30.2012	12.31.2011
1. Pensions and other post retirement benefit obligations	**4,520,050**	**4,509,105**
2. Other provisions for risk and charges	**3,720,533**	**3,987,064**
2.1 Legal disputes	1,380,073	1,496,203
2.2 Staff expenses	225,727	243,832
2.3 Other	2,114,733	2,247,029
Total	**8,240,583**	**8,496,169**

12.4 Provisions for risks and charges - other provisions

(€ '000)

	AMOUNTS AS AT	
	06.30.2012	12.31.2011
2.3 Other provisions for risks and charges - other		
- Real estate risks and costs	259,623	287,357
- Restructuring costs	151,437	185,120
- Out-of-court settlements and legal costs	37,303	41,724
- Allowances payable to agents	129,420	126,213
- Disputes regarding financial instruments and derivatives	347,603	354,117
- Tax Disputes	188,583	186,604
- Costs for liabilities arising from equity investment disposals	42,368	49,563
- Other	958,396	1,016,331
Total	**2,114,733**	**2,247,029**

As at June 30, 2012 the residual sub-item "Other" includes €309 million charges deriving from contract obligations (€413 million as at December 31, 2011).

Section 15 - Group Shareholders' Equity- Items 140, 170, 180, 190, 200 and 220

At June 30, 2012 **Group Shareholders' Equity,** including profit for the period of €1,083 million, amounted to €61,031 million, against €51,479 million at end 2011.
The following table shows the breakdown of Group Equity and the changes over the previous year.

Group capital: breakdown

(€ '000)

	AMOUNTS AS AT		CHANGES	
	06.30.2012	12.31.2011	AMOUNT	%
1. Share capital	19,647,949	12,148,463	7,499,486	61.7%
2. Share premium reserve	32,877,938	36,823,215	(3,945,277)	-10.7%
3. Reserves	9,978,073	15,564,529	(5,586,456)	-35.9%
4. Treasury shares	(7,872)	(7,337)	(535)	-7.3%
a. Parent Company	(2,440)	(2,440)	-	
b. Subsidiaries	(5,432)	(4,897)	(535)	
5. Revaluation reserve	(2,548,085)	(3,843,089)	1,295,004	33.7%
6. Equity instruments	-	-	-	-
7. Net profit (loss)	1,082,905	(9,206,448)	10,289,353	n.s.
Total	**61,030,908**	**51,479,333**	**9,551,575**	**18.6%**

The €9,552 million increase in Group Equity is the result of:
- An increase in share capital as resolved by the extraordinary Shareholders' meeting on December 15, 2011 — €7,499 million
- A decrease in share premium reserve for coverage of the previous year loss, as resolved by the Shareholders' meeting on May 11, 2012 — (€3,945) million
- A decrease in reserves, including the change in Treasury shares due to:
  - the allocation of the reserve for coverage of the previous year loss — (€5,263) million
  - the allocation of the reserve for capitalized costs, net of the sale of unexercised rights, following the capital increase resolved by the extraordinary Shareholders' meeting on December 15, 2011 — (€145) million
  - the decrease of the reserve for disbursement related to Cashes transaction ("canoni di usufrutto") — (€46) million
  - the decrease of the reserve for the change in accounting policies followed by the Group to account for the fair value adjustments of Loans ex Capitalia that has been recognized in the context of the Business Combination — (€182) million
  - the increase of the reserve for costs related to Share Based Payment — €30 million
  - other changes — €19 million
- A change in the revaluation reserve due to:
  - an increase in exchange-rate differences — €434 million
  - an increase in available-for-sale financial assets — €660 million
  - an increase in cash-flow hedge and in disposal groups classified as held for sale — €37 million
  - an increase in the reserve for the valuation of equity investments valued at equity method — €164 million
- Result of the period higher than in 2011 — €10,289 million

In the first half of 2012 the Share Capital - which as at December 31, 2011 was represented by 1,927,425,171 ordinary shares and 2,423,898 savings shares, each with no par value - was subject to the changes described in detail in the chapter "Capital Strengthening" of the "Report on Operations".

More specifically, the Share Capital increased from €12,148,463 thousand at the end of 2011 to €19,647,949 thousand at the end of June 2012, with an increase of €7,499,209 thousand and a free increase of €277 thousand, the latter carried out through a transfer from the Reserve for the Group medium-term incentive plans.

The above-mentioned increases resulted in the issue of 3,859,602,938 and 84,023 ordinary shares respectively, for a total amount of 3,859,686,961 ordinary shares.

Following the aforementioned increases, the Share Capital is represented by 5,787,112,132 ordinary shares and 2,423,898 savings shares.

At the end of June 2012, the number of Treasury Shares outstanding was equal to 47,600 ordinary shares, unchanged over the end of 2011 since no transactions were conducted during the period under review.

Part B - Consolidated Balance Sheet - Liabilities (Continued)

15.4 Reserves from allocation of profit from previous year: other information

(€ '000)

	AMOUNTS AS AT	
	06.30.2012	12.31.2011
Legal Reserve	1,517,514	1,517,514
Statutory Reserve	-	1,195,845
Other Reserves	8,460,559	12,851,170
Total	**9,978,073**	**15,564,529**

15.5 Other Information

Revaluation reserve: breakdown

(€ '000)

	AMOUNTS AS AT	
ITEM/TYPES	06.30.2012	12.31.2011
1. Available-for-sale financial assets	(1,817,556)	(2,477,390)
2. Property, plant and equipment	-	-
3. Intangible assets	-	-
4. Hedges of foreign investments	-	-
5. Cash-flow hedges	783,116	746,615
6. Exchange differences	(1,788,261)	(2,222,377)
7. Non-current assets classified as held for sale	-	(1,009)
8. Special revaluation laws	277,020	277,020
9. Revaluation reserves of investments valued at net equity	(2,404)	(165,948)
Total	**(2,548,085)**	**(3,843,089)**

Exchange differences basically represent the share arising out of the consolidation of foreign companies whose financial statements are denominated in a currency other than the euro.

Other information

2. Assets used to guarantee own liabilities and commitments

(€ '000)

PORTFOLIOS	AMOUNTS AS AT 06.30.2012	AMOUNTS AS AT 12.31.2011
1. Financial assets held for trading	22,101,889	18,302,986
2. Financial assets designated at fair value	16,231,349	15,999,733
3. Financial assets available for sale	48,777,177	39,689,297
4. Financial assets held to maturity	5,963,727	5,665,934
5. Loans and receivables with banks	3,647,034	1,152,279
6. Loans and receivables with customers	51,098,298	48,964,481
7. Property, plant and equipment	1,923	59,950

2011 figures of item 3. Available-for-sale financial assets, 5. Loans and receivables with banks and 6. Loans and receivables with customers were restated in order to include some more assets used to guarantee own liabilities, following some in-depth analyses connected with a specific report on this issue produced by the European Systemic Risk Board.

As at June 30, 2012 deposits from banks include €26,304 million related to Central Banks' refinancing operations collateralized by securities nominal worth €48,397 million. Of these, the securities not recognized on balance-sheet - since they represent repurchased or retained Group's financial liabilities - amount to nominal €39,603 million.

Assets used to guarantee own liabilities and commitments do not include credits transferred as part of securitization transactions not derecognized.

Securities borrowing transactions collateralized by securities or not collateralized

(€ '000)

	AMOUNTS AS AT 06.30.2012			
	AMOUNTS OF THE SECURITIES BORROWED / TRANSACTION PURPOSE			
LENDER BREAKDOWN	GIVEN AS COLLATERAL IN OWN FUNDING TRANSACTIONS	SOLD	SOLD IN REPO TRANSACTIONS	OTHER PURPOSES
A. Banks	2,544,126	1,009,244	12,664,216	1,535,157
B. Financials companies	-	176,134	1,440,222	271,693
C. Insurance companies	-	-	321,670	37,723
D. Non Financial companies	-	47,752	362,848	83,228
E. Others	259,844	890	2,299,270	1,300
Total	**2,803,970**	**1,234,020**	**17,088,226**	**1,929,101**

Part C - Consolidated Income Statement

Part C - Consolidated Income Statement

Section 1 - Interest income and expense - Items 10 and 20

1.1 Interest income and similar revenues: breakdown

(€ '000)

ITEMS/TYPE	AS AT 06.30.2012 DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	AS AT 06.30.2011 TOTAL
1. Financial assets held for trading	264,041	28,337	47,898	340,276	481,137
2. Financial assets at fair value through profit or loss	296,144	31,475	-	327,619	203,235
3. Available-for-sale financial assets	1,128,206	611	-	1,128,817	1,057,668
4. Held-to-maturity investments	200,215	-	-	200,215	192,721
5. Loans and receivables with banks	82,125	338,880	-	421,005	483,130
6. Loans and receivables with customers	271,615	11,093,580	-	11,365,195	11,005,939
7. Hedging derivatives	X	X	781,407	781,407	811,633
8. Other assets	X	X	122,423	122,423	105,683
Total	**2,242,346**	**11,492,883**	**951,728**	**14,686,957**	**14,341,146**

The columns "Debt Securities" and "loans" include interest income from impaired positions, other than income recognised under "write-backs", amounting to €14,036 thousand and €679,310 thousand respectively.

H1 2011 comparatives differ from those published in 2011 half year report due to the reclassification, performed by three Group Legal entity in first half 2012, of time value interest component of impaired loans from item 10. Interest income and similar revenue to item 130. Impairment losses on loans.

1.4 Interest expense and similar charges: breakdown

(€ '000)

ITEMS/TYPE	AS AT 06.30.2012 DEBTS	SECURITIES	OTHER TRANSACTIONS	TOTAL	AS AT 06.30.2011 TOTAL
1. Deposits from Central banks	(177,844)	X	-	(177,844)	(47,663)
2. Deposits from banks	(605,517)	X	-	(605,517)	(702,223)
3. Deposits from customers	(2,911,164)	X	-	(2,911,164)	(2,227,539)
4. Debt securities in issue	X	(3,141,825)	-	(3,141,825)	(2,965,942)
5. Financial liabilities held for trading	(17,124)	(118,770)	(240,430)	(376,324)	(339,417)
6. Financial liabilities at fair value through profit or loss	-	(5,451)	-	(5,451)	(9,694)
7. Other liabilities and funds	X	X	(197,442)	(197,442)	(189,928)
8. Hedging derivatives	X	X	-	-	-
Total	**(3,711,649)**	**(3,266,046)**	**(437,872)**	**(7,415,567)**	**(6,482,406)**

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

2.1 Fee and commission income: breakdown

(€ '000)

TYPE OF SERVICES/VALUES	AS AT 06.30.2012	AS AT 06.30.2011
a) guarantees given	**317,103**	**304,966**
b) credit derivatives	**74**	**3,213**
c) management, brokerage and consultancy services:	**1,854,205**	**2,180,477**
1. securities trading	166,720	209,347
2. currency trading	110,312	110,363
3. portfolio management	733,656	839,900
3.1. individual	*105,603*	*135,314*
3.2. collective	*628,053*	*704,586*
4. custody and administration of securities	80,754	106,525
5. custodian bank	20,326	29,730
6. placement of securities	221,778	293,293
7. reception and transmission of orders	69,236	68,259
8. advisory services	39,513	51,045
8.1 related to investments	*15,181*	*26,875*
8.2 related to financial structure	*24,332*	*24,170*
9. distribution of third party services	411,910	472,015
9.1 portfolio management	103,568	110,737
9.1.1. individual	*1,361*	*3,981*
9.1.2. collective	*102,207*	*106,756*
9.2. insurance products	278,973	331,625
9.3. other products	29,369	29,653
d) collection and payment services	**943,059**	**895,845**
e) securitization servicing	**36,006**	**35,285**
f) factoring	**47,454**	**41,095**
g) tax collection services	**-**	**-**
h) management of multilateral trading facilities	**-**	**-**
i) management of current accounts	**946,434**	**805,622**
j) other services	**608,818**	**766,491**
Total	**4,753,153**	**5,032,994**

In 2012 the margins incorporated in the sale price of some trading products, traded by some Group entities, are recorded under item 80. Gains and losses on financial assets and liabilities held for trading. They were previously classified under item 40. Fee and commission income and item 50. Fee and commission expense. Data as at June 30, 2011 have been restated to increase comparability.

Item "j) other services" mainly comprises:
- fees on loans granted: €365 million in 2012, €471 million in 2011 (-23%);
- fees for foreign transactions and services of €44 million in 2012, €52 million in 2011 (-15%);
- fees for various services provided to customers (e.g. treasury, merchant banking, etc.) of €65 million in 2012, €81 million in 2011 (-20%);
- fees for ATM and credit card services not included in collection and payment services, amounting to €51 million in 2012, €41 million in 2011 (+24%).

Part C - Consolidated Income Statement (Continued)

2.2 Fee and commission expense: breakdown

(€ '000)

TYPE OF SERVICES/VALUES	AS AT 06.30.2012	AS AT 06.30.2011
a) guarantees received	**(57,751)**	**(79,301)**
b) credit derivatives	**(9,230)**	**(37,440)**
c) management, brokerage and consultancy services:	**(371,371)**	**(393,906)**
1. trading financial instruments	(33,623)	(43,947)
2. currency trading	(7,540)	(8,408)
3. portfolio management	(74,528)	(89,659)
3.1. own portfolio	*(53,726)*	*(65,598)*
3.2. third party portfolio	*(20,802)*	*(24,061)*
4. custody and administration of securities	(85,132)	(90,844)
5. placement of financial instruments	(47,506)	(35,641)
6. off-site distribution of financial instruments, products and services	(123,042)	(125,407)
d) collection and payment services	**(262,641)**	**(244,575)**
e) other services	**(108,447)**	**(117,343)**
Total	**(809,440)**	**(872,565)**

In 2012 the margins incorporated in the sale price of some trading products, traded by some Group entities, are recorded under item 80. Gains and losses on financial assets and liabilities held for trading. They were previously classified under item 40. Fee and commission income and item 50. Fee and commission expense. Data as at June 30, 2011 have been restated to increase comparability.

Section 3 - Dividend income and similar revenue - Item 70

3.1 Dividend income and similar revenue: breakdown

(€ '000)

ITEMS/REVENUES	AS AT 06.30.2012		AS AT 06.30.2011	
	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS
A. Financial assets held for trading	16,338	5,558	478,233	11,119
B. Available for sale financial assets	49,555	48,196	45,706	91,729
C. Financial assets at fair value thought profit or loss	21	558	21	198
D. Investments	5,890	X	4,396	X
Total	**71,804**	**54,312**	**528,356**	**103,046**
Total Dividends and Income from units in investment funds		**126,116**		**631,402**

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

The table below shows a breakdown of item 80.

Gains and losses on financial assets and liabilities held for trading

(€ million)

TRANSACTIONS/P&L ITEMS	AS AT 06.30.2012	AS AT 06.30.2011	CHANGE
Financial assets held for trading	524	(720)	1,244
Financial liabilities held for trading	(276)	(8)	- 268
Financial assets and liabilities in currency: exchange differences	(38)	635	- 673
Financial and credit derivatives	632	573	59
Total	**842**	**480**	**362**

In 2012 the margins incorporated in the sale price of some trading products, traded by some Group entities, are recorded under item 80. Gains and losses on financial assets and liabilities held for trading (they were previously classified under Fee and commission income and expense). Data as at June 30, 2011 have been restated to increase comparability.

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

(€ '000)

TRANSACTIONS/P&L ITEMS	AS AT 06.30.2012 UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets held for trading	**718,278**	**1,456,321**	**(529,736)**	**(1,120,392)**	**524,471**
1.1 Debt securities	335,774	585,438	(313,264)	(283,420)	324,528
1.2 Equity instruments	340,012	574,623	(177,784)	(577,994)	158,857
1.3 Units in investment funds	31,634	49,396	(22,464)	(25,762)	32,804
1.4 Loans	3,782	7,025	(3,387)	(2,048)	5,372
1.5 Other	7,076	239,839	(12,837)	(231,168)	2,910
2. Financial liabilities held for trading	**783,426**	**596,567**	**(1,063,289)**	**(593,069)**	**(276,365)**
2.1 Debt securities	619,377	455,300	(898,922)	(307,368)	(131,613)
2.2 Deposits	-	-	-	-	-
2.3 Other	164,049	141,267	(164,367)	(285,701)	(144,752)
3. Other financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**(38,414)**
4. Derivatives	**97,972,595**	**61,159,079**	**(98,012,087)**	**(60,535,373)**	**632,711**
4.1 Financial derivatives:	97,518,892	57,550,788	(97,753,251)	(56,746,580)	618,346
- on debt securities and interest rates	*97,311,600*	*56,260,584*	*(97,110,021)*	*(56,065,541)*	*396,622*
- on equity securities and share indices	*148,944*	*1,203,648*	*(617,627)*	*(615,142)*	*119,823*
- on currency and gold	*X*	*X*	*X*	*X*	*48,497*
- other	*58,348*	*86,556*	*(25,603)*	*(65,897)*	*53,404*
4.2 Credit derivatives	453,703	3,608,291	(258,836)	(3,788,793)	14,365
Total	**99,474,299**	**63,211,967**	**(99,605,112)**	**(62,248,834)**	**842,403**

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

5.1 Fair value adjustments in hedge accounting: breakdown

(€ '000)

P&L COMPONENT/VALUES	AS AT 06.30.2012	AS AT 06.30.2011
A. Gains on:		
A.1 Fair value hedging instruments	8,795,592	3,512,679
A.2 Hedged asset items (in fair value hedge relationship)	1,875,044	168,134
A.3 Hedged liability items (in fair value hedge relationship)	1,582	1,189,038
A.4 Cash-flow hedging derivatives	5,882	5,661
A.5 Assets and liabilities denominated in currency	2,496	390
Total gains on hedging activities	**10,680,596**	**4,875,902**
B. Losses on:		
B.1 Fair value hedging instruments	(7,936,698)	(4,303,869)
B.2 Hedged asset items (in fair value hedge relationship)	(1,181,583)	(318,206)
B.3 Hedged liability items (in fair value hedge relationship)	(1,608,639)	(188,243)
B.4 Cash-flow hedging derivatives	(4,489)	(2,799)
B.5 Assets and liabilities denominated in currency	(2,205)	(2,606)
Total losses on hedging activities	**(10,733,614)**	**(4,815,723)**
C. Net hedging result	**(53,018)**	**60,179**

Part C - Consolidated Income Statement (Continued)

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

6.1 Gains and losses on disposals/repurchases: breakdown

(€ '000)

ITEMS/P&L ITEMS	AS AT 06.30.2012 GAINS	AS AT 06.30.2012 LOSSES	AS AT 06.30.2012 NET PROFIT	AS AT 06.30.2011 GAINS	AS AT 06.30.2011 LOSSES	AS AT 06.30.2011 NET PROFIT
Financial assets						
1. Loans and receivables with banks	**10,643**	**(1,495)**	**9,148**	**2,551**	**(3,114)**	**(563)**
2. Loans and receivables with customers	**50,122**	**(60,595)**	**(10,473)**	**19,880**	**(25,636)**	**(5,756)**
3. Available-for-sale financial assets	**254,085**	**(63,362)**	**190,723**	**264,530**	**(86,204)**	**178,326**
3.1 Debt securities	122,144	(54,487)	67,657	92,272	(75,842)	16,430
3.2 Equity instruments	125,245	(541)	124,704	165,452	(10,338)	155,114
3.3 Units in investment funds	6,696	(3,194)	3,502	6,806	(23)	6,783
3.4 Loans	-	(5,140)	(5,140)	-	(1)	(1)
4. Held-to-maturity investments	**4,962**	**(10,269)**	**(5,307)**	**697**	**(4,255)**	**(3,558)**
Total assets	**319,812**	**(135,721)**	**184,091**	**287,658**	**(119,209)**	**168,449**
Financial liabilities						
1. Deposits with banks	**52,408**	**(2,571)**	**49,837**	**28**	**(2)**	**26**
2. Deposits with customers	**-**	**(6,679)**	**(6,679)**	**(340)**	**-**	**(340)**
3. Debt securities in issue	**851,042**	**(7,807)**	**843,235**	**30,418**	**(20,857)**	**9,561**
Total liabilities	**903,450**	**(17,057)**	**886,393**	**30,106**	**(20,859)**	**9,247**
Total financial assets and liabilities			**1,070,484**			**177,696**

Gains on repurchases of financial liabilities (amounting to €886 million) are attributable to the Tender Offer launched in the first quarter of 2012 with respect to some own selected subordinated instruments as to €697 million, to repurchases of own securities carried out on the secondary market as to €139 million, and to the extinction of other financial liabilities as to €50 million.

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

Gains and losses on financial assets/liabilities at fair value comprise net gains arising from the valuation of financial assets and liabilities recognized in the accounts, as well as credit and financial derivatives economically associated with them and already recognized under Financial assets/liabilities held for trading (Sub-Items: "1. Financial derivatives - 1.1 Associated with the fair value option" e "2. Credit derivatives - 2.1 Associated with the fair value option").

This table summarizes the net result of assets and liabilities valued at fair value for H1 2012 and H1 2011, as well as the related changes.

Gains and losses in financial assets and liabilities at fair value through profit or loss: breakdown

(€ million)

TRANSACTIONS/P&L ITEMS	AS AT 06.30.2012	AS AT 06.30.2011	CHANGE
Financial assets	27	(265)	292
Financial liabilities	(37)	2	- 39
Financial assets and liabilities in currency: exchange differences	-	-	-
Financial and credit derivatives	(48)	318	- 366
Total	**(58)**	**55**	**- 113**

7.1 Net change in financial assets and liabilities at fair value through profit or loss: breakdown

(€ '000)

TRANSACTIONS/P&L ITEMS	AS AT 06.30.2012 UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets	**180,525**	**161,632**	**(242,872)**	**(72,132)**	**27,153**
1.1 Debt securities	142,521	67,943	(142,566)	(60,555)	7,343
1.2 Equity securities	-	-	(105)	-	(105)
1.3 Units in investment funds	6,540	2,169	(4,208)	(30)	4,471
1.4 Loans	31,464	91,520	(95,993)	(11,547)	15,444
2. Financial liabilities	**1,314**	**8,608**	**(45,992)**	**(1,050)**	**(37,120)**
2.1 Debt securities	1,314	8,608	(45,992)	(1,050)	(37,120)
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. Credit and financial derivatives	**54,244**	**7**	**(85,098)**	**(17,487)**	**(48,334)**
Total	**236,083**	**170,247**	**(373,962)**	**(90,669)**	**(58,301)**

Section 8 - Impairment losses - Item 130

8.1 Impairment losses on loans and receivables: breakdown

(€ '000)

	AS AT 06.30.2012								AS AT 06.30.2011
	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC			SPECIFIC		PORTFOLIO			
TRANSACTIONS/P&L ITEMS	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	TOTAL
A. Loans and receivables with banks	**(2)**	**(5,090)**	**(4,648)**	**-**	**6,789**	**-**	**3,480**	**529**	**94,942**
- Loans	(2)	(5,090)	(3,676)	-	6,789	-	3,480	1,501	102,511
- Debt securities	-	-	(972)	-	-	-	-	(972)	(7,569)
B. Loans and receivables with customers	**(591,950)**	**(4,646,161)**	**(568,098)**	**299,264**	**1,658,744**	**-**	**605,557**	**(3,242,644)**	**(2,691,430)**
- Loans	(591,950)	(4,637,707)	(560,236)	299,264	1,651,553	-	604,889	(3,234,187)	(2,685,271)
- Debt securities	-	(8,454)	(7,862)	-	7,191	-	668	(8,457)	(6,159)
C. Total	**(591,952)**	**(4,651,251)**	**(572,746)**	**299,264**	**1,665,533**	**-**	**609,037**	**(3,242,115)**	**(2,596,488)**

H1 2011 comparatives differ from those published in 2011 half year report due to the reclassification, performed by three Group Legal entity in first half 2012, of time value interest component of impaired loans from item 10. Interest income and similar revenue to item 130. Impairment losses on loans.

Section 11 - Administrative costs - Item 180

11.1 Payroll: breakdown

(€ '000)

TYPE OF EXPENSES/SECTORS	AS AT 06.30.2012	AS AT 06.30.2011
1) Employees	**(4,538,599)**	**(4,613,708)**
a) wages and salaries	(3,159,951)	(3,216,665)
b) social charges	(716,239)	(703,189)
c) severance pay	(83,536)	(88,084)
d) social security costs	-	(36,999)
e) allocation to employee severance pay provision	(26,690)	(29,637)
f) provision for retirements and similar provisions:	(174,008)	(170,824)
- defined contribution	*(2,423)*	*(3,951)*
- defined benefit	*(171,585)*	*(166,873)*
g) payments to external pension funds:	(125,940)	(104,278)
- defined contribution	*(123,095)*	*(102,524)*
- defined benefit	*(2,845)*	*(1,754)*
h) costs related to share-based payments	(33,979)	(44,023)
i) other employee benefits	(229,279)	(224,247)
l) recovery payments seconded employees	11,023	4,238
2) Other staff	**(42,467)**	**(58,712)**
3) Directors and Statutory Auditors	**(6,888)**	**(8,734)**
4) Early retirement costs	**-**	**-**
Total	**(4,587,954)**	**(4,681,154)**

See Part I for details of sub-item h) costs related to share-based payments.

Part C - Consolidated Income Statement (Continued)

11.5 Other administrative expenses: breakdown

(€ '000)

TYPE OF EXPENSES/SECTORS	AS AT 06.30.2012	AS AT 06.30.2011
1) Indirect taxes and duties	**(303,787)**	**(288,055)**
1a. Settled	(302,945)	(286,157)
1b. Unsettled	(842)	(1,898)
2) Miscellaneous costs and expenses	**(2,424,695)**	**(2,474,197)**
a) advertising marketing and comunication	**(196,582)**	**(219,489)**
b) expenses related to credit risk	**(143,853)**	**(113,887)**
c) expenses related to personnel	**(139,364)**	**(160,520)**
d) Information & Communication Technology expenses	**(565,889)**	**(568,766)**
Lease of ICT equipment and software	(121,076)	(107,749)
Software expenses: lease and maintenance	(173,143)	(165,670)
ICT communication systems	(81,893)	(86,056)
ICT services: external personnel/outsourced services	(112,518)	(135,928)
Financial information providers	(77,259)	(73,363)
e) consulting and professionals services	**(219,741)**	**(242,749)**
Consulting	(153,808)	(161,312)
Legal expenses	(65,933)	(81,437)
f) real estate expenses	**(632,424)**	**(631,483)**
Premises rentals	(383,426)	(384,899)
Utilities	(109,667)	(106,780)
Other real estate expenses	(139,331)	(139,804)
g) operative costs	**(526,842)**	**(537,303)**
Surveillance and security services	(36,345)	(36,921)
Money counting services and transport	(44,870)	(47,725)
Insurance	(41,983)	(46,067)
Postage and transport of documents	(80,869)	(84,816)
Printing and stationery	(40,532)	(42,876)
Administrative and logistic services	(121,403)	(110,990)
Association dues and fees	(118,842)	(115,402)
Other administrative expences - Other	(41,998)	(52,506)
Total (1+2)	**(2,728,482)**	**(2,762,252)**

Expenses related to personnel include the expenses that, in compliance with IAS 19, do not represent remuneration of the working activity of an employee.

Starting from the First Half Financial Report as at June 30, 2012 the method of disclosure of the breakdown of "other administrative expenses" was reviewed.
The comparable period, too, was restated accordingly.

Section 12 - Net provisions for risks and charges - Item 190

Provisions for risks and charges are due to expected charges deriving from post-insolvency clawback petitions, claims for damages, litigation and disputes of other nature. This item is updated according to litigation undergoing and its expected outcome.

12.1 Net provisions for risks and charges: breakdown

(€ '000)

ASSETS/P&L ITEMS	AS AT 06.30.2012			AS AT 06.30.2011
	PROVISIONS	REALLOCATION SURPLUS	TOTAL	TOTAL
1. Other provisions				
1.1 legal disputes	(206,740)	85,585	(121,155)	(129,701)
1.2 staff costs	(6)	3	(3)	(1)
1.3 other	(96,723)	134,140	37,417	(275,040)
Total	**(303,469)**	**219,728**	**(83,741)**	**(404,742)**

As at June 30, 2011 Net provisions for risks and charges included, among others, €181 million charges arising out of contractual obligations, of which €103 million attributable to a single project in Germany.

Section 15 - Other net operating income - Item 220

Other net operating income is a residual item comprising sundry gains and expenses not attributable to other income statement items.

Other operating net income: breakdown

(€ '000)

P&L ITEMS/VALUE	AS AT 06.30.2012	AS AT 06.30.2011
Total other operating expense	(345,994)	(312,415)
Total other operating revenues	690,446	664,605
Other operating net income	**344,452**	**352,190**

15.1 Other operating expense: breakdown

(€ '000)

TYPE OF EXPENSE/VALUE	AS AT 06.30.2012	AS AT 06.30.2011
Costs for operating leases	(133)	(100)
Non-deductible tax and other fiscal charges	(2,214)	(2,035)
Writedowns on improvements of goods third parties	(32,838)	(30,319)
Costs related to the specific service of financial leasing	(73,773)	(62,749)
Other	(237,036)	(217,212)
Total other operating expense	**(345,994)**	**(312,415)**

The sub-item *Other* includes mainly:
- various settlements and indemnities of €40 million (€47 million in 2011);
- additional costs for the leasing business of €22 million (€25 million in 2011);
- non-banking business costs €11 million (€9 million in 2011);
- charges relating to Group property of €9 million (€5 million in 2011);
- various payments relating to prior years of €9 million (€14 million in 2011);
- additional costs relating to customer accounts of €8 million (€8 million in 2011);
- new bank levy of €66 million (€51 million in 2011).

15.2 Other operating revenues: breakdown

(€ '000)

TYPE OF REVENUE/VALUES	AS AT 06.30.2012	AS AT 06.30.2011
A) Recovery of costs	**244,563**	**217,082**
B) Other Revenues	**445,883**	**447,523**
Revenue from administrative services	33,049	38,989
Revenues on rentals Real Estate investments (net of operating direct costs)	64,418	70,688
Revenues from operating leases	75,898	72,168
Recovery of miscellaneous costs paid in previous years	9,544	12,424
Revenues on Financial Leases activities	78,906	81,519
Others	184,068	171,735
Total operating revenues (A+B)	**690,446**	**664,605**

The sub-item *Other* includes mainly:
- additional income received from leasing business of €29 million (€34 million in 2011);
- income from non-banking business of €36 million (€31 million in 2011);
- various income from Group property of €8 million (€9 million in 2011);
- payments of indemnities and compensation of €27 million (€25 million in 2011);
- additional income relating to customer accounts of €17 million.

Part C - Consolidated Income Statement (Continued)

Section 24 - Earnings per share

24.1 e 24.2 Average number of diluted shares and other information

	FIRST HALF 2012	FIRST HALF 2011
Net profit for the period attributable to the Group (thousands of euros)	1,037,110	1,238,442
Average number of outstanding shares	5,056,186,008	1,833,004,897
Average number of potential dilutive shares	3,291,258	29,018
Average number of diluted shares	5,059,477,267	1,833,033,915
Earnings per share (€)	**0.21**	**0.67**
Diluted earnings per share (€)	**0.20**	**0.67**

€45,795 thousand has been deducted from first half net profit of € 1,082,905 thousand due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the 'cashes' transaction (€82,254 thousand was deducted as at June 30, 2011).

Net of the average number of treasury shares and of further 96,756,406 shares held under a contract of usufruct. The number of shares were adjusted following the reverse share split operation executed on December 27, 2011. The average number of shares must be adequate retrospectively for all periods presented (IAS 33, § 64).

Part E - Information on risks and related risk management policies

Note:
As required by regulations (Banca d'Italia Circular letter no. 263 issued on December 27, 2006, Title 4 and subsequent updates), the disclosure (Pillar 3 of Basel 2) is published on UniCredit group's website (www.unicreditgroup.eu).

Part E - Information on risks and related risk management policies

Part E - Risks and related risk management policies only refers to the banking group.

Since insurance companies and other companies don't represent a significant business - if compared to banking group - there is no specific section of this document on their risks and related risk management policies.

Risk Management in UniCredit group

UniCredit group monitors and manages its risks through rigorous methodologies and procedures proving to be effective through all phases of the economic cycle.

The control and steering of the Group's risks are exerted by the Parent Company's Risk Management function which pursues its own steering, coordination and control role in particular through the "Portfolio Risk Managers" which are responsible for the relevant risks, from a Group and cross-divisional perspective. Furthermore the model considers a specific point of reference for Italy through the "CRO Italy" function, to which has been assigned the responsibilities related to credit, operational and reputational risks of the Italian perimeter, as well as the managerial coordination of Risk Management functions in the Italian Legal Entities, have been assigned.
In particular, the Risk Management function is responsible for the following tasks:

- optimizing Group's asset quality, minimizing the cost of risks, consistent with the risk / return targets assigned to each Business Area;
- defining, together with the Planning, Finance & Administration function, the Group's risk appetite and evaluating capital adequacy, within the Internal Capital Adequacy Process (ICAAP), consistently with Basel II, Pillar II requirements;
- defining - in compliance with Basel II standards and Bank of Italy requirements - the Group rules, methodologies, guidelines, policies and strategies for risk management, and, in cooperation with the Organisation department, the relevant processes and their implementation;
- setting up a credit and concentration risk control system both of single counterpart/economic groups and significant clusters (e.g. as industrial areas/economic sectors), monitoring and reporting the limits defined beforehand;
- defining and providing to the Business Areas and to the Legal Entities the valuation, managerial, monitoring and reporting criteria of the risks and ensuring the consistency of systems and control procedures both at Group and Legal Entity level;
- supporting the Business Areas to achieve their targets, contributing to product and business development (e.g. innovation of credit products, competitive opportunities linked to Basel accords, etc.);
- verifying, by means of the initial and on-going validation process, the adequacy of the risk measurement systems adopted throughout the Group, steering the methodological choices towards higher and homogeneous qualitative standards and controlling the coherence in using the above systems within the processes;
- setting up an adequate system of preventive risk analysis, in order to quantify the impacts of a quick worsening of the economic cycle or of other shock factors (i.e. Stress Test) on the Group's economic and financial structure. This holds for single risk types as well as their integration and comparison to available capital;
- creating a risk culture across the whole Group.

Consistently with the Risk Management function architecture, and in order to strengthen the capacity of independent steering, coordination and control of Group risks, improving the efficiency and the flexibility on the risk decision process and addressing the interaction between the relevant risk stakeholders, three distinct levels of Risk Committees are in place:

- the "Group Risk Committee" responsible for the Group strategic risk decisions;
- the "Group Portfolio Risks Committees", tasked with addressing, controlling and managing the different portfolio risks;
- the "Group Transactional Committees" in charge of evaluating the single counterparties / transactions impacting the overall portfolio risk profile.

Section 1 - Credit Risk

QUALITATIVE INFORMATION

1. General Aspects

With reference to the risks management model, the risk governance has two levels of control: the Group Risk Governance functions and the Risk functions by Country. The Group Risks Governance functions perform a managerial coordination in respect of the relevant Group Legal Entities' functions which perform the control and the management of the risks portfolio at country level.

In the first quarter of 2012, UniCredit Board of Directors approved the "2012 Credit Risk Strategies" in coherence with Risk Appetite and Budget Targets. Credit Risk Strategies monitoring activity has been implemented both at the country and divisional level, with a particular focus on the new business credit flows. In the same quarter, UniCredit Board of Directors approved "2012 Credit Concentration Limits", both at single name and industry level, in compliance with the regulation defined in the Pillar II of the Basel rules.

Credit Concentration Risk is monitored in deep and specific Action Plans for each economic Group breaching such limits have been set with the aim to manage and reduce the overdraft. Forward looking methodologies about risk metrics of the Pillar I (e.g. RWA forward looking) and of the Pillar II (e.g. forward looking economic capital) have been implemented. Furthermore in order to assess the resilience and robustness of the Group, stress tests on the credit portfolio have been performed with the assumptions of a severe worsening of the macro-economic scenario (e.g. assuming the default of the most risky countries in the EURO zone).

In order to continue the implementation of the “country risk-cross border credit business” policy (e.g. inclusion also of cross border transaction in local currency) the Group is working on designing automated procedures of collection of single transaction, identified according to defined characteristics (in local vs. foreign currency).

The Group continues to invest in a strong implementation of Basel II principles in the entire perimeter. With specific reference to credit risk, the Group is currently authorized to use its internal estimates of PD, LGD and EAD parameters for the Group's loan portfolio (Sovereigns, Banks, Multinational Companies and transactions of Global Project Finance) and for local credit portfolios (enterprise and retail exposures) of the main banks of the Group. With regard to the customers of the Group's Italian banks, EAD regulatory parameters are currently in use.

In accordance with the plan of the gradual extension of the IRB approach approved by the Group and reported to the Regulator (Roll-out Plan), since 2008 the IRB approach has been extended and allowed in other Legal Entities according to a progressive plan by portfolios and methodologies (UniCredit Credit Management Bank SpA, UniCredit Bank Luxembourg SA, UniCredit Banka Slovenija dd UniCredit Bulbank AD, UniCredit Bank Czech Republic as, UniCredit Bank Ireland plc, UniCredit Bank Hungary). In 2012 the authorization to IRB Foundation method is expected for UniCredit Tiriac Bank S.A. and UniCredit Bank of Slovakia on some portfolios (specifically Sovereign, Banks and Corporate).
In March 2012, the Group has communicated to Bank of Italy its plan to extend the existing IRB model for Multinational Corporate to the Italian Large Corporate portfolio, effective from September 2012.
Within the scope of the Italian business, with the aim of enhancing credit evaluation of clients operating in Real Estate industry, new rating models dedicated to these specific counterparts have been deployed.

As far as the instruments for measurement and control of economic capital are concerned, within the Group platform for the credit risk, the Group proceeded to implement methodological innovations in the Credit Portfolio Model (CPM) that were already introduced at Holding Company level during the previous year. Besides an innovation in the functionalities of the CPM tool, the CPM Roll Out project unified the Group methodologies on credit portfolio analysis, implementing for the main legal entities tools, methodology and parameterization previously only available at Holding level.
The resulting homogeneity in the portfolio analysis methodology allows a comparison of risk return profiles and as a consequence can be used to steer the strategies of the business areas.

In order to complete the process of credit simplification, in January 2012 underwriting and monitoring structures within Italian perimeter (Credit Operations Italy) have been rationalized through the creation of 7 Territorial Credit Hubs responsible for Corporate, SME Corporate, Individuals and Private segments.
Furthermore the post-underwriting controls have been strengthened through the:
- definition of specific controls on Medium Long term mortgages for Enterprises and Private clients;
- implementation of new functionalities for covenants management;
- increase of controls on files guaranteed by consortiums or counter-guaranteed by Public funds.

The reporting activities about the Italian portfolio have been further fine-tuned in order to make information given to the Top Management, to the internal control bodies and to the territorial structures even more precise and clear.

In order to continue to ensure adequate support to the economy in Italy, the set of credit products to sustain exporting enterprises has been improved (even with agreement with Sace) and initiatives for the support of the areas hit by the earthquake have been launched.

2. Credit Risk Management Policy

2.1 Organization

The credit risk organization in Parent Company breaks down into two levels:
- functions with responsibilities at Group level;
- functions with responsibilities at Country level.

Functions with responsibilities at Group level include:
- the “Group Credit Operational & Reputational Risks” department that, with respect to credit risk, breaks down into the following structures:
  - the “Group Credit Risks” department (Portfolio Credit Risk Manager), responsible - among others - for the following activities:
    - defining strategies and risk limits, executing stress test activities and portfolio analysis
    - drawing up reports needed for monitoring the trend of the Group credit portfolio;

1. UniCredit S.p.A., UniCredit Bank AG, UniCredit Bank Austria AG.

Part E - Information on risks and related risk management policies (CONTINUED)

- controlling the credit risk limit;
- developing the methodologies for measuring credit risk;
- drawing up Group Regulations on credit risk topics, as well as the monitoring of its approval and implementation in the Legal Entities;

- "Group Rating Desk" unit responsible - among others - for the following activities
  - assigning rating to certain types of relevant counterparties (Top Banking and Top Corporate);
  - deciding, within its delegated powers, or submitting to the competent deliberative Bodies the rating override proposals related to Group Wide rating systems and local rating systems;
- "Group Credit Transactions" department that, through the LPAC Risk Analyst, and the "Country Risk Analysis" unit and "Group Credit Transactions Advice" unit, is responsible, among others, for the following activities:
  - delivering expert advice on LPAC transactions (e.g. Project Finance, Acquisition & Leveraged Finance, etc);
  - analyzing and monitoring Country risk;
  - deciding or collecting proposals to be submitted to the competent decision-making functions as regards cross border limits;
  - delivering expert advice on credit proposals intended for "Group Transactional Credit Committee" or for "Group Credit Committee".

- the "Group Trading Risk" department, that, with respect to credit risk, breaks down into the following structures:
  - the "FIBS & Trading Credit Risks", responsible - among others - for the following activities:
  - delivering expert advice on credit proposals related to "Financial Institutions, Banks and Sovereigns" (FIBS) counterparties made by Legal Entities, acting in its capacity as Group Competence Team;
  - deciding, within its delegated powers, or proposing to the competent deliberative bodies, credit proposals related to "FIBS" counterparties booked with the Parent Company;
  - issuing, within its delegated powers, or proposing to the competent deliberative bodies, Parent Company Non-Binding Opinion on credit proposals related to "FIBS" counterparties made by Legal Entities;
- the "Special Products Risk Analysis", responsible - among others - for the following activities:
  - delivering expert advice on credit proposals related to "Special Products" made by Legal Entities, acting in its capacity as Group Competence Team;
  - deciding, within its delegated powers, or proposing to the competent deliberative bodies, credit proposals related to "Special Products" booked with the Parent Company (e.g. ABS, Securitization);
- the "Group Risks Control" department, responsible - among other activities - for the internal validation regarding risk measurement systems, through competent functions of "Group Internal Validation" department;
- the "Group Risks Operating Office" department, responsible - among other activities - for producing reports concerning consolidated credit risks, on the basis of data provided by competent functions of "Group Credit, Operational & Reputational Risk" department, as well as the management and the coordination of all IT initiatives related to credit risk;
- the "Group Special Credit" department, responsible - among other activities - for coordinating, addressing, supporting "restructuring" and "workout" activities carried out by the Group Legal Entities, managing "restructuring" and "workout" activities with reference to relevant files or defined as "strategic/sensitive", as well as managing the default propagation process for multinational customers with exposure to multiple Group Legal Entities.

At Country level, steering and credit risk control activities, as well as the conducting of "operational" activities (e. g. credit delivery, performance monitoring, etc.) falls under the responsibility of CRO controlled subsidiaries.

In UniCredit S.p.A., these functions are undertaken by organizational structures of "CRO Italy", reporting to "Group CRO" and in particular:

- the "Risk Management Italy" department responsible - among other activities - for governance and control of credit risk originating in the "Country Chairman Italy" perimeter activities. Among others things, it is responsible for:
  - defining operational credit policies and ensuring the consistency of Group rules application within credit risk, as well as checking the consistency of credit products with the rules defined by GRM competent functions;
  - developing methodologies, models and tools for the evaluation of creditworthiness;
  - deciding or proposing to the competent deliberative Bodies the rating override requests related to local rating systems measuring credit risk related to counterparties belonging to the enterprises segment;
- the "Consumer Finance Risks" department, that, for the pertaining perimeter, is responsible for governance and control of credit risks connected to consumer finance products (consumer credit, loans on salary and revolving credit cards). Among other activities, it is responsible for:
  - defining operational credit policies, implement strategies and the consistency of Group Rules application within credit risk, as well as checking the consistency of credit products with the rules defined by GRM competent functions;
  - developing methodologies, models and tools for the evaluation of creditworthiness;
  - analyzing and monitoring the composition and inherent risk of the consumer finance portfolio;
  - coordinating and managing underwriting processes and activities for customers and relevant products as well as fraud prevention and management activities;

- "Special Credit Italy" department responsible for the Italian perimeter of UniCredit S.p.A., except for files above a given threshold or defined as "strategic/sensitive" for the credit risk monitoring, the management of the collection of delinquent and overdue unpaid credits, as the classification as doubtful or non performing credits, according to the delegated powers, in relation to the Individuals segment, the coordination (giving guidelines and specific indications) on specific positions belonging to the department "Credit Hub Underwriting" and to the RIT 6 (Regional Industry Team - Real Estate), the identification, in cooperation with the competent functions of "Group Special Credit" department, the strategies which involve the area of competence, defining and monitoring related objectives and the deliberating, within its delegated powers, on restructuring and workout positions. Furthermore, the Head of the "Special Credit Italy" department, in the role of "Commissioner for irregular and problematic credit portfolio", has the responsibilities for the coordination of the entire process of irregular and problematic credit management, the periodic reporting to main stakeholders and providing information to the appropriate person regarding potential issues in the process and regarding portfolio performance falling under his perimeter of responsibility.
  The department consists of the following structures:
  - "Special Credit Operating Office Italy" department responsible for supporting the identification of the strategies which involve the area of competence and in the definition and monitoring of the related objectives, managing operational policies and processes, ensuring monitoring activities performance and the production and managing administrative workout activities;
  - "Restructuring Italy" department responsible for coordinating and guiding the management of positions that are undergoing restructuring with reference to the Customers of the Italian perimeter of UniCredit S.p.A., with an exposure under a defined threshold;
  - "Workout Italy" department responsible for coordinating and guiding the management of positions that are undergoing workout with reference to the Customers of the Italian perimeter of UniCredit S.p.A. with exposure under a defined threshold;
  - "Central Credit Risk Monitoring & Quality Support Italy" department responsible (among other activities), with regard to the perimeter of UniCredit S.p.A., with the exception of the "Consumer Finance Risks" and "Individuals", for coordination and steering of monitoring activities carried out by Headquarter and Network offices, supervising the correct execution of the decision-making activities of Headquarter, with reference to their delegated powers concerning classification and identification of any corrective action or the first classification to "first doubtful" or "non performing", technical and legal advice to Network structures and quality controls regarding credit processes;
  - "Territorial Credit Risk Monitoring Italy" department responsible for supervising the quality of credit portfolios in their area of interest and coordination (giving guidelines and specific indications) on specific positions belonging to the department "Credit Hub Underwriting", with reference to the positions in the competent perimeter;
  - "Customer Recovery" department responsible, among others, for monitoring of Individuals Customers of UniCredit SpA, holding a significant account, managing the collection of delinquent and overdue unpaid credits for those counterparts, not yet classified as doubtful or non-performing loans or classified but not yet transferred, managing and monitoring the initiatives of restructuring/or rehabilitation of the debt.
- "Credit Operations Italy" department (reorganized in accordance to the new territorial breakdown of the Network), consists of as follow:
  - Territorial Hubs (Credit Hub Nord-Ovest, Credit Hub Nord-Est, Credit Hub Lombardia, Credit Hub Centro-Nord, Credit Hub Centro, Credit Hub Sud, Credit Hub Sicilia), departments distributed across the national territory, responsible for the managing activities relating to credit underwriting and support in their respective areas of competence;
  - "Central Credit Underwriting" department responsible for coordinating the activities of the Regional Industry Team Leaders (RITLs), supervising the correct execution of the decision-making activities of the RITLs and arranging preliminary and administrative activities for the applications to be submitted to the "Group Credit Committee", the "Group Transactional Credit Committee", the "Italian Transactional Credit Committee" and the "Group Rating Committee";
  - "Loan Administration" department (recently reorganized) responsible for overseeing administrative activities post-decision phases of the credit underwriting, managing the activities related to subsidized loans and credit and administrative activities related to Confidi; furthermore, the structure includes the "Mortgages Loan Administration" department which is responsible for ensuring coordination and management of post-sales activities related to mortgages seeking to protect the quality and integrity of the stock of information concerning loan applications and working to minimize risk and, where necessary, deciding on applications regarding post sales activities within its delegated powers.

According to the current developments further fine tuning of organization structures, which will be implemented in the second part of the year, will concern CRO Italy structure and the set-up of a dedicated approval body regarding debt-related placement transactions.

Furthermore, with respect to credit risk specific committees are active:
- the "Group Credit Committee", in charge of discussing and approving competent credit proposals, including "restructuring" and "workout" files, relevant strategies and corrective actions to be taken (including classification of status when applicable) for "watchlist" files, specific limits for transactions related to debt capital markets on Trading Book, single issuer exposure limits on Trading Book;
- the "Group Credit and Cross-Border Risks Committee", responsible for monitoring credit and cross-border risks at Group level, for submitting to the "Group Risk Committee" - for either approval or information - credit and cross-border risk strategies, policies, methodologies and limits as well as regular reporting on credit and cross-border risk portfolio and profile;
- the "Group Transactional Credit Committee", with approval function, within the delegated powers (decision-making and/ or issuing of non-binding opinions to the Group Legal Entities) and/or consulting function for files to be approved by upper Bodies regarding credit proposals excluding "restructuring" and "workout" files, strategies and relevant corrective actions to be taken for "watchlist" files, specific limits for transactions related to debt capital markets, single issuer exposure limits on Trading book;
- the "Italian Transactional Credit Committee", in charge of approving, within the delegated powers, and/or consulting function for files to be approved by upper Bodies, regarding UniCredit S.p.A. counterparts (excluding FIBS counterparts) credit proposals (excluding restructuring and workout files), status classification of files, strategies and measures for watchlist files, pledge based credit transactions and for issuing non-binding opinion regarding Italian Legal Entities of the Group proposals;

Part E - Information on risks and related risk management policies (Continued)

- the "Group Special Credit Committee", in charge of evaluating and approving, within the delegated powers, "restructuring" or "workout" files as well as monitoring the overall restructuring and workout portfolio proceeding and for ensuring coordination and support with reference to restructuring and workout files managed within the Group;
- the "Group Rating Committee", responsible for taking decisions and/or issuing non-binding opinions to the Group Legal Entities on rating override proposals;
- the "Italian Special & Transactional Credit Committee", in charge, within the delegated powers, of evaluation and approval (or issuing of consultative opinions for files to be approved by upper Bodies) of *restructuring* and *workout* positions as well as of the client's positions managed by the "Special Credit Italy" department.

Finally, on the basis of a request by internal control bodies, Compliance function participates in "Group Credit and Cross-Border Risks Committee", "Group Transactional Credit Committee", "Italian Transactional Credit Committee" and "Group Special Credit Committee".

2.2 Factors that generate Credit Risk

In the course of its credit business activities the Group is exposed to the risk that its loans may, due to the deterioration of the debtor's financial condition, not be repaid at maturity, and thus resulting in a partial or full write-off. This risk is always inherent in traditional lending operations regardless of the form of the credit facility (whether cash or credit commitments, secured or unsecured, etc).

The main reasons for default lie in the borrower's lacking the autonomous ability to service and repay the debt (due to a lack of liquidity, insolvency, etc.), as well as the occurrence of events that are unrelated to the debtor's operating and financial condition, such as Country risk or the impact of operational risk. Other banking operations, in addition to traditional lending and deposit activities, can expose the Group to other credit risks.
For example, 'non-traditional' credit risk may arise from:
- entering into derivative contracts;
- purchasing and selling securities, futures, currencies or commodities;
- holding third-party securities.

The counterparties in these transactions or issuers of securities held by Group Legal Entities could default as a result of insolvency, political and economic events, lack of liquidity, operating problems or other reasons. Defaults in relation to a large number of transactions, or one or more large transactions, could have a material adverse impact on the Group's operations, financial condition and operating results.

The Group monitors and manages the specific risk of each counterparty and the overall risk of loan portfolios through procedures, structures and rules, that steer, govern and standardize the assessment and management of credit risk, in line with the Group principles and best practice, and which are capable of extending their effectiveness to all phases of the economic cycle.

2.2.1 Country risk

Country risk is defined as the risk of losses of exposures caused by events in a specific Country which may be under the control of the government but not under the control of a private enterprise or individuals. This may imply that the repayment of assets within a specific Country will be ultimately prevented by actions of the Country's government (e.g. transfer risk, expropriation risk, legal risk, tax risk, security risk, delivery risk) or by a deterioration of the economic and / or political environment (e.g. a sharp recession, currency and / or banking crisis, disaster, war, civil war, social unrest) of a Country. Country risk is managed by determining the appropriate maximum risk levels (country limits), that can be assumed by the various Legal Entities belonging to the Group vis-à-vis all counterparties (sovereigns, government entities, banks, financial institutions, corporate customers, small businesses, individuals, project finance, etc.) residing in or related to the Country, for cross-border transactions (from the standpoint of the Entity providing the loan) in foreign currency (from the standpoint of the borrower). In order to continue in the implementation of the policy (i.e. inclusion also of cross border transaction in local currency) we are working on designing automated procedures of collection of single transaction, identified according to defined characteristics (in local vs. foreign currency).

Country risk management processes are mainly concentrated at Holding Company in terms of both methodological aspects and the decision-making process, in order to ensure a uniform assessment and monitoring approach, particularly for the rating assignment - PD (probability of default) and LGD (loss given default) - as well as control of risk concentration.

The country rating assignment (both in terms PD and LGD) is performed using the specific internal rating model. The analysis, focused on both qualitative and quantitative factors, is an integral part of the final rating calculation process. In case the rating resulting from the model does not appropriately reflect the credit profile of the country, an override is requested from the competent Body. Both the calculation of PD and LGD values are mandatory and must be assigned before any decision on cross-border credit transactions is taken. The rating has to be updated at least once a year or whenever any material information (both positive and negative) impacting the country creditworthiness becomes available.

Cross border plafonds are calculated in a top-down / bottom-up process considering the risk of the Country (rating), the size of the country measured by its share in international trade of goods and services as well as its share in international capital flows, demand of the bank's export customers and business opportunities. Cross border plafond are renewed at least on a yearly basis.

Risk Exposures toward Greece, Portugal, Ireland, Spain and the CEE Countries are closely measured and monitored in terms of counterparty types - Individuals, Corporates, Banks & Financial Institutions, Sovereigns - as well as in terms of product categories - Loans, Bonds, CDS, Derivatives, and Guarantees. In this focused monitoring process, Risk Exposures include both the "Domestic Risk" if the Borrower is located in the same Country of the Legal Entity granting credit lines and the "Cross Border Risk" if the Borrower is located elsewhere with respect to the granting legal Entity.

The evolution of the macroeconomic and political scenario has been constantly monitored in order to be consistently reflected within the Internal Ratings of the mentioned countries; Internal Ratings have been therefore revised more than on a yearly basis, when needed.

With specific reference to the sovereign risk, direct counterparty risk to sovereigns (and central administrations) is managed through the normal counterparty approval process. Limits and exposures to sovereigns - in both the trading and banking books - have been managed in a prudent way to ensure such limits/exposures are sized primarily by both regulatory and liquidity requirements of the Group.

Through the Collateral agreements the Group has adequate collateral in place to mitigate exposures to OTC derivative counterparties; eligible collateral generally includes (in addition to cash) sovereign bond collateral from specified countries (as per the approved Group credit policy). This eligibility is however always subject to minimum external rating criteria, and ongoing daily price availability. The rating threshold has therefore seen a reduction in the number of the eligible sovereign issuers from the original name specific eligibility list.

The practical impacts of the recent sovereign turmoil have however been very minimal on such activity within UCG, as in practice despite the option to use such non-cash collateral, well over 90% of the collateral posted and received under such agreements is cash.

In regards to repo/reverse repo activity, the recent events have manifested in the form of higher haircuts applied to such paper. Observed volumes have been low anyway however, given the eligibility of such paper with central banks.

With reference to loans to local customers (different from sovereigns), in Portugal and Spain the exposure of the UniCredit group is very limited due to a lack of our branches / subsidiaries in these countries. In Greece and Ireland UniCredit has a small presence and such credit activities is very limited too. Moreover in the last year the abovementioned activities have been mainly focused on corporates less linked to the sovereign risk. For CEE Countries, given the strategic importance for the Group, loans to customers are subject to specific credit risk strategies defined and monitored at country level, taking also into consideration the macroeconomic outlook.

2.3 Credit Risk Management, Measurement and Control

2.3.1 Reporting and Monitoring

The fundamental objective of the reporting and monitoring activities performed by the Group Risk Management function is the analysis of the main drivers and parameters of credit risk (exposure at default ("EAD"), expected loss ("EL"), migration, cost of risk, etc.) in order to promptly initiate any counter-measures on portfolios, sub-portfolios or individual counterparties.

Group Risk Management function performs credit risk reporting at portfolio level, producing reports at Group level, both recurring and specific (on demand of Senior Management or Regulators or external entities, e.g. rating agencies) with the objective of analysing the main risk components and their development over time, and thus to detect any signals of deterioration at an early stage and, subsequently, to put in place the appropriate corrective actions. Credit portfolio performance is analysed with reference to its main risk drivers (such as growth and risk indicators), customer segments, regions, industrial sectors, and impaired credits performance and relevant coverage.

Portfolio reporting activities at Group level are performed in close collaboration with the Chief Risk Officers at Legal Entities level and Credit Risk Portfolio Managers who, within their respective perimeters, implement specific reporting activities.

Starting from the second half of 2010, reporting activities are carried out by two dedicated Group Risk Management functions: the Group Risk Reporting unit under the Group Risk Management Operating Office Department and the Group Credit Risk Portfolio Analytics team within the Group Credit Risks Department. The Group Risk Reporting unit is in charge of risk reporting at Group level, by leveraging on the information supplied by other competent structures of the Group Risk Management. The Group Credit Risk Portfolio Analytics team, in collaboration with the Group Risk Management Operating Office department, is responsible for the Group credit risk reporting, with specific detail of geographical area and Business Units, directly producing the data related to the "Corporate, Investment Bank & Private Bank" SBA and collecting and aggregating the information related to the "Families & SME" SBA and to the "CEE" countries provided by the "F&SME Risks" department and "CEE Risks Officer".

Part E - Information on risks and related risk management policies (Continued)

During the whole 2011 and in the first half of 2012 reporting activities have been additionally refined through the intensive fine-tuning activity of data collection and consolidation processes, an activity already started in late 2010. This has led to a significant improvement in terms of quality of the information reported in consolidated reports such as, for example, the ERM - Enterprise Risk Management Report. Furthermore, portfolio and business segment reporting units also helped to monitor credit risk exposure within their areas of responsibility.

All monitoring activities that aim at identifying and reacting in a timely manner to possible deterioration in the asset quality of the Group's counterparties, instead, have been further enhanced with dedicated functions of the Group Risk Management, for example functions belonging to the Group Credit Risks department, that deal with the reporting activities aimed at analysing the main components of this risk and their temporal evolution, in order to be able to detect promptly any symptoms of deterioration and, therefore, take appropriate corrective actions.

2.3.2 Governance and policies

Relationships between the Parent Company and Group Legal Entities carrying out credit-related businesses are defined by specific governance rules, assigning the role of guidance, support and control to the Parent Company, in respect of the following areas: credit policies, credit strategies, models development, rating systems validation, credit concentration risk, the issuance of credit products, monitoring and reporting portfolio credit risk.

In particular, Group Legal Entities have to request the Group Risk Management function's opinion before granting or reviewing credit lines to individual borrowers or economic groups, whenever they exceed defined thresholds, also with reference to the obligation of compliance with the credit risk concentration limits that have to be measured with respect to the regulatory capital.

According to the role assigned to the Parent Company, specifically to the Group Risk Management function under Group governance, the Global Policy "Group General Principles for Credit Activity", recently reviewed, aims at defining the general principles and rules to guide, govern and standardise the credit risk assessment and management, in line with the regulatory requirements and Group best practice.

The general rules are supplemented by policies governing defined subjects (business areas, segment activities, type of counterpart / transaction, etc.). Such documents are divided in two categories:

- policies on Group-wide topics, developed by the Parent Company and sent to all the Legal Entities. Some examples are the policies on FIBS customers (Financial Institutions, Banks and Sovereigns), on Country Limits, on Project Finance and Acquisition & Leveraged Finance transactions, on collateral management for OTC derivatives and Repo and securities lending business, on assessment, monitoring and management of underwriting risk limits for the syndicated loan, on "Commercial Real Estate Finance" (CREF) and on "Structured Trade and Export Finance" (STEF);
- policies developed locally by single Legal Entitles. Such documents provide detailed credit rules for specific regions, subsidiaries, etc., if required by local market peculiarities, and are applicable only within the specific Legal Entity perimeter.

At both Legal Entity and Parent Company (if necessary) level, the policies are further detailed through Operative Instructions, describing specific rules and instructions for the day-by-day activity.

Credit Policies have generally a static approach and are revised when necessary. Therefore they need to be supplemented with Credit Risk Strategies that are updated at least annually and define customers / products, industry segments and geographical areas that will form the target of the Legal Entity / the Group's relevant credit business.

2.3.3 Management and Measurement Methods

Credit Risk generally represents the risk of losses of the value of a credit exposure arising from an unexpected worsening of the counterparty's credit quality.

For the purpose of credit risk measurement, credit risk is defined as the risk of incurring losses arising from the possibility that a counterparty, a borrower or an issuer of a financial obligation (bond, note, etc.) is not able to repay interest and/or principal or any other amount due (Default Risk). In a broader sense, credit risk can also be defined as potential losses arising either from a default of the borrower / issuer or a decrease of the market value of a financial obligation due to a deterioration in its credit quality. On this topic the Group is exploring new approaches to cover also the market value component of banking book credit risk.

Credit risk is measured by single borrower / transaction and for the whole portfolio. The tools and processes used for lending to single borrowers during both the approval and monitoring phases include a credit rating process, which is differentiated by customer segment / product to ensure maximum effectiveness.

The assessment of a counterpart's creditworthiness, within the credit proposal evaluation, begins with an analysis of the financial statements and the qualitative data (competitive positioning, corporate and organisational structure, etc.), regional and industry factors and counterpart behaviour within the Legal Entity and the banking system (e.g., "Centrale dei Rischi"), and results in a rating, i.e. the counterpart's probability of default (PD) on a one-year time horizon.

Regular monitoring focuses on the borrower's performance management, using all available internal and external information in order to arrive at a score representing a synthetic assessment of the risk associated to each monitored customer. This score is obtained using a statistical function that summarizes available information using a set of proven significant variables that are predictors of an event of default within a 12 months horizon.

The internal rating, or risk level assigned to the customer / transaction, forms a part of the lending decision calculation. In other words, at a constant credit amount the approval powers granted to the competent Bodies are gradually reduced in proportion to an increased borrower-related risk level. The organizational model in use includes also a dedicated function, which is separated from loan approval and business functions and is responsible for the management of the so-called rating overrides, i.e. any changes to the automatic rating calculated by the model.

Each borrower's credit rating is reviewed at least annually on the basis of new information acquired. Each borrower is also assessed in the context of any economic group with which it is affiliated by, as a general rule, taking into account the theoretical maximum risk for the entire economic group.

Besides the methodologies summarized in the rating systems, the risk management function uses portfolio models enabled to measure credit risk on an aggregated portfolio basis and at the same time to identify sub-portfolio, or single obligor contributions to the overall risk position.

There are three fundamental portfolio credit risk measures that are calculated and are evaluated on a one year time horizon:
- Expected Loss (EL);
- Credit Value at Risk (Credit VaR); and
- Expected Shortfall (ES).

In order to derive the Credit VaR of the portfolio, the portfolio loss distribution is specified; it is represented by the probabilities of getting different values of the portfolio loss on the given time horizon (*"discrete loss case"*). The loss associated to a specific probability is the product of the percentage of losses given default (LGD) and exposures at default (EAD) considering the correlations among the defaults.

The Expected Loss (EL) at portfolio level represents the aggregated average loss of the portfolio due to potential defaults of the obligors. The EL of the portfolio is just the sum of the single obligor ones, which can be evaluated as the product of PD x LGD x EAD, and is independent from the default correlations in the portfolio. EL is typically charged as a cost component.

Value at Risk represents the threshold monetary loss overcome only with a given probability level (VaR at $1-\alpha$: confidence level. UniCredit selected α =0.03% which corresponds to a 99.97% confidence level).
Economic Capital is derived from Value at Risk subtracting the expected loss and it is an input for determining Internal Capital set up to cover potential unexpected losses from risk factors.

VaR is a widely used measure of portfolio risk but it does not provide information on potential losses in case the VaR limit has been exceeded. Such information is provided by the Expected Shortfall (ES) that represents the expected value of losses that exceed the VaR threshold. Portfolio Credit VaR and ES strongly depend on default correlation and can be reduced by proper portfolio diversification.

The credit portfolio models produce also measures of economic capital reallocated by individual borrowers within each portfolio and are the basis for risk-adjusted performance measures.
The measures of economic capital (Credit VaR based) are also a fundamental input for the design and application of credit strategies, the analysis of credit limits and risk concentration. The economic capital calculation engine is also used for the analysis of stress tests of the credit portfolio, starting from macro-economic variables that affect the various customer segments, by Country, size, etc.

All the above mentioned risk parameters are subject to an initial validation and a regular monitoring process for each rating system in all its components: models, processes, IT architecture and data quality.
The aim is to give evidence of the systems compliance, highlighting improvement areas as well as possible misalignments in the methodologies, which could limit the full comparability among the resulting risk measures.
The internal Credit VaR model is also subject to assessment in the context of Basel 2 - Pillar 2 validation.

Part E - Information on risks and related risk management policies (CONTINUED)

2.3.4 Credit Risk Strategies

According to Pillar II provisions, credit risk strategies for the Group's credit portfolio are an advanced credit risk management tool. Consistent both with the budget process and with Pillar II / Risk Appetite framework, they are aimed at providing the concrete deployment of risk appetite targets by Division and Legal Entity, considering the expected vulnerability of the Group credit portfolios to adverse economic downturns as well as the quantification of the sectorial concentration risk.

Credit risk strategies aim to obtain a threefold goal:

- to define the optimal credit portfolio risk profile by minimizing the overall credit risk impact, starting from the risk appetite framework, in line with the Group's capital allocation and value creation criteria;
- to provide support to the responsible functions and Divisions at Parent Company and Legal Entities level aimed at the portfolio optimization through strategic plans and business initiatives;
- to provide a set of guidelines and support when drafting business and credit risk budgets, in line with the Group's strategic ambitions.

Credit Risk Strategies are defined by synthesizing the top-down risk analysis with the portfolio view of the business functions, through a strict cooperation among the centralized and local Risk Management Departments.

Credit Risk strategies are defined by using different credit risk measures, like the expected loss (EL), the economic capital, the risk weighted assets (RWA) and the probability of default (PD). In parallel a set of qualitative information, taking into account the different divisional / territorial characteristics of the credit portfolio, is incorporated and transformed in input variables for the optimization models.

Portfolio risk management pays special attention to credit risk concentration.

Such risk, according to the Basel II definition, consists of a single exposure or of a group of correlated exposures with the potential to generate losses of such magnitude as to prejudice the Group's ability to carry on its normal business. It may arise in the form of concentration on:

- significant amount credit exposures to a single counterparty or to a set of counterparties economically connected ("bulk risk" for Multinationals, Financial Institutions and Banks);
- credit exposures to counterparties belonging to the same economic sector ("sectorial risk").

In order to identify, manage, measure and monitor concentration risk, the Parent Company's competent functions define a set of specific credit limits to cover the two different types of concentration risk.

As part of credit risk strategy, both credit portfolio vulnerability analyses and Capital Adequacy support analyses are performed through the credit risk stress test (Pillar I and Pillar II).

Stress test simulations enable to re-estimate some risk parameters like probability of default, expected loss, economic capital and risk weighted assets under the assumption of "extreme but plausible" macroeconomic and financial stressed scenario. Stressed parameters are used not only for regulatory purposes, but also as managerial indicators about the portfolio vulnerability of single Legal Entities, business lines, industries/regional areas, customer groups and other relevant clusters, conditioned to a downturn of economic cycle.

In compliance with regulatory requirements, stress tests are performed on an on-going basis and their results are communicated to the senior management as well as to the Supervisory Authority. In addition to the regular stress test, ad hoc stress test simulations are performed on specific request by the Supervisory Authority.

2.4 Credit Risk Mitigation Techniques

UniCredit group uses various credit risk mitigation techniques to reduce potential credit losses in case of the obligor default. Consistently with the *"International Convergence of Capital Measurement and Capital Standards - A Revised Framework"* (Basel II), the Group is firmly committed to satisfy the requirements for recognition of Credit Risk Mitigation techniques, according to the different approaches adopted (Standardized, Foundation-IRB or Advanced-IRB) both for internal use in operations and for the purposes of calculating the credit risk capital requirement.

With specific reference to Credit Risk Mitigation, general guidelines are in force, issued by the Parent Company, to lay down Group-wide rules and principles that should guide, govern and standardise the credit risk mitigation and management, in line with Group principles and best practice, as well as in accordance with the relevant regulatory requirements.

Following the General Group Credit Risk Mitigation Guidelines all Legal Entities have adopted internal regulations, specifying processes, strategies and procedures for collateral management. In particular such internal regulations detail collateral eligibility, valuation and monitoring rules and ensure the soundness, legal enforceability and timely liquidation of valuable collateral according to each Country's local legal system.

Collateral management assessments and Credit Risk Mitigation compliance verifications have been performed by the Legal Entities, specifically as part of Internal Rating System applications, in order to assess the presence of adequate documentation and procedure concerning the Credit Risk Mitigation instruments used for supervisory capital.

According to credit policy, collateral or guarantees can be accepted only to support loans and they cannot serve as a substitute for the borrower's ability to meet obligations. For this reason, in addition to the overall analysis of the credit worthiness and of the repayment capacity of the borrower, they are subject to specific evaluation and analysis of the support role for the repayment of the exposure.

Collateral accepted in support of credit lines granted by the Group's Legal Entities, primarily includes real estate, both residential and commercial, financial collateral (including cash deposits, debt securities, equities, and units of Undertakings for Collective Investment in Transferable Securities (UCITS)). Other types of collateral (pledged goods or pledged loans and life insurance policies) are less common. The Group also makes use of bilateral netting agreements for OTC derivatives (by means of ISDA and CSA agreements), Repos and securities lending.

The management system of credit risk mitigation techniques is embedded in the credit approval and in the credit risk monitoring processes, which widely support the evaluation and data quality checks of collateral / guarantees and their appropriate linking to the categories defined for LGD estimates purposes. Controls and related responsibilities are duly formalized and documented in internal rules and job descriptions. Furthermore processes are implemented to control that all the relevant information regarding the identification and evaluation of the credit protection are correctly registered in the system.

When accepting a credit risk mitigation technique, UniCredit Group emphasizes the importance of controls process and system for the legal certainty requirements of the protection, as well as the assessment of the suitability of the collateral or guarantee. In case of personal guarantees, the protection provider (or the protection seller in case of credit default swap) has to be assessed in order to measure his/her solvency and risk profile.

In case of collaterals, the process of valuation is based on precautionary principles, with reference to the use of "market values" and to the application of adequate haircuts to ensure that, in case of liquidation, there are no unexpected losses.

Monitoring processes of credit risk mitigation techniques ensure that general and specific requirements established by credit policies, internal and regulatory rules are met over the time.

2.5 Impaired Loans

With reference to the "non-performing" portfolio, the Group's activities are mainly focused on the following:

- prompt action. With a solid and effective monitoring and reporting process, the early identification of possible credit quality deterioration allows the Group to perform the necessary restrictive management measures aimed at risk reduction in the early phases prior to the potential default;
- proper assessment of the impaired loans, in order to define the strategies/actions to be taken and the applicable default classification;
- initiating recovery procedures on the basis of the type and amount of exposure and the specific borrower involved;
- appropriate provisioning through profit and loss in line with the relevant recovery strategies and plans as well as the type of exposure. Provisioning is carried out in line with the principles of IAS 39 and Basel II rules;
- accurate and regular reporting in order to monitor aggregate portfolio risk over time.

Each Legal Entity's classification of positions into the various default categories must comply with local legal and regulatory dispositions issued by the respective Supervisory Authority.

Since UniCredit, in its role as Holding Company, is required to comply with instructions issued by the Italian Supervisory Authority, suitable measures are taken vis-à-vis the Group's foreign Legal Entities to link and align classifications which would otherwise not be consistent with the appropriate default categories.

During the first half of 2012 in order to increase the effectiveness of high risk exposures management within the UniCredit S.p.A. Italian perimeter and to ensure the prompt and timely implementation of any necessary corrective actions in the *end to end* credit management process of the irregular and impaired loans, some organizational changes within the CRO Italy Function were implemented, providing the Special Credit Italy Department with the following additional responsibilities:

- managing the overall loan portfolio monitoring activity;
- coordinating and providing guidelines to the competent credit underwriting Functions with reference to *"performing"* high risk counterparties and Real Estate customers.

With specific reference to the guidance and coordination role in the management of *"performing"* high risk customers, the main objective is to improve the quality of risk profile through actions which foster the risk mitigation not only by aiming at the sole exposure reduction.

In general, the main goal of managing the non-performing portfolio is to recover all, or as much exposure as possible, by identifying the best strategy for maximizing the Net Present Value (NPV) of the amounts recovered, or rather minimizing the loss given default.

Part E - Information on risks and related risk management policies (Continued)

This activity is managed internally by specially qualified staff or externally through a mandate given to a specialized company - the Group includes UniCredit Credit Management Bank - or through the sale of non-performing assets to external companies.

The methodology is based on the calculation of the NPV of amounts recovered as a result of alternative recovery strategies, with assumptions made for recoveries, related costs and likelihood of failure for any strategy. These results are compared with the Group Entity's average LGD for positions with the same characteristics. If data series are not available, the comparison is based on estimates.

In order to determine provisions, an exercise that is performed periodically or in any case if an event occurs during the file management, specialized units use an analytical approach to assess the loss projections for loans at default on the basis of the Group's accounting policies, which are consistent with the rules of IAS 39 and Basel II. If an analytical approach is not possible (e.g., if there are numerous small positions), a Group Legal Entity may make provisions on a lump sum basis by regrouping these positions into aggregates with similar risk and exposure profiles. The percentage used for such provisions is based on historical data series.

With regard to the powers to be granted in the area of classifying files as default positions and calculating loss projections, Group Legal Entities designate several decision-making levels that have been appropriately tailored to the amount of exposure and the provision. In the light of the impact that these decisions have on earnings and tax payments, these decision-making processes involve the GRM function as well as the Group Entity's Senior Management.

QUANTITATIVE INFORMATION

A. Credit quality

A.1 Impaired and performing loans: amounts, writedowns, changes, distribution by business activity/region

Information contained in Part A.1 does not include equity instruments and units in investment funds.

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying value) (€ '000)

	BANKING GROUP					OTHER COMPANIES		
PORTFOLIO/QUALITY	NON-PERFORMING LOANS	DOUBFUL ASSETS	RESTRUCUTRED EXPOSURES	PAST-DUE	OTHER ASSETS	IMPAIRED	OTHERS	TOTAL
1. Financial assets held for trading	20,182	79,248	13,646	45,266	121,362,568	-	2,118	121,523,028
2. Avilable-for-sale financial assets	36,574	11,926	17,306	17,161	62,320,861	-	523,154	62,926,982
3. Held-to-maturity financial instruments	-	-	-	6,295	7,637,964	-	-	7,644,259
4. Loans and receivables with banks	43,624	4,706	-	267	65,346,054	-	68,442	65,463,093
5. Loans and receivables with customers	19,518,800	14,033,485	5,818,467	4,320,715	510,986,209	7,097	2,130,062	556,814,835
6. Financial assets at fair value through profit or loss	-	-	-	-	21,077,225	-	102	21,077,327
7. Financial instruments classified as held for sale	14,582	-	-	-	1,060	-	-	15,642
8. Hedging instruments	-	-	-	-	18,907,836	-	-	18,907,836
Total 06.30.2012	**19,633,762**	**14,129,365**	**5,849,419**	**4,389,704**	**807,639,777**	**7,097**	**2,723,878**	**854,373,002**
Total 12.31.2011	**18,624,208**	**13,257,950**	**5,400,884**	**3,747,497**	**807,698,854**	**7,110**	**726,076**	**849,462,579**

The banking group portion does not include intercompany accounts (including those with companies which are not consolidated).
Item "5. Loans and receivables with customers" correspond to the table "Loans and receivables with customers - Asset quality" in the Interim Report on Operations.
The amount of item 7 corresponds to total financial assets of the table 15.1 "Non-current assets and disposal groups classified as held for sale" in Part B - Consolidated Balance Sheet - Assets.

A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)

(€ '000)

PORTFOLIO/QUALITY	IMPAIRED ASSETS GROSS EXPOSURE	IMPAIRED ASSETS SPECIFIC WRITEDOWNS	IMPAIRED ASSETS NET EXPOSURE	PERFORMING GROSS EXPOSURE	PERFORMING PORTFOLIO ADJUSTMENTS	PERFORMING NET EXPOSURE	TOTAL (NET EXPOSURE)
A. Banking group							
1. Financial assets held for trading	208,385	50,043	158,342	X	X	121,362,568	121,520,910
2. Available-for-sale financial assets	107,193	24,226	82,967	62,323,128	2,267	62,320,861	62,403,828
3. Held-to-maturity financial instruments	24,380	18,085	6,295	7,637,966	2	7,637,964	7,644,259
4. Loans and receivables with banks	230,433	181,836	48,597	65,362,107	16,053	65,346,054	65,394,651
5. Loans and receivables with customers	77,685,772	33,994,305	43,691,467	513,674,035	2,687,826	510,986,209	554,677,676
6. Financial assets at fair value through profit or loss	-	-	-	X	X	21,077,225	21,077,225
7. Financial instruments classified as held for sale	14,582	-	14,582	1,060	-	1,060	15,642
8. Hedging instruments	-	-	-	X	X	18,907,836	18,907,836
Total A	**78,270,745**	**34,268,495**	**44,002,250**	**648,998,296**	**2,706,148**	**807,639,777**	**851,642,027**
B. Other consolidated companies							
1. Financial assets held for trading	-	-	-	X	X	2,118	2,118
2. Available-for-sale financial assets	-	-	-	523,154	-	523,154	523,154
3. Held-to-maturity financial instruments	-	-	-	-	-	-	-
4. Loans and receivables with banks	-	-	-	68,442	-	68,442	68,442
5. Loans and receivables with customers	34,539	27,442	7,097	2,130,062	-	2,130,062	2,137,159
6. Financial assets at fair value through profit or loss	-	-	-	X	X	102	102
7. Financial instruments classified as held for sale	-	-	-	-	-	-	-
8. Hedging instruments	-	-	-	X	X	-	-
Total B	**34,539**	**27,442**	**7,097**	**2,721,658**	**-**	**2,723,878**	**2,730,975**
Total 06.30.2012	**78,305,284**	**34,295,937**	**44,009,347**	**651,719,954**	**2,706,148**	**810,363,655**	**854,373,002**
Total 12.31.2011	**74,132,745**	**33,095,096**	**41,037,649**	**641,780,904**	**2,927,461**	**808,424,930**	**849,462,579**

Data concerning the banking Group are net of infragroup positions, including those with other entities included in the scope of consolidation.

The table below provides a breakdown of credit exposures being renegotiated, i.e. whose installment payment (both principal and interest) has been temporarily suspended in compliance with the general agreements entered by Banking Associations/Unions or with regulations prevailing in the countries where the Group operates.
As at June 30, 2012 there are no such positions in the portfolios of financial assets other than loans to customers.

Customer Loans - Exposures renegotiated under collective agreements

(€ '000)

PORTFOLIO/QUALITY	PERFORMING									
	OTHER PERFORMING			PAST-DUE 1/90 DAYS			PAST-DUE 91/180 DAYS			
BANKING GROUP AND OTHER CONSOLIDATED COMPANIES	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	TOTAL (NET EXPOSURE) 06.30.2012
5. Loans and receivables with customers	**481,288,289**	**2,249,208**	**479,039,081**	**34,412,800**	**436,610**	**33,976,190**	**103,008**	**2,008**	**101,000**	**513,116,271**
- Exposures renegotiated in application of collective agreements	2,995,525	44,246	2,951,279	349,091	4,938	344,153	13,705	388	13,317	3,308,749
- Other exposures	478,292,764	2,204,962	476,087,802	34,063,709	431,672	33,632,037	89,303	1,620	87,683	509,807,522

On-balance sheet credit exposure to banks: gross and net values

(€ '000)

EXPOSURE TYPES/AMOUNTS	AMOUNTS AS AT 06.30.2012 GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
a) Non-performing loans	206,630	162,300	X	44,330
b) Doubtful loans	9,070	4,364	X	4,706
c) Restructured exposures	13,168	13,168	X	-
d) Past due	2,271	2,004	X	267
e) Other assets	88,836,332	X	18,249	88,818,083
Total	**89,067,471**	**181,836**	**18,249**	**88,867,386**

This table includes also exposures to banks classified in financial assets portfolios other than Loans and Receivables.

Part E - Information on risks and related risk management policies (Continued)

On-balance sheet credit exposure to customers: gross and net values

(€ '000)

EXPOSURE TYPES/AMOUNTS	AMOUNTS AS AT 06.30.2012			
	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
a) Non-performing loans	45,087,910	25,462,634	X	19,625,276
b) Doubtful loans	19,943,427	5,774,021	X	14,169,406
c) Restructured exposures	8,053,457	2,217,307	X	5,836,150
d) Past due	5,061,168	716,997	X	4,344,171
e) Other assets	613,068,135	X	2,687,899	610,380,236
Total	**691,214,097**	**34,170,959**	**2,687,899**	**654,355,239**

Data relating to the Banking Group include positions with the other entities included in the scope of consolidation.
This table includes also exposures to customers classified in financial assets portfolios other than Loans and Receivables.

Information on Sovereign Exposures

In keeping with Consob Notice no. DEM/11070007 dated August 5, 2011 (which is based on ESMA Statement 2011/266 of July 28, 2011) on the information regarding listed companies' exposures to sovereign debt securities and loans to be included in financial statements, and with reference to the evolution of international markets, a detailed description of the Group's sovereign exposures[2] as at June 30, 2012 is provided below.

Overall, the book value of sovereign debt securities as at June 30, 2012 amounted to €89,875 million, of which about 93% concentrated in eight countries; Italy, with €40,983 million, represents 46% of the total. For each one of the eight countries, the table below shows the nominal value, the book value and the fair value of the exposures broken down by portfolio as at June 30, 2012.

Breakdown of Sovereign Debt Securities by Country and Portfolio

(€ '000)

	AMOUNTS AS AT 06.30.2012		
COUNTRY / PORTFOLIO	NOMINAL VALUE	BOOK VALUE	FAIR VALUE
Italy	**42,160,975**	**40,982,619**	**40,658,366**
financial assets/liabilities held for trading (net exposures(*))	5,586,096	5,163,906	5,163,906
financial assets at fair value through profit or loss	675,369	675,351	675,351
available for sale financial assets	32,440,628	31,699,769	31,699,769
loans and receivables	225,917	229,189	170,938
held to maturity	3,232,965	3,214,403	2,948,401
Germany	**20,642,740**	**21,552,475**	**21,551,131**
financial assets/liabilities held for trading (net exposures(*))	1,479,958	1,542,652	1,542,652
financial assets at fair value through profit or loss	15,421,748	16,165,047	16,165,047
available for sale financial assets	240,115	243,108	243,108
loans and receivables	3,497,919	3,598,590	3,597,246
held to maturity	3,000	3,077	3,077
Poland	**7,775,602**	**7,991,782**	**7,832,833**
financial assets/liabilities held for trading (net exposures(*))	230,892	234,046	234,046
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	5,679,455	5,876,334	5,876,334
loans and receivables	825,219	834,482	834,397
held to maturity	1,040,036	1,046,920	888,056
Austria	**3,641,718**	**3,719,156**	**3,789,179**
financial assets/liabilities held for trading (net exposures(*))	442,449	145,187	145,187
financial assets at fair value through profit or loss	14,827	20,259	20,259
available for sale financial assets	2,900,908	3,305,191	3,305,191
loans and receivables	50,000	61,701	61,336
held to maturity	233,534	186,817	257,205
Turkey(**)	**3,094,726**	**3,335,717**	**3,485,088**
financial assets/liabilities held for trading (net exposures(*))	65,887	57,298	57,298
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,019,251	1,111,413	1,111,413
loans and receivables	-	-	-
held to maturity	2,009,588	2,167,006	2,316,377
Czech Republic	**2,269,965**	**2,313,751**	**2,313,787**
financial assets/liabilities held for trading (net exposures(*))	174,008	127,043	127,043
financial assets at fair value through profit or loss	280,332	280,507	280,507
available for sale financial assets	1,815,217	1,905,788	1,905,788
loans and receivables	-	-	-
held to maturity	409	413	449
Spain	**2,449,186**	**1,889,013**	**1,888,763**
financial assets/liabilities held for trading (net exposures(*))	393,497	14,295	14,295
financial assets at fair value through profit or loss	400,328	315,460	315,460
available for sale financial assets	1,647,248	1,552,692	1,552,962
loans and receivables	-	-	-
held to maturity	8,114	6,296	6,045
Hungary	**1,481,273**	**1,476,856**	**1,476,633**
financial assets/liabilities held for trading (net exposures(*))	53,539	51,762	51,762
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,380,339	1,377,078	1,377,078
loans and receivables	28,568	29,011	29,011
held to maturity	18,826	19,005	18,783
Total on-balance sheet exposures	**83,516,186**	**83,261,368**	**82,995,778**

(*) Including exposures in Credit Derivatives.

(**) Amounts recognized using proportionate consolidation with refrence to the ownership percentage for exposures held by joint ventures.

2. Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies. ABSs are not included.

Part E - Information on risks and related risk management policies (Continued)

The weighted duration of the sovereign bonds shown in the table above, divided by the banking and trading book, is the following:

Weighted duration (years)

	BANKING BOOK	TRADING BOOK
- Italy	2.96	0.54
- Germany	2.32	4.62
- Poland	3.96	0.42
- Turkey	5.54	1.20
- Austria	6.78	8.79
- Spain	3.13	3.05
- Czech Republic	3.99	0.49
- Hungary	1.44	1.15

The remaining 7% of the total of sovereign debt securities, amounting to €6,614 million with reference to the book values as at June 30, 2012, is divided into 45 countries, among which the US (€141 million), Ireland (€80 million) and Portugal (€24 million).

These exposures were not subject to impairment at June 30, 2012, with the exception of those towards Greece. With reference to the latter exposures, we remind that on February 21, 2012, the Greek Republic and the public sector (EU Member States and the International Monetary Fund-IMF) reached a mutual agreement conditional on the participation of private investors in the new bailout plan, which besides calling for further financial support from the public sector provided for an offer to swap old Greek bonds with new financial instruments. More specifically, these instruments consist of (i) European Financial Stability Facility (EFSF) notes with a face value of 15% of the exchanged bonds, (ii) new Greek government bonds with maturities between 10 and 30 years and a face value of 31.5% of the exchanged bonds and (iii) GDP-linked securities.

From February 24 to March 8, 2012, the Greek Republic carried out the bond swap and subsequently enforced the Collective Action Clauses (CAC) on all holders of bonds governed by Greek law who had rejected the voluntary deal.

The participation in Greece's bond swap offer and the subsequent evolution of the resulting bonds' market price as at June 30, 2012, have entailed an overall loss in the consolidated Income Statement of €25 million.

The book amount of Greece exposure totals €18 million, with a face/nominal value of €125 million.

The table below shows the classification of bonds belonging to the banking book and their percentage incidence on the total of the portfolio under which they are classified.

Breakdown of Sovereign Debt Securities by Portfolio (€ '000)

	AMOUNTS AS AT 06.30.2012				
	FINANCIAL ASSETS AT FAIR VALUE	AVAILABLE FOR SALE FINANCIAL ASSETS	LOANS	HELD TO MATURITY INVESTMENTS	TOTAL
Book value	17,889,606	51,151,454	5,811,286	6,852,995	81,705,340
% Portfolio	62.50%	88.32%	0.94%	73.96%	9.70%

In addition to the exposures to sovereign debt securities, loans given to central and local governments and governmental bodies must be taken into account.

3. The banking book includes assets at fair value through profit or loss, available-for-sale assets, held to maturity assets and loans.
4. Tax items are not included.

The table below shows the total amount as at June 30, 2012 of loans given to countries towards which the overall exposure exceeds €150 million, representing more than 97% of the total.

Breakdown of Sovereign by Country

(€ '000)

COUNTRY	AMOUNTS AS AT 06.30.2012 BOOK VALUE
Germany(*)	9,764,117
Italy	7,362,321
Austria(**)	5,626,763
Poland	1,763,635
Croatia	1,723,244
Indonesia	562,615
Slovenia	398,593
Turkey(***)	259,797
Hungary	247,411
Brazil	222,706
Serbia	191,416
Total on-balance sheet exposures	**28,122,619**

(*) of which 1,267,492 in financial assets held for trading and those at fair value through profit or loss.
(**) of which 240,526 in financial assets at fair value through profit or loss.
(***) amounts recognized using proportionate consolidation with reference to the ownership percentage for exposures held by joint ventures.

Lastly, it should be noted that derivatives are traded within the ISDA master agreement and accompanied by Credit Support Annexes, which provide for the use of cash collaterals or low-risk eligible securities.

For more details on the sensitivity analysis of credit spreads and on the results of the stress test please refer to the "Sovereign Debt Tension" Scenario, the "Widespread Contagion" Scenario and the "Emerging Markets Slowdown" Scenario in chapters 2.7 and 2.8. of the following Section 2 - Market risk, while for liquidity management policies see Section 3 - Liquidity risk.

Part E - Information on risks and related risk management policies (CONTINUED)

Information on Structured Credit Products and Trading Derivatives with Customers

The deterioration of US subprime loans was one of the main causes of the financial markets crisis, which started in H2 2007.
This deterioration caused a general widening of credit spreads and a gradual transformation of the securitized credits market into an illiquid market characterized by forced sales.
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.
This need was advocated also by several international and Italian organizations and regulators (viz., the Financial Stability Board, the EBA - formerly CEBS -, Banca d'Italia and CONSOB) which asked banks to increase their disclosure based on a proposal deriving from the analysis of the best practices on disclosure and reporting.
Starting from the 2008 Consolidated First Half Financial Report, the Group provides the following disclosure on consolidated SPEs (Special Purpose Entities), structured credit products, trading derivatives with customers and fair value measurement policies, whereas information on liquidity risk, sensitivity analysis and stress testing of the trading book, is given in Sections 2 and 3 below.
A glossary of terms and acronyms is included in the annexes hereto.

1. Structured Credit Products

A detailed description of the Group's business in structured credit products is provided below. We firstly analyze the Group's activity as "originator" (through SPVs) of the assets underlying securitization transactions and then the activity of other consolidated and non-consolidated SPVs, which have different underlying financial assets.
Information on the exposures to monoline insurers and leveraged finance, as well as details on the methods to calculate the fair value of structured credit products are also given below.

1.1 The Group as Originator

The Group's origination consists in the sale of on-balance sheet receivables portfolios to vehicles set up as securitization companies under Law 130/99 or similar non-Italian legislation.
The buyer finances the purchase of the receivables portfolios by issuing bonds of varying seniority and transfers its issue proceeds to the Group.
The yield and maturity of the bonds issued by the buyer therefore mainly depend on the cash flow expected from the assets being sold.
As a further form of security to bondholders, these transactions may include special types of credit enhancement, e.g., subordinated loans, financial guarantees, standby letters of credit or over-collateralization.

The Group's objectives when carrying out these transactions are usually the following:

- to originate securities that can be used to secure repos with Banca d'Italia and the ECB (i.e. counterbalancing capacity)
- to reduce funding costs given the opportunity to issue higher-rated bonds with lower interest rates than ordinary senior bonds and
- to free up economic and regulatory capital by carrying out transactions that reduce capital requirements under current rules by reducing credit risk.

The Group carries out both traditional securitizations whereby the receivables portfolio is sold to the SPV and synthetic securitizations which use credit default swaps to purchase protection over all or part of the underlying risk of the portfolio.

The Group makes limited use of this type of transactions. The amount of securitized loans, net of the transactions in which the Group has acquired all the liabilities issued by the SPVs (the so-called self-securitizations), accounts for 2.54% of the Group's credit portfolio. Self-securitizations in turn account for 3.85% of the loan portfolio.

5. We refer to loans sold, also synthetically, but not derecognized from balance sheet.

A Covered Bond (OBG - Obbligazioni Bancarie Garantite) Program was launched in 2008 under the provisions of Italian Law 130/99. The underlying residential mortgage loans were transferred to an SPE set up for this purpose and included in the Banking Group. Fourteen tranches of OBG totaling €10,731 million were issued, of which 1,500 million retained in the Group.

Moreover, in order to create counterbalancing capacity, at the end of January 2012 UniCredit S.p.A. initiated a new Covered Bonds (*OBG* or *Obbligazioni Bancarie Garantite*) program ("New OBG Program"), without specific ratings and having residential mortgage loans, commercial mortgage loans and loans to or guaranteed by public administrations as underlyings. The contractual and supervisory structure and the counterparties of this program are modeled on the pre-existing program, with the exception of references to Ratings Agencies and the use of a new Special Purpose Vehicle, UniCredit OBG S.r.l.
Under this new OBG Program, in first half 2012 sales of residential mortgages to private individuals and fourteen related issue of covered bonds for a total of €15,390 million took place, totally retained in the Group.

As at June 30, 2012 similar covered bonds under German law (Pfandbriefe) amounted to €35,243 million, of which €22,580 million were backed by mortgage loans and €12,663 million by loans to the public sector.

Under traditional securitizations the Group retains the first loss in the form of junior bonds or similar exposure and in some cases provides further credit enhancement as described above. This enables the Group to benefit from the portion of the sold receivables' yield in excess of the yield due to the senior and mezzanine tranches.

Retention by the Group of the first loss risk and the corresponding yield means that most of the risk and return on the portfolio is retained. Consequently these transactions are recognized in the accounts as loans and no profits arising out of the transfer of the assets are recognized and the sold receivables are not derecognized.

Synthetic securitizations also entail retention of the receivables subject to credit default protection on the balance sheet. The swap is recognized in the accounts, as well as any other retained interest.

The following table shows the Group's retained **gross and net cash exposure** under securitizations in which it was the originator, subdivided according to whether or not the receivables were derecognized in the accounts.

The amounts given are mainly interests retained by the originator, net of self-securitizations. ABSs arising out of securitizations and held in the Corporate & Investment Banking Division's and UniCredit Bank Ireland Plc's portfolio are also shown.

Exposures deriving from the securitization of own assets

(€ '000)

	BALANCE SHEET EXPOSURE AS AT		
	06.30.2012		12.31.2011
	GROSS EXPOSURE (*)	NET EXPOSURE (**)	NET EXPOSURE (**)
- Assets sold totally derecognized	3,453,868	967,785	1,031,777
- Assets sold but not derecognized	3,777,265	3,758,492	3,221,648
- Synthetic transactions	4,162,922	4,140,045	4,770,284
Total	**11,394,055**	**8,866,322**	**9,023,709**

(*) The gross exposure correspond to "risk retained", which is measured as the difference betwwen the assets sold and the corresponding liabilities as at the sale date.
(**) The net exposure includes the sold loans' amount of yield due but not received in excess of amounts paid on securities places at third counterparties.

Part E - Information on risks and related risk management policies (CONTINUED)

Retained tranches break down according to **the level of subordination** as follows:

Exposures deriving from the securitization of own assets broken down by subordination degree

(€ '000)

	AMOUNTS AS AT				
	06.30.2012				12.31.2011
	SENIOR	MEZZANINE	JUNIOR	TOTAL	TOTAL
Balance sheet exposure	**4,999,509**	**1,433,911**	**2,432,902**	**8,866,322**	**9,023,709**
- Assets sold totally derecognized	116,696	571,846	279,243	967,785	1,031,777
- Assets sold but not derecognized	1,364,835	248,764	2,144,893	3,758,492	3,221,648
- Synthetic transactions	3,517,978	613,301	8,766	4,140,045	4,770,284
Guarantees given	**-**	**-**	**-**	**-**	**-**
- Assets sold totally derecognized	-	-	-	-	-
- Assets sold but not derecognized	-	-	-	-	-
- Synthetic transactions	-	-	-	-	-
Credit facilities	**-**	**-**	**30,220**	**30,220**	**30,220**
- Assets sold totally derecognized	-	-	-	-	-
- Assets sold but not derecognized	-	-	30,220	30,220	30,220
- Synthetic transactions	-	-	-	-	-

The transactions included under "Assets sold and derecognized" are those in which the Group, while retaining most of the risk and return of the underlying receivables, nevertheless derecognized them because the transaction was prior to January 1, 2002. On first adoption of IFRS the option permitted by IFRS 1 that allows assets sold before January 1, 2004 not to be re-recognized, regardless of the amount of risk and return retained, was taken.

It should be noted that the increase in balance-sheet exposures relating to transactions not derecognized to €3,758 million as at June 2012 from €3,222 million as at December 2011 was due to an increase in the retained risk, also as a consequence of the transfer of the Account Bank role to external counterparties following the downgrade of the Group, only partially offset by the completion of the Geldilux-TS-2007 transaction and the changes in portfolio holdings.

Moreover, the decrease in cash exposures concerning synthetic transactions from €4,770 million in December 2011 to €4,140 million in June 2012 was due to the development of the transactions.

Beside the exposures indicated in the table above, the Group has also carried out traditional transactions concerning performing loans by purchasing the liabilities issued by the SPVs (so-called self-securitizations) for a total amount of €24,705,828 thousand.

However, assessment and monitoring of risk underlying securitizations are performed with regard not to exposure to the SPV but rather to the sold receivables, which are monitored continuously by means of Interim reports showing status of the receivables and repayment performance.

The following tables give a breakdown of the Group's retained (i.e., non-derecognized) receivables by **region** and **asset quality,** and by **traditional** (excluding self-securitizations), and **synthetic** securitizations.

Securitized assets broken down by geographical area

(€ '000)

ASSETS SOLD BUT NOT DERECOGNIZED	AMOUNTS AS AT 06.30.2012								
	ITALY	GERMANY	AUSTRIA	OTHER EU COUNTRIES	OTHERS EUROPEAN COUNTRIES (NON EU)	AMERICA	ASIA	REST OF THE WORLD	TOTAL
- Residential mortgage loans	6,865,770	-	-	-	-	-	-	-	**6,865,770**
- Leasing	1,767,306	-	-	-	-	-	-	-	**1,767,306**
- SME loans	-	-	-	-	-	-	-	-	**-**
- Corporate loans	2,500	2,151,566	1,800	4,481	7,773	-	-	-	**2,168,120**
- Others	-	-	-	-	-	-	-	-	**-**
Total	**8,635,576**	**2,151,566**	**1,800**	**4,481**	**7,773**	**-**	**-**	**-**	**10,801,196**

Securitized assets broken down by geographical area

(€ '000)

SYNTHETIC TRANSACTIONS	AMOUNTS AS AT 06.30.2012								
	ITALY	GERMANY	AUSTRIA	OTHER EU COUNTRIES	OTHERS EUROPEAN COUNTRIES (NON EU)	AMERICA	ASIA	REST OF THE WORLD	TOTAL
- Residential mortgage loans	-	1,653,256	-	-	-	-	-	-	**1,653,256**
- Commercial mortgage loans	-	554,092	-	-	-	-	-	-	**554,092**
- SME loans	37,875	1,956,140	721,121	3,088	-	-	-	-	**2,718,223**
- Corporate loans	-	68,738	239,674	6,632	-	-	-	-	**315,044**
- Others	-	247,015	5,151	-	-	-	-	-	**252,165**
Total	**37,875**	**4,479,240**	**965,946**	**9,720**	**-**	**-**	**-**	**-**	**5,492,780**

Securitized assets broken down by asset quality

(€ '000)

ASSETS SOLD BUT NOT DERECOGNIZED	AMOUNTS AS AT 06.30.2012		
	OTHER ASSETS (PERFORMING)	IMPAIRED ASSETS	TOTAL
- Residential mortgage loans	6,538,719	327,050	**6,865,770**
- Leasing	1,441,466	325,840	**1,767,306**
- SME loans	-	-	**-**
- Corporate loans	2,167,007	1,113	**2,168,120**
- Others	-	-	**-**
Total	**10,147,192**	**654,004**	**10,801,196**

Securitized assets broken down by asset quality

(€ '000)

SYNTHETIC TRANSACTIONS	AMOUNTS AS AT 06.30.2012		
	OTHER ASSETS (PERFORMING)	IMPAIRED ASSETS	TOTAL
- Residential mortgage loans	1,618,324	34,932	**1,653,256**
- Commercial mortgage loans	540,021	14,071	**554,092**
- SME loans	2,516,097	202,127	**2,718,223**
- Corporate loans	314,922	122	**315,044**
- Others	235,908	16,258	**252,165**
Total	**5,225,271**	**267,509**	**5,492,780**

Funded securitization structures originated by the Group have as underlyings residential mortgages originated in Italy corporate loans originated in Germany and leasing granted to Italian counterparties.

Part E - Information on risks and related risk management policies (Continued)

Synthetic securitization structures have mainly residential mortgages granted to German counterparties, loans to Small Medium Enterprises originated in Germany and Austria and commercial mortgage loans originated in Germany as underlyings.

Performing assets account for 93.95% of traditional securitizations' portfolio and 95.13% of synthetic transactions' portfolio.

The Group is not an originator of securitizations having as underlying US residential mortgages, neither prime nor subprime nor Alt-A.
The fair value of assets sold and not derecognized exceeds the carrying amount by €1,190 million.

1.2 Other Consolidated SPVs

SPVs which do not perform securitization transactions of Group assets, but whose risks are mainly borne by the Group, which also receives their returns, are consolidated as well, even if they do not belong to the Banking Group.

Consolidation of these vehicles is required by IAS 27, and by the related interpretation SIC 12.
Starting from 2007 when requirements are met, the consolidation perimeter includes vehicle companies sponsored by the Group and issuing commercial papers (so-called Asset Backed Commercial Paper Conduits) and set up both as multi-seller customer conduits to give clients access to the securitization market, and as arbitrage conduits.
In particular, Arabella Finance Ltd., Black Forest Funding Corp. and Salome Funding Ltd. are Customer Conduits.

As at June 30, 2012 UniCredit Bank AG bought Salome Funding Ltd's portfolio holdings and the vehicle company is therefore in the process of being closed down. Consequently, the structured credit products acquired by UniCredit Bank AG from Salome Funding Ltd. are now included in the investments indicated in the following section 1.3 Other non-consolidated SPVs.
Additionally, also the following vehicles are now included in consolidation, as they now meet the requirements provided for by the above mentioned SIC 12 and the consolidation requirements under IFRS (see Part A - Accounting Policies, Section 3 - Consolidation Procedures and Scope): Altus Alpha Plc, Grand Central Funding Corp., Redstone Mortgages Plc, The Trans Value Trust Company Ltd and Chiyoda Fudosan GK.

It should be noted that in 2012:
- the vehicle company SKB VTMK International Issuer Ltd was deconsolidated, as the Group does not bear the majority of the risks and rewards anymore;
- the vehicle company Chiyoda Fudosan GK was consolidated.

Customer conduits require the formation and management of a bankruptcy-remote company (i.e., one that would be immune from any financial difficulties of the originator) which directly or indirectly buys receivables created by companies outside the Group.
The receivables underlying these transactions are not bought directly by the conduit set up by the Group, but by a purchase company which in turn is wholly funded by the conduit by means of commercial paper or medium term notes.
In some circumstances purchase companies fund further SPVs which buy loan portfolio.

The main purpose of these transactions is to give corporate clients access to the securitization market and thus to lower funding costs than would be borne with direct funding.
The conduits' purchase of assets is financed by short-term commercial paper and medium-term note issues.

Payment of interest and redemption of the securities issued by the conduit therefore depends on cash flow from the receivables purchased (credit risk) and the ability of the conduit to roll over or replace its market funding on maturity (liquidity risk).

To guarantee prompt redemption of the securities issued by the conduit, these transactions are guaranteed by a standby letter of credit covering the risk of default both of specific assets and of the whole program.
The underwriters of issued securities also benefit from security provided by specific liquidity lines which the conduit may use if it unable to place new commercial paper to repay maturing paper, e.g. during market turmoil.

These liquidity lines may not however be used to guarantee redemption of securities issued by the conduit in the event of default by the underlying assets.

In its role as sponsor, the Group selects the asset portfolios purchased by conduits or purchase companies, provides administration of the assets and both standby letters of credit and liquidity lines.

For these services the Group receives fees and also benefits from the spread between the return on the assets purchased by the SPV and the securities issued.

Starting from H2 2007 the securities issued by these conduits experienced a significant contraction in investor demand. The Group has consequently purchased directly all their outstanding commercial paper.

This trend, which reached its peak in December 2008, is shown in the table below which discloses the exposures to conduits sponsored by the Group.

Exposures sponsored by the Group

(€ '000)

	AMOUNTS AS AT	
	06.30.2012	12.31.2011
Balance sheet exposures	**1,234,888**	**3,136,484**
- Arabella Finance Ltd (*)	1,234,888	2,395,322
- Salome Funding Ltd	-	741,162
Credit facilities	**1,116,211**	**501,056**
- Arabella Finance Ltd (*)	1,116,211	459,748
- Salome Funding Ltd	-	41,308

(*) including positions towards Black Forest Funding Corp.

The lines of credit shown are the difference between total credit lines granted and the amount of commercial paper underwritten by the Group. This figure is the additional risk exposure incurred by the Group and arising from commercial paper purchased by third parties and commitments to purchase further assets under the program.
Cash exposures are commercial paper purchased by the Group. These exposures are fully consolidated and therefore not visible in the consolidated accounts, since they were offset.

The assets of the above-mentioned SPVs are as follows: investment fund units for Altus Alpha Plc, intercompany repurchase agreements for Grand Central Funding Corp., warehousing portfolio of UK mortgage loans for Redstone Mortgages Plc, Japanese mortgage loans for The Trans Value Trust Company Ltd., and liquidity which will be used to buy property with respect to Chiyoda Fudosan GK.

Due to its activity of loan and credit lines underwriting and the subscription of liabilities issued by these vehicles, also in these cases the Group bears most of the risk and receives most of the returns on this business.

The following table shows the amount of exposures towards other consolidated SPVs.

Exposures toward other consolidated SPV

(€ '000)

	AMOUNTS AS AT	
	06.30.2012	12.31.2011
Balance sheet exposures	**2,063,298**	**2,193,442**
- Altus Alpha Plc	332,619	398,108
- Chiyoda Fudosan GK	16,978	-
- Grand Central Funding Corp	80	77
- Redstone Mortgages Plc	1,463,800	1,481,606
- The Trans Value Trust Company Ltd	249,821	266,613
- SKB VTMK International Issuer Ltd.	-	47,038
Credit facilities	**12,073**	**11,825**
- Altus Alpha Plc	-	-
- Chiyoda Fudosan GK	-	-
- Grand Central Funding Corp	12,073	11,825
- Redstone Mortgages Plc	-	-
- The Trans Value Trust Company Ltd	-	-
- SKB VTMK International Issuer Ltd.	-	-

According to the line-by-line consolidation method, the following items should be recognized in Consolidated Accounts:
- assets held by consolidated vehicles in place of the loans provided to them or the liabilities subscribed by Group companies, now eliminated on consolidation;
- loans to purchase companies for non-consolidated subordinated vehicles.

With respect to non-consolidated purchase companies, the Consolidated Accounts, while not including the assets recorded in their account books, show the maximum amount of the risk borne by the Group, which, in the case of purchase companies entirely financed by consolidated conduits, corresponds to the amount of the assets of these same purchase companies.

Part E - Information on risks and related risk management policies (Continued)

The following table gives the amount of the consolidated SPVs' **assets** by **region.**

Consolidated SPVs' assets broken down by geographical area

(€ '000)

	AMOUNTS AS AT 06.30.2012								
	CONSOLIDATED SPVs								
	ITALY	GERMANY	AUSTRIA	OTHER UE COUNTRIES	OTHER EUROPEAN COUNTRIES (NON UE)	AMERICA	ASIA	REST OF THE WORLD	TOTAL
- Residential mortgage loans	-	-	-	1,406,925	-	-	213,678	-	1,620,603
- Commercial mortgage loans	-	-	-	-	-	-	-	-	-
- Leasing	-	931,454	-	-	-	-	-	-	931,454
- Credit cards	-	-	-	-	-	-	-	-	-
- Consumer loans	259,814	-	-	106,285	-	-	-	-	366,098
- SME loans	-	-	-	-	-	-	-	-	-
- State related entities	-	-	-	-	-	-	-	-	-
- Others	100,173	199,557	-	265,544	-	178,678	52,464	-	796,417
- RMBS	-	-	-	-	-	-	-	-	-
- CMBS	-	-	-	-	-	-	-	-	-
- CDO	-	-	-	-	-	-	-	-	-
- CLO / CBO	-	-	-	-	-	-	-	-	-
- Corporate and bank bonds	-	-	-	-	-	-	-	-	-
- Municipal and local Government bonds	-	-	-	-	-	-	-	-	-
- Investement funds	309	-	-	77,306	-	-	-	205,150	282,765
Total	**360,296**	**1,131,011**	**-**	**1,856,059**	**-**	**178,678**	**266,142**	**205,150**	**3,997,336**

The item "Others" comprises corporate loans and short-term commercial loans.

The quality of assets held by consolidated vehicles, which are mainly mortgage loans, corporate and commercial loans, is carried out by specific units using a look-through approach with the aim of analyzing the performance of the underlying receivables portfolios. As at June 30, 2012 impaired loans were €376,227 thousand, attributable to Redstone Mortgage Plc and The Trans Value Trust Company Ltd.

The residual life of consolidated vehicles' underlyings is given in the following table. Average residual life is in most cases under one year or over five years.

Consolidated SPVs' assets broken down by residual life

(€ '000)

	AMOUNTS AS AT 06.30.2012			
REMAINING AVERAGE LIFE	LESS THAN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
- Residential mortgage loans	376,227	-	1,244,376	1,620,603
- Commercial mortgage loans	-	-	-	-
- Leasing	931,454	-	-	931,454
- Credit cards	-	-	-	-
- Consumer loans	366,098	-	-	366,098
- SME loans	-	-	-	-
- State related entities	-	-	-	-
- Others	792,314	4,102	-	796,417
- RMBS	-	-	-	-
- CMBS	-	-	-	-
- CDO	-	-	-	-
- CLO / CBO	-	-	-	-
- Corporate and bank bonds	-	-	-	-
- Municipal and local Government bonds	-	-	-	-
- Investement funds	282,765	-	-	282,765
Total	**2,748,857**	**4,102**	**1,244,376**	**3,997,336**

Assets recognized in financial statements, due to consolidation of vehicles, are a marginal portion of the Group's assets.

The following table shows these assets by balance sheet classification and as a percentage of total assets in the same class.

Consolidated SPVs broken down by type of financial assets portfolio

(€ '000)

	AMOUNTS AS AT 06.30.2012					
	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS MEASURED AT FAIR VALUE	LOANS AND RECEIVABLES	FINANCIAL ASSETS HELD TO MATURITY	FINANCIAL ASSETS AVAILABLE FOR SALE	TOTAL
Balance sheet amount	282,765	-	3,714,572	-	-	3,997,336
% IAS portfolio	0.22%	0.00%	0.58%	0.00%	0.00%	0.46%

1.3 Other non-consolidated SPVs

The Group is also an investor in structured credit instruments issued by vehicles which are not consolidated, as these instruments do not bear most of the risk and do not receive most of the rewards on the operations carried out by SPVs.
These exposures are mainly held on the books of the Corporate and Investment Banking Division (CIB) and Unicredit Bank Ireland.

This business was particularly affected by the difficult situation on the financial markets, which began in 2007 and determined a transformation of the structured credit product market into an illiquid market.
Against this background, in 2008 the Group ring-fenced these products in a specific Global ABS Portfolio subject to monitoring and reporting of both credit risk and market risk.

This strategy has been reflected in the accounts through the reclassification of most of these positions in the item "loans and receivables to customers" occurred for the most part in the second half of 2008 and, for the remaining, in the first half 2009. See Section 1.4 for information about the effects of this reclassification.

In order to improve the quality of this portfolio, in the second half of 2010 the Group bought selected structured credit products with the aim of improving the overall portfolio quality in terms of expected risk/return profile. These acquisitions were executed in line with the derisking/deleveraging plan defined at end-2008 through the disposal of similar positions already in the portfolio which have been judged as less appealing in prospective terms.

This portfolio shows the following characteristics:
- high *seniority* with an insignificant percentage of junior positions;
- predominance of residential mortgage-backed securities and commercial mortgage-backed securities;
- an insignificant portion of products has US Subprime or Alt-A mortgages as underlyings;
- high rating (over 89% of the positions is classified as "investment grade")
- mainly concentrated in EU Countries.

Main features of structured credit portfolio

(€ '000)

	06.30.2012				12.31.2011			
Measurement	FV/P&L	FV/EQUITY	AMORTISED COST		FV/P&L	FV/EQUITY	AMORTISED COST	
Net exposure	479,172	162,960	5,948,622		524,195	154,955	5,903,191	
Seniority	SENIOR	MEZZANINE	JUNIOR		SENIOR	MEZZANINE	JUNIOR	
Net exposure	4,973,470	1,517,988	99,296	**Total 6,590,754**	4,952,338	1,513,351	116,652	**Total** 6,582,341
Asset class	RMBS/CMBS	CDO/CLO	OTHER ABS AND LOANS		RMBS/CMBS	CDO/CLO	OTHER ABS AND LOANS	
Net exposure	4,225,416	1,555,140	810,198		4,173,299	1,702,793	706,249	
Underlying	US SUBPRIME	US ALT-A	OTHER		US SUBPRIME	US ALT-A	OTHER	
Net exposure	4,300	5,591	6,580,863		5,415	6,157	6,570,769	

Rating %	AAA	OTHER INVESTMENT GRADE	NON INVESTMENT GRADE		AAA	OTHER INVESTMENT GRADE	NON INVESTMENT GRADE	
% on net exposure	28.95%	60.20%	10.85%	**100%**	28.85%	61.82%	9.33%	100%
Country %	US	EUROPEAN	OTHER		US	EUROPEAN	OTHER	
% on net exposure	13.79%	81.33%	4.88%		14.95%	79.69%	5.36%	

Part E - Information on risks and related risk management policies (Continued)

The following table gives Group's exposure to these instruments, which is limited, viz. 0.78% of total financial instruments.

Structured credit product exposures broken down by type of financial assets portfolio

(€ '000)

	BALANCE SHEET EXPOSURE AS AT						
	06.30.2012						
	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS MEASURED AT FAIR VALUE	LOANS AND RECEIVABLES	FINANCIAL ASSETS HELD TO MATURITY	FINANCIAL ASSETS AVAILABLE FOR SALE	TOTAL	12.31.2011 TOTAL
Balance sheet amount	436,840	42,332	5,711,875	236,747	162,960	6,590,754	6,582,341
% IAS portfolio	0.35%	0.20%	0.92%	3.10%	0.25%	0.78%	0.78%

The table below sets out the Group's **gross and net exposure** to these instruments.

Structured credit product exposures

(€ '000)

	AMOUNTS AS AT 06.30.2012	
EXPOSURE TYPE	GROSS EXPOSURE (NOMINAL AMOUNT)	NET EXPOSURE (CARRYING AMOUNT)
RMBS	2,947,532	2,852,688
CMBS	1,434,439	1,372,728
CDO	356,994	216,568
CLO/CBO	1,530,865	1,338,572
ABS others	618,236	521,638
Loans	288,560	288,560
Total	**7,176,626**	**6,590,754**

Cash exposure, as mentioned, consists almost entirely of asset backed securities amounting to € 6,302,194 thousand mainly held in the Global ABS portfolio in the books of the CIB and UniCredit Bank Ireland.

Following tables reports, respectively for ABS, loans and guarantees, the exposure amount together with their seniority.

The tables do not show the ABSs originated by UniCredit securitizations, whether synthetic or traditional. These are shown in the table given in paragraph 1.1 the 'Group as Originator'.

Structured credit product exposures broken down by subordination degree

(€ '000)

	AMOUNTS AS AT 06.30.2012			
EXPOSURE TYPE	SENIOR	MEZZANINE	JUNIOR	TOTAL
- RMBS	2,381,793	470,895	-	2,852,688
- Prime	*2,176,552*	*348,474*	-	*2,525,026*
- Subprime	*2,282*	*768*	-	*3,050*
- Nonconforming	*202,959*	*121,653*	-	*324,612*
- CMBS	1,067,304	305,424	-	1,372,728
- CDO	142,749	73,769	50	216,568
- CDO of ABS / CDO of CDO	*1,248*	*20,478*	*2*	*21,728*
- CDO Balance Sheet	*123,959*	-	-	*123,959*
- CDO Market Value	-	-	-	-
- CDO Preferred Stock	-	*49,560*	-	*49,560*
- CDO Synthetic Arbitrage	-	-	*1*	*1*
- CRE CDO	*12,139*	*3,398*	-	*15,537*
- CDO others	*5,403*	*333*	*47*	*5,783*
- CLO/CBO	818,131	491,824	28,617	1,338,572
- CLO SME	*79,038*	*36,097*	*1,420*	*116,555*
- CLO arbitrage/balance sheet	*286,264*	*109,734*	*2,067*	*398,065*
- CLO / CBO altri	*452,829*	*345,993*	*25,130*	*823,952*
- Consumer loans	198,390	64,896	-	263,286
- Credit cards	-	-	-	-
- Student loans	76,515	59,476	2,672	138,663
- Leasing	51,449	32,976	-	84,425
- Others	13,391	18,728	3,145	35,264
Total balance sheet exposures	**4,749,722**	**1,517,988**	**34,484**	**6,302,194**

Loans and guarantees

(€ '000)

EXPOSURE TYPE	AMOUNTS AS AT 06.30.2012							
	ON BALANCE SHEET EXPOSURES				OFF BALANCE SHEET EXPOSURES			
	SENIOR	MEZZANINE	JUNIOR	TOTAL	SENIOR	MEZZANINE	JUNIOR	TOTAL
Loans	**223,748**	**-**	**64,812**	**288,560**	**-**	**-**	**-**	**-**
- Residential mortgages	198,103	-	-	198,103	-	-	-	-
- Commercial mortgages	-	-	-	-	-	-	-	-
- CDO	-	-	-	-	-	-	-	-
- CLO	-	-	-	-	-	-	-	-
- Credit Cards	-	-	-	-	-	-	-	-
- Consumer loans	-	-	-	-	-	-	-	-
- Student Loans	-	-	63,838	63,838	-	-	-	-
- Others	25,645	-	974	26,619	-	-	-	-
Guarantees given	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Credit facilities	**-**	**-**	**-**	**-**	**20,296**	**-**	**-**	**20,296**

The above table presents the Group's exposure to SPEs, including guarantees given and lines of credit.

This support is generally given when structuring securitizations for third parties as manager or arranger of the transactions.

At June 30, 2012 the Group's exposure in structured credit products was €6,590,754 thousand. This amount includes the structured credit products that UniCredit Bank AG acquired from Salome Funding Ltd.
The corresponding value as of December 31, 2011, was €6,582,341 thousand.

The exposure in ABSs fell from €6,307,678 thousand at December 31, 2011 to €6,302,194 thousand.

Exposure in the form of loans to vehicles was €288,560 thousand at June 30, 2012. Unutilized portion of credit lines and guarantees given amounts to €20,296 thousand.

In addition to reported exposures, the Group is exposed to Credit Default Swaps having structured credit products as underlyings. These instruments have a positive fair value of €14,339 thousand and a notional amount of €116,437 thousand.

The good credit quality of this portfolio is borne out by the fact that over 77% of these instruments are rated A or better and over 28% of the portfolio is triple-A rated.

At December 31, 2011 over 79% of these exposures were rated A and over 28% of the portfolio was rated triple-A.

Over 81% of the exposure is toward countries belonging to European Union.
Exposure to Greece, Ireland, Portugal and Spain accounts for 20.26%, most of which concerns exposures to Spanish underlying assets (11.67%).

The following tables give a breakdown of the net exposure at June 30, 2012 by instrument, rating and region.

Structured credit product exposures broken down by rating class

EXPOSURE TYPE	AAA	AA	A	BBB	BB	B	CCC	CC	C	NR
RMBS	21.16%	30.58%	22.31%	11.89%	11.60%	0.83%	1.63%	0.00%	0.00%	0.00%
CMBS	32.21%	13.02%	30.55%	19.32%	4.69%	0.21%	0.00%	0.00%	0.00%	0.00%
CDO	0.15%	0.00%	57.24%	12.76%	18.90%	2.30%	6.49%	0.02%	2.14%	0.00%
CLO/CBO	52.54%	26.36%	14.21%	3.39%	0.98%	0.38%	0.00%	0.00%	0.00%	2.14%
Other ABS	14.36%	37.61%	13.21%	14.88%	13.21%	3.82%	0.74%	0.00%	0.00%	2.17%
Total	**28.95%**	**25.39%**	**22.83%**	**11.98%**	**8.22%**	**0.89%**	**1.03%**	**0.00%**	**0.07%**	**0.64%**

Part E - Information on risks and related risk management policies (CONTINUED)

Structured credit product exposures broken down by geographical area

EXPOSURE TYPE	ITALY	OTHER UE COUNTRIES	OTHER EUROPEAN COUNTRIES (NON UE)	ASIA	USA	REST OF THE WORLD
RMBS	9.35%	82.09%	0.00%	0.79%	0.31%	7.46%
CMBS	4.02%	83.85%	0.00%	0.11%	12.02%	0.00%
CDO	0.00%	11.97%	0.00%	0.00%	88.03%	0.00%
CLO/CBO	0.02%	65.68%	0.00%	0.00%	28.99%	5.31%
Other ABS	46.98%	30.72%	0.00%	0.00%	22.30%	0.00%
Total	**9.00%**	**72.33%**	**0.00%**	**0.38%**	**13.79%**	**4.50%**

The Group's portfolio includes the following:

RMBSs: Residential mortgage backed securities are notes issued by SPVs whose redemption depends on the performance of residential mortgages securitized by a non-Group originator.
An insignificant portion of these instruments has US Subprime or Alt-A mortgages as underlyings.
The following table shows the main characteristics of these instruments as at June 30, 2012 and December 31, 2011.

RMBS

	06.30.2012	12.31.2011
Gross Exposure	2,947,532	3,105,508
Net Exposure	2,852,688	2,998,072
% AAA	21.16%	25.69%
% Investment grade	64.78%	63.27%
% Sub Investment grade	14.06%	11.04%
% USA	0.31%	0.35%
% Europe	91.44%	90.98%
% Rest of the world	8.25%	8.67%
thereof US Subprime	3,050	3,905
thereof US Alt-A	5,591	6,157

CMBSs: Commercial mortgage backed securities are notes issued by SPVs whose redemption depends on the performance of commercial mortgages securitized by a non-Group originator.
The following table shows the main characteristics of these instruments as at June 30, 2012 and December 31, 2011.

CMBS

	06.30.2012	12.31.2011
Gross Exposure	1,434,439	1,248,811
Net Exposure	1,372,728	1,175,227
% AAA	32.21%	15.55%
% Investment grade	62.89%	79.78%
% Sub Investment grade	4.90%	4.67%
% USA	12.02%	14.15%
% Europe	87.87%	85.61%
% Rest of the world	0.11%	0.24%
thereof US Subprime	-	-
thereof US Alt-A	-	-

CDOs: Collateralized debt obligations are notes with varying seniority issued by SPVs in respect of debt instruments, including structured credit instruments (CDOs of ABS).
As with all asset-backed securities, redemption of these notes depends on the performance of the underlying assets and any additional security.
The purpose of these instruments is to benefit from the spread between the notes' yield and that of the assets.

An insignificant portion of these instruments has US Subprime or Alt-A mortgages as underlyings.
The following table shows the main characteristics of these instruments as at June 30, 2012 and December 31, 2011.

CDO

	06.30.2012	12.31.2011
Gross Exposure	356,994	411,731
Net Exposure	216,568	263,705
% AAA	0.15%	2.99%
% Investment grade	70.00%	65.64%
% Sub Investment grade	29.85%	31.37%
% USA	88.03%	83.82%
% Europe	11.97%	15.45%
% Rest of the world	0.00%	0.73%
thereof US Subprime	1,250	1,510
thereof US Alt-A	-	-

CLO/CBO: these instruments are notes issued by SPVs in respect of loans (Collateralized Loan Obligations - CLOs) and corporate bonds (Collateralized Bond Obligations - CBO).
The following table shows the main characteristics of these instruments as at June 30, 2012 and December 31, 2011.

CLO/CBO

	06.30.2012	12.31.2011
Gross Exposure	1,530,865	1,686,526
Net Exposure	1,338,572	1,439,088
% AAA	52.54%	56.31%
% Investment grade	43.96%	40.34%
% Sub Investment grade	3.50%	3.35%
% USA	28.99%	28.48%
% Europe	65.70%	66.46%
% Rest of the world	5.31%	5.06%
thereof US Subprime	-	-
thereof US Alt-A	-	-

Other ABS: these instruments are structured credit products issued by SPVs in respect of consumer loans, student loans, leasing loans and other loans.
The following table shows the main characteristics of these instruments as at June 30, 2012 and December 31, 2011.

Other ABS

	06.30.2012	12.31.2011
Gross Exposure	618,236	567,500
Net Exposure	521,638	431,586
% AAA	14.36%	11.24%
% Investment grade	65.70%	72.17%
% Sub Investment grade	19.94%	16.59%
% USA	22.30%	31.37%
% Europe	77.70%	68.63%
% Rest of the world	0.00%	0.00%
thereof US Subprime	-	-
thereof US Alt-A	-	-

Part E - Information on risks and related risk management policies (Continued)

Exposure to US Subprime and Alt-A Mortgages

The Group's exposure to US Subprime and Alt-A mortgages was restricted to the above RMBSs and CDOs with these underlyings.
The Group has no mortgages classified as sub-prime in its loan book nor guarantees of such exposure.
The following table summarizes exposure to US Subprime and Alt-A mortgages, which was €9,891 thousand at June 30, 2012, i.e. a reduction from both December 31, 2011 when this figure was €11,572 thousand.

US Subprime and Alt-A exposures

(€ '000)

UNDERLYING / EXPOSURE TYPE	AMOUNTS AS AT 06.30.2012		
	CDO OF ABS	RMBS	TOTAL
US Alt-A	-	5,591	5,591
US Subprime	1,250	3,050	4,300
Total	**1,250**	**8,641**	**9,891**

Instruments with US subprime underlyings have a coverage ratio of 86.5%. Instruments with Alt-A mortgages underlyings have a coverage ratio of 11.2%
Percentage composition of the **vintage** of **US Subprime and Alt-A** exposures is reported in the following tables.

US Subprime and Alt-A percentage of exposures broken down by vintage

UNDERLYING / VINTAGE	BEFORE 2005	2005	2006
US Alt-A	65.63%	16.47%	17.90%
US Subprime	8.42%	91.58%	0.00%
Total	**33.29%**	**58.92%**	**7.79%**

1.4 Reclassification of Structured Credit Products

In 2008 and in H1 2009 most structured credit products were reclassified from financial assets held for trading or available for sale to "loans and receivables with customers", pursuant to the amendments to IAS 39 endorsed by Regulation EC 1004/2008 (see Part A - A.3.1. Transfers between portfolios).

The following table shows the amounts of these instruments which were subject to reclassification, the amounts which would have been recognized in the year if they had not been reclassified, as well as the amounts actually recognized in the year.

ACCOUNTING PORTFOLIO BEFORE RECLASSIFICATION	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION	CARRYING AMOUNT AS AT 06.30.2012	FAIR VALUE AS AT 06.30.2012	INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAX)		INCOME/EXPENSE RECOGNIZED DURING THE PERIOD (BEFORE TAX)	
				FROM MEASUREMENT	OTHER	FROM MEASUREMENT	OTHER
Available for sale	Loans to customers	109,155	53,725	(11,809)	1,279	-	1,376
Held for Trading	Loans to customers	4,125,003	3,424,455	85,438	90,970	(2,121)	65,384
Total		**4,234,158**	**3,478,180**	**73,629**	**92,249**	**(2,121)**	**66,760**

These data include a non-significant amount of asset backed securities from own synthetic securitizations or in respect of which the underlying assets were derecognized from the balance sheet.

1.5 The Fair Value of Structured Credit Products

Structured credit products classified as financial assets held for trading, designated at fair value and available for sale are valued at their market value, in line with the general rules described in Part A - A.3 Information on Fair Value.
The deterioration of market conditions since H2 2007 made it particularly complex to valuate these products due to the gradual disappearance of a liquid secondary market characterized by executable prices that could be used for valuation purposes.

As described in Part A - A.3, in order to react to this new market environment, the Group has resorted to Independent *Price Verification* and *Fair Value Adjustment processes.*

In respect of structured credit products, this process requires that the prices for trading positions be verified monthly by Risk Management units that are independent from the units that assume the risk exposure, and that the fair value be adjusted in order to consider the subjectivity resulting from the use of illiquid parameters.

As a result of the valuation process described above, structured credit products are valued by using as a reference the prices of the main price providers (MarkIt). However, these valuations should be considered as "second-level" as they are not necessarily executable (for further information on fair value levels see Part A - A.3.2. Fair Value Hierarchy).

Absent this type of prices for the instrument being valued, its fair value is determined by using cash-flow discounting models.

These models discount the instrument's estimated cash flows at a rate that considers an adequate risk spread, whose determination is therefore fundamental for the valuation process. In particular, the spread used is the average spread applied to instruments which are similar to that being valued in terms of asset class, rating, underlying geography.

Where it is impossible to identify similar instruments, the spread is anyway determined by considering instruments which are similar to that being valued, adjusted (through interpolation and extrapolation processes) to take into account the differences noted.
The value resulting from the described valuation models is based on inputs and prices which are not necessarily executable on the market.
The value is therefore subject to further fair value adjustments to consider the risks associated to the use of non-executable inputs and prices.
This adjustment, which is proportionate to the observability of prices/inputs used in the valuation, is determined according to the economic effects of a one notch downgrade of the instrument being valued, i.e. the use of a spread which is appropriate to a level of rating immediately lower than that used.

The fair value determined by using these valuation techniques is classified as level-2 or level-3 according to the degree of similarity between the spread and the instrument being valued, and the consequent significance of the calculated value adjustments.

89.53% of the portfolio is priced using level 2 methods and the remaining 10.47% according to level 3 methods.

Structured credit product exposures: fair value hierarchy

EXPOSURE TYPE	LEVEL 2	LEVEL 3
RMBS	98.49%	1.51%
CMBS	96.77%	3.23%
CDO	0.00%	100.00%
CLO	87.18%	12.82%
Other ABS	89.56%	10.44%
Total	**89.53%**	**10.47%**

1.6 Group Exposure to Monoline Insurers

The Group has limited exposure to monoline insurers.
It is not the usual practice of the Group to manage credit risk arising from ABS exposures through credit derivatives, or other guarantees with monoliners.
The Group has direct exposure to certain baskets of names which include monoliners.

The following table gives the amount of these **exposures** by **monoliner.**

Exposures to monoliners

(€ '000)

	AMOUNTS AS AT	
COUNTERPARTY	06.30.2012	12.31.2011
Assured Guaranty Corporation	-	9
MBIA Insurance Corporation	3,196	94,938
Radian Group Inc.	4,907	53,469
The PMI Group Inc.	21,103	1,306
Total	**29,207**	**149,722**

The Group's portfolio includes asset-backed securities amounting to €410,298 thousand, which are guaranteed also by monoline insurers.

Part E - Information on risks and related risk management policies (Continued)

1.7 Group Exposure to Leveraged Finance

As part of its lending business, the Group grants loans or credit lines that may be classified as leveraged finance, in that they finance the acquisition of significant stakes in target companies, which are usually subsequently absorbed by the borrower.

Repayment and debt service depend largely on the cash flow generated by the new company post-absorption.

These transactions bear good yields in terms of both interest and fees. However, the risk is higher given the borrower's greater leverage.

The Group is generally involved in leveraged finance through participation in syndicated loans made by a banking syndicate.

As at June 2012, the net book value of these transactions, mainly carried out by Corporate and Investment Banking (CIB), amounted to €7,506 million.

These exposures are monitored continuously for credit quality by analyzing the borrower's business performance indicators and fulfillment of budget objectives in order to detect any lasting impairment losses.

In the case of further future syndications through the sale of a portion of the loan to third parties, at the same paying a portion of fees already received, these fees are not recognized as income.

2. OTC Trading Derivatives with Customers

The business model governing OTC derivatives trading with customers provides for centralization of market risk in the CIB 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 commercial banks and divisions 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 CIB 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 CIB Division operating with large corporate and financial institutions, in respect of which it assumes and manages both market and counterparty risk;
- by CEE Banks, 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 CIB Division) recourse may be made to credit risk mitigation techniques, for example "netting" and/or collateral agreements.

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

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

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 as firstly updated on November 18, 2009 (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" of the consolidated accounts with regard to derivative contracts totaled €99,122 million (with a notional value of €2,035,401 million) including €40,272 million with customers. The notional value of derivatives with customers amounted to €763,837 million including €748,439 million in plain vanilla (with a fair value of €39,606 million) and €15,398 million in structured derivatives (with a fair value of €666 million). The notional value of derivatives with banking counterparties totaled €1,271,564 million (fair value of €58,850 million) including €141,326 million related to structured derivatives (fair value of €2,126 million).

Customers entered into a total of 2,518 structured derivative contracts with the Group that are reported in balance-sheet asset item 20 "Financial assets held for trading".

The balance of item 40 "Financial liabilities held for trading" of the consolidated accounts with regard to derivative contracts totaled €102,736 million (with a notional value of €1,794,978 million) including €35,601 million with customers. The notional value of derivatives with customers amounted to €595,113 million including €569,886 million in plain vanilla (with a fair value of €35,312 million) and €25,227 million in structured derivatives (with a fair value of €289 million). The notional value of derivatives with banking counterparties totaled €1,199,865 million (fair value of €67,135 million) including €90,766 million related to structured derivatives (fair value of €1,503 million).

Part E - Information on risks and related risk management policies (CONTINUED)

Section 2 - Market Risk

Market risk derives from the effect that changes in market variables (interest rates, securities prices, exchange rates, etc.) can cause to the economic value of the Group's portfolio, including the assets held both in the trading book, as well as those posted in the banking book, both on the operations characteristically involved in commercial banking and in the choice of strategic investments. Market risk management within the UniCredit Group accordingly includes all activities related to cash transactions and capital structure management, both for the Parent company, as well as for the individual companies making up the group.

The current organizational model guarantees the ability to steer, to coordinate and to control the activities of some aggregated risks (so-called Portfolio Risks), through dedicated responsibility centers (Portfolio Risk Managers), completely focused and specialized on such risks, under a Group and interdivisional perspective.

According to this organization, the structures at first level of reporting to "Group Risk Management", dedicated to market risk governance, are:
- "Group Trading Risks", regarding market risk related to Trading Book positions;
- "Group Balance Sheet & Liquidity Risk", regarding market risk related to Banking Book positions.

Risk Management Strategies and Processes

The Holding Company's Board of Directors lays down strategic guidelines for taking on market risks by calculating capital allocation for the Parent company and its subsidiaries, depending on risk appetite and value creation objectives in proportion to risks assumed.

The Group Risk Committee meets with consulting and suggestion functions for the definition of the CEO's proposal for the Board of Directors, mainly for the following topics:
- Group risk appetite, including capitalization objectives, capital allocation criteria, risk-taking capacity, cost of equity and dividends policy, as well as internal capital limits;
- general strategies for the optimization of risks, general guidelines and general policies for Group risk management;
- fundamental modifications of risk control and measurement systems (for credit, market, operational and other risks) including possible action plans, processes, IT and data quality requirements;
- structure of limits by type of risk;
- strategic policies and funding plans;
- overall Loan Loss Provisions estimates;
- definition and periodic review of the "ICAAP General Framework", relevant perimeter of application, as well as yearly Regulatory Report.

Furthermore, it decides on the following topics:
- the definition of guidelines relative to Group financial policies (asset and liability management strategies, including the duration profile at Group level);
- the risk allocation across Business Units and Legal Entities, specific risk guidelines and strategies and consequent limit setting for achieving the targets in terms of risk appetite and limits by type of risk;
- methodologies for the measurement and control of Internal Capital;
- guidelines, policies and strategies for real estate risk, financial investment risk and business risk;
- approval of action plans in case of critical level findings on the risk control and measurement systems derived from internal initial and ongoing validation reports;
- approval of business actions/initiatives also having strategic nature in order to safeguard the Group in the "Alarm Phase" of a liquidity crisis.

The Group Risk Committee also receives on regular basis information from the competent Committees/functions on the following topics:
- reorganization projects affecting risk processes and/or organization structures involved in risk management and control activities;
- periodic risk reports (portfolio, large exposures, loan loss provisions, etc.), including those intended for the Regulators (before they have been disseminated);
- reports on breaches of limits;
- corrective action to balance Group risk positions;
- regular reports on loan loss provisions development;
- status update of relevant Basel Accords project activities and processes.

In addition to GRC, with reference to management of Market Risks, the responsible Committees are:
- Group Market Risk Committee;
- Group Assets & Liabilities Committee.

The “Group Market Risk Committee” is responsible for monitoring Market Risks at Group level, for evaluating the impact of transactions - approved by the competent bodies - significantly affecting the overall Market Risk portfolio profile, for submitting to the “Group Risk Committee” - for approval or information - market risk strategies, policies, methodologies and limits as well as regular reporting on market risk portfolio.
The Committee is also responsible for ensuring consistency in Market Risk policies, methodologies and practices across Divisions, Business Units and Legal Entities. It controls and monitors the Group market risk portfolio.

The “Group Assets and Liabilities Committee” is responsible for monitoring liquidity risk, Banking Book interest rate and FX risks, submitting to the “Group Risk Committee”, for either approval or information, the strategies for assets and liabilities management - including duration profile at Group level - the overall overview of the Group ALM positioning, as well as strategies, policies, methodologies and limits for liquidity, Banking book interest rate and FX risks.
The Committee is responsible for ensuring consistency in liquidity, Banking book interest rate and FX risk policies, methodologies and practices across Regional Liquidity Centers, Divisions, Business Units and Legal Entities, with the objective to optimize the utilization of financial resources such as liquidity and capital and to reconcile the demand for them with business strategies across the Group. Moreover, it monitors the evolution of assets and liabilities of the whole Group and the execution of the funding plan. It analyses the impact of interest rate movements, liquidity constraints and foreign exchange exposures.

Trading Book

The Trading Book includes the positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the trading book itself. To be eligible for trading book capital treatment, financial instruments must either be free of any restrictive covenants on their tradability or able to be hedged completely. In addition, positions should be frequently and accurately valued, and the portfolio should be actively managed.

The risk that the value of a financial instrument (an asset or a liability, cash or derivative) changes over time is determined by the following five standard market risk factors:
- Credit risk. the risk that the value of the instrument decreases due to credit spreads changes;
- Equity risk: the risk that the value of the instrument decreases due to stock or index prices changes;
- Interest rate risk: the risk that the value of the instrument decreases due to interest rates changes;
- Currency risk: the risk that the value of the instrument decreases due to foreign exchange rates changes;
- Commodity risk: the risk that the value of the instrument decreases due to commodity prices (e.g. gold, crude oil) changes.

UniCredit Group manages and monitors market risk through two sets of measures:
- Global Market Risk measures:
  - Value at Risk (VaR), which represents the potential loss in value of a portfolio over a defined period for a given confidence interval;
  - Stressed VaR (SVaR), which represents the potential VaR of a portfolio subject to a continuous 12-month period of significant financial stress;
  - Incremental Risk Charge (IRC), which represents the amount of regulatory capital aimed at addressing the credit shortcomings (rating migration and default risks) that can affect a portfolio in a defined time period for a given confidence interval;
  - Comprehensive Risk Measure (CRM), which represents the amount of regulatory capital aimed at addressing the credit shortcoming effects not included within the IRC measure (such as stochastic recovery and correlation effects for structured financial instruments) that can affect a portfolio in a defined time period for a given confidence interval;
  - Loss Warning Level (LWL), which is defined as the 60 days rolling period accumulated economic P&L of a risk taker;
  - Combined Stress Test Warning Level (STWL), which represents the potential loss in value of a portfolio calculated on the basis of a distressed scenario;
- Granular Market Risk measures:
  - Sensitivities, which represent the change in the market value of a financial instrument due to moves of the relevant market risk factors.

On the basis of these measures, two sets of limits are defined:
- Global Market Risk limits (Loss Warning Levels, Combined Stress Test Warning Level, VaR, SVaR, IRC, CRM): which are meant to establish a boundary to the economic capital absorption and to the economic loss accepted for activities under trading activities regime; these limits have to be consistent with the assigned budget of revenues and the defined risk taking capacity;
- Granular Market Risk limits (Sensitivity limits, Stress scenario limits, Nominal limits): which exist independently of, but act in concert with Global Market Risk limits and operate in a consolidated fashion across the Legal Entities (if applicable); in order to control more effectively and more specifically different risk types, desks and products, these limits are generally granular sensitivity or stress-related limits. The levels set for Granular Market Risk measures aim at limiting the concentration in individual risk factors and the excessive exposure in risk factors which are not sufficiently covered under VaR.

Part E - Information on risks and related risk management policies (CONTINUED)

Banking Book

The bank hedges the interest rate risk in the Banking Book mainly originated by its client business, while taking actively into account the changes in the market circumstances. Hedge strategies aim to take into account the consumer behavior as for example prepayment of mortgages and other loans. The view on the interest rate risk position of the Banking Book is reviewed at least on a monthly basis by the Group ALCO. The committee's involvement in Interest rate risk management includes:
- Limit setting and monitoring;
- Hedge strategies;
- Guidelines and policies;
- Funds transfer pricing decisions;
- Risk Methodologies and Measurement.

It should be noted that Group ALCO sets the guidelines and Risk Framework for the Regional Centres. Their ALCOs fill in the process for their perimeter, while Group ALCO monitors the overall position.
Risk Management proposes the limits that require approval from the Group Risk Committee.

Structure and Organization

Trading Book

With reference to trading book risks governance, that is market risk originated by Group functions authorized to manage trading positions, the "Group Trading Risks" department has been created, as responsible for the governance and control of these type of risks at Group level, through the definition of the strategies and the limits, the drafting process of the related Group Regulations and the monitoring for their implementation at Group's Legal Entities level, the development of the methodologies for measuring the risks, the execution of the stress-test activities and the portfolio analysis.
The aforementioned department is also responsible for a managerial coordination, within its area of competence, of the corresponding functions at Group's Legal Entities level, according to Internal Regulations ("GMGR " and "GMGR Evolution") and to address the choice of the correct pricing methodologies/models for financial instruments by coordinating activities for the development of "pricing libraries" and their integration in the front-office systems.

This control is ensured through an organizational structure that consists, in particular, in the following units:
- "Market Risk Management" department responsible for the governance and control of the Group's market risks through:
  - the definition of strategies and risk limits, the execution of stress-test activities and portfolio analysis;
  - market risk control for UniCredit S.p.A and at consolidated level.

- The department breaks down as follows:
  - "Group Market Risk Management" unit responsible for:
    - o coordinating (in cooperation with the Legal Entities' Market Risk functions) the iterative process for the setting of global and granular limits to be submitted for approval to the Committees and competent deliberative bodies, both at local and at Parent Company level;
    - o monitoring day-by-day global and granular limits, activating escalation process in the event of limits being reached or overtaken, determining also the right countermeasures/mitigation actions to be taken, if necessary;
    - o analyzing day-by-day P&L on the basis of the reports provided by Group Entities;
    - o defining the IPV and FVA methodologies that the Group Entities will be made to adopt;
    - o assessing market risks pertaining to new products and formulating non-binding opinions on the issuance of such products;
    - o managing the activities connected to the independent pricing validation (IPV) for non-listed or non-liquid securities and for market conformity check of the illiquid ones;
    - o providing the "Risk Integration & Capital Adequacy" unit with the data necessary for monitoring and planning for the risk appetite and the EVA.
  - "Products Evaluation, Special Projects & Support" unit responsible for:
    - o adequately supporting the Bank in the activities related to MiFID application, which require the use of the methodologies developed within Risk Management;
    - o defining the stress test program through: the definition of new scenarios, the aggregation of the stress tests results supplied by the Group Legal Entities, the analysis the results of the stress tests and the identification of suitable corrective actions (such as risk mitigation activities, generation of new scenarios);
    - o monitoring and managing market risk pertaining to non-core portfolios de-leveraging / de-risking;
    - o leading special market risk initiatives;
    - o reporting on market risk, in cooperation with the competent functions of the "Group Risks Operating Office" department, providing an updated view, at Group level, of the risks both in normal and stress scenarios.

6. Group Managerial Golden Rules".
7. Independent Price Verification.
8. Fair Value Adjustment.

- Market Risk Policies, Methodologies & Architecture" unit responsible for:
  - developing methodologies for market risks management (e.g. VaR, Stressed VaR, Incremental Risk Charge, Comprehensive Risk Measure, Credit Counterparty Risk, Expected Positive Exposure, etc.), making sure the models used within the Group are mutually consistent and calculating the metrics in collaboration with the related structures of the Legal Entities;
  - drawing up Group Rules concerning trading risks;
  - verifying that operating policies on market risks issued by the Legal Entities are coherent and compliant with the strategies and the Group Rules defined by "Group Trading Risks" department;
  - monitoring, according to the current Group Internal Regulation in place, the approval and implementation, within the Group Legal Entities, of the Group Rules on market risk;
  - monitoring the results of the back testing carried out by the Legal Entities and of the back testing done at a consolidated level;
  - developing prototypes for new technologies in order to manage market risks;
  - setting up and updating, in collaboration with the relevant structures of the Legal Entities, the infrastructure for the management of market data and documenting and monitoring the relative processes (data collection, management and storage).

Banking Book

The control of market risks in the Banking Book is under responsibility of the "Balance Sheet Risks Control" unit in Group Risk Management.
Responsibilities include:

- drawing up Group Rules on balance sheet risk related to the banking book;
- verifying that operational policies on balance sheet risks related to the Banking Book, issued by the Legal Entities, are coherent and compliant with the strategies and the Group Rules;
- proposing to the competent bodies the limits for managing the balance sheet risks related to the Banking Book, taking care of the related sub allocation of limits, in order to maintain the Group risk profile within the risk appetite framework approved by the Board of Directors and other competent bodies;
- monitoring the respect of balance sheet risk limits related to the Banking Book and medium-long term liquidity limits set by the competent bodies at Group and regional center level, proposing corrective actions in order to maintain the Group risk profile within the risk appetite framework approved by the Board of Directors;
- ensuring the substantial Groupwide harmonization of the measurement frameworks used for IRR Management and Behavioral models;
- monitoring the right application of fund transfer prices among the Units and the RCS of the Group.

Risk measurement and reporting systems

Trading Book

During 2012, the Group continued to develop and expand existing models with the aim of achieving increasing accuracy in the representation of the Group's risk profiles for portfolios of complex financial products. In particular, in compliance with the new Basel Committee regulations and guidelines and in order to properly address the shortcomings of the standard VaR framework, UniCredit Group completed during 2011 the development of internal models for Incremental Risk Charge (IRC) and Comprehensive Risk Measure (CRM) estimation, and updated the capital charge calculation including the Stressed VaR component.

The monitoring of these risk profiles was made even more effective with the introduction of individual risk limits, in addition to VaR limits, in relation to primary investment banking operations.

In the same way, and in an effort to achieve product/portfolio assessments based on more rigorous standards of prudence, methodologies for establishing valuation reserves for loan products were refined and made more specific with a special focus on structured loans.

Within the organizational context described above, the policy implemented by the UniCredit group within the scope of market risk management is aimed at the gradual adoption and use of common principles, rules and processes in terms of appetite for risk, ceiling calculations, model development, pricing and risk model scrutiny.

Market Risk Management department is specifically required to ensure that principles, rules and processes are in line with industry best practice and consistent with standards and uses in the various countries in which they are applied.
The main tool used by the UniCredit group to measure market risk on trading positions is Value at Risk (VaR), calculated using the historical simulation method. Please refer to Table 11 for further detail on risk models.

Market risk reporting standards are set by the Group Risk Committee under the proposal of the Market Risk function. Market Risk Management defines market risk reporting standards, both in terms of contents and recurrence, and provides timely information to senior management and regulators regarding the market risk profile on a consolidated level.

Part E - Information on risks and related risk management policies (Continued)

Banking Book

The primary responsibility of the monitoring and control of the risk management for Market Risk in the Banking Book lies in the Bank's competent Bodies. For instance, the Parent Company is in charge of monitoring Market Risks for the Banking Book at the consolidated level. As such, defines structure, data and frequency of the necessary Group reporting.

The Banking Book interest rate risk measures cover both the value and net interest income risk aspects.
More precisely, the different, and complementary, perspectives involve:

- *Economic value perspective:* variation in interest rates can affect the economic value of assets and liabilities. The economic value of the bank can be viewed as the present value of the bank's expected net cash flows, defined as the expected cash flows on assets minus the expected cash flows on liabilities;
- *Income perspective:* the focus of analysis is the impact of changes of interest rates on accrual or reported Net Interest Income that is the difference between revenues generated by interest sensitive assets and the cost related to interest sensitive liabilities. An example of a measure of risks used is Net Interest Income sensitivity.

In addition a framework is set up to measures other Market Risk types such foreign exchange risk, equity risk, value risk due to credit spread fluctuations.

Stress tests: they are an important risk management tool that provides UniCredit with an indication of how much capital might be needed to absorb losses in case of large financial shocks. Stress testing forms an integral part of the internal capital adequacy assessment process (ICAAP), which requires UniCredit to undertake rigorous, forward-looking stress testing that identifies possible events or changes in market conditions that could adversely impact the bank.

Hedging policies and risk mitigation

Trading Book

On a monthly basis a set of risk indicators is provided to the Group Risk Committee through the Enterprise Risk Management Report; these include VaR, Stressed-VaR, IRC and CRM usages, Sensitivities and Stress Test results.

At the same time limit breaches are reported both to the Group Market Risk Committee and to the Group Risk Committee, the escalation process being ruled by the Global Policy for Market Risk Limits which defines the nature of the various thresholds/limits applied as well as the relevant bodies to involve to establish the most appropriate course of action to restore exposure within the approved limits.

If required, focus is provided from time to time on the activity of a specific business line/desk in order to ensure the highest level of comprehension and discussion of the risks in certain areas which are deemed to deserve particular attention.

Banking Book

ALCO discusses the main Market Risk drivers on a monthly basis. It receives an update about the current status of the Banking Book risk measures both from a value and income perspective.
Limits and warning levels are monitored by Risk Management Function. Breaches are reported, upon occurrence, to the relevant bodies. Consequently the escalation process is activated in line with the procedures set in the Policy, to establish the most appropriate course of action to restore exposure within the approved limits.
The Treasury is in charge for the execution of structural hedges to mitigate the interest rate risk exposure on client business. Strategic transactions in the banking book can be executed by the Asset and Liability Management department.

Internal Model for Price, Interest Rate and Exchange Rate Risk of the Regulatory Trading Book

The policy implemented by the UniCredit Group within the scope of market risk management is aimed at the gradual adoption and use of common principles, rules and processes in terms of appetite for risk, ceiling calculations, model development, pricing and risk model scrutiny.

Group Trading Risks is required to ensure that principles, rules and processes are in line with industry best practice and consistent with standards and uses in the various countries in which they are applied.

The Directive 2010/76/EU (CRD III) introduced several improvements to the capital regime for trading book positions fully receiving the proposal from the Basel Committee. CRD III enhances the current value-at-risk (VaR) based framework with other risk measures: an incremental risk capital charge (IRC), a comprehensive risk measure (CRM) specific to the correlation trading portfolio (CTP), a stressed value-at-risk (sVaR).

Incremental risk capital charge captures default risk as well as migration risk for unsecuritised credit products, while comprehensive risk measure covers credit risk (i.e. default, migration and credit spread) for trading positions in the correlation trading portfolio. Additional capital charge for securitizations and credit products not covered by either IRC or CRM is evaluated through the standardized approach. The additional stressed VaR requirement is expected to help reduce the pro-cyclicality of the minimum capital requirements for market risk.

UniCredit group calculates both VaR and sVaR for market risk on trading positions using the Historical simulation method.

The Historical simulation method revaluates daily positions on the basis of trends in market prices over an appropriate observation period. The empirical distribution of profits/losses deriving therefrom is analyzed to determine the effect of extreme market movements on the portfolios. For a given portfolio, probability and time horizon, VaR is defined as a threshold value such that the probability that the mark-to-market loss on the portfolio over the given time horizon not exceeding this value (assuming normal markets and no trading in the portfolio) has the given confidence level. The parameters used to calculate the VaR are as follows: 99% confidence level; 1 day time horizon; daily update of time series; observation period of 500 days. Use of a 1-day time-horizon makes it possible to make an immediate comparison with profits/losses realized. Analogously stressed VaR is calculated with 99% confidence level and 1 day time horizon on a weekly basis, but over a stressed observation period of 250 days. The chosen historical period identifies the 1-year observation period which produces the highest resulting measure for the current portfolio. Over the first semester of 2012 the so-called Lehman crisis period (from 04.15.2008 to 03.30.2009) has been the stressed observation period chosen by UCBA. This same period has been used by UCB AG for the first quarter while the period from 01.17.2011 to 12.31.2011 (sovereign debt crisis) has been used for the second quarter. On the other hand UCI Spa used the sovereign debt crisis for the first quarter, while the Lehman crisis period has been used for the second.

For regulatory capital calculation the 1-day VaR and sVaR are properly scaled to a 10-days' time horizon while the 1-day measures are actively used for market risk management.

UniCredit group calculates IRC over a one-year capital horizon at 99.9% confidence level using a multivariate version of a Merton-type model (e.g. Moody's KMV) in which both migration and default events are accounted for. Default is indeed seen as a particular migration to an absorbing state. Migration events are simulated on the capital horizon, taking into account the liquidity horizon of individual positions. However over 2011 a conservative liquidity horizon of one year has been applied to all positions.

Since the CRM measure should cover all price risk on the CTP perimeter, UniCredit group implemented a two components measure in order to catch all the required risk facets. Therefore CRM is obtained as the sum of two partially overlapping components. In more detail:
- CRM.IRC: the IRC component simulates migrations and defaults, extending the IRC framework to account for stochastic recovery rates and the effect of multiple defaults. This part of the measure embeds a credit spread dynamics that has a jump component to it; it indeed simulates changes in spread levels as a result of rating migrations occurring in a through-the-cycle real-world probabilistic set up.
- CRM.VaR: the VaR component of the measure accounts for the credit spread risk and for the implied correlation one. Spread dynamics is specified both at individual issuer level and at index level. Credit spreads are evolved by means of a diffusive mean-reverting stochastic process calibrated to CDS spread series and is hence closer to a risk neutral perspective. Base correlations are simulated by means of a mean reverting diffusive multivariate process evolving the standard capital structure of two major indices. Implied correlation basis between standard tranches and bespoke ones is not explicitly simulated. Base correlation for standard tranches is calibrated from available market quotes and used to generate scenarios for both standard and bespoke CDOs.

The confidence level at which the CRM charge is calculated is 99.9% over the Capital Horizon of one year. Liquidity Horizon is set equal to the Capital Horizon for both the IRC-like and the VaR-like components. This basically embraces the constant position assumption suggested in the IRC guidelines.

Both of the measure's components include a spread-risk element.

IRC needs to meet soundness standard comparable to IRB. The charge was indeed compared to the IRB requirement for a subset of the top 50 issuers resulting into a 20% higher number (i.e. IRC=1.2 IRB). As for the CRM, no real benchmark is specified. Robustness was assessed - among others - via a stress scenario that showed that level of capitalization implied by the model would account for the simultaneous sudden default of the top 50 names in the portfolio.

Group Internal Validation performed its analyses in order to evaluate the conceptual soundness of the IRC and CRM models, to supplement the available analyses on that topic and to ensure the compliance of the resulting risk management environment against all the relevant regulatory requirements and internal standards.
As already remarked by the regulation, traditional back testing procedures, regarding the 99.9% one-year soundness standard for IRC, are simply not applicable. Consequently, while validation of the IRC and CRM model relied heavily on indirect methods (including stress tests, sensitivity analysis and scenario analysis) in order to assess the qualitative and quantitative reasonableness of the model, special focus has indeed been given to the specific situation of the UniCredit portfolios.
Group Internal Validation kept the scope of their analysis as wide as possible in order to comprise the many diverse issues that are acting concurrently in such a model (general model design, regulatory compliance, numerical implementation, outcomes explanation).

Part E - Information on risks and related risk management policies (CONTINUED)

In particular, among the topics Group Internal Validation addressed, we should mention model parameterization (such as credit migration matrices and their regularization to liquidity horizon shorter than one year, dependence structure, sensitivities analysis with regard to the most relevant model parameters, stability analysis with regard to potentially hard-to-estimate model inputs), model design, model replication, portfolio structure, processes and model outputs.

During 2011 the college of supervisors authorized UniCredit group to the use of internal models for the calculation of capital requirements for market risk. In details both UCB AG and BA AG are then allowed to calculate their regulatory capital by means of internal models for VaR, stressed VaR and IRC; the additional CRM capital charge is relevant for UCB AG only. As at June 30, 2012 UCI, UCI Ireland and Bank Pekao are still using the standardized approach for calculating capital requirements related to trading positions. As part of the progressive extension of the internal models approach to all Group companies, however, the VaR is already used for the management of market risk in these latter companies.

The standardized measurement method is also applied to the calculation of capital covering the risk of holding banking book exposure in foreign currencies for the subsidiaries that do not perform trading activities.

In order to validate the coherence of VaR internal models used in calculating capital requirements on market risks, backtesting is performed by comparing the internal model risk estimates with the hypothetical portfolio profit and loss, in order to check if the 99% of the trading outcomes is covered by the 99th percentile of the risk measures. The test is based on the last twelve months data (i.e. 250 daily observations). In case that the number of exceptions in the previous year exceeds what forecasted by the confidence level assumed, a careful revision of model parameters and assumptions is initiated.

Trading portfolios are subject to Stress tests according to a wide range of scenarios for managerial reporting, which are described in dedicated paragraph below. According to national regulations, some relevant scenarios are also a matter of regulatory reporting on a quarterly basis. Moreover, substitute risk measures, i.e. sensitivities, defined stress scenarios or the indication of nominal amounts, are considered and included in the regulatory reporting for the estimation of risks that are not covered by the VaR simulation of UCB AG internal model.

As for internal scenario analysis policies and procedures (i.e. "stress testing"), these procedures have been entrusted to the individual legal entities. Overall, however, a set of scenarios common to the Group as a whole, is applied to all positions in order to check on a monthly basis the potential impact that their occurrence could have on the global trading portfolio.

Procedures and methodologies for Valuation of Trading Book positions

UniCredit ensures that the value applied to each trading book position appropriately reflects the current fair (market) value, i.e. 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 each financial instrument is based on, or derived from, observable market prices or inputs.
The availability of observable prices or inputs differs by product and market, and might change over time.

In case observable prices or parameters are readily and regularly available (i.e. satisfying adequate liquidity requirements), they are directly employed in the determination of fair value (mark-to-market) without any subjective component (e.g. liquid securities or equities, exchange traded derivatives). This includes instruments whose fair value is derived from valuation models which represent industry standard and whose inputs are directly observable (e.g. plain vanilla swap and a number of option contracts).

In non-active markets or for certain instruments, for which observable prices or inputs are not available, fair value is calculated leveraging on valuation techniques appropriate for the specific instrument (mark-to-model). This approach involves estimation and expert judgment and, therefore, might require valuation adjustments which take into account bid-ask spreads, liquidity and counterparty risk, besides the employed pricing model. In addition, each pricing model used for fair value calculation need to be validated by a dedicated function independent from business units.

According to Group Market Risk Governance Guidelines, in order to ensure the adequate separation between functions in charge of development activities and functions in charge of validation, all pricing models developed by Legal Entities front - office functions are centrally and independently tested and validated by the Holding Company Market Risk functions. Model validation is also carried out centrally for any novel system or analysis framework whose utilization has a potential impact on the bank's economic results.

In addition to daily marking to market or marking to model, Independent Price Verification (IPV) shall be performed. This is the process by which market prices or model inputs are regularly verified for accuracy and independence. While daily marking to market may be performed by dealers, verification of market prices and model inputs has to be performed by a function independent of the trading floor, at least monthly (or more frequently, depending on the nature of the market/trading activity). Where independent pricing sources are not available or pricing sources are too subjective, appropriate prudent measures such as fair valuation adjustments are set (FVA).

Information on pricing models used for fair value calculation

The following paragraph details the methodologies used for fair value calculation, focusing on those instruments whose prices are not immediately observable or regularly available.

Fixed Income Securities

Fixed Income Securities are priced in a two tier process depending on the liquidity in the respective market. Liquid instruments in active markets are marked to market and consequently positions in these instruments are disclosed in reference to Fair Value Hierarchy under Level 1. Instruments not traded in active markets are marked to model based on implied credit spread curves derived from the former Level 1 instruments. The model maximizes the use of observable input and minimizes the use of unobservable inputs. With this respect, depending on the proximity of the credit spread curve applied, the bonds are disclosed as Level 2 or Level 3 respectively; Level 3 is applied in case a significant unobservable credit spread is used. Under fair value accounting, fair value adjustments for liquidity and model deficiencies compensate for the lack of market observables for the Level 2 and Level 3 positions. In the global bond IPV process market prices of Level 1 bonds are regularly verified for accuracy.

OTC derivatives

Market value of OTC derivatives is calculated through pricing models, whose input parameters need to be regularly assessed through the monitoring process described above.
Pricing models used for OTC derivatives marking-to-market include Black and Scholes (European Options, Commodity Vanilla products), Stochastic Volatility and Stochastic Volatility with embedded local volatility (path dependent single asset products), Stochastic Volatility incorporating jumps and large downward jumps (path dependent single-asset products with dependency to forward skew), Stochastic Volatility incorporating asset-asset correlations (Path dependent multi-asset products), two-factor Stochastic-EQ/Stochastic-IR model (Convertible Bonds), Equity/IR hybrid model (CPPI).
In order to determine the fair value, mark-to-market need to be adjusted by Credit Value Adjustment (CVA) in order to take into account the probability of the counterparty to default.

Structured Credit Products

Back in 2009, UniCredit approved the “Structured Credit Bonds Valuation Group Policy” centred on two pillars:
- extension and implementation across all the Group’s Legal Entities of the new Independent Price Verification (IPV) process suited to the changed market conditions for Structured Credit Bonds;
- integration of current Fair Value Adjustments Policy.

The core assumption of the IPV process is that the quality of a price is assessed by the availability of several quotes of independent market players for identical assets. For this reason, the process relies in the first instance on MarkIt as the most reliable collector and distributor of market quotes.
As a second step “fallback” prices are assessed by matrix pricing, i.e. by benchmarking each security to a pool of similar securities with available market quotes. An alternative approach relies on getting to the evaluation by means of a mathematical pricing model, applicable whenever the information about market participants assumptions concerning the model inputs are reasonably available without undue cost and effort.
The IPV represents the theoretical foundation of the FVA approach: FVA is regarded as a reserve against Model Risk and is calculated assuming that one-notch price downgrade might be taken as a measure of uncertainty.

CDO

CDO are currently priced with a stochastic recovery Gaussian copula model. The recovery rate is determined as a function of the common systemic factor that drives all underlying names. Pricing of tranches is semi-analytic and uses some approximations to speed up quadratures.

Risk measures

VaR data

Shown below are the VaR data on the overall market risk for the trading book. VaR, being a single metric, thus quantifies overall market risk, which means that breaking it down into interest rate risk, price risk and exchange rate risk components is unnecessary.

In aggregating the various risk profiles of the different risk taking units of the Group, the diversification arising from positions taken by different Group companies has conservatively been disregarded when calculating the overall risk.

Part E - Information on risks and related risk management policies (Continued)

Risk on trading book - June 29, 2012
Daily VaR on Trading Book

(€ million)

	06.29.2012	2012 AVERAGE	2012 MAX	2012 MIN	2011 AVERAGE
* UniCredit SpA	3.4	2.6	4.0	1.2	2.3
* UCI - Ireland	0.2	0.2	0.2	0.2	0.2
* Fineco Bank	0.1	0.1	0.3	0.0	0.2
* Bank Pekao SA	0.5	0.4	1.2	0.2	0.5
UCBA AG	4.1	4.4	6.5	2.2	8.8
UCB AG	17.6	25.7	36.5	14.8	27.8
UniCredit Group Total (1)	**25.8**	**33.4**	**45.0**	**22.6**	**39.8**

(1) Total VaR is computed as simply the sum of the different components, without taking into account differentiation among the various Entities.
* For managerial purpose only.

SVaR data

Shown below are the SVaR data on the overall market risk for the trading book within the Internal Model perimeter.

In aggregating the various risk profiles of the different risk taking units of the Group, the diversification arising from positions taken by different group companies has conservatively been disregarded when calculating the overall risk.

Risk on trading book - June 29, 2012
SVaR on Trading Book

(€ million)

	06.29.2012	2012 AVERAGE	2012 MAX	2012 MIN	2011 AVERAGE
UCBA AG	24.4	18.0	29.2	6.1	21.9
UCB AG	21.1	29.0	39.6	18.4	56.1
UniCredit Group Total (1)	**45.5**	**47.1**	**60.4**	**35.4**	**78.1**

(1) Total SVaR is computed as simply the sum of the different components, without taking into account differentiation effect among the various Entities.

IRC data

Shown below are the IRC data on the overall market risk for the trading book within the Internal Model perimeter.

In aggregating the various risk profiles of the different risk taking units of the Group, the diversification arising from positions taken by different group companies has conservatively been disregarded when calculating the overall risk.

Risk on trading book - June 29, 2012
IRC on Trading Book

(€ million)

	06.29.2012	2012 AVERAGE	2012 MAX	2012 MIN	2011 AVERAGE
UCBA AG	39.7	58.5	124.2	35.0	134.6
UCB AG	506.2	551.5	614.4	506.2	484.6
UniCredit Group Total (1)	**545.9**	**609.9**	**679.7**	**545.9**	**619.2**

(1) Total IRC is computed as simply the sum of the different components, without taking into account differentiation effect among the various Entities.

CRM data

Shown below are the CRM data on the CTP perimeter. Strong reduction in UCB AG CRM figure with respect to end of 2011 is mostly due to the unwinding of several CDOs but also to the move of illiquid positions out of the CTP portfolio.

Risk on trading book - June 29, 2012
CRM on Correlation Trading Portfolio

(€ million)

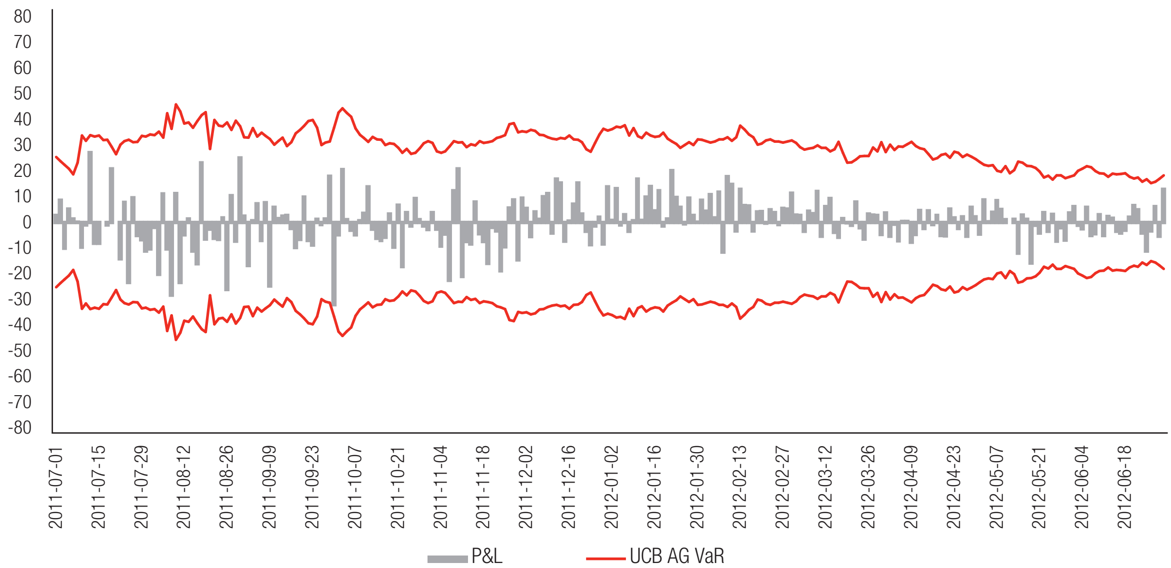
	06.29.2012	2012 AVERAGE	2012 MAX	2012 MIN	2011 AVERAGE
UCB AG	26.3	165.5	343.8	26.3	390.5

VaR backtesting

In the first six months of 2012, UniCredit Group's market risk remained relatively stable, although some volatility of credit spreads occurred which still represent the principal risk factor characterizing overall exposure. Volatility also affected other risk factors (interest rate risk, share prices and exchange rate risk). At the same time the strategy of gradual reduction of exposure to non-core businesses has proceeded in line with set targets.

The following graphs analyze the back-testing results referred to the market risk on the trading book, in which VaR results for the last twelve months are compared to the hypothetical profit and loss results for each main risk taker unit:

UCB AG



In UCB AG no negative overdrafts were recorded in the first six months of 2012.

UCBA AG

In UCBA AG no negative overdrafts were recorded in the first half of 2012. VaR reduction in mid-November 2011 was due to the move of Own Credit Spread (OCS) portfolio from trading to banking book.

Part E - Information on risks and related risk management policies (Continued)

2.1 Interest Rate Risk - Regulatory trading book

QUALITATIVE INFORMATION

A. General information

Interest rate risk arises from financial positions taken by Group specialist centers holding assigned market risk limits within certain levels of discretion. Apart from use of internal models in calculating capital requirements on market risks, risk positions in the Group are monitored and subject to limits assigned to the portfolios on the base of managerial responsibilities and not purely on regulatory criteria.

B. Risk Management Processes and Measurement Methods

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer also to introduction on internal models.
The Group conducts sensitivity analysis weekly to determine the effect on the income statement of changes in the value of individual risk factors or several risk factors of the same type. The analysis covers the CIB division's entire portfolio (both trading and banking book), since it includes the most significant portion of regulatory trading book and might be subject to the largest changes over time. Results are reported to top management on a weekly basis.
In addition to the sensitivity of financial instruments to changes in the underlying risk factor, the Group also calculates sensitivity to the volatility of interest rates assuming a positive of 50% or negative change of 30% in volatility curves or matrixes.

QUANTITATIVE INFORMATION

Sensitivity to changes in interest rates is determined using both parallel shifts of interest-rate curves, and changes in the curve itself. The curves are analyzed using parallel shifts of +1 basis point, ±10bps and ±100bps.
For each 1bp shift, sensitivity is calculated for a series of time-buckets.
Sensitivity for changes in the steepness of the rate curve is analyzed by clockwise turning (Turn CW), i.e. an increase in short-term rates and a simultaneous fall in long-term rates, and by counter-clockwise turning (Turn CCW), whereby short-term rates fall and long-term rates rise.
Currently, clockwise and counter-clockwise turning use the following increases/decreases:
- +50bps/-50bps for the one-day bucket;
- 0 bps for the one-year bucket;
- -50bps/+50bps for the 30-year plus bucket;
- for each of the above buckets, the change to be set is found by linear interpolation.

EUR remains the main risk factor, but, with respect to the end of 2011, the overall sensitivity to interest rate curves flattening/steepening strongly decreased.

(€ million)

INTEREST RATES	+ 1 BPS LESS THAN 3 MONTHS	+ 1 BPS 3 MONTHS TO 1 YEAR	+1 BPS 1 YEAR TO 2 YEARS	+ 1BPS 2 YEARS TO 5 YEARS	+ 1 BPS 5 YEARS TO 10 YEARS	+ 1 BPS OVER 10 YEARS	+ 1 BPS TOTAL	- 100 BPS	-10 BPS	+ 10 BPS	+100 BPS	CW	CCW
Total	**0.4**	**0.3**	**0.3**	**0.1**	**0.4**	**0.3**	**1.7**	**- 27.3**	**- 12.9**	**15.0**	**185.8**	**2.0**	**- 3.4**
of which: EUR	0.6	0.4	0.2	- 0.0	0.3	0.3	**1.7**	- 62.9	- 16.0	16.2	199.8	13.7	- 16.2
USD	- 0.1	- 0.2	- 0.0	- 0.0	- 0.0	0.0	**- 0.3**	27.4	3.2	- 3.2	- 31.6	- 7.0	7.0
GBP	- 0.0	- 0.1	0.0	0.0	0.0	0.0	**0.0**	- 1.9	- 0.2	0.3	4.3	- 1.7	2.0
CHF	- 0.1	0.1	0.0	0.0	0.0	0.0	**0.1**	12.0	0.9	0.8	5.0	- 0.5	0.7
JPY	0.0	0.0	0.1	0.0	0.0	- 0.0	**0.1**	- 7.7	- 1.4	1.4	14.3	- 0.5	0.5

With regard to the sensitivity to the volatility of interest rates, the scenario characterized by a 30% reduction in volatility for EUR would produce a smaller profit with respect to end of 2011.

(€ million)

	- 30%	+ 50%
Interest Rates	**2.1**	**8.7**
of which: EUR	1.3	10.1
USD	0.4	-0.5
GBP	0.0	-0.1
CHF	0.3	-0.8
JPY	0.1	-0.1

2.2 Interest Rate Risk - Banking Book

QUALITATIVE INFORMATION

A. General aspects, operational processes and methods for measuring interest rate risk

Interest rate risk consists of changes in interest rates that are reflected in:
- interest income sources, and thus, the bank's earnings (cash flow risk);
- The net present value of assets and liabilities, due to their impact on the present value of future cash flows (fair value risk).

The Group measures and monitors this risk within the framework of a banking book interest rate risk policy that establishes consistent methodologies and models and limits or thresholds to focus on, with regard to the sensitivity of net interest income and the Group's economic value.
Interest rate risk has an impact on all owned positions resulting from business operations and strategic investment decisions (banking book).
At June 30, 2012, the sensitivity of interest income to an immediate and parallel shift of +100bps was +€109 million (and -€318 million for a shift of -100bps).
The sensitivity of the economic value of shareholders' equity to an immediate and parallel change in interest rates ("parallel shift") of +200 bp was €36 million[9] at June 30, 2012.
The main sources of interest rate risk can be classified as follows:
- repricing risk - the risk resulting from timing mismatches in maturities and the repricing of the bank's assets and liabilities;
- yield curve risk - risk resulting from exposure of the bank's positions to changes in the slope and shape of the yield curve;
- basis risk - risk resulting from the imperfect correlation in lending and borrowing interest rate changes for different instruments that may also show similar repricing characteristics;
- optionality risk - risk resulting from implicit or explicit options in the Group's banking book positions.

Some limits have been set out, in the above described organization, to reflect a risk propensity consistent with strategic guidelines issued by the Board of Directors. These limits are defined in terms of VaR (calculated using the methodology described above in relation to the trading portfolio), Sensitivity or Gap Repricing for each Group bank or company, depending on the level of sophistication of its operations. Each of the Group's banks or companies assumes responsibility for managing exposure to interest rate risk within its specified limits. Both micro- and macro-hedging transactions are carried out for this purpose.
At the consolidated level, Group HQ's Asset Liability Management Unit takes the following measures:
- It performs operating sensitivity analysis in order to measure any changes in the value of shareholders' equity based on parallel shocks to rate levels for all time buckets along the curve;
- Using static gap analysis (i.e., assuming that positions remain constant during the period), it performs an impact simulation on interest income for the current period by taking into account different elasticity assumptions for demand items;
- It analyses interest income using dynamic simulation of shocks to market interest rates;
- It develops methods and models for better reporting of the interest rate risk of items with no contractual maturity date (i.e., demand items).

Group Risk Management performs second-level controls on the above mentioned analyses.
The Market and Balance Sheet Risks Portfolio Management Area sets interest rate risk limits using VaR methodologies and verifies compliance with these limits on a daily basis.

B. Fair value hedging operations

Hedging strategies aimed at complying with interest rate risk limits for the banking portfolio are carried out with listed or unlisted derivative contracts, and the latter, which are commonly interest rate swaps, are the type of contracts used the most.
Macro-hedging is generally used, meaning hedges related to the amounts of cash contained in asset or liability portfolios. Under certain circumstances, the impact of micro-hedges related to securities issued or individual financial assets are recognized (especially when they are classified in the available-for-sale portfolio).

C. Cash flow hedging operations

In certain instances, cash flow hedging strategies are also used as an alternative to fair value hedging strategies in order to stabilize income statement profits in the current and future years. Macro-hedging strategies are mainly used and they may also refer to the interest rate risk of the core portion of financial assets "on demand."

9. Excluding minor Legal Entities. The figures include modeled sensitivity estimates for assets and liabilities with not well-defined maturities, such as sight and savings deposits. UC Leasing holding (Italian perimeter), UC Factoring and UCCMB are included.

Part E - Information on risks and related risk management policies (Continued)

2.3 Price Risk - Regulatory trading book

QUALITATIVE INFORMATION

A. General Information

As described above, price risk relating to equities, commodities, investment funds and related derivative products included in the trading book, originates from positions taken by Group specialist centers holding assigned market risk limits within certain levels of discretion.
Price risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTCs and recourse to security lending. Volatility trading strategies are implemented using options and complex derivatives.

B. Risk Management Processes and Measurement Methods

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer to introduction on internal models. The sensitivity analysis covers the CIB division's entire portfolio (both trading and banking book), since it includes the most significant portion of regulatory trading book and might be subject to the largest changes over time.

QUANTITATIVE INFORMATION

Share-price sensitivity is expressed in two ways:
- as a "Delta cash-equivalent", i.e. the euro equivalent of the quantity of the underlying that would expose the bank to the same risk arising from its actual portfolio;
- as the economic result of a rise or fall in spot prices of 1%, 5%, 10% and 20%.

The Delta cash-equivalent and the Delta 1% (i.e. the economic impact of a 1% rise in spot prices) are calculated both for each geographical region (assuming that all stock markets in the region are perfectly correlated) and on the total (assuming therefore that all stock markets are perfectly correlated). The sensitivity arising from changes of 5%, 10% and 20% is calculated solely on the total.
In addition, sensitivity to commodity price changes is calculated according to the above criteria. Given its secondary importance as compared to other risk exposures, this is calculated as a single class.

(€ million)

	DELTA CASH-EQUIVALENT	- 20%	- 10%	- 5%	- 1%	+ 1%	+ 5%	+ 10%	+ 20%
Equities									
All markets	**-24.0**	**6.2**	**3.5**	**1.4**	**0.2**	**- 0.2**	**- 0.2**	**- 1.2**	**- 11.5**
Europe	-43.9					- 0.4			
US	-80.3					- 0.8			
Japan	4.7					0.0			
United Kingdom	-31.7					- 0.3			
Switzerland	-10.2					- 0.1			
CEE	8.3					0.1			
Others	3.7					0.0			
Commodities									
All markets	**7.5**	**- 1.5**	**- 0.7**	**- 0.4**	**- 0.1**	**0.1**	**0.4**	**0.7**	**1.5**

Sensitivity to equity increased in the first half of 2012. In particular, a downturn by 20% would produce a larger profit (€6.2 million), compared to a €1.7 million as of end of 2011. Exposure to commodities decreased with respect to end of 2011.

Sensitivity to equities' volatility is virtually unchanged.

(€ million)

	- 30%	+ 50%
Equities	**- 33.9**	**3.5**

2.4 Price Risk - Banking Book

QUALITATIVE INFORMATION

A. General Aspects, Price Risk Management Processes and Measurement Methods

Banking book price risk primarily originates in equity interests held by the Parent company and its subsidiaries as a stable investment, as well as units in mutual investment funds not included in the trading book in so far as they are also held as a stable investment.

As far as these last instruments are concerned, internal price risk management and measurement processes are in line with what has already been represented for the regulatory trading book.

2.5 Exchange Rate Risk - Regulatory trading book

QUALITATIVE INFORMATION

A. General Information, Risk Management Processes and Measurement Methods

As described above, risk relating to exchange rates and related derivative products included in the trading book, originates from positions taken by Group specialist centers holding assigned market risk limits within certain levels of discretion.
Risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTC. Volatility trading strategies are implemented using options.

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer to introduction on internal models. The sensitivity analysis covers the CIB division's entire portfolio (both trading and banking book), since it includes the most significant portion of regulatory trading book and might be subject to the largest changes over time.

QUANTITATIVE INFORMATION

Exchange-Rate Sensitivity assesses the economic impact of the appreciation or depreciation by 1%, 5% and 10% of each currency against all the others. Exposure to the various currencies is indicated as the "Delta cash equivalent" in euros: this is the euro equivalent of the currency amount which would expose the bank to the same exchange-rate risk arising in its actual portfolio.

(€ million)

EXCHANGE RATES	DELTA CASH-EQUIVALENT	- 10%	- 5%	- 1%	+ 1%	+ 5%	+ 10%
EUR		47.7	10.4	- 0.3	1.0	1.5	3.8
USD	249.6	- 11.2	- 5.4	- 1.3	2.5	21.4	74.4
GBP	- 246.4	30.2	13.4	2.6	- 2.5	- 11.8	- 24.9
CHF	- 27.0	- 3.6	- 1.7	0.7	- 0.3	- 0.8	- 0.2
JPY	27.5	10.7	0.4	- 0.2	0.3	2.6	7.0

With respect to end 2011, USD position remained stable, while exposure to GBP is shorter. Sensitivity to the volatility of exchange rates was reduced in the first half of 2012.

(€ million)

	- 30%	+ 50%
Echange Rates	**- 0.1**	**2.2**
of which: EUR_USD	- 2.1	6.5
EUR_JPY	- 0.6	1.4
CHF_EUR	0.9	- 1.1
EUR_PLN	- 0.2	0.5
EUR_ZAR	0.3	- 0.5
EUR_TRY	0.1	- 0.4
CHF_USD	0.1	- 0.3
EUR_GBP	- 0.1	0.2

Part E - Information on risks and related risk management policies (Continued)

2.6 - Exchange Rate Risk - Banking book

QUALITATIVE INFORMATION

A. General Aspects, Exchange Rate Risk Management Processes and Measurement Methods
As it has already been said in the introduction, exchange rate risk also originates from positions taken by Group specialist centers holding assigned market risk limits within certain levels of discretion.
Exchange risk originates from currency trading activities performed through the negotiation of the various market instruments, and is constantly monitored and measured by using internal models developed by group companies. These models are, in addition, used to calculate capital requirements on market risks corresponding to this type of risk.

B. Hedging Exchange Rate Risk
The Parent company implements a policy of hedging profits created by the Group's Polish subsidiaries (which constitute the main subsidiaries not belonging to the euro zone), as well as dividends relating to the previous year.
This hedging policy is implemented using foreign exchange derivative products aimed at protecting against fluctuations in the Euro/Zloty exchange rate.

2.7 - Credit Spread Risk - Regulatory trading book

QUALITATIVE INFORMATION

A. General Information
As described above, risk relating to credit spreads and related credit derivative products included in both trading book and banking book, originates from positions taken by Group specialist centers holding assigned market risk limits within certain levels of discretion.
Risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTC.

B. Risk Management Processes and Measurement Methods
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer to introduction on internal models. The sensitivity analysis covers the CIB division's entire portfolio (both trading and banking book), since it includes the most significant portion of regulatory trading book and might be subject to the largest changes over time.

QUANTITATIVE INFORMATION

Credit spread sensitivity is calculated by assuming a worsening of creditworthiness seen in a parallel shift of +1bp/+10bps/+100bps in the credit spread curves. These sensitivities are calculated both inclusively, assuming a parallel shift of all the credit spread curves, and in respect of specific rating classes and economic sectors. In addition to the foregoing, the sensitivity resulting from a deterioration of creditworthiness (i.e. a change of relative +50%) or an improvement (i.e. a change of relative -50%) is calculated; in this case the shape of the credit spread curves is also changed, since the change in bps of higher spreads will be greater than that of lower spreads.

Exposure to credit spreads has been reduced with respect to end of 2011, in particular in ABS and financial services sectors.

(€ million)

	+ 1BP LESS THAN 6 MONTHS	+ 1BP 6 MONTHS TO 2 YEARS	+ 1 BP 2 YEARS TO 7 YEARS	+ 1 BP OVER 7 YEARS	+ 1 BPS TOTAL	+ 10 BPS	+100 BPS	- 50%	+50 %
Total	**- 0.4**	**- 0.4**	**- 3.4**	**- 1.4**	**- 5.6**	**- 56.2**	**- 551.4**	**870.8**	**- 716.8**
Rating									
AAA	- 0.0	- 0.5	- 1.6	- 0.9	- 3.0	- 30.0	- 292.2	432.8	- 353.5
AA	- 0.0	- 0.1	- 0.4	- 0.1	- 0.7	- 6.7	- 65.2	69.3	- 56.5
A	- 0.1	0.0	- 1.0	- 0.3	- 1.4	- 13.7	- 130.1	282.7	- 219.9
BBB	- 0.2	0.2	- 0.4	- 0.2	- 0.5	- 4.9	- 44.8	54.6	- 52.5
BB	- 0.0	0.0	- 0.1	- 0.0	- 0.1	- 1.1	- 10.9	46.9	- 34.9
B	- 0.0	0.0	0.0	- 0.0	0.0	0.3	2.5	- 5.0	5.8
CCC and NR	0.0	0.0	0.0	0.0	0.0	- 0.0	0.0	0.0	0.0
Sector									
Non Dev. Sovereigns & Related	- 0.0	- 0.2	- 0.5	- 0.0	- 0.6			20.1	- 17.4
ABS and MBS	- 0.0	- 0.2	- 0.7	- 0.6	- 1.5			461.6	- 359.8
Jumbo And Pfandbriefe	- 0.0	- 0.2	- 0.7	- 0.5	- 1.4			164.5	- 130.3
Financial Services	- 0.3	- 0.2	- 1.4	- 0.3	- 2.1			226.4	- 203.4
All Corporates	- 0.1	0.4	- 0.3	- 0.0	- 0.1			7.3	- 1.1
- Automotive	*0.0*	*0.0*	*- 0.0*	*- 0.0*	*- 0.0*			*7.3*	*- 6.3*
- Consumer Goods	*- 0.0*	*0.1*	*- 0.1*	*- 0.0*	*0.0*			*- 6.8*	*6.8*
- Pharmaceutical	*- 0.0*	*0.0*	*- 0.0*	*- 0.0*	*- 0.0*			*2.3*	*- 1.6*
- Industries	*- 0.0*	*0.0*	*- 0.0*	*- 0.0*	*- 0.0*			*3.8*	*- 2.7*
- Telecommunications	*- 0.0*	*0.1*	*- 0.0*	*- 0.0*	*0.0*			*- 1.9*	*2.4*
- Utilities and Energy Sources	*- 0.0*	*0.1*	*- 0.1*	*- 0.0*	*- 0.0*			*7.7*	*- 5.3*
- All other Corporates	*- 0.0*	*0.1*	*- 0.0*	*- 0.0*	*0.0*			*- 4.9*	*5.6*
Total Developed Sovereigns					**- 7.5**	**- 75.2**			

2.8 Stress Tests

Stress tests complement the sensitivity analysis and VaR results in order to assess the potential risks in a different way. A stress test performs the evaluation of a portfolio under both simple scenarios (assuming change to single risk factors) and complex scenarios (assuming simultaneous changes in a number of risk factors).

What follows contains the description of complex scenarios, which combine changes in interest rate, price, exchange-rate and credit spread risk factors. For the description of simple scenarios, please refer to the previous paragraphs. As far as complex scenarios are concerned, so far, different scenarios have been applied to the whole CIB portfolio on a monthly basis and reported to top management. In addition, a number of new scenarios have been defined as part of the "firm-wide" stress test exercise and are applied to the whole trading book.

Sovereign Debt Tension Scenario

In this scenario, introduced in June 2010 and updated in December 2011, we envisage the occurrence of an escalation of the sovereign debt crisis, with no systemic contagion. This is motivated by the fact that, while the setup of the European Financial Stability Facility and the liquidity injection by the ECB seem to have ruled out the possibility of an outright default, market tensions still persist. Such tensions may create a challenging environment at a time in which many European countries are consolidating their public finances. In such a scenario, the EMU sovereign debt crisis would have spillover effects on the US economy as well and the flight-to-quality would lead to a further bond rally on both sides of the Atlantic. In terms of financial market variables, this scenario assumes:

- credit spreads: higher risk aversion would imply a tightening of core issuers versus swap. Periphery would be under pressure: Italy spreads would widen further while Spanish bonds would be less under pressure; all credit spreads, in the corporate bond universe, would come under pressure;
- world stock markets to plunge (fall); this would combine with an increase in equity volatilities;
- USD and EUR interest rate curve are expected to flatten. In this scenario, an increase in interest rate volatilities is also assumed;
- USD is expected to appreciate, mostly against EUR; depreciation of CEE currencies against EUR.

Part E - Information on risks and related risk management policies (Continued)

Widespread Contagion Scenario

This scenario, introduced in December 2010 and updated in December 2011, assumes an escalation of the debt crisis towards a systemic level, with severe contagion spreading to Spain and Italy. Large-scale ECB government bond buying is not able to stop the widening of sovereign spreads, with the market increasingly focusing on the weakest points of the two countries - in Spain, the banking sector and the contingent liabilities for the government, in Italy the high level of the debt-to-GDP ratio in a context of modest potential growth. This would lead to severe disruption in the eurozone financial markets and a consequent massive tightening in financial conditions area-wide. Due to the important trade linkages between eurozone countries, the financial shock would be amplified and cause a deeper recession than the one envisaged under the risk scenario labeled as "Sovereign Tensions".

This scenario assumes, for the market variables, the following changes:

- ECB reacts lowering the refi rate by 50bp and EUR/USD mid/long term rates fall (flight-to-quality), thus determining a curve flattening, in response to the deteriorated growth and inflation outlook. GBP curve is expected to steepen, reflecting a negative perception by investors on the capabilities to achieve further consolidation in the fiscal side;
- on the FX front, the EUR-USD would be hit hard by the loss of confidence in the EMU, and the CHF would gain vs. most currencies as in times of risk aversion, the Swiss currency is always a popular asset. The Yen would similarly appreciate given the repricing in risk preferences; EUR-GBP may suffer as sterling may be perceived as a EMU hedge;
- increasing risk aversion will be a penalizing factor for risky assets, weighing on the performance of major Equity indices which also experience higher level of volatilities;
- as for Credit spreads, sovereigns experience a dramatic widening (especially PIIGS) with the exception of Germany and US (flight-to-quality); spreads of financials and corporates widen accordingly.

Emerging Markets Slowdown

This scenario, introduced in June 2011, covers the period 2011, 2012 and 2013. It assumes a shock coming from the real economy, namely a severe emerging economies slowdown in the growth rate starting in 2011 and intensifying during 2012. This negatively affects EMU GDP growth and, to a lesser extent, the US, where the weight of the manufacturing sector and trade openness is lower. As a result of weaker economic activity and lower oil prices, inflation would slow down. The combination of weaker GDP growth and lower inflation would lead to a considerable slowdown in the normalization of monetary policy rates.

In terms of macro-economic variables, this scenario assumes:

- credit spreads: as for European sovereign spreads the deteriorated is not severe compared to the Sovereign Tensions scenario because the shock should affect credit-risk premium only indirectly. The shock would reflect more on oil companies and on companies which are not included in the "iTraxx main". The widening of the iTraxx Financial Senior and Sub are also important;
- the shock has no impact on the Japanese yield curve. The impact on the US, EU and UK curves is that of a fall in yields which will bull flatten as the time bucket increases. This reflects the worsening growth outlook and the resulting more benign inflation outlook. The Euribor curve is the most reactive of the three as the risk aversion gives further support to Bunds;
- the performance of stock markets will lower and equity volatilities will increase;
- the EUR is expected to depreciate against the Us dollar, Japanese yen and Swiss franc (because of the demand for safe-havens) and to appreciate versus the others European currencies and Turkish lira.

Stress Test on trading book - June 29, 2012

Scenario

(€ million)

	2012		
	SOVEREIGNS DEBT TENSION	WIDESPREAD CONTAGION	EMERGING MARKETS SLOWDOWN
UniCredit S.p.A.	- 14	- 32	- 7
UCI - Ireland	-	-	-
Fineco Bank	-	-	-
Pekao	- 3	5	4
UCBA AG	- 34	- 48	- 47
UCB AG	- 260	- 222	- 420
UniCredit Group Total	**- 311**	**- 297**	**- 470**

Section 3 - Liquidity Risk

QUALITATIVE INFORMATION

A. General aspects, operational processes and methods for measuring liquidity risk

Liquidity risk is defined as the risk that the Group may find itself unable to fulfill its expected or unexpected payment obligations (by cash or delivery), current and future, without jeopardizing its day-to day operations or its financial condition.

The key principles

The Liquidity Centres

The Group aims to maintain liquidity at the level enabling to conduct safe operations, to fund its operations at the best rate conditions under normal operating circumstances, and to remain always in a position to meet payment obligations.
To this end, the Group complies accurately with the legal and regulatory provisions imposed by the national Central Banks and by the national authorities of each country where it operates.

In addition to local legal and regulatory requirements the Group, through the Parent Company and under the responsibility of its Group Risk Management, defines policies and metrics to be applied at the Group-wide level, to ensure that liquidity position of any Entity meets the requirements of the Group.

For these reasons, the Group is organized on a managerial perspective, according to the concept of the Liquidity Centres.
The Liquidity Centres are Legal Entities that act in their responsibility as liquidity hub. They are in charge:

- of the liquidity management and concentration process of liquidity flows of the Legal Entities falling within their perimeter of responsibility;
- of the funding optimization carried out on the relevant local markets and are responsible to coordinate the access to short term and medium long term markets of the legal entities belonging to their perimeter;
- finally, of the implementation of the Group's liquidity rules at local level in line with Group's Governance Guideline and Policy and with local regulations.

A particularly important role is played by the Parent Company, as a "supervisory and overarching liquidity centre" with its role of steering, coordinating, and controlling all the aspects regarding liquidity for the whole Group. The Parent Company, moreover, acts as the Liquidity Centre Italy.

The principle of "self-sufficiency"

The liquidity available at country level could be subject to restrictions due to legal, regulatory and political constraints. The so called "Large Exposure Regime", applied throughout Europe, along with specific national laws like the "German Stock Corporation Act", are examples of legal constraints to the free circulation of funds within a cross-border banking Group[10].

As a general rule, the Large Exposure Regime, which came into force on December 31, 2010, limits interbank exposures to a maximum of 25% of own funds: this rule is also applicable to intra-group exposures.
However, there are significant differences in the way in which this EU regulation has been implemented in the various countries. In many CEE countries the limit of 25% of free funds is valid, with some countries showing even stricter rules (e.g. Serbia); in Austria, according to the National law, the "25% of own funds limit" is not applied to exposures towards the parent company, if located in the European Economic Area; finally, in Germany the national Regulator has set up a process to apply for a waiver, exempting intra-group exposures from the large exposure limitation.

In the absence of official limits valid at National level, Austrian and German Regulators reserve the right to judge the exposure level on a case-by-case basis. In the current economic environment, in many of the territories in which the Group operates, Banking Regulatory Authorities are adopting measures aimed at reducing the exposure of their National banking system towards foreign jurisdictions with potential negative impacts on the ability of the Group to finance its activities.

For these reasons, the Group Liquidity Policy provides for a further principle in order to enhance a sound liquidity risk management; that is, each Legal Entity (in particular those located in a country different from the one of its Liquidity Centre of reference), has to increase its liquidity self-sufficiency in an on-going basis and under stressed conditions, fostering each Legal Entity to exploit its strengths, in order to optimize the cost of funds of the Group.

This type of organization allows the Group that the Legal Entities are self-sufficient by accessing the local and global markets for liquidity in a controlled and coordinated way, whilst optimizing: i) the liquidity surpluses and deficits within the Group's legal entities ii) the overall costs of funding across the Group.

10. Also the Bank of Italy Rules, Circolare 263, provides that the liquidity reserves are placed in each Legal Entity in order to minimize the transfers of cash reserves (Titolo V, capitolo 2, Sezione III. 7 second-last paragraph).

Part E - Information on risks and related risk management policies (Continued)

Roles and responsibilities

At Group level, three main functions are identified in the management of the liquidity: the Group Risk Management competence line, the "Finance" function (within Planning, Finance & Administration competence line), and the "Treasury" function (within the "Markets" Business Unit), each with different roles and responsibilities. In particular, the operational responsibilities reside in the Finance and the Treasury functions, while the Risk Management function has responsibilities of independent controls and independent reporting compared to the operational functions (in line with the requirements of Bank of Italy 263 Circular).

More specifically, Group Treasury acts as main coordinator in the management of infra-group flows, stemming from liquidity deficits or surplus of the various Group's Legal Entities, and applies the appropriate transfer prices to such funds movements. By doing so, Group Treasury ensures a disciplined and efficient access to the markets.

Optimisation of liquidity risks is pursued through the setting of specific limits on the standard banking activity of transforming short, medium and long-term maturities. This is implemented in accordance with legal and regulatory framework in each country and internal rules and policies of the Group companies through management models in place within the individual Liquidity Centres.

Such models are subject to analyses carried out by the local Risk Management or equivalent structure with the same responsibilities in coordination with the Group's Risk Management to ensure that they comply with the metrics and the objectives of the Group's Liquidity Framework.
Moreover, the regional rules must conform to national law and regulatory requirements.

Risk measurement and reporting systems

Techniques for risk measurement

Liquidity risk, for its particular nature, is addressed by means of gap analyses, liquidity stress testing, and complementary measures (mainly through a set of indicators: e.g. loan to deposit gap, leverage ratio). In particular, gap analyses are performed within two distinct time horizons:
- liquidity imbalance mismatch approach on a daily basis, which controls for the short term liquidity risk arising from the overnight up to a 3 months maturity;
- gap ratios on a monthly basis, which control the medium to long term risk (structural liquidity) from the 1Y maturity onwards.

The Group's liquidity framework

The Group's Liquidity Framework is based upon the Liquidity Risk Mismatch Model which is characterized by the following fundamental principles:
- <u>Short-term liquidity risk management (operational liquidity),</u> which considers the events that will impact upon the Group's liquidity position from 1 day up to one year. The primary objective is to maintain the Group's capacity to fulfill its ordinary and extraordinary payment obligations while minimizing the relevant costs.
- <u>Structural liquidity risk management (structural risk)</u>, which considers the events that will impact upon the Group's liquidity position over one year. The primary objective is to maintain an adequate ratio between medium/long term liabilities and medium to long-term assets, with a view to avoiding pressures on short-term funding sources (both current and future), while in the meantime optimizing the cost of funding.
- <u>Stress tests:</u> Liquidity risk is a low probability, high impact event. Therefore stress testing is an excellent tool to reveal potential vulnerabilities in the Balance Sheet. The Bank uses several scenarios ranging from general market crisis to idiosyncratic crisis, and combinations hereof.

Moreover, the liquidity framework is also integrated by complementary measures, included in the Group's Risk Appetite framework. One of these is the loan-to-depo gap, which is calculated on a quarterly basis and which measures to what extent the commercial loan portfolio is financed through commercial liabilities.

In this context, the Parent Company takes into account all of the assets, liabilities, off-balance sheet positions and present and future events which generate certain or potential cash flows for the Group, thereby protecting the Group Banks/Companies from risks related to the transformation of maturity.

Short term liquidity management

Short-term liquidity management aims at ensuring that the Group remains in a position to fulfill its cash payment obligations, whether expected or unexpected, focused on the exposure for the first 12 months.

The standard measures taken for such purposes are the following:
- management of the access to payment systems (operational liquidity management);
- management of cash payments to be made and monitoring of the level of liquidity reserves and the extent of their utilization (analysis and active management of the maturity ladder).

These principles are applicable at Group level and have to be used across the Liquidity Centres.

The Group adopts also the indicator "Cash Horizon" as a synthetic indicator of the short term liquidity risk levels; this indicator is monitored through the Operative Maturity Ladder, which measures the cash-in and outflows affecting the monetary base. The Cash Horizon identifies the number of days after which the relevant Entity is no longer able to meet its liquidity obligations as expressed in the operative Maturity Ladder, after having exhausted the available Counterbalancing Capacity. The objective of the Group during the reporting period has been to guarantee a cash horizon of at least 3 months. The Cash Horizon is one of the liquidity metrics included in the Group's Risk Appetite Framework. At the same time, a sensitivity analysis is performed aimed to verify the impact of 1 and 2 billion Euro inflows or outflows on the Cash Horizon.

Structural liquidity management
The Group's structural liquidity management aims to limit refinancing exposures with respect to maturities exceeding one year and thus reducing refinancing needs in the shorter term. The structural Liquidity Ratio over 1 year is one of the liquidity metrics included in the Group's Risk Appetite Framework. The maintenance of an adequate ratio between medium to long-term liabilities and assets aims to avoid pressures on short-term sources, whether present or future.

The standard measures taken for such purposes are the following:
- the spreading of the maturity of funding operations in order to reduce the usage of less stable funding sources, while in the meantime optimizing the cost of funding (integrated management of strategic liquidity and tactical liquidity);
- the financing of growth through strategic funding activities, setting the most appropriate maturities (Yearly Funding Plan);
- the balancing of medium- to long-term wholesale funding requirements with the need to minimize costs, by diversifying sources, national markets, currencies of issuance and instruments used (realization of the Yearly Funding Plan).

Liquidity Stress Test
Stress testing is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific event and/or movement in a set of financial variables. As a forward looking tool, liquidity stress testing diagnostics the institution's liquidity risk. In particular the results of the Stress tests are used to:
- assess the adequacy of liquidity limits both in quantitative and qualitative terms;
- plan and carry out alternative sourcing transactions for purposes of off-setting liquidity outflows;
- structure/modify the liquidity profile of the Group's assets;
- provide support to the development of the liquidity contingency plan.

In order to execute Stress tests that are consistent across the Liquidity Centres, the Group has a centralised approach to stress testing, requiring each local Liquidity Centre to run the same scenario set under the coordination of the Group Risk Management. At the Liquidity Centre level the use of statistical/ quantitative behavioural models are accepted, provided they are validated by the local Risk Management or equivalent structure with same responsibilities. The Group runs liquidity scenarios and sensitivity analyses on a regular basis, the latter by assessing the impact on an institution's financial condition of a move in one particular risk factor, the source of the shock not being identified, whereas scenario tests tend to consider the impact of simultaneous moves in a number of risk factors, based on a hypothetical, well defined and consistent stress scenario.

Liquidity scenarios
At macro level the Group identifies three basic different classes of potential liquidity crisis:
- market (systemic, global o sector) related crisis: Market Downturn Scenario. This scenario consists of a sudden turmoil in a monetary and capital market, which may be caused by closure (or limited access) to market/settlement system, critical political events, country crisis, credit crunch, etc.;
- specific to the Group, or part of it: name crisis, and downgrade scenarios; the assumption could be operational risk, event related to the worsen perception of the Group reputation risk and a downgrade in UniCredit S.p.A. rating;
- a combination of market and specific crisis: combined scenario. The survival period of the combined liquidity stress test scenario is one of the liquidity metrics included in the Group's Risk Appetite Framework.

The results of the stress test may highlight the needs of setting up specific limits concerning, for instance, unsecured funding, the ratio between cash-in/cash-out flows and counterbalancing capacity, the ratio between eligible and non-eligible securities, among others.

Monitoring and reporting
The short term liquidity limits and the Cash Horizon are monitored and reported on a daily basis. The structural liquidity ratios and its exposure against limits are monitored and reported on a monthly basis. The survival period and the result of the liquidity Stress test are reported and monitored on a weekly basis.

Risk mitigation

Mitigation factors
It is generally accepted that liquidity risk cannot be mitigated by capital. As such liquidity risk does not add to the economic capital usage, nevertheless it is considered as an important risk category also for the risk appetite determination of the Group.

Part E - Information on risks and related risk management policies (Continued)

The main liquidity mitigation factors for UniCredit group are:
- an accurate short term and medium to long term liquidity planning monitored monthly;
- an effective Contingency Liquidity Policy (CLP) with feasible and up-to-date Contingency Action Plan (CAP) to be executed in case of market crisis;
- a liquidity buffer to face unexpected outflows;
- robust and regular up to date stress testing performed on a high frequency.

Funding Plan

The Funding Plan plays a fundamental role in the overall liquidity management influencing both the short term and the structural position. The Funding Plan, defined at each level (i.e. Group, Liquidity Center and Legal Entity level), is developed consistently with a sustainable uses and sources analysis both on short term and structural position. One of the objectives of accessing the medium and long term channels is to avoid also the pressure on the short term liquidity position. The Funding Plan is updated at least on a yearly basis and is approved by the Board of Directors. Moreover, it is aligned with the Budgeting process and the Risk Appetite framework.
The Parent Company is the responsible for accessing the market for Group Bank Capital Instruments.
The Parent Company, through the Planning Finance and Administration (PFA) function, coordinates the market access of the Liquidity Centres and Legal Entities, while the Liquidity Centres coordinate the access of the Legal Entities falling within their perimeter.
Each Legal Entity or Liquidity Centre, under the responsibility of PFA, can access the markets for medium and long term funding, in order to increase its self-sufficiency, exploit market opportunities and functional specialization, safeguarding the optimization of cost of funds of the Group.
PFA is responsible for the elaboration of the Funding Plan. Risk Management is responsible for providing an independent assessment of the Funding Plan.

Group Contingency Liquidity Policy

A liquidity crisis is a high impact, low probability event. Therefore, a crisis-mode operating model, that can be activated effectively in case of crisis according to an approved procedure, has been defined. In order to be able to proceed timely, a set of mitigating actions have been be pre-defined. Depending on the situation some of these actions can then be approved for execution.
The ability to act in time is essential to minimize the potentially disruptive consequences of a liquidity crisis. The analytics of the Stress tests will form a valuable tool to identify the expected consequences and to define up front the most suitable actions in a certain crisis scenario. In combination with Early Warning Indicators (EWI) the organization may even be able to reduce the liquidity effects in the initial stages of a crisis.

Liquidity crises usually develop quickly and the relevant signals may be either difficult to interpret or may even be lacking; it is, therefore, important to identify clearly players, powers, responsibilities, communication and reporting criteria, in order to increase significantly the probability of overcoming the state of emergency successfully. A liquidity crisis could be classified as systemic (e.g. overall capital and money market disruption) or specific (e.g. specific within the sphere of the bank), or a combination of both.

The Group Contingency Liquidity Policy (CLP) has the objective of ensuring effective interventions starting from the very outset (initial hours) of the liquidity crisis, through the clear identification of individuals, powers, responsibilities, communication, and reporting criteria, with a view of increasing significantly the probability of successfully overcoming the state of emergency. This is achieved through:
- activation of extraordinary liquidity governance and operating model;
- consistent internal and external communication;
- a set of available standby mitigating liquidity actions;
- a set of early warning indicators that may point towards a developing crisis.

A fundamental part of the Contingency Liquidity Policy is the Contingency Funding Plan. Such a plan consists of a set of potential but concrete management actions. Such actions should be described in terms of a menu of actions together with sizes, instruments, and timing of execution aimed at improving the bank's liquidity position mainly during times of crisis. The Contingency Funding Plan has to be developed on the basis of the annual Funding Plan. Group Risk Committee (GRC) gives the final approval and decides whether the Board of Directors has to be informed.

Early Warning Indicators

A system of Liquidity Early Warning Indicators is necessary in order to continuously monitor situations of stress, which may, among others, be originated by market, sector or name specific events. That is, they could be based either on macroeconomic or microeconomic variables, internal or external, depending on the prevailing macroeconomic context, and by taking into account the monetary policy of the Central Banks. The system of Liquidity Early Warning Indicators should support the management decisions in case of deteriorating of Liquidity position or stressed situations.
The associated reports should communicate in an efficient manner the main results of the indicators.

Section 4 - Operational Risk

QUALITATIVE INFORMATION

A. General aspects, operational processes and methods for measuring operational risk

Operational risk

Operational risk is the risk of losses due to errors, infringements, interruptions, damages caused by internal processes or personnel or systems or caused by external events. This definition includes legal and compliance risks, but excludes strategic and reputational risk.

For example, losses arising from the following can be defined as operational: internal or external fraud, employment practices and workplace safety, client claims, products distribution, fines and penalties due to regulation breaches, damage to the company's physical assets, business disruption and system failures, process management.

Group operational risk framework

UniCredit Group sets the operational risk management framework as a combination of policies and procedures for controlling, measuring and mitigating the operational risk of the Group and controlled entities.
The operational risk policies, applying to all Group entities, are common principles defining the roles of the company bodies, the operational risk management function as well as the relationship with other functions involved in operational risk monitoring and management.

The Parent company coordinates the Group entities according to the internal regulation and the Group operational risk control rulebook. Specific risk committees (Group Risk Committee, Group ALCO, Group Operational and Reputational Risk Committee) are set up to monitor risk exposure, mitigating actions and measurement and control methods.

The methodology for data classification and completeness verification, scenario analysis, risk indicators, reporting and capital at risk measurement is set by the Holding company Group Operational & Reputational Risks department and applies to all Group entities. A pivot element of the risk control framework is the operational risk management application, allowing the collection of the data required for operational risk control and capital measurement.

The compliance of the Group Operational risk control and measurement system with external regulations and Group standards is assessed through an internal validation process under the responsibility of the Group Internal Validation department of the Holding company and independent from the Group Operational & Reputational Risks department.

In March 2008, UniCredit Group received authorization to use the AMA model (Advanced Measurement Approach) for calculating operational risk capital. The use of this method will in time be rolled out to the main entities of the Group.

Organizational structure

Senior Management is responsible for approving all aspects relating to the Group operational risk framework and verifying the adequacy of the measurement and control system and is regularly updated on changes to the risk profile and operational risk exposure, with support from the appropriate risk committees if required.

The Group Operational & Reputational Risk Committee, chaired by the Holding company's head of Group Credit, Operational & Reputational Risks department is made up of permanent and guest members. The list of participants of the Committee was updated in 2011, also in the light of the changes in the organizational structure of the Group.

The mission of the Group Operational & Reputational Risk Committee with respect to operational risk is to formulate proposals and opinions for the Group Risk Committee concerning:

- the Group risk appetite, including the goals and criteria of the operational risk capital allocation in the Group;
- the structure and definition of operational risk limits and their allocation to the Business Units and legal entities;
- initial approval and fundamental modifications of risk control and measurement systems and applications for operational risk, including possible action plans, processes, IT and data quality requirements, supported by the related internal validations;
- overall strategies for operational risk optimization, "Governance Guidelines" and general "Policies" for the management of Group operational risk;
- action plans to address possible critical issues related to risk control and measurement system identified by "Group Internal Validation" and to Internal Audit activities;
- status update of relevant Basel II project activities on operational risk topics;
- ICAAP topics for operational risks;
- yearly Regulatory Internal Validation Report on operational risk.

The Group Operational & Reputational Risk Committee, relative to operational risk, makes decisions about:

- special operational and reputational risk "Policies";
- corrective actions for balancing the Group operational risk positions, including the planned mitigation actions, within the limits defined by the competent Bodies;

Part E - Information on risks and related risk management policies (CONTINUED)

- Group insurance strategies, including renewals, limits and deductibles;
- initial approval and fundamental modifications of the methodologies for the measurement and control of operational risk, supported by the related internal validations.

In the Holding company, the Group Operational & Reputational Risks department reports to Group Credit, Operational & Reputational Risks department and supervises and manages the overall profile of the operational and reputational risks in the Group by defining the strategies, methodologies and limits.

Regarding the operational risk management function, the department has two organizational units. The Operational Risk Methodologies and Control unit is responsible for the methodologies, the calculation model for the Group operational capital at risk and the guidelines for operational risk control activities; it is also supports and controls the legal entities' Operational Risk Management functions, in order to verify that Group standards are met in the implementation of control processes and methodologies.
The Operational Risk Strategies and Mitigation unit is responsible for the definition and monitoring of the risk limits and for the identification of strategies and mitigation actions and the monitoring of their implementation.

The Operational Risk Management functions of the controlled entities provide specific operational risk training to staff, also with the use of intranet training programs, and are responsible for the correct implementation of the Group framework elements.

Internal validation process
In compliance with external regulations, the operational risk control, management and measurement system is subject to the internal validation process in order to verify its compliance with minimum requirements and Group standards. This process owned by the Pillar II Risks and Operational Risk Validation unit, inside the Group Internal Validation department, includes the centralized validation of the Group methodologies for measuring and allocating the capital at risk as well as of the operational risk management and control standards. The validation of the implementation of the operational risk control and management system within the authorized Legal Entities is instead carried out by each local Operational Risk Management functions through a self-assessment process ruled by specific instructions and guidelines issued by the Group Internal Validation (GIV). The results of such self-assessment are subject to review by GIV which expresses a Non-Binding Opinion for each Legal Entity with regard to the adequacy and compliance of local systems with the minimum requirements and Group standards, also on the basis of independent controls of data and documentation. On the basis of the self-assessments results, the Group NBO and the internal audit outcomes, the Board of Directors of each Legal Entity makes a decision about the local system compliance with minimum regulatory requirements.

Results of the validation activity on the Group methodology for capital at risk measurement and on the control and management systems of each Legal Entity are annually consolidated in a document, that along with the annual Internal Audit report, is submitted to the UniCredit Board of Directors. Eventually, the Board of Directors makes a formal decision about the Group system compliance with minimum regulatory requirements, also taking into consideration the related decisions made by individual Governing Bodies of the controlled Legal Entities.

Reporting
A reporting system has been developed by the Holding company to inform senior management and relevant control bodies on the Group operational risk exposure and the risk mitigation actions.
In particular, quarterly updates are provided on operational losses, capital-at-risk estimates, the main initiatives undertaken to mitigate operational risk in the various business areas, operational losses suffered in the credit linked processes ("cross-credit" losses). A summary of the trend of the most important risk indicators is distributed each month.
The results of the main scenario analyses carried out at Group level and the relevant mitigation actions, as well as the validation results, are submitted to the attention of the Group Operational & Reputational Risk Committee.

Operational risk management
Operational risk management exploits process reengineering to reduce the risk exposure and insurance policies management, defining proper deductibles and policies limits. Regularly tested business continuity plans assure sound operational risk management in case of interruption of main business services.

In the Legal entities, the Risk Committee (or other bodies in accordance to local regulations) reviews risks identified by the Operational Risk functions with the support of functions involved in daily operational risk control, and monitors the risk mitigation initiatives.

Risk capital measurement and allocation mechanism
UniCredit developed an internal model for measuring the capital requirements. The system for measuring operational risk is based on internal loss data, external loss data (consortium and public data) scenario loss data and risk indicators.

Capital at risk is calculated per event type class. For each risk class, severity and frequency of loss data are separately estimated to obtain the annual loss distribution through simulation, considering also insurance coverage. The severity distribution is estimated on internal, external and scenario loss data, while the frequency distribution is determined using only the internal data. An adjustment for key operational risk indicators is applied to each risk class. Annual loss distributions of each risk class are aggregated through a copula functions based method. Capital at risk is calculated at a confidence level of 99.9% on the overall loss distribution for regulatory purposes and at a confidence level of 99.97% for economic capital purposes.

Through allocation mechanisms, the individual legal entities' capital requirements are identified, reflecting the entities' risk exposure.

The AMA approach has been formally approved by the Supervisory Authority and is currently expected to be rolled out in all the relevant Group entities before the end of 2012. The entities not yet authorised to use the advanced methods contribute to the consolidated capital requirement on the basis of the standard (TSA) or basic (BIA) model.

B. Legal Risks

UniCredit S.p.A. and other UniCredit group companies are involved in legal proceedings. From time to time, past and present directors, officers and employees may be involved in civil or criminal proceedings the details of which the UniCredit Group may not lawfully know about or communicate.
The Group is also required to deal appropriately with various legal and regulatory requirements in relation to issues such as conflicts of interest, ethical issues, anti-money laundering laws, US and international sanctions, privacy and information security rules and others. Failure to do so may lead to additional litigation and investigations and subject the Group to damages claims, regulatory fines, other penalties or reputational damage. In addition, one or more Group companies is subject to investigations by the relevant supervisory authority in a number of countries in which it operates. These include investigations relating to aspects of systems and controls and instances of actual and potential regulatory infringement by the relevant Group companies or its clients.
In many cases, there is substantial uncertainty regarding the outcome of the proceedings and the amount of any possible losses. These cases include criminal proceedings, administrative proceedings brought by the relevant supervisory authority and claims in which the petitioner has not specifically quantified the penalties requested (for example, in putative class action in the United States). In such cases, given the infeasibility of predicting possible outcomes and estimating losses (if any) in a reliable manner, no provisions have been made. However, where it is possible to reliably estimate the amount of possible losses and the loss is considered likely, provisions have been made in the financial statements based on the circumstances and consistent with international accounting standards IAS.
To protect against possible liabilities that may result from pending lawsuits (excluding labour law, tax cases or credit recovery actions), the UniCredit Group has set aside a provision for risks and charges of €1,380 million as at June 30, 2012. The estimate for reasonably possible liabilities and this provision are based upon currently available information but, given the numerous uncertainties inherent in litigation, involve significant elements of judgment. In some cases it is not possible to form a reliable estimate, for example where proceedings have not yet been initiated or where there are sufficient legal and factual uncertainties to make any estimate purely speculative. Therefore, it is possible that this provision may not be sufficient to entirely meet the legal costs and the fines and penalties that may result from pending legal actions, and the actual costs of resolving pending lawsuits may prove to be substantially higher.
Consequently it cannot be excluded that an unfavourable outcome of such legal proceedings or such investigations may have a negative impact on the results of the UniCredit group and/or its financial situation.
Set out below is a summary of information relating to matters involving the UniCredit group which are not considered groundless or in the ordinary course. Please note that labour law, tax and credit recovery actions are excluded from this section.

Madoff

Background

In March 2009 Bernard L. Madoff ("**Madoff**"), former chairman of the NASDAQ Exchange and owner of Bernard L. Madoff Investment Securities LLC ("**BMIS**"), a broker-dealer registered with the Securities Exchange Commission (the "**SEC**") and the Financial Industry Regulatory Authority ("**FINRA**"), pled guilty to crimes, for which he was sentenced to 150 years in prison, that included securities fraud, investment adviser fraud, and providing false information to the SEC in connection with his operation of what has been described as a Ponzi scheme. In December of 2008, shortly after Madoff's arrest, a bankruptcy administrator (the "**SIPA Trustee**") for the liquidation of BMIS was appointed in accordance with the U.S. Securities Investor Protection Act of 1970.
Following Madoff's arrest, several criminal and civil suits were filed in various countries against financial institutions and investment advisers by, or on behalf of, investors, intermediaries acting as brokers for investors and public entities in relation to losses incurred.
As at the date of Bernard L. Madoff's arrest, and since mid-2007, the Alternative Investments division of Pioneer ("**PAI**"), an indirect subsidiary of UniCredit S.p.A. acted as investment manager and/or investment adviser for the Primeo funds (including the Primeo Fund Ltd (now in Official Liquidation),"**Primeo**") and various funds-of-funds ("**FoFs**"), which were non-U.S. funds that had invested in other non-U.S funds with accounts at BMIS. Pioneer also owned the founder shares of Primeo since 2007. Previously, the investment advisory functions had been performed by BA Worldwide Fund Management Ltd ("**BAWFM**"), an indirect subsidiary of UniCredit Bank Austria AG ("**BA**"). For a period of time, BAWFM had previously performed investment advisory functions for Thema International Fund plc, a non-U.S. fund that had an account at BMIS.

Part E - Information on risks and related risk management policies (CONTINUED)

UniCredit Bank AG (then HypoVereinsbank) issued tranches of debt securities whose potential yield was calculated based on the yield of a hypothetical structured investment (synthetic investment) in the Primeo funds. Some BA customers purchased shares in Primeo funds that were held in their accounts at BA. BA owned a 25 percent. stake in Bank Medici AG (**Bank Medici**), a defendant in certain proceedings described below. Bank Medici is alleged to be connected, inter alia, to the Herald Fund SPC, a non-U.S. fund that had an account at BMIS.

Proceedings in the United States
Purported Class Actions
UniCredit S.p.A., BA, PAI and Pioneer Global Asset Management S.p.A. ("**PGAM**"), a UniCredit S.p.A. subsidiary were named among some 70 defendants in three putative class action lawsuits filed in the United States District Court for the Southern District of New York (the Southern District) between January and March 2009, purporting to represent investors in three investment fund groups (the "Herald" funds, "**Primeo**" and the "**Thema**" funds) which were invested, either directly or indirectly, in BMIS.
The three cases were later consolidated for pre-trial purposes and in February of 2010 amended complaints were filed in each case. In April of 2011, permission was sought from the Court further to amend each of the three complaints, principally to withdraw certain claims under the United States federal securities laws, and, in one case, to add a claim under the United States Racketeer Influenced and Corrupt Organizations Act ("**RICO**"), as further described below.
The amended "Herald" complaint claimed on behalf of investors in Herald Fund SPC-Herald USA Segregated Portfolio One and/or Herald (Lux) on December 10, 2008, or who invested in those funds from January 12, 2004 to December 10, 2008. It was principally alleged that defendants, including UniCredit S.p.A., BA and Bank Medici breached common law duties by failing to safeguard the claimants' investment in the face of "red flags" that, it is claimed, should have alerted them to Madoff's fraud. The plaintiffs also requested the Court's permission to add claims that defendants, including UniCredit S.p.A., violated RICO by allegedly participating in a plan to enrich themselves by feeding investors' money into Madoff's Ponzi scheme.
The plaintiffs alleged that the proposed class lost approximately $2.0 billion in the Madoff Ponzi scheme, which they sought to recover trebled under RICO.
The amended "Primeo" complaint claimed on behalf of investors in Primeo Select Fund and/or Primeo Executive Fund on December 10, 2008, or who invested in those funds from January 12, 2004 to December 12, 2008. It was principally alleged that the defendants, including UniCredit S.p.A., BA, Bank Medici, BAWFM, PAI and PGAM breached common law duties misrepresenting the monitoring that would be done of Madoff and claimants' investments and disregarding "red flags" of Madoff's fraud.
The amended "Thema" complaint claimed on behalf of investors in Thema International Fund plc and/or Thema Fund on 10 December 2008, or who invested in those funds from January 12, 2004 to December 14, 2008. It was principally alleged that defendants including UniCredit S.p.A., BAWFM and Bank Medici committed common law torts by, inter alia, recklessly or knowingly making or failing to prevent untrue statements of material fact and/or failing to exercise due care in connection with the claimants' investments in the Thema fund.
In the Herald, Primeo and Thema cases, the plaintiffs sought damages in unspecified amounts (other than under RICO in the case of the Herald complaint, as noted above), interest or lost profits punitive damages, costs and attorneys' fees, as well as an injunction preventing defendants from using fund assets to defend the action or otherwise seeking indemnification from the funds.
On November 29, 2011, the Southern District dismissed at the request of UniCredit S.p.A., PGAM, PAI, BA and other defendants all three purported class action complaints on grounds, with respect to UniCredit S.p.A., PGAM, PAI and BA, that the United States is not the most convenient forum for resolution of plaintiffs' claims.
On or about January 11, 2012, all three groups of plaintiffs appealed the judgment of the Southern District to the United States Court of Appeals for the Second Circuit (the "**Second Circuit**"), which appeals are now in progress.

Claims by the SIPA Trustee
In December of 2010, the **SIPA** Trustee filed two cases (the "HSBC" and the "Kohn" case, respectively) in the United States Bankruptcy Court in the Southern District of New York against several dozen defendants. Both cases were later removed to the non-bankruptcy federal trial court in the Southern District at the request of UniCredit S.p.A., PAI and certain other defendants.
In the HSBC case, the SIPA Trustee sought to recover from some 60 defendants, including UniCredit S.p.A., BA, BAWFM, PAI, and Bank Medici seeking amounts to be determined at trial, allegedly representing so-called avoidable transfers to initial transferees of funds from BMIS, subsequent transfers of funds originating from BMIS (in the form of alleged management, performance, advisory, administrative and marketing fees, among other such payments, said to exceed $400 million in aggregate for all defendants), and compensatory and punitive damages against certain defendants on a joint and several basis, including the five abovementioned, alleged to be in excess of $2 billion. In addition to avoidable transfers, the SIPA Trustee sought to recover in the HSBC action unspecified amounts (said to exceed several billion dollars) for common law claims of unjust enrichment, aiding and abetting BMIS's breach of fiduciary duty and BMIS's fraud and contribution. However, on July 28, 2011, the Southern District Court dismissed, at the request of UniCredit S.p.A., PAI, BA and certain other defendants the common law claims for aiding and abetting Madoff's fraud and breach of fiduciary duty, for unjust enrichment and for contribution. The SIPA Trustee has appealed the Southern District's order finalizing the dismissal of those claims to the Second Circuit. Certain claims brought by the SIPA Trustee which were not addressed in the motion to dismiss remain pending in the bankruptcy court.

On March 22, 2012 UniCredit S.p.A., BA and PAI requested that the District Court withdraw the reference from the Bankruptcy Court in respect of the claims that the District Court had returned to the Bankruptcy Court following the decision by the District Court on July 28, 2011 to dismiss the common law claims.

In the Kohn case, the SIPA Trustee seeks to recover from more than 70 defendants, including UniCredit S.p.A., BA, PGAM, BAWFM, Bank Medici, Bank Austria Cayman Islands, and several persons affiliated with UniCredit S.p.A. and BA, unspecified avoidable transfers from BA as an initial transferee from BMIS and as from UniCredit S.p.A, BA and other UniCredit S.p.A. affiliated defendants as subsequent transferees of funds likewise originating from BMIS. The complaint further asserts common law claims, including unjust enrichment and conversion, as well as violations of the RICO statute as the alleged result of the defendants' directing investors' money into Madoff's Ponzi scheme. The SIPA Trustee seeks treble damages under RICO (three times the reported net $19.6 billion losses allegedly suffered by all BMIS investors), alleged retrocession fees, management fees, custodial fees, compensatory, exemplary and punitive damages, and costs of suit as against the defendants on a joint and several basis.

UniCredit S.p.A., BA, PGAM and Alessandro Profumo (former CEO of UniCredit S.p.A.) moved to dismiss the common law and RICO claims on July 25, 2011,

On February 21, 2012, the District Court dismissed the RICO and common law claims asserted in the Kohn action, and returned to the Bankruptcy Court the remaining avoidance claims. On March 21, 2012, the SIPA Trustee filed a notice of appeal to the Second Circuit of the decision. He procedurally withdrew that appeal on April 10, 2012, subject to potential reinstatement at any party's request within one year.

On March 22, 2012 UniCredit S.p.A., BA and PGAM requested that the District Court withdraw the reference from the Bankruptcy Court in respect of the claims that the District Court had returned to the Bankruptcy Court following the decision by the District Court to dismiss the RICO and common law claims, as noted above. UniCredit S.p.A. and its affiliated defendants intend to continue defending these proceedings vigorously.

Proceedings Outside the United States

On July 22, 2011, the Joint Official Liquidators of Primeo (the "**Primeo Liquidators**") issued a writ of summons against PAI in the Grand Court of the Cayman Islands, Financial Services Division. In that claim the Primeo Liquidators allege that PAI is liable under the terms of an investment advisory agreement between Primeo and PAI as a result of alleged breaches of duties by PAI and also as a result of alleged acts and omissions by BMIS for which PAI is alleged to be vicariously liable. The Primeo Liquidators also allege that fees paid to PAI were paid under a mistake of fact and claim restitution from PAI of those fees. In aggregate, the Primeo Liquidators claim approximately $262 million plus additional unquantified damages, as well as interest and costs.

Nomerous civil proceedings (with a claimed amount totalling about Euro 130 million) have been initiated in Austria by numerous investors related to Madoff's fraud in which BA, among others, was named as defendant. The plaintiffs invested in funds that, in turn, invested directly or indirectly with BMIS. No final judgments handed down thus far have been against BA, PIA, PAI or BA Worldwide Limited. Several judgments have been issued in favor of BA in various instances, some are already legally binding. Other judgments have been handed down against BA, which are all interim judgments and none of them is final so far as appeals are pending. With respect to those cases currently on appeal no estimate can be made as to their potential outcomes nor the effects, if any, which the appeal decisions may have on other cases pending against BA.

In respect of the Austrian civil proceedings pending as against BA, which relates to Madoff's fraud, BA has made provisions for an amount considered appropriate to the current risk.

Bank Austria has been named as a defendant in criminal proceedings in Austria which concern the Madoff case. These proceedings were initiated by a complaint filed by the FMA (the Austrian Financial Market Authority) to the Austrian prosecutor. Subsequently complaints were filed by purported investors in funds which were invested, either directly or indirectly, in BMIS and Bernard L. Madoff Securities LLC. These complaints allege, amongst other things, that BA breached provisions of the Austrian Investment Fund Act as prospectus controller of the Primeo Fund. These criminal proceedings are still at the pre-trial stage.

Legal proceedings were brought in Germany against UniCredit Bank AG regarding synthetic debt securities issued by UniCredit Bank AG and connected to Primeo. One of these lawsuits has since been abandoned by the plaintiff, the one remaining lawsuit was rejected in its entirety by the Munich Regional Court. The plaintiff's appeal was also rejected. Prior to the appellate decision being handed down a new lawsuit was commenced against UniCredit Bank AG. This lawsuit also relates to the synthetic debt securities issued by UniCredit Bank AG that are connected to Primeo.

A Chilean investor in synthetic debt securities connected to Primeo has filed a complaint with the Chilean prosecutor. There was an investigative phase onlywhere testimony had been taken from employees or former employees of UniCredit S.p.A. or its affiliates. The investigation was then closed. An application has since been made to dismiss the complaint with prejudice. This application was granted by the court on June 25, 2012 and the case has been closed.

Subpoenas and Investigations

UniCredit S.p.A. and several of its subsidiaries have received subpoenas orders and requests to produce information and documents from the SEC, the U.S. Department of Justice and the SIPA Trustee in the United States, the Austrian Financial Market Authority, the Irish Supervisory Authority for financial markets and BaFin in Germany related to their respective investigations into Madoff's fraud. Similar such subpoenas, orders and requests may be received in the future by UniCredit S.p.A. its affiliates, and some of their employees or former employees, in the foregoing markets or in places where proceedings related to Madoff investments are pending from time to time.

Part E - Information on risks and related risk management policies (Continued)

Certain Potential Consequences

In addition to the foregoing proceedings stemming from the Madoff case against UniCredit S.p.A., its subsidiaries and some of their respective employees and former employees, additional Madoff-related actions have been threatened and are in the process of being and may be filed in the future in said countries or in other countries by private investors or local authorities. The pending or future actions may have negative consequences for the UniCredit group.

UniCredit S.p.A. and its subsidiaries intend to defend themselves vigorously against the Madoff-related claims and charges.

Save as described above, for the time being it is not possible to estimate reliably the timing and results of the various actions, nor determine the level of responsibility, if any responsibility exists. Presently, and save as described above, in compliance with international accounting standards, no provisions have been made for specific risks associated with Madoff disputes.

Proceedings Related to and Arising out of the Purchase of HVB by UniCredit - Damages Claims

On June 27, 2007, the HVB annual Shareholders' Meeting passed a resolution to claim damages against UniCredit S.p.A., its legal representatives, and (former) members of HVB's management board and supervisory board, alleging damage to HVB due to the sale of its shareholding in Bank Austria and the Business Combination Agreement ("BCA") entered into with UniCredit S.p.A. during the integration process. A Special Representative (the "Special Representative") was appointed to take this forward. Although a shareholder, UniCredit S.p.A. was prohibited from voting at the meeting.

On February 20, 2008, the Special Representative filed a claim against UniCredit S.p.A and others, requiring the return of the shares in BA to HVB along with compensation to HVB for any additional losses suffered and, in the alternative €13.9 billion in damages. The claim was subsequently amended to include an additional amount of €2.98 billion (plus interest) in addition to any damage that may have resulted from the capital increase resolved by HVB in April 2007 in the context of contributing of the allegedly overvalued banking business of the former UBM to HVB.

The Special Representative has now been removed and no longer has the authority to take forward these claims. After having reached an agreement with UniCredit, HVB management board and HVB supervisory board withdrew the claims on June 20, 2012 and thus formally ended the proceedings.

Cirio

In April 2004, the extraordinary administration of Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.) ("**Cirio**") served notice on Sergio Cragnotti and various banks, including Capitalia S.p.A. (absorbed by UniCredit S.p.A.) and Banca di Roma S.p.A. (now UniCredit S.p.A.), of a petition to declare invalid an allegedly illegal agreement with Cirio S.p.A. regarding the sale of the dairy company Eurolat to Dalmata S.r.l. ("**Parmalat**"). The extraordinary administration subsequently requested that Capitalia S.p.A. and Banca di Roma S.p.A. jointly refund €168 million and that all defendants jointly pay damages of €474 million. In the alternative, it sought the revocation of the settlement made by Cirio S.p.A. and/or repayment by the banks of the amount paid for the agreement in question, on the grounds of "undue profiteering".

Despite no preliminary investigation being conducted, in February 2008, the Court ordered Capitalia S.p.A. and Sergio Cragnotti to pay €223.3 million plus currency appreciation and interest from 1999. UniCredit S.p.A. appealed the decision. It also requested a stay of execution of the lower court's judgment which was successfully obtained in January 2009. The next hearing is scheduled on November 11, 2014.

Provisions have been made for an amount considered appropriate to the current risk of the proceedings.

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In April 2007, certain Cirio group companies in extraordinary administration filed a petition against Capitalia S.p.A. (now UniCredit S.p.A.), Banca di Roma S.p.A., UBM (now UniCredit S.p.A.) and other banks for compensation for damage resulting from their role as arrangers of bond issues by Cirio group companies, although, according to the claimants, they were already insolvent at the time.

Damages were quantified as follows:

- the damages incurred by the petitioners due to a worsening of their financial condition were calculated within a range of €421.6 million to €2.082 billion (depending upon the criteria applied);
- the damages incurred because of the fees paid to the lead managers for bond placements were calculated at a total of €9.8 million;
- the damages, to be determined during the proceedings, incurred by Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.), for losses related to the infeasibility of recovering, through post-bankruptcy clawback, at least the amount used between 1999 and 2000 to cover the debt exposure of some of the Cirio group companies, plus interest and currency revaluation from the date owed to the date of payment.

In the ruling of November 3, 2009, the judge denied the claimants' claim that the companies of the Cirio group in extraordinary administration be held jointly liable for reimbursement of legal expenses, in favour of the defendant banks. The extraordinary administration has appealed against the ruling and the hearing for the conclusions is set for January 27, 2016.

UniCredit S.p.A. believes the action to be groundless. Accordingly, no provisions have been made.

Merckle

In February 2012 two customers belonging to the same group of companies have filed claims against UCB AG with a total amount in dispute of €491.4 million (plus interest). The dispute results from the termination of their repo-transactions with UCB AG. The claimants assert that the compensation paid by UCB AG to the clients following the clients' default was insufficient. The bank intends to defend itself against said claims.

New Mexico CDO-Related Litigations

In August 2006, the New Mexico Educational Retirement Board (ERB) and the New Mexico State Investment Council (SIC), both state funds, invested USD90 million in Vanderbilt Financial, LLC (VF), a vehicle sponsored by Vanderbilt Capital Advisors, LLC (VCA. The purpose of VF was to invest in the equity tranche of various collateralized debt obligations (CDOs) managed primarily by VCA. The equity investments in VF, including those by the ERB and SIC, became worthless. VF was later liquidated.
Several lawsuits were filed relating to the losses suffered by the ERB and SIC on their VF investments:

Foy Litigation

In January 2009, a lawsuit entitled *Frank Foy v. Vanderbilt Capital Advisors, LLC, et al.*, was filed in New Mexico state court. Foy is a former employee of the ERB, and brings his suit under the New Mexico Fraud Against Taxpayers Act (FATA), a statute that allows private citizens to sue in a representative capacity on behalf of the state, and to collect a share of any recovery. The statute also provides for treble damages, penalties and other remedies.
Foy asserts that the ERB and SIC investments were procured by fraud in that false or misleading statements about the nature and risk of the VF investment were allegedly made to induce the state funds to invest in VF. Foy also alleges that the investment was induced by political favoritism, and that political contributions to the then Governor of New Mexico, Bill Richardson, and/or other payments made by or on behalf of Vanderbilt inappropriately influenced the boards of the ERB and SIC to authorize the investment in VF.
The Foy lawsuit seeks in excess of USD 365 million, comprising the lost investment of USD 90 million and claimed lost profits of USD 30 million, which when trebled comes to USD 360 million, plus attorneys fees, interest and other costs and penalties.
The complaint names as defendants VCA; its parent company, Pioneer Investment Management USA Inc. (PIM US),; PIM US's parent company, Pioneer Global Asset Management S.p.A. ("PGAM") UniCredit S.p.A; various officers and directors of VCA, VF and/or PIM US; law firms, external auditors, investment banks and State of New Mexico officials.
The defendants filed motions to dismiss the lawsuit on various substantive and procedural grounds. One substantive issue is whether FATA has retrospective effect. A decision on that issue is expected from the appeals court by year end 2012.
The court has ruled that Foy may proceed with the lawsuit to the extent that it challenges conduct occurring after FATA's effective date, and that the complaint adequately alleges conduct after that date.
Foy has sought to amend his complaint to add over 50 additional legal theories of wrongdoing and to put in issue other VCA-managed CDO transactions in which the SIC had previously invested, and thereby to increase the claimed damages (after trebling) to $864 million. He has thus far been unsuccessful in expanding the case.
In January 2012, the defendants' other motions to dismiss were denied or deferred by the court to a later stage of the case, and as a result, the parties have begun discussions aimed at clarifying the scope and timing of permitted discovery. The defendants have filed an answer denying the material allegations of the complaint.

Class and Derivative Actions

In January 2010, a purported class or derivative action entitled *Donna J. Hill v. Vanderbilt Capital Advisors, LLC, et al.*, was filed in New Mexico state court in which Hill seeks to recover, on behalf of ERB or its retirement plan participants, the USD 40 million that ERB lost on its investment in VF. In February 2010, a parallel case entitled *Michael J. Hammes v. Vanderbilt Capital Advisors, LLC, et al.*, was filed in the same court making virtually identical allegations. The *Hill* and *Hammes* cases make factual allegations similar to those in Foy, but they bring their claims under different legal theories, primarily involving common law claims of fraud, breach of fiduciary duty (against the ERB board members), aiding and abetting breaches of duty by the ERB board members, and violations of the securities laws.
As amended, the *Hill* and *Hammes* cases name as defendants VCA, a former officer of VCA, and several current or former ERB board members.
In February 2010, the *Hill* case was removed to the United States District Court for the District of New Mexico. The defendants moved to dismiss the *Hill* complaint, and in September 2011, the federal court ruled that it lacked subject matter jurisdiction and remanded the case to state court. The *Hill* plaintiffs appealed that ruling, and the appeal is currently pending in the United States Court of Appeals for the Tenth Circuit., with argument scheduled for September 2012.
Deadlines in the *Hammes* case have been extended several times. The defendants are not yet due to answer or move against the *Hammes* complaint.

Malott Litigation

In November 2011, Bruce Malott, the former chairman of the ERB, brought suit in New Mexico state court against a number of persons and entities allegedly involved with improper "pay to play" or kickback practices at the ERB. Among the defendants are VCA, VF, PIM US and two former officers of VCA. The factual allegations against VCA are similar to those asserted in *Foy, Hill,* and *Hammes* except that Malott seeks to recover for alleged damages that he claims to have suffered personally when the challenged transactions and practices were publicly reported in the New Mexico press, leading Malott to resign from the ERB and allegedly to lose his investment in his accounting firm.

Part E - Information on risks and related risk management policies (CONTINUED)

The complaint alleges that the defendants' actions violated the New Mexico Racketeering Act and the New Mexico Unfair Practices Act and constitute fraud, breach of fiduciary duty, negligent misrepresentation, and other torts. No damages amount is specified, but the plaintiff seeks treble damages and punitive damages (as applicable) on top of whatever actual damages he can prove.
The defendants moved to dismiss the complaint in March 2012. The Court's ruling is awaited.

SIC Claim Letter

In July 2012, VCA received a letter from the SIC's attorneys asserting that the SIC is prepared to file its own lawsuit against VCA concerning both the USD 50 million investment it lost in VF and concerning earlier investments it made in other VCA-managed CDOs. The letter claims that the SIC's aggregate damages are in excess of USD 100 million, and requests a meeting to discuss the threatened claims before a lawsuit is filed. Because no complaint has been filed, the precise nature of the claims the SIC may assert, and what defenses may be available to VCA, are not yet known.

Divania S.r.l.

In 2007, Divania S.r.l. (now in bankruptcy) (**"Divania"**) filed a suit in the Court of Bari Italy against UniCredit Banca d'Impresa S.p.A. (then UniCredit Corporate Banking S.p.A. and now UniCredit S.p.A.) alleging violations of law and regulation in relation to certain rate and currency derivative transactions created between January 2000 and May 2005 first by Credito Italiano S.p.A. and subsequently by UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.).
The petition requests that the contracts be declared non existent, or failing that, null and void or to be cancelled or terminated and that UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.) pay the claimant a total of €276.6 million as well as legal fees and interest. It also seeks the nullification of a settlement the parties reached in 2005 under which Divania S.r.l had agreed to waive any claims in respect of the transactions.
UniCredit S.p.A. rejects Divania S.r.l.'s demands. Without prejudice to its rejection of liability, it maintains that the amount claimed has been calculated by aggregating all the debits made (for an amount much larger than the actual amount), without taking into account the credits received that significantly reduce the claimant's demands.
In 2010 the report of the Court named expert witness submitted a report which broadly confirms UniCredit's position stating that there was a loss on derivatives amounting to about €6,400,000 (which would increase to about €10,884,000 should the out-of-court settlement, challenged by the claimant, be judged unlawful and thus null and void). The expert opinion states that interest should be added in an amount between €4,137,000 (contractual rate) and €868,000 (legal rate).
UniCredit S.p.A. has made a provision for an amount consistent with the lawsuit risk.
Another two lawsuits have also been filed by Divania, one for €68.9 million (which was subsequently increased up to Euro 80,5 million ex art 183 c.p.c.) and the second for €1.6 million. Both are considered to be groundless and therefore no provisions have been made.
Due to Divania S.r.l.'s bankruptcy, which was declared in June 2011, all these proceedings were stayed. Afterwards they have been resumed by the Trustee and the next hearings have been scheduled for October, November and December 2012.

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

At the beginning of August 2008, the Trustee in Bankruptcy of Fin.Part S.p.A. (**"Fin.Part"**) brought a civil action against UniCredit S.p.A., UniCredit Banca S.p.A. (now UniCredit S.p.A.), UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.) and one other bank not belonging to the UniCredit group for contractual and tortious liability. Fin.Part's claim against each of the defendant banks, jointly and severally or alternatively, each to the extent applicable, is for damage allegedly suffered by Fin.Part and its creditors as a result of the acquisition of Cerruti Holding Company S.p.A. (**"Cerruti"**) by Fin Part.
The claimant alleges that the financial obligations arising out of the Cerruti acquisition financing brought about Fin Part's bankruptcy and that the banks therefore acted unlawfully.
The claim is for €211 million plus all fees, commissions and interest earned in connection with the allegedly unlawful activities.
On December 23, 2008 the Trustee in Bankruptcy of C Finance S.A. (**"C Finance"**) intervened in the case. It maintains that C Finance S.A. was insolvent at the time of its establishment because of the transfer of bond loan income to Fin.part obtaining in exchange valueless assets and that it was the banks and their executives, in devising and executing the transaction, who contributed in causing C Finance S.A. to become insolvent. Accordingly, it seeks damages as follows: a) the total bankruptcy liabilities (€308.1 million); or, alternatively, b) the amounts disbursed by C Finance S.A. to Fin.Part and Fin.Part International (€193 million); or, alternatively, c) the amount collected by UniCredit S.p.A. (€123.4 million).
The banks are also requested to pay damages for the amounts collected (equivalent to €123.4 million, plus €1.1 million in fees and commissions) for the alleged invalidity and illegality of the transaction in question and the payment of Fin.Part's debts to UniCredit S.p.A. using the proceeds from the C Finance S.A. bond issue. In addition, the claimant alleges that the transaction was a means for evading Italian law regarding limits and procedures for bond issues.
In January 2009, the judge rejected a writ of attachment against the defendant not belonging to UniCredit group.
In addition, on October 2, 2009, the receivership of Fin.Part subpoenaed in the Court of Milan UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.), in order that (i) the invalidity of the "payment" of €46 million made in September 2001 by Fin.Part to the former Credito Italiano be recognised and consequently, (ii) the defendant be sentenced to return such amount in that it relates to an exposure granted by the bank as part of the complex financial transaction under dispute in the prior proceedings.

At the hearing held on February 21, 2012 the two lawsuits were joined, the Court named an expert witness and the hearing for the conclusions has been postponed for January 22, 2013.
UniCredit S.p.A, on the basis, inter alia, of the information supplied by their legal counsel, believes the claims are groundless and/or lacking in an evidentiary basis. Provisions have been made for an amount considered adequate to cover the costs.

Valauret S.A.

In 2001, Valauret S.A. and Hughes de Lasteyrie du Saillant, bought shares in the French company Rhodia S.A. They filed a civil claim in 2004 for losses resulting from the drop in the Rhodia S.A. share price between 2002 and 2003, allegedly caused by earlier fraudulent actions by members of the company's board of directors and others.
BA (as successor to Creditanstalt) was joined as the fourteenth defendant in 2007 on the basis that Creditanstalt was banker to one of the defendants. Valauret S.A. is seeking damages of €129.8 million in addition to legal costs and Hughes de Lasteyrie du Saillant damages of €4.39 million.
In 2006, before the action was extended to BA, the civil proceedings were stayed following the opening of criminal proceedings by the French State that are on going. In December 2008, the civil proceedings were also stayed against BA.
In BA's opinion, the claim is groundless and no provisions have been made.

Treuhandanstalt

BA has joined in litigation in Switzerland in support of the defendant AKB Privatbank Zürich AG (formerly known as BA (Schweiz) AG and then a subsidiary of BA) in a suit brought by Bundesanstalt für vereinigungsbedingte Sonderaufgaben (**"BvS"**). BvS is one of the successors of the former Treuhandanstalt a German public body responsible for managing the assets of the former East Germany.
BvS claims that BA's former subsidiary is liable for the unauthorised transfer of funds from the accounts of two former East German companies by their former CEO in the early 1990s. BvS claims damages of approximately €128 million, plus interest dating back to 1992, plus costs.
On June 25, 2008, the Zurich District Court in large part rejected BvS's claim Both parties appealed the judgment. On March 25, 2010, the Court of Appeal of Zurich (Obergericht) granted BvS's appeal and ordered BA and its former subsidiary to pay approximately €230 million (calculated as of March 30, 2010).
BA and its former subsidiary filed an appeal before the Court of Cassation of the Zurich Canton and also requested, inter alia, a stay of execution. The stay was granted on May 14, 2010. On November 30, 2011, the Court of Cassation granting the appeal of BA, quashed the decision of the Court of Appeal of Zurich (Obergericht) of March 25, 2010 and remitted the matter back to the Court of Appeal of Zurich (Obergericht) for a new decision.
On March 20, 2012 (decision served on March 23, 2012) the Court of Appeal again granted the appeal of BvS and ordered BA's former subsidiary - which Bank Austria is obliged to indemnify - to pay approx. EUR 247 million (including accrued interest and costs calculated as at March 23, 2012). BA is appealing against this judgment before the Swiss Federal Court.
On February 1, 2011 BA filed an application for the revision of the judgment of the Court of Appeal of Zurich (based on new facts in order to obtain the dismissal of BvS's claim and, in alternative, to reduce the amount claimed) with the Court of Appeal of Zurich. The Court has stayed this proceeding pending any final decision on the merits.
BA's former subsidiary is also taking steps in respect of the disputed matters against BvS in Germany. This includes filing claims against BvS in the German Courts.
A provision has been made for an amount consistent with the currently estimated risk of the lawsuit.

Association of Small Shareholders of NAMA d.d. in bankruptcy; Slobodni sindiKat.

Zagrebačka is being sued before the Zagreb Municipal Court by two parties: (i) the association of small shareholders of NAMA d.d. in bankruptcy; and (ii) Slobodni SindiKat.
It is said that Zagrebačka violated the rights of NAMA d.d., as minority shareholder of Zagrebačka until 1994 by, inter alia, not distributing to NAMA d.d. profits in the form of Zagrebačka shares. The claimants seek shares in compensation or alternatively damages of approximately €124 million. Zagrebačka maintains that the claimants do not have legal standing in that they have never been Zagrebačka shareholders, nor the holders of the rights allegedly violated.
On November 16, 2009, the judge rejected the claimants' claim, without dealing with the merits, on the basis that the claimants did not have standing. The decision has been appealed
No provisions have been made.

GBS S.p.A.

At the beginning of February 2008, General Broker Service S.p.A. (**"GBS S.p.A."**) initiated arbitration proceedings against UniCredit S.p.A. for the alleged unlawful behaviour of the Bank with regards to the insurance brokerage relationship allegedly deriving from the exclusive agreement signed in 1991.
In a decision issued on November 18, 2009, UniCredit S.p.A. was ordered to pay GBS S.p.A. €144 million, as well as legal costs and the costs of an expert's report. UniCredit S.p.A. determined that the decision ordered by the arbitrator was unsound and groundless, and has lodged an appeal together with a request for a stay of execution.

Part E - Information on risks and related risk management policies (CONTINUED)

On July 8, 2010, the Court granted a stay of execution in respect of amounts exceeding €10 million. UniCredit S.p.A. paid such amount in favour of GBS S.p.A., pending the outcome of the appeal. The next hearing is scheduled for November 5, 2013.
A provision has been made for an amount consistent with what currently appears to be the potential risk resulting from the award issued.

ADDITIONAL RELEVANT INFORMATION

The following section sets out further pending proceedings against UniCredit S.p.A. and other companies of the UniCredit group that UniCredit considers relevant and which, at present, are not characterised by known economic demand or for which the economic request cannot be quantified.

Proceedings arising out of the purchase of HVB by UniCredit SpA and the Group reorganization

Voidance action challenging the transfer of shares of Bank Austria Creditanstalt AG (BA) held by HVB to UniCredit S.p.A. (Shareholders' Resolution of October 25, 2006)

Numerous minority shareholders of HVB have filed petitions challenging the resolutions adopted by HVB's Extraordinary Shareholders' Meeting of October 25, 2006 approving various Sale and Purchase Agreements (**SPA**) transferring the shares held by HVB in BA and in HVB Bank Ukraine to UniCredit S.p.A. and 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. The actions are based on purported defects in the formalities relating to the calling for and conduct of the Extraordinary Shareholders' Meeting held on October 25, 2006, and on the allegation that the sale price for the shares was too low. In the course of this proceeding, certain shareholders asked the Regional Court of Munich to state that the **BCA**, entered into between HVB and UniCredit S.p.A., should be regarded as a de facto domination agreement.
In the judgment of January 31, 2008, the Court declared the resolutions passed at the Extraordinary Shareholders' Meeting of October 25, 2006 to be null and void for formal reasons. The Court did not express an opinion on the issue of the alleged inadequacy of the purchase price but expressed the opinion that the BCA entered into between UniCredit S.p.A. and HVB in June 2005 should have been submitted to HVB's Shareholders' Meeting as it represented a "concealed" domination agreement.
HVB filed an appeal against this judgment since it is 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 of October 25, 2006, and that the matter concerning valuation parameters would not have affected the purchase and sales agreements submitted for the approval of the shareholders' meeting. HVB also believes that the BCA is not a "concealed" domination agreement, due in part to the fact that it specifically prevents entering into a domination agreement for five years following the purchase offer.
The HVB shareholder resolution could only become null and void when the Court's decision becomes 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 29 and 30 July 2008 to reconfirm the resolutions that were passed by the Extraordinary Shareholders' Meeting of October 25, 2006 and which were contested (so-called Confirmatory Resolutions). If these Confirmatory Resolutions became final and binding, they would make the alleged improprieties in the initial resolutions irrelevant.
The Shareholders' Meeting approved these Confirmatory Resolutions, which, however, were in turn challenged by several shareholders in August 2008. In February 2009, an additional resolution was adopted that confirmed the adopted resolutions.
In the judgment of December 10, 2009, the Court rejected the voidance action against the first Confirmatory Resolutions adopted on 29 and July 30, 2008. Appeals filed by several former shareholders against this judgment were rejected by Higher Regional Court (Oberlandesgericht) of Munich on December 22, 2010. In a decision taken on June 26, 2012 the German Federal Supreme Court (Bundesgerichtshof) repealed the judgment of the Higher Regional Court and referred the case back to the Higher Regional Court for reassessment. A judgment by the Higher Regional Court has not yet been issued.
In light of the above events, the appeal proceedings initiated by HVB against the judgment of January 31, 2008 were suspended until a final judgment is issued in relation to the Confirmatory Resolutions adopted by HVB's Shareholders' Meeting of 29 and 30 July 2008.

Squeeze-out of HVB minority shareholders (Appraisal Proceedings)

Approximately 300 former minority shareholders of HVB filed a request to have a review of the price obtained in the squeeze-out (Appraisal Proceedings). The dispute mainly concerns profiles regarding the valuation of HVB.
The first hearing took place on April 15, 2010. The proceedings are still pending and are expected to last for a number of years.

Squeeze-out of Bank Austria's minority shareholders

After a settlement was reached on all legal challenges to the squeeze-out in Austria, the resolution passed by the BA shareholders' meeting approving the squeeze-out of the ordinary shares held by minority shareholders (with the exception of the so-called "golden shareholders" holding the registered shares in BA) was recorded in the Vienna Commercial Register on May 21, 2008 and UniCredit S.p.A. became the owner of 99.995% of BA's share capital.
The minority shareholders received the squeeze-out payment of approximately €1,045 million including the related interest.

Several shareholders then initiated proceedings before the Commercial Court of Vienna claiming that the squeeze-out price was inadequate, and asking the Court to review the adequacy of the amount paid (appraisal proceedings).
At present the proceedings are pending before the Commercial Court of Vienna which appointed a panel, the so called **"Gremium"**, to investigate the facts of the case in order to review the adequacy of the cash compensation. The expert appointed by the Gremium, employing

six different methods, determined that the adequate compensation would have been in a range from an amount lower than that actually paid by UniCredit S.p.A. and an amount that is Euro 10 per share higher than that amount. UniCredit, considering the nature of the valuation methods employed, still believes that the amount paid to the minority shareholders was adequate. Nevertheless, it is not possible to predict how the Gremium will decide upon concluding its investigation.
Should the parties fail to reach an agreement, the Commercial Court will issue a decision (which is appealable), which could result in UniCredit S.p.A. having to pay a greater cash compensation.
In addition to the Court and the Gremium proceedings, a minority shareholder has initiated a parallel arbitration procedure before an arbitral tribunal. If the outcome of the arbitration is unfavorable for UniCredit,it is possible that the Group could be negatively impacted.

Cirio and Parmalat criminal proceedings

Between the end of 2003 and the beginning of 2004, criminal investigations of some former Capitalia group (now UniCredit group) officers and managers were conducted in relation to the insolvency of the Cirio group. This resulted in certain executives and officers of the former Capitalia S.p.A. (now UniCredit S.p.A.) being committed to trial.
Cirio S.p.A.'s extraordinary administration and several bondholders/shareholders joined the criminal proceedings as civil complainants without quantifying the damages claimed. UniCredit S.p.A., also as the universal successor of UniCredit Banca di Roma S.p.A., was cited as "legally liable".
On December 23, 2010, UniCredit S.p.A.- without any admission of responsibility - proposed a settlement to approximately 2,000 bondholders.
In March 2011, Cirio S.p.A.'s extraordinary administration filed its conclusions against all defendants and against UniCredit S.p.A. as "legally liable"- all the defendants jointly and severally - requesting damages in an amount of €1.9 billion. UniCredit S.p.A. believes the request is groundless both in fact and law and the officers involved in the proceedings in question maintain that they performed their duties in a legal and proper manner.
Negotiations aimed at settling all Cirio related matters in their entirety have to date proved unsuccessful and, on July 4, 2011 the Court of Rome ordered UniCredit, together with the individuals involved, to pay CIRIO S.p,A.'s extraordinary administration €200 million as provisional payment and to pay the bondholders and the shareholders - civil complainants in the criminal proceedings - an amount equal to 5% of the nominal value of the securities owned.
Taking into account the transaction with bondholders occurred in 2010, this decision applies only to a limited number of investors.
On June 22, 2012 the reasons for the Court's decision have been released and these are being analized with regard to the appeal.
With regard to the insolvency of the Parmalat group, from the end of 2003 to the end of 2005, investigations were conducted against certain executives and officers of the former Capitalia S.p.A. (now UniCredit S.p.A.), who had been committed for trial within the scope of three distinct criminal proceedings known as "Ciappazzi", "Parmatour" and "Eurolat".
Companies of the Parmalat group in extraordinary administration and numerous Parmalat bondholders are the claimants in the civil suits in the aforementioned proceedings. All of the civil claimants' lawyers have reserved the right to quantify damages at the conclusion of the first instance trials.
In the "Ciappazzi" and "Parmatour" proceedings, several companies of the UniCredit group have been cited as legally liable.
Upon execution of the settlement of 1 August 2008 between UniCredit group and Parmalat S.p.A., and as Parmalat group companies are in extraordinary administration, all civil charges were either waived or revoked.
The officers involved in the proceedings in question maintain that they performed their duties in a legal and proper manner.
On June 11, 2010, UniCredit S.p.A. reached an agreement with the Association of Parmalat Bondholders of the Sanpaolo IMI group (the **"Association"**) aimed at settling, without any admission of responsibility, the civil claims brought against certain banks of the UniCredit group by the approximately 32,000 Parmalat bondholders who are members of the Association. In October 2010, that agreement has been extended to the other bondholders who had joined the criminal proceedings as civil complainants (approximately 5,000).
On October 4, 2011 UniCredit S.p.A.reached a settlement agreement with the trustee of Cosal S.r.l..
On November 29, 2011 (Parmalat) and on December 20, 2011 (Parmatour) the Court of Parma issued a judgment ordering UniCredit, severally with other involved parties, a provisional payment, in favor of the bondholders and shareholders of Parmalat and Parmatour - civil complainants in the criminal proceedings - in an amount equal to 4% of the nominal value of the securities owned.
Both UC and the individuals involved appealed the decisions.
Taking into account the above mentioned transactions with bondholders in 2010, these decisions apply only to a limited number of investors.
For the Parmalat and Cirio cases provisions have been made for an amount consistent with what currently appears to be the potential risk of liability for UniCredit S.p.A. as legally liable.

Medienfonds

Various customers bought shares in VIP Medienfonds 4 Gmbh & Co. KG (**"Medienfonds"**).
HVB did not sell shares in the fund, but granted loans to all private investors for a part of the amount invested in the fund; moreover, to collateralize the fund, HVB assumed specific payment obligations of certain film distributors with respect to the fund.
When certain expected tax benefits associated with this type of investment were revoked, many investors brought various kinds of legal proceedings against HVB and others. The investors argue that HVB did not disclose to them the risks of the tax treatment being revoked and assert HVB, together with other parties, including the promoter of the fund, is responsible for the alleged errors in the prospectus used to market the fund. Additionally some plaintiffs invoke also rights under German consumer protection laws.

Part E - Information on risks and related risk management policies (Continued)

The courts of first and second instance have passed various sentences, of which several were unfavourable for HVB.
On December 30, 2011 The District Higher Court of Munich decided the issue relating to prospectus liability through a specific procedure pursuant to the Capital Markets Test Case Act (Kapitalanleger-Musterverfahrensgesetz). The Court stated that the prospectus was incorrect concerning the description of tax risks, loss risk and the fund´s forecast; the Court further holds HVB liable along with the promoter of Medienfons for such errors. HVB filed an appeal to the Federal Court. Any final decision in this proceeding will affect only few pending cases since with the vast majority of the investors a general settlement has already been closed.
Aside from the civil proceedings, the fiscal courts have not yet issued a final decision as to whether the tax benefits were rightfully revoked in the first place.
HVB has made provisions which are, at present, deemed appropriate.

CODACONS Class actions

With a petition served on January 5, 2010, CODACONS (Coordination of the associations for the defence of the environment and the protection of consumer rights), on behalf of one of its applicants, submitted a class action to the Court of Rome against UniCredit Banca di Roma S.p.A. (now UniCredit S.p.A.) pursuant to article 140-bis of the Consumer Code (Legislative Decree no. 206 dated September 6, 2005). This action, which was brought for an amount of €1,250 (plus unspecified non-material damages), is based on the allegations of AGCM, according to which Italian banks would have compensated for the abolition of maximum overdraft commission by introducing new and more costly commissions for clients. The applicant asked the Court of Rome to allow the action specifying the criteria for being included in the class action and setting a period of not more than 120 days within which the parties may join the class action. If the Court considers the class action admissible, the amount requested could significantly increase based on the number of adhesions of current account holders of UniCredit Banca di Roma S.p.A. who consider that they have suffered damages as a result of the behaviour at issue.
Another class action - together with a request to join the two actions - was filed on August 9, 2010 by CODACONS on behalf of one of its members, before the Court of Rome against UniCredit Banca di Roma S.p.A. (now UniCredit S.p.A.) based on the same claims and asking for an amount of €1,110 (including non-material damages).
The only difference between the two actions is that this claimant had a credit current account.
The Court of Rome, in two separate decisions taken on March 25, 2011, granting UniCredit’s the motions, rejected the request to join filed by CODACONS and dismissed the two class actions.
In July 2011, the CODACONS appealed both decisions. On May 14, 2012 the Court of Appeal of Rome confirmed the decision of the lower Court.
UniCredit S.p.A. believes it has consistently operated in compliance with the law in relation to its commission policy.

Derivatives

In Germany and Italy, there is a tendency for derivative contracts to be challenged most notably by non-institutional investors where those contracts are out of the money. This is affecting the financial sector generally and is not specific to UniCredit and its group companies. Due to the current uncertainty, it is impossible to assess the full impact of such challenges on the Group.

Other Significant events

There has been increasing scrutiny of the financial institutions sector, especially by US authorities, with respect to combating money laundering and terrorist financing and enforcing compliance with economic sanctions. The US Treasury Department Office of Foreign Assets Control ("OFAC") administers US laws and regulations in relation to US economic sanctions against designated foreign countries, nationals and others. A member of the UniCredit Group is currently responding to a third party witness subpoena from the New York County District Attorney's Office in connection with an on-going investigation regarding certain, persons and/or entities believed to have engaged in sanctionable conduct. The relevant UniCredit Group member also has disclosed to OFAC information that it has provided to the District Attorney's office and is involved in on-going discussions with these authorities and is cooperating fully. In addition, the relevant UniCredit Group member is also conducting an on-going internal review of the accounts and transactions that are the subject of the investigation. It is not possible at this time to predict the outcome of the on-going investigation, including the timing and any potential financial impact it may have upon the operating results of the Company in any future financial period.

Client Proceeding related to German Tax Credits

A client has filed claims against UCB AG with an amount in dispute of €124 million based on alleged incorrect advice and breach of duties relating to transactions in German equity securities.
Such transactions were entered into by the client based on the expectation of receiving dividend withholding tax credits on dividends in relation to German equities which were traded around dividend dates.
Pursuant to a tax audit of the client, the tax authorities have demanded payment from the client, who is primarily liable vis-à-vis the tax authorities, of the withholding tax credit previously granted to the client plus interest summing up to the amount in dispute. UCB AG understands that the client and its tax advisor are challenging the tax authorities' position. The client in his claim requests UCB AG to indemnify him against said and potential future payment obligations vis-à-vis the tax authorities with respect to the transactions. The tax authorities served upon UCB AG a secondary liability notice requesting payment of the tax credits previously granted to the client including interest summing up to €124 million on the basis of alleged issuer liability for tax certificates. UCB AG has challenged the notice. There is a risk that UCB AG could be held liable for damages to the client in the civil proceeding or to the tax authorities on the basis of the liability

notice. In addition, UCB AG could be subject to interest claims in relation to this matter, as well as fines and profit claw backs, and/or criminal exposure. UCB meanwhile continues to take steps under civil and administrative law which UCB and its advisers considered appropriate in order to protect its position in the context of the above-mentioned matters.

C. Risks arising from employment law cases

The Group is involved in employment law disputes. In general, for all employment law disputes provisions have been made in order to meet any disbursements incurred and in any case the Group does not believe that any liabilities related to the outcome of the pending proceedings could have a significant impact on its economic and/or financial standing.

D. Tax disputes

In financial years 2007, 2008 and 2009, in differing amounts and subject to differing pricing conditions, UniCredit Banca S.p.A., UniCredit Corporate Banking S.p.A. and UniCredit Banca di Roma S.p.A. carried out a certain type of structured finance transaction with the Milan Branch of the British bank Barclays Plc.

This type of transaction - which has been called “Brontos” by the British bank - consists in a Repo carried out between the Milan Branch of Barclays Plc and the aforementioned banks of the UniCredit Group, with underlying financial instruments denominated in Turkish lira issued by a Luxembourg company wholly-owned by the Barclays Group.

In the first half of 2009, the Milan prosecutor’s office launched an investigation into such transactions and is examining the alleged criminal offense pursuant to Art. 3 of Legislative Decree no. 74 of March 10, 2000, and Articles 81 and 112, clauses 1 and 2, of the Penal Code. On October 18, 2011, at the request of the Milan prosecutor’s office, the preliminary investigations judge served UniCredit S.p.A. with an interim freezing order, pursuant to Art. 321, paragraph 2 of the Code of Criminal Procedure, for the total amount of €245,956,118.49 exercisable on the accounts of UniCredit S.p.A. with the Bank of Italy, Milan branch. On November 28, 2011 the Milan Court of Review revoked the freezing order and UniCredit regained control of the sums previously seized. The prosecutor appealed to the Cassation Court against this decision on December 29, 2011. The hearing has been scheduled for September 19, 2012.

On October 27, 2011 both the external counsel acting for the individuals who are being investigated and the individuals themselves were notified that the prosecutor had concluded his investigations; on February 2, 2012 the Milan prosecutor’s office requested that all defendants be committed for trial. The hearing before the preliminary investigations judge had been scheduled for May 22, 2012. On June 5, 2012 the preliminary investigations judge committed all defendants for trial, the first hearing before the Second Criminal Division of the Court of Milan being scheduled for October 1, 2012.

In March 2011 the Italian Tax Police (Guardia di Finanza) started a tax assessment of all structured finance transactions conducted by some Group Banks between 2006 and 2008, including the “Brontos” transaction described above. Following the assessment, on June 21, 2011 the Italian Tax Police (Guardia di Finanza) served UniCredit S.p.A. with the tax audit reports related to the aforementioned transactions, broken down by year and by company name. The reports show a tax liability totaling €445 million, of which €269 million related to the “Brontos” transaction.

As already reported in the 2011 financial statements, on December 6, 2011 the company settled its back tax liability with respect to financial year 2006, whereas with respect to financial years 2007, 2008 and 2009 it should be noted that after careful examination of all available information and any costs/opportunities the company made an adequate provision in the 2011 financial statements with reference to both the “Brontos” transaction and the transactions other than “Brontos”, consistent with the amounts paid to settle back tax liabilities related to previous financial years and/or taking account of any other relevant circumstances.

Other pending tax cases

At the end of 2011 UniCredit S.p.A., on its own behalf and in its capacity as the holding company of various entities, was served with some notices of assessment related to taxes and sanctions totaling €43 million.

Specifically, UniCredit received a €33 million notice as the consolidating entity of Pioneer Investment Management SGR, mainly with reference to issues connected with transaction prices.

Pioneer Investment SGR and UniCredit S.p.A. in its capacity as consolidating entity, appealed against their respective notices of assessment related to financial year 2006 concerning the transaction prices on which information was disclosed in the 2011 financial statements.

UniCredit also settled other back tax liabilities with reference to other notices of assessment, whose amounts are included in provisions previously made.

UniCredit believes that the risk represented by these liabilities is remote and only potential and therefore decided not to make any provisions.

Tax Proceedings in Germany

UCB AG is currently subject to tax audits in Germany for the fiscal years 2002 through 2004, which are close to being finalised, and for the fiscal years 2005 through 2008. UniCredit believes that adequate tax provisions have been accrued.

In addition, UCB AG has notified the Munich tax authorities of the possibility of certain proprietary trading of UCB AG undertaken close to dividend dates and related withholding tax credits claimed by UCB AG. In this context, and in parallel, the Supervisory Board of UCB AG has commissioned external advisors to conduct an audit of such matters. This audit is fully supported by UniCredit.

Given that UCB AG has proactively disclosed this matter to the Munich tax authorities, UCB AG expects that the German Central Federal Tax Authority (Bundeszentralamt für Steuern) and the Munich tax authorities are likely to examine such transactions. Although German tax authorities have recently denied withholding tax credits in certain types of trades undertaken near dividend dates, there is no clear guidance from the highest German tax court on the tax treatment of such transactions. At this time, the impact of any review by the Federal Tax Authority

Part E - Information on risks and related risk management policies (Continued)

and Munich tax authorities is unknown. As the audit commissioned by the Supervisory Board is not yet complete, it is not possible at this time to predict its outcome, including timing for any findings.
In relation to the above-described securities transactions, UCB AG could be subject to substantial tax and interest claims in relation to these matters, as well as fines and profit claw backs, and/or criminal exposure.
UCB AG is in communication with its relevant regulators regarding this matter.

Società Petrolifera Gioia Tauro (Italpetroli group)

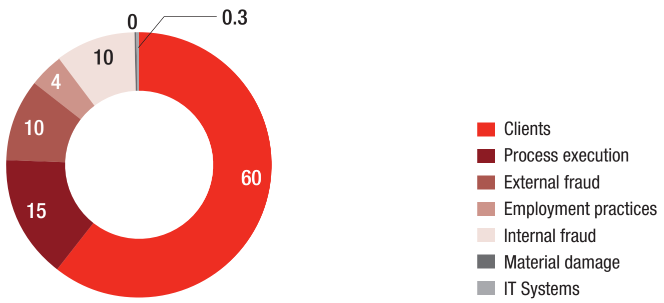
On November 11, 2005 Società Petrolifera Gioia Tauro (a company belonging to the Italpetroli Group) received two notices of assessment from the Catanzaro Tax Agency, relating to tax years 1997 (IRPEG and ILOR) and 1999 (IRPEG and IRAP) for a total of €7.3 million, of which €3.8 million were for interest and fines.
The Tax Agency's findings were based on the tax treatment of grants or subsidies received by the company under Law 488/1992, and were challenged by the company before the Catanzaro Province Tax Commission, which allowed the appeals.
The appeals lodged by the Catanzaro Tax Agency were then allowed by the Regional Tax Commission in Catanzaro in two judgments deposited on July 22, 2011.
Società Petrolifera Gioia Tauro has appealed to the Court of Cassation (Supreme Court) and is awaiting the Court's decision.
It seems, according to the available information, more than likely that the two appeals to the Supreme Court will overturn the judgments of the Regional Tax Commission in Catanzaro. Following the receipt by Società Petrolifera Gioia Tauro of two tax bills from Equitalia Sud, in May 2012 the company was allowed to spread the payments, totaling approximately €9.5 million (including fines and interest), over a period of 6 years.

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) and in successive updates.

The major categories are as follows:
- internal fraud: losses owing to unauthorized 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-fulfillment 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.

The event type categories are (%)



In the first half 2012, the main source of operational risk in terms of accounted operational losses was "Clients, product and business practices", a category which includes losses arising from the non-fulfillment of professional obligation towards clients or from the nature or characteristics of the products or services provided, as well as any sanctions for violating existing regulations. The second largest contribution to losses came from errors in "Execution, delivery and process management" due to operational or process administration shortfalls.
An upward trend has been observed in losses from Internal and External fraud; whereas, the residual risk categories, including employment practices, damage to physical assets and IT systems demonstrated decreasing amounts.

Section 5 - Other Risks

The types of risk described above are the primary risks, but there are other the Group considers to be significant which include:
- business risk;
- real-estate risk;
- financial investment risk;
- strategic risk;
- reputational risk.

These risks are defined as follows:
- **Business risk** is defined as adverse, unexpected changes in business volume and/or margins that are not due to credit, market and operational risks. Business risk can result, above all, from a serious deterioration in the market environment, changes in the competitive situation or customer behavior, but may also result from changes in the legal framework;
- **Real estate risk** is defined as the potential losses resulting from market value fluctuations of the Group's real estate portfolios, including real estate special purpose vehicles. It does not take into consideration properties held as collateral;
- **Financial investment risk** originates in equity held in companies not included in the Group or held in the trading book;
- **Strategic risk** is the risk of suffering potential losses due to decisions or radical changes in the business environment, improper implementation of decisions, lack of responsiveness to changes in the business environment, which result in negative impacts to the risk profile, capital and earnings as well as the overall direction and scope of a bank over the long run;
- **Reputational risk**: this is the current or future risk of a decline in profits as a result of a negative perception of the Bank's image by customers, counterparties, bank shareholders, investors or the regulator.

Within the Internal Capital Adequacy Assessment Process (ICAAP), in line with the proportionality principle defined in Pillar II of Basel II, the risk profile of the main companies of the Group is calculated analytically, while for small ones is used a synthetic approach (top down approach).

Credit, market, operational, business, real estate and financial investment risks are measured quantitatively, using:
- economic capital and aggregation as an input for internal capital; and
- stress tests.

Internal Capital is the capital set aside as a buffer against the potential losses inherent in the Group's business activities and it takes into consideration all risk types identified by the Group as quantified in terms of Economic Capital in line with Pillar II requirements (credit, market, operational, business, financial investment and real estate risks including the effects of diversification between risk types ('interdiversification') and within each portfolio type ('intradiversification') and a prudential cushion against the model risk and the variability of the economic cycle).

Internal Capital is calculated using the Bayesian Copula approach for aggregation with a one-year time horizon and 99.97% confidence level in line with the Group rating target. The distribution of correlation matrixes that represents the dependence structure between risks is achieved combining expert opinions with empirical correlation coefficient calculated relying on the time series of specific risk factors.
For control purposes, Internal Capital is calculated quarterly or ad hoc if needed; it is also projected for budgeting purposes.

The multi-dimensional nature of risk makes it necessary to supplement the measurement of economic capital with stress testing, not only in order to estimate losses in certain scenarios, but also to ascertain the impact of their determinants. Stress testing is carried out on both individual risk types and their aggregation, providing as output conditional losses and stressed economic capital. The combined stress test calculation covers the changes on the amount of the individual risk types and of the diversification benefit in crisis conditions.

The adequacy of the risk measurement methodologies supporting the ICAAP, including stress testing and risk aggregation, is checked by internal validation.

Under the corporate governance system, the Parent Group Risk Management is responsible for the Group Economic and Internal Capital methodology development and their measurement at Group and divisional level, moreover the Parent is responsible to set and implement the Group related processes.
The "Group Rules", after the approval is sent to interested LEs for approval and implementation.

Part E - Information on risks and related risk management policies (Continued)

Internal Capital Adequacy Assessment Process (ICAAP)
Measuring the risk profile is a fundamental element of the Internal Capital Adequacy Assessment Process under Basel II Pillar II.

The Group's approach to ICAAP relies on the definition of the "Risk Governance", as a preliminary requirement, while the process consists of following phases:
- perimeter definition and risk identification;
- risk profile measurement;
- risk appetite setting and capital allocation; and
- monitoring and reporting.

Capital adequacy is assessed considering the balance between the assumed risks, both Pillar I and Pillar II, and the available capital.
With respect to Pillar II, the relevant metric is the Risk Taking Capacity, which is the ratio between available capital (Available Financial Resources, AFR) and Internal Capital.

The Group defines the risk appetite[11] as the variability in terms of results, both short and long term, that Senior Management is willing to accept to support a defined strategy.

The risk appetite framework is based on three dimensions:
- Capital adequacy;
- Profitability and risks;
- Liquidity and funding.

it is approved by Board of Directors and is regularly monitored and reported, at least quarterly, to the relevant committees.

In addition, the Parent Company is required to draft a yearly consolidated report on capital adequacy in accordance with Banca d'Italia guidelines and including an overview of the main Group companies.

Reputational Risk
Reputational risk is identified as the current or future risk of a decline in profits as a result of a negative perception of the Bank's image by customers, counterparties, bank shareholders, investors or the Regulator.

In August 2010 the UniCredit S.p.A. Board of Directors approved the Group Reputational Risk Governance Guidelines, which aim at defining a general set of principles and rules for measuring and controlling reputational risk. In the Parent Company the Reputational Risk Methodologies and Control unit is formally appointed within the Group Operational and Reputational Risks department.

The Governance Guidelines were distributed to the UniCredit Group Legal Entities for implementation, through a letter signed by the CEO and the Head of Group Risk Management.

The primary role of Reputational Risk Methodologies and Control is:
- developing methodologies for the measurement and control of reputational risk and facilitating the task of identifying, valuing and measuring such risk;
- monitoring the implementation - in the Legal Entities - of methodologies of reputational risk (general guidelines for the management and control of reputational risk), defining the tasks to be carried out on a regular basis;
- proposing mitigation actions to the competent functions and bodies;
- defining the methodology for evaluating the reputational risk of products.

Moreover, the set up of the Group Operational and Reputational Risk Committee ensures consistency in reputational risk policies, methodologies and practices across Divisions, Business Units and Legal Entities, controlling and monitoring the Group Reputational Risk portfolio. Furthermore the Transactional Credit Committees are in charge of evaluating possible reputational risks inherent transactions, on the basis of the current reputational risk Global Rules.

Finally, in order to support the UniCredit Group to safeguard itself from Reputational Risk-taking, in addition to the already existing Group Reputational Risk Governance Guidelines the following policies in specific sectors are in place / have been approved: "Defense/Weapons", "Nuclear Energy", "Non-cooperative Jurisdictions", "Mining" and "Water Infrastructures (dams)".

11. The main purpose is to ensure that the business develops within the risk tolerance set by the BoD in respect of national and international regulations. The aim is not to prevent risk taking, but to pursue the execution of UCG's strategy consistently with the risk tolerance set by the BoD.

Part F - Consolidated Shareholders' Equity

Part F - Consolidated Shareholders' Equity

Section 1 - Consolidated Shareholders' Equity

A. QUALITATIVE INFORMATION

The UniCredit group has made a priority of capital management and allocation on the basis of the risk assumed in order to expand the Group's operations and create value. These activities are part of the Group planning and monitoring process and comprise:

- planning and budgeting processes:
  - proposals as to risk propensity and capitalization objectives;
  - analysis of risk associated with value drivers and allocation of capital to business areas and units;
  - assignment of risk-adjusted performance objectives;
  - analysis of the impact on the Group's value and the creation of value for shareholders;
  - preparation and proposal of the financial plan and dividend policy;
- monitoring processes:
  - analysis of performance achieved at Group and business unit level and preparation of management reports for internal and external use;
  - analysis and monitoring of limits;
  - analysis and performance monitoring of the capital ratios of the Group and individual companies.

The Group has set itself the goal of generating income in excess of that necessary to remunerate risk (cost of equity), and thus of creating value for its shareholders by allocating capital to the various business areas and business units on the basis of specific risk profiles. In support of planning and monitoring processes, the Group has adopted a methodology based on risk-adjusted performance measurement (Rapm) which provides a number of indicators that combine and summarize the operating, financial and risk variables to be considered.

Capital and its allocation are therefore extremely important in defining strategies, since on the one hand it represents the shareholders' investment in the Group which must be adequately remunerated, on the other hand it is a scarce resource on which there are external limitations imposed by regulatory provisions.
The definitions of capital used in the allocation process are as follows:

- risk or employed capital: this is the equity component provided by shareholders (employed capital) for which a return that is greater than or equal to expectations (cost of equity) must be provided;
- capital at risk: this is the portion of capital and reserves that is used (the budgeted amount or allocated capital) or was used to cover (at period-end-absorbed capital) risks assumed to pursue the objective of creating value.

If capital at risk is measured using risk management methods, it is defined as economic capital, if it is measured using regulatory provisions, it is defined as regulatory capital.

Economic capital is set at a level that will cover adverse events with a probability of 99.97% (confidence interval), while regulatory capital is quantified on the basis of a Core Tier 1 target ratio in line with that of major international banking groups and taking into account the impacts of the supervisory regulations which will be adopted (Basel 3, Global Systemically Important Financial Institutions: G-SIFIs, etc.).

The purpose of the capital management function performed by the Capital Management unit of Planning, Strategy and Capital Management is to define the target level of capitalization for the Group and its companies in line with regulatory restrictions and the risk appetite.

Capital is managed dynamically: the Capital Management unit prepares the financial plan, monitors capital ratios for regulatory purposes and anticipates the appropriate steps required to achieve its goals.
On the one hand, monitoring is carried out in relation to both shareholders' equity and the composition of capital for regulatory purposes (Core Tier 1, Tier 1, Lower and Upper Tier 2 and Tier 3 Capital), and on the other hand, in relation to the planning and performance of risk-weighted assets (RWA).
The dynamic management approach aims to identify the investment and capital-raising instruments and hybrid capital instruments that are most suitable for achieving the Group's goals. If there is a capital shortfall, the gaps to be filled and capital generation measures are indicated, and their cost and efficiency are measured using RAPM. In this context, value analysis is enhanced by the joint role played by the Capital Management unit in the areas of regulatory, accounting, financial, tax-related, risk management and other aspects and the changing regulations[1] affecting these aspects so that an assessment and all necessary instructions can be given to other Parent Company's areas or the companies asked to perform these tasks.

1. E.g. Basel II/III, IAS/IFRS etc.

Section 2 - Shareholders' Equity and banking regulatory ratios

2.1 Regulatory framework

The prudential scope of consolidation, defined by regulatory rules (Bank of Italy circular no. 263 - December 27, 2006 and no. 155 - December 18, 1991, and subsequent updates), includes subsidiaries with the following characteristics:

- banks, financial companies and ancillary banking services companies directly or indirectly controlled to which the line-by-line consolidation method is applied;
- banks, financial companies and ancillary banking services companies directly or indirectly participated for a share equal or more than the 20%, when they are jointly controlled with other entities, to these subsidiaries has to be applied the proportional consolidation method;
- the following entities are consolidated with equity method:
  - banks or financial companies directly or indirectly participated for a share equal or more than the 20% or anyway subjected to significant influence;
  - companies, different from banks, financial companies and ancillary banking services companies directly or indirectly controlled exclusively or jointly or subjected to significant influence.

Further prudential treatments provided by the regulation are: the deduction of the value of the subsidiary from the capital and the sum of the subsidiary value to the Risk Weighted Assets.
The prudential scope of consolidation is different from the scope of the Financial Statement, defined by IAS/IFRS rules.

2.2 Capital for regulatory purposes

A. QUALITATIVE INFORMATION

1. Tier 1

The following instruments are included in Tier 1:

INTEREST RATE	MATURITY	STARTING DATE OF PREPAYMENT OPTION	AMOUNT IN ORIGINAL CURRENCY (MLN)		AMOUNT INCLUDED IN REGULATORY EQUITY (€ '000)	STEP-UP	OPTION TO SUSPEND INTEREST PAYMENT	ISSUED THROUGH A SPV SUBSIDIARY
9.375%	31-Dec-50	Jul-20	EUR	500	332,029	yes	yes	no
4.028%	perpetual	Oct-15	EUR	750	264,158	yes	yes	yes
5.396%	perpetual	Oct-15	GBP	300	24,643	yes	yes	yes
8.5925%	31-Dec-50	Jun-18	GBP	350	201,692	yes	yes	no
8.125%	31-Dec-50	Dec-19	EUR	750	581,460	yes	yes	no
8.741%	30-Jun-31	Jun-29	USD	300	83,998	no	yes	yes
7.760%	13- Oct-36	Oct-34	GBP	100	23,310	no	yes	yes
9.000%	22-Oct-31	Oct 29	USD	200	38,363	no	yes	yes
3.500%	31-Dec-31	Dec-29	JPY	25,000	249,675	no	yes	yes
10y CMS (°) +0.10%, cap 8.00 %	perpetual	Oct-11	EUR	250	91,439	no	yes	no
10y CMS (°) +0.15%, cap 8.00 %	perpetual	Mar-12	EUR	150	50,100	no	yes	no
TOTAL					**1,940,867**			

(°) Constant Maturity Swap.

Part F - Consolidated Shareholders' Equity (Continued)

2. Tier 2

The following table shows upper tier 2 instruments, which account for more than 10% of the total issued amount:

INTEREST RATE	MATURITY	STARTING DATE OF PREPAYMENT OPTION	AMOUNT IN ORIGINAL CURRENCY (MLN)		AMOUNT INCLUDED IN REGULATORY EQUITY (€ '000)	STEP-UP	OPTION TO SUSPEND INTEREST PAYMENT
3.95%	1-Feb-16	not applicable	EUR	900	815,461	not applicable	yes (°)
5.00%	1-Feb-16	not applicable	GBP	450	377,389	not applicable	yes (°)
6.70%	5-Jun-18	not applicable	EUR	1,000	827,661	not applicable	yes (°)

(°) - if dividend is not paid, payment of interest is suspended (deferral of interest);
- if losses take share capital and reserves under the threshold set by Banca d'Italia to authorize banking business, face value and interests are proportionally reduced.

3. Tier 3

There are no values to be disclosed.

B. QUANTITATIVE INFORMATION

Regulatory Capital Breakdown

(€ '000)

REGULATORY CAPITAL	06.30.2012	12.31.2011
A. Tier 1 before prudential filters	**52,482,186**	**46,354,217**
A.1 Tier 1 positive items:	68,458,574	71,381,206
A.1.1 - Capital (°)	*19,434,937*	*11,927,702*
A.1.2 - Share premium account	*34,624,245*	*38,562,472*
A.1.3 - Reserves	*10,913,628*	*16,346,472*
A.1.4 - Innovative capital instruments and non-innovative capital instruments with maturity date	*332,029*	*495,584*
A.1.5 - Non-innovative capital instruments computable up to the limit of 50% (°)	*609,085*	*609,085*
A.1.6 - Instruments subject to transitional provisions (grandfathering)	*1,657,222*	*3,439,891*
A.1.7 - Net income of the year/Interim profit	*887,428*	-
A.2 Tier 1 negative items:	(15,976,388)	(25,026,989)
A.2.1 - Treasury stocks	*(8,212)*	*(7,960)*
A.2.2 - Goodwill	*(12,675,871)*	*(12,676,344)*
A.2.3 - Other intangible assets	*(3,292,305)*	*(3,304,950)*
A.2.4 - Loss of the year/Interim loss	-	*(9,037,735)*
A.2.5 - Other negative items:	-	-
** Value adjustments calculated on the supervisory trading book*	-	-
** Others*	-	-
B. Tier 1 prudential filters	**(456,184)**	**(682,629)**
B.1 Positive IAS/IFRS prudential filters (+)	15,474	66,197
B.2 Negative IAS/IFRS prudential filters (-)	(471,658)	(748,826)
C. Tier 1 capital gross of items to be deducted (A+B)	**52,026,002**	**45,671,588**
D. Items to be deducted	**3,050,935**	**2,754,567**
E. Total TIER 1 (C-D)	**48,975,067**	**42,917,021**
F. Tier 2 before prudential filters	**15,784,402**	**17,952,485**
F.1 Tier 2 positive items:	16,899,749	19,505,609
F.1.1 - Valuation reserves of tangible assets	-	-
F.1.2 - Valuation reserves of available-for-sale securities	*230,684*	*294,807*
F.1.3 - Non-innovative capital instruments not eligible for inclusion in Tier 1 capital	-	-
F.1.4 - Innovative capital instruments not eligible for inclusion in Tier 1 capital	-	-
F.1.5 - Hybrid capital instruments	*2,211,969*	*3,163,769*
F.1.6 - Tier 2 subordinated liabilities	*13,247,457*	*14,824,299*
F.1.7 - Surplus of the overall value adjustments compared to the expected losses	*931,776*	*944,871*
F.1.8 - Net gains on participating interests	-	-
F.1.9 - Other positive items	*277,863*	*277,863*
F.2 Tier 2 negative items	(1,115,347)	(1,553,124)
F.2.1 - Net capital losses on participating interests	*(73,242)*	*(57,085)*
F.2.2 - Loans	-	-
F.2.3 - Other negative items	*(1,042,105)*	*(1,496,039)*
G. Tier 2 prudential filters:	**(115,340)**	**(147,404)**
G.1 Positive IAS/IFRS prudential filters (+)	2	-
G.2 Negative IAS/IFRS prudential filters (-)	(115,342)	(147,404)
H. Tier 2 capital gross of items to be deducted (F+G)	**15,669,062**	**17,805,081**
I. Items to be deducted	**3,050,935**	**2,754,567**
L. Total TIER 2 (H-I)	**12,618,127**	**15,050,514**
M. Deductions from Tier 1 and Tier 2	**1,133,827**	**994,305**
N. Capital for regulatory purposes (E+L-M)	**60,459,366**	**56,973,230**
O. Tier 3 Capital	**-**	**-**
P. Capital for regulatory purposes included Tier 3 (N+O)	**60,459,366**	**56,973,230**

(°) The ordinary shares underlying to the "CASHES" transaction are accounted under "Share capital" for a total amount of €2,373,915 thousands, and under "Non-innovative capital instruments computable up to the limit of 50%" for a total amount of €609,085 thousands, after the capital increase for no consideration for a nominal amount of €2.499.217,96 thousands approved by the EGM on December 15, 2011. The CASHES are equity-linked instruments, issued for a counter value of €2,983,000 thousand in February 2009 by The Bank of New York (Luxembourg) SA, with a maturity on December 15, 2050 and convertible, under certain conditions, into n° 96,756,406 ordinary shares of UniCredit S.p.A. (reduced from n° 967,564,061 after the reverse split occurred on December 23, 2011) underwritten by Mediobanca in the context of the capital increase approved by the UniCredit Extraordinary Shareholders' Meeting on November 14, 2008. Therefore, since such shares are already issued, they are fully loss absorbing as any other ordinary share.

Part F - Consolidated Shareholders' Equity (CONTINUED)

2.3 Capital adequacy

A. QUALITATIVE INFORMATION

See the above "Section 1 - Consolidated Shareholders' Equity" for qualitative information on the procedures adopted by the Banking Group to assess the adequacy of regulatory capital supporting current and future activities.

B. QUANTITATIVE INFORMATION

Capital Adequacy

(€ '000)

CATEGORIES/ITEMS	NON WEIGHTED ASSETS		WEIGHTED ASSETS	
	06.30.2012	12.31.2011	06.30.2012	12.31.2011
A. RISK ASSETS				
A.1 Credit and counterparty risk	**915,432,065**	**890,776,785**	**371,686,731**	**376,783,794**
1. Standardized approach	415,884,381	384,468,813	195,760,800	189,327,110
2. IRB approaches	487,392,919	491,935,921	171,301,473	183,182,476
2.1 Foundation	*28,838,351*	*25,024,203*	*11,858,513*	*11,546,461*
2.2 Advanced	*458,554,568*	*466,911,718*	*159,442,960*	*171,636,015*
3. Securitizations	12,154,765	14,372,051	4,624,458	4,274,208
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk	**-**	**-**	**29,734,938**	**30,142,704**
B.2 Market Risk	**-**	**-**	**1,895,767**	**2,518,627**
1. Standardized approach	-	-	195,715	396,134
2. Internal models	-	-	1,700,052	2,122,493
3. Concentration risk	-	-	-	-
B.3 Operational risk	**-**	**-**	**4,188,021**	**4,116,396**
1. Basic indicator approach (BIA)	-	-	303,990	304,605
2. Traditional standardized approach (TSA)	-	-	317,935	286,670
3. Advanced measurement approach (AMA)	-	-	3,566,096	3,525,121
B.4 Other capital requirements	**-**	**-**	**-**	**-**
B.5 Other calculation elements	**-**	**-**	**-**	**53,861**
B.6 Total capital requirements	**-**	**-**	**35,818,726**	**36,831,588**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Weighted risk assets			**447,734,081**	**460,394,842**
C.2 TIER 1 capital/Weighted risk assets (TIER 1 capital ratio)			**10.94%**	**9.32%**
C.3 Capital for regulatory purposes (included TIER 3)/Weighted risk assets (Total capital ratio)			**13.50%**	**12.37%**

Part H - Related-Party Transactions

Part H - Related-Party Transactions

In order to ensure full compliance with legislative and regulatory provisions currently in effect as regards disclosure of transactions with related parties, UniCredit adopted some procedures for identifying related-party transactions designed to ensure appropriate information is provided to enable compliance with the obligations of the Directors of UniCredit, as a listed company and the Parent Company of the Group.

In November 2010 UniCredit's Board of Directors approved new regulations concerning related-party transactions (the "Related-party transactions procedures"), in compliance with the CONSOB Regulation approved by Resolution no. 17221 of March 12, 2010, as subsequently updated, which sets out the principles to be complied by Italian companies whose shares are listed on regulated Italian or other EU countries and with shares widely distributed among the public, in order to ensure transparency and substantial and procedural fairness of related party transactions. Specific guidelines have been distributed to the company's functions and Group Entities in order to systematically abide to the above-mentioned reporting requirements starting from January 1, 2011.
It must be pointed out that during the period under consideration no related-party transactions that would qualify as major according to the "Related-party transactions procedures" referred to earlier were carried out.

It should be noted that in the first half of 2012 the transactions carried out within the Group and/or generally with Italian and foreign related parties were executed, as a rule, on the same terms and conditions as those applied to transactions entered into with independent third parties. Intra-group transactions were carried out based on assessments of a mutual economic advantage, and the determination of applicable terms and conditions took place in compliance with substantial correctness, keeping in mind the common goal of creating value for the entire Group. The same principle was also applied to the provision of services, combined with the principle of charging for such services at minimal rate solely to recover related production costs.

As required by the Commission Regulation (EU) no. 632/2010 of July 19, 2010, the revised IAS 24 – which simplifies and clarifies the definition of related party and the criteria aimed at identifying correctly the nature of the relationship with the reporting entity – is applied to financial reporting for annual periods beginning on or after January 1, 2011. Pursuant to IAS 24, UniCredit S.p.A.'s related parties include:
- companies belonging to the UniCredit group and companies controlled by UniCredit but not consolidated;
- associates and joint ventures;
- UniCredit's "key management personnel";
- close family members of key management personnel and companies controlled (or jointly controlled) by key management personnel or their close family members;
- Group employee post-employment benefit plans.

Moreover, as approved by the Board of Directors with effect from March 1, 2012, for the purposes of the disclosure of information pursuant to IAS 24 and to CONSOB regulations but included in the process of self-regulation, Unicredito S.p.A. has expanded the scope of related parties including individuals who:
- directly or indirectly, also through controlled entities, trustees or nominees, hold a stake in UniCredit exceeding 2% of the share capital represented by shares with voting right, as well as all entities directly or indirectly controlled by them
- have (among them) signed an agreement, in whatever form and made public by law, for the joint exercise of the voting right at UniCredit Shareholders' Meeting exceeding 2% of the share capital, as well as the entities that directly or indirectly control them and all those that are directly or indirectly controlled by them.

Not all related-parties falling into the definition provided by IAS 24 are subject to disclosure requirements pursuant to Consob "Regulations containing provisions relating to transactions with related parties" (adopted with Resolution no. 17221, later amended by Resolution no. 17389 of 2010, which are based on the definition of related party contained in the old IAS 24, in force when the above-mentioned Regulation became effective).

The following table sets out the assets, liabilities, guarantees and commitments as at June 30, 2012, for each group of related parties, pursuant to IAS 24.

Related party transactions

(€ '000)

	AMOUNT AS AT 06.30.2012								
	NON-CONSOLIDATED SUBSIDIARIES	NON-CONSOLIDATED JOINT VENTURES	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON CONSOLIDATED	SHAREHOLDERS (*)	% ON CONSOLIDATED
Financial asset held for trading	-	-	114,654	-	1,197	115,851	0.09%	152	0.00%
Financial asset designated at fair value	-	-	42,348	-	-	42,348	0.20%	-	0.00%
Available for sale financial asset	32	-	75,494	-	-	75,526	0.11%	4,206	0.01%
Held to maturity investments	-	-	-	-	-	-	0.00%	-	0.00%
Loans and receivables with banks	-	21	909,897	-	428,829	1,338,747	2.05%	9,837	0.02%
Loans and receivables with customers	14,676	6,808	1,207,926	2,388	46,164	1,277,962	0.23%	44,664	0.01%
Other assets	1,157	134	15,603	-	148	17,042	0.14%	113	0.00%
Total Assets	**15,865**	**6,963**	**2,365,922**	**2,388**	**476,338**	**2,867,476**	**0.34%**	**58,972**	**0.01%**
Deposits from banks	-	2,088	10,740,281	-	150,038	10,892,407	8.57%	283,391	0.22%
Deposits from customers	18,211	6,205	435,186	7,077	131,187	597,866	0.14%	292,946	0.07%
Debt securities in issue	-	-	256,126	-	10,226	266,352	0.09%	74,556	0.03%
Other liabilities	212	8	10,070	5	31,956	42,251	0.18%	3,109	0.01%
Total Liabilities	**18,423**	**8,301**	**11,441,663**	**7,082**	**323,407**	**11,798,876**	**1.38%**	**654,002**	**0.08%**
Guarantees given and commitments	335	2,600	175,757	-	111,993	290,685	0.15%	23,910	0.01%

(*) Shareholders and related companies holding a stake with voting right in the Bank's share capital exceeding 2%.

The following table sets out, for each group of related parties, the impact of transactions with related parties on the main Income Statement items.

Related party transactions: Profit and Loss items

(€ '000)

	AMOUNT AS AT 06.30.2012								
	NON-CONSOLIDATED SUBSIDIARIES	NON-CONSOLIDATED JOINT VENTURES	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON CONSOLIDATED	SHAREHOLDERS (*)	% ON CONSOLIDATED
Interest income and similar revenues	178	104	24,130	24	1,329	25,765	0.18%	236	0.00%
Interest expense and similar charges	(33)	(42)	(114,405)	(59)	(697)	(115,236)	1.55%	(1,490)	0.02%
Fee and commission income	18	2	230,813	18	490	231,341	4.87%	1,404	0.03%
Fee and commission expense	(77)	(213)	(25,472)	-	(1,693)	(27,455)	3.39%	(292)	0.04%
Impairment losses on:	(103)	-	5,074	1	726	5,698	-0.18%	(24)	0.00%
a) loans	*(103)*	*-*	*5,074*	*1*	*726*	*5,698*	*-0.18%*	*(24)*	*0.00%*
Operating costs	614	(157)	(9,449)	(12)	(5,457)	(14,461)	0.19%	(1,054)	0.01%

(*) Shareholders and related companies holding a stake with voting right in the Bank's share capital exceeding 2%.

Operating costs related to key management personnel do not include the remuneration paid.

Note that the "key management personnel" are persons having authority and responsibility for planning, directing, and controlling UniCredit's activities, directly or indirectly (i.e. members of the Board of Directors, including the Chief Executive Officer, the Standing Auditors, members of the Executive Management Committee and the Head of Internal Audit in office during the period under consideration).

Parte H - Operazioni con parti correlate (SEGUE)

The "other related parties" category includes:
- close family members of key management personnel (i.e. those family members who, as is expected, may influence - or be influenced by - the person in question);
- companies controlled (or jointly controlled) by key management personnel or their close family members;
- Group employee post-employment benefit plans.

Specifically, below are some observations on major related-party transactions:

In the first half of 2012, the subsidiary UniCredit Business Integrated Solutions SCpA entered into a partnership with HP Enterprise Services Italia with the aim of improving operational processes, achieving economies of scale and reducing costs related to personnel management of the UniCredit group through the enhancement of technical skills already present within the Group. Upon finalization of the partnership agreement, a business unit providing the services in question was transferred from UniCredit Integrated Business Solutions SCpA and an associate interest in the transferee company ES Shared Service Center S.p.A. was concomitantly acquired. Since May 1, 2012 this company has provided - in an exclusive way, at least for the time being - administrative services related to the staff of the companies of the UniCredit group, under a 15-year supply contract.

During the first half of 2012, the agreement related to the shares representing equity investments in foreign subsidiaries belonging to the banking group, which were given by UniCredit S.p.A. to UniCredit Bank AG as collateral against financial exposures for a total value of €7.05 billion, expired. During the same period collateral agreements (Credit Support Annex) were signed with respect to the ISDA Master Agreements that regulate transactions in derivatives traded among UniCredit Bank AG and certain Group companies (UniCredit S.p.A., UniCredit Bank (Ireland) Plc and UniCredit Leasing S.p.A.) in order to optimize the management of intragroup exposures.

In order to ensure compliance with the commitments undertaken by UniCredit S.p.A. as part of the "ReboRa Agreement", during the "squeeze-out" process, UniCredit S.p.A. and UniCredit Bank Austria AG have signed a contract valid 1.1.2010 - 1.1.2015 which includes a commitment by UniCredit S.p.A. to pay 13.2% of Profit Before Tax of the CIB Division - Segment Markets in return for the commitment by the latter to pay 12M Euribor + 200bps recorded annually on a notional value of EUR 1.24 billion. In the financial statements of UniCredit S.p.A., this agreement is classified under the trading derivatives.

Mediobanca S.p.A. ("Mediobanca") - The relationships with Mediobanca include transactions falling within the ordinary course of business and financial activity.
Moreover, UniCredit S.p.A. has entered into a thirty-year usufruct agreement on UniCredit shares with Mediobanca, under which Mediobanca gives back to UniCredit, in return for a consideration (recorded as a reduction in Shareholders' Equity), the right to vote and receive dividends on the UniCredit shares subscribed for by Mediobanca in January 2009, as part of the capital increase approved by UniCredit in November 2008.
These shares were concomitantly used in support of the issuance of convertible securities denominated "CASHES".
Following the resolutions of UniCredit S.p.A.'s Extraordinary Meeting of December 2011, the number of shares underlying the usufruct agreement and the formula for calculating the remuneration fees in favor of Mediobanca have been adjusted to reflect (i) the reverse split of UniCredit shares and (ii) the free capital increase of December 2011 carried out through the allocation to capital of an equivalent amount transferred from the issue-premium reserve recorded in January 2009.
As part of the "CASHES" transaction Mediobanca also acts as a custodian of the shares issued by UniCredit.
As at June 30, 2012, since the conditions for an impairment test were met, the value in use of the equity investment in Mediobanca was determined, according to the methods described in Part A of the Notes to the Consolidated Accounts.
The impairment test confirmed the carrying value of the equity investment as at June 30, 2012.
It should also be noted that Mediobanca took part in the underwriting syndicate as a "joint global coordinator" as part of the capital increase completed by UniCredit S.p.A. in January 2012 and supported the placement of the new shares.

Compagnia Italpetroli S.p.A. ("Italpetroli Group") has been fully consolidated since August 2011.
As at June 30, 2012 the Group's exposure to Italpetroli Group, considered part of the intragroup transactions, consisted mainly of the credit exposure. In this regard it should be noted that, during the first half of 2012, UniCredit, in order to allow the company to meet the minimum capital requirements provided for by the Civil Code, conducted a transaction consisting in the waiver of certain loans in favor of Italpetroli S.p.A. - subject to the taking over by the latter of debts towards UniCredit of some of its subsidiaries - for a total of approximately €65 million, completely covered by write-downs on loans to Compagnia Italpetroli S.p.A. and on the additional loans taken over by the company.

NEEP ROMA HOLDING S.p.A. ("NEEP") – NEEP, in which UniCredit holds a 40% stake, acquired control of the companies already belonging to the division "Media" of Italpetroli Group (A.S. Roma S.p.A., ASR Real Estate S.r.l. and Brand Management S.r.l.).
It should be noted that NEEP and some of its subsidiaries were granted credit lines and loans. Specifically, the loans granted to NEEP were classified as "loans with Shareholders" and can be converted by NEEP into equity instruments. The return on these loans is linked to the company's profitability.

On July 9, 2012 UniCredit S.p.A. and Premafin Finanziaria S.p.A. announced that they had concluded a deal in which the Parties have agreed as follows:

- to terminate, by mutual agreement, the shareholders' agreement entered into on July 8, 2011, consequently releasing both Parties from all of their respective obligations under the Shareholders' Agreement, without the need to perform any other formalities or make further announcements and with each of the Parties waiving any claim, action, or request related or connected to the Shareholders' Agreement against the other. By terminating the Shareholders' Agreement, the Bank also undertook the obligation to procure that the members Board of Directors of Fondiaria-SAI S.p.A. designated by the Bank in accordance with the Shareholders' Agreement and currently in office resign on the date the Premafin Capital Increase is subscribed for, effective on the date of resignation;
- to terminate, by mutual agreement, the investment agreement executed, and announced to the market, on March 22, 2011 by UniCredit and Premafin, consequently releasing both Parties from all of their respective outstanding obligations under the UniCredit Agreement, without the need to perform any other formalities or make further announcements and with each of the Parties waiving any claim, action, or request related or connected to the UniCredit Agreement against the other. The effectiveness of the termination of the agreement is subject to the non-occurrence of the condition subsequent that UGF fail to subscribe for the Premafin share capital on or before the effective date.

As a result, UniCredit S.p.A. will lose its significant influence on Fondiaria SAI S.p.A. and the investment will be reclassified from item 100. Investments in associates and joint ventures to item 40. Available-for-sale financial assets; as a consequence, it will be necessary to value it using a mark to market accounting method. As at June 30, 2012, even if the investment was still classified under Investments in associates and joint ventures, it was deemed that the conditions for a change in the valuation method were met: the adjustment of the carrying value of the equity investment to its market value as at June 30, 2012 resulted therefore in a negative impact on the Group’s Income Statement worth approximately €45 million. The residual carrying value as at June 30, 2012, on a consolidated basis, amounted therefore to approximately €22.5 million.

In the context of the capital increase of Fondiaria SAI S.p.A. as approved by the Extraordinary Shareholders’ Meeting held on March 19 and subsequently confirmed by the Extraordinary Shareholders’ Meeting held on June 27, 2012, UniCredit S.p.A., currently holding a 6.6% stake in Fondiaria’s share capital (represented by ordinary shares) exercised 242,251 option rights in order to subscribe for 61,047,252 Fondiaria SAI ordinary shares for a total amount of €61,047,252.

It should be noted that distribution agreements concerning insurance products were signed with the following associates:

- Aviva S.p.A.;
- CNP UniCredit Vita S.p.A.;
- Creditras Assicurazioni S.p.A.;
- Creditras Vita S.p.A..

The amounts related to fees and commissions received from the aforementioned associates under the above-mentioned agreements have been classified on a consolidated basis as intra-group transactions with companies consolidated using the equity method.

The relationships with other related parties include the relationships with UniCredit employee pension funds, external since they have separate legal personality. These transactions were conducted on the same terms and conditions as those applied to transactions with independent third parties and are almost entirely represented by the relationships included in Deposits from customers and reported in the tables concerning the Related-party Transactions.

Part I - Share-Based Payment

Part I - Share-Based Payment

A. QUALITATIVE INFORMATION

1. Description of payment agreements based on own equity instruments

1.1 Outstanding instruments

Group Medium & Long Term Incentive Plans for selected employees include the following categories:

- **Equity-Settled Share Based Payments;**
- **Cash Settled Share Based Payments[1].**

The first category includes the following:

- **Stock Options** allocated to selected Top & Senior Managers and Key Talents of the Group;
- **Performance Stock Options & Performance Shares** allocated to selected Top & Senior Managers and Key Talents of the Group and represented respectively by Options and free UniCredit ordinary shares that the Parent Company undertakes to grant, conditional upon achieving performance targets approved by the Parent Company's Board;
- **Employee Share Ownership Plan (ESOP)** that offers to eligible Group employees the possibility to buy UniCredit ordinary shares with the following advantages: granting of free ordinary shares ("Discount Shares" and "Matching Shares" or, for the second category, rights to receive them) measured on the basis of the shares purchased by each Participant ("Investment Shares") during the "Enrolment Period". The granting of free ordinary shares is subordinated to vesting conditions (other than market conditions) stated in the Plan Rules.
- **Group Executive Incentive System** that offer to eligible Group Executive a variable remuneration for which payment will be made in four years. For the first two years the beneficiary will receive the payment by cash and for the second two years they will receive the payment by Unicredit shares; the payment are related to the achievement of performance condition (other than marked conditions) stated in the Plan Rules.

The second category includes synthetic "Share Appreciation Rights" linked to the share-value and performance results of some Group-Companies[2].

1.2 Measurement model

1.2.1 Stock Options and Performance Stock Options

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 *Performance Stock Options* granted in 2012.

Measurement of Performance Stock Options 2012

	PERFORMANCE STOCK OPTION 2012
Exercise Price [€]	4.01
UniCredit Share Market Price [€]	4.01
Date of granting Board resolution *(Grant Date)*	27-Mar-2012
Vesting Period Start-Date	1-Jan-2012
Vesting Period End-Date	31-Dec-2015
Expiry Date	31-Dec-2022
Exercise price - Multiple **(M)**	1.5
Post Vesting Exit-Rate **(E)**	3.73%
Dividend Yield	2%
Volatility	56.5%
Risk Free Rate	2.5%
Performance Stock Options' Fair Value per unit @ Grant Date [€]	**1.867**

1. Linked to the economic value of instruments representing a subsidiary's Shareholders' Equity.
2. Pioneer Global Asset Management at the end of period.

Parameters are calculated as follows:
- **Exit Rate:** annual percentage of Stock Options forfeited due to termination;
- **Dividend Yield:** next four years average dividend-yield;
- **Volatility:** historical daily average volatility for a period equals to four years;
- **Exercise Price:** arithmetic mean of the official market price of UniCredit 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 the grant.

1.2.2 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.

No new Performance Shares' Plans were granted during the first half of 2012.

1.2.3 Employee Share Ownership Plan
For both Discount Shares and Matching Shares (or rights to receive them) the fair value is measured at the end of the Enrolment Period according to the weighted average price paid by Participants to buy the Investment Shares on the market.

Within the limits of the "Employee Share Ownership Plan" approved in 2011:
- all Profit and Loss and Net Equity effects related to Discount Shares is booked during 2012 (except adjustments, according to Plan Rules, that will be booked during 2013);
- during the three-year period 2013-2015 will be booked the Profit and Loss and Net Equity effects related to Matching Shares (or rights to receive them).

1.2.4 Group Executive Incentive System
The amount of the incentive will be determined on a basis of the achievement of quantitative and qualitative goals stated by the plan. In particular, the overall evaluation of the Employee's relevant Manager shall be expressed as a percentage, from a minimum of 0% to a maximum of 150% (non market vesting conditions).
This percentage, adjusted by the application of a risk/opportunity factor - Group Gate - at first payment, multiplied by the Bonus Opportunity will determine the effective amount that will be paid to the beneficiary.
The Economic and Equity effects will be receipt on a basis of instrument vesting period.

B. QUANTITATIVE INFORMATION

Effects on Profit and Loss
All Share-Based Payment granted after November 7, 2002 whose vesting period ends after January 1, 2005 are included within the scope of the IFRS2.
Financial liabilities related to Cash-settled payment plans have been recognized if not yet settled on January 1, 2005.

Financial statement presentation related to share based payments

(€ '000)

	FIRST HALF 2012		FIRST HALF 2011	
	TOTAL	VESTED PLANS[1]	TOTAL	VESTED PLANS
Costs	**34,257**		**44,321**	
- connected to Equity Settled Plans[2]	*31,736*		*44,584*	
- connected to Cash Settled Plans	*2,521*		*(263)*	
Debts for Cash Settled Plans	**2,353**	**-**	**2,594**	**376**
- of which Intrinsic Value		*-*		*125*

1. All vested plans were expired at December 31, 2011.
2. Costs decrease in 2012 is principally due to the not-achievement of performance conditions, that has determined a lower number of assigned instruments.

Part L - Segment Reporting

Part L - Segment Reporting

Organizational Structure

The format for segment information reflects the organizational structure currently used in management reporting for monitoring the Group's results, which is broken down into the following business segments:
F&SME Network Italy, F&SME Network Germany, F&SME Network Austria e F&SME Network Poland, F&SME Factories, Corporate & Investment Banking (CIB), Private Banking, Asset Management, CEE and Group Corporate Center (including Global Banking Services, Corporate Centre, and consolidation adjustments not assigned to the single business segments).

Family & Small Medium Enterprise (F&SME)

The F&SME Division is composed of several core functions with different roles.
The objective of the Business lines *F&SME Network in Italy, Germany, Austria* and *Poland* is to be the preferred banking partner for customers in the mass market, affluent, small and medium enterprises segments, to contribute to sustainable growth in market share and returns as a result of high levels of customer satisfaction.
The Product Line *Consumer Finance* directly supervises the reference business in Italy and coordinates the divisional structures of the foreign branches specialised in consumer credit and revolving cards.
The Product Line *Leasing* is responsible for coordination of leasing activities within the Group.
The Product Line *Factoring* is responsible for coordination of factoring activities within the Group and directly supervises the reference business in Italy. The business of Factoring consists in the extending credit against commercial invoices assigned by customers. Through factoring, companies may obtain access to credit by assigning their invoices and benefitting from a series of additional services (management, collection, credit insurance).
The *Asset Gathering* includes the specialized banks (FinecoBank in Italy, DAB Bank in Germany and DAT Bank in Austria) that offer the banking and investment services of traditional banks, differentiating themselves for the specialization in the online trading business and a pronounced vocation towards technological innovation. Moreover *Asset Gathering* uses its network of independent financial advisors to provide innovative and qualified financial services, thanks to a range of multibrand products characterised by efficiency and specialization.

Corporate & Investment Banking (CIB)

The Corporate & Investment Banking (CIB) Division is dedicated to corporate customers with sales of over €50 million and UniCredit Group's institutional customers, by offering services in the 22 countries where the Group operates. The business model adopted is based on a matrix structure that calls for a clear separation of coverage and distribution areas (networks) from product lines that centralize the know-how on the entire range of products and services offered, i.e. Financing & Advisory (F&A), Markets and Global Transaction Banking (GTB).
Through direct management of dedicated distribution networks (CIB Networks), foreign branches and bank branch offices in the major financial centres, and structures dedicated to trans-border business development, CIB is able to provide its customers with access to UniCredit group's main markets, differentiating its offer in accordance with the various customer segments it serves.
At the Group level, the competence centres dedicated to product development (Product Lines) allow the CIB to follow its customers through various stages of their business life, providing support for regular business activities, growth and international expansion projects, and restructuring phases where necessary, thanks to a wide range of dedicated financial products and services - from traditional lending and servicing operations that are typical of commercial banking to more complex and high value-added services.

The CIB's Product Lines are:

- **Financing & Advisory (F&A):** this Product Line is responsible for activities related to lending and advisory services for companies and institutional customers. Products range from plain vanilla to the more sophisticated, such as Corporate Finance & Advisory, Syndications, Leveraged Buy-Out Finance, Project & Commodity Finance, Real Estate Finance, Shipping Finance and Principal Investments. In order to make maximum use of the platform common to debt products and capital management solutions, F&A also gives UniCredit group direct access to the capital market (Equity and Debt Capital Markets).
- **Markets:** competence centre for products and activities related to Rates, FX, and Credit markets, both on the primary and secondary market.
- **Global Transaction Banking (GTB):** this Product Line relates to Cash Management, Trade Finance, Structured Trade and Export Finance, and Global Securities Services products.

Private Banking

The Private Banking Division provides wealth management solutions and services for medium-to-high net worth private customers to meet the needs of some of the Group's key customers, such as entrepreneurs, top managers and other opinion leaders. Its strengths are the provision of advanced solutions through independent advice, the absolute focus on creating value for customers and the constant ambition to achieve excellence.
The Division has built trusted relationships with more than 200,000 customers in Italy, Germany, Austria, Luxembourg and Poland, managed by over 1,200 private bankers working in about 250 branch offices.

Asset Management

Asset Management is known for its Pioneer Investments brand, the asset management company within the UniCredit group specializing in the management of customer investments worldwide.
The business line, a partner of many leading international financial institutions, offers investors a broad range of financial solutions including mutual funds, assets under administration, and portfolios for institutional investors.

Pioneer Investments launched an organic growth plan designed to further improve the quality of the product range and to maintain the excellent level of customer service.
The key initiatives of the strategic plan include: the establishment of the business in geographic areas that offer particular business development opportunities (Korea, Taiwan, Mexico); the reorganization of the investment centers and the creation of a new hub in London specializing in Emerging Markets; the enhancement of the range of U.S. mutual funds; an increase in non-captive business through the growth of the Third Parties and Institutional channels; optimization of the Operations unit and of the information systems.
In addition, the relationship with the Parent Company UniCredit was redefined through a distribution agreement that provides for specific requirements in terms of performance and quality of the service offered by Pioneer.

Central Eastern Europe (CEE)

The CEE area comprises the businesses of the Group in the following 18 countries: Azerbaijan, Bosnia & Herzegovina, Bulgaria, Czech Republic, Croatia, Estonia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine. Being a Top-5-bank in many of these countries, UniCredit group is among the leaders in the region, offering a full range of products and services to retail and corporate customers.

Results by business segment are reported using the format of a condensed income statement, in accordance with the Interim Report on Operations. The income statement by business segments was compiled by combining the income statements of the companies, or - where a company operates in more than one business - of the businesses forming a part of individual business areas or lines, after applying their respective write-downs and adjustments for intra-group transactions.

The following rules were applied to determine the individual business segment results for subsidiaries with businesses in more than one segment (UniCredit S.p.A., UniCredit Bank Austria AG, UniCredit Bank AG, UniCredit Luxembourg SA, HVB Immobilien AG, HVB Global Asset Company LP, Geldilux SA) making it possible to integrate directly attributable income and expense:

- the refinancing cost of loans and revenue from use of funds gathered by business units were determined on the basis of the internal transfer rates defined by the relevant Group's policies;
- capital was allocated to individual business units in proportion to risk-weighted assets and remunerated at 10.93% after tax;
- the costs incurred centrally on behalf of business units were allocated on the basis of actual consumption, while overhead costs were allocated in proportion based on the direct and indirect costs of individual business units, their revenues and FTEs.

Comparative figures have been restated to take into account the following changes in business segments perimeters as well as the new method of disclosure of data on Poland: in particular, the transfer of Asset Gathering from Private Banking to Retail, and the absorption of the former Corporate Banking and Markets & Investment Banking divisions into CIB.
See the Interim Report on Operations for comments on operations and results by business segment.

Parte L - Informativa di settore (Segue)

A - Primary Segment

Segment Reporting by Business Segment - 2012

A.1 - Breakdown by business segment: income statement

(€ '000)

	F&SME NETWORK ITALY	F&SME NETWORK GERMANY	F&SME NETWORK AUSTRIA	F&SME NETWORK POLAND	F&SME FACTORIES	CORPORATE & INVESTMENT BANKING	PRIVATE BANKING	ASSET MANAGEMENT	CENTRAL EASTERN EUROPE	GROUP CORPORATE CENTER	CONSOLIDATED GROUP TOTAL 06.30.2012
Net interest	1,976,567	477,613	354,989	319,340	753,823	2,428,601	170,315	5,071	1,620,285	(626,955)	7,479,649
Dividends and other income from equity investments	-	3,474	1,775	-	25,438	91,179	2,837	1,866	12,669	83,751	222,989
Net fees and commissions	1,295,405	249,070	184,497	199,514	190,610	766,102	286,097	326,054	500,894	(54,530)	3,943,713
Net trading, hedging and fair value income	6,865	233	6,002	19,757	16,480	473,713	1,951	1,144	207,825	905,395	1,639,365
Net other expenses/ income	(23,832)	643	4,382	4,452	28,851	(14,385)	(140)	4,028	4,664	56,382	65,045
OPERATING INCOME	**3,255,005**	**731,033**	**551,645**	**543,063**	**1,015,202**	**3,745,210**	**461,060**	**338,163**	**2,346,337**	**364,043**	**13,350,761**
Payroll costs	(1,049,945)	(284,031)	(179,916)	(135,916)	(188,587)	(543,283)	(149,305)	(132,681)	(529,574)	(1,386,673)	(4,579,911)
Other administrative expenses	(1,185,303)	(444,399)	(258,964)	(176,767)	(230,525)	(808,288)	(148,158)	(82,076)	(487,012)	1,096,290	(2,725,202)
Recovery of expenses	146,104	909	-	614	18,136	8,982	20,954	5,008	281	43,575	244,563
Amortisation, depreciation and impairment losses on tangible and intangible assets	(40,776)	(2,858)	(5,433)	(20,146)	(18,723)	(11,123)	(3,122)	(13,682)	(104,861)	(302,280)	(523,004)
Operating expenses	**(2,129,920)**	**(730,379)**	**(444,313)**	**(332,215)**	**(419,699)**	**(1,353,712)**	**(279,631)**	**(223,431)**	**(1,121,166)**	**(549,088)**	**(7,583,554)**
OPERATING PROFIT	**1,125,085**	**654**	**107,332**	**210,848**	**595,503**	**2,391,498**	**181,429**	**114,732**	**1,225,171**	**(185,045)**	**5,767,207**
Net writedowns of loans and provisions for guarantees and commitments	(1,082,892)	(7,747)	(46,302)	(27,038)	(390,227)	(1,358,326)	(3,251)	-	(481,134)	88,465	(3,308,452)
OPERATING NET PROFIT	**42,193**	**(7,093)**	**61,030**	**183,810**	**205,276**	**1,033,172**	**178,178**	**114,732**	**744,037**	**(96,580)**	**2,458,755**
Provision for risks and charges	(22,372)	20,226	(56)	132	(11,721)	57,231	(14,833)	(155)	(19,813)	(84,833)	(76,194)
Integration costs	(3,282)	-	-	-	(7,988)	(3,956)	(4)	(5,562)	-	692	(20,100)
Net income from investments	(2,081)	77	446	1	8,194	(416)	(57)	1,547	14,696	88,225	110,632
PROFIT BEFORE TAX	**14,458**	**13,210**	**61,420**	**183,943**	**193,761**	**1,086,031**	**163,284**	**110,562**	**738,920**	**(92,496)**	**2,473,093**

The Condensed Income Statement by business segment has been reclassified as in the Interim Report on Operations.

A.2 - Breakdown by business segment: balance sheet amounts and RWA

(€ '000)

BALANCE SHEET AMOUNTS	F&SME NETWORK ITALY	F&SME NETWORK GERMANY	F&SME NETWORK AUSTRIA	F&SME NETWORK POLAND	F&SME FACTORIES	CORPORATE & INVESTMENT BANKING	PRIVATE BANKING	ASSET MANAGEMENT	CENTRAL EASTERN EUROPE	GROUP CORPORATE CENTER	CONSOLIDATED GROUP TOTAL 06.30.2012
LOANS AND RECEIVABLES WITH CUSTOMERS	121,596,084	41,961,501	20,709,634	10,185,078	54,788,014	217,184,262	8,076,200	43	72,683,554	9,630,465	**556,814,835**
DEPOSITS FROM CUSTOMERS	87,952,548	44,769,973	24,480,813	12,865,698	15,827,548	134,050,989	24,985,600	-	58,648,329	14,059,233	**417,640,731**
DEBT CERTIFICATES	44,961,349	4,322,415	3,949,540	370,148	717,537	11,593,919	12,295,532	-	4,065,524	80,510,590	**162,786,554**
TOTAL RISK WEIGHTED ASSETS (BASEL 2)	53,971,164	14,997,243	10,978,057	9,159,874	47,930,616	177,616,079	4,957,881	1,853,417	88,437,174	37,832,580	**447,734,081**

A.3 - Staff

	F&SME NETWORK ITALY	F&SME NETWORK GERMANY	F&SME NETWORK AUSTRIA	F&SME NETWORK POLAND	F&SME FACTORIES	CORPORATE & INVESTMENT BANKING	PRIVATE BANKING	ASSET MANAGEMENT	CENTRAL EASTERN EUROPE	GROUP CORPORATE CENTER	CONSOLIDATED GROUP TOTAL 06.30.2012
STAFF (KFS group on a proportional basis)											
Employees (FTE)	30,091	7,609	3,841	13,702	6,205	8,928	3,015	1,928	40,353	31,690	**147,363**
STAFF (KFS group fully considered)											
Employees (FTE)	30,091	7,609	3,841	13,702	6,205	8,947	3,015	1,928	50,613	31,690	**157,641**

Segment Reporting by Business Segment - 2011

A.1 - Breakdown by business segment: income statement

(€ '000)

	F&SME NETWORK ITALY	F&SME NETWORK GERMANY	F&SME NETWORK AUSTRIA	F&SME NETWORK POLAND	F&SME FACTORIES	CORPORATE & INVESTMENT BANKING	PRIVATE BANKING	ASSET MANAGEMENT	CENTRAL EASTERN EUROPE	GROUP CORPORATE CENTER	CONSOLIDATED GROUP TOTAL 06.30.2011
Net interest	1,798,479	545,345	344,122	321,324	679,519	2,521,155	149,861	5,724	1,619,418	(204,781)	7,780,166
Dividends and other income from equity investments	-	3,516	2,509	-	13,152	117,047	2,830	2,613	11,937	89,177	242,781
Net fees and commissions	1,343,686	247,832	201,352	234,945	202,463	817,388	300,582	388,039	505,035	(80,893)	4,160,429
Net trading, hedging and fair value income	10,598	40	6,470	21,156	16,176	888,829	2,921	167	154,360	(6,883)	1,093,834
Net other expenses/ income	(20,654)	4,982	3,256	3,880	47,190	(38,913)	(400)	4,989	36,943	57,448	98,721
OPERATING INCOME	**3,132,109**	**801,715**	**557,709**	**581,305**	**958,500**	**4,305,506**	**455,794**	**401,532**	**2,327,693**	**(145,932)**	**13,375,931**
Payroll costs	(1,091,051)	(269,164)	(170,448)	(147,236)	(193,163)	(578,287)	(151,043)	(139,916)	(517,160)	(1,417,269)	(4,674,737)
Other administrative expenses	(1,262,396)	(453,434)	(260,823)	(190,169)	(238,674)	(805,241)	(137,399)	(85,872)	(477,118)	1,148,874	(2,762,252)
Recovery of expenses	151,548	1,293	-	478	17,052	3,880	5,003	6,247	218	31,363	217,082
Amortisation, depreciation and impairment losses on tangible and intangible assets	(41,971)	(2,975)	(5,258)	(19,253)	(18,220)	(13,170)	(2,747)	(14,194)	(98,875)	(346,201)	(562,864)
Operating expenses	**(2,243,870)**	**(724,280)**	**(436,529)**	**(356,180)**	**(433,005)**	**(1,392,818)**	**(286,186)**	**(233,735)**	**(1,092,935)**	**(583,233)**	**(7,782,771)**
OPERATING PROFIT	**888,239**	**77,435**	**121,180**	**225,125**	**525,495**	**2,912,688**	**169,608**	**167,797**	**1,234,758**	**(729,165)**	**5,593,160**
Net writedowns of loans and provisions for guarantees and commitments	(1,035,752)	(12,822)	(100,623)	(50,363)	(299,592)	(669,229)	(5,344)	-	(515,742)	11,679	(2,677,788)
OPERATING NET PROFIT	**(147,513)**	**64,613**	**20,557**	**174,762**	**225,903**	**2,243,459**	**164,264**	**167,797**	**719,016**	**(717,486)**	**2,915,372**
Provision for risks and charges	(34,094)	(11,763)	9,830	(3)	(8,094)	(150,069)	(1,485)	(767)	(9,555)	(198,742)	(404,742)
Integration costs	(5,018)	-	-	-	(35)	(78)	(96)	49	(1,791)	551	(6,418)
Net income from investments	-	(20)	1,532	15	25,048	62,974	(974)	796	44,917	(65,151)	69,137
PROFIT BEFORE TAX	**(186,625)**	**52,830**	**31,919**	**174,774**	**242,822**	**2,156,286**	**161,709**	**167,875**	**752,587**	**(980,828)**	**2,573,349**

The Condensed Income Statement by business segment has been reclassified as in the Interim Report on Operations.

A.2 - Breakdown by business segment: balance sheet amounts and RWA

(€ '000)

BALANCE SHEET AMOUNTS	F&SME NETWORK ITALY	F&SME NETWORK GERMANY	F&SME NETWORK AUSTRIA	F&SME NETWORK POLAND	F&SME FACTORIES	CORPORATE & INVESTMENT BANKING	PRIVATE BANKING	ASSET MANAGEMENT	CENTRAL EASTERN EUROPE	GROUP CORPORATE CENTER	CONSOLIDATED GROUP TOTAL 06.30.2011
LOANS AND RECEIVABLES WITH CUSTOMERS	129,533,782	44,970,982	22,053,185	9,387,032	54,099,076	221,199,739	7,015,510	43	67,443,667	6,089,056	**561,792,072**
DEPOSITS FROM CUSTOMERS	90,955,306	39,271,588	23,383,865	12,535,261	14,821,089	134,653,308	23,839,508	-	51,518,260	15,734,453	**406,712,638**
DEBT CERTIFICATES	30,474,081	6,286,582	3,991,346	301,689	688,595	26,630,419	10,915,580	-	3,411,720	96,523,117	**179,223,129**
TOTAL RISK WEIGHTED ASSETS (BASEL 2)	56,199,687	14,208,456	11,942,399	8,465,749	46,308,546	186,421,095	4,742,728	1,836,924	82,558,437	32,476,105	**445,160,123**

A.3 - Staff

	F&SME NETWORK ITALY	F&SME NETWORK GERMANY	F&SME NETWORK AUSTRIA	F&SME NETWORK POLAND	F&SME FACTORIES	CORPORATE & INVESTMENT BANKING	PRIVATE BANKING	ASSET MANAGEMENT	CENTRAL EASTERN EUROPE	GROUP CORPORATE CENTER	CONSOLIDATED GROUP TOTAL 06.30.2011
STAFF (KFS group on a proportional basis)											
Employees (FTE)	30,671	7,479	3,720	14,197	6,049	9,611	3,016	1,925	41,643	32,367	**150,676**
STAFF (KFS group fully considered)											
Employees (FTE)	30,671	7,479	3,720	14,197	6,049	9,631	3,016	1,925	51,508	32,367	**160,562**

Annexes

Definition of Terms and Acronyms

Definition of Terms and Acronyms

ABCP Conduits - Asset Backed Commercial Paper Conduits

Asset Backed Commercial Paper Conduits are a type of “SPV - Special Purpose Vehicle” (q.v.) set up to securitize various types of assets and financed by Commercial Paper (q.v.).

Commercial Paper generally matures in 270 days, with payment of principal and interest depending on the cash flow generated by the underlying assets.

ABCP Conduits may be single-sellers or multi-sellers according to the number of issues they make. Conduits generally require several SPVs.

The first-level vehicles issue the Commercial Paper and finance one or more second-level vehicles or Purchase Companies (q.v.) which purchase the assets to be securitized.

An ABCP Conduit will have the following:

- issues of short-term paper creating a maturity mismatch between the assets held and the paper issued;
- liquidity lines covering the maturity mismatch; and
- security covering default risk in respect of both specific assets and the entire program.

ABS - Asset Backed Securities

Debt securities, generally issued by an “SPV - Special Purpose Vehicle” (q.v.) guaranteed by assets of various types such as mortgage loans, consumer credits, credit card receivables, etc. Principal and interest payments are subject to the performance of the securitized assets and the existence of any further security guaranteeing the bond. ABSs are divided into tranches (senior, mezzanine and junior) according to the priority with which principal and interest will be paid.

Absorbed capital

Absorbed capital is the capital required to cover business risks. It is the higher between the regulatory capital (which is obtained by multiplying risk-weighted assets by the target core tier 1 ratio) and the internal capital, which represents the total amount of capital the entire Group sets aside as a buffer against potential losses and needs to support its business activities and all positions held. Internal capital is the sum of the aggregated economic capital and a cushion that considers the effects of the cycle and model risk.

Acquisition Finance

Finance for business acquisition operations. The most common form of Acquisition Finance is the leveraged buy-out (see Leveraged Finance).

Affluent

Banking customer segment whose available assets for investment are regarded as moderate to high.

ALM - Asset & Liability Management

Integrated management of assets and liabilities, designed to allocate resources in such a manner as to optimize the risk/return ratio.

ALT-A (residential mortgages)

Mortgages whose borrowers, while not subject to the significant repayment problems of those described as Subprime (q.v.), have a risk profile with high loan-to-value and installment-to-income ratios or incomplete documentation of the debtor's income.

Alternative investment

Alternative investments cover a wide range of forms of investment, including investments in Private Equity (q.v.) and Hedge Funds (q.v.).

Asset allocation

Decisions to invest in markets, geographical areas, sectors or products.

Asset management

Activities of management of the financial investments of third parties.

ATM - Automated Teller Machine

Automated machine that allows customers to carry out operations such as withdrawing cash, paying in cash or checks, requesting account information, paying utility bills, topping up mobile phone credits, etc.

The customer activates the terminal by inserting a smart card and entering his/her Personal Identification Number.

Audit
Process of controlling a company's activities and accounting, carried out either by an internal body (internal audit) or by an external firm of auditors (external audit).

Banking book
Used in relation to financial instruments, particularly securities, this term identifies the portion of such portfolios intended for "proprietary" activities. nnex 4 - Definition of Terms and Acronyms

Basel 2
New international capital agreement redefining the guidelines for determining the minimum capital requirements for banks.
The new prudential regulations, which came into force in Italy in 2008, are based on three pillars.
- **Pillar 1:** while the objective of a level of capitalization equivalent to 8% of the risk-weighted exposures remains unchanged, a new set of rules has been defined for measuring the typical risks associated with banking and financial activities (credit risk, counterparty risk, market risk and operating risk) which provides for alternative calculation methods characterized by different levels of complexity, with the ability to use internally developed models subject to prior authorization by the Regulatory Authority;
- **Pillar 2:** this requires the banks to have processes and tools for determining the adequate level of total internal capital (Internal Capital Adequacy Assessment Process - ICAAP) for covering all types of risk, including risks other than those covered by the overall capital requirement (Pillar 1), within the framework of an evaluation of current and future exposure that takes account of strategies and of changes in the reference context. It is the Regulatory Authority's task to examine the ICAAP process, formulate an overall judgment and, where necessary, apply the appropriate corrective measures;
- **Pillar 3:** this introduces obligations to publish information concerning capital adequacy, exposure to risks, and the general characteristics of the systems used for identifying, measuring and managing those risks.

Best practice
Behavior commensurate with the most significant experience and/or the best level of knowledge achieved in relation to a given technical or professional field.

Budget
Statement forecasting the future costs and revenues of a business.

CBO - Collateralized Bond Obligations
CDO - Collateralized Debt Obligations (q.v.) with bonds as underlyings.

CCF - Credit Conversion Factor
Ratio between (a) the unused portion of the line of credit that it is estimated may be used in the event of default and (b) the portion currently unused.

CDO - Collateralized Debt Obligations
Bonds issued by a vehicle with loans, bonds, ABS - Asset Backed Securities (q.v.) or other CDOs as underlyings. CDOs make it possible to derecognize assets in the bank's balance sheet and also to arbitrage the differences in yield between the securitized assets and the bonds issued by the vehicle. CDOs may be funded if the vehicle legally acquires title to the assets or unfunded if the vehicle acquires the underlying risk by means of a CDS - Credit Default Swap (q.v.) or similar security.
These bonds may be further subdivided as follows:
- **CDOs of ABSs**, which in turn have tranches of ABSs as underlyings;
- **Commercial Real Estate CDOs (CRE CDOs),** with commercial property loans as underlyings;
- **Balance Sheet CDOs** which enable the Originator (q.v.), usually a bank, to transfer its credit risk to outside investors, and, where possible under local law and supervisory regulations, to derecognize the assets from its balance sheet;
- **Market Value CDOs** whereby payments of interest and principal are made not only out of cash flow from the underlying assets, but also by trading the instruments. The performance of the notes issued by the vehicle thus depends not only on the credit risk, but also on the market value of the underlyings;
- **Preferred Stock CDOs** with hybrid debt/equity instruments or Preference shares (q.v.) issued by financial institutions;
- **Synthetic Arbitrage CDOs** which arbitrage the differences in yield between the securitized assets acquired synthetically by means of derivatives and the bonds issued by the vehicle.

CDS - Credit Default Swap
A derivative in which a seller of protection engages, for a fee, to pay the buyer of protection a fixed amount should a certain event indicating a deterioration of the creditworthiness of a reference entity occur.

Definition of Terms and Acronyms (Continued)

CGU - Cash Generating Unit
A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

CLO - Collateralized Loan Obligations
CDO - Collateralized Debt Obligations (q.v.) with loans made by authorized lenders such as commercial banks as underlyings.

CMBS - Commercial Mortgage Backed Securities
ABS - Asset Backed Securities (q.v.) with commercial mortgages as underlyings.

Commercial Paper
Short-term securities issued to raise funds from third-party subscribers as an alternative to other forms of debt.

Consumer ABS
ABS (q.v.) in which the collateral consists of consumer credits.

Core Tier 1 Capital
Tier 1 Capital (q.v.), net of hybrid instruments. It is the bank's tangible capital.

Core Tier 1 Capital Ratio
Indicates ratio between the bank's Core Tier 1 Capital and its risk-weighted assets (see the Glossary entry "RWA").

Corporate
Customer segment consisting of medium to large businesses.

Cost/Income Ratio
The ratio between operating expenses and operating income. It is one of the main key performance indicators of the bank's efficiency: the lower the ratio, the more efficient the bank.

Cost of risk
The ratio between loan loss provisions and loans and receivables with customers. It is one of the indicators of the bank assets' level of risk: the lower the ratio, the less risky the bank assets.

Covenant
A loan agreement clause whereby the lender is entitled to restructure or call in the loan on occurrence of the events specified in the clause, which ties changes in the borrower's profits and financial situation to events of default or restructuring (modifying e.g. the repayment schedule or the interest rate charged).

Covered bond
A bond which, as well as being guaranteed by the issuing bank, may also be covered by a portfolio of mortgages or other high-quality loans transferred, to this end, to a suitable SPV - Special Purpose Vehicle (q.v.).

Credit risk
The risk that an unexpected change in the creditworthiness of a counterparty, the value of the guarantees provided by it or the margins used by it in the event of insolvency might produce an unexpected change in the value of the bank's credit position.

Default
A party's declared inability to honor its debts and/or the payment of the associated interest.

Deteriorated credits
Credits are subjected to periodic examination in order to identify those which, following events occurring after their entry in the accounts (at the market value, normally equal to the disbursed amount including the transaction costs and revenues directly attributable to the provision of the credit), show objective signs of a possible loss of value. This category includes credits that have been classed as bad, doubtful, restructured or overdue, in accordance with the Banca d'Italia rules consistent with IAS/IFRS (q.v.).

Duration
This is generally calculated as the weighted average of the maturities for payment of the interest and capital associated with a bond, and represents an indicator of the interest rate risk to which a security or a bond portfolio is subject.

EAD - Exposure at Default
Relating to the on-balance and off-balance sheet positions, EAD is defined as the estimation of the future value of an exposure at the time of the debtor's default. Only banks that meet the requirements for adopting the IRB - Internal Rating Based (q.v.) advanced approach are allowed to estimate EAD (q.v.). Other banks are required to refer to regulatory estimations.

Economic capital
Capital level that is required to cover the bank's losses that may occur with at a time horizon of one year and a certain probability or confidence level. Economic Capital is a measure of the variability of the Expected Loss of the portfolio and depends on the degree of diversification of the portfolio itself.

EPS - Earnings Per Share
An indicator of a company's profitability calculated as: Net Profit divided by Average total outstanding shares (excluding treasury shares)

EVA - Economic Value Added
Expresses the ability to create value in monetary terms. EVA is equal to the difference between the Net Operating Profit After Tax NOPAT - Net Operating Profit After Tax (q.v.) and the cost of the invested capital.

Factoring
Contract for the sale without recourse (with credit risk borne by the buyer) or with recourse (with credit risk borne by the seller) of commercial credits to banks or specialist companies, for the purposes of management and collection. May be associated with financing in favor of the seller.

Fair value
The sum for which, in a freely competitive market, an item can be exchanged or a liability extinguished between aware and independent parties.

FINREP
Document issued by the Committee of European Banking Supervisors (CEBS). The Committee gives advice to the European Commission on policy and regulatory issues related to banking supervision; it also promotes cooperation and convergence of supervisory practice across the European Union. The objective of FINREP is to provide guidelines for implementation of the consolidated Financial Reporting framework for supervisory purposes; it is based on International Financial Reporting Standards (IFRSs).

Forwards
Forward contracts on interest rates, exchange rates or share indices, generally traded on "OTC - Over-the-Counter" (q.v.) markets, in which the conditions are fixed when the contract is agreed but execution will take place at a predetermined future date, by means of the collection or payment of differentials calculated with reference to various parameters according to the subject of the contract.

FRA - Forward Rate Agreement
Contract whereby the parties agree to receive (pay) at maturity the difference between the value calculated by applying a predetermined interest rate to the transaction amount and the value obtained on the basis of the level reached by a reference rate preselected by the parties.

FTE - Full Time Equivalent
The number of a company's full-time employees. Part-time employees are considered on a pro-rata temporis basis.

Funding
Provision, in various forms, of the funds necessary to finance business activities or particular financial transactions.

Futures
Standardized contracts whereby the parties undertake to exchange money, transferable securities or goods at a preset price at a future date. These contracts are traded on regulated markets, where their execution is guaranteed.

Goodwill
The additional sum paid for the acquisition of an equity interest, equal to the difference between the cost and the corresponding share of net assets, for the portion not attributable to the identifiable assets of the acquired company.

Definition of Terms and Acronyms (Continued)

Hedge Fund
Speculative mutual investment fund adopting hedging techniques which generally are not used by ordinary mutual funds, in order to deliver a constant performance, which is only hardly linked to reference markets. Hedge Funds are distinguished by a limited number of partners and require a high minimum level of investment.

IAS/IFRS
International accounting standards issued by the International Accounting Standard Board (IASB), a private international body established in April 2001, involving representatives of the accounting professions of the principal countries and, as observers, the European Union, IOSCO (International Organization of Securities Commissions) and the Basel Committee. This body is the successor of the International Accounting Standards Committee (IASC), set up in 1973 to promote harmonization of the rules for the preparation of company accounts. When the IASC became the IASB, it was decided, among other things, to name the new accounting principles "International Financial Reporting Standards" (IFRS).
At international level, work is currently underway to harmonize the IAS/IFRS with the US GAAP - United States Generally Accepted Accounting Principles (q.v.).

ICAAP - Internal Capital Adequacy Assessment Process
See "Basel 2 - Pillar 2".

Impairment
Within the framework of the IAS/IFRS (q.v.), this refers to the loss of value of a balance sheet asset, recorded when the balance sheet value is greater than the recoverable value, i.e. the sum that can be obtained by selling or using the asset.

Index linked
Policies whose performance at maturity depends on a benchmark parameter that may be a share index, a basket of securities or another indicator.

Investment banking
Banking segment devoted to the subscription and placement of newly issued securities, as well as the trading of financial instruments.

Investor
Any entity other than the Sponsor (q.v.) or Originator (q.v.) with exposure to a securitization.

IRB - Internal Rating Based
Method for determining the capital needed to cover credit risk within the framework of Pillar 1 of Basel 2 (q.v.). The rules are applied to the exposures of the banking portfolio. Furthermore, in the IRB methods the risk weightings of the assets are determined on the basis of the bank's own internal evaluations of the debtors (or, in some cases, of the transactions). Using systems based on internal ratings, the banks determine the weighted risk exposure.
The IRB methods consist of a basic method and an advanced method, which differ in terms of the risk parameters that the bank must estimate: in the basic method, the banks use their own estimates for "PD - Probability of Default" and the regulatory values for the other risk parameters; in the advanced method, the banks use their own estimates for " PD - Probability of Default ", "LGD - Loss Given Default", "CCF - Credit Conversion Factors" and, where provided for, "M - Maturity" (q.v.). The use of IRB methods for the calculation of capital requirements is subject to authorization from Banca d'Italia.

IRS - Interest Rate Swap
See "Swap".

Joint venture
Agreement between two or more companies for the conduct of a given economic activity, usually through the constitution of a joint stock company.

Junior, Mezzanine and Senior exposures
In a securitization transaction, the exposures may be classified as follows:
- **junior** exposures are the last to be repaid, and consequently absorb the first loss produced by the securitization transaction;
- **mezzanine** exposures are those with medium repayment priority, between senior and junior;
- **senior** exposures are the first to be repaid.

Ke
The cost of equity is the minimum return on investment required by the shareholder. It is the sum of a risk-free rate and an additional spread remunerating the shareholder for the credit risk and the volatility of the share price. The cost of capital is based on medium-long term averages of market parameters.

Lead Arranger
The bank responsible for arranging a securitization. The arranger's duties include checking the quality and quantity of the assets to be securitized, conducting relations with rating agencies, drawing up the prospectus and dealing with accounting and legal problems.

Leasing
Contract whereby one party (the lessor) grants to another party (the lessee) for a given period of time the enjoyment of an asset purchased or built by the lessor at the choice and on the instructions of the lessee, with the latter having the option of acquiring ownership of the asset under predetermined conditions at the end of the leasing contract.

Leveraged Finance
Loans provided mainly to Private Equity funds in order to finance the acquisition of a company through a financial transaction based on the cash flow generation capacity of such target company. This can result in a higher level of debt and therefore a higher level of risk. Leveraged finance may be syndicated.

LGD - Loss Given Default
Expected value (which may be conditional upon adverse scenarios) of the ratio, expressed as a percentage, between the loss giving rise to the default and the amount of exposure at the time of the default ("EAD - Exposure At Default", q.v.).

Liquidity risk
The risk of the company being unable to meet its payment commitments due to the inability to mobilize assets or obtain adequate funding from the market (funding liquidity risk) or due to the difficulty/impossibility of easily liquidating positions in financial assets without significantly and unfavorably affecting the price because of insufficient depth or temporary malfunction of the financial market (market liquidity risk).

M - Maturity
The average, for a given exposure, of the residual contractual maturities, each weighted for the relevant amount.

Mark-up
Positive differential with respect to a benchmark index, generally an interbank rate, applied to the lending rate offered to customers.

Market risk
The effect that changes in market variables might have on the economic value of the Group's portfolio, where this includes both the assets held in the trading book and those entered in the banking book, or the operations connected with the characteristic management of the commercial bank and its strategic investment choices.

Medium Term Note
Bond with a maturity of between 5 and 10 years.

Merchant banking
This term covers activities such as the subscription of securities - shares or debt instruments - by corporate customers for subsequent placement on the market, the taking of more permanent equity interests but always with a view to subsequent disposal, and the conduct of business consultancy activities for the purposes of mergers and acquisitions or restructurings.

Monoline Insurers
Insurance companies that insure only one kind of risk. Against payment of premium they guarantee the repayment of principal and interest of bonds - usually "ABS - Asset Backed Securities" (q.v.) or US municipal bonds - on default by the issuer, which enables the guaranteed bond to obtain a better rating than similar unguaranteed issues.

NOPAT - Net Operating Profit After Tax
Net operating profit remaining after the deduction of taxes.

Operating risk
The risk of losses due to errors, violations, interruptions, damages caused by internal processes, personnel or systems, or by external events.
This definition includes legal and compliance risk, but excludes strategic and reputational risk.
For example, operating risks include losses deriving from internal or external fraud, employment contracts and employment protection regulations, customer claims, distribution of products, fines and other sanctions arising from breaches of regulations, damages to the company's assets, interruption of operations, malfunction of systems and the management of processes.

Definition of Terms and Acronyms (Continued)

Option
The right, but not the commitment, acquired by the payment of a premium, to buy (call option) or sell (put option) a financial instrument at a given price (strike price) by or at a determined future date (American option / European option).

Originator
The entity that originated the assets to be securitized or acquired them from others.

OTC - Over the counter
Over-the-counter (OTC) trading consists of the exchange of financial instruments such as shares, bonds, derivatives or goods directly between two counterparties. The OTC markets do not have standardized contracts or buying/selling procedures and are not associated with a set of rules (admissions, controls, obligations of information, etc.) like those that govern the official markets.

Overcollateralization
The value of the assets underlying the bonds issued is higher than the amount of the bonds.

Payout ratio
It indicates the percentage of net income that is distributed to shareholders. The percentage distributed is determined mainly on the basis of the company's self-financing needs and the return expected by shareholders.

PD - Probability of Default
Probability of a counterparty entering into a situation of "default" (q.v.) within a time horizon of one year.

Preference shares
Capital instruments that associate forms of remuneration tied to market rates with particularly pronounced subordination conditions, such as non-recovery in subsequent years of the interest not paid by the bank and bearing a share of its losses in the event that these produce a significant reduction in the capital requirements. The regulatory authorities set the conditions under which preference shares may be counted among the core capital of banks and banking groups.

Private banking
Financial services aimed at so-called "high-end" private customers for the global management of financial needs.

Private equity
Investments in the risk capital of companies, generally unlisted but with high growth potential and the ability to generate constant cash flows. Investments in private equity include a wide range of operations that vary according to both the development phase of the company concerned and the investment techniques used. These techniques include closed-end private equity funds.

Purchase Companies
Vehicle used by "ABCP Conduits - Asset Backed Commercial Paper Conduits" (q.v.) to purchase the assets to be securitized and subsequently financed by the Conduit vehicle by means of commercial paper.

RARORAC - Risk Adjusted Return On Risk Adjusted Capital
This is the ratio between EVA - Economic Value Added" (q.v.) and allocated/absorbed capital and represents the value created per each unit of risk taken.

Rating
Evaluation of the quality of a company or its issues of debt securities on the basis of the company's financial soundness and prospects. This evaluation is made either by specialist agencies or by the bank on the basis of internal models.

Retail
Customer segment consisting principally of private individuals, self-employed professionals, traders and artisans.

RMBS - Residential Mortgage Backed Securities
Asset Backed Securities (q.v.) with residential mortgages as underlyings.

RWA - Risk Weighted Assets
On-balance sheet assets and off-balance sheet assets (derivatives and guarantees) classified and weighted by different coefficients referring to risks, following banking rules issued by local Supervisors (i.e. Banca d'Italia, Bafin, etc.), to calculate solvency ratios.

Securitization
Transfer of a portfolio of assets to an "SPV - Special Purpose Vehicle" (q.v.) and the issue of securities with various levels of seniority to meet any default by the underlying assets.
Securitizations can be:
- **traditional:** method of securitization whereby transfer of the assets is by means of sale of the portfolio to the "SPV - Special Purpose Vehicle" (q.v.).
- **synthetic:** method of securitization whereby the transfer of assets is by means of credit derivatives or similar security enabling the risk of the portfolio to be transferred.

Sensitivity
The greater or lesser degree of sensitivity with which certain assets or liabilities react to changes in rates or other reference parameters.

Sponsor
An entity other than the Originator (q.v.) which sets up and manages an ABCP conduit or other securitization scheme where assets are acquired from a third entity for securitization.

SPV - Special Purpose Vehicles
An entity - partnership, limited company or trust - set up to carry out a set object, such as isolating financial risk or obtaining special regulatory or tax treatment for specific portfolios of financial assets.
SPV's operations are accordingly limited by a set of rules designed for this purpose.
In general SPVs' sponsors (q.v.) do not hold equity in them. The equity is held by other entities in order to ensure that there is no shareholder relationship with the Sponsor (q.v.). SPVs are usually bankruptcy-remote, in that their assets cannot be claimed by the creditors of the sponsor, even if the latter becomes insolvent.

Subprime (Residential Mortgages)
Although Subprime has no univocal definition, this category includes mortgages granted to borrowers who have had repayment difficulties in the past, e.g. delayed installments, insolvency or bankruptcy, or who are more likely to default than the average due to high loan-to-value and installment-to-income ratios.

Swap
A transaction that generally consists of the exchange of financial streams between operators according to different contractual arrangements.
In the case of an interest rate swap (IRS), the counterparties exchange payment streams that may or may not be linked to interest rates, calculated on a notional principal amount (for example, one counterparty pays a stream on the basis of a fixed rate, while the other does so on the basis of a variable rate).
In the case of a currency swap, the counterparties exchange specific amounts in two different currencies, with these amounts being exchanged back in due course according to predefined arrangements that may concern both the capital (notional) and the streams of interest payments.

Tier 1 Capital
The most reliable and liquid part of a bank's capital, as defined by regulatory rules.

Tier 1 Capital Ratio
The percentage of a bank's Tier 1 Capital to its risk weighted assets "RWA - Risk Weighted Assets" (q.v.).

TSR - Total Shareholder Return
It is the full reward, in terms of capital gain and dividends, that a shareholder gets from holding one share.

UCI - Undertakings for Collective Investment
This term includes "UCITS" (q.v.) and other collective investment Funds (real estate collective investment funds, closed-end investment funds).

Definition of Terms and Acronyms (Continued)

UCITS - Undertakings for Collective Investment in Transferable Securities
This term covers open-end real estate investment funds, both Italian and foreign, and investment companies with variable capital. The latter are joint stock companies that have the sole purpose of collective investment of the assets gathered through a public offer of their own shares.

US GAAP - United States Generally Accepted Accounting Principles
Accounting principles issued by the FASB (Financial Accounting Statement Board), generally accepted in the USA.

VaR - Value at Risk
A method used for quantifying risk. It measures potential future losses which will not be exceeded within a specified period and with a specified probability.

Vintage
The year of issue of the collateral underlying bonds created by securitization. In the case of subprime mortgages this information is an indicator of the riskiness of the bond, since the practice of granting mortgages to subprime borrowers became significant in the US starting in 2005.

Warehousing
A stage in the preparation of a securitization transaction whereby an “SPV - Special Purpose Vehicle” (q.v.) acquires assets for a certain period of time until it reaches a sufficient quantity to be able to issue an ABS.

Keeping careers on track during maternity leave.

In Hungary, our *Mum's Portal* provides mothers with up-to-date information on what's happening at UniCredit. There is an emphasis on conveying important news and recent developments to colleagues who, being on maternity leave, are temporarily away from their usual duties. This is a concrete answer to ensure Hungarian colleagues a rapid and smoother reintegration at work after their leave ends.

Henrietta Kónya-Halászi, HR office, with her daughter Gréta Kónya

Certification

Condensed Interim Consolidated Financial Statements Certification pursuant to Art. 81–ter of Consob Regulation no. 11971 of May 14, 1999, as amended

1. The undersigned Federico Ghizzoni (as Chief Executive Officer) and Marina Natale (as the Manager charged with preparing the financial reports) of UniCredit S.p.A., also in compliance with Art. 154-bis (paragraphs 3 and 4) of Italian Legislative Decree no. 58 of February 24, 1998, do hereby **certify**:

- the adequacy in relation to the Legal Entity's features; and
- the actual application

of the administrative and accounting procedures employed to draw up the 2012 Condensed Interim Consolidated Financial Statements.

2. The adequacy of administrative and accounting procedures employed to draw up the 2012 Condensed Interim Consolidated Financial Statements has been evaluated by applying a model devised by UniCredt S.p.A. in accordance with *"Internal Controls - Integrated Framework* (CoSO)*"* and *"Control Objective for IT and Related Technologies* (Cobit)*"*, which represent generally accepted international standards for internal control system and, specifically, for financial reporting.

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

   3.1 the 2012 Condensed Interim Consolidated Financial Statements:

      a) were 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) are consistent with accounting books and records;

      c) are suitable to provide a fair and correct representation of the economic and financial situation of the issuer and the group of companies included in the scope of consolidation;

   3.2 the Interim Report on Operations includes a reliable analysis of the most significant events in the first six months of the financial year and their impact on the Condensed Interim Consolidated Financial Statements, together with a description of the main risks and uncertainties concerning the remaining six months of the year. The Interim Report on Operations also contains a reliable analysis of information on significant related party transactions.

Milan - August 3, 2012

Federico GHIZZONI

Marina NATALE

Investing in sports at school.

Sports mean healthy lives, especially for young students at more than 100 Hungarian schools where UniCredit sponsors sporting events. The objective was to teach children to take care of their bodies and maintain proper health by participating in sports. This successful answer to the real and widespread need to promote physical and mental health is currently in its third year and has been enthusiastically embraced by teachers, children and their families. The programme “Pass it on!” is a concrete example of how UniCredit is close to Hungarian families and understands their needs.

Report of External Auditors

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

Auditors' report on review of condensed interim consolidated financial statements

To the shareholders of
UniCredit S.p.A.

1 We have reviewed the condensed interim consolidated financial statements of the UniCredit Group as at and for the six months ended 30 June 2012, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent company's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to prepare this report based on our review.

2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. The review consisted primarily of the collection of information about the captions of the condensed interim consolidated financial statements and the consistency of application of the accounting policies through discussions with the parent company's directors and analytical procedures applied to the financial data presented in such condensed interim consolidated financial statements. The review excluded such audit procedures as tests of controls and substantive procedures on assets and liabilities and is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. As a consequence, contrary to our report on the annual consolidated financial statements, we do not express an audit opinion on the condensed interim consolidated financial statements.

The condensed interim consolidated financial statements include the corresponding figures of the previous year annual consolidated and condensed interim consolidated financial statements for comparative purposes. As disclosed in the notes, the parent company's directors have restated some of the corresponding figures of the previous year's condensed interim consolidated financial statements. We reviewed such condensed interim consolidated financial statements and issued our report thereon on 10 August 2011. We have examined the methods used to restate such corresponding figures and related disclosures for the purposes of preparing our report on the condensed interim consolidated financial statements at 30 June 2012.

With regard to the corresponding figures of the previous year's annual consolidated financial statements included in the condensed interim consolidated financial statements, reference should be made to our report dated 18 April 2012.

3 Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the UniCredit Group as at and for the six months ended 30 June 2012 have not been prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 8 August 2012

KPMG S.p.A.

(signed on the original)

Roberto Fabbri
Director of Audit

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