Clear answers for real benefits.

Consolidated First Half Financial Report as at June 30, 2013

UniCredit S.p.A.
A joint stock company
Registered Office in Rome: Via Alessandro Specchi, 16
Head Office in Milan: Piazza Cordusio
Share capital Euro €19,654,856,199.43 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 cod. 02008.1; Cod. ABI 02008.1
Member of the National Interbank Deposit Guarantee Fund and of the National Compensation Fund

UniCredit group - Key Figures

Highlights	H1 2013	Q1 2013	H1 2012	Q1 2012
Income Statement (€ million)				
Operating income	12,497	6,080	13,357	7,064
Operating costs	(7,434)	(3,760)	(7,571)	(3,831)
Operating profit (loss)	5,064	2,320	5,786	3,233
Profit (Loss) before tax	1,859	997	2,477	1,876
Profit (Loss) for the period	1,194	631	1,475	1,129
Net profit (loss) attributable to the Group	810	449	1,083	914
Balance Sheet (€ million)				
Total assets	889,632	912,921	938,581	919,743
Loans and receivables with customers	532,771	537,462	553,427	550,345
Deposits from customes and debt securities in issue	564,749	569,498	576,620	566,585
Shareholders' Equity	61,322	62,382	60,930	61,764
Profitability Ratios (%)				
Operating profit (loss)/Total assests	0.57	0.25	0.62	0.35
Cost/Income ratio	59.5	61.8	56.7	54.2

Figures by business segment (€ million)				
Operating income	**12,497**	**6,080**	**13,357**	**7,064**
Commercial Banking Italy	4,468	2,205	4,490	2,242
Commercial Banking Germany	1,536	846	1,540	770
Commercial Banking Austria	777	377	912	559
Poland	921	450	920	456
Central Eastern Europe	2,624	1,282	2,343	1,126
Corporate & Investment Banking	2,237	1,080	2,326	1,315
Asset Management	353	175	339	170
Asset Gathering	259	131	289	149
Group Corporate Center	(678)	(466)	198	277
Operating costs	**(7,434)**	**(3,760)**	**(7,571)**	**(3,831)**
Commercial Banking Italy	(2,408)	(1,223)	(2,631)	(1,321)
Commercial Banking Germany	(1,074)	(542)	(1,092)	(536)
Commercial Banking Austria	(731)	(361)	(705)	(349)
Poland	(428)	(212)	(436)	(216)
Central Eastern Europe	(1,189)	(605)	(1,124)	(548)
Corporate & Investment Banking	(839)	(430)	(883)	(461)
Asset Management	(239)	(116)	(222)	(109)
Asset Gathering	(155)	(78)	(152)	(78)
Group Corporate Center	(370)	(192)	(324)	(211)
Operating profit (loss)	**5,064**	**2,320**	**5,786**	**3,233**
Commercial Banking Italy	2,061	982	1,859	921
Commercial Banking Germany	462	303	448	234
Commercial Banking Austria	46	16	206	209
Poland	493	238	484	240
Central Eastern Europe	1,435	678	1,219	577
Corporate & Investment Banking	1,398	649	1,443	854
Asset Management	114	58	117	61
Asset Gathering	104	53	137	71
Group Corporate Center	(1,049)	(658)	(126)	65
Profit (Loss) before tax	**1,859**	**997**	**2,477**	**1,876**
Commercial Banking Italy	108	182	(348)	(13)
Commercial Banking Germany	572	279	608	239
Commercial Banking Austria	(146)	(93)	(2)	103
Poland	419	199	413	208
Central Eastern Europe	808	414	783	385
Corporate & Investment Banking	1,087	540	971	781
Asset Management	111	57	111	57
Asset Gathering	102	49	128	65
Group Corporate Center	(1,202)	(629)	(186)	52

Share Information	H1 2013
Share price (€)	-
maximum	*4.796*
minimum	*3.238*
average	*4.001*
end of period	*3.598*
Number of outstanding shares (million)	-
at period end	*5,792*
shares cum dividend	*5,695*
average	*5,791*

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.

Introduction

Board of Directors, Board of Statutory Auditors and External Auditors

Board of Directors

Giuseppe Vita	Chairman
Candido Fois	Deputy Vice Chairman
Vincenzo Calandra Buonaura Luca Cordero di Montezemolo Fabrizio Palenzona	Vice Chairmen
Federico Ghizzoni	CEO
Mohamed Ali Al Fahim Manfred Bischoff Henryka Bochniarz Alessandro Caltagirone Francesco Giacomin Helga Jung Marianna Li Calzi Luigi Maramotti Giovanni Quaglia Lucrezia Reichlin Lorenzo Sassoli de Bianchi Alexander Wolfgring (*) Anthony Wyand	Directors
Lorenzo Lampiano	Company Secretary

Board of Statutory Auditors appointed by the Shareholders' Meeting on May 11, 2013 (**)

Maurizio Lauri	Chairman
Giovanni Battista Alberti Cesare Bisoni Enrico Laghi Maria Enrica Spinardi	Standing Auditors
Federica Bonato Paolo Domenico Sfameni Beatrice Lombardini	Alternate Auditors

General Manager

Roberto Nicastro

Manager charged with preparing the financial reports

Marina Natale

External Auditors

Deloitte & Touche S.p.A. (***)

(*) Director Friedrich Kadrnoska handed in his resignation with effect from the end of the Shareholders' Meeting of May 11, 2013 and was replaced by Mr. Alexander Wolfgring, appointed by the Shareholders' Meeting of May 11, 2013.
(**) The Shareholders' Meeting of May 11, 2013 also appointed Prof. Marco Lacchini as Alternate Auditor; the latter handed in his resignation on June 7, 2013.
(***) Deloitte & Touche S.p.A. replaced KPMG S.p.A. starting from the limited scope audit of the Consolidated First Half Financial Report as at June 30, 2013.

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.

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 2012; specifically, as provided for by IAS 34, the balance sheet has been compared with the figures as at December 31, 2012, 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 Deloitte & Touche S.p.A., as a limited review.

Scope of consolidation

In the first six months of 2013 there were the following changes in the scope of consolidation:

- fully consolidated subsidiaries decreased from 737 as at December 31, 2012 to 718 as at June 30, 2013, with a decrease of 19 companies;
- the number of proportionately consolidated entities, which were 30 as at December 31, 2012, was unchanged;
- companies consolidated at equity decreased from 54 as at December 31, 2012 to 57 as at June 30, 2013, with an increase of 3 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, 2013 are mainly those related to Business Oil attributable to Italpetroli group, to three companies YAPI sub-group (YAPI Kredi Sigorta AS, YAPI Kredi Emeklilik AS e YAPI Kredi B Tipi Yatrim Ortakligi A.S.), to Mezzanin Finanzierungs AG, to Paylife Bank GMBH, and to property owned by some Group companies.
For further details see "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:

- Commercial Banking Italy;
- Commercial Banking Germany;
- Commercial Banking Austria;
- Poland;
- CEE Division;
- CIB;
- Asset Management;
- Asset Gathering;
- Governance/Group Corporate Centre (including Global Banking Services, Corporate Centre Global Function, inter-segment adjustments and consolidation adjustments not attributable to individual segments).

Interim Report on Operations

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

Highlights

Income Statement

(€ million)

	H1		
	2013	2012	CHANGE
Operating income	12,497	13,357	- 6.4%
of which: - net interest	*6,617*	*7,303*	*- 9.4%*
- dividends and other income from equity investments	*170*	*223*	*- 23.8%*
- net fees and commissions	*3,969*	*3,918*	*+ 1.3%*
Operating costs	(7,434)	(7,571)	- 1.8%
Operating profit	5,064	5,786	- 12.5%
Profit (loss) before tax	1,859	2,477	- 25.0%
Net profit (loss) attributable to the Group	**810**	**1,083**	**- 25.2%**

The figures in these tables refer to reclassified income statement.

Balance Sheet

(€ million)

	AMOUNTS AS AT		
	06.30.2013	12.31.2012	CHANGE
Total assets	889,632	926,838	- 4.0%
Financial assets held for trading	93,772	107,119	- 12.5%
Loans and receivables with customers	532,771	547,144	- 2.6%
of which: - impaired loans	*46,215*	*44,058*	*+ 4.9%*
Financial liabilities held for trading	77,216	99,123	- 22.1%
Deposits from customers and debt securities in issue	564,749	579,965	- 2.6%
of which: - deposits from customers	*405,221*	*409,514*	*- 1.0%*
- securities in issue	*159,529*	*170,451*	*- 6.4%*
Shareholders' Equity	**61,322**	**61,579**	**- 0.4%**

The figures in these tables refer to reclassified balance sheet.
See § "Net Impairment Losses on Loans and Provision for Guarantees and Commitments" in these Consolidated Interim Report for more details.

Please note that on January 1, 2013 the amendments to IAS 19 (“IAS 19R”) came into force, as described in paragraph “Additional information on fair value” (Part A – Explanatory Notes) (see it for more details).
The first-time application of the accounting standard required the restatement of previous periods beginning on or after January 1, 2012.

Staff and Branches

	AS AT		
	06.30.2013	12.31.2012	CHANGE
Employees [1]	150,787	156,354	-5,567
Employees (subsidiaries are consolidated proportionately)	140,369	146,110	-5,741
Branches [2]	9,079	9,322	-243
of which: - Italy	*4,235*	*4,298*	*-63*
- Other countries	*4,844*	*5,024*	*-180*

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		
	2013	2012	CHANGE
EPS [1] (€)	0.14	0.21	-0.07
Cost/income ratio	59.5%	56.7%	280bp
EVA [2] (€ million)	(1,680)	(1,638)	- 42

1. Anualized figure. The H1 2013 EPS calculation €35 million has been deducted net profit attributable to the Group of 810 million due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the 'cashes' transaction (€46 million was deducted from 2012 net profits).

2. Economic Value Added, equal to the difference between NOPAT (net operating profit after tax) and the cost of capital.

Risk Ratios

	AS AT	
	06.30.2013	12.31.2012
Net non-performing loans to customers / Loans to customers	3.90%	3.54%
Net impaired loans to customers / Loans to customers	8.67%	8.05%

Capital Ratios

	AS AT	
	06.30.2013	12.31.2012
Capital for regulatory purposes (€ million)	62,134	62,018
Total risk weighted assets (€ million)	410,871	427,127
Core Tier 1 Ratio [1]	**11.41%**	**10.84%**
Total regulatory capital/Total risk-weighted assets	**15.12%**	**14.52%**

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

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

Ratings

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

Data as at August 1, 2013.

Condensed Accounts

Consolidated Balance Sheet

(€ million)

ASSETS	AMOUNTS AS AT 06.30.2013	AMOUNTS AS AT 12.31.2012	CHANGE AMOUNT	CHANGE PERCENT
Cash and cash balances	7,185	7,570	- 385	- 5.1%
Financial assets held for trading	93,772	107,119	- 13,347	- 12.5%
Loans and receivables with banks	66,907	74,475	- 7,568	- 10.2%
Loans and receivables with customers	532,771	547,144	- 14,373	- 2.6%
Financial investments	117,457	108,686	+ 8,771	+ 8.1%
Hedging instruments	16,014	20,847	- 4,833	- 23.2%
Property, plant and equipment	11,645	11,833	- 187	- 1.6%
Goodwill	11,567	11,678	- 111	- 0.9%
Other intangible assets	3,880	3,980	- 100	- 2.5%
Tax assets	17,480	18,070	- 591	- 3.3%
Non-current assets and disposal groups classified as held for sale	526	3,968	- 3,441	- 86.7%
Other assets	10,428	11,468	- 1,041	- 9.1%
Total assets	**889,632**	**926,838**	**- 37,206**	**- 4.0%**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 06.30.2013	AMOUNTS AS AT 12.31.2012	CHANGE AMOUNT	CHANGE PERCENT
Deposits from banks	129,249	117,445	+ 11,803	+ 10.1%
Deposits from customers	405,221	409,514	- 4,293	- 1.1%
Debt securities in issue	159,529	170,451	- 10,922	- 6.4%
Financial liabilities held for trading	77,216	99,123	- 21,907	- 22.1%
Financial liabilities designated at fair value	675	852	- 177	- 20.8%
Hedging instruments	16,218	21,309	- 5,091	- 23.9%
Provisions for risks and charges	8,912	9,091	- 179	- 2.0%
Tax liabilities	5,020	7,889	- 2,868	- 36.4%
Liabilities included in disposal groups classified as held for sale	298	3,560	- 3,262	- 91.6%
Other liabilities	22,141	22,356	- 215	- 1.0%
Minorities	3,831	3,669	+ 162	+ 4.4%
Group Shareholders' Equity:	61,322	61,579	- 257	- 0.4%
- Capital and reserves	*61,365*	*61,100*	*+ 265*	*+ 0.4%*
- AfS assets fair value reserve, Cash-flow hedging reserve and Defined benefits plans reserve	*(853)*	*(386)*	*- 467*	*+ 121.0%*
- Net profit (loss)	*810*	*865*	*- 55*	*- 6.4%*
Total liabilities and Shareholders' Equity	**889,632**	**926,838**	**- 37,206**	**- 4.0%**

Notes:

Comparative figures as at December 31, 2012 were restated following the introduction of the revised IAS 19 (“IAS 19R”).

Consolidated Income Statement

(€ million)

	H1		CHANGE		
	2013	2012	€m	PERCENT	ADJUSTED [1]
Net interest	6,617	7,303	-685	- 9.4%	- 8.4%
Dividends and other income from equity investments	170	223	-53	- 23.8%	- 23.9%
Net fees and commissions	3,969	3,918	51	+ 1.3%	+ 2.0%
Net trading income	1,603	1,816	-214	- 11.8%	- 11.5%
Net other expenses/income	139	97	41	+ 42.4%	+ 41.6%
OPERATING INCOME	**12,497**	**13,357**	**-860**	**- 6.4%**	**- 5.7%**
Payroll costs	(4,429)	(4,560)	131	- 2.9%	- 2.4%
Other administrative expenses	(2,789)	(2,738)	-51	+ 1.9%	+ 2.6%
Recovery of expenses	329	245	84	+ 34.4%	+ 34.5%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(545)	(518)	-27	+ 5.2%	+ 6.4%
Operating costs	**(7,434)**	**(7,571)**	**137**	**- 1.8%**	**- 1.2%**
OPERATING PROFIT (LOSS)	**5,064**	**5,786**	**-723**	**- 12.5%**	**- 11.6%**
Net write-downs on loans and provisions for guarantees and commitments	(2,897)	(3,138)	241	- 7.7%	- 5.2%
NET OPERATING PROFIT (LOSS)	**2,167**	**2,649**	**-482**	**- 18.2%**	**- 19.1%**
Provisions for risks and charges	(300)	(76)	-224	+ 293.9%	+ 298.0%
Integration costs	(12)	(20)	8	- 40.7%	- 40.3%
Net income from investments	4	(75)	79	n.s.	n.s.
PROFIT (LOSS) BEFORE TAX	**1,859**	**2,477**	**-619**	**- 25.0%**	**- 25.9%**
Income tax for the period	(680)	(993)	313	- 31.5%	- 31.4%
NET PROFIT (LOSS)	**1,179**	**1,485**	**-306**	**- 20.6%**	**- 22.2%**
Profit (Loss) from non-current assets held for sale, after tax	14	(10)	24	n.s.	n.s.
PROFIT (LOSS) FOR THE PERIOD	**1,194**	**1,475**	**-282**	**- 19.1%**	**- 21.1%**
Minorities	(186)	(166)	-20	+ 12.0%	+ 10.1%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**1,007**	**1,309**	**-301**	**- 23.0%**	**- 25.0%**
Purchase Price Allocation effect	(197)	(223)	26	- 11.6%	- 11.6%
Goodwill impairment	-	(2)	2	- 100,0%	- 100,0%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**810**	**1,083**	**-273**	**- 25.2%**	**- 27.7%**

Notes:

'1. Changes at constant foreign exchange rates and perimeter.

'Comparative figures as at June 30, 2012 are different from those disclosed in the 2012 first half financial report as a result of the restatement, for comparative purposes, of interest income from impaired assets whose book value was written down and reversals connected with the passing of time from item "Net interest" to item "Net write-downs on loans and provisions for guarantees and commitments", as a result of the reclassification carried out by three Group companies in the first half of 2013.

Since 2013 gains on disposal or repurchase of available-for-sale financial assets and gains on disposal or repurchase of held-to-maturity investments have been reclassified to “Net trading income” in order to align their presentation in the condensed consolidated Income Statement with the standards of the major Italian and European banks. Such gains were previously included in “Net income from investments”.
The comparative period was restated accordingly.

Quarterly Figures

Consolidated Balance Sheet

(€ million)

ASSETS	AMOUNTS AS AT 06.30.2013	AMOUNTS AS AT 03.31.2013	AMOUNTS AS AT 12.31.2012	AMOUNTS AS AT 09.30.2012	AMOUNTS AS AT 06.30.2012	AMOUNTS AS AT 03.31.2012
Cash and cash balances	7,185	7,193	7,570	5,914	31,307	19,427
Financial assets held for trading	93,772	98,593	107,119	112,902	112,702	108,290
Loans and receivables with banks	66,907	78,904	74,475	91,122	65,232	64,810
Loans and receivables with customers	532,771	537,462	547,144	558,709	553,427	550,345
Financial investments	117,457	111,824	108,686	102,230	99,530	103,327
Hedging instruments	16,014	17,988	20,847	21,076	19,044	17,029
Property, plant and equipment	11,645	11,729	11,833	11,747	11,843	12,113
Goodwill	11,567	11,678	11,678	11,691	11,665	11,664
Other intangible assets	3,880	3,931	3,980	3,932	3,950	3,929
Tax assets	17,480	17,845	18,070	13,319	13,638	13,661
Non-current assets and disposal groups classified as held for sale	526	4,211	3,968	4,384	4,445	4,430
Other assets	10,428	11,562	11,468	12,745	11,797	10,718
Total assets	**889,632**	**912,921**	**926,838**	**949,769**	**938,581**	**919,743**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 06.30.2013	AMOUNTS AS AT 03.31.2013	AMOUNTS AS AT 12.31.2012	AMOUNTS AS AT 09.30.2012	AMOUNTS AS AT 06.30.2012	AMOUNTS AS AT 03.31.2012
Deposits from banks	129,249	120,833	117,445	131,659	126,920	124,674
Deposits from customers	405,221	407,769	409,514	417,048	414,446	403,155
Debt securities in issue	159,529	161,729	170,451	164,694	162,174	163,430
Financial liabilities held for trading	77,216	92,361	99,123	107,807	107,913	105,000
Financial liabilities designated at fair value	675	749	852	842	787	857
Hedging instruments	16,218	20,187	21,309	20,912	19,119	17,029
Provisions for risks and charges	8,912	9,011	9,091	8,284	8,345	8,474
Tax liabilities	5,020	7,677	7,889	6,215	6,207	6,456
Liabilities included in disposal groups classified as held for sale	298	4,098	3,560	4,234	4,154	4,242
Other liabilities	22,141	21,937	22,356	22,010	24,140	21,120
Minorities	3,831	4,186	3,669	3,608	3,445	3,542
Group Shareholders' Equity:	61,322	62,382	61,579	62,456	60,930	61,764
- Capital and reserves	*61,365*	*62,402*	*61,100*	*61,178*	*60,982*	*61,115*
- AfS assets fair value reserve, Cash-flow hedging reserve and Defined benefits plans reserve	*(853)*	*(468)*	*(386)*	*(140)*	*(1,135)*	*(265)*
- Net profit (loss)	*810*	*449*	*865*	*1,418*	*1,083*	*914*
Total liabilities and Shareholders' Equity	**889,632**	**912,921**	**926,838**	**949,769**	**938,581**	**919,743**

Notes:

Comparative figures as at December 31, 2012 were restated following the introduction of the revised IAS 19 (“IAS 19R”).

Consolidated Income Statement

(€ million)

	2013		2012			
	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	3,303	3,314	3,301	3,516	3,605	3,698
Dividends and other income from equity investments	124	46	106	68	169	54
Net fees and commissions	1,969	2,000	1,958	1,918	1,932	1,985
Net trading income	953	650	327	665	533	1,283
Net other expenses/income	69	70	72	91	55	43
OPERATING INCOME	**6,417**	**6,080**	**5,765**	**6,257**	**6,293**	**7,064**
Payroll costs	(2,198)	(2,231)	(2,114)	(2,242)	(2,260)	(2,300)
Other administrative expenses	(1,389)	(1,400)	(1,477)	(1,326)	(1,358)	(1,380)
Recovery of expenses	187	142	179	109	135	109
Amortisation, depreciation and impairment losses on intangible and tangible assets	(273)	(272)	(272)	(264)	(258)	(260)
Operating costs	**(3,673)**	**(3,760)**	**(3,685)**	**(3,724)**	**(3,740)**	**(3,831)**
OPERATING PROFIT (LOSS)	**2,744**	**2,320**	**2,080**	**2,534**	**2,553**	**3,233**
Net write-downs on loans and provisions for guarantees and commitments	(1,666)	(1,231)	(4,574)	(1,736)	(1,827)	(1,311)
NET OPERATING PROFIT (LOSS)	**1,078**	**1,089**	**(2,495)**	**798**	**726**	**1,922**
Provisions for risks and charges	(190)	(110)	(44)	(46)	(61)	(16)
Integration costs	(9)	(3)	(253)	(4)	(15)	(5)
Net income from investments	(17)	21	(129)	12	(50)	(25)
PROFIT (LOSS) BEFORE TAX	**862**	**997**	**(2,921)**	**760**	**601**	**1,876**
Income tax for the period	(306)	(374)	2,721	(189)	(249)	(744)
NET PROFIT (LOSS)	**556**	**623**	**(200)**	**571**	**352**	**1,133**
Profit (Loss) from non-current assets held for sale, after tax	6	8	(154)	(5)	(6)	(4)
PROFIT (LOSS) FOR THE PERIOD	**563**	**631**	**(354)**	**567**	**346**	**1,129**
Minorities	(102)	(84)	(72)	(119)	(68)	(98)
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**461**	**547**	**(426)**	**447**	**278**	**1,031**
Purchase Price Allocation effect	(99)	(98)	(105)	(107)	(106)	(117)
Goodwill impairment	-	-	(22)	(6)	(2)	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**361**	**449**	**(553)**	**335**	**169**	**914**

Notes:

'Comparative quarterly figures for 2012 are different from those disclosed as a result of the restatement, for comparative purposes, of interest income from impaired assets whose book value was written down and reversals connected with the passing of time from item "Net interest" to item "Net write-downs on loans and provisions for guarantees and commitments", as a result of the reclassification carried out by three Group companies in the first half of 2013.

Since 2013 gains on disposal or repurchase of available-for-sale financial assets and gains on disposal or repurchase of held-to-maturity investments have been reclassified to “Net trading income” in order to align their presentation in the condensed consolidated Income Statement with the standards of the major Italian and European banks. Such gains were previously included in “Net income from investments”. The comparative periods were restated accordingly.

Comparison of Q2 2013 / Q2 2012

Condensed Income Statement

(€ million)

	Q2		CHANGE		
	2013	2012	€m	PERCENT	ADJUSTED [1]
Net interest	3,303	3,605	-302	- 8.4%	- 6.9%
Dividends and other income from equity investments	124	169	-45	- 26.7%	- 26.8%
Net fees and commissions	1,969	1,932	36	+ 1.9%	+ 2.7%
Net trading income	953	533	420	+ 78.7%	+ 80.8%
Net other expenses/income	69	55	14	+ 25.9%	+ 28.0%
OPERATING INCOME	**6,417**	**6,293**	**124**	**+ 2.0%**	**+ 3.2%**
Payroll costs	(2,198)	(2,260)	62	- 2.7%	- 2.1%
Other administrative expenses	(1,389)	(1,358)	-31	+ 2.3%	+ 3.3%
Recovery of expenses	187	135	51	+ 38.0%	+ 38.0%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(273)	(258)	-15	+ 5.8%	+ 7.2%
Operating costs	**(3,673)**	**(3,740)**	**67**	**- 1.8%**	**- 1.0%**
OPERATING PROFIT (LOSS)	**2,744**	**2,553**	**191**	**+ 7.5%**	**+ 9.6%**
Net write-downs on loans and provisions for guarantees and commitments	(1,666)	(1,827)	161	- 8.8%	- 6.4%
NET OPERATING PROFIT (LOSS)	**1,078**	**726**	**351**	**+ 48.4%**	**+ 49.5%**
Provisions for risks and charges	(190)	(61)	-130	+ 214.0%	+ 216.8%
Integration costs	(9)	(15)	6	- 41.3%	- 40.9%
Net income from investments	(17)	(50)	33	- 66.6%	- 66.3%
PROFIT (LOSS) BEFORE TAX	**862**	**601**	**261**	**+ 43.4%**	**+ 45.0%**
Income tax for the period	(306)	(249)	-57	+ 22.8%	+ 24.9%
NET PROFIT (LOSS)	**556**	**352**	**204**	**+ 57.9%**	**+ 59.3%**
Profit (Loss) from non-current assets held for sale, after tax	6	(6)	12	n.s.	n.s.
PROFIT (LOSS) FOR THE PERIOD	**563**	**346**	**217**	**+ 62.6%**	**+ 64.6%**
Minorities	(102)	(68)	-34	+ 49.2%	+ 49.3%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**461**	**278**	**183**	**+ 65.9%**	**+ 68.4%**
Purchase Price Allocation effect	(99)	(106)	7	- 6.6%	- 6.5%
Goodwill impairment	-	(2)	2	- 100.0%	- 100.0%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**361**	**169**	**192**	**+ 113.8%**	**+ 117.1%**

Notes:

1. Changes at constant exchange rates and perimeter.

'Comparative figures of Q2 2012 are different from those disclosed in the 2012 first half financial report as a result of the restatement, for comparative purposes, of interest income from impaired assets whose book value was written down and reversals connected with the passing of time from item "Net interest" to item "Net write-downs on loans and provisions for guarantees and commitments", as a result of the reclassification carried out by three Group companies in the first half of 2013.

Since 2013 gains on disposal or repurchase of available-for-sale financial assets and gains on disposal or repurchase of held-to-maturity investments have been reclassified to “Net trading income” in order to align their presentation in the condensed consolidated Income Statement with the standards of the major Italian and European banks. Such gains were previously included in “Net income from investments”.
The comparative period was restated accordingly.

Segment Reporting (Summary)

KEY FIGURES by BUSINESS SEGMENT										(€ million)
	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	POLONIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER[1]	CONSOLIDATED GROUP TOTAL
Income statement										
OPERATING INCOME										
H1 2013	4,468	1,536	777	921	2,624	2,237	353	259	(678)	12,497
H1 2012	*4,490*	*1,540*	*912*	*920*	*2,343*	*2,326*	*339*	*289*	*198*	*13,357*
Operating costs										
H1 2013	(2,408)	(1,074)	(731)	(428)	(1,189)	(839)	(239)	(155)	(370)	(7,434)
H1 2012	*(2,631)*	*(1,092)*	*(705)*	*(436)*	*(1,124)*	*(883)*	*(222)*	*(152)*	*(324)*	*(7,571)*
OPERATING PROFIT										
H1 2013	2,061	462	46	493	1,435	1,398	114	104	(1,049)	5,064
H1 2012	*1,859*	*448*	*206*	*484*	*1,219*	*1,443*	*117*	*137*	*(126)*	*5,786*
PROFIT BEFORE TAX										
H1 2013	108	572	(146)	419	808	1,087	111	102	(1,202)	1,859
H1 2012	*(348)*	*608*	*(2)*	*413*	*783*	*971*	*111*	*128*	*(186)*	*2,477*
Balance Sheet										
LOANS TO CUSTOMERS										
as at June 30, 2013	194,993	82,312	49,405	23,243	76,170	103,891	0	854	1,902	532,771
as at December 31, 2012	*202,918*	*84,163*	*49,922*	*24,297*	*73,866*	*108,860*	*0*	*845*	*2,274*	*547,144*
DEPOSITS FROM CUSTOMERS AND DEBT SECURITIES IN ISSUE										
as at June 30, 2013	153,015	106,689	59,151	26,247	61,576	82,694	-	17,792	57,584	564,749
as at December 31, 2012	*159,281*	*112,692*	*60,672*	*27,837*	*63,776*	*84,278*	-	*16,883*	*54,546*	*579,965*
TOTAL RISK WEIGHTED ASSETS										
as at June 30, 2013	115,874	36,919	25,317	23,872	87,454	84,087	1,994	2,783	32,571	410,871
as at December 31, 2012	*117,765*	*38,011*	*25,728*	*25,185*	*87,127*	*92,747*	*1,986*	*3,009*	*35,570*	*427,127*
EVA										
H1 2013	(803)	222	(284)	101	138	190	66	49	(1,360)	(1,680)
H1 2012	*(1,155)*	*206*	*(127)*	*119*	*118*	*(41)*	*62*	*67*	*(888)*	*(1,638)*
Cost/income ratio										
H1 2013	53.9%	69.9%	94.1%	46.5%	45.3%	37.5%	67.8%	59.8%	-54.6%	59.5%
H1 2012	*58.6%*	*70.9%*	*77.4%*	*47.4%*	*48.0%*	*38.0%*	*65.6%*	*52.6%*	*163.9%*	*56.7%*
Employees [2]										
as at June 30, 2013	38,950	14,207	7,010	18,908	48,404	3,476	1,962	1,466	16,404	150,787
as at December 31, 2012	*39,713*	*14,669*	*7,062*	*19,167*	*48,555*	*3,597*	*1,968*	*1,464*	*20,159*	*156,354*

Notes

Fugures were recasted, where necessary, on a like-to-like basis to consider changes in scope of business segment and methodological rules.

1. Global Banking Services, Corporate Centre Global Functions, inter-segment adjustments and consolidation adjustments not attribuable to individual segments.

2. "Full time equivalent". Employees of subsidiaries consolidated proportionately, such as Koç Financial Services, are fully included in FTE numbers.

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:

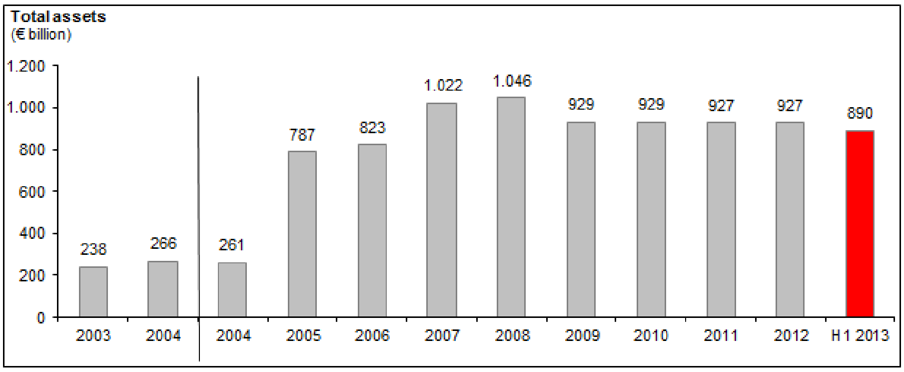
- by the merger with the HVB Group, achieved by means of a public exchange offer furthered by UniCredit on August 26, 2005 so as to take over control of HVB and the companies it headed up. Following this offer, finalized during 2005, UniCredit in fact acquired a holding of 93.93% in HVB's share capital (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 2003 - 2013

	IAS/IFRS										ITALIAN GAAP	
	H1 2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2004	2003
Income Statement (€ million)												
Operating income	12,497	25,049	25,200	26,347	27,572	26,866	25,893	23,464	11,024	10,203	10,375	10,465
Operating costs	(7,434)	(14,979)	(15,460)	(15,483)	(15,324)	(16,692)	(14,081)	(13,258)	(6,045)	(5,701)	(5,941)	(5,703)
Operating profit (loss)	5,064	10,070	9,740	10,864	12,248	10,174	11,812	10,206	4,979	4,502	4,434	4,762
Profit (loss) before income tax	1,859	317	2,060	2,517	3,300	5,458	9,355	8,210	4,068	3,238	2,988	3,257
Net profit (loss) for the period	1,194	1,687	644	1,876	2,291	4,831	6,678	6,128	2,731	2,239	2,300	2,090
Net profit (loss) attributable to the Group	810	865	(9,206)	1,323	1,702	4,012	5,961	5,448	2,470	2,069	2,131	1,961
Balance sheet (€ million)												
Total assets	889,632	926,827	926,769	929,488	928,760	1,045,612	1,021,758	823,284	787,284	260,909	265,855	238,256
Loans and receivables to customers	532,771	547,144	559,553	555,653	564,986	612,480	574,206	441,320	425,277	139,723	144,438	126,709
of which: non-performing loans	*20,766*	*19,360*	*18,118*	*16,344*	*12,692*	*10,464*	*9,932*	*6,812*	*6,861*	*2,621*	*2,621*	*2,373*
Deposits from customers and debt securities in issue	564,749	579,965	561,370	583,239	596,396	591,290	630,533	495,255	462,226	155,079	156,923	135,274
Shareholders' Equity	61,322	62,784	51,479	64,224	59,689	54,999	57,724	38,468	35,199	14,373	14,036	13,013
Profitability ratios (%)												
Operating profit (loss) / Total assets[1]	0.57	1.09	1.05	1.17	1.32	0.97	1.16	1.24	0.63	1.73	1.67	2.00
Cost/income ratio	59.5	59.8	61.4	58.8	55.6	62.1	54.4	56.5	54.8	55.9	57.3	54.5

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

1. Annualized figures.



ITALIAN GAAP **IAS/IFRS**

Share Information

	H1 2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Share price (€) (*)											
- maximum	4.796	4.478	13.153	15.314	17.403	31.810	42.841	37.540	32.770	24.629	24.607
- minimum	3.238	2.286	4.222	9.820	4.037	8.403	28.484	30.968	22.592	21.303	17.386
- average	4.001	3.292	8.549	12.701	11.946	21.009	36.489	34.397	25.649	22.779	22.085
- end of period	3.598	3.706	4.228	10.196	14.730	9.737	31.687	37.049	32.457	23.602	23.881
Number of outstanding shares (million)											
- at period end [1]	5,792	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
- shares cum dividend	5,695	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
of which: savings shares	*2.42*	*2.42*	*2.42*	*24.2*	*24.2*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*
- average [1]	5,791	5,473	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)		512	(***)	550	550	(**)	3,431	2,486	2,276	1,282	1,080
- dividend per ordinary share		0.090	(***)	0.030	0.030	(**)	0.260	0.240	0.220	0.205	0.171
- dividend per savings share		0.090	(***)	0.045	0.045	(**)	0.275	0.255	0.235	0.220	0.186

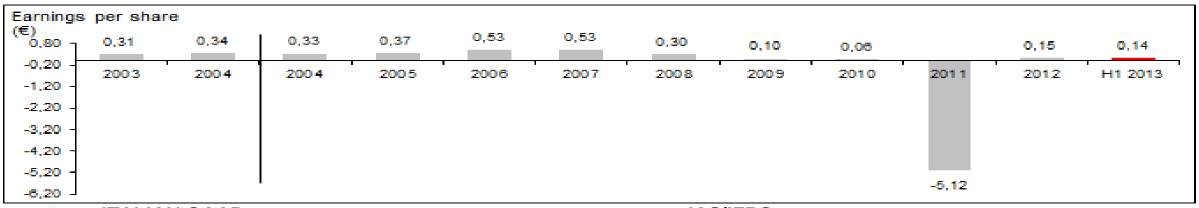
1. The number of shares is net of Treasury shares and included n. 96.76 million of shares held under a contract of usufruct.
(*) Following extraordinary corporate operations, which involve the detachment of rights, stock splitting or grouping, demerger operations and distribution of extraordinary dividends, the price of the shares can fluctuate so much that they are no longer comparable. Thus, the time series hereby published are adjusted accordingly to restore the continuity of historical price series.
(**) 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 was fully subscribed the capital increase of €7.5 billion equal to a number of shares issued of 3,859.602.938.

Earnings Ratios

	IAS/IFRS										ITALIAN GAAP	
	H1 2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2004	2003
Shareholders' Equity (€ million)	61,322	62,784	51,479	64,224	59,689	54,999	57,690	38,468	35,199	14,373	14,036	13,013
Group portion of Net profit (loss) (€ million)	810	865	(9,206)	1,323	1,702	4,012	5,901	5,448	2,470	2,069	2,131	1,961
Net worth per share (€)	10.59	10.85	26.67	3.33	3.56	4.11	4.35	3.72	3.42	2.30	2.25	2.06
Price/ Book value	0.34	0.34	0.16	3.06	4.14	2.37	7.28	9.97	9.50	10.26	10.51	11.59
Earnings per share[1] (€)	0.14	0.15	-5.12	0.06	0.10	0.30	0.53	0.53	0.37	0.33	0.34	0.31
Payout ratio (%)		59.2		41.6	32.3	(*)	58.1	45.6	92.1		60.2	55.1
Dividend yield on average price per ordinary share (%)		2.73		1.55	1.58	(*)	3.98	3.90	4.79		5.02	4.32

Information in the table are "historical figures" and they must be read with reference to each single period.
1. Annualized figures.
(*) 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 €1,167 million; net losses for 2011 of €9,206 million was changed to €9,378 million; net profit for 2012 of €865 million was deducted of €46 million. The H1 2013 EPS calculation €35 million has been deducted net profit attributable to the Group of 810 million due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the 'cashes' transaction (€46 million was deducted from 2012 net profits).



ITALIAN GAAP IAS/IFRS

Group Results

Macroeconomic situation, banking and financial markets

International situation

USA/Eurozone

The world economy showed modest signs of recovery in the first half of 2013 after the slowdown in 2012. In many developed countries there were indications of stabilization in economic activity, while in emerging countries there were signs of a slowdown in growth, particularly in the second quarter. As regards financial markets, the improvement in sentiment begun in the summer of 2012 as a result of the measures taken by the European Central Bank (ECB) to eliminate the risk of extreme scenarios for the euro area continued in much of the first half of 2013, albeit with moments of tension due to the political stalemate in Italy and the bailout of Cyprus. At the end of May there was a marked increase in volatility after the Fed announced its intention to reduce the amount of monthly purchases of securities starting from this fall. The European Central Bank responded to the consequent increase in market interest rates by signaling its intention to keep rates on hold at the current or at a lower level for an extended period of time.

In the United States, growth in the first quarter of 2013 was lower than expected. The main reason for this was the downward revision of consumer spending. This led to a revision of the gross domestic product for the first quarter from 2.4% to 1.8% (annualized rate) and a lower trajectory for consumption in the second quarter. Despite this downward revision, the resilience of consumer spending (up 2.6% year on year in the first quarter) was relatively surprising, considering the reduction in disposable income due to the payroll tax increase that took place at the end of 2012. The improvement in the labor market and the recovery in loans to the private sector seem to have been the factors that enabled families to cope with this reduction. In addition to consumer spending, the growth in the U.S. economy was driven by the sustained recovery in the real estate market, with key indicators pointing to continued improvement in the rest of the year.

The Federal Reserve took a significant step towards a reduction in the amount of monthly purchases of securities (“tapering”) during its meeting of June 18 and 19. Chairman Bernanke announced that the Fed might reduce the amount of securities purchased monthly already this year and end the bond-buying program towards mid-2014. The prospect of higher Fed funds rates, however, remains remote, since the still low rate of inflation – the Fed's preferred inflation gauge fell to its lowest level in fifty years – allows the Fed to maintain an accommodating policy stance.

In the euro area, the economy contracted by 0.2% in the first quarter of 2013, due to weak domestic demand and a deterioration in the foreign channel. With regard to the second quarter, some of the leading indicators hint at the beginning of a phase of stabilization of economic activity. Inflation was in a downward trend, decelerating from 2.2% in December to 1.6% in June.

With regard to the strengthening of the EU institutions, major steps were taken during the first half of the year towards the banking union, even though the process has yet to be completed and remains subject to further negotiations.

The European Central Bank cut the refinancing rate from 0.75% to 0.50% in May, in the light of signs of a weakening of growth prospects. At the meeting held in early July, it announced a “forward guidance”, signaling its intention to keep rates on hold at the current or at a lower level for an extended period of time, which will depend on the outlook for inflation, growth and credit. This “forward guidance” is designed to counter the tighter monetary conditions that resulted from the Fed’s announcement of a plan to reduce the monthly amount of securities purchased (the so-called “tapering”) and that could hinder the economic recovery.

Banking and financial markets

The downtrend in bank lending to the private sector in the euro area continued in the first half of 2013, with a 1.1% year-on-year contraction in May (latest figure available). Loans to businesses contracted further (-3.1% y/y), against a backdrop of marginally positive growth in loans to households. Lending activity was still penalized by the continuing weakness in the demand for loans to households and businesses, against a backdrop of still tight credit conditions, although to a lesser extent compared to the end of 2012. Lending to the private sector (households and businesses) was weak in all the Group's three key countries. The downtrend remained particularly marked in Italy, in an economic environment characterized by a deep recession, and mainly due to loans to businesses, which contracted by 4.4% y/y in May.
In Germany, loans to the private sector (according to the ECB's monthly statistics) were still expanding in the first half of the year, albeit at a still slow pace. It should be noted that the growth rate of loans to households stabilized (at around 1.0% y/y) – this stabilization was characterized by a sharp contraction in consumer credit and a solid recovery of lending for house purchase (+2.4% y/y in May) – and loans to businesses decreased. In Austria, there was a slight decrease in lending to the private sector in the second part of the period, due to a reduction in loans to households (other than housing loans) and modest growth in loans to businesses. As for the banking sector's deposit base in the Group's three key countries, in Italy bank deposits were, by contrast, in a clear upward trend during the first half of the year, while the pace of growth in Austria and Germany slowed down – against a backdrop of significant expansion of sight deposits. Bank rates decreased in all the Group's three key countries in the first half of the year. The decrease in interest rates on deposits was more marked than the decrease in interest rates on loans, with a consequent increase in the bank spread (the difference between the average interest rate on loans and the average interest rate on deposits). As for stock markets, the general improvement in market confidence was accompanied by renewed uncertainty towards the end of the first half of the year following the announcements of the Federal Reserve, which fueled a diverging trend in the stock market performances of the Group's three key countries. In more detail, the German stock exchange reported positive growth in the first quarter of just under 5.0% compared to the end of 2012, while the Austrian market ended the first half of 2013 with a 7.0% decrease and the Italian stock market experienced a contraction of just over 6.0%, compared to the end of 2012.

CEE Countries

The first half of 2013 has produced evidence of a gradual recovery in activity in a number of CEE economies. The region is enjoying an improvement in external demand, following a particularly weak finish to 2012, with some countries receiving an impressive boost from new production facilities which have come on line (e.g. Hungary, Romania). We expect this to continue through the second half of this year, albeit with some downside risks due to a slowdown in China. There is also evidence that credit is recovering from the EMU crisis-induced shock and proving more supportive of domestic demand in many countries. Other positives include a decline in inflation, which has contributed to easier monetary conditions and a boost to real purchasing power. Poland is the most obvious example on this front. Finally much of the required fiscal consolidation has already been executed and poses less of a risk to activity. Turkey is an example of an economy which has drawn off its strong fiscal position to support activity in the face of uncertainty elsewhere. Russia is an outlier to the extent that GDP growth has slowed, capturing in part beneficial structural reforms such as the government's new fiscal rule. However this also captures the absence of a positive terms of trade gain from oil prices, to which Russia has become accustomed.
Looking forward a decline in foreign capital flows to emerging markets, triggered to a large extent by expectations of Fed tapering, represents the primary risk to the region, though differentiation across countries is important. Foreign capital flows to emerging markets have been unprecedented in size, capturing in part a search for yield which looks set to ease as monetary policy across the developed world materializes. In some countries across CEE, the combination of strong C/A positions and large foreign reserves means that vulnerabilities are small. Czech, Russia and Bulgaria are good examples of such countries. Others, such as Poland, are more at risk but have bought protection in the form of a USD33bn Flexible Credit Line from the IMF. Romania is likely to sign another IMF agreement, a move which not only provides a financial buffer but should also accelerate structural reforms in the public sector and benefit potential growth. Croatia's entry into the EU not only helps to boost confidence but also increases fiscal discipline as the European Commission exerts more control. Turkey's wide C/A deficit and the accumulation of a large amount of short term foreign capital relative to foreign reserves is more of a concern as are large twin deficits in Ukraine and Serbia.

Group Results

Main results and performance for the period

Introduction

In first half 2013, despite a persistently challenging macroeconomic environment, **Net profit attributable to the Group** amounted to €810 million, down by €273 million (down by 25.2%, or 25.6% at constant exchange rates and perimeter) compared to the first half 2012, but growing by 5.7% net of positive contribution stemming out from the repurchase offer of bonds issued by the Group carried out both in first half 2012 and in current half.

Gross operating profit came at €5,064 million (down by 12.5% over first half 2012 or down by 5.5% net of bond buy-backs), supported by a continuing Management effort to reduce costs (down by 1.8% versus first half 2012) but unfavorably affected by a weak loan demand in Western Europe and further decrease in interest rates, weighing on Group Net Interest (down by 9.4% compared to the same period 2012).

Revenues in first half 2013 were equal to €12,497 million (down by 6.4% versus first half 2012 or down by 3.3% net of bond buy-backs) with the decline in Net interest (down by 9.4% versus first half 2012) counterbalanced by enhanced contribution from Fees and Commissions (up by 1.3% versus first half 2012) and Trading Income (down 11.8% versus first half 2012 or up by 20.5% net of bond buy-backs).

Operating costs amounted to €7,434 million in first half 2013 (-1.8% versus first half 2012), showing first results of new cost optimization projects and supporting operating results (confirmed also by a 6,854 reduction in FTEs). Both Staff expenses and Other expenses contributed to the reduction in first half 2013 and in the quarter.

Operating income

Operating Income amounted to €12,497 million, 3.3% below first half 2012 excluding bond buybacks (down by 6.4% on stated numbers), as fees progression (up by 1.3% over first half 2012) and good trading results ex buybacks did not manage to fully counterbalance the decrease in net interest income (down by 9.4% versus first half 2012) stemming from lower assets and compressing margins. Conversely, revenues showed a positive performance in the quarter (up by 5.5% versus previous quarter) reaching €6,417 million, of which €254 million related to buy-back of senior notes in April.

Net Interest was equal to €6,617 million, down by 9.4% over first half 2012 due to weak loan demand in Western Europe with commercial loans down by 8.4% and very low interest rates (average Euribor in 1H13 was equal to 0.21% versus 0.85% in first half 2012) despite continuous re-pricing actions to re-price assets and lower the cost of liabilities. In second quarter 2013, Net Interest stabilized at €3,303 million (down by 0.3% versus previous) also thanks to continuing re-pricing actions on liabilities, especially in CIB, mostly in Germany and Italy.

Customer Loans were €532.8 billion as of June 30, 2013, slightly down by 0.9% versus previous quarter and by 3.7% over last year. Both the quarterly and the yearly decreases are due to lower commercial loans, while institutional and market counterparties –the most volatile part- increased by 10.9% versus previous quarter and by 25.3% over last year. On a geographic basis, CEE & Poland decreased by 1.2% versus previous quarter, but it would be up by 1.7% at constant exchange rates, confirming that the region is still experiencing good growth. In Western Europe, commercial loans in Italy and Germany drive the decreases (down by 2.3% and 2.7% versus previous quarter respectively).

Customer Deposits totaled €405.2 billion, virtually flat on a quarterly basis (-0.6% versus previous quarter) and decreasing by 2.2% over last year. The quarterly evolution is the result of strong growth in deposits from institutional and market counterparties (up by 11.9% versus previous quarter) and lower commercial deposits across the board in Western Europe, as lower funding needs allowed for more selective deposit acquisition policies, in particular in CIB mostly in Germany and in Italy. Deposits in CEE & Poland were down by 1.8% versus previous quarter but up by 1.3% at constant exchange rates.

Dividends and other income from equity investments were at €170 million, decreasing by €53 million over the last year.

Net fees and commissions totaled €3,969 million, up by 1.3% versus first half 2012, with Investment service fees (up by 14.7% over first half 2012) offsetting the decrease of Financing services fees (down by 10.3% versus first half 2012, mainly due to loans' commissions drop, as a consequence of the new discipline of credit lines and overdrafts remuneration, enforced in Italy since July 2012) and Transaction banking services fees (down by 2.0% versus first half 2012). In second quarter 2013 Fees were down by 1.6% versus previous quarter, to €1,969 million, due to Financing and Transaction Services (both down by 3.6% versus previous quarter) and despite the positive contribution of Investment Services (up by 1.7% versus previous quarter).

Net trading income amounted to €1,603 million, down by €214 million (down by 11.8%) compared to previous year. The trend was influenced by the success recorded on tender offers for bond buy-back which generated a gross gain of €697 million in first half of 2012 and €254 million in first half of this year.
Excluding these components, the net trading income would have increased by €230 million (up by a sound 20.5%), mainly thanks to a client driven activities. In second quarter 2013 Net Trading Income totaled €953 million, up by 46.7% versus previous quarter (up by 7.7% net of buy-back).

Finally, **Net other expenses/income**, positive by €139 million, showed a growth of €41 million compared to first half 2012. It is worth to notice last year the same item was negatively affected by an amount of €29 million, due to the charges suffered by the Hungarian Subsidiary for the Early Repayment Program (ERP), a government program consisting in cut-rates anticipated refund of loans in foreign currency.

Operating income

(€million)

	2012 H1	2013 H1	% CHANGE	2013 Q2	% CHANGE ON Q2 2012	% CHANGE ON Q1 2013
Net interest	7,303	6,617	- 9.4%	3,303	- 8.4%	- 0.3%
Dividends and other income from equity investments	223	170	- 23.8%	124	- 26.7%	+ 166.9%
Net fees and commissions	3,918	3,969	+ 1.3%	1,969	+ 1.9%	- 1.6%
Net trading, hedging and fair value income	1,816	1,603	- 11.8%	953	+ 78.7%	+ 46.7%
Net other expenses/income	97	139	+ 42.4%	69	+ 25.9%	- 1.5%
Operating income	13,357	12,497	**- 6.4%**	6,417	**+ 2.0%**	**+ 5.5%**

Group Results

Operating costs

The overall trend of **Operating Costs** shows the first positive effects of new cost reduction projects, with reductions visible in most cost lines. Operating costs amounted to €7,434 million in first half 2013 (down by 1.8% versus first half 2012) and to €3,673 million in second quarter 2013, down by 2.3% versus previous quarter. On a geographical basis trends diverge in first half 2013, with Western Europe down by 3.2% versus first half 2012 and CEE & Poland up by 3.7% to support the growth of emerging markets.

Payroll costs equaled €4,429 million decreasing by a sound 2.9% over the first half 2012, also supported by a reduction of almost 6,900 FTEs on a yearly basis, of which 3,350 related to the sale of ATF, the Kazakhstan subsidiary. Staff Expenses in second quarter 2013 amounted to €2,198 million down by 1.5% versus previous quarter. The quarterly decrease comes from some bonus releases and FTEs reduction in Italy more than compensating for the salary drift.

Other administrative expenses totaled €2,460 million (net of expenses recovery), decreasing by 1.3% versus the previous year with cost discipline driven by IT costs, expenses related to personnel and Real Estate. Other Administrative expenses in second quarter 2013 were equal to €1,202 million (net of expenses recovery), down by 4.4% versus previous quarter.

Write downs of tangible and intangible assets amounted to €545 million, increasing compared to the same period last year (up by 5.2%).

In first half 2013 **cost/income ratio** was equal to 59.5% (up by 2.8 p.p. versus first half 2012, up by 0.9 p.p. net of buy-backs).

Operating costs (€ million)

	2012 H1	2013 H1	% CHANGE	2013 Q2	% CHANGE ON Q2 2012	% CHANGE ON Q1 2013
Payroll costs	(4,560)	(4,429)	- 2.9%	(2,198)	- 2.7%	- 1.5%
Other administrative expenses	(2,738)	(2,789)	+ 1.9%	(1,389)	+ 2.3%	- 0.8%
Recovery of expenses	245	329	+ 34.4%	187	+ 38.0%	+ 31.8%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(518)	(545)	+ 5.2%	(273)	+ 5.8%	+ 0.4%
Operating costs	**(7,571)**	**(7,434)**	**- 1.8%**	**(3,673)**	**- 1.8%**	**- 2.3%**

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

Net write-downs on loans and provisions for guarantees and commitments amounted to €2,897 million, down by 7.7% compared to the same period of the previous year. Net write-downs on loans (LLP) were equal to 1,666 million in second quarter 2013, up by 35.4% versus previous quarter.

The Cost of risk of first half 2013 was equal to 108 bps, compared to 114 bps in first half 2012. With regard to the quarterly evolution, in second quarter 2013 the CoR amounted to 125 bps, 34 bps above the previous quarter, mostly due to Commercial Bank Italy. The Cost of Risk in CEE was up by 48 bps, mostly due to a deteriorated macro environment in Croatia and coverage enhancement in Ukraine.

In the first half 2013 the Gross impaired loans increased by €2,841 million (up by 3.6%) over December 2012, with an incidence of 14.45% on Total Customer Loans (13.62% as of December 2012) and a coverage ratio equal to 44.1% (44.8% as of December 2012).
In first quarter 2013 Net impaired loans showed an incidence of 8.67% on Total Customer Loans (8.05% as of December 2012).

Loans to customers - asset quality

(€ million)

	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	**IMPAIRED LOANS**	PERFORMING LOANS	**TOTAL CUST. LOANS**
As at 06.30.2013							
Face value	46,489	23,082	7,996	5,061	**82,628**	489,244	**571,872**
as a percentage of total loans	*8.13%*	*4.04%*	*1.40%*	*0.88%*	***14.45%***	*85.55%*	
Writedowns	25,723	7,295	2,579	816	**36,413**	2,688	**39,101**
as a percentage of face value	*55.3%*	*31.6%*	*32.3%*	*16.1%*	***44.1%***	*0.5%*	
Carrying value	20,766	15,787	5,417	4,245	**46,215**	486,556	**532,771**
as a percentage of total loans	*3.90%*	*2.96%*	*1.02%*	*0.80%*	***8.67%***	*91.33%*	
As at 12.31.2012							
Face value	44,377	22,516	8,036	4,858	**79,787**	505,921	**585,708**
as a percentage of total loans	*7.58%*	*3.84%*	*1.37%*	*0.83%*	***13.62%***	*86.38%*	
Writedowns	25,017	7,374	2,532	806	**35,729**	2,835	**38,564**
as a percentage of face value	*56.4%*	*32.8%*	*31.5%*	*16.6%*	***44.8%***	*0.6%*	
Carrying value	19,360	15,142	5,504	4,052	**44,058**	503,086	**547,144**
as a percentage of total loans	*3.54%*	*2.77%*	*1.01%*	*0.74%*	***8.05%***	*91.95%*	

Group Results

From Net operating profit to Profit before taxes

Net operating profit of first half of 2013 at €2,167 million declining by 18.2% compared to the same period of previous year.

Provision for risk and charges amounted to €300 million, growing in comparison to €76 million registered in the same period of 2012. On this item mainly burdened the definitive decision taken by the Supreme Swiss Court on the case with BvS, other provisions relating to legal proceedings and other potential liabilities.

Integration costs in first half 2012 amounted to €12 million.

Finally, **Net income from investments** were positive for €4 million, in comparison to the loss of €75 million registered in first half 2012.

Thus**, Profit before taxes** amounted to €1,859 million in the first half of 2013, declining by 25.0% compared to the same period of previous year.

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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	
					2012 H1	2013 H1
Commercial Banking Italy	4,468	(2,408)	(1,892)	168	(348)	108
Commercial Banking Germany	1,536	(1,074)	98	560	608	572
Commercial Banking Austria	777	(731)	(98)	(52)	(2)	(146)
Poland	921	(428)	(78)	415	413	419
Central Eastern Europe	2,624	(1,189)	(596)	838	783	808
Corporate & Investment Banking	2,237	(839)	(263)	1,135	971	1,087
Asset Management	353	(239)	-	114	111	111
Asset Gathering	259	(155)	(1)	102	128	102
Group Corporate Center	(678)	(370)	(66)	(1,115)	(186)	(1,202)
Totale Gruppo	**12,497**	**(7,434)**	**(2,897)**	**2,167**	**2,477**	**1,859**

Profit (loss) attributable to the Group

Profit (loss) for the period totaled €1,194 million (down by 19.1% compared to the same period of 2012) affected by **income taxes** of 680 million. Tax rate at 36.6%, showed a decrease compared to first half of 2012 (at 40.1%).

Minority interests amounted to €186 million, up by 12% compared to first half 2012.

Purchase Price Allocation amounted to €197 million, down by €26 million compared to first half 2012.

As a result of all these elements, the **Group** obtained **Net profit** at €810 million, with a decrease of €273 million (down by 25.2%) compared to first half of 2012. Net of the effects caused by the repurchase offers of some bonds issued by the Group, promoted both in last and current year, the Group net profit would be up by 5.7%.

Profit (loss) attributable to the Group (€ million)

	2012 H1	2013 H1	% CHANGE	2013 Q2	% CHANGE ON Q2 2012	% CHANGE ON Q1 2013
Operating income	13,357	12,497	- 6.4%	6,417	+ 2.0%	+ 5.5%
Operating cost	(7,571)	(7,434)	- 1.8%	(3,673)	-1.8%	-2.3%
Operating profit (loss)	**5,786**	**5,064**	**- 12.5%**	**2,744**	**7.5%**	**18.3%**
Net write-downs of loans and provisions for guarantees and commitments	(3,138)	(2,897)	- 7.7%	(1,666)	-8.8%	35.4%
Net operating profit (loss)	**2,649**	**2,167**	**- 18.2%**	**1,078**	**48.4%**	**-1.0%**
Provision for risk and charges	(76)	(300)	+ 293.9%	(190)	214.0%	73.7%
Integration costs	(20)	(12)	- 40.7%	(9)	-41.3%	187.7%
Net income from investment	(75)	4	- 105.6%	(17)	- 66.6%	- 179.9%
Profit (loss) before taxes	**2,477**	**1,859**	**- 25.0%**	**862**	**43.4%**	**-13.5%**
Income tax for the period	(993)	(680)	- 31.5%	(306)	22.8%	-18.3%
Profit (loss) for the period	**1,475**	**1,194**	**- 19.1%**	**563**	**62.5%**	**-10.8%**
Minorities	(166)	(186)	+ 12.0%	(102)	49.2%	20.9%
Net profit (loss) attributable to the Group before PPA	**1,309**	**1,007**	**- 23.0%**	**461**	**65.8%**	**-15.7%**
Purchase Price Allocation effects	(223)	(197)	- 11.6%	(99)	-6.6%	1.3%
Goodwill impairment	(2)	-	n.s.	-	n.s.	n.s.
Net profit (loss) attributable to the Group	**1,083**	**810**	**- 25.2%**	**361**	**113.6%**	**-19.4%**

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.

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 the composition of regulatory capital (Core Tier 1, Tier 1, Tier 2) 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 2013 was 11.41%. The Tier 1 Ratio and Total Capital Ratio, respectively, were 11.93% and 15.12%.

Capital Ratios (€ million)

	AS AT	
	06.30.2013	12.31.2012
Total Capital	62,134	62,018
Tier 1 Capital	49,034	48,868
Core Tier 1 Capital	46,885	46,314
Total RWA	410,871	427,127
Total Capital Ratio	**15.12%**	**14.52%**
Tier 1 Ratio	**11.93%**	**11.44%**
Core Tier 1 Ratio	**11.41%**	**10.84%**

The recent economic and financial crisis, which began in 2007, has raised an intense debate on the need to promote a stronger and more resilient financial system. Therefore, over the last two years, global regulators introduced a series of new regulatory requirements that will contribute greatly to re-shape the financial markets" landscape. In particular, in December 2010, the Basel Committee for Banking Supervision (BCBS) published a series of changes relative to the requirements for banking institutions on capital and liquidity, also known as "Basel 3". The regulatory changes introduced by the Basel 3 framework define more stringent rules for capital requirements and introduce for the first time liquidity and leverage limits. According to the Basel 3 framework, the new rules will be introduced gradually (i.e. phased-in), in order to allow the banking system to comply with the new requirements and contain the impact on the real economy. The Basel 3 framework has been translated into law by means of two separate legislative instruments: a Directive (CRD 4) and a Regulation (CRR), 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 first proposal of the new regulation has been published by the European Commission in July 2011. On the 27th of June the CRR has been published in the Official Journal of the European Union and will be implemented starting from 1 January 2014.

[1] Core Tier 1 Capital is calculated following an internal managerial methodology, not currently being part of official regulatory reporting ("Schemi Obbligatori di Vigilanza").

Shareholders' Equity attributable to the Group

The **Shareholders' Equity of the Group**, including the **net profit of the period** (€ 810 million), amounted to €61,322 million at June 30, 2013, compared to €61,579 million at December 31, 2012.

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

The following table shows the main changes that occurred in 2013.

Shareholders' Equity attributable to the Group (€ million)

Shareholders' Equity as at December 31, 2012 (*)	**61,579**
Capital increase (net of capitalized costs)	-
Disbursements related to Cashes transaction ("canoni di usufrutto") (**)	(35)
Dividend payment	(513)
Forex translation reserve	(565)
Change in afs / cash-flow hedge reserve	(207)
Others (***)	253
Net profit (loss) for the period	810
Shareholders' Equity as at June 30, 2013	**61,322**

(*) Please note that on January 1, 2013 the amendments to IAS 19 ("IAS 19R") that, in particular, eliminate the "corridor" method – with subsequent need to recognize the commitment in accordance with the present value of defined benefit obligations, net of the fair value of plan assets – came into force.
The adoption of the new accounting standard resulted in a negative impact on the Group's net equity of €1,205 million as at December 31, 2012 (restated) following the recognition in the revaluation reserves of actuarial net losses (net of deferred taxes connected with them).

(**) The future disbursements related to Cashes transaction ("canoni di usufrutto") will be paid at contractual maturities (August and November 2013, February 2014) if the usufruct agreement is still valid.

(***) The other changes refer mainly to the positive effects of the sale of 9.1% of Pekao S.A. – in which UniCredit still has a controlling shareholding – and of the investments valued at Net Equity, partially offset by a change in the liabilities relating to defined-benefit plans.

Results by Business Segment

Commercial Banking Italy

Commercial Banking Italy is composed by Unicredit SpA commercial network (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking division) and the Leasing and Factoring product factories.
In relation to individual clients (Households and clients of specialized network Private Banking), Commercial Banking' s goal is to offer a full range of investments and credit needs, relying on over 4,000 branches and multichannel services provided by new technologies.
In relation to corporate customers, Commercial Banking, with about 900 Managers divided in 152 Corporate branches, operate trying to guarantee both the support to the economic and entrepreneurial system and the profitability and quality of its portfolio.

Income Statement, Key Ratios and Indicators (€million)

Commercial Banking Italy	2012 H1	2013 H1	%CHANGE	2013 Q2	%CHANGE ON Q2 2012	%CHANGE ON Q1 2013
Operating income	4,490	4,468	-0.5%	2,244	-0.3%	+0.9%
Operating costs	(2,631)	(2,408)	-8.5%	(1,193)	-8.8%	-1.8%
Net write-downs on loans	(2,159)	(1,892)	-12.4%	(1,121)	-8.3%	+45.4%
Net operating profit	(300)	168	-156.2%	(70)	-75.0%	-129.4%
Profit before tax	(348)	108	-131.0%	(104)	-68.4%	-149.1%
Loans to customers (eop)	211,509	194,993	-7.8%	194,993	-7.8%	-2.0%
Customer deposits (incl. Securities in issue - eop)	154,655	153,015	-1.1%	153,015	-1.1%	-3.2%
Total RWA Eop	127,479	115,874	-9.1%	115,874	-9.1%	+1.9%
EVA (€ million)	(1,155)	(803)	-30.5%	(496)	-24.9%	+61.6%
Absorbed Capital (€ million)	13,740	12,170	-11.4%	12,257	-10.9%	+1.4%
RARORAC	-16.81%	-13.19%	362bp	-16.18%	301bp	n.s.
Cost/Income	+58.6%	+53.9%	-471bp	+53.2%	-494bp	-144bp
Cost of Risk	2.02%	1.90%	-12bp	2.28%	-2bp	74bp
Full Time Equivalent (eop)	40,800	38,950	-4.5%	38,950	-4.5%	-1.3%

Commercial Banking Germany

Commercial Banking Germany provides all German customers – except CIB clients – with a complete range of banking products and services. With its strong funding base it is an important liquidity provider.
Commercial Banking Germany holds large market shares and a strategic market position in retail banking, in Private Banking and especially in business with local corporate customers (including factoring and leasing). The Division also includes the local Corporate Center, which performs tasks as sub-holding towards other Subgroup legal entities.

Income Statement, Key Ratios and Indicators (€million)

Commercial Banking Germany	2012 H1	2013 H1	%CHANGE	2013 Q2	%CHANGE ON Q2 2012	%CHANGE ON Q1 2013
Operating income	1,540	1,536	-0.2%	707	-10.5%	-14.8%
Operating costs	(1,092)	(1,074)	-1.6%	(537)	-2.4%	-0.0%
Net write-downs on loans	137	98	-28.8%	122	-13.5%	n.s.
Net operating profit	585	560	-4.4%	291	-23.4%	+8.5%
Profit before tax	608	572	-6.0%	304	-18.4%	+13.7%
Loans to customers (eop)	85,357	82,312	-3.6%	82,312	-3.6%	-1.4%
Customer deposits (incl. Securities in issue - eop)	115,662	106,689	-7.8%	106,689	-7.8%	-3.5%
Total RWA Eop	38,314	36,919	-3.6%	36,919	-3.6%	-1.4%
EVA (€ million)	206	222	+7.8%	114	-33.4%	+4.9%
Absorbed Capital (€ million)	3,339	3,076	-7.9%	3,152	-3.1%	+5.0%
RARORAC	+12.36%	+14.46%	211bp	+14.45%	n.s.	-2bp
Cost/Income	+70.9%	+69.9%	-98bp	+76.0%	n.s.	n.s.
Cost of Risk	0.32%	0.23%	8bp	0.59%	7bp	-70bp
Full Time Equivalent (eop)	14,393	14,207	-1.3%	14,207	-1.3%	-1.5%

Commercial Banking Austria

Commercial Banking Austria provides all Austrian customers – except CIB clients – with a complete range of banking products and services. With its strong funding base it is an important liquidity provider.
Commercial Banking Austria holds large market shares and a strategic market position in retail banking, in Private Banking and especially in business with local corporate customers (including factoring and leasing). The Division also includes the local Corporate Center, which performs tasks in connection with Bank Austria's sub-holding company function.

Income Statement, Key Ratios and Indicators						(€million)
Commercial Banking Austria	2012 H1	2013 H1	%CHANGE	2013 Q2	%CHANGE ON Q2 2012	%CHANGE ON Q1 2013
Operating income	912	777	-14.8%	399	+11.9%	+5.5%
Operating costs	(705)	(731)	+3.6%	(369)	+3.7%	+1.8%
Net write-downs on loans	(109)	(98)	-10.0%	(51)	+27.8%	+7.3%
Net operating profit	98	(52)	-153.1%	(21)	-46.8%	-34.4%
Profit before tax	(2)	(146)	n.s.	(53)	-48.1%	-43.4%
Loans to customers (eop)	50,930	49,405	-3.0%	49,405	-3.0%	+0.9%
Customer deposits (incl. Securities in issue - eop)	59,475	59,151	-0.5%	59,151	-0.5%	-1.6%
Total RWA Eop	26,151	25,317	-3.2%	25,317	-3.2%	-2.0%
EVA (€ million)	(127)	(284)	+123.2%	(149)	-7.4%	+10.0%
Absorbed Capital (€ million)	2,426	2,306	-4.9%	2,236	-12.6%	-5.9%
RARORAC	-10.48%	-24.59%	n.s.	-26.57%	-149bp	-384bp
Cost/Income	+77.4%	+94.1%	n.s.	+92.5%	n.s.	-335bp
Cost of Risk	0.44%	0.40%	-4bp	0.41%	10bp	3bp
Full Time Equivalent (eop)	7,080	7,010	-1.0%	7,010	-1.0%	+0.1%

Poland

In Poland, Bank Pekao represents one of the main banks in terms of total assets (market share equal to 10,7% as of December 2012), loans to customers and Assets under Management. Bank Pekao has a nationwide network of 1,002 branches, a strong presence in all the major cities and Poland's biggest ATM network (together with Euronet) consisting of over 5,600 ATM's (of which 1,845 ATMs owned by the Bank), enabling the Bank's customers to have fully flexible and easy access to banking services all over the country.

Income Statement, Key Ratios and Indicators						(€million)
POLAND	2012 H1	2013 H1	%CHANGE	2013 Q2	%CHANGE ON Q2 2012	%CHANGE ON Q1 2013
Operating income	920	921	+0.2%	471	+1.6%	+4.8%
Operating costs	(436)	(428)	-1.8%	(216)	-1.6%	+1.8%
Net write-downs on loans	(71)	(78)	+9.0%	(39)	-1.9%	-1.4%
Net operating profit	412	415	+0.7%	217	+5.7%	+9.2%
Profit before tax	413	419	+1.5%	220	+7.4%	+11.1%
Loans to customers (eop)	23,205	23,243	+0.2%	23,243	+0.2%	-1.4%
Customer deposits (incl. Securities in issue - eop)	26,041	26,247	+0.8%	26,247	+0.8%	-1.9%
Total RWA Eop	24,276	23,872	-1.7%	23,872	-1.7%	-1.3%
EVA (€ million)	119	101	-15.4%	55	-6.1%	+20.8%
Absorbed Capital (€ million)	1,283	1,103	-14.1%	1,088	-16.1%	-2.7%
RARORAC	+18.61%	+18.32%	-29bp	+20.32%	218bp	395bp
Cost/Income	+47.4%	+46.5%	-93bp	+45.8%	-148bp	-134bp
Cost of Risk	0.62%	0.66%	4bp	0.66%	-2bp	1bp
Full Time Equivalent (eop)	19,386	18,908	-2.5%	18,908	-2.5%	-1.0%

CEE Division

UniCredit is a market leader in Central and Eastern Europe, where it has a broad network of about 2,600 branches. Its regional footprint is diverse and includes a direct presence in 16 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)

CEE Division	2012 H1	2013 H1	%CHANGE	2013 Q2	%CHANGE ON Q2 2012	%CHANGE ON Q1 2013
Operating income	2,343	2,624	+12.0%	1,342	+10.5%	+4.6%
Operating costs	(1,124)	(1,189)	+5.8%	(584)	+1.5%	-3.5%
Net write-downs on loans	(423)	(596)	+41.1%	(346)	+46.7%	+37.8%
Net operating profit	796	838	+5.3%	412	+2.3%	-3.5%
Profit before tax	783	808	+3.3%	395	+0.1%	-4.5%
Loans to customers (eop)	73,127	76,170	+4.2%	76,170	+4.2%	-1.1%
Customer deposits (incl. Securities in issue - eop)	58,656	61,576	+5.0%	61,576	+5.0%	-1.2%
Total RWA Eop	88,341	87,454	-1.0%	87,454	-1.0%	-2.0%
EVA (€ million)	118	138	+16.6%	77	+27.3%	+26.7%
Absorbed Capital (€ million)	7,577	7,887	+4.1%	7,883	+3.0%	-0.1%
RARORAC	+3.12%	+3.49%	37bp	+3.90%	75bp	83bp
Cost/Income	+48.0%	+45.3%	-266bp	+43.5%	-388bp	-364bp
Cost of Risk	1.17%	1.57%	39bp	1.81%	50bp	48bp
Full Time Equivalent (eop)	48,918	48,404	-1.1%	48,404	-1.1%	+0.1%

CIB

Corporate & Investment Banking (CIB) is dedicated to multinational and large corporate clients with highly sophisticated financial profile and needs for investment banking services, as well as institutional clients 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.

Income Statement, Key Ratios and Indicators (€million)

CORPORATE & INVESTMENT BANKING	2012 H1	2013 H1	%CHANGE	2013 Q2	%CHANGE ON Q2 2012	%CHANGE ON Q1 2013
Operating income	2,326	2,237	-3.8%	1,144	+15.2%	+4.7%
Operating costs	(883)	(839)	-5.0%	(407)	-4.1%	-5.5%
Net write-downs on loans	(461)	(263)	-43.0%	(178)	-54.8%	+108.3%
Net operating profit	982	1,135	+15.6%	559	+219.4%	-2.9%
Profit before tax	971	1,087	+11.9%	537	+182.2%	-2.4%
Loans to customers (eop)	108,615	103,891	-4.3%	103,891	-4.3%	+0.9%
Customer deposits (incl. Securities in issue - eop)	97,947	82,694	-15.6%	82,694	-15.6%	+1.6%
Total RWA Eop	101,378	84,087	-17.1%	84,087	-17.1%	-6.7%
EVA (€ million)	(41)	190	n.s.	107	-147.2%	+28.1%
ROAC	10.6%	+17.9%	n.s.	18.8%	n.s.	175bp
(Rev-LLP)/RWA	+3.48%	+4.42%	94bp	+2.22%	107bp	2bp
Cost/Income	+38.0%	+37.5%	-48bp	+35.6%	n.s.	-386bp
Cost of Risk	0.88%	0.50%	-38bp	0.69%	-81bp	36bp
Full Time Equivalent (eop)	3,745	3,476	-7.2%	3,476	-7.2%	-1.2%

Asset Management

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.
In 2012, its relationship with UniCredit was also reviewed through a distribution agreement that sets specific requirements in terms of performance and quality of service provided by Pioneer. Reciprocally, UniCredit has committed to effectively support Pioneer leveraging on its distribution network, maintaining agreed level of market share.

Income Statement, Key Ratios and Indicators						(€million)
ASSET MANAGEMENT	2012 H1	2013 H1	%CHANGE	2013 Q2	%CHANGE ON Q2 2012	%CHANGE ON Q1 2013
Operating income	339	353	+4.0%	179	+5.4%	+2.3%
Operating costs	(222)	(239)	+7.6%	(124)	+8.3%	+7.0%
Net write-downs on loans	-	-	n.s.	-	n.s.	n.s.
Net operating profit	117	114	-2.6%	55	-0.7%	-6.9%
Profit before tax	111	111	-0.1%	54	+1.2%	-6.4%
TFAs (eop)	161,846	173,090	+6.9%	173,090	+6.9%	-0.0%
RoA (Operating Income/ avg TFAs)	+0.42%	+0.41%	-0.33bp	+0.41%	-0.34bp	0.06bp
EVA (€ million)	62	66	+5.3%	30	+0.9%	-13.8%
Absorbed Capital (€ million)	301	255	-15.4%	259	-14.0%	+3.0%
RARORAC	+41.4%	+51.5%	n.s.	+47.0%	n.s.	n.s.
Cost/Income	+65.6%	+67.8%	222bp	+69.3%	188bp	303bp
Full Time Equivalent (eop)	1,928	1,962	+1.8%	1,962	+1.8%	-1.7%

Asset Gathering

Asset Gathering is a division specialized in wealth management through the direct channel and the financial advisors network.
It operates in Italy through FinecoBank, a direct bank that offers all the banking and the investment services of traditional banks, with a specific focus on innovation, that emerges mainly from the development of the online trading, with respect to which FinecoBank is leader at a national and European level.
The Asset Gathering division operates also in Germany through DAB Bank, market leader in Germany as broker and main operator in offering products, services and support to the activity of independent financial advisors (IFA).
Finally, the division is present also in Austria with Dat Bank, that is leader of the Austrian direct banks.

Income Statement, Key Ratios and Indicators						(€million)
ASSETS GATHERING	2012 H1	2013 H1	%CHANGE	2013 Q2	%CHANGE ON Q2 2012	%CHANGE ON Q1 2013
Operating income	289	259	-10.5%	127	-8.8%	-2.9%
Operating costs	(152)	(155)	+1.7%	(76)	+3.3%	-2.6%
Net write-downs on loans	(1)	(1)	+26.3%	(1)	+187.2%	-20.9%
Net operating profit	136	102	-24.5%	50	-23.1%	-2.9%
Profit before tax	128	102	-20.7%	53	-17.2%	+7.5%
Loans to customers Eop	838	854	+2.0%	854	+2.0%	+2.2%
Customer deposits (incl. Securities in issue) Eop	15,507	17,792	+14.7%	17,792	+14.7%	+2.9%
Total RWA Eop	2,288	2,783	+21.6%	2,783	+21.6%	-6.5%
TFAs Outstading Stock (eop)	62,597	70,552	+12.7%	70,552	+12.7%	-0.7%
TFAs Net Sales	2,647	3,447	+30.2%	1,380	+18.4%	-33.2%
EVA (€ million)	67	49	-26.7%	67	+98.7%	+36.4%
Absorbed Capital (€ million)	182	248	+36.3%	182	+1.1%	-26.7%
RARORAC	+74.0%	+39.8%	n.s.	+74.0%	-127bp	n.s.
Cost/Income	+52.6%	+59.8%	n.s.	+52.6%	24bp	n.s.
Full Time Equivalent (eop)	1,423	1,466	+3.0%	1,423	+0.3%	-2.9%

Other information

Rationalization of Group operations and other corporate transactions

In accordance with its organizational and business model, during the first half of 2013 the Group completed a number of projects to rationalize the operations of some of its subsidiaries, also with the aim of achieving greater synergies and cost reductions; in addition, some corporate transactions previously entered into as part of the reorganization of the Group's perimeter were completed.

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

Please note that in 2012 the subsidiary UniCredit Business Integrated Solutions S.C.p.A. (UBIS) assumed the role of operating sub-holding company to provide the Group's support services both in Italy and abroad.

In this role, the subsidiary ensures a global vision for external and domestic customers' requests in terms of priorities and opportunities and maximizes the effectiveness of investments by combining the technologies and the tools used. The executive plan to qualify UBIS as the sole company providing support services also calls for maintaining a strategic focus on extra captive market segments, which can be achieved in various ways, namely: through the establishment of specific subsidiaries or associates if oriented towards special markets, co-branding actions, partnerships or joint ventures to grow such markets.

Against this backdrop, after entering, in May 2012, into a corporate partnership with its strategic partner Hewlett Packard (HP) to carry out activities related to the management of administrative support services for the Human Resources processes ("HR administrative services"), a new corporate partnership was recently developed with Accenture Insurance Services S.p.A. (Accenture), another strategic partner, with the aim of rationalizing the services for the management of the "active and passive cycle" (issuance, receipt, verification, recording and payment of invoices). In relation to this, UBIS transferred – with effect from April 1, 2013 – its "active and passive cycle" business unit to the company formed by Accenture and called "Accenture Back Office and Administration Services S.p.A." and sold to Accenture some of the shares resulting from the transfer. Following the transaction, UBIS holds 49% of Accenture Back Office and Administration Services S.p.A.'s share capital; the remaining 51% is held by Accenture (which is therefore the controlling shareholder).
In addition, a new partnership between UBIS and another major player in the industry, IBM Italia S.p.A. (IBM), is being negotiated for the provision of services to UBIS related to the management and maintenance of the technological infrastructure (hardware, data center, etc.), currently provided internally by UBIS.

Reorganization of the Group – Italian businesses

Please note that as part of the reorganization of the Group's Italian businesses, aimed at streamlining its structure, in July 2012 UniCredit S.p.A. started a project for the rationalization of certain activities carried out by some Italian subsidiaries through direct merger into the Parent company.
The project was implemented on March 1, 2013, when four wholly-owned subsidiaries (UniCredit Audit S.C.p.A., UniManagement S.C.r.l., UniCredit Merchant S.p.A., and UniCredit Logistics S.r.l.) were absorbed into UniCredit S.p.A.

Also as part of the reorganization of the Italian businesses, last April the subsidiary Localmind S.p.A. was put into voluntary liquidation, on July 1 Joinet S.r.l. (an e-commerce service company) was absorbed into I-Faber and Esperti in Mediazione S.r.l. was absorbed into UniCredit Credit Management Bank S.p.A., while corporate activities were initiated to complete, by the end of this year, the absorption of Fineco Leasing S.p.A. (specializing in real estate leasing) into UniCredit Leasing S.p.A.

Rationalization of the Group businesses in the CEE region

As part of the planned rationalization of the Group businesses in the CEE region, UniCredit decided to merge its subsidiaries in the Czech Republic/Slovakia and in Ukraine.

More specifically, with respect to the Czech Republic and Slovakia, the project calls for the absorption of the subsidiary UniCredit Bank Slovakia a.s. (Slovak Republic) into the Czech Republic's subsidiary (UniCredit Bank Czech Republic a.s.). The merger has already been approved by local authorities and should become effective on December 1, 2013. It is expected to create synergies in terms of efficiency, capital structure and liquidity management.

In Ukraine, the project envisages the rationalization of the activities of the two banks that operate in the same market through the absorption of UniCredit Bank Ukraine (UniCredit finalized its acquisition from Bank Pekao on July 16, 2013) into Ukrsotsbank (subsidiary of UniCredit Bank Austria AG).
The project – subject to approval by the competent authorities and to the satisfaction of certain conditions – will enable the Group to benefit from the synergies that the merger is expected to create. Provided that all formalities will occur in line with current estimates, the project should be completed by the first quarter of 2014.

Reorganization of the international leasing activities in the CEE region and in Austria

In order to redefine the business model, bringing it closer to the customers' needs, speed up the decision-making process at local level, reduce complexity and increase efficiency, UniCredit approved the project for the reorganization of the leasing activities in the CEE countries and in Austria.
The above-mentioned activities are currently managed by UniCredit Leasing S.p.A. (UniCredit Leasing), sub-holding company of UniCredit for the leasing sector.
The project involves the sale of the leasing companies operating in the CEE region and of their activities from UniCredit Leasing to the local banks of each CEE country. There are partial exceptions to the transfer of all companies and their leasing activities to their respective local banks: indeed, it is expected that UniCredit Leasing Hungary and Ukraine, together with the Austrian leasing activities, will be sold to UniCredit Bank Austria AG. In addition, UniCredit Leasing Latvia was transferred to the latter in May.

The project is subject to the positive outcome of certain checks and the satisfaction of certain conditions at local level.

Once the project will be completed, UniCredit Leasing will cease being a sub-holding company and will become the Group's Italian leasing company.

Other transactions involving shareholdings

Capital contributions to subsidiaries active in factoring and leasing markets

Over the last three years, Italy's factoring market showed significant development in spite of an economic downturn, largely due to the characteristics of the product, which allows customers to meet their financial needs and better manage their trade receivables.
Against this backdrop, in 2012, at the end of the second year of its five-year business plan, the subsidiary UniCredit Factoring far exceeded the goals set, showing excellent growth also in terms of market share, now above 16%.
The growth of the company's activity will receive a further boost as a result of ongoing projects that provide for a significant increase in assets. In order to support the growth plan and meet the company's regulatory requirements, a €300 million capital contribution to the subsidiary was completed in January 2013.
Similarly, with respect to the leasing market, a capital contribution was made to Fineco Leasing (€25 million) to allow it to maintain its uptrend in volumes until it will be absorbed into the subsidiary UniCredit Leasing (which is expected to take place by H1 2014).

Acquisition of a shareholding in Lauro Sessantuno S.p.A.

In June 2013 UniCredit, together with Intesa Sanpaolo, became involved as a financial partner in the establishment of Lauro Sessantuno S.p.A., an SPV (at the date of establishment controlled by Nuove Partecipazioni – a company linked to Marco Tronchetti Provera – and in which Clessidra SGR also has a stake) that, after a series of corporate transactions, acquired a shareholding of 60.99% in Camfin (a listed company owning 26.19% of Pirelli).
Following the aforesaid acquisition, Lauro Sessantuno was obliged to launch a full takeover bid for the remaining Camfin shares; the takeover bid is aimed at delisting Camfin shares and, if possible, shortening the corporate chain by merging Lauro Sessantuno and Camfin.
UniCredit acquired a 10.7% stake in Lauro Sessantuno with an investment of €41 million, which could reach a maximum of €115 million (corresponding to a shareholding of 18.9%) in the event that the aforementioned takeover bid is fully accepted.
Through the investment in Lauro Sessantuno UniCredit will benefit, in terms of an increase in the value of its shareholding, from any increases in the value of the Pirelli Group (an example of manufacturing excellence in Italy and in the world).

Joint venture agreement with Renault and Nissan to provide auto financing services in Russia

In late January 2013, a joint venture agreement was signed to provide auto financing services in Russia. Renault-Nissan will hold a 60% stake and UniCredit Bank Austria AG a 40% stake.
This joint venture is the evolution of the trade agreement between Renault and ZAO UniCredit Bank entered into in 2006. The joint venture is expected to become operational as from the end of 2013.

Sale of 9.1% of the stake held in Bank Pekao S.A.

In January 2013, UniCredit S.p.A. reduced its stake in Bank Pekao S.A. from 59.2% to 50.1% by selling 9.1% via an accelerated bookbuild open to institutional investors only.
Upon the sale, which yielded approximately €890 million, a gross capital gain of about €156 million on a consolidated basis was realized, which was entirely allocated to capital reserves, as Pekao S.A. is a fully consolidated subsidiary of UniCredit S.p.A.

Other information

Sale of non-strategic shareholdings

Disposal of Kazakhstan operations

On May 2, 2013, Bank Austria AG completed the disposal of 99.75% held in Kazakh JSC ATFBank to KazNitrogenGaz LLP, fully owned by Mr Galimzhan Yessenov.
The National Bank of Kazakhstan had approved the transaction on March 29, 2013.

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.4 reports of transactions of greater significance;
b) during the first half of 2013 some 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; however, they did not materially affect the Group’s financial and economic situation. More specifically, these transactions consisted in two mortgage loans for the purchase of a principal residence for employees, who were granted – as provided for, in particular cases, by a special internal circular – a lifting of the limits normally required by Company Policies;
c) in H1 2013, 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 see the Consolidated Financial Statements – Notes to the consolidated accounts – Part H.

Capital Strengthening

No capital strengthening measures were adopted during the 2013 first half.

It should be noted that on March 15, 2013, the Board of Directors implemented the “Group Key Resources Plan” and the “2011 Group Executive Incentive System” approved by the Shareholders' Meeting in 2011 by resolving to issue UniCredit ordinary shares, following the achievement of the performance targets set in the Plans. With this end in view, the Board of Directors approved a €6,907,674.33 capital increase corresponding to 2,097,587 ordinary shares.

Subsequent Events and Outlook

Subsequent Events

In July UniCredit S.p.A. acquired 100% of Bank Pekao's shareholding in UniCredit Bank Ukraine. See Explanatory Notes (Part H) for more details.

Please note that on August 1, 2013 UniCredit S.p.A. sold 9% of Neep Roma Holding S.p.A.'s share capital to Raptor HoldCo LLC, reducing its shareholding from 40% to 31%. At the same time, some credit exposures to AS Roma S.p.A. were sold to ASR TD SPV LLC.

Outlook

After 2012 slowdown, world economy showed weak recovery signals in the first half of 2013. Many advanced countries showed economic activity's stabilization indications, whilst emerging countries highlighted some signals of growth dynamics' set-back, particularly in the second quarter. The trust climate improvement on financial markets, started in 2012 summer as a consequence of the European Central Bank (ECB) actions finalized to eliminate the risk of extreme scenarios for the Euro Area, continued in most of the first half 2013, even though with moments of tension due to the Italian political stalemate and to Cyprus rescue. At the end of May a new volatility increase was registered as a consequence of the Federal Reserve (Fed) announcement of the intention of slowing down the amount of monthly purchases of securities, starting from next autumn.

In the Euro Area, economy shrank by 0.2% in first quarter 2013, as an effect of the domestic demand weakness and the foreign channel deterioration. Regarding the second quarter, main indicators evidenced the start of economic activity's stabilization phase. It is likely that Italy still remains in recession in the second half of this year, albeit with an attenuation of GDP rate decline in comparison to the previous quarter (when there was a reduction of 0.6% q/q). In the second half of 2013, a progressively less severe fiscal consolidation, the expected foreign demand recovery and an initial positive support, in terms of increased liquidity for businesses, resulting from the decree for the payment of arrears of Public Administrations, should bring about a stabilization of the economic activity and the beginning of a phase of gradual recovery also in Italy. In this context, credit dynamics are expected to remain particularly weak throughout the year.

In May, the European Central Bank cut the reference rate, from 0.75% to 0.50%, in the light of indications of weakening growth outlook. During the early July meeting, the ECB introduced a new communication strategy, indicating interest rates unchanged at the current level or lower for an extended period of time, which will depend on the outlook for inflation, growth and dynamics of credit aggregates. This new communication is designed to oppose the tightening monetary conditions that have taken place in response to the Fed's recommendations about the willingness to slow down the plan for the purchase of securities.

Although the persisting risk of new tensions on financial markets, the continued ECB support, together with the positive outcome of the European banks capital strengthening measures, should support the whole system, fostering a gradual normalization in the activity of credit intermediation.

The continued weakness in global economic conditions, and in particular the Italian one, and the low level of interest rates determined a negative impact on net interest income of the UniCredit group, decreasing in comparison with the first half of last year. The substantial stability of net commissions and trading profit (also thanks to the buy-back of securities issued by the Group) and cost reduction helped to limit the drop in gross operating profit. Asset quality is still negatively impacted by the weak macroeconomic environment, especially in Italy. Consequently, loans loss provisions level remains high, though recording in first half of the year a value much lower than the last year. Financial and liquidity positions were further strengthened, in line with targets.

In the second half of the year the Group's results will continue to be affected by the evolution of the macroeconomic environment, in particular in Italy. Moreover the geographical and sectorial diversification will remain a relevant mitigation factor. Revenues will be affected by the still weak credit demand and by interest rates which will continue to remain at minimum levels, in addition to the ending of the positive contribution of the buy-back operations carried out in first half of the year. In a such a context, the cost discipline will continue to remain high, as well as the attention to the financial and liquidity position.

Milan – August 6, 2013

THE BOARD OF DIRECTORS

Chairman
GIUSEPPE VITA

CEO
FEDERICO GHIZZONI

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 indicated, all amounts are in **thousands of euros**.

Consolidated Accounts

Consolidated Balance Sheet

Consolidated Balance Sheet (€ '000)

	AMOUNTS AS AT	
BALANCE SHEET - ASSETS	**06.30.2013**	**12.31.2012**
10. Cash and cash balances	7,185,422	7,569,998
20. Financial assets held for trading	93,771,944	107,118,564
30. Financial assets at fair value throgh profit or loss	27,933,910	25,025,015
40. Available-for-sale financial assets	80,167,511	73,594,948
50. Held-to-maturity investments	5,425,472	6,207,867
60. Loans and receivables with banks	66,906,669	74,474,975
70. Loans and receivables with customers	532,770,593	547,144,057
80. Hedging derivatives	12,774,497	17,691,334
90. Changes in fair value of portfolio heged items (+/-)	3,239,378	3,155,541
100. Investments in associates and joint ventures	3,930,518	3,858,440
110. Insurance reserves attributable to reinsures	-	792
120. Property, plant and equipment	11,645,438	11,832,785
130. Intangible assets	15,446,870	15,658,004
of which: - goodwill	*11,566,846*	*11,677,608*
140. Tax assets	17,479,585	18,070,218
a) current tax assets	*907,158*	*1,070,531*
b) deferred tax assets	*16,572,427*	*16,999,687*
out of which for purposes of L. 214/2011	*9,045,603*	*9,444,621*
150. Non-current assets and disposal groups classified as held for sale	526,199	3,967,553
160. Other assets	10,427,837	11,467,636
Total assets	**889,631,843**	**926,837,727**

Continued: Consolidated Balance Sheet

(€ '000)

BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 06.30.2013	12.31.2012
10. Deposits from banks	129,248,557	117,445,187
20. Deposits from customers	405,220,583	409,513,673
30. Debt securities in issue	159,528,729	170,451,195
40. Financial liabilities held for trading	77,216,127	99,123,193
50. Financial liabilities at fair value through profit or loss	674,912	851,754
60. Hedging derivatives	11,506,576	14,539,525
70. Changes in fair value of portfolio hedged items (+/-)	4,711,367	6,769,264
80. Tax liabilities	5,020,329	7,888,547
a) current tax liabilities	*988,326*	*3,258,842*
b) deferred tax libilities	*4,032,003*	*4,629,705*
90. Liabilities included in disposal groups classified as held for sale	298,308	3,559,812
100.Other liabilities	20,966,639	20,951,805
110. Provision for employee severance pay	1,148,525	1,176,953
120. Provisions for risks and charges	8,912,447	9,091,431
a) post retirement benefit obligations	*5,826,484*	*5,577,630*
b) other reserves	*3,085,963*	*3,513,801*
130. Insurance reserves	26,237	227,737
140. Revaluation reserves	(2,766,696)	(1,808,870)
170. Reserves	19,748,208	10,001,793
180. Share premium	23,879,202	32,877,938
190. Issued capital	19,654,856	19,647,949
200. Treasury shares (-)	(3,686)	(5,049)
210. Minorities (+/-)	3,830,714	3,668,999
220. Net Profit (Loss) for the year (+/-)	809,909	864,891
Total liabilities and Shareholders' Equity	**889,631,843**	**926,837,727**

Comparative figures as at December 31, 2012 were restated following the introduction of the revised IAS19 as described in Part A – Accounting Policies – A.2 – The Main Items of the Accounts.
More specifically:

- with respect to assets: Item 160 – Other assets (which includes the net difference relating to the surplus of “plan assets” over “Present value of defined-benefit obligations”) decreased by €450,517 and Item 140 – Deferred tax assets increased by €460,771;
- with respect to liabilities: Item 110 – Provision for employee severance pay increased by €135,944, Item 120 – Provisions for risks and charges: a) post-retirement benefit obligations increased by €1,082,408 and Item 80 – Deferred tax liabilities increased by €2,741; Item 120 – Provisions for risks and charges: b) other reserves decreased by €5,410;
- the balance of Item 140 – Revaluation reserves changed from €227,737 to -€977,692 following the recognition of a negative net difference of €1,205,429 relating to the Revaluation reserves for actuarial gains (losses) on defined-benefit plans.

Consolidated Income Statement

Consolidated Income Statement

(€ '000)

ITEM	AS AT 06.30.2013	AS AT 06.30.2012
10. Interest income and similar revenues	12,647,535	14,415,340
20. Interest expenses and similar charges	(6,222,570)	(7,321,012)
30. Net interest margin	**6,424,965**	**7,094,328**
40. Fee and commision income	4,737,763	4,724,374
50. Fee and commission expense	(841,506)	(806,720)
60. Net fee and commissions	**3,896,257**	**3,917,654**
70. Dividend income and similar revenue	160,572	126,077
80. Gains and losses on financial assets and liabilities held for trading	745,796	834,070
90. Fair value adjustments in hedge accounting	(2,909)	(53,018)
100. Gains and losses on disposal of:	**661,016**	**1,070,489**
a) loans	*(9,973)*	*(1,325)*
b) available-for-sale financial assets	*243,012*	*190,728*
c) held-to-maturity investments	*3,352*	*(5,307)*
d) financial liabilities	*424,625*	*886,393*
110. Gains and losses on financial assets/liabilities at fair value through profit	126,657	(58,362)
120. Operating income	**12,012,354**	**12,931,238**
130. Impairment losses on:	(2,947,478)	(3,207,677)
a) loans	*(2,866,175)*	*(3,070,781)*
b) available-for-sale financial assets	*(52,570)*	*(62,023)*
c) held-to-maturity investments	*(8)*	*(15,830)*
d) other financial assets	*(28,725)*	*(59,043)*
140. Net profit from financial activities	**9,064,876**	**9,723,561**
150. Premiums earned (net)	88,804	76,725
160. Other income (net) from insurance activities	(70,580)	(62,476)
170. Net profit from financial and insurance activities	**9,083,100**	**9,737,810**
180. Administrative costs:	(7,197,814)	(7,276,158)
a) staff expense	*(4,435,870)*	*(4,567,656)*
b) other administrative expense	*(2,761,944)*	*(2,708,502)*
190. Net provision for risks and charges	(179,064)	(83,741)
200. Impairment/write-backs on property, plant and equipment	(368,479)	(391,798)
210. Impairment/write-backs on intangible assets	(321,213)	(294,515)
220. Other net operating income	549,153	343,847
230. Operating costs	**(7,517,417)**	**(7,702,365)**
240. Profit (loss) of associates	75,676	69,752
250. Gains and losses on tangible and intangible assets measured at fair value	(942)	4
260. Impairment of goodwill	-	(2,416)
270. Gains and losses on disposal of investments	55,373	60,117
280. Total profit or loss before tax from continuing operations	**1,695,790**	**2,162,902**
290. Tax expense (income) related to profit or loss from continuing operations	(592,058)	(900,694)
300. Total profit or loss after tax from continuing operations	**1,103,732**	**1,262,208**
310. Profit (loss) after tax from discontinued operations	(107,499)	(12,879)
320. Net Profit or Loss for the year	**996,233**	**1,249,329**
330. Minorities	(186,324)	(166,424)
340. Holdings Income (Loss) of the year	**809,909**	**1,082,905**

Earnings per share (€)	0.14	0.21
Diluted earnings per share (€)	0.14	0.20

Notes to the Consolidated Income Statement:
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.

Comparative figures as at June 30, 2012 are different from those disclosed in the 2012 first half financial report as a result of the restatement, for comparative purposes, of:

- the individual items that composed the profit/loss of some Group companies (JSC ATF BANK, UNICREDIT BANK OJSC, ATF CAPITAL B.V., ATF FINANCE JSC and ATF INKASSATSIYA LTD.) that in accordance with IFRS5 are now shown under item "310. Profit (loss) after tax from discontinued operations";
- interest income from impaired assets whose book value was written down and reversals connected with the passing of time from item "10. Interest income and similar revenues" to item "130. Impairment losses on loans", as a result of the reclassification carried out by three Group companies in the first half of 2013.

Consolidated Statement of Comprehensive Income

(€ '000)

ITEMS	AS AT 06.30.2013	AS AT 06.30.2012
10. Net Profit (Loss) for the year	**996,233**	**1,249,329**
Other comprehensive income after tax not to be recycled to income statement		
20. Property plant and equipment	-	-
30. Intangible assets	-	-
40. Actuarial gains (losses) on defined benefits plans	(259,955)	-
50. Non current assets classified as held for sale	502	190
60. Valuation reserves from investments accounted for using the equity method	-	-
Other comprehensive income after tax to be recycled to P&L	0	0
70. Hedges of foreign investments	-	-
80. Exchange differences	(707,172)	552,929
90. Cash flow hedges	(191,532)	29,582
100. Available-for-sale financial assets	(53,855)	693,643
110. Non current assets classified as held for sale	-	-
120. Valuation reserves from investments accounted for using the equity method	75,338	163,543
130. Total of other comprehensive income after tax	**(1.136.674)**	**1,439,887**
140. Comprehensive income after tax (10+130)	**(140,441)**	**2,689,216**
150. Consolidated comprehensive income attributable to minorities	7,401	(312,548)
160. Consolidated comprehensive income attributable to Parent Company	**(133,040)**	**2,376,668**

Figures as at June 30, 2012 were restated following the classification – carried out in 2012 – of the following companies as discontinued operations:

- JSC ATF BANK;
- UNICREDIT BANK OJSC;
- ATF CAPITAL B.V.;
- ATF FINANCE JSC;
- ATF INKASSATSIYA LTD.

Statement of changes in Shareholder's Equity

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

Statement of changes in Shareholders' Equity as at June 30, 2013

(€ '000)

	BALANCE AS AT 12.31.2012	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2013	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: RESERVES	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: DIVIDENS	CHANGES DURING THE PERIOD: CHANGES IN RESERVES	SHAREHOLDERS' EQUITY TRANSACTIONS: ISSUE OF NEW SHARES	SHAREHOLDERS' EQUITY TRANSACTIONS: ACQUISITION OF TREASURY SHARES	SHAREHOLDERS' EQUITY TRANSACTIONS: DISTRIBUTION OF EXTRAORDINARY DIVIDENDS (*)	SHAREHOLDERS' EQUITY TRANSACTIONS: CHANGE IN EQUITY INSTRUMENTS	SHAREHOLDERS' EQUITY TRANSACTIONS: OWN SHARE DERIVATIVES	SHAREHOLDERS' EQUITY TRANSACTIONS: STOCK OPTIONS	COMPREHENSIVE INCOME (H1 2013)	TOTAL SHAREHOLDERS' EQUITY AS AT 06.30.2013	SHAREHOLDERS' EQUITY GROUP AS AT 06.30.2013	SHAREHOLDERS' EQUITY MINORITIES AS AT 06.30.2013
Issued capital: a) ordinary shares	20,052,977		20,052,977			38,066	6,907							20,097,950	19,646,630	451,320
b) othe shares	8,226		8,226											8,226	8,226	-
Share premiums	34,649,500		34,649,500	(219,783)		(8,560,774)								25,868,943	23.879.202	1.989.741
Reserves: a) from profits	11,002,058		11,002,058	1,157,104		2,974,023	(6,907)		(512,535)					14,613,743	13,386,433	1,227,310
b) other	84,882		84,882			6,347,660						47,974		6,480,516	6,361,775	118,741
Revaluation reserves	(1,767,269)		(1,767,269)			(5,272)							(1,136,674)	(2,909,215)	(2.766.696)	(142,519)
Treasury shares	(5,255)		(5,255)			1,366								(3,889)	(3.686)	(203)
Net profit or Loss for the period	1,222,532		1,222,532	(937,321)	(285,211)								996,233	996,233	809.909	186.324
Total Shareholders' Equity	**65,247,651**	**-**	**65,247,651**	**-**	**(285,211)**	**795,069**	**-**	**-**	**(512,535)**	**-**	**-**	**47,974**	**(140,441)**	**65,152,507**	**61,321,793**	**3,830,714**
Shareholders' Equity Group	61,578,652	-	61,578,652	-	(3,200)	343,942	-	-	(512,535)	-	-	47,974	(133,040)	61,321,793		
Shareholders' Equity minorities	3,668,999		3,668,999		(282,011)	451,127							(7,401)	3,830,714		

(*) As resolved by GM on May 11, 2013

Balances as at December 31, 2012 differ from the amounts disclosed at that date as a result of the introduction of the new IAS19R, which had a negative impact on the Shareholders' Equity as at December 31, 2012 (restated) amounting to €1,205 million following the classification of net actuarial losses (net of deferred tax items connected with them) in the revaluation reserves, as described in Part A – Accounting Policies – Section 2 – Preparation Criteria.

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

The changes in Group and minorities Equity reserves other than revaluation reserves principally relate to the effects of the sale of 9.1% of Pekao S.A., in which UniCredit still has a controlling interest, for an amount of €893 million.

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

(€ '000)

				ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE PERIOD										
							SHAREHOLDERS' EQUITY TRANSACTIONS									
	BALANCE AS AT 12.31.2011	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2012	RESERVES	DIVIDENS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	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	SHAREHOLDERS' 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	16,267,044		16,267,044	(5,070,063)		(166,801)	(277)							11,029,903	10,054,343	975,560
b) other	216,420		216,420	(12,771)		(46,550)	(144,978)					30,350		42,471	(76,270)	118,741
Revaluation reserves	(4,043,335)	(100,847)	(4,144,182)			1,571							1,439,887	(2,702,724)	(2,648,932)	(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**	**(100,847)**	**54,696,731**	**-**	**(186,429)**	**(208,898)**	**7,354,231**	**-**	**-**	**-**	**-**	**30,350**	**2,689,216**	**64,375,201**	**60,930,061**	**3,445,140**
Shareholders' Equity Group	51,479,333	(100,847)	51,378,486	-	(2,100)	(207,574)	7,354,231	-	-	-	-	30,350	2,376,668	60,930,061		
Shareholders' Equity minorities	3,318,245		3,318,245		(184,329)	(1,324)							312,548	3,445,140		

Balances as at December 31, 2011 differ by €3,275.8 million from the amounts disclosed at that date as a result of the reclassification of positive reserves and the restatement of negative reserves carried out by the Parent Company UniCredit S.p.A. as part of a general review of the internal composition of the Shareholders’ Equity. The impact of this review on a consolidated basis is different from the impact on UniCredit S.p.A. as a result of the reserves from business combinations that have no impacts on a consolidated basis.

The amount of - €101 million disclosed in column “Change in opening balance” refers to the change in revaluation reserves following the introduction of the new IAS19R as described in Part A – Accounting Policies – Section 2 – Preparation Criteria.

The amounts disclosed in column “Stock options” represent the effects of 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 changes in accounting policies followed by the Group to account for the fair value adjustments of Loans Ex Capitalia recognized as part of the business combination for the amount of -€182 million.

Consolidated Cash Flows Statement (indirect method)

Consolidated Cash Flow Statement (indirect method)

(€ '000)

	AS AT	
	06.30.2013	**06.30.2012**
A. OPERATING ACTIVITIES	**-**	**-**
1. Operations	**6,819,500**	**7,607,201**
- profit and loss of the period (+/-)	809,909	1,082,905
- capital gains/losses on financial assets/liabilities held for trading and on	105,259	268,708
- capital gains/losses on hedging operations (+/-)	2,909	53,018
- net write-offs/write-backs due to impairment (+/-)	4,120,152	4,197,491
- net write-offs/write-backs on tangible and intangible assets (+/-)	690,634	686,309
- provisions and other incomes/expenses (+/-)	408,479	303,590
- not cashed net premiums (-)	-	-
- other not collected incomes and expenses from insurance activities	-	-
- not paid tax (+)	360,363	681,609
- Impairment/write-backs on discontinued operations	132,777	110,890
- other adjustments (+)	189,018	222,681
2. Liquidity generated/absorbed by financial assets	**17,528,988**	**(3,730,466)**
- financial assets held for trading	13,034,748	7,593,590
- financial assets at fair value	(2,806,572)	6,826,161
- available-for-sale financial assets	(7,450,429)	(7,688,124)
- loans and receivables with banks	7,046,333	(8,734,108)
- loans and receivables with customers	6,722,281	895,781
- other assets	982,627	(2,623,766)
3. Liquidity generated/absorbed by financial liabilities	**(24,473,904)**	**9,195,265**
- deposits from banks	12,092,485	(5,044,247)
- deposits from customers	(1,071,430)	16,834,143
- debt certificates including bonds	(10,616,967)	(129,158)
- financial liabilities held for trading	(21,854,271)	(3,502,919)
- financial liabilities designated at fair value	(176,842)	790
- other liabilities	(2,846,879)	1,036,656
Net liquidity generated/absorbed by operating activities	**(125,416)**	**13,072,000**
B. INVESTMENT ACTIVITIES	**-**	**-**
1. Liquidity generated/absorbed by:		
- equity investments	(94,571)	-
- collected dividends on equity investments	171,791	59,700
- financial assets held to maturity	745,734	1,758,027
- tangible assets	(275,655)	(258,480)
- intangible assets	(247,601)	(235,197)
- sales/purchases of subsidiaries and divisions	355,338	1,934
Net liquidity generated/absorbed by investment activities	**655,036**	**1,325,984**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	-	7,354,231
- issue/purchase of equity instruments	-	-
- distribution of dividends and other scopes	(838,438)	(226,735)
Net liquidity generated/absorbed by funding activities	**(838,438)**	**7,127,496**
NET LIQUIDITY GENERATED / ABSORBED DURING THE PERIOD	**(308,818)**	**21,525,480**

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

Continued: Consolidated Cash Flow Statement (indirect method)

Reconciliation

(€ '000)

	AS AT	
	06.30.2013	06.30.2012
Cash and cash equivalents at the beginning of the period	**7,569,998**	**9,728,137**
Net liquidity generated/absorbed during the period	(308,818)	21,525,480
Cash and cash equivalents: effect of exchange rate variations	(75,758)	53,253
Cash and cash equivalents at the end of the period	**7,185,422**	**31,306,870**

Figures relating to June 30, 2012 were restated following the classification (in accordance with IFRS5) – carried out in 2012 – as "discontinued operations" of the following companies:
- JSC ATF GROUP,
- UNICREDIT BANK OJSC,
- ATF CAPITAL B.V.;
- ATF FINANCE JSC;
- ATF INKASSATIYA LTD.

For this reason, Net liquidity absorbed as at June 30, 2012 does not include the portion relating to the group of Kazakh companies amounting to -€170,624.

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 European Commission up to 30 June 2013, 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 §. 154-ter 3 of the Single Finance Act (TUF, Leg. Decree no 58 dated. 24/2/1998).

As required by §. 154-ter 2 TUF, this First Half Financial Report includes the condensed first half consolidated accounts, the interim report on operations and the attestation required by §. 154-bis 5 TUF.

The contents of this condensed first half consolidated accounts 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 first half consolidated accounts are subject to a limited audit of the accounts by Deloitte & Touche S.p.A. pursuant to LD 39/2010 and the resolution passed by the Shareholders' Meeting on May 11, 2012.

Section 2 – Preparation Criteria

As mentioned above, these Consolidated Accounts have been prepared in accordance with the IFRS endorsed by the European Commission. The following documents have been used to interpret and support the application of IFRS, even though they have not all been endorsed by the European Commission:

- Framework for the Preparation and Presentation of Financial Statements issued by the IASB in 2010;
- Implementation Guidance, Basis for Conclusions, IFRICs and any other documents prepared by the IASB or International Financial Reporting Interpretations Committee (IFRIC) supplementing the IFRS;
- Interpretative documents on the application of IFRS in Italy prepared by the Organismo Italiano di Contabilità (OIC) and Associazione Bancaria Italiana (ABI);
- ESMA (European Securities and Markets Authority) and Consob documents on the application of specific IFRS provisions.

This condensed consolidated First Half Report 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 Notes to the Accounts and Annexes.

These are in line with Banca d'Italia schedules as prescribed by Circular 262 dated 22 December 2005 (first amendment dated November 18, 2009 and further amendments issued through subsequent circular letters), in that they give comparative figures, as at December 31, 2012 for the balance sheet and as at 30 June 2012 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.

In their joint Document no. 4 of March 3, 2010, the Bank of Italy, Consob and Isvap made a few observations on the current situation of the markets and businesses and requested that information essential for a better understanding of business trends and outlook be disclosed in financial reports.
In this regard, the Directors identified no symptoms in the capital and financial structure and in the economic performance that could indicate uncertainty about the entity's ability to continue as a going concern and therefore believe with reasonable certainty that the Group will continue to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS 1, the First Half Financial Report as at June 30, 2013 has been prepared on a going concern basis.
The measurement criteria adopted are therefore consistent with this assumption and with the principles of accrual based accounting, the relevance and materiality of accounting information, and the prevalence of economic substance over legal form.
These criteria have not changed with respect to the previous year, except for the modifications described in section A.2 "The Main Items of the Accounts" relating to the introduction of new standards and interpretations.

Risk and uncertainty due to use of estimated figures

Under the IFRS, management must make judgments, estimates and assumptions that affect the application of accounting principles and the amounts of assets and liabilities and income and expenses reported in the accounts, as well as the disclosure concerning potential assets and liabilities. Estimates and related assumptions are based on previous experience and other factors considered reasonable under the circumstances and have been used to estimate the carrying values of assets and liabilities not readily available from other sources.

Estimated figures have been used for the recognition of some of the largest value-based items in the Consolidated Accounts at June 30, 2013, as required by the accounting policies and regulations described above. These estimates are largely based on calculations of future recoverability of the values recognized in the accounts according to the rules laid down in current legislation and have been made on the assumption of a going concern, i.e. without contemplating the possibility of the forced sale of the estimated items.

The processes adopted confirm the carrying values at June 30, 2013. Valuation is particularly difficult because of the uncertainty in the macroeconomic and market environment, characterized by both marked volatility in the financial parameters defined for the valuation process and signs of deterioration in credit quality.

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

Estimates and assumptions are regularly reviewed. Any changes resulting from these reviews are recognized in the period in which the review was carried out, provided the change only concerns that period. If the revision concerns both current and future periods it is recognized accordingly in both current and future periods.

Part A – Accounting Policies

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, any other financial assets/liabilities;
- severance pay (Italy) and other employee benefits;
- provisions for risks and charges and contingent assets;
- goodwill and other intangible assets;
- assets and liabilities related to insurance contracts;
- deferred tax assets.

This is because the quantification of these items is mainly dependent on both the evolution of domestic and international socio-economic conditions and the performance of the financial markets, which affect interest rates, securities prices, actuarial assumptions and, more generally, the creditworthiness of borrowers and counterparties.

With specific reference 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 may change in unpredictably. For further information see Part B – Consolidated Balance Sheet – Assets - 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, 2013 are as follows:

Accounts used for consolidation

For the preparation of the consolidated first half Financial Reports as at June 30, 2013, the following sources have been used:

- Parent company UniCredit S.p.A first-half accounts;
- The first-half accounts of other fully consolidated subsidiaries duly reclassified and adjusted in order to take account of consolidation needs and, where necessary, to align them to the Group accounting principles;
- 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.

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.

Part A – Accounting Policies

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 recognized 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.

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 recognized using proportionate consolidation.

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 recognized 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 recognized 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, no further losses are recognized, unless the investor has incurred legal or constructive obligations or made payments on behalf of the associate.

Gains and losses on transactions between fully or proportionately consolidated entities and associates are eliminated according to the percentage interest in the associate.

The changes in the revaluation reserves of associates, which are recorded as a contra item to changes in value of assets and liabilities that are relevant to this purpose, are reported separately in the Statement of Comprehensive Income.

The following table shows the companies included in the scope of consolidation.

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)
	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)	100.00	
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
				ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	..	1.89
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
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
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
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
18	AMBASSADOR PARC DEDINJE D.O.O. BEOGRAD	BELGRADE	1	UCTAM D.O.O. BEOGRAD	100.00	
19	ANI LEASING IFN S.A.	BUCHAREST	1	UNICREDIT GLOBAL LEASING EXPORT GMBH	10.01	
				UNICREDIT LEASING S.P.A.	89.99	
20	ANTARES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
21	ANTUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	MUNICH	1	HVB PROJEKT GMBH	90,00	
22	ARABELLA FINANCE LTD.	DUBLIN	4	UNICREDIT BANK AG	..	(3) (4)
23	ARANY PENZUEGYI LIZING ZRT.	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
24	ARGENTAURUS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH	MUNICH	1	HVB PROJEKT GMBH	100.00	
25	ARNO GRUNDSTUCKSVERWALTUNGS GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
26	ARRONDA IMMOBILIENVERWALTUNGS GMBH	MUNICH	1	HVB PROJEKT GMBH	100.00	
27	ARTIST MARKETING ENTERTAINMENT GMBH	VIENNA	1	MY BETEILIGUNGS GMBH	100.00	

Part A – Accounting Policies

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
28	AS UNICREDIT BANK, LATVIA	RIGA	1	UNICREDIT BANK AUSTRIA AG	100.00	
29	ATLANTERRA IMMOBILIENVERWALTUNGS GMBH	MUNICH	1	HVB PROJEKT GMBH	90,00	
30	AUFBAU DRESDEN GMBH	MUNICH	1	HVB PROJEKT GMBH	100.00	
31	AUSTRIA LEASING GMBH	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	0.40	
				GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.40	99.60
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
32	AWT HANDELS GESELLSCHAFT M.B.H.	VIENNA	1	AWT INTERNATIONAL TRADE GMBH	100.00	
33	AWT INTERNATIONAL TRADE GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
34	B.I. INTERNATIONAL LIMITED	GEORGE TOWN	1	TRINITRADE VERMOGENSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG	100.00	
35	BA ALPINE HOLDINGS, INC.	WILMINGTON	1	UNICREDIT BANK AUSTRIA AG	100.00	
36	BA BETRIEBSOBJEKTE GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
37	BA BETRIEBSOBJEKTE GMBH & CO BETA VERMIETUNGS OG	VIENNA	1	BA BETRIEBSOBJEKTE GMBH	99.90	
				MY DREI HANDELS GMBH	0.10	
38	BA BETRIEBSOBJEKTE PRAHA, SPOL.S.R.O.	PRAGUE	1	BA BETRIEBSOBJEKTE GMBH	100.00	
39	BA CA LEASING (DEUTSCHLAND) GMBH	BAD HOMBURG	1	UNICREDIT LEASING S.P.A.	94.90	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	5.10	(7)
40	BA CA SECUND LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
41	BA CREDITANSTALT BULUS EOOD	SOFIA	1	HVB LEASING OOD	100.00	
42	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
43	BA GEBAEUDEVERMIETUNGSGMBH	VIENNA	1	BA GVG-HOLDING GMBH	70.00	
44	BA GVG-HOLDING GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
45	BA IMMO GEWINNSCHEIN FONDS1	VIENNA	4	UNICREDIT BANK AUSTRIA AG	..	(3)
46	BA PRIVATE EQUITY GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
47	BA-CA ANDANTE LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
48	BA-CA FINANCE (CAYMAN) II LIMITED	GEORGE TOWN	1	ALPINE CAYMAN ISLANDS LTD.	100.00	
49	BA-CA FINANCE (CAYMAN) LIMITED	GEORGE TOWN	1	ALPINE CAYMAN ISLANDS LTD.	100.00	
50	BA-CA INFRASTRUCTURE FINANCE ADVISORY GMBH	VIENNA	1	ZETA FUENF HANDELS GMBH	100.00	
51	BA-CA LEASING DREI GARAGEN GMBH	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
52	BA-CA LEASING MAR IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
53	BA-CA LEASING MODERATO D.O.O.	LJUBLJANA	1	UNICREDIT LEASING S.P.A.	100.00	
54	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
55	BA-CA PRESTO LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
56	BA-CA WIEN MITTE HOLDING GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
57	BA/CA-LEASING BETEILIGUNGEN GMBH	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
58	BACA CENA IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
59	BACA CHEOPS LEASING GMBH	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
60	BACA HYDRA LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
61	BACA KOMMUNALLEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
62	BACA LEASING ALFA S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
63	BACA LEASING CARMEN GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
64	BACA LEASING GAMA S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
65	BACA LEASING UND BETEILGUNGSMANAGEMENT GMBH	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	98.80	99.00
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
66	BACA NEKRETNINE DOO	SARAJEVO	1	UNICREDIT LEASING S.P.A.	100.00	
67	BACA-LEASING AQUILA INGATLANHASNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
68	BACA-LEASING GEMINI INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
69	BACA-LEASING OMIKRON INGATLANHASZNOSTO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
70	BACAL ALPHA DOO ZA POSLOVANJE NEKRETNINAMA	ZAGREB	1	UNICREDIT LEASING S.P.A.	100.00	
71	BACAL BETA NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA	ZAGREB	1	UNICREDIT LEASING S.P.A.	100.00	
72	BAL CARINA IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
73	BAL DEMETER IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
74	BAL HESTIA IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
75	BAL HORUS IMMOBILIEN LEASING GMBH	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
76	BAL HYPNOS IMMOBILIEN LEASING GMBH	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
77	BAL LETO IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
78	BAL OSIRIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)

Part A – Accounting Policies

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
79	BAL PAN IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
80	BAL SOBEK IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
81	BALEA SOFT GMBH & CO. KG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
82	BALEA SOFT VERWALTUNGSGESELLSCHAFT MBH	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
83	BANDON LEASING LTD.	DUBLIN	4	UNICREDIT BANK AG	..	(3)
84	BANK AUSTRIA CREDITANSTALT LEASING IMMOBILIENANLAGEN GMBH	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
85	BANK AUSTRIA FINANZSERVICE GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
86	BANK AUSTRIA HUNGARIA BETA LEASING KORLATOLT FELELOSSEGU TSRSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
87	BANK AUSTRIA IMMOBILIENSERVICE GMBH	VIENNA	1	PLANETHOME AG	100.00	
88	BANK AUSTRIA LEASING ARGO IMMOBILIEN LEASING GMBH	VIENNA	1	RONDO LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
89	BANK AUSTRIA LEASING HERA IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
90	BANK AUSTRIA LEASING IKARUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
91	BANK AUSTRIA LEASING MEDEA IMMOBILIEN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
92	BANK AUSTRIA REAL INVEST CLIENT INVESTMENT GMBH	VIENNA	1	BANK AUSTRIA REAL INVEST GMBH	100.00	
93	BANK AUSTRIA REAL INVEST GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	94.95	
94	BANK AUSTRIA REAL INVEST IMMOBILIEN-KAPITALANLAGE GMBH	VIENNA	1	BANK AUSTRIA REAL INVEST GMBH	100.00	
95	BANK AUSTRIA WOHNBAUBANK AG	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
96	BANK PEKAO SA	WARSAW	1	UNICREDIT SPA	50.10	
97	BANKHAUS NEELMEYER AG	BREMEN	1	UNICREDIT BANK AG	100.00	
98	BARODA PIONEER ASSET MANAGEMENT COMPANY LTD	MUMBAI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
99	BARODA PIONEER TRUSTEEE COMPANY PVT LTD	MUMBAI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
100	BAULANDENTWICKLUNG GDST 1682/8 GMBH & CO OEG	VIENNA	1	CALG ANLAGEN LEASING GMBH	1.00	
				CALG IMMOBILIEN LEASING GMBH	99.00	
101	BDK CONSULTING	LUCK	1	PUBLIC JOINT STOCK COMPANY UNICREDIT BANK	100.00	
102	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
103	BIL IMMOBILIEN FONDS GMBH & CO OBJEKT PERLACH KG	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	94.78	93.87
				WEALTHCAP LEASING GMBH	5.22	5.14
104	BIL LEASING-FONDS GMBH & CO VELUM KG	MUNICH	1	BIL LEASING-FONDS VERWALTUNGS-GMBH	..	33.33
				UNICREDIT BANK AG	100.00	33.33

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
105	BIL LEASING-FONDS VERWALTUNGS-GMBH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
106	BLUE CAPITAL EUROPA IMMOBILIEN GMBH & CO. ACHTE OBJEKTE GROSSBRITANNIEN KG	HAMBURG	1	WEALTHCAP FONDS GMBH	90.91	
				WEALTHCAP INVESTORENBETREUUNG GMBH	9.09	
107	BORGO DI PEROLLA SRL	MASSA MARITTIMA	1	FONDIARIA LASA SPA	100.00	
108	BREWO GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
109	BULBANK LEASING EAD	SOFIA	1	UNICREDIT LEASING AD	100.00	
110	BV GRUNDSTUCKSENTWICKLUNGS-GMBH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
111	BV GRUNDSTUCKSENTWICKLUNGS-GMBH & CO. VERWALTUNGS-KG	MUNICH	1	UNICREDIT BANK AG	100.00	
112	CA-LEASING ALPHA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
113	CA-LEASING DELTA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
114	CA-LEASING EPSILON INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
115	CA-LEASING EURO, S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
116	CA-LEASING KAPPA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
117	CA-LEASING OMEGA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
118	CA-LEASING OVUS S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
119	CA-LEASING PRAHA S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
120	CA-LEASING SENIOREN PARK GMBH	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
121	CA-LEASING TERRA POSLOVANJE Z NEPREMICNINAMI D.O.O.	LJUBLJANA	1	UNICREDIT LEASING S.P.A.	100.00	
122	CA-LEASING YPSILON INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
123	CA-LEASING ZETA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
124	CABET-HOLDING GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
125	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	VIENNA	1	CABET-HOLDING GMBH	100.00	
126	CAC REAL ESTATE, S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
127	CAC-IMMO SRO	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
128	CAFU VERMOEGENSVERWALTUNG GMBH & CO OG	VIENNA	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
129	CAL-PAPIER INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
130	CALG 307 MOBILIEN LEASING GMBH	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	99.00
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
131	CALG 443 GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	99.00
				CALG IMMOBILIEN LEASING GMBH	1.00	

Part A – Accounting Policies

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
132	CALG 445 GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
133	CALG 451 GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
134	CALG ALPHA GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
135	CALG ANLAGEN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
136	CALG ANLAGEN LEASING GMBH & CO GRUNDSTUCKVERMIETUNG UND - VERWALTUNG KG	MUNICH	1	CALG ANLAGEN LEASING GMBH	99.90	
137	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
138	CALG GAMMA GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
139	CALG GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	74.80	75.00
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
140	CALG IMMOBILIEN LEASING GMBH	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
141	CALG IMMOBILIEN LEASING GMBH & CO 1050 WIEN, SIEBENBRUNNENGASSE 10-21 OG	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
142	CALG IMMOBILIEN LEASING GMBH & CO 1120 WIEN, SCHONBRUNNER SCHLOSS-STRASSE 38-42 OG	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
143	CALG IMMOBILIEN LEASING GMBH & CO PROJEKT ACHT OG	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
144	CALG IMMOBILIEN LEASING GMBH & CO PROJEKT VIER OG	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
145	CALG MINAL GRUNDSTUCKVERWALTUNG GMBH	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
146	CAMPO DI FIORI SAS	ROME	1	IMMOBILIARE PATETTA SRL	96.67	
				SOCIETA' COLLE AURELIA IMMOBILIARE S.C.A.I. SRL	3.33	
147	CARD COMPLETE SERVICE BANK AG	VIENNA	1	UNICREDIT BANK AUSTRIA AG	50.10	
148	CARDS & SYSTEMS EDV-DIENSTLEISTUNGS GMBH	VIENNA	1	CARD COMPLETE SERVICE BANK AG	5.00	
				DC BANK AG	1.00	
				UNICREDIT BANK AUSTRIA AG	52.00	
149	CDM CENTRALNY DOM MAKLERSKI PEKAO SA	WARSAW	1	BANK PEKAO SA	100.00	

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
150	CEAKSCH VERWALTUNGS G.M.B.H.	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	100.00	
151	CENTAR KAPTOL DOO	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
152	CENTER HEINRICH-COLLIN-STRASSE1 VERMIETUNGS GMBH U.CO KG	VIENNA	4	BA IMMO GEWINNSCHEIN FONDS1	..	(3)
153	CENTRUM BANKOWOSCI BEZPOSREDNIEJ SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSC	KRAKOW	1	BANK PEKAO SA	100.00	
154	CENTRUM KART SA	WARSAW	1	BANK PEKAO SA	100.00	
155	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	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
156	CHEFREN LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
157	CHIYODA FUDOSAN GK	TOKYO	4	UNICREDIT BANK AG	..	(3)
158	CHRISTOPH REISEGGER GESELLSCHAFT M.B.H.	VIENNA	1	LASSALLESTRASSE BAU-, PLANUNGS-, ERRICHTUNGS- UND VERWERTUNGSGESELLSCHAFT M.B.H.	100.00	
159	CIVITAS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
160	CJSC BANK SIBIR	OMSK CITY	1	ZAO UNICREDIT BANK	100.00	
161	CLOSED JOINT-STOCK COMPANY UNICREDIT SECURITIES IN LIQ	MOSCOW	1	AI BETEILIGUNGS GMBH	99.50	
				BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.50	
162	COFIRI S.P.A. IN LIQUIDAZIONE	ROME	1	UNICREDIT CREDIT MANAGEMENT BANK SPA	100.00	
163	COMMUNA - LEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	REAL-LEASE GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
164	COMPAGNIA FONDIARIA ROMANA (C.F.R.) SRL	ROME	1	IMMOBILIARE PATETTA SRL	72.50	
				INFISSER SRL	15.00	
				SOCIETA' VERONESE GESTIONE COMPRAVENDITA IMMOBILI A R.L.	12.50	
165	COMPAGNIA ITALPETROLI S.P.A.	ROME	1	UNICREDIT SPA	100.00	
166	CONSORZIO QUENIT	VERONA	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	55.00	
167	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	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
168	CORDUSIO SIM - ADVISORY & FAMILY OFFICE SPA	MILAN	1	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	100.00	
169	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	MILAN	1	UNICREDIT SPA	100.00	
170	CORIT - CONCESSIONARIA RISCOSSIONE TRIBUTI S.P.A. IN LIQUIDAZIONE	ROME	1	UNICREDIT CREDIT MANAGEMENT BANK SPA	60.00	
171	CRIVELLI SRL	MILAN	1	UNICREDIT SPA	100.00	
172	CUMTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
				UNICREDIT BANK AG	6.15	
173	DAB BANK AG	MUNICH	1	UNICREDIT BANK AG	81.39	
174	DBC SP.Z O.O.	WARSAW	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	

Part A – Accounting Policies

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
175	DC BANK AG	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.94	
176	DC ELEKTRONISCHE ZAHLUNGSSYSTEME GMBH	VIENNA	1	KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H.	100.00	
177	DEBO LEASING IFN S.A.	BUCHAREST	1	UNICREDIT GLOBAL LEASING EXPORT GMBH	10.01	
				UNICREDIT LEASING S.P.A.	89.99	
178	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT ALPHA MANAGEMENT KG	MUNICH	1	HVB PROJEKT GMBH	100.00	
179	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT BETA MANAGEMENT KG	MUNICH	1	HVB PROJEKT GMBH	100.00	
180	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT GAMMA MANAGEMENT KG	MUNICH	1	HVB PROJEKT GMBH	100.00	
181	DINERS CLUB CS S.R.O.	BRATISLAVA	1	DC BANK AG	100.00	
182	DINERS CLUB POLSKA SP.Z.O.O.	WARSAW	1	DC BANK AG	100.00	
183	DIRANA LIEGENSCHAFTSVERWERTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
184	DIREKTANLAGE.AT AG	SALZBURG	1	DAB BANK AG	100.00	
185	DLV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
186	DOM INWESTYCYJNY XELION SP. Z O.O.	WARSAW	1	BANK PEKAO SA	50.00	
				UNICREDIT SPA	50.00	
187	DOMUS CLEAN REINIGUNGS GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
188	DUODEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
189	DV ALPHA GMBH	VIENNA	1	PIRTA VERWALTUNGS GMBH	100.00	
190	DV BETEILIGUNGSVERWALTUNGS GMBH	VIENNA	1	PIRTA VERWALTUNGS GMBH	100.00	
191	ENDERLEIN & CO. GMBH	BIELEFELD	1	PLANETHOME AG	100.00	
192	ENTASI SRL	ROME	1	UNICREDIT SPA	100.00	
193	ERSTE ONSHORE WINDKRAFT BETEILIGUNGSGESELLSCHAFT MBH & CO. WINDPARK GREFRATH KG	OLDENBURG	1	WEALTHCAP INVESTORENBETREUUNG GMBH	0.07	
				WEALTHCAP PEIA MANAGEMENT GMBH	68.45	68.20
194	ERSTE ONSHORE WINDKRAFT BETEILIGUNGSGESELLSCHAFT MBH & CO. WINDPARK KRAHENBERG KG	OLDENBURG	1	WEALTHCAP INVESTORENBETREUUNG GMBH	0.05	
				WEALTHCAP PEIA MANAGEMENT GMBH	68.49	68.24
195	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
196	ESPERTI IN MEDIAZIONE SRL	VERONA	1	UNICREDIT CREDIT MANAGEMENT BANK SPA	100.00	
197	EUROFINANCE 2000 SRL (IN LIQUIDAZIONE)	ROME	1	UNICREDIT SPA	100.00	
198	EUROLEASE AMUN IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
199	EUROLEASE ANUBIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
200	EUROLEASE ISIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
201	EUROLEASE MARDUK IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
202	EUROLEASE RA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
203	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
204	EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.)	BUDAPEST	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
205	EUROPE REAL-ESTATE INVESTMENT FUND	BUDAPEST	4	UNICREDIT BANK HUNGARY ZRT.	..	(3)
206	EUROPEAN-OFFICE-FONDS	MUNICH	4	UNICREDIT BANK AG	..	(3)
207	EUROPEYE SRL	ROME	1	UNICREDIT SPA	90.00	
208	EUROVENTURES-AUSTRIA-CA-MANAGEMENT GESMBH	VIENNA	1	CABET-HOLDING GMBH	100.00	
209	EXPANDA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
210	FACTORBANK AKTIENGESELLSCHAFT	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
211	FCT UCG TIKEHAU	PARIS	4	UNICREDIT SPA	..	(3)
212	FINECO LEASING S.P.A.	BRESCIA	1	UNICREDIT SPA	100.00	
213	FINECO VERWALTUNG AG (IN LIQUIDATION)	MUNICH	1	UNICREDIT SPA	100.00	
214	FINECOBANK SPA	MILAN	1	UNICREDIT SPA	100.00	
215	FMC LEASING INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
216	FMZ SAVARIA SZOLGALTATO KFT	BUDAPEST	1	UNICREDIT LEASING KFT	75.00	
217	FMZ SIGMA PROJEKTENTWICKLUNGS GMBH	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
218	FOLIA LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
219	FONDIARIA LASA SPA	ROME	1	IMMOBILIARE PATETTA SRL	100.00	
220	FONDO SIGMA	ROME	4	UNICREDIT SPA	..	(3)
221	FOOD & MORE GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
222	FORUM POLSKIEGO BIZNESU MEDIA SP.Z O.O.	WARSAW	1	PROPERTY SP. Z.O.O. (IN LIQUIDAZIONE)	100.00	
223	FUGATO LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
224	G.N.E. GLOBAL GRUNDSTUCKSVERWERTUNG GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
225	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00

Part A – Accounting Policies

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				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
226	GBS GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.00	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	1.00	(7)
227	GEBAUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	99.00
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
228	GELDILUX-PP-2011 S.A.	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
229	GELDILUX-TS-2010 S.A.	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
230	GELDILUX-TS-2011 S.A.	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
231	GELDILUX-TS-2013 S.A.	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
232	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	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
233	GEMMA VERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG	PULLACH	4	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	6.11	(3)
234	GENERAL LOGISTIC SOLUTIONS LLC	MOSCOW	1	UCTAM RU LIMITED LIABILITY COMPANY	100.00	
235	GIMMO IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH	MUNICH	1	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	100.00	
236	GOLF- UND COUNTRY CLUB SEDDINER SEE IMMOBILIEN GMBH	MUNICH	1	ANTUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	6.00	
				HVB PROJEKT GMBH	94.00	
237	GRAND CENTRAL FUNDING CORPORATION	NEW YORK	4	UNICREDIT BANK AG	..	(3)
238	GRAND CENTRAL RE LIMITED	HAMILTON	1	UNICREDIT BANK AG	92.50	
239	GRUNDSTUCKSAKTIENGESELLSCHAFT AM POTSDAMER PLATZ (HAUS VATERLAND)	MUNICH	1	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	98.24	
240	GRUNDSTUCKSGESELLSCHAFT SIMON BESCHRANKT HAFTENDE KOMMANDITGESELLSCHAF	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
241	GRUNDSTUCKSVERWALTUNG LINZ-MITTE GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
242	GUS CONSULTING GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
243	H & B IMMOBILIEN GMBH & CO. OBJEKTE KG	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
244	H.F.S. HYPO-FONDSBETEILIGUNGEN FUR SACHWERTE GMBH	MUNICH	1	UNICREDIT BANK AG	10.00	
				WEALTH MANAGEMENT CAPITAL HOLDING GMBH	90.00	
245	H.F.S. IMMOBILIENFONDS GMBH	EBERSBERG	1	H.F.S. HYPO-FONDSBETEILIGUNGEN FUR SACHWERTE GMBH	100.00	
246	H.F.S. LEASINGFONDS DEUTSCHLAND 1 GMBH & CO. KG (IMMOBILIENLEASING)	MUNICH	4	HVB IMMOBILIEN AG	..	(3)
				WEALTHCAP REAL ESTATE MANAGEMENT GMBH	0.08	
247	H.F.S. LEASINGFONDS DEUTSCHLAND 7 GMBH & CO. KG	MUNICH	4	HVB PROJEKT GMBH	0.20	(3)
				WEALTHCAP REAL ESTATE MANAGEMENT GMBH	0.08	

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
248	HAWA GRUNDSTUCKS GMBH & CO. OHG HOTELVERWALTUNG	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	99.50	
				TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	0.50	
249	HAWA GRUNDSTUCKS GMBH & CO. OHG IMMOBILIENVERWALTUNG	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	99.50	
				TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	0.50	
250	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	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
251	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH	MUNICH	1	UNICREDIT BANK AG	100.00	
252	HOKA LEASING-GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
				WOM GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	74.80	75.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
253	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	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
254	HUMAN RESOURCES SERVICE AND DEVELOPMENT GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
255	HVB ALTERNATIVE ADVISORS LLC	WILMINGTON	1	UNICREDIT BANK AG	100.00	
256	HVB ASIA LIMITED	SINGAPORE	1	UNICREDIT BANK AG	100.00	
257	HVB ASSET LEASING LIMITED	LONDON	1	HVB LONDON INVESTMENTS (CAM) LIMITED	100.00	
258	HVB ASSET MANAGEMENT HOLDING GMBH	MUNICH	1	HVB VERWA 4 GMBH	100.00	
259	HVB AUTO LEASING EOOD	SOFIA	1	HVB LEASING OOD	100.00	
260	HVB CAPITAL LLC	WILMINGTON	1	UNICREDIT BANK AG	100.00	
261	HVB CAPITAL LLC II	WILMINGTON	1	UNICREDIT BANK AG	100.00	
262	HVB CAPITAL LLC III	WILMINGTON	1	UNICREDIT BANK AG	100.00	
263	HVB CAPITAL LLC VI	WILMINGTON	1	UNICREDIT BANK AG	100.00	
264	HVB CAPITAL PARTNERS AG	MUNICH	1	UNICREDIT BANK AG	100.00	
265	HVB EXPERTISE GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
266	HVB EXPORT LEASING GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
267	HVB FINANCE LONDON LIMITED	LONDON	1	UNICREDIT BANK AG	100.00	
268	HVB FUNDING TRUST	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
269	HVB FUNDING TRUST II	WILMINGTON	1	UNICREDIT BANK AG	100.00	
270	HVB FUNDING TRUST III	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
271	HVB GESELLSCHAFT FUR GEBAUDE BETEILIGUNGS GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
272	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	MUNICH	1	UNICREDIT BANK AG	100.00	
273	HVB GLOBAL ASSETS COMPANY (GP), LLC	DOVER	1	UNICREDIT BANK AG	100.00	
274	HVB GLOBAL ASSETS COMPANY L.P.	DOVER	1	HVB GLOBAL ASSETS COMPANY (GP), LLC	0.01	
				UNICREDIT BANK AG	4.99	
275	HVB HONG KONG LIMITED	HONG KONG	1	UNICREDIT BANK AG	100.00	
276	HVB IMMOBILIEN AG	MUNICH	1	UNICREDIT BANK AG	100.00	
277	HVB INVESTMENTS (UK) LIMITED	GEORGE TOWN	1	UNICREDIT BANK AG	100.00	

Part A – Accounting Policies

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
278	HVB LEASING CZECH REPUBLIC S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
279	HVB LEASING MAX INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
280	HVB LEASING OOD	SOFIA	1	UNICREDIT BULBANK AD	2.39	
				UNICREDIT LEASING S.P.A.	97.61	
281	HVB LIFE SCIENCE GMBH & CO. BETEILIGUNGS-KG	MUNICH	1	UNICREDIT BANK AG	100.00	
282	HVB LONDON INVESTMENTS (AVON) LIMITED	LONDON	1	UNICREDIT BANK AG	100.00	
283	HVB LONDON INVESTMENTS (CAM) LIMITED	LONDON	1	UNICREDIT BANK AG	100.00	
284	HVB PRINCIPAL EQUITY GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
285	HVB PROFIL GESELLSCHAFT FUR PERSONALMANAGEMENT MBH	MUNICH	1	UNICREDIT BANK AG	100.00	
286	HVB PROJEKT GMBH	MUNICH	1	HVB IMMOBILIEN AG	94.00	
				UNICREDIT BANK AG	6.00	
287	HVB REALTY CAPITAL INC.	NEW YORK	1	UNICREDIT U.S. FINANCE LLC	100.00	
288	HVB SECUR GMBH	MUNICH	1	UNICREDIT GLOBAL BUSINESS SERVICES GMBH	100.00	
289	HVB TECTA GMBH	MUNICH	1	HVB IMMOBILIEN AG	94.00	
				UNICREDIT BANK AG	6.00	
290	HVB VERWA 1 GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
291	HVB VERWA 4 GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
292	HVB VERWA 4.4 GMBH	MUNICH	1	HVB VERWA 4 GMBH	100.00	
293	HVB-LEASING AIDA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
294	HVB-LEASING ATLANTIS INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
295	HVB-LEASING FIDELIO INGATLANHASNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
296	HVB-LEASING FORTE INGATLANHASNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
297	HVB-LEASING GARO KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
298	HVB-LEASING HAMLET INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
299	HVB-LEASING JUPITER KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
300	HVB-LEASING LAMOND INGATLANHASZNOSITO KFT.	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
301	HVB-LEASING MAESTOSO INGATLANHASZNOSITO KFT.	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
302	HVB-LEASING NANO KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
303	HVB-LEASING OTHELLO INGATLANHASNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
304	HVB-LEASING ROCCA INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
305	HVB-LEASING RUBIN KFT.	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
306	HVB-LEASING SMARAGD KFT.	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
307	HVB-LEASING SPORT INGATLANHASZNOSITO KOLATPOT FEOEOASSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
308	HVBFF INTERNATIONAL GREECE GMBH	MUNICH	1	HVBFF INTERNATIONALE LEASING GMBH	100.00	
309	HVBFF INTERNATIONALE LEASING GMBH	MUNICH	1	HVBFF OBJEKT BETEILIGUNGS GMBH	10.00	
				WEALTHCAP PEIA MANAGEMENT GMBH	90.00	
310	HVBFF OBJEKT BETEILIGUNGS GMBH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
311	HVBFF PRODUKTIONSHALLE GMBH I.L.	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
312	HVZ GMBH & CO. OBJEKT KG	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
313	HYPO-BANK VERWALTUNGSZENTRUM GMBH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
314	HYPO-BANK VERWALTUNGSZENTRUM GMBH & CO. KG OBJEKT ARABELLASTRASSE	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
315	HYPO-REAL HAUS- UND GRUNDBESITZ GESELLSCHAFT MBH & CO. IMMOBILIEN-VERMIETUNGS KG	MUNICH	1	HVB PROJEKT GMBH	80.00	
316	HYPOVEREINS IMMOBILIEN EOOD	SOFIA	1	UNICREDIT BULBANK AD	100.00	
317	HYPOVEREINSFINANCE N.V.	AMSTERDAM	1	UNICREDIT BANK AG	100.00	
318	I-FABER SPA	MILAN	1	UNICREDIT SPA	65.32	
319	IMMOBILIARE PATETTA SRL	ROME	1	COMPAGNIA ITALPETROLI S.P.A.	100.00	
320	IMMOBILIARE TABACCAIA SRL	MASSA MARITTIMA	1	BORGO DI PEROLLA SRL	100.00	
321	IMMOBILIEN RATING GMBH	VIENNA	1	BANK AUSTRIA REAL INVEST GMBH	61.00	
				UNICREDIT BANK AUSTRIA AG	19.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	19.00	
322	IMMOBILIENLEASING GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	ARNO GRUNDSTUCKSVERWALTUNGS GESELLSCHAFT M.B.H.	74.80	75.00
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
323	INFISSER SRL	ROME	1	IMMOBILIARE PATETTA SRL	100.00	
324	INPROX CHOMUTOV, S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
325	INPROX KLADNO, S.R.O.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
326	INPROX POPRAD, SPOL. S.R.O.	BRATISLAVA	1	UNICREDIT LEASING S.P.A.	100.00	
327	INPROX SR I., SPOL. S R.O.	BRATISLAVA	1	UNICREDIT LEASING S.P.A.	100.00	
328	INTERKONZUM DOO SARAJEVO	SARAJEVO	1	UNICREDIT LEASING S.P.A.	100.00	
329	INTERNATIONALES IMMOBILIEN-INSTITUT GMBH	MUNICH	1	UNICREDIT BANK AG	94.00	
330	INTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
				UNICREDIT BANK AG	6.15	
331	INTRO LEASING GESELLSCHAFT M.B.H.	VIENNA	1	PROJEKT-LEASE GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
332	IPSE 2000 S.P.A. (IN LIQUIDAZIONE)	ROME	1	UNICREDIT SPA	50.00	
333	ISB UNIVERSALE BAU GMBH	BRANDENBURG	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
334	ISTRA D.M.C. DOO	UMAG	1	ISTRATURIST UMAG, HOTELIJERSTVO TURIZAM I TURISTICKA AGENCIJA DD	100.00	
335	ISTRATURIST UMAG, HOTELIJERSTVO TURIZAM I TURISTICKA AGENCIJA DD	UMAG	1	ZAGREBACKA BANKA D.D.	93.04	
336	IVONA BETEILIGUNGSVERWALTUNG GMBH	VIENNA	1	BA IMMO GEWINNSCHEIN FONDS1	100.00	
337	JAUSERN-LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
338	JOHA GEBAEUDE- ERRICHTUNGS- UND VERMIETUNGS- GESELLSCHAFT M.B.H.	LEONDING	1	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	99.03	
339	KAISERWASSER BAU- UND ERRICHTUNGS GMBH UND CO OG	VIENNA	1	RAMSES-IMMOBILIENHOLDING GMBH	0.00	100.00
				UNICREDIT BANK AUSTRIA AG	99.80	0.00
340	KELLER CROSSING L.P.	WILMINGTON	1	US PROPERTY INVESTMENTS INC.	100.00	
341	KINABALU FINANCIAL PRODUCTS LLP	LONDON	1	UNICREDIT BANK AG	100.00	99.90

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				VERBA VERWALTUNGSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG	0.00	0.10
342	KINABALU FINANCIAL SOLUTIONS LTD	LONDON	1	UNICREDIT BANK AG	100.00	
343	KLEA ZS-IMMOBILIENVERMIETUNG G.M.B.H.	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.80	100.00
344	KLEA ZS-LIEGENSCHAFTSVERMIETUNG G.M.B.H.	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.80	100.00
345	KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H.	VIENNA	1	CARD COMPLETE SERVICE BANK AG	100.00	
346	KUNSTHAUS LEASING GMBH	VIENNA	1	KUTRA GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	5.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
347	KUTRA GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
348	LAGERMAX LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
349	LAGEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
350	LARGO LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
				VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.	98.80	99.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
351	LASSALLESTRASSE BAU-, PLANUNGS-, ERRICHTUNGS- UND VERWERTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.00	100.00
352	LEASFINANZ BANK GMBH	VIENNA	1	BACA LEASING UND BETEILGUNGSMANAGEMENT GMBH	100.00	
353	LEASFINANZ GMBH	VIENNA	1	BACA LEASING UND BETEILGUNGSMANAGEMENT GMBH	100.00	
354	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	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
355	LELEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
356	LIFE MANAGEMENT ERSTE GMBH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
357	LIFE MANAGEMENT ZWEITE GMBH	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
358	LIFE SCIENCE I BETEILIGUNGS GMBH	MUNICH	1	HVB LIFE SCIENCE GMBH & CO. BETEILIGUNGS-KG	100.00	
359	LINO HOTEL-LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
360	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	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
361	LIVA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
362	LLC UKROTSBUD	KIEV	1	PUBLIC JOINT STOCK COMPANY UKRSOTSBANK	99.00	
363	LOCALMIND SPA IN LIQUIDAZIONE	MILAN	1	UNICREDIT SPA	95.76	

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
364	LOCAT CROATIA DOO	ZAGREB	1	UNICREDIT LEASING S.P.A.	100.00	
365	LTD SI&C AMC UKRSOTS REAL ESTATE	KIEV	1	PUBLIC JOINT STOCK COMPANY UKRSOTSBANK	100.00	
366	M. A. V. 7., BANK AUSTRIA LEASING BAUTRAGER GMBH & CO.OHG.	VIENNA	1	UNICREDIT LUNA LEASING GMBH	98.03	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	1.97	(7)
367	M.A.I.L. BETEILIGUNGSMANAGEMENT GESELLSCHAFT M.B.H. & CO. MCL THETA KG	VIENNA	1	M.A.I.L. FINANZBERATUNG GESELLSCHAFT M.B.H.	100.00	
368	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	
369	MARTIANEZ COMERCIAL, SOCIEDAD ANONIMA	PUERTO DE LA CRUZ	1	UNICREDIT PEGASUS LEASING GMBH	99.96	
370	MBC IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
371	MC MARKETING GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
372	MC RETAIL GMBH	VIENNA	1	MC MARKETING GMBH	100.00	
373	MENUETT GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
374	MERIDIONALE PETROLI SRL	VIBO VALENTIA	1	SOCIETA' DEPOSITI COSTIERI - SO.DE.CO. SRL	98.66	
375	MERKURHOF GRUNDSTUCKSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG	MUNICH	1	UNICREDIT BANK AG	100.00	
376	MEZZANIN FINANZIERUNGS AG	VIENNA	1	UNICREDIT BANK AUSTRIA AG	56.67	
377	MIK 2012 KARLATOLT FELELOSSEGU TARSAAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
378	MILLETERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
379	MM OMEGA PROJEKTENTWICKLUNGS GMBH	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
380	MOBILITY CONCEPT GMBH	OBERHACHING	1	UNICREDIT LEASING GMBH	60.00	
381	MOC VERWALTUNGS GMBH & CO. IMMOBILIEN KG	MUNICH	4	HVB PROJEKT GMBH	23.00	(3)
382	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	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
383	MOVIE MARKET BETEILIGUNGS GMBH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
384	MY BETEILIGUNGS GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
385	NAGE LOKALVERMIETUNGSGESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
386	NATA IMMOBILIEN-LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	51.50	
				UNICREDIT LEASING (AUSTRIA) GMBH	6.00	
387	NF OBJEKT FFM GMBH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
388	NF OBJEKT MUNCHEN GMBH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
389	NF OBJEKTE BERLIN GMBH	MUNICH	1	HVB IMMOBILIEN AG	100.00	

Part A – Accounting Policies

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
390	NO. HYPO LEASING ASTRICTA GRUNDSTUCKVERMIETUNGS GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
391	NXP CO-INVESTMENT PARTNERS VIII L.P.	LONDON	1	HVB CAPITAL PARTNERS AG	85.00	
392	OCEAN BREEZE ASSET GMBH & CO. KG	MUNICH	1	OCEAN BREEZE ENERGY GMBH & CO. KG	100.00	
393	OCEAN BREEZE ENERGY GMBH & CO. KG	MUNICH	1	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH	100.00	
394	OCEAN BREEZE FINANCE S.A. - COMPARTMENT 1	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
395	OCEAN BREEZE GMBH	MUNICH	1	OCEAN BREEZE ENERGY GMBH & CO. KG	100.00	
396	OCT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
397	OLG HANDELS- UND BETEILIGUNGSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
398	OMNIA GRUNDSTUCKS-GMBH & CO. OBJEKT EGGENFELDENER STRASSE KG	MUNICH	1	HVB IMMOBILIEN AG	94.00	
				UNICREDIT BANK AG	6.00	
399	OMNIA GRUNDSTUCKS-GMBH & CO. OBJEKT HAIDENAUPLATZ KG	MUNICH	1	HVB IMMOBILIEN AG	94.00	
				UNICREDIT BANK AG	6.00	
400	OOO UNICREDIT LEASING	MOSCOW	1	UNICREDIT LEASING S.P.A.	60.00	
				ZAO UNICREDIT BANK	40.00	
401	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	MUNICH	1	HVB PROJEKT GMBH	100.00	
402	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	
403	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	
404	PALAIS ROTHSCHILD VERMIETUNGS GMBH & CO OG	VIENNA	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
405	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	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
406	PAZONYI'98 INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
407	PEKAO BANK HIPOTECZNY S.A.	WARSAW	1	BANK PEKAO SA	100.00	
408	PEKAO FAKTORING SP. ZOO	LUBLIN	1	BANK PEKAO SA	100.00	
409	PEKAO FINANCIAL SERVICES SP. ZOO	WARSAW	1	BANK PEKAO SA	100.00	
410	PEKAO FUNDUSZ KAPITALOWY SP. ZOO	WARSAW	1	BANK PEKAO SA	100.00	
411	PEKAO LEASING HOLDING S.A.	WARSAW	1	BANK PEKAO SA	80.10	
				UNICREDIT LEASING S.P.A.	19.90	
412	PEKAO LEASING SP ZO.O.	WARSAW	1	BANK PEKAO SA	36.49	
				PEKAO LEASING HOLDING S.A.	63.51	
413	PEKAO PIONEER P.T.E. SA	WARSAW	1	BANK PEKAO SA	65.00	
				PIONEER GLOBAL ASSET MANAGEMENT SPA	35.00	
414	PEKAO PROPERTY SA	WARSAW	1	BANK PEKAO SA	100.00	

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
415	PEKAO TELECENTRUM SP. ZOO	WARSAW	1	BANK PEKAO SA	100.00	
416	PELOPS LEASING GESELLSCHAFT M.B.H.	VIENNA	1	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
417	PENSIONSKASSE DER HYPO VEREINSBANK VVAG	MUNICH	4	UNICREDIT BANK AG	..	(3)
418	PERIKLES 20092 VERMOGENSVERWALTUNG GMBH	MUNICH	1	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH	100.00	
419	PESTSZENTIMREI SZAKORVOSI RENDELO KFT.	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
420	PETROLI INVESTIMENTI SPA	CIVITAVECCHIA	1	SOCIETA' DEPOSITI COSTIERI - SO.DE.CO. SRL	100.00	
421	PIANA LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
422	PIONEER ALTERNATIVE INVESTMENT MANAGEMENT (BERMUDA) LIMITED	HAMILTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
423	PIONEER ALTERNATIVE INVESTMENT MANAGEMENT LTD	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
424	PIONEER ALTERNATIVE INVESTMENTS (ISRAEL) LTD	RAMAT GAN.	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
425	PIONEER ALTERNATIVE INVESTMENTS (NEW YORK) LTD	DOVER	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
426	PIONEER ASSET MANAGEMENT AS	PRAGUE	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
427	PIONEER ASSET MANAGEMENT S.A.I. S.A.	BUCHAREST	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	97.42	
				UNICREDIT TIRIAC BANK S.A.	2.58	
428	PIONEER ASSET MANAGEMENT SA	LUXEMBOURG	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
429	PIONEER FUNDS DISTRIBUTOR INC	BOSTON	1	PIONEER INVESTMENT MANAGEMENT INC	100.00	
430	PIONEER GLOBAL ASSET MANAGEMENT SPA	MILAN	1	UNICREDIT SPA	100.00	
431	PIONEER GLOBAL FUNDS DISTRIBUTOR LTD	HAMILTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
432	PIONEER GLOBAL INVESTMENTS (AUSTRALIA) PTY LIMITED	SYDNEY	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
433	PIONEER GLOBAL INVESTMENTS (TAIWAN) LTD.	TAIPEI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
434	PIONEER GLOBAL INVESTMENTS LIMITED	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
435	PIONEER INSTITUTIONAL ASSET MANAGEMENT INC	WILMINGTON	1	PIONEER INVESTMENT MANAGEMENT USA INC.	100.00	
436	PIONEER INVESTMENT COMPANY AS	PRAGUE	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
437	PIONEER INVESTMENT FUND MANAGEMENT LIMITED	BUDAPEST	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
438	PIONEER INVESTMENT MANAGEMENT INC	WILMINGTON	1	PIONEER INVESTMENT MANAGEMENT USA INC.	100.00	
439	PIONEER INVESTMENT MANAGEMENT LIMITED	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
440	PIONEER INVESTMENT MANAGEMENT LLC - UNDER LIQUIDATION	MOSCOW	1	PIONEER ASSET MANAGEMENT AS	1.00	
				PIONEER GLOBAL ASSET MANAGEMENT SPA	99.00	
441	PIONEER INVESTMENT MANAGEMENT SHAREHOLDER SERVICES INC.	BOSTON	1	PIONEER INVESTMENT MANAGEMENT USA INC.	100.00	
442	PIONEER INVESTMENT MANAGEMENT SOC. DI GESTIONE DEL RISPARMIO PER AZ	MILAN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
443	PIONEER INVESTMENT MANAGEMENT USA INC.	WILMINGTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
444	PIONEER INVESTMENTS AUSTRIA GMBH	VIENNA	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
445	PIONEER INVESTMENTS KAPITALANLAGEGESELLSCHAFT MBH	MUNICH	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
446	PIONEER PEKAO INVESTMENT FUND COMPANY SA (POLISH NAME: PIONEER PEKAO TFI SA)	WARSAW	1	PIONEER PEKAO INVESTMENT MANAGEMENT SA	100.00	
447	PIONEER PEKAO INVESTMENT MANAGEMENT SA	WARSAW	1	BANK PEKAO SA	49.00	

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	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
				PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
448	PIRTA VERWALTUNGS GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
449	PLANETHOME AG	UNTERFOHRING	1	UNICREDIT BANK AG	100.00	
450	PLANETHOME GMBH	MANNHEIM	1	PLANETHOME AG	100.00	
451	POLLUX IMMOBILIEN GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.80	
452	POMINVEST DD	SPLIT	1	ZAGREBACKA BANKA D.D.	88.66	88.95
453	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
454	PORTIA GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
455	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	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
456	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	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
457	PRIM Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
458	PRIVATE JOINT STOCK COMPANY FERROTRADE INTERNATIONAL	KIEV	1	UNICREDIT BANK AUSTRIA AG	100.00	
459	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	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
460	PROPERTY SP. Z.O.O. (IN LIQUIDAZIONE)	WARSAW	1	BANK PEKAO SA	100.00	
461	PRVA STAMBENA STEDIONICA DD ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
462	PUBLIC JOINT STOCK COMPANY UKRSOTSBANK	KIEV	1	PRIVATE JOINT STOCK COMPANY FERROTRADE INTERNATIONAL	48.40	
				UNICREDIT BANK AUSTRIA AG	49.91	49.92
463	PUBLIC JOINT STOCK COMPANY UNICREDIT BANK	KIEV	1	BANK PEKAO SA	100.00	
464	QUADEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
465	QUART Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
466	QUINT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
467	RAMSES IMMOBILIEN GESELLSCHAFT M.B.H. & CO OG	VIENNA	1	RAMSES-IMMOBILIENHOLDING GMBH	0.20	
				UNICREDIT BANK AUSTRIA AG	99.30	
468	RANA-LIEGENSCHAFTSVERWERTUNG GMBH	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	99.90	
469	REAL ESTATE MANAGEMENT POLAND SP. Z O.O.	WARSAW	1	UNICREDIT LEASING S.P.A.	100.00	

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
470	REAL INVEST IMMOBILIEN GMBH	VIENNA	1	M.A.I.L. FINANZBERATUNG GESELLSCHAFT M.B.H.	100.00	
471	REAL-LEASE GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
472	REAL-RENT LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
473	REDSTONE MORTGAGES LIMITED	LONDON	1	UNICREDIT BANK AG	100.00	
474	REGEV REALITATENVERWERTUNGSGESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
475	RHOTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
				UNICREDIT BANK AG	6.15	
476	RIGEL IMMOBILIEN GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.80	
477	ROMA 2000 SRL	ROME	1	COMPAGNIA ITALPETROLI S.P.A.	100.00	
478	RONCASA IMMOBILIEN-VERWALTUNGS GMBH	MUNICH	1	HVB PROJEKT GMBH	90.00	
479	RONDO LEASING GMBH	VIENNA	1	WOM GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
480	ROSENKAVALIER 2008 GMBH	FRANKFURT	4	UNICREDIT BANK AG	..	(3)
481	ROYSTON LEASING LIMITED	GRAND CAYMAN	4	UNICREDIT BANK AG	..	(3)
482	RSB ANLAGENVERMIETUNG GESELLSCHAFT M.B.H.	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
483	S.I.P.I.C. - SOCIETA' INDUSTRIALE PETROLIFERA ITALIA CENTRALE SRL	ROME	1	SOCIETA' DEPOSITI COSTIERI - SO.DE.CO. SRL	100.00	
484	SALOME FUNDING PLC	DUBLIN	4	UNICREDIT BANK AG	..	(3)
485	SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
486	SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG SAARLAND	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
487	SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG VERWALTUNGSZENTRUM	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	97.78	
				TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	2.22	
488	SANITA' - S.R.L. IN LIQUIDAZIONE	ROME	1	UNICREDIT CREDIT MANAGEMENT BANK SPA	99.60	
489	SANTA ROSA SAS	ROME	1	IMMOBILIARE PATETTA SRL	99.42	
				SOCIETA' COLLE AURELIA IMMOBILIARE S.C.A.I. SRL	0.58	
490	SAS-REAL INGATLANUEZEMELTETO ES KEZELO KFT (ENGL ISH :SAS-REAL KFT)	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
491	SCHOELLERBANK AKTIENGESELLSCHAFT	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
492	SCHOELLERBANK INVEST AG	SALZBURG	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
493	SECA-LEASING GESELLSCHAFT M.B.H.	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	74.80	75.00
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
494	SEDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
495	SELFOSS BETEILIGUNGSGESELLSCHAFT MBH	GRUNWALD	1	HVB PROJEKT GMBH	100.00	

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	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
496	SEXT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
497	SHS LEASING GMBH	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	99.00
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
498	SIA UNICREDIT INSURANCE BROKER	RIGA	1	SIA UNICREDIT LEASING	100.00	
499	SIA UNICREDIT LEASING	RIGA	1	UNICREDIT BANK AUSTRIA AG	100.00	
500	SIGMA LEASING GMBH	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.40	99.60
				UNICREDIT LEASING (AUSTRIA) GMBH	0.40	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
501	SIMON VERWALTUNGS-AKTIENGESELLSCHAFT I.L.	MUNICH	1	UNICREDIT BANK AG	99.98	
502	SIRIUS IMMOBILIEN GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.80	
503	SIRIUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	MUNICH	1	HVB PROJEKT GMBH	5.00	
				SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG	95.00	
504	SOCIETA ' SPORTIVA TORREVECCHIA SRL	ROME	1	COMPAGNIA FONDIARIA ROMANA (C.F.R.) SRL	100.00	
505	SOCIETA' DEPOSITI COSTIERI - SO.DE.CO. SRL	ROME	1	COMPAGNIA ITALPETROLI S.P.A.	100.00	
506	SOCIETA' DI GESTIONI ESATTORIALI IN SICILIA SO.G.E.SI. S.P.A. IN LIQ.	PALERMO	1	UNICREDIT CREDIT MANAGEMENT BANK SPA	80.00	
507	SOCIETA' ITALIANA GESTIONE ED INCASSO CREDITI S.P.A. IN LIQUIDAZIONE	ROME	1	UNICREDIT CREDIT MANAGEMENT BANK SPA	100.00	
508	SOCIETA' PETROLIFERA GIOIA TAURO SRL	REGGIO CALABRIA	1	MERIDIONALE PETROLI SRL	49.00	
				SOCIETA' DEPOSITI COSTIERI - SO.DE.CO. SRL	51.00	
509	SOCIETA' VERONESE GESTIONE COMPRAVENDITA IMMOBILI A R.L.	ROME	1	IMMOBILIARE PATETTA SRL	100.00	
510	SOFIGERE SOCIETE PAR ACTIONS SIMPLIFIEE	PARIS	1	UNICREDIT SPA	100.00	
511	SOLARIS VERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	94.90	
512	SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG	MUNICH	1	HVB PROJEKT GMBH	100.00	
513	SONATA LEASING-GESELLSCHAFT M.B.H.	VIENNA	1	ARNO GRUNDSTUCKSVERWALTUNGS GESELLSCHAFT M.B.H.	1.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	98.80	99.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
514	SPECTRUM GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	WOM GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
515	SPREE GALERIE HOTELBETRIEBSGESELLSCHAFT MBH	MUNICH	1	ARGENTAURUS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH	100.00	
516	STATUS VERMOGENSVERWALTUNG GMBH	SCHWERIN	1	UNICREDIT BANK AG	100.00	
517	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
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
518	STRUCTURED INVEST SOCIETE ANONYME	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
519	STRUCTURED LEASE GMBH	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
520	SUVREMENE POSILOVNE KOMUNIKACIJE D.O.O	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
521	SVIF UKRSOTSBUD	KIEV	4	PUBLIC JOINT STOCK COMPANY UKRSOTSBANK	..	(3)
522	T & P FRANKFURT DEVELOPMENT B.V.	AMSTERDAM	1	HVB PROJEKT GMBH	100.00	
523	T & P VASTGOED STUTTGART B.V.	AMSTERDAM	1	HVB PROJEKT GMBH	87.50	
524	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	MUNICH	1	HVB TECTA GMBH	75.00	
525	TERRONDA DEVELOPMENT B.V.	AMSTERDAM	1	HVB PROJEKT GMBH	100.00	
526	TERZ Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
527	TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	99.67	
528	TRANSTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
				UNICREDIT BANK AG	6.15	
529	TREDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
530	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	VIENNA	1	BANK AUSTRIA REAL INVEST GMBH	100.00	
531	TREVI FINANCE N. 2 S.P.A.	CONEGLIANO (TREVISO)	1	UNICREDIT SPA	60.00	
532	TREVI FINANCE N. 3 S.R.L.	CONEGLIANO (TREVISO)	1	UNICREDIT SPA	60.00	
533	TREVI FINANCE S.P.A.	CONEGLIANO (TREVISO)	1	UNICREDIT SPA	60.00	
534	TRICASA GRUNDBESITZ GESELLSCHAFT MBH & CO. 1. VERMIETUNGS KG	MUNICH	1	HYPO-REAL HAUS- UND GRUNDBESITZ GESELLSCHAFT MBH	0.00	..
				ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	99.99
535	TRICASA GRUNDBESITZGESELLSCHAFT DES BURGERLICHEN RECHTS NR. 1	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	
536	TRIESTE ADRIATIC MARITIME INITIATIVES SRL	TRIESTE	3	UNICREDIT SPA	34.10	
537	TRINITRADE VERMOGENSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG	MUNICH	1	UNICREDIT BANK AG	100.00	
538	UCL NEKRETNINE D.O.O.	SARAJEVO	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	30.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	70.00	
539	UCTAM BALTICS SIA	RIGA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
540	UCTAM BULGARIA EOOD	SOFIA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
541	UCTAM CZECH REPUBLIC SRO	PRAGUE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.96	
				UNICREDIT TURN-AROUND MANAGEMENT GMBH	0.04	
542	UCTAM D.O.O. BEOGRAD	BELGRADE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
543	UCTAM RK LIMITED LIABILITY COMPANY	ALMATY CITY	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
544	UCTAM RO S.R.L.	BUCHAREST	1	UCTAM BALTICS SIA	0.02	
				UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.98	

Part A – Accounting Policies

				OWNERSHIP RELATIONSHIP		
	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	HELD BY	HOLDING %	VOTING RIGHTS (2)
545	UCTAM RU LIMITED LIABILITY COMPANY	MOSCOW	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
				ZAO UNICREDIT BANK	..	
546	UCTAM UKRAINE LLC	KIEV	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.99	
547	UCTAM UPRAVLJANJE D.O.O.	LJUBLJANA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
548	UFFICIUM IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	KUTRA GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	5.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
549	UNI IT SRL	TRENTO	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	51.00	
550	UNICOM IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
551	UNICREDIT (CHINA) ADVISORY LIMITED	BEIJING	1	UNICREDIT BANK AG	100.00	
552	UNICREDIT AURORA LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
553	UNICREDIT AUTO LEASING E.O.O.D.	SOFIA	1	UNICREDIT LEASING AD	100.00	
554	UNICREDIT BANK A.D. BANJA LUKA	BANJA LUKA	1	UNICREDIT BANK AUSTRIA AG	98.37	
555	UNICREDIT BANK AG	MUNICH	1	UNICREDIT SPA	100.00	
556	UNICREDIT BANK AUSTRIA AG	VIENNA	1	UNICREDIT SPA	99.99	
557	UNICREDIT BANK CZECH REPUBLIC A.S.	PRAGUE	1	UNICREDIT BANK AUSTRIA AG	100.00	
558	UNICREDIT BANK D.D.	MOSTAR	1	UNICREDIT BANK AUSTRIA AG	30.14	24.29 (5)
				UNICREDIT SPA	3.27	3.28
				ZAGREBACKA BANKA D.D.	65.59	65.69
559	UNICREDIT BANK HUNGARY ZRT.	BUDAPEST	1	UNICREDIT BANK AUSTRIA AG	100.00	
560	UNICREDIT BANK IRELAND PLC	DUBLIN	1	UNICREDIT SPA	100.00	
561	UNICREDIT BANK SERBIA JSC	BELGRADE	1	UNICREDIT BANK AUSTRIA AG	100.00	
562	UNICREDIT BANK SLOVAKIA A.S.	BRATISLAVA	1	UNICREDIT BANK AUSTRIA AG	99.03	
563	UNICREDIT BANKA SLOVENIJA D.D.	LJUBLJANA	1	UNICREDIT BANK AUSTRIA AG	99.99	
564	UNICREDIT BETEILIGUNGS GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
565	UNICREDIT BPC MORTGAGE S.R.L.	VERONA	1	UNICREDIT SPA	60.00	
566	UNICREDIT BROKER DOO SARAJEVO ZA BROKERSKE POSLOVE U OSIGURANJU	SARAJEVO	1	UNICREDIT GLOBAL LEASING VERSICHERUNGSSERVICE GMBH	100.00	
567	UNICREDIT BROKER S.R.O.	BRATISLAVA	1	UNICREDIT GLOBAL LEASING VERSICHERUNGSSERVICE GMBH	19.68	
				UNICREDIT LEASING SLOVAKIA A.S.	80.32	
568	UNICREDIT BULBANK AD	SOFIA	1	UNICREDIT BANK AUSTRIA AG	99.44	
				UNICREDIT SPA	..	
569	UNICREDIT BUSINESS INTEGRATED SOLUTIONS AUSTRIA GMBH	VIENNA	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	100.00	
570	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	MILAN	1	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	..	
				FINECOBANK SPA	..	
				PIONEER INVESTMENT MANAGEMENT SOC. DI GESTIONE DEL RISPARMIO PER AZ	..	
				UNICREDIT BANK AG	..	
				UNICREDIT FACTORING SPA	..	
				UNICREDIT SPA	100.00	
571	UNICREDIT BUSINESS PARTNER S.R.O.	PRAGUE	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	100.00	

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
572	UNICREDIT CAIB HUNGARY PRIVATE LTD UNDER VOLUNTARY LIQUIDATION	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
573	UNICREDIT CAIB POLAND S.A.	WARSAW	1	UNICREDIT BANK AUSTRIA AG	100.00	
574	UNICREDIT CAIB ROMANIA SRL (IN LIQUIDAZIONE)	BUCHAREST	1	UNICREDIT BANK AUSTRIA AG	100.00	
575	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	
576	UNICREDIT CAIB SECURITIES UK LTD.	LONDON	1	UNICREDIT BANK AG	100.00	
577	UNICREDIT CAIB SERBIA LTD. BELGRADE IN LIQUIDATION	BELGRADE	1	UNICREDIT BANK AUSTRIA AG	100.00	
578	UNICREDIT CAIB SLOVENIJA, D.O.O.	LJUBLJANA	1	UNICREDIT BANKA SLOVENIJA D.D.	100.00	
579	UNICREDIT CAPITAL MARKETS LLC	NEW YORK	1	UNICREDIT U.S. FINANCE LLC	100.00	
580	UNICREDIT CENTER AM KAISERWASSER GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
581	UNICREDIT CONSUMER FINANCING AD	SOFIA	1	UNICREDIT BULBANK AD	100.00	
582	UNICREDIT CONSUMER FINANCING IFN S.A.	BUCHAREST	1	UNICREDIT SPA	49.90	
				UNICREDIT TIRIAC BANK S.A.	50.10	
583	UNICREDIT CREDIT MANAGEMENT BANK SPA	VERONA	1	UNICREDIT SPA	100.00	
584	UNICREDIT CREDIT MANAGEMENT IMMOBILIARE S.P.A.	VERONA	1	UNICREDIT CREDIT MANAGEMENT BANK SPA	100.00	
585	UNICREDIT DELAWARE INC	DOVER	1	UNICREDIT SPA	100.00	
586	UNICREDIT DIRECT SERVICES GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
587	UNICREDIT FACTORING EAD	SOFIA	1	UNICREDIT BULBANK AD	100.00	
588	UNICREDIT FACTORING SPA	MILAN	1	UNICREDIT SPA	100.00	
589	UNICREDIT FLEET MANAGEMENT S.R.O.	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
590	UNICREDIT FLEET MANAGEMENT S.R.O.	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
591	UNICREDIT FUGGETLEN BIZTOSITASKOZVETITO KFT	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	25.20	
				UNICREDIT LEASING KFT	74.80	
592	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	VIENNA	1	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
593	UNICREDIT GLOBAL BUSINESS SERVICES GMBH	UNTERFOHRING	1	UNICREDIT BANK AG	100.00	
594	UNICREDIT GLOBAL LEASING EXPORT GMBH	VIENNA	1	UNICREDIT GLOBAL LEASING PARTICIPATION MANAGEMENT GMBH	100.00	
595	UNICREDIT GLOBAL LEASING PARTICIPATION MANAGEMENT GMBH	VIENNA	1	UNICREDIT LEASING S.P.A.	100.00	
596	UNICREDIT GLOBAL LEASING VERSICHERUNGSSERVICE GMBH	VIENNA	1	UNICREDIT LEASING S.P.A.	100.00	
597	UNICREDIT INGATLANLIZING ZRT	BUDAPEST	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
598	UNICREDIT INSURANCE BROKER EOOD	SOFIA	1	UNICREDIT LEASING AD	100.00	
599	UNICREDIT INSURANCE BROKER SRL	BUCHAREST	1	ALLEGRO LEASING GESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
600	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	LUXEMBOURG	1	UNICREDIT SPA	100.00	
601	UNICREDIT JELZALOGBANK ZRT.	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
602	UNICREDIT KFZ LEASING GMBH	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	100.00	
603	UNICREDIT LEASING (AUSTRIA) GMBH	VIENNA	1	UNICREDIT LEASING S.P.A.	99.98	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
604	UNICREDIT LEASING AD	SOFIA	1	UNICREDIT BULBANK AD	24.37	

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	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
				UNICREDIT LEASING S.P.A.	75.63	
605	UNICREDIT LEASING AVIATION GMBH	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
606	UNICREDIT LEASING CORPORATION IFN S.A.	BUCHAREST	1	UNICREDIT LEASING S.P.A.	80.00	
				UNICREDIT TIRIAC BANK S.A.	20.00	
607	UNICREDIT LEASING CROATIA D.O.O. ZA LEASING	ZAGREB	1	UNICREDIT LEASING S.P.A.	100.00	
608	UNICREDIT LEASING CZ, A.S.	PRAGUE	1	UNICREDIT LEASING S.P.A.	100.00	
609	UNICREDIT LEASING D.O.O.	SARAJEVO	1	UNICREDIT LEASING S.P.A.	100.00	
610	UNICREDIT LEASING FINANCE GMBH	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
611	UNICREDIT LEASING FLEET MANAGEMENT S.R.L.	BUCHAREST	1	UNICREDIT GLOBAL LEASING EXPORT GMBH	10.00	
				UNICREDIT LEASING S.P.A.	90.00	
612	UNICREDIT LEASING FUHRPARKMANAGEMENT GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
613	UNICREDIT LEASING GMBH	HAMBURG	1	UNICREDIT BANK AG	100.00	
614	UNICREDIT LEASING HUNGARY ZRT	BUDAPEST	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	5.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
615	UNICREDIT LEASING IMMOTRUCK ZRT.	BUDAPEST	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	28.56	
				UNICREDIT LEASING (AUSTRIA) GMBH	71.44	
616	UNICREDIT LEASING KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
617	UNICREDIT LEASING LUNA KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	80.00	
618	UNICREDIT LEASING MARS KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	80.00	
619	UNICREDIT LEASING REAL ESTATE S.R.O.	BRATISLAVA	1	UNICREDIT LEASING S.P.A.	100.00	
620	UNICREDIT LEASING ROMANIA S.A.	BUCHAREST	1	UNICREDIT LEASING S.P.A.	100.00	
				UNICREDIT TIRIAC BANK S.A.	..	
621	UNICREDIT LEASING S.P.A.	BOLOGNA	1	UNICREDIT BANK AUSTRIA AG	31.01	
				UNICREDIT SPA	68.99	
622	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	
623	UNICREDIT LEASING SRBIJA D.O.O. BEOGRAD	BELGRADE	1	UNICREDIT LEASING S.P.A.	100.00	
624	UNICREDIT LEASING TECHNIKUM GMBH	VIENNA	1	LEASFINANZ GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
625	UNICREDIT LEASING TOB	KIEV	1	UNICREDIT LEASING S.P.A.	100.00	
626	UNICREDIT LEASING URANUS KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	80.00	
627	UNICREDIT LEASING VERSICHERUNGSSERVICE GMBH & CO KG	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
628	UNICREDIT LEASING, LEASING, D.O.O.	LJUBLJANA	1	UNICREDIT BANKA SLOVENIJA D.D.	1.79	
				UNICREDIT LEASING S.P.A.	98.21	
629	UNICREDIT LONDON INVESTMENTS LIMITED	LONDON	1	UNICREDIT BANK AG	100.00	
630	UNICREDIT LUNA LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
631	UNICREDIT LUXEMBOURG FINANCE SA	LUXEMBOURG	1	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	100.00	
632	UNICREDIT LUXEMBOURG S.A.	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
633	UNICREDIT MERCHANT PARTNERS GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
634	UNICREDIT OBG S.R.L.	VERONA	1	UNICREDIT SPA	60.00	
635	UNICREDIT PARTNER D.O.O	ZAGREB	1	UNICREDIT GLOBAL LEASING VERSICHERUNGSSERVICE GMBH	20.00	
				UNICREDIT LEASING CROATIA D.O.O. ZA LEASING	80.00	
636	UNICREDIT PARTNER D.O.O BEOGRAD	BELGRADE	1	ALLEGRO LEASING GESELLSCHAFT M.B.H.	100.00	
637	UNICREDIT PARTNER LLC	KIEV	1	UNICREDIT GLOBAL LEASING VERSICHERUNGSSERVICE GMBH	100.00	
638	UNICREDIT PEGASUS LEASING GMBH	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	74.80	75.00
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
639	UNICREDIT POIJIST'OVACI MAKLERSKA SPOL. S R.O.	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
640	UNICREDIT POLARIS LEASING GMBH	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
641	UNICREDIT RENT D.O.O. BEOGRAD	BELGRADE	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
642	UNICREDIT SECURITIES INTERNATIONAL LIMITED IN LIQUIDATION	NICOSIA	1	AI BETEILIGUNGS GMBH	100.00	
643	UNICREDIT TECHRENT LEASING GMBH	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
644	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	50.56 (6)
				UNICREDIT LEASING (AUSTRIA) GMBH	0.01	
				UNICREDIT LEASING ROMANIA S.A.	..	
645	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	VIENNA	1	UNICREDIT TURN-AROUND MANAGEMENT GMBH	100.00	
646	UNICREDIT TURN-AROUND MANAGEMENT GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
647	UNICREDIT U.S. FINANCE LLC	WILMINGTON	1	UNICREDIT BANK AG	100.00	
648	UNICREDIT ZAVAROVALNO ZASTOPINSKA DRUZBA DOO	LJUBLJANA	1	UNICREDIT GLOBAL LEASING VERSICHERUNGSSERVICE GMBH	100.00	
649	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
650	UNICREDIT-LEASING HOSPES KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
651	UNICREDIT-LEASING NEPTUNUS KFT	BUDAPEST	1	UNICREDIT LEASING S.P.A.	96.35	
652	UNICREDIT-LEASING ORION INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
653	UNICREDITO ITALIANO CAPITAL TRUST III	NEWARK	1	UNICREDITO ITALIANO FUNDING LLC III	100.00	
654	UNICREDITO ITALIANO CAPITAL TRUST IV	NEWARK	1	UNICREDITO ITALIANO FUNDING LLC IV	100.00	
655	UNICREDITO ITALIANO FUNDING LLC III	WILMINGTON	1	UNICREDIT SPA	100.00	
656	UNICREDITO ITALIANO FUNDING LLC IV	WILMINGTON	1	UNICREDIT SPA	100.00	
657	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
658	US PROPERTY INVESTMENTS INC.	DALLAS	1	UNICREDIT BANK AG	100.00	

Part A – Accounting Policies

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	OWNERSHIP RELATIONSHIP HOLDING %	VOTING RIGHTS (2)
659	V.M.G. VERMIETUNGSGESELLSCHAFT MBH	MUNICH	1	H.F.S. HYPO-FONDSBETEILIGUNGEN FUR SACHWERTE GMBH	100.00	
660	VANDERBILT CAPITAL ADVISORS LLC	WILMINGTON	1	PIONEER INSTITUTIONAL ASSET MANAGEMENT INC	100.00	
661	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	
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
662	VERBA VERWALTUNGSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG	MUNICH	1	UNICREDIT BANK AG	100.00	
663	VERMIETUNGSGESELLSCHAFT MBH & CO OBJEKT MOC KG	MUNICH	1	HVB IMMOBILIEN AG	87.88	87.78
				LANDOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	0.00	0.06
664	VERWALTUNGSGESELLSCHAFT KATHARINENHOF MBH	MUNICH	1	UNICREDIT BANK AG	100.00	
665	VIENNA DC BAUTRAEGER GMBH	VIENNA	1	WED WIENER ENTWICKLUNGSGESELLSCHAFT FUER DEN DONAURAUM AKTIENGESELLSCHAFT	100.00	
666	VIENNA DC TOWER 1 LIEGENSCHAFTSBESITZ GMBH	VIENNA	1	WED DONAU-CITY GESELLSCHAFT M.B.H.	100.00	
667	VIENNA DC TOWER 2 LIEGENSCHAFTSBESITZ GMBH	VIENNA	1	WED DONAU-CITY GESELLSCHAFT M.B.H.	100.00	
668	VILLINO PACELLI SRL	ROME	1	IMMOBILIARE PATETTA SRL	100.00	
669	VISCONTI SRL	MILAN	1	UNICREDIT SPA	90.63	
670	VUWB INVESTMENTS INC.	ATLANTA	1	WEALTHCAP FONDS GMBH	100.00	
671	WEALTH CAPITAL INVESTMENT INC.	WILMINGTON	1	WEALTHCAP FONDS GMBH	100.00	
672	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	MUNICH	1	UNICREDIT BANK AG	100.00	
673	WEALTHCAP EQUITY GMBH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
674	WEALTHCAP EQUITY MANAGEMENT GMBH	MUNICH	1	WEALTHCAP EQUITY GMBH	100.00	
675	WEALTHCAP FONDS GMBH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
676	WEALTHCAP INITIATOREN GMBH	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
677	WEALTHCAP INVESTORENBETREUUNG GMBH	MUNICH	1	H.F.S. HYPO-FONDSBETEILIGUNGEN FUR SACHWERTE GMBH	100.00	
678	WEALTHCAP LEASING GMBH	GRUNWALD	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
679	WEALTHCAP PEIA KOMPLEMENTAR GMBH	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
680	WEALTHCAP PEIA MANAGEMENT GMBH	MUNICH	1	UNICREDIT BANK AG	6.00	
				WEALTH MANAGEMENT CAPITAL HOLDING GMBH	94.00	
681	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	MUNICH	1	H.F.S. HYPO-FONDSBETEILIGUNGEN FUR SACHWERTE GMBH	100.00	
682	WEALTHCAP STIFTUNGSTREUHAND GMBH	MUNICH	1	WEALTHCAP FONDS GMBH	100.00	
683	WEALTHCAP USA IMMOBILIEN VERWALTUNGS GMBH	MUNICH	1	WEALTHCAP FONDS GMBH	100.00	
684	WED DONAU-CITY GESELLSCHAFT M.B.H.	VIENNA	1	WED WIENER ENTWICKLUNGSGESELLSCHAFT FUER DEN DONAURAUM AKTIENGESELLSCHAFT	100.00	
685	WED HOLDING GESELLSCHAFT M.B.H.	VIENNA	3	UNICREDIT BANK AUSTRIA AG	48.06	
686	WED WIENER ENTWICKLUNGSGESELLSCHAFT FUER DEN DONAURAUM AKTIENGESELLSCHAFT	VIENNA	1	UNICREDIT BANK AUSTRIA AG	38.00	
				WED HOLDING GESELLSCHAFT M.B.H.	62.00	
687	WOM GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
688	Z LEASING ALFA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
689	Z LEASING ARKTUR IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
690	Z LEASING AURIGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
691	Z LEASING CORVUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
692	Z LEASING DORADO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	CALG GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
693	Z LEASING DRACO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
694	Z LEASING GAMA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
695	Z LEASING GEMINI IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
696	Z LEASING HEBE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	GEBAUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
697	Z LEASING HERCULES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
698	Z LEASING IPSILON IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
699	Z LEASING ITA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
700	Z LEASING JANUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
701	Z LEASING KALLISTO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
702	Z LEASING KAPA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
703	Z LEASING LYRA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	GALA GRUNDSTUCKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
704	Z LEASING NEREIDE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)

Part A – Accounting Policies

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
705	Z LEASING OMEGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	CALG DELTA GRUNDSTUCKVERWALTUNG GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
706	Z LEASING PERSEUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BANK AUSTRIA LEASING ARGO IMMOBILIEN LEASING GMBH	100.00	
707	Z LEASING SCORPIUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
708	Z LEASING TAURUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
709	Z LEASING VENUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
710	Z LEASING VOLANS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	100.00
				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	0.20	(7)
711	ZAGREB NEKRETNINE DOO	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
712	ZAGREBACKA BANKA D.D.	ZAGREB	1	UNICREDIT BANK AUSTRIA AG	84.48	
713	ZANE BH DOO	SARAJEVO	1	ZAGREB NEKRETNINE DOO	100.00	
714	ZAO LOCAT LEASING RUSSIA	MOSCOW	1	OOO UNICREDIT LEASING	100.00	
715	ZAO UNICREDIT BANK	MOSCOW	1	UNICREDIT BANK AUSTRIA AG	100.00	
716	ZAPADNI TRGOVACKI CENTAR D.O.O.	RIJEKA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
717	ZB INVEST DOO	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
718	ZETA FUENF HANDELS GMBH	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	A.2 Consolidate proporzionalmente					
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	
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	

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
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	0.07	
				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	27.50	
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	0.02	
				YAPI KREDI SIGORTA AS	38.39	
				YAPI KREDI YATIRIM MENKUL DEGERLER AS	0.02	
				YAPI VE KREDI BANKASI AS	..	
23	YAPI KREDI FAKTORING AS	ISTANBUL	7	YAPI KREDI FINANSAL KIRALAMA AO	..	
				YAPI VE KREDI BANKASI AS	40.88	
24	YAPI KREDI FINANSAL KIRALAMA AO	ISTANBUL	7	YAPI VE KREDI BANKASI AS	40.90	
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 Imprese valutate al patrimonio netto					
1	ADLER FUNDING LLC	DOVER	8	UNICREDIT BANK AG	32.81	
2	ALLIANZ ZB D.O.O. DRUSTVO ZA UPRAVLJANJIE DOBROVOLJNIM MIROVINSKIM FONDOM	ZAGREB	8	ZAGREBACKA BANKA D.D.	49.00	
3	ALLIANZ ZB D.O.O. DRUSTVO ZA UPRAVLJANJIE OBVEZNIM MIROVINSKIM FONDOM	ZAGREB	8	ZAGREBACKA BANKA D.D.	49.00	
4	ASSET BANCARI II	MILAN	8	UNICREDIT CREDIT MANAGEMENT IMMOBILIARE S.P.A.	46.30	
5	AVIVA SPA	MILAN	8	UNICREDIT SPA	49.00	
6	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
7	BANQUE DE COMMERCE ET DE PLACEMENTS SA	GENEVA	8	YAPI VE KREDI BANKASI AS	30.67	
8	BKS BANK AG	KLAGENFURT	8	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	28.01	29.64
				UNICREDIT BANK AUSTRIA AG	8.02	7.46
9	BLUVACANZE SPA	MILAN	8	UNICREDIT SPA	42.85	
10	BULKMAX HOLDING LTD	LA VALLETTA	8	HVB CAPITAL PARTNERS AG	45.00	
11	CA IMMOBILIEN ANLAGEN AKTIENGESELLSCHAFT	VIENNA	8	UNICREDIT BANK AUSTRIA AG	18.16	
12	CASH SERVICE COMPANY AD	SOFIA	8	UNICREDIT BULBANK AD	20.00	

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	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
13	CBD INTERNATIONAL SP.ZO.O.	WARSAW	8	ISB UNIVERSALE BAU GMBH	49.75	
14	CNP UNICREDIT VITA S.P.A.	MILAN	8	UNICREDIT SPA	38.80	
15	COMTRADE GROUP B.V.	AMSTERDAM	8	HVB CAPITAL PARTNERS AG	21.05	
16	CONSORZIO SE.TEL. SERVIZI TELEMATICI IN LIQUIDAZIONE	NAPLES	8	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	33.33	
17	CREDITRAS ASSICURAZIONI SPA	MILAN	8	UNICREDIT SPA	50.00	
18	CREDITRAS VITA SPA	MILAN	8	UNICREDIT SPA	50.00	
19	DA VINCI S.R.L.	ROME	8	FONDO SIGMA (3)	25.00	
20	ES SHARED SERVICE CENTER SOCIETA' PER AZIONI	CERNUSCO SUL NAVIGLIO	8	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	49.00	
21	EUROPROGETTI & FINANZA S.P.A. IN LIQUIDAZIONE	ROME	8	UNICREDIT SPA	39.79	
22	FENICE HOLDING S.P.A.	CALENZANO	8	UNICREDIT SPA	25.91	
23	FIDIA SPA IN LIQUIDAZIONE	MILAN	8	UNICREDIT SPA	50.00	
24	G.B.S. - GENERAL BROKER SERVICE S.P.A.	ROME	8	UNICREDIT SPA	20.00	
25	INCONTRA ASSICURAZIONI S.P.A.	MILAN	8	UNICREDIT SPA	49.00	
26	KRAJOWA IZBA ROZLICZENIOWA SA	WARSAW	8	BANK PEKAO SA	34.44	
27	MARINA CITY ENTWICKLUNGS GMBH	VIENNA	8	CABET-HOLDING GMBH	25.00	
28	MARINA TOWER HOLDING GMBH	VIENNA	8	CABET-HOLDING GMBH	25.00	
29	MARTUR SUNGER VE KOLTUK TESISLERI TICARET VE SANAYI A. S.	ISTANBUL	8	HVB CAPITAL PARTNERS AG	20.00	
30	MEDIOBANCA BANCA DI CREDITO FINANZIARIO SPA	MILAN	8	UNICREDIT SPA	8.66	
31	MEGAPARK OOD	SOFIA	8	BANK AUSTRIA REAL INVEST GMBH	43.50	
32	MULTIPLUS CARD D.O.O. ZA PROMIDZBU I USLUGE	ZAGREB	8	SUVREMENE POSILOVNE KOMUNIKACIJE D.O.O	75.00	25.00
33	NAUTILUS TANKERS LIMITED	LA VALLETTA	8	HVB CAPITAL PARTNERS AG	45.00	
34	NEEP ROMA HOLDING SPA	ROME	8	UNICREDIT SPA	40.00	
35	NOTARTREUHANDBANK AG	VIENNA	8	UNICREDIT BANK AUSTRIA AG	25.00	
36	OAK RIDGE INVESTMENT LLC	WILMINGTON	8	PIONEER INSTITUTIONAL ASSET MANAGEMENT INC	49.00	
37	OBERBANK AG	LINZ	8	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	29.14	32.54
				UNICREDIT BANK AUSTRIA AG	4.19	1.65
38	OBJEKT-LEASE GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	8	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	49.23	
				UNICREDIT LEASING (AUSTRIA) GMBH	0.07	
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	PALATIN GRUNDSTUCKVERWALTUNGS GESELLSCHAFT M.B.H.	STOCKERAU	8	UNICREDIT LEASING (AUSTRIA) GMBH	50.00	
43	PSA PAYMENT SERVICE AUSTRIA GMBH	VIENNA	8	CAFU VERMOEGENSVERWALTUNG GMBH & CO OG	4.50	
				EUROVENTURES-AUSTRIA-CA-MANAGEMENT GESMBH	5.78	
				UNICREDIT BANK AUSTRIA AG	13.58	

	NAME	MAIN OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS (2)
44	PURGE GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	8	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	50.00	
45	REMBRA LEASING GESELLSCHAFT M.B.H.	VIENNA	8	UNICREDIT LEASING (AUSTRIA) GMBH	50.00	
46	SCHUL- UND AMTSGEBAUDE GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	GRAZ	8	UNICREDIT LEASING (AUSTRIA) GMBH	33.33	
47	SCHULERRICHTUNGSGESELLSCHAFT M.B.H.	VIENNA	8	UNICREDIT LEASING (AUSTRIA) GMBH	50.00	
48	SIA SPA	MILAN	8	UNICREDIT SPA	24.07	
49	SMIA SPA	ROME	8	UNICREDIT SPA	26.38	
50	SP PROJEKTENTWICKLUNG SCHOENEFELD GMBH & CO.KG	STUTTGART	8	UNICREDIT BANK AUSTRIA AG	50.00	
51	SVILUPPO GLOBALE GEIE	ROME	8	UNICREDIT SPA	33.33	
52	SW HOLDING SPA	ROME	8	UNICREDIT SPA	28.57	13.79
53	TORRE SGR S.P.A.	ROME	8	PIONEER INVESTMENT MANAGEMENT SOC. DI GESTIONE DEL RISPARMIO PER AZ	37.50	
54	UNI GEBAEUDEMANAGEMENT GMBH	LINZ	8	BA GVG-HOLDING GMBH	50.00	
55	WIEN MITTE IMMOBILIEN GMBH	VIENNA	8	BA-CA WIEN MITTE HOLDING GMBH	50.00	
56	WKBG WIENER KREDITBURGSCHAFTS- UND BETEILIGUNGSBANK AG	VIENNA	8	UNICREDIT BANK AUSTRIA AG	23.38	
57	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, Elektra Purchase No. 911 Ltd.

(5) The equity investment in Unicredit Bank D.D. is consolidated at 99% by virtue of UniCredit S.p.A.'s and Zagrebacka Banka D.D's.direct shareholdings, Unicredit Bank Austria AG's direct shareholding of 24.40% and its option on minority interests representing 5.74% of the share capital.

(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) In the consolidated financial statements the Group's stake is 100% as the trust company does not share in the profits. The voting rights are held by the grantor, a Group company.

Part A – Accounting Policies

Changes in the scope of consolidation
Fully consolidated entities, including the Parent Company, decreased from 737 as at December 31, 2012 to 718 as at June 30, 2013 (- 19 entities).
The number of proportionately consolidated entities, totaling 30 as at December 31, 2012, was unchanged as at June 30, 2013.
Companies consolidated at equity method, totaling 54 as at December 31, 2012, were 57 as at June 30, 2013 (+ 3 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	**737**
B. Increased by	**6**
B.1 Newly established companies	
B.2 Change of the consolidation method	1
B.3 Entities consolidated for the first time in 2012	5
C. Reduced by	**25**
C.1 Disposal	16
C.2 Change of the consolidation method	1
C.3 Absorption by other Group entities	8
D. Closing balance	**718**

Details of increases and reductions in the first half of 2013 are presented below:

Increases

Change of the consolidation method

COMPANY NAME	MAIN OFFICE
UNICREDIT CENTER AM KAISERWASSER GMBH	VIENNA

The above company, belonging to the sub-group Bank Austria, was transferred from item 100) Investments in non-consolidated subsidiaries to Investments in fully consolidated subsidiaries.

Entities consolidated for the first time in 2013			
COMPANY NAME	**MAIN OFFICE**	**COMPANY NAME**	**MAIN OFFICE**
VISCONTI SRL	MILAN	GELDILUX-TS-2013 S.A.	LUXEMBOURG
AMBASSADOR PARC DEDINJE D.O.O. BEOGRAD	BELGRADE	VERMIETUNGSGESELLSCHAFT MBH & CO OBJEKT MOC KG	MUNICH
EUROPEYE SRL	ROME		

As at June 30, 2013 entities consolidated for the first mainly related to new companies acquired/which became operational during the first half of 2013.
Entities consolidated for the first time also include an SPV, Geldilux-TS-2013 SA, consolidated in accordance with SIC12.

Reductions

Disposal			
COMPANY NAME	**MAIN OFFICE**	**COMPANY NAME**	**MAIN OFFICE**
LOWES LIMITED IN LIQUIDATION	NICOSIA	GELDILUX-TS-2007 S.A.	LUXEMBOURG
EK MITTELSTANDSFINANZIERUNGS AG	VIENNA	JSC ATF BANK	ALMATY CITY
ATF CAPITAL B.V.	ROTTERDAM	UNICREDIT BANK OJSC	BISHKEK
ATF INKASSATSIYA LTD	ALMATY CITY	ATF FINANCE JSC	ALMATY CITY
BLACK FOREST FUNDING LLC	DOVER	LIMITED LIABILITY COMPANY AI LINE	MOSCOW
AUTOGYOR INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	HVB-LEASING DANTE INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST
HVB-LEASING ZAFIR KFT	BUDAPEST	BACA-LEASING URSUS INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST
BACA-LEASING NERO INGATLANHASZNOSITO KORLATOLT FELELOSSEGU TARSASAG	BUDAPEST	UNICREDIT-LEASING SATURNUS KFT	BUDAPEST

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

Change of the consolidation method	
COMPANY NAME	**MAIN OFFICE**
CBD INTERNATIONAL SP.ZO.O.	WARSAW

The change in the method of consolidation of the company CBD INTERNATIONAL SP.ZO.O. from Investments in fully consolidated subsidiaries to item 100) Investments in entities subject to significant influence valued at Net Equity is attributable to the capital increase that was not underwritten, with consequent loss of control.

Part A – Accounting Policies

Absorption by other Group entities

COMPANY NAME OF THE MERGERED ENTITY	MAIN OFFICE		COMPANY NAME OF THE TAKING IN ENTITY	MAIN OFFICE
UNICREDIT MERCHANT S.P.A.	ROME	>>>	UNICREDIT SPA	ROME
UNICREDIT AUDIT SOCIETA' CONSORTILE PER AZIONI	MILAN	>>>	UNICREDIT SPA	ROME
UNIMANAGEMENT SCRL	TURIN	>>>	UNICREDIT SPA	ROME
UNICREDIT LOGISTICS SRL	VERONA	>>>	UNICREDIT SPA	ROME
DOMUS FACILITY MANAGEMENT GMBH	VIENNA	>>>	UNICREDIT BUSINESS INTEGRATED SOLUTIONS AUSTRIA GMBH	VIENNA
METROPOLIS SP. ZO.O.	WARSAW	>>>	PEKAO PROPERTY SA	WARSAW
JANA KAZIMIERZA DEVELOPMENT SP.Z.O.O.	WARSAW	>>>	PEKAO PROPERTY SA	WARSAW
UNICREDIT CAIB SLOVAKIA A.S.	LJUBLJANA	>>>	UNICREDIT BANK SLOVAKIA A.S.	BRATISLAVA

The following table shows the Entities which changed their company name during the first half of 2013.

Entities line by line which changed the company name during 2013

COMPANY NAME	MAIN OFFICE	COMPANY NAME	MAIN OFFICE
PIONEER INVESTMENT MANAGEMENT LLC - UNDER LIQUIDATION (ex. PIONEER INVESTMENT MANAGEMENT LLC)	MOSCOW	UNICREDIT CAIB ROMANIA SRL (IN LIQUIDAZIONE) (ex. UNICREDIT CAIB ROMANIA SRL)	BUCAREST
GENERAL LOGISTIC SOLUTIONS (ex. INTEREUROPA-EAST LTD)	MOSCOW	EUROFINANCE 2000 SRL (IN LIQUIDAZIONE) (ex. EUROFINANCE 2000 SRL)	ROME
LOCALMIND SPA IN LIQUIDAZIONE (ex. LOCALMIND SPA)	MILAN	CORIT - CONCESSIONARIA RISCOSSIONE TRIBUTI S.P.A. IN LIQUIDAZIONE (ex. CO.RI.T. S.P.A. IN LIQUIDAZIONE)	ROME

Proportionately consolidated companies
The number of **proportionately** consolidated entities, totaling 30 as at December 31, 2012, was unchanged as at June 30, 2013.

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	**54**
B. Increased by	**4**
B.1 Newly established companies	
B.2 Change of the consolidation method	2
B.3 Entities consolidated for the first time in 2013	2
C. Reduced by	**1**
C.1 Disposal	1
C.2 Change of the consolidation method	-
C.3 Absorption by other entities	-
D. Closing balance	**57**

Increases

Change of the consolidation method	
COMPANY NAME	MAIN OFFICE
CBD INTERNATIONAL SP.ZO.O.	VARSAVIA
ES SHARED SERVICE CENTER SOCIETA' PER AZIONI	CERNUSCO SUL NAVIGLIO

Entities consolidated for the first time in 2013	
COMPANY NAME	MAIN OFFICE
FENICE HOLDING S.P.A.	CALENZANO
ASSET BANCARI II	MILANO

Reductions

Disposal	
COMPANY NAME	MAIN OFFICE
ALTOS-IMMORENT IMMOBILIENLEASING GMBH	VIENNA

The above table refers to disposal realized in the period.

Entities at equity which changed the company name during 2013	
COMPANY NAME	MAIN OFFICE
FIDIA SPA IN LIQUIDAZIONE (Ex. FIDIA SGR SPA IN LIQUIDAZIONE)	MILANO

Part A – Accounting Policies

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 Half-Year Financial Report as at June 30, 2013. 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 2013 the following principles or accounting interpretations have become effective:

- Amendment to IAS 1 – Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (EU Regulation 475/2012);
- Amendments to IAS 12 – Deferred tax: Recovery of Underlying Assets (EU Regulation 1255/2012);
- Amendments to IAS 19 – Employee Benefits (EU Regulation 475/2012);
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities (EU Regulation 1256/2012);
- Amendments to IFRS1 – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (EU Regulation 1255/2012);
- Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards – Government Loans (EU Regulation 183/2013);
- Amendments to IFRS 7 – Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (EU Regulation 1256/2012);
- IFRS 13 – Fair value measurement (EU Regulation 1255/2012);
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine (EU Regulation 1255/2012);
- Annual Improvements to IFRSs 2009-2011 Cycle (EU Regulation 301/2013).

The European Commission also endorsed the following accounting principles and interpretations that will be applicable for reporting periods beginning on or after January 1, 2014:

- Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance (EU Regulation 313/2013).

At June 30, 2013 the IASB issued the following standards, amendments, interpretations or revisions:

- IFRS 9 – Financial Instruments (November 2009) and subsequent amendments (amendments to IFRS 9 - Mandatory Effective Date and Transition - December 2011);
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (October 2012);
- Amendments to IAS 36 – Recoverable Amounts Disclosures for Non-Financial Assets (May 2013);
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (June 2013);
- IFRIC 21 Levies (May 2013).

However, the application of these principles by the Group is subject to their transposition by the European Commission;

The Consolidated First Half Financial Report was approved by the Board of Directors of August 6, 2013, 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, 2012.

In addition to the information provided in the above-mentioned part A.2, the following should be noted:

- the introduction, with effect from January 1, 2013, of the revised IAS19 prescribing the accounting for "post-employment benefits" (including severance pay) resulted in:
  - the elimination of the "corridor method", with (i) disclosure of the Defined Benefit Obligations in the Balance Sheet according to their actuarial valuation and (ii) recognition of the actuarial gains/losses relating to them as a contra item to Revaluation reserve (€1,205 million after tax as at January 1, 2013; €101 million as at January 1, 2012);
  - the need to disclose the change in the Revaluation reserve occurred during the period in the "Statement of Comprehensive Income";
  - the replacement of the concepts of "interest expenses" and "expected return on plan assets" with the concept of "net interest";
  - the disclosure of information regarding the methods and assumptions used to assess the obligations; in addition, a sensitivity analysis of the Defined Benefit Obligations shall be provided every time key actuarial assumptions change;
- since January 1, 2013 as part of the periodic assessment of the useful life of tangible and intangible assets, UniCredit S.p.A. has increased the useful lives used for the amortization of some plant and equipment recognized as tangible assets for a total residual amount of about €61 million as at December 31, 2012. 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 was applied prospectively and resulted in the recognition of lower depreciation in the first half year for an amount of €8 million;
- IFRS13 Fair value measurement, which came into effect for reporting periods beginning on or after January 1, 2013, brings together in a single document the regulations governing the measurement of fair value previously contained in various accounting standards. IFRS 13, whose application is required prospectively, keeps the concept of fair value substantially unchanged, introduces new practical guidelines for which we refer to section A.3 – information on fair value, and makes financial reporting more accurate. For more details please see part A.3 – Information on fair value - Additional information on fair value.

A.3 – Information on fair value

This section presents a disclosure of reclassified financial instruments according to IAS 39 and information on fair value as required by IFRS 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

For financial instruments listed in active markets, fair value is determined on the basis of official prices in the principal market to which the Group has access (Mark to Market).

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

If the observable prices in active market for the identical item held by another party as an asset, or other observable inputs, such as the quoted price in a market that is not active for the identical item held by another party as an asset are not available, the Group should use another valuation technique, such as:

- a market approach (eg using quoted prices for similar liabilities or equity instruments held by other parties as assets);
- cost approach (the current replacement cost that would be required currently to replace the service capacity of an asset);
- an income approach (eg a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or equity instrument as an asset).

The Group uses valuation models (Mark to Model) in keeping with the methods generally accepted and used by the market. Valuation models include techniques based on the discounting of future cash flows and on volatility estimates, and they are subject to revision both during their development and periodically in order to ensure their consistency with the objectives of the valuation.

These methods use inputs based on prices set in recent transactions for the instrument being valued and/or prices/quotations for instruments having similar characteristics in terms of risk profile.

Indeed, these prices/quotations are relevant for determining significant parameters in terms of the credit risk, liquidity risk and price risk of the instrument being valued.
Reference to these "market" parameters makes it possible to limit the discretionary nature of the valuation, and ensures that the resulting fair value can be verified.

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

As a further guarantee of the reliability of valuations derived from valuation models, the Group employs:

- Independent price verifications (IPVs);
- fair value adjustments (FVAs).

Independent price verification requires that the prices are verified monthly by Risk Management units that are independent from the units that assume the risk exposure.
This verification calls for comparing and adjusting the daily price in line with valuations obtained from independent market participants.

For instruments not quoted in active markets, the above verification process uses prices contributed by infoproviders as a reference, and assigns a greater weighting to those prices that are considered representative of the instrument being valued.

This valuation includes the "executability" of the transaction at the price observed, the number of contributors, the degree of similarity of the financial instruments, the consistency of prices from different sources, and the process followed by the infoprovider to obtain the information.

Independent price verification is supplemented by the calculation of further regulatory fair-value adjustments, which are also recognized for accounting purposes, to take into account risks mainly associated with both the limited liquidity of the positions, the valuation models used and the counterparty risk.

Part A – Accounting Policies

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.

The following table provides the book value and fair value as at June 30, 2013 (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.

As a result the overall impact before taxes that would have been recognized in the income statement as of June 30, 2013, if these assets had not been reclassified, would have been a gain of €293,943 thousand, while the impact actually recognized was a gain of €84,509 thousand.

A.3.1.1 Reclassified financial assets: book value, fair value and effects on comprehensive income

(€ '000)

INSTRUMENTS TYPE (1)	ACCOUNTING PORTFOLIO BEFORE RECLASSIFICATION (2)	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION (3)	CARRYING AMOUNT AS AT 06-30-2013 (4)	FAIR VALUE AS AT 06-30-2013 (5)	INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAXES)		INCOME/EXPENSE RECOGNIZED DURING THE PERIOD (BEFORE TAXES)	
					FROM MEASUREMENT (6)	OTHER (7)	FROM MEASUREMENT (8)	OTHER (9)
A. Debt securities			**5,920,370**	**5,743,887**	**189,447**	**102,312**	**(3,927)**	**79,224**
	Held for trading	Available for sale	12,045	12,045	145	359	139	387
	Held for trading	Held to maturity	176,892	180,512	(7,873)	4,167	-	3,938
	Held for trading	Loans to Banks	1,815,695	1,885,724	(889)	21,632	-	24,952
	Held for trading	Loans to Customers	3,774,566	3,534,499	179,721	74,170	(4,066)	47,976
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	141,172	131,107	18,343	1,984	-	1,971
B. Equity instruments			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
C. Loans			**332,092**	**356,012**	**(6,760)**	**8,944**	**-**	**9,212**
	Held for trading	Available for sale	-	-	-	-	-	-
	Held for trading	Held to maturity	-	-	-	-	-	-
	Held for trading	Loans to Banks	99,291	104,286	(34)	2,001	-	2,230
	Held for trading	Loans to Customers	232,801	251,726	(6,726)	6,943	-	6,982
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	-	-	-	-	-	-
D. Units in investment funds			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
Total			**6,252,462**	**6,099,899**	**182,687**	**111,256**	**(3,927)**	**88,436**

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 €3,135,841 thousand at June 30, 2013.

A.3.2 Fair Value Hierarchy

IFRS 13 establishes a fair value hierarchy 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)

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	AMOUNTS AS AT 06-30-2013			AMOUNTS AS AT 12-31-2012		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets held for trading	19,339,998	72,343,048	2,088,898	15,849,091	89,065,863	2,203,610
2. Financial assets at fair value through P&L	14,087,100	11,807,995	2,038,815	10,036,999	11,652,568	3,335,448
3. Available for sale financial assets	63,131,177	12,960,103	4,076,231	55,141,467	13,403,478	5,050,003
4. Hedging derivative assets	-	12,774,496	1	-	17,635,111	56,223
Total	**96,558,275**	**109,885,642**	**8,203,945**	**81,027,557**	**131,757,020**	**10,645,284**
1. Financial liabilities held for Trading	5,712,141	69,104,531	2,399,455	5,837,169	91,737,453	1,548,571
2. Financial liabilities at fair value through P&L	-	674,912	-	-	851,754	-
3. Hedging derivative Liabilities	-	11,506,575	1	345	14,494,700	44,480
Total	**5,712,141**	**81,286,018**	**2,399,456**	**5,837,514**	**107,083,907**	**1,593,051**

A.3.2.2 Annual changes in financial assets at fair value (level 3)

(€ '000)

	CHANGES IN FIRST HALF 2013			
	FINANCIAL ASSETS			
	HELD FOR TRADING	AT FAIR VALUE THROUGH P&L	AVAILABLE FOR SALE	HEDGING DERIVATIVES
1. Opening balances	**2,203,610**	**3,335,448**	**5,050,003**	**56,223**
2. Increases	**4,226,009**	**102,572**	**678,759**	**-**
2.1 Purchases	3,041,503	90,253	377,987	-
2.2 Profits recognized in:	101,366	6,030	47,436	-
2.2.1 Income Statement	101,366	6,030	9,854	-
- of which Unrealized gains	*92,357*	*6,030*	*7,951*	-
2.2.2 Equity	-	-	37,582	-
2.3 Transfers from other levels	865,391	-	202,836	-
2.4 Other increase	217,749	6,289	50,500	-
3. Decreases	**4,340,721**	**1,399,205**	**1,652,531**	**56,222**
3.1 Sales	3,708,623	986,370	361,690	-
3.2 Redemptions	181,663	6,721	66,114	-
3.3 Losses recognized in:	144,012	45,794	80,985	-
3.3.1 Income Statement	144,012	45,794	59,182	-
- of which Unrealized losses	*142,352*	*45,792*	*30,030*	-
3.3.2 Equity	-	-	21,803	-
3.4 Transfers to other levels	261,500	336,463	1,006,163	56,222
3.5 Other decreases	44,923	23,857	137,579	-
4. Closing balances	**2,088,898**	**2,038,815**	**4,076,231**	**1**

Items 2. Increases and 3. Decreases in financial assets are recognized in the income statement in the following items:

- Item 80: Gains and losses on financial assets held for trading;
- Item 90: Fair value adjustments in hedge accounting;
- Item 110: Gains and losses on financial assets at fair value through profit or loss.

Items 2.2 Profits or 3.3 Losses arising out of changes in fair value are recognized in equity item 140 “Revaluation reserves” – except losses due to impairment and exchange rate gains or losses on monetary items (debt instruments) which are recognized under item 130.b) “Impairment losses on AfS available for sale financial assets” and item 80 “Gains (losses) on financial assets and liabilities held for trading” respectively - until the financial asset is sold, at which time cumulative gains and losses presented in Revaluation reserves are recognized in profit or loss in item 100(b) “Gains (losses) on disposal or repurchase of AfS financial assets”.

Part A – Accounting Policies

A.3.2.3 Annual changes in financial liabilities at fair value (level 3) (€ '000)

	CHANGES IN FISTR HALF 2013		
	FINANCIAL LIABILITIES		
	HELD FOR TRADING	AT FAIR VALUE THROUGH P&L	HEDGING DERIVATIVES
1. Opening balances	**1,548,571**	**-**	**44,480**
2. Increases	**1,464,553**	**27**	**5**
2.1 Issuance	335,696	-	-
2.2 Losses recognized in:	894,441	-	-
2.2.1 Income Statement	894,441	-	-
- of which Unrealized losses	*33,116*	-	*1*
2.2.2 Equity	-	-	-
2.3 Transfers from other levels	182,042	-	-
2.4 Other increase	52,374	27	5
3. Decreases	**613,669**	**27**	**44,484**
3.1 Redemptions	125,076	-	-
3.2 Purchases	114,772	-	-
3.3 Profits recognized in:	172,799	-	-
3.3.1 Income Statement	172,799	-	-
- of which Unrealized gains	*146,038*	-	-
3.3.2 Equity	-	-	-
3.4 Transfers to other levels	200,444	-	44,479
3.5 Other decreases	578	27	5
4. Closing balances	**2,399,455**	**-**	**1**

Items 2. Increases and 3. Decreases in financial assets are recognized in the income statement in the following items:

- Item 80: Gains and losses on financial assets held for trading;
- Item 90: Fair value adjustments in hedge accounting;
- Item 110: Gains and losses on financial assets at fair value through profit or loss.

Items 2.2 Losses or 3.3 Profits arising out of changes in fair value are recognized in equity item 140 “Revaluation reserves” – except losses due to impairment and exchange rate gains or losses on monetary items (debt instruments) which are recognized under item 130.b) “Impairment losses on AfS available for sale financial assets” and item 80 “Gains (losses) on financial assets and liabilities held for trading” respectively - until the financial asset is sold, at which time cumulative gains and losses presented in Revaluation reserves are recognized in profit or loss in item 100(b) “Gains (losses) on disposal or repurchase of AfS financial assets”.

Accounting portfolios at FV - transfers of FV between levels (level 1 and 2)		(€' 000)
	Amounts as at 06.30.2013	
	LEVEL 1	LEVEL 2
Financial assets		
Financial assets held for trading		
reclassified from level 1	X	2,136,470
reclassified from level 2	700,208	X
Financial assets at FV		
reclassified from level 1	X	1,284,914
reclassified from level 2	1,554,424	X
Available for sale financial assets		
reclassified from level 1	X	767,939
reclassified from level 2	2,779,231	X
Hedging derivatives		
reclassified from level 1	X	0
reclassified from level 2	0	X
Financial liabilities		
Financial liabilities held for trading		
reclassified from level 1	X	259,547
reclassified from level 2	56,931	X
Financial liabilities at FV		
reclassified from level 1	X	0
reclassified from level 2	0	X
Hedging derivatives		
reclassified from level 1	X	0
reclassified from level 2	0	X

The migrations between Level 1 and Level 2 for available for sale securities reflect mainly the enhancement of the process for Fair Value Hierarchy Levels for some subsidiaries, as part of the process of *Independent Price Verification (IPV).*

The migrations between Level 1 and Level 2 in other categories reflect mainly markets evolution during the period.

Part A – Accounting Policies

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 constant revision of valuation models and input parameters, as well as value adjustments to reflect model risk are aimed at reducing as much as possible the possibility that the amount recognized in the income statement is derived from the use of unobservable valuation parameters.

More specifically, the calculation of fair value adjustments to reflect model risk ensures that the fair value portion of these instruments relating to the use of unobservable parameters is not recognized in the profit and loss account, but recorded as a subsequent adjustment to 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 €117,385 thousand at December 31, 2012.

Additional information on fair value

Assets and Liabilities measured at fair value on a recurring basis

Hereby we provide IFRS13 disclosure requirements about accounting portfolios measured at fair value on a recurring basis.

Fixed Income Securities

Fixed Income Securities are priced in a two tier process depending on the liquidity in the respective market. Liquid instruments negotiated 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 Level 1 instruments. The models maximize the use of observable input and minimize the use of unobservable inputs. With this respect, depending on the credit spread curve applied, the bonds are disclosed as Level 2 or Level 3 respectively; Level 3 is applied in case comparable credit spread curves are not available (and unobservable credit spreads are used), or in the case of complex bonds. Under fair value accounting, fair value adjustments for liquidity and model risk compensate for the lack of market observables for the Level 2 and Level 3 positions.
In the global bond Independent Price Verification (IPV) process market prices of Level 1 bonds and pricing models for illiquid bonds are regularly verified for accuracy.

Structured Financial Products

The Group determines the fair value of structured financial products using the appropriate derivative valuation methodology given the nature of the embedded structure (when it has not been already unbundled). Such instruments are classified as Level 2 or Level 3 depending on the observability of significant inputs to the model.

Asset Backed Securities

Since 2009, UniCredit Group 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 main 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.
The process relies in the first instance on consensus data provider as reliable collector of market quotes.
As a second step, “fallback” prices are assessed by benchmarking each security to a pool of similar securities with available 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.

Derivatives

Fair value of derivatives not traded in an active market is determined using a valuation technique. In such cases, where active markets exist for its component parts, then fair value is determined on the basis of the relevant market prices for the component parts.
Valuation techniques that are based on inputs that are observable are referred to as Level 2 valuations. Valuation techniques that use significant unobservable inputs are referred to as Level 3 valuations.

Equity Instruments

Equity instruments are assigned to Level 1 when a quoted price is available on an active market and to Level 3 when no quotations are available or quotations have been suspended indefinitely. Equity instruments are classified as Level 2 only in the case of not significantly active market.
For equity instruments measured at cost due to unavailability of a fair value, an impairment is recognised, if the original cost exceeds the recoverable amount significantly or over a prolonged period of time.

Part A – Accounting Policies

Investment Funds
The Group holds investments in certain investment funds that publish net asset value (NAV) per share, including mutual funds, private equity funds, hedge funds (including funds of funds) and real estate funds. The Group's investments include co-investments in funds that are managed by the Group and investments in funds that are managed by third parties and in particular.

Real Estate Funds
Real Estate funds are classified to Level 1 when quoted prices are available on an active market; when this condition is not met, Real Estate funds are classified as Level 3 and they are evaluated through an appropriate credit adjustment of the NAV based on the specific features of each fund.

Other Funds
The Group holds investments also in mutual funds, hedge funds and private equity funds.
Funds are usually assigned to Level 1 when a quoted price is available on an active market.
Funds are disclosed as Level 2 or Level 3 depending on NAV availability, portfolio transparency and possible issues related to position write off. When sufficient information for reliable fair value measurements are not available, funds (i.e hedge funds and private equity) are classified as Available for Sale and valued at cost with a Level 3 disclosure. For funds measured at cost due to unavailability of a fair value, an impairment is recognised, if the original cost exceeds the recoverable amount significantly or over a prolonged period of time.

Fair Value Adjustments (FVA)

The base fair value assessments have to be adjusted for factors not included in the base net present value that a market participant would consider in order to calculate the derivative instrument's fair value. FVA aim to reduce the risk of using incorrect valuation and align the fair value to the actual exit price of a certain position, while also incorporating future costs.
Such adjustments, within the UniCredit Group, include:
- Credit and debit valuation adjustment (CVA/DVA)
- Model Risk
- Close-out risk
- Other adjustments

Credit and debit valuation adjustment (CVA/DVA)
Credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and UniCredit own credit quality respectively.
UniCredit CVA/DVA methodology is based on the following input:
- EAD derived by simulation techniques. Simulated exposures also take into account Specific Wrong Way Risk that arises for transactions where there is a correlation between counterparty credit risk and the underlying derivative risk factors;
- PD derived by actual historic default rates or implied by current market default rates, obtained from credit default swaps;
- LGD based on the estimated level of expected recovery should a counterparty default and obtained from a bank's own historical experience or implied by current market default rates, obtained from credit default swaps.

Model Risk
Financial models are used for the valuation of the financial instruments if the direct market quotes are not readily available. In general the model risk is represented by the possibility that a financial instrument's evaluation is actually sensitive to the choice of model. It is possible to value the same financial instrument by using alternative models which could provide different results in term of pricing. The model risk adjustments refer to the risk that the actual fair value of the instrument differs from the value produced by the model.

Close-out risk
It measures the implicit costs of closing an (aggregated) trading position. The position could be closed by a sale (or purchase in the case of a short position), or by entering into a new transaction (or several transactions) that offsets (hedges) the open position. The close-out costs are typically derived from the bid/ask spreads observed on the market. It accounts for the fact that a position is valued at mid but can only be closed at bid or ask. This adjustment is not needed when the position is marked at bid or ask and already represents an exit price. Moreover a close-out adjustment of the NAV is also applied when there are some penalties related to position write off in an investment fund.

Other adjustments
Other fair value adjustments, which are not included into the previous categories, could be taken into consideration to align the evaluation to the current exit price also taking into account market liquidity/input to valuation , e.g adjustment of equity prices whose quotation on the market are not representative of the effective exit price.

Description of the valuation processes for fair value measurements categorized within Level 3 of the fair value hierarchy

UniCredit ensures that the value applied appropriately reflects the current fair value. Fair value measurements of assets and liabilities are determined using various techniques, including, but not limited to, discounted cash flows and internal models. Based on the observability of inputs used, all the financial instruments are classified as Level 1, Level 2 or Level 3 of the fair value hierarchy. When a position involves one or more significant inputs that are not directly observable, additional price verification procedures are applied. These procedures may include reviewing relevant historical data, analyzing profit and loss, valuing each component of a structured trade individually, and benchmarking, among others. 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.

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 Internal Validation functions. The purpose of this independent control framework is to assess model risk arising from models' theoretical soundness, calibration techniques where needed, and the appropriateness of the model for a specific product in a defined market.

In addition to daily marking to market or marking to model, Independent Price Verification (IPV) is performed with the aim to supply a Market Risk independent fair value (FV) to any illiquid instrument.

Accounting portfolios measured at fair value: unobservable inputs details for L3 assets and liabilities

(€ million)

Product Categories			Fair Value Assets	Fair Value Liabilities	Valuation Techniques	Unobservable Parameters	Range	
Derivatives								
	Financial							
		Commodities	2.21	16.20	Option Pricing Model	Volatility	35%	120%
						Correlations	-100%	100%
					Discounted Cash Flow	Swap Rate (% of used value)	70%	130%
		Equity	228.32	938.54	Option Pricing Model	Volatility	25%	120%
						Correlation	-100%	100%
					Option Pricing Model/Discounted Cash Flow	Dividends Yield	0%	10%
		Foreign Exchange	143.01	182.19	Option Pricing	Volatility	1%	30%
		Interest Rate	835.90	930.71	Discounted Cash Flow	Swap Rate (bps)	0.30%	10.00%
						Inflation Swap Rate	1.2%	2.3%
					Option Pricing Model	Inflation Volatility	1%	10%
						Interest Rate Volatility	5%	100%
						Correlation	20%	100%
		Hybrid	0.57	7.05	Option Pricing Model	Volatility	25%	120%
						Correlation	-100%	100%
	Credit		84.37	104.39	Hazard Rate Model	Credit Spread	0.10%	150%
						LGD	5%	95%
						Correlation	20%	80%
					Option Pricing	Volatility	35%	50%
Debt Securities and Loans								
		Corporate/Government/Other	3,392.86	251.53	Market Approach	Price (% of used value)	94%	110%
		Mortgage & Asset Backed Securities	211.85	0.40	Discounted Cash Flow	Credit Spread (% of used value)	0.16%	58.03%
						LGD	20%	100%
						Default Rate	0%	25%
						Prepayment Rate	0%	30%
Equity Securities								
		Unlisted Equity & Holdings	515.30		Market Approach	Price (% of used value)	0%	100%
					Gordon Growth Model	Ke	3%	12%
						Growth Rate	0%	2%
						EBITDA (multiple)	5	5
Units in investment funds								
		Real Estate & Other Funds	279.61		Adjusted NAV	PD	1%	30%
						Recovery Rate	30%	40%

Part A – Accounting Policies

Description of the Valuation Technique used to measure the fair value of items categorized in Level 2 or Level 3

Valuation techniques are used to value positions for which a market price is not available from market sources. The Group uses well known valuation techniques for determining fair values of financial and nonfinancial instruments that are not actively traded and quoted. The valuation techniques used for Level 2 and 3 assets and liabilities, are described as follows.

Option Pricing Model
Option model valuation techniques are generally used for instruments in which the holder has a contingent right or obligation based on the occurrence of a future event, such as the price of a referenced asset going above or below a predetermined strike price. Option models estimate the likelihood of the specified event occurring by incorporating assumptions such as volatility estimates, price of the underlying instrument and expected rate of return.

Discounted cash flow
Discounted cash flow valuation techniques generally consist of developing an estimate of future cash flows that are expected to occur over the life of an instrument. The model requires the estimation of the cash flow and the adoption of market's parameters for the discounting: discount rate or discount margin reflects the credit and / or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a "present value". The fair value of the contract is given by the sum of the present values of future cash flow.

Hazard Rate Model
The gain or loss from a CDS position cannot be computed by taking the difference between current market quoted price plus the coupons received and the purchase price. To value a CDS we need to use a term structure of default swap spreads, a recovery rate assumption and a model.

Market Approach
A valuation technique that uses prices and generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities, such as a business.

Gordon Growth Model
A model for determining the intrinsic value of a stock, based on a future series of dividends that grow at a constant rate. Given a dividend per share that is payable in one year, and the assumption that the dividend grows at a constant rate in perpetuity, the model solves for the present value of the infinite series of future dividends.

Adjusted NAV
Net asset value is the total value of a fund's assets less liabilities. An increase in net asset value would result in an increase in a fair value measurement.

Description of the Unobservable Inputs used to measure the fair value of items categorized in Level 3 and of the Sensitivity of the FV measurement to changes in those inputs

The directional sensitivity of the firm's Level 3 fair value measurements to changes in significant unobservable inputs is provided below. For fair value measurement where significant unobservable inputs are used (Level 3) sensitivity analysis is performed in order to generate a range of reasonably possible alternative valuations. The Group considers that the impact of an unobservable inputs on the Level 3 fair value measurements depends on the correlation between various inputs used in the valuation process. Furthermore, the effect of a change in an unobservable inputs impacts the amount and the direction of the fair value measurement depending also on the nature of the instrument and on whether the instrument is hold as an asset or as a liability.

Volatility
Volatility is a measure for variation of price of a financial instrument over time. In particular, volatility measures the speed and severity of market price changes for an instrument, parameter or market index given how much the particular instrument, parameter or index changes in value over time, expressed as a percentage of relative change in price. The higher the volatility of the underlying, the riskier the instrument. In general, long option positions (assets) benefit from increases in volatility, whereas short option positions (liabilities) will suffer losses.
There are different types of volatility: volatility of interest rate, inflation volatility, volatility of foreign exchange and volatility of equity stocks, equity or other indices/underlying prices.

Correlation
Correlation is a measure of the relationship between the movements of two variables. When parameters are positively correlated, an increase in correlation generally results in a fair value increase. On the contrary, given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in a fair value measurement. Therefore changes in correlation levels can have a major impact, favorable or unfavorable, on the fair value of an instrument, depending on the type of correlation.
Correlation is a pricing input for a derivative product where the payoff is driven by multiple underlying risks. The level of correlation used in the valuation of derivatives with multiple underlying risks depends on a number of factors including the nature of those risks.

Dividends
The derivation of a forward price for an individual stock or index is important both for measuring fair value for forward or swap contracts and for measuring fair value using option pricing models. The relationship between the current stock price and the forward price is based on a combination of expected future dividend levels and payment timings and, to a lesser extent, the relevant funding rates applicable to the stock in question. The dividend yield and timing represents the most significant parameter in determining fair value for instruments that are sensitive to an equity forward price.

Interest rate curve
Less liquid currencies interest curve refer to the rates in currencies for which doesn't exist a market liquidity in terms of tightness, depth and resiliency. The illiquidity of these input data impacts directly the valuation of securities or derivatives expressed in illiquid currencies.

Credit spreads
Different valuation models, especially for credit derivatives require an input for the credit spread which reflects the credit quality of the associated credit name. The credit spread of a particular security is quoted in relation to the yield on a benchmark security or reference rate(i.e. U.S. Treasury or LIBOR/EURIBOR) and is generally expressed in terms of basis points. The ranges for credit spreads cover a variety of underlings (index and single names), regions, sectors, maturities and credit qualities (high-yield and investment-grade). The broad range of this population gives rise to the width of the ranges of unobservable inputs.

Loss Given Default (LGD)/Recovery Rate
LGD also known as loss severity (the inverse concept is the recovery rate) represents the percentage of contractual cash flows lost in the event of a default, expressed as the net amount of loss relative to the outstanding balance. An increase in the loss severity, in isolation, would result in a decrease in a fair value measurement. Loss given default is facility-specific because such losses are generally understood to be influenced by key transaction characteristics such as the presence of collateral and the degree of subordination.

Price
Where market prices are not observable, comparison via proxy is used to measure a fair value.

Part A – Accounting Policies

Prepayment Rate (PR)
The PR is the estimated rate at which forecasted prepayments of principal of the related debt instrument are expected to occur. Voluntary unscheduled payments (prepayments) change the future cash flows for the investor and thereby change the fair value of the financial assets.
In general as prepayment speeds change, the weighted average life of the instrument changes, which impacts the valuation either positively or negatively, depending upon the nature of the security and the direction of the change in the weighted average life.

Probability of Default (PD)
The probability of default is an estimate of the likelihood of not collecting contractual amounts. It provides an estimate of the likelihood that a client of a financial institution will be unable to meet its debt obligations over a particular time horizon. The PD of an obligor not only depends on the risk characteristics of that particular obligor but also the economic environment and the degree to which it affects the obligor.

Early Conversion
The early conversion probability provide an estimate of the possibility that the convertible debt will be early converted in equity.

EBITDA
The EBITDA gives an indication of the current operational profitability of the business, i.e. how much profit does it make with its present assets and its operations on the products it produces and sells.

Ke
The Ke (cost of capital) represents the minimum rate of return that a company must offer to its shareholders in order to pay the funds received.

Growth Rate
It's the constant growth rate in perpetuity expected for the dividends.

Breakdown of the sensitivity analysis by type of instrument

(€ million)

Product Categories				Fair Value Movements given reasonable possible alternatives
Derivatives				
	Financial			
		Commodities	+/-	0.57
		Equity	+/-	40.27
		Foreign Exchange	+/-	2.10
		Interest Rate	+/-	18.81
		Hybrid	+/-	0.13
	Credit		+/-	4.00
Debt Securities and Loans				
		Corporate/Government/Other	+/-	62.97
		Mortgage & Asset Backed Securities	+/-	6.82
Equity Securities				
		Unlisted Equity & Holdings	+/-	6.36
Units in investment funds				
		Real Estate & Other Funds	+/-	9.02

Assets and Liabilities not measured at fair value on a recurring basis

Hereby we provide IFRS13 disclosure requirements about accounting financial instruments portfolios not measured at fair value.

Accounting portfolios not measured at FV		(€' 000)
	Amounts as at 06.30.2013	
	FAIR VALUE	BOOK VALUE
1. Cash and cash balanes	7,185,422	7,185,422
2. Held-to-maturity investments	5,497,357	5,425,472
3. Loans and receivables w ith banks	67,610,982	66,906,669
4. Loans and receivables w ith customers	543,603,771	532,770,593
Total	**623,897,532**	**612,288,156**
1. Deposits from banks	129,750,432	129,248,557
2. Deposits from customers	400,505,073	405,220,583
3. Debt securities in issue	163,500,162	159,528,729
Total	**693,755,667**	**693,997,869**

The difference in the ratio between fair value and carrying value of *Assets and Liabilities not measured at fair value on a recurring basis* occurred between 31 December 2012 and 30 June 2013 reflects the refinements of the assumptions and parameters used for measuring fair value for disclosure purposes.

Financial instruments not carried at fair value (FV), including loans due from and due to customers and banks, are not managed on a fair value basis.
For these instruments fair values are calculated solely in order to comply with disclosure requirements and do not impact balance sheet or profit or loss. Additionally, since the instruments generally are not traded, FV measurement is based on internal parameters considered not observable inputs according to IFRS 13.

Cash and cash balances
Due to their short term nature and generally negligible credit risk, carrying value of cash and cash balances approximates fair value.

Held-to-maturity investments
Considering that held to maturity investments are mainly composed by securities, fair value for this asset class is determined according to what previously explained in the Part A - Additional information on fair value - Fixed Income Securities.

Loans and Receivables
Fair value for performing Loans and Receivables from customers and banks, measured on balance sheet at amortized cost, is mainly determined using a risk adjusted net present value approach. For some portfolios other simplified approaches are applied, however taking into proper consideration their financial features.

Debt securities in issue
Fair value for debt securities in issue, recorded ad amortized cost, is determined using a risk adjusted discounted cash flow model. The Credit Spread is determined using UCG's subordinated and non-subordinated risk curves.

Other financial liabilities
Fair value for liabilities, recorded ad amortized cost, is determined using a risk adjusted discounted cash flow model to consider the UniCredit's issuer risk. Credit Spread Curve is derived from UCI's senior and subordinated liquid bond prices.

Part B – Consolidated Balance Sheet

Part B – Consolidated Balance Sheet - Assets

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 06.30.2013			AMOUNTS AS AT 12.31.2012		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A) Financial assets (non-derivatives)						
1. Debt securities	**12,118,177**	**4,432,394**	**601,144**	**9,049,710**	**3,929,559**	**1,149,614**
1.1 Structured securities	29,127	1,075,019	154,666	78,137	1,032,258	319,339
1.2 Other debt securities	12,089,050	3,357,375	446,478	8,971,573	2,897,301	830,275
2. Equity instruments	**3,870,860**	**1,437,445**	**902**	**3,793,653**	**3,763**	**63,561**
3. Units in investment funds	**1,095,657**	**427,028**	**2,113**	**1,069,239**	**341,035**	**66,363**
4. Loans	**19**	**9,890,871**	**148,445**	**1**	**5,712,558**	**125,019**
4.1 Reverse Repos	-	9,885,484	-	-	5,615,603	-
4.2 Other	19	5,387	148,445	1	96,955	125,019
Total (A)	**17,084,713**	**16,187,738**	**752,604**	**13,912,603**	**9,986,915**	**1,404,557**
B) Derivative instruments						
1. Financial derivatives	**1,873,783**	**55,433,017**	**1,251,920**	**1,696,931**	**78,108,751**	**688,162**
1.1 Trading	1,873,377	54,321,799	1,251,754	1,693,994	76,818,760	687,734
1.2 Related to fair value option	-	80,751	-	-	98,824	-
1.3 Other	406	1,030,467	166	2,937	1,191,167	428
2. Credit derivatives	**381,502**	**722,293**	**84,374**	**239,557**	**970,197**	**110,891**
2.1 Trading	381,502	718,246	84,374	239,557	965,405	110,891
2.2 Related to fair value option	-	-	-	-	-	-
2.3 Other	-	4,047	-	-	4,792	-
Total (B)	**2,255,285**	**56,155,310**	**1,336,294**	**1,936,488**	**79,078,948**	**799,053**
Total (A+B)	**19,339,998**	**72,343,048**	**2,088,898**	**15,849,091**	**89,065,863**	**2,203,610**
Total Level 1, Level 2 and Level 3			**93,771,944**			**107,118,564**

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

The financial assets and liabilities relating to OTC Derivatives managed through Central Counterparty Clearing Houses (CCPs) are offset when (i) the clearing systems of CCPs guarantee the elimination or reduce to immaterial the credit and liquidity risks of these contracts and (ii) the entity intends to settle these contracts on a net basis, in accordance with IAS32 – Offsetting, in order to improve the presentation of the liquidity profile and counterparty risk connected with them.

The effect as at June 30, 2013, already included in the net presentation of these transactions, totaled €12,757,879 (€16,363,717 million as at December 31, 2012).

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 06.30.2013 LEVEL 1	LEVEL 2	LEVEL 3	AMOUNTS AS AT 12.31.2012 LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**14,017,843**	**10,786,975**	**1,269,716**	**9,972,613**	**10,920,258**	**2,235,572**
1.1 Structured securities	1,033	-	-	1,306	32,019	18,195
1.2 Other debt securities	14,016,810	10,786,975	1,269,716	9,971,307	10,888,239	2,217,377
2. Equity instruments	**224**	**11**	**35,443**	**437**	**11**	**35,443**
3. Units in investment funds	**69,033**	**349,827**	**92,303**	**63,949**	**-**	**431,374**
4. Loans	**-**	**671,182**	**641,353**	**-**	**732,299**	**633,059**
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	671,182	641,353	-	732,299	633,059
Total	**14,087,100**	**11,807,995**	**2,038,815**	**10,036,999**	**11,652,568**	**3,335,448**
Total Level 1, Level 2 and Level 3			**27,933,910**			**25,025,015**

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

Section 4 - Available for sale financial assets - Item 40

4.1 Available for sale financial assets: product breakdown

(€ '000)

	AMOUNTS AS AT 06.30.2013 LEVEL 1	LEVEL 2	LEVEL 3	AMOUNTS AS AT 12.31.2012 LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**62,561,935**	**12,754,577**	**1,055,088**	**54,484,088**	**13,185,750**	**2,078,758**
1.1 Structured securities	72	155,774	18,609	83,199	136,517	18,885
1.2 Other	62,561,863	12,598,803	1,036,479	54,400,889	13,049,233	2,059,873
2. Equity instruments	**374,305**	**7**	**1,939,503**	**434,424**	**30,744**	**1,889,574**
2.1 Measured at fair value	374,305	7	478,971	434,424	30,744	725,296
2.2 Carried at cost	-	-	1,460,532	-	-	1,164,278
3. Units in investment funds	**194,937**	**205,519**	**1,081,640**	**222,955**	**186,984**	**1,081,671**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**63,131,177**	**12,960,103**	**4,076,231**	**55,141,467**	**13,403,478**	**5,050,003**
Total Level 1, Level 2 and Level 3			**80,167,511**			**73,594,948**

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

The increase in value of Equity instruments carried at cost is mainly due to a different presentation of non-listed investments for which there are no available information to allow for a reliable measurement of fair value. Such investments have been reclassified from item 2.1 'Investments measured at fair value' to item 2.2 'Investments carried at cost', within the same balance sheet item of 'Available for sale financial assets', due to the application from January 1, 2013 of new guidance of IFRS 13 Fair Value Measurement.

Structured credit securities represented by Asset Backed Securities (ABS – see also Definition of Terms and Acronyms), which were €323,187 as at December 31, 2012, were reclassified from sub-item 1.1 Structured securities to sub-item 1.2 Other.
These ABS were €272,444 as at June 30, 2013.
As at December 31, 2012 the inclusion of ABS in sub-item 1.1 Structured securities was disclosed in an appropriate note under the same table of the Notes to the Consolidated Accounts.

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

Held-to-maturity investments: product breakdown (€ '000)

	BOOK VALUE	
	AMOUNTS AS AT	
	06.30.2013	12.31.2012
1. Debt securities	**5,425,472**	**6,207,867**
- Structured securities	-	-
- Other securities	5,425,472	6,207,867
2. Loans	-	-

Structured credit securities represented by Asset Backed Securities (ABS – see also Definition of Terms and Acronyms), which were €79,017 as at December 31, 2012, were reclassified from sub-item 1. Debt securities – structured securities to sub-item 1. Debt securities – Other securities. These ABS were €79,037 as at June 30, 2013.
As at December 31, 2012 the inclusion of ABS in sub-item 1. Debt securities – structured securities was disclosed in an appropriate note under the same table of the Notes to the Consolidated Accounts.

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	**06.30.2013**	**12.31.2012**
A. Loans to Central Banks	**16,563,363**	**28,340,963**
1. Time deposits	39,604	1,308,196
2. Compulsory reserves	15,540,589	26,590,475
3. Reverse repos	837,534	424,649
4. Other	145,636	17,643
B. Loans to banks	**50,343,306**	**46,134,012**
1. Current accounts and demand deposits	20,542,014	20,736,875
2. Time deposits	3,926,267	4,857,437
3. Other loans	19,438,569	13,543,876
3.1 Reverse repos	*15,511,389*	*9,427,872*
3.2 Finance leases	*4,625*	*4,566*
3.3 Other	*3,922,555*	*4,111,438*
4. Debt securities	6,436,456	6,995,824
4.1 Structured	*10*	*10*
4.2 Other	*6,436,446*	*6,995,814*
Total carryng amount	**66,906,669**	**74,474,975**
Total impaired assets	**149,442**	**160,689**

Structured credit securities represented by Asset Backed Securities (ABS – see also Definition of Terms and Acronyms), which were €69,993 as at December 31, 2012, were reclassified from sub-item 4.1 Structured to sub-item 4.2 Other.
As at December 31, 2012 the inclusion of ABS in sub-item 4.1 Structured was disclosed in an appropriate note under the same table of the Notes to the Consolidated Accounts.

Section 7 - Loans and receivables with customers - Item 70

7.1 Loans and receivable with customers: product breakdown

(€ '000)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT					
	06.30.2013			12.31.2012		
	PERFORMING	IMPAIRED		PERFORMING	IMPAIRED	
		PURCHASED	OTHERS		PURCHASED	OTHERS
1. Current accounts	51,094,269	35,346	9,435,380	50,341,841	29,144	8,998,289
2. Reverse repos	32,571,939	-	44	32,202,407	-	97
3. Mortgages	157,657,649	9,475	18,003,381	162,155,036	9,991	17,234,117
4. Credit cards and personal loans, including wage assignement loans	18,897,238	45	675,622	19,727,921	1,766	719,777
5. Finance leases	26,969,192	-	4,673,528	27,883,413	-	4,384,173
6. Factoring	9,079,583	-	436,475	10,935,116	-	340,749
7. Other loans	179,313,993	64,778	12,812,155	187,922,814	84,032	12,183,122
8. Debt securities	10,971,456	-	69,045	11,917,986	-	72,266
8.1 Structured securities	-	-	-	-	-	-
8.2 Other debt securities	*10,971,456*	-	*69,045*	*11,917,986*	-	*72,266*
Total carrying amount	**486,555,319**	**109,644**	**46,105,630**	**503,086,534**	**124,933**	**43,932,590**

Total carrying amount Performing and Impaired	**532,770,593**	**547,144,057**

The sub-item "7. Other loans" includes:

- €27,563 million for pooled transactions (€29,215 million as at December 31, 2012);
- €13,928 million advances to customers for import/export (€14,173 million as at December 31, 2012);
- €11,412 million for advances to ordinary customers (€11,204 million as at December 31, 2012);
- €8,647 million 'hot money' transactions (€9,935 million as at December 31, 2012);
- €57,416 million for other non-current account loans (€61,264 million as at December 31, 2012).

Sub-items 7. "Other loans" and 8.2 "Other Debt Securities" include €328 million and €345 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 a fair value of €233 million as at June 30, 2013.
The assets underlying these securitization transactions are non-performing loans, whose carrying amount was €462 million at June 30, 2013, as against a face value of €3,060 million.

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

Structured credit securities represented by Asset Backed Securities (ABS – see also Definition of Terms and Acronyms), which were €4,324,430 as at December 31, 2012, were reclassified from sub-item 8.1 Structured securities to sub-item 8.2 Other debt securities.
These ABS were €3,706,244 as at June 30, 2013.
As at December 31, 2012 the inclusion of ABS in sub-item 8.1 Structured securities was disclosed in an appropriate note under the same table of the Notes to the Consolidated Accounts.

Part B – Consolidated Balance Sheet - Assets

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, 2013 intangible assets amounted to €15,447 million, reduced in comparison to €15,658 million as at December 31, 2012. The decrease is related to the depreciation for the period and negative exchange differences which were partly offset by the increase in intangible assets generated internally and other purchase.

13.1 Intangible assets: breakdown

(€'000)

ASSETS/VALUES	AMOUNTS AS AT 06.30.2013		AMOUNTS AS AT 12.31.2012	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**X**	**11,566,846**	**X**	**11,677,608**
A.1.1 attributable to the Group	X	11,566,846	X	11,677,608
A.1.2 attributable to minorities	X	-	X	-
A.2 Other intangible assets	**3,787,067**	**92,957**	**3,887,439**	**92,957**
A.2.1 Assets carried at cost:	3,787,067	92,957	3,887,439	92,957
a) Intangible assets generated internally	*842,160*	-	*822,741*	-
b) Other assets	*2,944,907*	*92,957*	*3,064,698*	*92,957*
A.2.2 Assets valued at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**3,787,067**	**11,659,803**	**3,887,439**	**11,770,565**
Total finite and indefinite life		**15,446,870**		**15,658,004**

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 include:

- Customer Relationships and Core Deposits of €2,122 million
- Software of €588 million;
- Licenses, patents and similar rights of €138 million.

13.2 Intangible assets: annual changes

(€'000)

		CHANGES IN 1° HALF 2013 OTHER INTANGIBLE ASSETS				
		GENERATED INTERNALLY		OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross opening balance	**22,975,148**	**1,495,909**	**-**	**7,460,744**	**1,070,721**	**33,002,522**
A.1 Total net reduction in value	(11,297,540)	(673,168)	-	(4,396,046)	(977,764)	(17,344,518)
A.2 Net opening balance	**11,677,608**	**822,741**	**-**	**3,064,698**	**92,957**	**15,658,004**
B Increases	**56,122**	**126,383**	**-**	**148,877**	**-**	**331,382**
B.1 Purchases	-	18,519	-	124,984	-	143,503
B.2 Increases in intangible assets generated internally	X	106,505	-	135	-	106,640
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value		-	-	-	-	-
- in equity	*X*	-	-	-	-	-
- through profit or loss	*X*	-	-	-	-	-
B.5 Positive exchange differences	56,122	56	-	919	-	57,097
B.6 Other changes	-	1,303	-	22,839	-	24,142
C. Reduction	**166,884**	**106,964**	**-**	**268,668**	**-**	**542,516**
C.1 Disposals	-	-	-	2,542	-	2,542
C.2 Write-downs	-	98,939	-	222,274	-	321,213
- amortization	X	98,937	-	221,524	-	320,461
- write-downs	-	2	-	750	-	752
+ in equity	*X*	-	-	-	-	-
+ through profit or loss	-	*2*	-	*750*	-	*752*
C.3 Reduction in fair value		-	-	-	-	-
- in equity	*X*	-	-	-	-	-
- through profit or loss	*X*	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	3,071	-	3,071
C.5 Negative exchange differences	117,620	211	-	23,672	-	141,503
C.6 Other changes	49,264	7,814	-	17,109	-	74,187
D. Net Closing Balance	**11,566,846**	**842,160**	**-**	**2,944,907**	**92,957**	**15,446,870**
D.1 Total net write-down	(10,057,882)	(771,077)	-	(4,509,972)	(929,513)	(16,268,444)
E. Gross closing balance	**21,624,728**	**1,613,237**	**-**	**7,454,879**	**1,022,470**	**31,715,314**
F. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

The Goodwill book value as at June 2013 (11,567 million) has negative exchange differences for 118 million related to the appreciation of the original currency in which the Goodwill was recognized. The variations mainly refer to the companies operating in Poland in amount of 75 million, Russia in amount of 27 million and Turkey in amount of 15 million respectively.
The positive exchange differences, totaling €56 million during the period, mainly relate to the release of the negative exchange rate reserve (€49 million) relating to goodwill, which had already been subject to full impairment following the sale of the companies operating in Kazakhstan.
The transfer of intangible assets to non-current assets held for sale according to the application of IFRS 5 in full amount is related to three companies of the YAPI group (YAPI Kredi Sigorta AS, YAPI Kredi Emeklilik AS and YAPI Kredi B Tipi Yatrim Ortakligi A.S.) which were reclassified as Asset held for sale and measured at the lower of its carrying amount and fair value less costs to sell.

Part B – Consolidated Balance Sheet - Assets

13.3 Other information

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 12.31.2012**	**Amortization**	**Impairment**	**(*) Other changes**	**TOTAL 06.30.2013**
Trademarks	93	0	0	0	93
Core deposits and customer relationships	2,221	(92)	0	(7)	2,122
Goodwill	11,678	0	0	(111)	11,567
TOTAL	**13,992**	**(92)**	**0**	**(118)**	**13,782**

(*) mostly due to 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.

Since 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) refers to Fineco Bank in amount of €93 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.
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 19 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 18 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 8 years.

Part B – Consolidated Balance Sheet - Assets

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 23 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 2 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 17 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

For the June 2013 Impairment Test, a trigger analysis has been performed with reference to the key assumptions underlying the latest projections used for December 2012 impairment test.

For all the CGUs except for Commercial Banking Italy, following the results of the trigger analysis, the result of the impairment test as of 31 December 2012 has been confirmed also for the impairment test as of 30 June 2013. A summary of the assumptions used as of 31 December 2012 and a description of the trigger analysis performed as of 30 June 2013 is presented below.

Based on the result of the trigger analysis, for Commercial Banking Italy, which had at the latest reporting date (December 31, 2012) a recoverable amount in line with the carrying value, a quantification of the recoverable amount has been produced as of 30 June 2013, updating the projections and the underlying key assumptions.

Projections used for the calculation of the recoverable amount as of 31 December 2012
For Western Europe and Italy the effect of financial crisis has significantly changed the macroeconomic scenario compared to the time when the Strategic Plan was approved, thereby making it impossible to use for this area the data of the Plan for the projection of expected cash flows.
The latter were determined centrally by applying to the budget 2013 the growth rates of the volumes *and of the income statement items of the Italian, German and Austrian banking systems (on the basis of an updated macro-scenario produced by UniCredit Research and consistent with external sources of information).*

As a result, 2013 budget data for the goodwill impairment test were projected in the period 2014-2017 using the expected variations on the main items of the income statement and balance sheet on the banking systems of the countries in which the Group operates, determined on the basis of an updated macroeconomic scenario as against the underlying scenario of the Strategic Plan, preserving however the strategic pillars envisaged in the Plan.

The projections of future results were extended to 2022, with the aim of assessing the profitability of the Group and its ability to create value over time, which is independent from the current macroeconomic situation. These projections were developed by extrapolation for all CGUs and for all CEE countries at growth rates decreasing to the terminal value as required by IAS 36.33. Expected cash flow for 2022 represents the basis for calculating the Terminal Value, which represents the ability of the CGUs to generate future cash flows beyond that year.

The value in use was determined by discounting the financial flows at a rate that took into account actual 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 include a component related to country risk.
The Board of Directors approved the valuation procedure (impairment test) based on the financial flow estimates and additional assumptions, developed by the Management.
For more details please refer to December 2012 Financial Reporting.

Qualitative trigger analysis for June 2013 test
With the aim to assess potential changes in the assumptions underlying the latest projections used for December 2012 test and approved by Board on March 15th, 2013, a **qualitative trigger analysis** has been carried out as part of the goodwill impairment test exercise as at June 30, 2013.
For all the CGUs except for Commercial Banking Italy, this analysis, updated to June 2013, confirms the validity of December 2012 Goodwill Impairment test results.
Consequently, for all the CGUs, apart from Commercial Banking Italy, December 2012 impairment test results are confirmed for June 2013.

The qualitative trigger analysis carried out to test the projections applied for December 2012 test highlighted that, as of June 2013, there are no substantial changes for all of the CGUs, except for Commercial Banking Italy:

- Net Profit actual results are higher or in line with Budget for the Group and most CGUs.
- At both Group level and for all CGUs there is a sharp decline of RWA vs. December 2012 ;Cost of equity updated as of 30th June 2013 is 12.52%, broadly in line with BDG figures (+4bps at Group level) and slightly lower for most CGUs. On the other side, Commercial Banking Italy cost of equity increased at 12.47%, +18bps vs. December 2012. Nevertheless, the cost of equity used remains much more conservative than brokers' estimate
- The macro and banking scenario has deteriorated significantly for 2013 (especially in Italy) but remains resilient in the medium to long term horizon and, to a certain degree, shows a rosier outlook in some countries. Indeed, the forecast for Euribor rates remains at low levels in 2014 and 2015 but shows a significant pick-up from 2016 onwards.

June '13 Forecast	2014F	2015F	2016F	2017F
Euribor Avg. %	0.47%	0.93%	1.80%	2.80%

Part B – Consolidated Balance Sheet - Assets

Also with regard to intangible assets other than goodwill, the trigger analysis performed revealed no signs that their recoverable amount is lower than the amount recorded in the consolidated financial statements, taking into account the related deferred tax effect and the write-downs already recorded. These intangible assets, the majority of which has a finite life and is therefore subject to periodic amortization, derive mainly from the acquisition of Capitalia Group in 2007 and, in accordance with the monitoring criteria used by the Management, are tested as part of the recoverable amount of the Group as a whole.

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 was 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 of goodwill and intangible assets, the value in use of the Cash Generating Units (CGU) is 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.

Focus on Commercial Banking Italy
With reference to Commercial Banking Italy, due to the result of the trigger analysis described above, including the negative short term scenario, and to the low impairment buffer in December 2012 impairment test, the recoverable amount has been updated as of 30 June 2013. Consequently, the key assumptions underlying the financial projections have been updated in order to reflect the changes highlighted by the trigger analysis described above.

The main elements incorporated in the trigger analysis are:

- downward revision of the Euribor according to the new macro scenario
- new cost cutting strategies endorsed by the Group
- downward revision of the loan volumes both in terms of RWA and on the respective estimated impact on future profitability
- update of the discount rate of the financial cash flows as of June 2013.

The new projections, derived applying these impacts to previous financial estimates, have been used to update the recoverable amount used for the impairment test on Commercial Banking Italy.

Results of the impairment test
The impairment test confirmed the carrying value of goodwill in the consolidated financial statements as at 30 June 2013 for all CGUs and for the Group as a whole.

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 changes in the corporate strategies - may have on the estimated cash flows of the different CGUs and on the main assumptions made could therefore lead, in the coming reporting periods, to different results from those reported in these consolidated financial statements.

The risk of a future impairment increases with respect to the CGU Commercial Banking in Italy, whose recoverable amount as at June 2013 is in line with the carrying value. Thus, also minor negative changes in macroeconomic variables (i.e. EURIBOR less than expected) or business variables (i.e. Cost of risk higher than expected) underlying the financial projections could result in the need to carry out an impairment of goodwill allocated to this CGU.

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 in the previous paragraphs, 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 standard occur.
Indeed, 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.

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 groups of associated assets and liabilities (i.e. groups of units generating financial cash flows) whose sale is highly probable. They are measured at the lower of carrying amount and fair value less costs to sell.
Disclosures in the Balance Sheet as at June 30, 2013, compared to December 31, 2012, include the sale of a building owned by UniCredit Bank AG, the sale of a building owned by Bank Pekao SA and the sale of the company EK Mittelstandsfinanzierungs AG and its subsidiaries (V.A. Holding GMBH, Anger Machining GMBH, Forstinger International GMBH, Papcel A.S.).
At the same date, three companies of the YAPI group (YAPI Kredi Sigorta AS, YAPI Kredi Emeklilik AS and YAPI Kredi B Tipi Yatrim Ortakligi A.S.) were also classified as discontinued operations.
Disposal groups classified as held for sale include the sale of the companies controlled by JSC ATF BANK (Unicredit Bank OJSC, ATF Capital B.V., ATF Finance JSC and ATF Inkassatsiya LTD).
With respect to the individual assets and liabilities held for sale, data as at June 30, 2013 refer primarily to: the Business Oil of the Italpetroli group, three companies of the YAPI group (YAPI Kredi Sigorta AS, YAPI Kredi Emeklilik AS and YAPI Kredi B Tipi Yatrim Ortakligi A.S.), the company Mezzanin Finanzierungs AG, the company Paylife Bank GMBH, the buildings owned by UniCredit Bank Austria AG and Ivona Beteiligungsverwaltung GMBH, and the land owned by Terreno Grundstücksverwaltung GMBH & CO. Entwicklungs-und Finanzierungsvermittlungs-KG.

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

(€'000)

	AMOUNTS AS AT	
	06.30.2013	**12.31.2012**
A. Individual assets		
A.1 Financial assets	255,995	26,791
A.2 Equity investments	17,216	26,765
A.3 Property, Plant and Equipment	202,911	334,066
A.4 Intangible assets	3,151	105
A.5 Other non-current assets	46,926	25,855
Total A	**526,199**	**413,582**
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	-	1,397
B.3 Available for sale financial assets	-	61,922
B.4 Held to maturity investments	-	-
B.5 Loans and receivables with banks	-	107,707
B.6 Loans and receivables with customers	-	2,947,679
B.7 Equity investments	-	-
B.8 Property, Plant and Equipment	-	95,158
B.9 Intangible assets	-	8,217
B.10 Other assets	-	331,891
Total B	-	3,553,971
Total A+B	**526,199**	**3,967,553**
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	23,773	7,462
C.2 Securities	-	-
C.3 Other liabilities	274,535	51,893
Total C	**298,308**	**59,355**
D. Liabilities included in disposal groups classified as held for sale		
D.1 Deposits from banks	-	158,274
D.2 Deposits from customers	-	2,681,118
D.3 Debt securities in issue	-	620,185
D.4 Financial liabilities held for trading	-	37
D.5 Financial liabilities at fair value through profit or loss	-	-
D.6 Provisions	-	-
D.7 Other liabilities	-	40,843
Total D	-	3,500,457
Total C+D	**298,308**	**3,559,812**

Part B – Consolidated Balance Sheet - Liabilities

Liabilities

Section 1 - Deposits from banks - Item 10

1.1 Deposits from banks: product breakdown

(€ '000)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 06.30.2013	AMOUNTS AS AT 12.31.2012
1. Deposits from central banks	**35,535,548**	**36,349,193**
2. Deposits from banks	**93,713,009**	**81,095,994**
2.1 Current accounts and demand deposits	15,263,442	15,811,170
2.2 Time deposits	15,448,159	17,465,991
2.3 Loans	56,017,601	41,116,364
2.3.1 repos	*35,128,994*	*21,378,960*
2.3.2 other	*20,888,607*	*19,737,404*
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Other liabilities	6,983,807	6,702,469
Total	**129,248,557**	**117,445,187**

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 06.30.2013	12.31.2012
1. Current accounts and demand deposits	241,172,339	240,475,968
2. Time deposits	98,872,086	106,590,604
3. Loans	54,782,581	50,886,549
3.1 repos	*46,065,651*	*41,035,071*
3.2 other	*8,716,930*	*9,851,478*
4. Liabilities in respect of commitments to repurchase treasury shares	671,540	648,900
5. Other liabilities	9,722,037	10,911,652
Total	**405,220,583**	**409,513,673**

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 06.30.2013	12.31.2012
A. Listed securities		
1. Bonds	136,669,685	145,409,232
1.1 structured	1,775,296	3,440,661
1.2 other	134,894,389	141,968,571
2. Other securities	22,859,044	25,041,963
2.1 structured	576,373	652,024
2.2 other	22,282,671	24,389,939
Total	**159,528,729**	**170,451,195**

The sum of the sub-items 1.1 “Structured bonds” and 2.1 “Other structured securities” was equal to €2,352 million and accounted for 1.5% 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 €105 million negative.

Part B – Consolidated Balance Sheet - Liabilities

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					
	06.30.2013			12.31.2012		
	FAIR VALUE			FAIR VALUE		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A. Financial liabilities						
1. Deposits from banks	210,433	442,654	13,881	239,578	392,451	22,406
2. Deposits from customers	2,949,359	5,160,165	54,481	3,609,114	3,260,138	57,295
3. Debt securities	96,638	6,499,419	772,433	63,286	8,075,290	386,661
3.1 Bonds	96,638	5,110,488	752,681	63,286	6,621,021	354,149
3.1.1 Structured	*-*	*4,385,300*	*620,285*	*-*	*5,880,470*	*219,833*
3.1.2 Other	*96,638*	*725,188*	*132,396*	*63,286*	*740,551*	*134,316*
3.2 Other securities	-	1,388,931	19,752	-	1,454,269	32,512
3.2.1 Structured	*-*	*1,388,931*	*19,752*	*-*	*1,454,269*	*32,512*
3.2.2 Other	*-*	*-*	*-*	*-*	*-*	*-*
Total A	**3,256,430**	**12,102,238**	**840,795**	**3,911,978**	**11,727,879**	**466,362**
B. Derivatives instruments						
1. Financial derivatives	2,090,785	56,209,619	1,454,267	1,696,258	78,961,932	974,530
1.1 Trading	2,085,259	54,606,251	1,382,829	1,694,384	77,097,793	894,480
1.2 Related to fair value option	-	388,162	-	-	500,893	-
1.3 Other	5,526	1,215,206	71,438	1,874	1,363,246	80,050
2. Credit derivatives	364,926	792,674	104,393	228,933	1,047,642	107,679
2.1 Trading derivatives	364,926	786,918	104,364	228,933	1,039,328	106,808
2.2 Related to fair value option	-	-	-	-	-	-
2.3 Other	-	5,756	29	-	8,314	871
Total B	**2,455,711**	**57,002,293**	**1,558,660**	**1,925,191**	**80,009,574**	**1,082,209**
Total A+B	**5,712,141**	**69,104,531**	**2,399,455**	**5,837,169**	**91,737,453**	**1,548,571**

Total Level 1, Level 2 and Level 3	**77,216,127**	**99,123,193**

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

The financial assets and liabilities relating to OTC Derivatives managed through Central Counterparty Clearing Houses (CCPs) are offset when (i) the clearing systems of CCPs guarantee the elimination or reduce to immaterial the credit and liquidity risks of these contracts and (ii) the entity intends to settle these contracts on a net basis, in accordance with IAS32 – Offsetting, in order to better present the liquidity profile and counterparty risk connected with them.

The effect as at June 30, 2013, already included in the net presentation of these transactions, totaled €14,751,908 (€18,477,355 million as at December 31, 2012).

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)

TYPE OF TRANSACTIONS/GROUP COMPONENTS	AMOUNTS AS AT					
	06.30.2013			12.31.2012		
	FAIR VALUE			FAIR VALUE		
	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	**-**	**674,912**	**-**	**-**	**851,754**	**-**
3.1 Structured	-	674,912	-	-	851,754	-
3.2 Other	-	-	-	-	-	-
Total	**-**	**674,912**	**-**	**-**	**851,754**	**-**

Total Level 1, Level 2 and Level 3	**674,912**	**851,754**

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

Part B – Consolidated Balance Sheet - Liabilities

Section 12 - Provisions for risks and charges - Item 120

As at June 30, 2013 **Provision for risks and charges** amounted to €8,912 million, a decrease over end 2012 (€9,091 million). The sub-item 2. "Other provisions for risks and charges", which amounted to €3,086 million as at June 30, 2013, 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)

ITEM/COMPONENTS	AMOUNTS AS AT 06.30.2013	AMOUNTS AS AT 12.31.2012
1. Pensions and other post retirement benefit obligations (*)	**5,826,484**	**5,577,630**
2. Other provisions for risk and charges	**3,085,963**	**3,513,801**
2.1 Legal disputes	1,126,192	1,324,347
2.2 Staff expenses	347,241	401,129
2.3 Other	1,612,530	1,788,325
Total	**8,912,447**	**9,091,431**

(*) INTRODUCTION TO THE FUNDS

There are several defined-benefits plans within the Group, i.e., plans whose benefit is linked to salary and employee length of service both in Italy and abroad. The Austrian, German and Italian plans account for over 90% of the Group's pension obligations.
Most of the Group's plans are not financed. The most notable exceptions, with respect to the defined-benefits plans in Germany, are the "Direct Pension Plan" (an external fund managed by independent trustees), the "HVB Trust Pensionfonds AG" and the Pensionskasse der "HypoVereinsbank WaG", all set up by UCB AG, and by UniCredit S.p.A. with respect to the UK defined-benefit plans.
The Group's defined-benefit plans are mainly closed to new recruits (for example in Austria, Germany and Italy, where most new recruits join defined-contribution plans and the related contributions are charged to the income statement).
The obligations arising from defined-benefit plans are determined using the "projected unit credit method". The assets of financed plans are valued at their fair value at the balance sheet date. The balance sheet is the result of the deficit or surplus (i.e., the difference between defined benefit obligations and assets). The actuarial assumptions used to determine obligations vary from country to country and from plan to plan in accordance with IAS 19. The discount rate is determined, depending on the currency of denomination of the commitments and the maturity of the liability, on the basis of the market yields at the balance sheet date of a basket of "prime corporate bonds" (high quality corporate bonds).
It should be noted that, in order to increase its representativeness on medium- and long-term maturities, the basket contains some "investment grade" bonds whose rating is lower than AA, for which an adjustment is made.
In addition, statistical/econometric methods commonly used are applied to extrapolate the yields expressed by the basket of securities for maturities greater than 30 years. Discount rate as of June 30 2013 is reduced by 20bps, on average, compared to December,31 2012 reflecting the yields evolution of the basket of selected securities.The remeasurement at June 30, 2013 of such commitments (including employee severance pay for so called "trattamento di fine rapport del personale") leads to an increase in the negative balance of the revaluation reserve referred to actuarial gains/losses on defined benefit plans of 260 million, net of tax (balance moves from 1,205 million at December 31, 2012 to 1,465 million at June 30, 2013).

12.4 Provisions for risks and charges - other provisions

(€ '000)

	AMOUNTS AS AT 06.30.2013	AMOUNTS AS AT 12.31.2012
2.3 Other provisions for risks and charges - other		
- Real estate risks and costs	274,605	266,936
- Restructuring costs	65,169	74,182
- Out-of-court settlements and legal costs	34,149	37,011
- Allowances payable to agents	122,480	130,158
- Disputes regarding financial instruments and derivatives	318,901	388,815
- Tax Disputes	184,373	200,818
- Costs for liabilities arising from equity investment disposals	27,054	29,578
- Other	585,799	660,827
Total	**1,612,530**	**1,788,325**

Comparative figures as at December 31, 2012 were restated to take account of the introduction of IAS19R, resulting in a €1,082,408 increase in sub-item 1. Pensions and other post-retirement benefit obligations and a €5,410 decrease in sub-item 2.2.3 Other provisions for risks and charges – Other.

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

At June 30, 2013 **Group Shareholders' Equity**, including profit for the period of €810 million, amounted to €61,322 million, against €61,579 million at end 2012.
The following table shows the breakdown of Group Equity and the changes over the previous year.

Group capital: breakdown

(€ '000)

	AMOUNTS AS AT		CHANGES	
	06.30.2013	12.31.2012	AMOUNT	%
1. Share capital	19,654,856	19,647,949	6,907	0.0%
2. Share premium reserve	23,879,202	32,877,938	(8,998,736)	-27.4%
3. Reserves	19,748,208	10,001,793	9,746,415	97.4%
4. Treasury shares	(3,686)	(5,049)	1,363	27.0%
a. Parent Company	(2,440)	(2,440)	-	0.0%
b. Subsidiaries	(1,246)	(2,609)	1,363	52.2%
5. Revaluation reserve	(2,766,696)	(1,808,870)	(957,826)	-53.0%
6. Equity instruments	-	-	-	0.0%
7. Net profit (loss)	809,909	864,891	(54,982)	-6.4%
Total	**61,321,793**	**61,578,652**	**(256,859)**	**-0.4%**

Balances as at December 31, 2012 differ from the amounts disclosed at that date as a result of the introduction of the new IAS19R, which had a negative impact on the Group Shareholders' Equity as at December 31, 2012 (restated) amounting to €1,205 million following the classification of net actuarial losses (net of deferred tax items connected with them) in the revaluation reserves, as described in Part A – Accounting Policies – Section 2 – Preparation Criteria.

The €257 million decrease in Group Equity resulted from:

A free capital increase as resolved by the Shareholders' Meeting of May 11, 2013	€ 7 million
A decrease in the share premium reserve for supplementation of reserves, coverage of negative reserves and reallocation of the loss for financial year 2011, as resolved by the Shareholders' Meeting of May 11, 2013	€ (8.999) million
• An increase in reserves, including the change in Treasury shares due to:	
• the allocation to reserve of the result of the previous year;	€ 1.081 million
• the increase in reserve resulting from the coverage of the negative reserves and the reallocation of the loss for the year 2011 as resolved by the Shareholders' Meeting of May 11, 2013;	€ 8.779 million
• the decrease of the reserve for disbursements related to Cashes transaction ("canoni di usufrutto");	€ (35) million
• the decrease in the reserve for extraordinary distribution of dividends;	€ (513) million
• the increase of the reserve for costs related to Share Based Payment;	€ 48 million
• other increases mainly represented by the effects of the sale of 9.1% of Pekao S.A., in which UniCredit still has a controlling interest.	€ 387 million
A change in the revaluation reserve due to:	
• a decrease in exchange-rate differences;	€ (565) million
• a decrease in available-for-sale financial assets;	€ (17) million
• a decrease in cash-flow hedge and an increase in disposal groups classified as held for sale;	€ (192) million
• a decrease in the reserve for actuarial gains (losses) on employee defined-benefit plans	€ (260) million
• an increase in the reserve for the valuation of equity investments valued at equity method	€ 75 million
Result of the period lower than in 2012.	€ (55) million

Part B – Consolidated Balance Sheet - Liabilities

During the first half of 2013 the Capital – which at December 31, 2012 was made up of 5,787,112,132 ordinary shares and 2,423,898 savings shares, both categories with no par value, changed as a result of the free capital increase carried out through withdrawal from the specific reserve for the issuance of 2,097,587 ordinary shares related to the medium-term incentive plan for Group Staff, as approved by the Board of Directors on March 15, 2013.
The Capital, as a result of this increase, is now represented by 5,789,209,719 ordinary shares and 2,423,898 savings shares and increased from €19,647,949 thousand to €19,654,856 thousand.
At the end of June 2013, the number of Treasury Shares outstanding was 47,600 ordinary shares, unchanged over the end of 2012 since no transactions were conducted during the period under review.
The Group Equity as at June 30, 2013 also reflects the changes resulting from the resolutions of the ordinary Meeting of May 11, 2013. More specifically, the approval of UniCredit's financial statements as at December 31, 2012, as presented by the Board of Directors (including the reclassification of the positive reserves and the restatement of the so-called negative equity reserves) that resulted in:

- the allocation to the legal reserve of €2,413,457 thousand drawn from the Share premium reserve;
- the coverage of negative reserves by using the Share premium reserve for a total of €3,962,124 thousand;
- the reallocation of the coverage of the loss for the year resulting from the Accounts as at December 31, 2011, in lieu of the resolution passed by the Meeting of May11, 2012, with the exclusive use of the Share premium reserve for €6,348,649 thousand and the subsequent recreation of the statutory reserve of €1,195,845 thousand, of the reserve for allocation of profits to shareholders through the issue of new shares worth €1,193,962 thousand and of Other reserves worth €13,564 thousand.

The Shareholders' Meeting of May 11, 2013 also resolved to:

- cover the loss for the year 2012 through the use of the Share premium reserve for an amount of €219,783 thousand;
- distribute to shareholders an amount equal to €512,535 thousand, drawn from retained earnings.

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

(€ '000)

	AMOUNTS AS AT	
	06-30-2013	12-31-2012
Legal Reserve	3,930,971	1,517,514
Statutory Reserve	-	-
Other Reserves	9,455,462	8,518,138
Total	**13,386,433**	**10,035,652**

15.5 Other Information

Revaluation reserve: breakdown

(€ '000)

	AMOUNTS AS AT	
ITEM/TYPES	06.30.2013	12.31.2012
1. Available-for-sale financial assets	48,198	65,045
2. Property, plant and equipment	-	-
3. Intangible assets	-	-
4. Hedges of foreign investments	-	-
5. Cash-flow hedges	564,251	754,523
6. Exchange differences	(2,289,195)	(1,724,525)
7. Non-current assets classified as held for sale	(1,791)	(96)
8. Actuarial gains (losses) on defined benefit plans	(1,465,109)	(1,205,429)
9. Revaluation reserves of investments valued at net equity	99,930	24,592
10. Special revaluation laws	277,020	277,020
Total	**(2,766,696)**	**(1,808,870)**

The amounts relating to the revaluation reserves as at December 31, 2012 differ from the amounts disclosed at that date as a result of the introduction of the new IAS19R, which had a negative impact on the Shareholders' Equity as at December 31, 2012 (restated) amounting to €1,205 million following the classification of net actuarial losses (net of deferred tax items connected with them) in the revaluation reserves.

The FX currency reserves as at June 30, 2013 mainly refer to the following currencies:

- Turkish Lira: 658 million (negative);
- UAH (Ukraine): 566 million (negative);
- Ruble: 470 million (negative);
- PLN (Poland): 287 million (negative).

Other information

2. Assets used to guarantee own liabilities and commitments

(€ '000)

PORTFOLIOS	AMOUNTS AS AT 06.30.2013	AMOUNTS AS AT 12.31.2012
1. Financial assets held for trading	18,059,486	14,596,512
2. Financial assets designated at fair value	11,897,988	10,963,132
3. Financial assets available for sale	35,975,158	29,831,562
4. Financial assets held to maturity	4,283,653	4,242,429
5. Loans and receivables with banks	2,350,747	1,827,327
6. Loans and receivables with customers	69,215,535	72,448,891
7. Property, plant and equipment	3,458	75,918

Deposits from banks include €32,605 million related to Central Banks' refinancing operations collateralized by securities nominal worth €55,057 million. Of these, the securities not recognized on balance-sheet – since they represent repurchased or retained Group's financial liabilities – amount to nominal €46,390 million.

Following some analyses, assets worth €7,760 million as at June 30, 2013 that were given as collateral to the Bank of Italy using the ABACO procedure (Collateralized Banking Assets) were recorded in item "6. Loans and receivables with customers". Accordingly, the figure as at December 31, 2012 was restated by €7,811 million.

In addition to assets used to guarantee own liabilities and commitments shown in the table above, the table below summarizes all financial assets pledged as collateral (encumbrance) of own business activity at the end of H1.

(€ '000)

ASSETS BREAKDOWN / AMOUNTS AS AT 06.30.2013	
Assets used to guarantee ow n liabilities and commitments	134,022,323
Assets underlying repurchased Italian Covered Bonds (Obbligazioni Bancarie Garantite)	23,640,250
Assets underlying Foreign Covered Bonds (Pfandbriefe)	30,321,565
Assets sold not derecognized (traditional securitizations)	9,356,879
Assets underlying reverse repo used to guarantee repo	24,198,318
Total on-balance sheet assets pledged as collateral (encumbered)	**221,539,335**

Security borrowing transactions collateralized by securities or not collateralized

(€ '000)

LENDER BREAKDOWN	AMOUNTS AS AT 06.30.2013 - AMOUNTS OF THE SECURITIES BORROWED / TRANSACTION PURPOSE			
	GIVEN AS COLLATERAL IN OWN FUNDING TRANSACTIONS	SOLD	SOLD IN REPO TRANSACTIONS	OTHER PURPOSES
A. Banks	264,340	376,601	10,025,781	3,210,521
B. Financials companies	-	101,500	1,491,748	171,528
C. Insurance companies	-	13,872	178,597	54,215
D. Non Financials companies	-	-	51,932	-
E. Others	337,352	1,312	1,874,438	16
Total	**601,692**	**493,285**	**13,622,496**	**3,436,280**

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 06.30.2013 DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	AS AT 06.30.2012 TOTAL
1. Financial assets held for trading	168,737	7,055	55,715	231,507	340,276
2. Financial assets at fair value through	226,744	23,035	-	249,779	327,583
3. Available-for-sale financial assets	1,189,427	-	-	1,189,427	1,128,092
4. Held-to-maturity investments	83,682	-	-	83,682	200,215
5. Loans and receivables with banks	74,832	229,089	-	303,921	420,698
6. Loans and receivables with customers	193,013	9,291,307	-	9,484,320	11,094,648
7. Hedging derivatives	X	X	1,033,121	1,033,121	781,407
8. Other assets	X	X	71,778	71,778	122,421
Total	**1,936,435**	**9,550,486**	**1,160,614**	**12,647,535**	**14,415,340**

The columns "Debt Securities" and "loans" include interest income from impaired positions, other than income recognized under "write-backs", amounting to €4,937 thousand and €573,683 thousand respectively.

1.4 Interest expense and similar charges: breakdown

(€ '000)

ITEMS/TYPE	AS AT 06.30.2013 DEBTS	SECURITIES	OTHER TRANSACTIONS	TOTAL	AS AT 06.30.2012 TOTAL
1. Deposits from Central banks	(127,598)	X	-	(127,598)	(177,844)
2. Deposits from banks	(428,490)	X	-	(428,490)	(597,423)
3. Deposits from customers	(2,136,159)	X	-	(2,136,159)	(2,859,661)
4. Debt securities in issue	X	(3,004,071)	-	(3,004,071)	(3,106,905)
5. Financial liabilities held for trading	(6,371)	(88,702)	(345,807)	(440,880)	(376,324)
6. Financial liabilities at fair value through profit or loss	-	(3,986)	-	(3,986)	(5,451)
7. Other liabilities and funds	X	X	(81,386)	(81,386)	(197,404)
8. Hedging derivatives	X	X	-	-	-
TOTAL	**(2,698,618)**	**(3,096,759)**	**(427,193)**	**(6,222,570)**	**(7,321,012)**

With reference to tables 1.1 and 1.4 it should be noted that the figures as at June 30, 2012 differ from those disclosed in the "Consolidated First Half Financial Report as at June 30, 2012" as a result of the restatement, for comparison purposes, of the individual items that composed the profit/loss of some Group companies (JSC ATF BANK, UNICREDIT BANK OJSC, ATF CAPITAL B.V., ATF FINANCE JSC e ATF INKASSATSIYA LTD.) that, in accordance with IFRS5, are now shown under item "310. Profit (Loss) after tax from discontinued operations".

With reference to interest income, it should be noted that comparative figures as at June 30, 2012 differ from those disclosed in the "Consolidated First Half Financial Report as at June 30, 2012" as a result of the reclassification, carried out by three Group companies in the first half of 2013, of interest income from impaired assets whose book value was written down and of reversals connected with the passing of time from item "10. Interest income and similar revenues" to item "130. Impairment losses on loans".

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 06.30.2013	AS AT 06.30.2012
a) guarantees given	**299,149**	**312,362**
b) credit derivatives	**-**	**74**
c) management, brokerage and consultancy services:	**2,045,892**	**1,851,389**
1. securities trading	131,809	166,699
2. currency trading	93,304	107,947
3. portfolio management	801,141	733,656
3.1. individual	*102,062*	*105,603*
3.2. collective	*699,079*	*628,053*
4. custody and administration of securities	85,733	80,324
5. custodian bank	19,168	20,326
6. placement of securities	303,856	221,778
7. reception and transmission of orders	113,739	69,236
8. advisory services	41,763	39,513
8.1 related to investments	*18,568*	*15,181*
8.2 related to financial structure	*23,195*	*24,332*
9. distribution of third party services	455,379	411,910
9.1 portfolio management	138,715	103,568
9.1.1. individual	*969*	*1,361*
9.1.2. collective	*137,746*	*102,207*
9.2. insurance products	281,738	278,973
9.3. Other products	34,926	29,369
d) collection and payment services	**988,744**	**935,940**
e) securitization servicing	**32,724**	**36,006**
f) factoring	**47,492**	**47,454**
g) tax collection services	**-**	**-**
h) management of multilateral trading facilities	**-**	**-**
i) management of current accounts	**678,480**	**945,133**
j) other services	**645,282**	**596,016**
Total	**4,737,763**	**4,724,374**

Item "j) other services" mainly comprises:

- fees on loans granted: €404 million in 2013, €365 million in 2012 (+11%);
- fees for foreign transactions and services of €42 million in 2013, €44 million in 2012 (-3%);
- fees for various services provided to customers (e.g. treasury, merchant banking, etc.) of €61 million in 2013, €64 million in 2012 (-6%);
- fees for ATM and credit card services not included in collection and payment services, amounting to €47 million in 2013, €51 million in 2012 (-7%).

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2.2 Fee and commission expense: breakdown

(€ '000)

TYPE OF SERVICES/VALUES	AS AT 06.30.2013	AS AT 06.30.2012
a) guarantees received	**(51,681)**	**(57,467)**
b) credit derivatives	**(7,617)**	**(9,230)**
c) management,brokerage and consultancy services:	**(390,725)**	**(371,186)**
1. trading financial instruments	(33,733)	(33,491)
2. currency trading	(8,605)	(7,527)
3. portfolio management	(75,951)	(74,528)
3.1. own portfolio	*(60,985)*	*(53,726)*
3.2. third party portfolio	*(14,966)*	*(20,802)*
4. custody and administration of securities	(91,487)	(85,092)
5. placement of financial instruments	(36,817)	(47,506)
6. off-site distribution of financial instruments, products and services	(144,132)	(123,042)
d) collection and payment services	**(263,498)**	**(261,125)**
e) other services	**(127,985)**	**(107,712)**
Total	**(841,506)**	**(806,720)**

With reference to tables 2.1 and 2.2 it should be noted that the figures as at June 30, 2012 differ from those disclosed in the "Consolidated First Half Financial Report as at June 30, 2012" as a result of the restatement, for comparison purposes, of the individual items that composed the profit/loss of some Group companies (JSC ATF BANK, UNICREDIT BANK OJSC, ATF CAPITAL B.V., ATF FINANCE JSC e ATF INKASSATSIYA LTD.) that, in accordance with IFRS5, are now shown under item "310. Profit (Loss) after tax from discontinued operations".

Section 3 - Dividend income and similar revenue - Item 70

3.1 Dividend income and similar revenue: breakdown

(€ '000)

ITEMS/REVENUES	AS AT 06.30.2013		AS AT 06.30.2012	
	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS
A. Financial assets held for trading	57,907	4,161	16,338	5,558
B. Available for sale financial assets	44,561	47,870	49,515	48,196
C. Financial assets at fair value thought profit or loss	128	615	21	558
D. Investments	5,330	X	5,891	X
Total	**107,926**	**52,646**	**71,765**	**54,312**
Total Dividends and Income from units in investment funds		**160,572**		**126,077**

It should be noted that the figures as at June 30, 2012 differ from those disclosed in the “Consolidated First Half Financial Report as at June 30, 2012” as a result of the restatement, for comparison purposes, of the individual items that composed the profit/loss of some Group companies (JSC ATF BANK, UNICREDIT BANK OJSC, ATF CAPITAL B.V., ATF FINANCE JSC e ATF INKASSATSIYA LTD.) that, in accordance with IFRS5, are now shown under item “310. Profit (Loss) after tax from discontinued operations”.

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 06.30.2013	AS AT 06.30.2012	CHANGE
Financial assets held for trading	213	516	-303
Financial liabilities held for trading	(47)	(276)	229
Financial assets and liabilities in currency: exchange differences	559	(38)	597
Financial and credit derivatives	21	633	-612
Total	**746**	**834**	**-88**

It should be noted that the figures as at June 30, 2012 differ from those disclosed in the "Consolidated First Half Financial Report as at June 30, 2012" as a result of the restatement, for comparison purposes, of the individual items that composed the profit/loss of some Group companies (JSC ATF BANK, UNICREDIT BANK OJSC, ATF CAPITAL B.V., ATF FINANCE JSC e ATF INKASSATSIYA LTD.) that, in accordance with IFRS5, are now shown under item "310. Profit (Loss) after tax from discontinued operations".

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

(€ '000)

TRANSACTIONS/P&L ITEMS	AS AT 06.30.2013 UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets held for trading	**627,193**	**1,035,260**	**(660,246)**	**(788,870)**	**213,337**
1.1 Debt securities	160,950	303,409	(260,790)	(187,781)	15,788
1.2 Equity instruments	437,371	640,533	(357,314)	(547,165)	173,425
1.3 Units in investment funds	26,886	40,748	(35,053)	(16,816)	15,765
1.4 Loans	88	5,872	(5,266)	(3,666)	(2,972)
1.5 Other	1,898	44,698	(1,823)	(33,442)	11,331
2. Financial liabilities held for trading	**704,962**	**360,518**	**(649,112)**	**(463,834)**	**(47,466)**
2.1 Debt securities	448,624	297,636	(558,717)	(143,338)	44,205
2.2 Deposits	-	-	-	-	-
2.3 Other	256,338	62,882	(90,395)	(320,496)	(91,671)
3. Other financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**558,649**
4. Derivatives	**20,030,346**	**47,905,926**	**(20,268,026)**	**(47,678,219)**	**21,276**
4.1 Financial derivatives:	19,994,995	46,024,192	(20,221,142)	(45,794,755)	34,539
- on debt securities and interest rates	*19,753,880*	*39,627,332*	*(19,629,004)*	*(39,413,939)*	*338,269*
- on equity securities and share indices	*192,527*	*6,255,971*	*(569,944)*	*(6,265,555)*	*(387,001)*
- on currency and gold	*X*	*X*	*X*	*X*	*31,249*
- other	*48,588*	*140,889*	*(22,194)*	*(115,261)*	*52,022*
4.2 Credit derivatives	35,351	1,881,734	(46,884)	(1,883,464)	(13,263)
Total	**21,362,501**	**49,301,704**	**(21,577,384)**	**(48,930,923)**	**745,796**

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 30.06.2013	AS AT 30.06.2012
A. Gains on:		
A.1 Fair value hedging instruments	4,371,645	8,795,592
A.2 Hedged asset items (in fair value hedge relationship)	180,161	1,875,044
A.3 Hedged liability items (in fair value hedge relationship)	2,020,850	1,582
A.4 Cash-flow hedging derivatives	12,346	5,882
A.5 Assets and liabilities denominated in currency	4,239	2,496
Total gains on hedging activities	**6,589,241**	**10,680,596**
B. Losses on:		
B.1 Fair value hedging instruments	(5,640,224)	(7,936,698)
B.2 Hedged asset items (in fair value hedge relationship)	(781,374)	(1,181,583)
B.3 Hedged liability items (in fair value hedge relationship)	(158,728)	(1,608,639)
B.4 Cash-flow hedging derivatives	(7,140)	(4,489)
B.5 Assets and liabilities denominated in currency	(4,684)	(2,205)
Total losses on hedging activities	**(6,592,150)**	**(10,733,614)**
C. Net hedging result	**(2,909)**	**(53,018)**

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

As at June 30, 2013 net gains on disposal/repurchase of financial assets/liabilities amounted to €661 million (€1,070 million in 2012).

In the first half of 2013 the net profit recognized under sub-item "3. Available-for-sale financial assets – 3.1 Debt securities" was €172 million, principally relating to gains on disposal of Polish Government securities (€50 million), Russian Government securities (€18 million) and Italian Government securities (around €39 million), as well as to gains on disposal of Available-for-sale securities (around €53 million).

The net profit recognized under sub-item "3. Available-for-sale financial assets – 3.2 Equity instruments" was €67 million and comprised gains on disposals mainly attributable to Private equity (of which €41 million relating to Alliance Boots).

The net profit on repurchase of financial liabilities (€425 million) principally relates to the repurchase of debt securities, of which €254 million relating to the tender offer concerning senior securities launched in the second quarter of 2013.
In 2012 the profit on repurchase of financial liabilities (€886 million) related to the Tender Offer, launched in the first quarter of 2012, concerning some own hybrid capital instruments (€697 million), to repurchases of own bonds traded on the secondary market (€139 million) and to the extinction of other liabilities (€50 million).

6.1 Gains and losses on disposals/repurchases: breakdown

(€ '000)

	AS AT 06.30.2013			AS AT 06.30.2012		
ITEMS/P&L ITEMS	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
Financial assets						
1. Loans and receivables with banks	**1,625**	**(1,328)**	**297**	**10,643**	**(1,495)**	**9,148**
2. Loans and receivables with customers	**19,694**	**(29,964)**	**(10,270)**	**50,122**	**(60,595)**	**(10,473)**
3. Available-for-sale financial assets	**305,023**	**(62,011)**	**243,012**	**253,228**	**(62,500)**	**190,728**
3.1 Debt securities	231,420	(59,418)	172,002	121,287	(53,625)	67,662
3.2 Equity instruments	68,649	(1,351)	67,298	125,245	(541)	124,704
3.3 Units in Investment funds	4,954	(1,091)	3,863	6,696	(3,194)	3,502
3.4 Loans	-	(151)	(151)	-	(5,140)	(5,140)
4. Held-to-maturity investments	**3,403**	**(51)**	**3,352**	**4,962**	**(10,269)**	**(5,307)**
Total assets	**329,745**	**(93,354)**	**236,391**	**318,955**	**(134,859)**	**184,096**
Financial liabilities						
1. Deposits with banks	**54**	**(42)**	**12**	**52,408**	**(2,571)**	**49,837**
2. Deposits with customers	**17**	**(9,303)**	**(9,286)**	**-**	**(6,679)**	**(6,679)**
3. Debt securities in issue	**463,752**	**(29,853)**	**433,899**	**851,042**	**(7,807)**	**843,235**
Total liabilities	**463,823**	**(39,198)**	**424,625**	**903,450**	**(17,057)**	**886,393**
Total financial assets and liabilities			**661,016**			**1,070,489**

It should be noted that the figures as at June 30, 2012 differ from those disclosed in the "Consolidated First Half Financial Report as at June 30, 2012" as a result of the restatement, for comparison purposes, of the individual items that composed the profit/loss of some Group companies (JSC ATF BANK, UNICREDIT BANK OJSC, ATF CAPITAL B.V., ATF FINANCE JSC e ATF INKASSATSIYA LTD.) that, in accordance with IFRS5, are now shown under item "310. Profit (Loss) after tax from discontinued operations".

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 2013 and H1 2012, as well as the related changes.

Gains and losses in financial assets and liabilities at fair value through profit or loss: (€ million)

TRANSACTIONS/P&L ITEMS	AS AT 06.30.2013	AS AT 06.30.2012	CHANGE
Financial assets	(239)	27	-266
Financial liabilities	21	(37)	58
Financial assets and liabilities in currency: exchange	-	-	-
Financial and credit derivatives	344	(48)	392
Total	**127**	**(58)**	**185**

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

(€ '000)

TRANSACTIONS/P&L ITEMS	AS AT 06.30.2013 UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets	**99,119**	**85,767**	**(355,369)**	**(68,345)**	**(238,828)**
1.1 Debt securities	80,887	76,130	(308,002)	(66,294)	(217,279)
1.2 Equity securities	-	-	(34)	-	(34)
1.3 Units in investment funds	16,792	8,418	(1,842)	(32)	23,336
1.4 Loans	1,440	1,219	(45,491)	(2,019)	(44,851)
2. Financial liabilities	**27,628**	**3**	**(6,056)**	**(229)**	**21,346**
2.1 Debt securities	27,628	3	(6,056)	(229)	21,346
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	**366,698**	**19**	**(22,396)**	**(182)**	**344,139**
Total	**493,445**	**85,789**	**(383,821)**	**(68,756)**	**126,657**

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Section 8 - Impairment losses - Item 130

8.1 Impairment losses on loans and receivables: breakdown

(€ '000)

	AS AT 06.30.2013								AS AT 06.30.2012
	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	**-**	**(9,337)**	**(1,738)**	**383**	**7,731**	**-**	**3,961**	**1,000**	**527**
- Loans	-	(9,337)	(1,738)	383	7,731	-	3,789	828	1,499
- Debt securities	-	-	-	-	-	-	172	172	(972)
B. Loans and receivables with customers	**(546,446)**	**(4,155,706)**	**(591,270)**	**328,632**	**1,621,170**	**388**	**476,057**	**(2,867,175)**	**(3,071,308)**
Impared related to purchase agreements	**(1,483)**	**(16,797)**	**-**	**3,287**	**3,880**	**-**	**-**	**(11,113)**	**-**
- Loans	(1,483)	(16,797)	X	3,287	3,235	X	X	(11,758)	-
- Debt securities	-	-	X	-	645	X	X	645	-
Other loans	(544,963)	(4,138,909)	(591,270)	325,345	1,617,290	388	476,057	(2,856,062)	(3,071,308)
- Loans	(544,963)	(4,134,253)	(590,287)	325,345	1,617,232	388	468,619	(2,857,919)	(3,062,851)
- Debt securities	-	(4,656)	(983)	-	58	-	7,438	1,857	(8,457)
C. Total	**(546,446)**	**(4,165,043)**	**(593,008)**	**329,015**	**1,628,901**	**388**	**480,018**	**(2,866,175)**	**(3,070,781)**

It should be noted that the figures as at June 30, 2012 differ from those disclosed in the “Consolidated First Half Financial Report as at June 30, 2012” as a result of the restatement, for comparison purposes, of the individual items that composed the profit/loss of some Group companies (JSC ATF BANK, UNICREDIT BANK OJSC, ATF CAPITAL B.V., ATF FINANCE JSC e ATF INKASSATSIYA LTD.) that, in accordance with IFRS5, are now shown under item “310. Profit (Loss) after tax from discontinued operations”.

It should be noted that comparative figures as at June 30, 2012 differ from those disclosed in the “Consolidated First Half Financial Reportas at June 30, 2012” as a result of the reclassification, carried out by three Group companies in the first half of 2013, of interest income from impaired assets whose book value was written down and of reversals connected with the passing of time from item "10. Interest income and similar revenues" to item "130. Impairment losses on loans".

Section 11 - Administrative costs - Item 180

11.1 Payroll: breakdown

(€ '000)

TYPE OF EXPENSES/SECTORS	AS AT 06.30.2013	AS AT 06.30.2012
1) Employees	**(4,384,681)**	**(4,519,022)**
a) wages and salaries	(3,077,900)	(3,142,695)
b) social charges	(693,341)	(714,363)
c) severance pay	(70,018)	(83,536)
d) social security costs	-	-
e) allocation to employee severance pay provision	(19,343)	(26,690)
f) provision for retirements and similar provisions:	(174,981)	(174,008)
- defined contribution	*(1,785)*	*(2,423)*
- defined benefit	*(173,196)*	*(171,585)*
g) payments to external pension funds:	(99,036)	(125,940)
- defined contribution	*(97,919)*	*(123,095)*
- defined benefit	*(1,117)*	*(2,845)*
h) costs related to share-based payments	(55,631)	(33,882)
i) other employee benefits	(201,846)	(228,848)
l) recovery payments seconded employees	7,415	10,940
2) Other staff	**(43,996)**	**(41,750)**
3) Directors and Statutory Auditors	**(7,193)**	**(6,884)**
4) Early retirement costs	**-**	**-**
Total	**(4,435,870)**	**(4,567,656)**

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

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11.5 Other administrative expenses: breakdown

(€ '000)

TYPE OF EXPENSES/SECTORS	AS AT 06.30.2013	AS AT 06.30.2012
1) Indirect taxes and duties	**(395,071)**	**(301,462)**
1a. settled	(393,013)	(300,620)
1b. Unsettled	(2,058)	(842)
2) Miscellaneous costs and expenses	**(2,366,873)**	**(2,407,040)**
a) advertising marketing and comunication	**(185,637)**	**(195,831)**
b) expenses related to credit risk	**(148,763)**	**(142,561)**
c) expenses related to personnel	**(124,297)**	**(138,394)**
d) Information & Communication Technology expenses	**(542,143)**	**(563,559)**
Lease of ICT equipment and software	(101,251)	(120,175)
Software expenses: lease and maintenance	(163,974)	(172,995)
ICT communication systems	(78,130)	(81,096)
ICT services: external personnel/outsourced services	(129,815)	(112,321)
Financial information providers	(68,973)	(76,972)
e) consulting and professionals services	**(223,195)**	**(219,354)**
Consulting	(128,882)	(153,438)
Legal expenses	(94,313)	(65,916)
f) real estate expenses	**(612,735)**	**(627,310)**
Premises rentals	(360,954)	(379,316)
Utilities	(119,880)	(109,256)
Other real estate expenses	(131,901)	(138,738)
g) operative costs	**(530,103)**	**(520,031)**
Surveillance and security services	(32,201)	(34,436)
Money counting services and transport	(41,664)	(44,683)
Insurance	(43,613)	(41,712)
Postage and transport of documents	(75,985)	(80,778)
Printing and stationery	(33,954)	(40,004)
Administrative and logistic services	(133,952)	(121,347)
Association dues and fees	(128,285)	(115,334)
Other administrative expences - Other	(40,449)	(41,737)
Total (1+2)	**(2,761,944)**	**(2,708,502)**

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

With reference to tables 11.1 and 11.5 it should be noted that the figures as at June 30, 2012 differ from those disclosed in the "Consolidated First Half Financial Report as at June 30, 2012" as a result of the restatement, for comparison purposes, of the individual items that composed the profit/loss of some Group companies (JSC ATF BANK, UNICREDIT BANK OJSC, ATF CAPITAL B.V., ATF FINANCE JSC e ATF INKASSATSIYA LTD.) that, in accordance with IFRS5, are now shown under item "310. Profit (Loss) after tax from discontinued operations".

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 06.30.2013 PROVISIONS	REALLOCATION SURPLUS	TOTAL	AS AT 06.30.2012 TOTAL
1. Other provisions				
1.1 legal disputes	(228,180)	52,347	(175,833)	(121,155)
1.2 staff costs	(54)	-	(54)	(3)
1.3 other	(167,418)	164,241	(3,177)	37,417
Total	**(395,652)**	**216,588**	**(179,064)**	**(83,741)**

As at June 30, 2013 the reallocation of surplus in sub-item "1.3 other" included €122 million recognized in December 2012 as a provision for the exchange rate loss on the equity of the former Kazakh subsidiary which, on completion of the transaction, was definitively recorded in item "310. Loss after tax from discontinued operations".

Part C – Consolidated Income Statement

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 06.30.2013	AS AT 06.30.2012
Total other operating expense	(318,250)	(345,338)
Total other operating revenues	867,403	689,185
Other operating net income	**549,153**	**343,847**

15.1 Other operating expense: breakdown

(€ '000)

TYPE OF EXPENSE/VALUE	AS AT 06.30.2013	AS AT 06.30.2012
Costs for operating leases	(2,283)	(133)
Non-deductible tax and other fiscal charges	(2,357)	(2,214)
Write-downs on leasehold improvements	(29,383)	(32,838)
Costs related to the specific service of financial leasing	(71,959)	(73,773)
Other	(212,268)	(236,380)
Total other operating expense	**(318,250)**	**(345,338)**

The sub-item "Other" includes:

- various settlements and indemnities of € 31 million, € 40 million in 2012;
- additional costs for the leasing business of € 29 million, € 22 million in 2012;
- non-banking business costs € 14 million, € 11 million in 2012;
- charges relating to Group property of € 7 million, € 8 million in 2012;
- various payments relating to prior years of € 8 million, € 9 million in 2012;
- additional costs relating to customer accounts of € 7 million, € 8 million in 2012;
- new bank levy of € 43 million, € 66 million in 2012.

15.2 Other operating revenues: breakdown

(€ '000)

TYPE OF REVENUE/VALUES	AS AT 06.30.2013	AS AT 06.30.2012
A) Recovery of costs	**401,117**	**244,563**
B) Other Revenues	**466,286**	**444,622**
Revenue from administrative services	39,494	32,237
Revenues on rentals Real Estate investments (net of operating direct costs)	70,066	64,418
Revenues from operating leases	70,605	75,898
Recovery of miscellaneous costs paid in previous years	6,418	9,544
Revenues on Financial Leases activities	82,359	78,906
Others	197,344	183,619
Total operating revenues (A+B)	**867,403**	**689,185**

The sub-item "Other" includes:

- additional income received from leasing business of € 30 million, € 29 million in 2012;
- income from non-banking business of € 66 million, € 36 million in 2012;
- various income from Group property of € 7 million, € 8 million in 2012;
- payments of indemnities and compensation of € 15 million, € 27 million in 2012;
- additional income relating to customer accounts of € 7 million, € 17 million in 2012.

With reference to tables 15.1 and 15.2 it should be noted that the figures as at June 30, 2012 differ from those disclosed in the "Consolidated First Half Financial Report as at June 30, 2012" as a result of the restatement, for comparison purposes, of the individual items that composed the profit/loss of some Group companies (JSC ATF BANK, UNICREDIT BANK OJSC, ATF CAPITAL B.V., ATF FINANCE JSC e ATF INKASSATSIYA LTD.) that, in accordance with IFRS5, are now shown under item "310. Profit (Loss) after tax from discontinued operations".

Section 24 - Earnings per share

24.1 e 24.2 Average number of diluted shares and other information

	FIRST HALF 2013	FIRST HALF 2012
Net profit for the period attributable to the Group (thousands of euros)	774,420	1,037,110
Average number of outstanding shares	5,693,983,623	5,056,186,008
Average number of potential dilutive shares	21,324,162	3,291,258
Average number of diluted shares	5,715,307,785	5,059,477,267
Earnings per share (€)	**0.14**	**0.21**
Diluted earnings per share (€)	**0.14**	**0.20**

€35,489 thousand has been deducted from 2013 net profit of 809,909 thousand due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the 'cashes' transaction (€45,795 thousands was deducted from 2012 net profits).

Net of the average number of treasury shares and of further 96,756,406 shares held under a contract of usufruct.

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.unicreditgrou.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 Assessment 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 Organization 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 months of 2013, the UniCredit Board of Directors approved the "2013 Credit Risk Strategies" in coherence with Risk Appetite and Budget Targets. Furthermore, stress tests on the credit portfolio have been performed based on two different assumptions of a further worsening of the macro-economic scenario in compliance with the regulation defined in Pillar II of the Basel rules, within the ICAAP process.

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 2 principles in the entire perimeter.
With reference to credit risk, the Group has been authorized to use internal PD, LGD and EAD calculations for Group wide credit portfolios (Sovereign, Banks, Multinationals and Global Project Finance) and for credit portfolios of the relevant subsidiaries (corporate and retail). With reference to the Italian mid-corporate and small business portfolios, the EAD foundation values are currently being used.

In the first stage, the Advanced Method has been adopted for the relevant portfolios (Corporte, Retail, Institutions, Sovereign) by the Parent Company and by some Italian subsidiaries, subsequently merged in UniCredit S.p.A. (UCI) due to the "One4C" reorganization, by UniCredit Bank AG (UCB AG) and UniCredit Bank Austria (BA AG). According to the Roll-out plan for progressive extension of the IRB rating system approved by the Group and shared with the Regulator, starting from 2008 these methods have been extended to UniCredit Credit Management Bank S.p.A., UniCredit Bank Luxembourg S.A., UniCredit Bank Ireland p.l.c. and to some of the CEE perimeter subsidiaries (UniCredit Banka Slovenija dd, UniCredit Bulbank AD, UniCredit Bank Czech Republic a.s., UniCredit Bank Hungary, UniCredit Tiriac Bank a.s. and UCB SK UniCredit Bank Slovakia a.s.) mainly through adoption of the Foundation method. Subsequently it is expected that other Group entities will adopt IRB systems following the above mentioned Roll-out plan.
In January 2013, the Group has obtained the authorization to use the Group wide rating system for the Global Project Finance exposures in UniCredit Bank Austria. During the first half of 2013 the extension of additional rating systems in the subsidiary UniCredit Luxembourg SA has also been authorized, as well as the adoption of the IRB advanced approach for the Banks, Corporate and Small Business segments in UniCredit Leasing GmbH, a subsidiary of UniCredit Bank AG, and its sub-subsidiaries Structured Lease GmbH, UniCredit Leasing Aviation GmbH and UniCredit Leasing Finance GmbH; in both cases, the use for regulatory purposes will be introduced in the second half of 2013.

As far as the instruments for measurement and control of economic capital are concerned, within the Group platform for the credit risk, a new correlation framework has been developed and implemented. Furthermore, the Credit Portfolio Model (CPM) Roll Out project continued in its effort to unify the Group methodologies on credit portfolio analysis, providing to the main legal entities of the Group the same tools, methodology and parameterization of the model previously only available in Holding, Austria and Germany. Current focus is the extension to the CEE countries. The resulting homogeneity in the credit portfolio analysis methodology allows a comparison of risk profiles of the different portfolios and as a consequence can be used to steer the strategies of the business areas.

Part E – Information on risks and related risk management policies

With regards to the organizational structure of the "Group Risk Management" (GRM), during the first half of 2013 a series of organizational changes was launched based on the following principles:

- ensuring a better separation of risk management activities from transactional responsibilities;
- creating an “end to end” risk management process, clarifying the related responsibilities and accountability;
- clearly separating roles and activities referring to the transactions pertaining to the Holding Company from the ones pertaining to the Italian perimeter, similarly to all other Group geographies, providing more clarity and better accountability;
- strict focusing on Risk Management core competencies, leveraging for the other topics, such as Organization and IT, on the dedicated structures, thereby adopting a model more coherent with the overall Group organizational set up.

Moreover in the first half of 2013 with the "Rebalancing Credit Portfolio in Italy" project, a special reinforcement was obtained of the management related to the customer segments with a higher risk profile, through the adoption of a specialized model in managing these clients and the creation, within the “Network Italia” and CRO Italy, of dedicated structures.

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 (also in agreement with Sace).

2. Credit Risk Management Policy

2.1 Organization

The new organizational structure, operative on January 14, 2013, is described below for what regards credit risks, with a specific focus on structures and responsibilities.

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 Risks department that, with respect to credit risk, breaks down into the following structures:
  - the Group Credit Risk Policies, responsible – among others – for the following activity:
    - drawing up Group regulations on credit risk topics;
    - defining the concept of the Group Wide credit processes (i.e. credit processes related to global portfolios / customer segments);
  - the Group Credit Risk Strategies, responsible – among others – for the following activities:
    - defining strategies and risk limits, executing stress test activities and portfolio analysis;
    - monitoring credit concentration risk through specific limits;
  - the Group Credit Portfolio Management and Risk Reporting, responsible – among others – for the following activities:
    - drawing up reports needed to monitor the Group credit portfolio trend;
    - monitoring credit portfolio, evaluating the overall quality and managing the quality of the riskiest asset buckets;
    - analyzing and monitoring the Special Credit portfolio at consolidated level;
- the Group Credit Transactions department that, with respect to credit risk, breaks down into the following structures:
  - the Group Credit Committee Secretariat, responsible for supporting, organizing and coordinating the different procedural phases and information flows for the approval and reporting processes related to “Group Credit Committee”, “Group Transactional Credit Committee” and “Group Rating Committee” activities;
  - the FIBS Credit Transactions, responsible the “Financial Institutions, Banks and Sovereigns” counterparts – among others – of the following activities:
    - delivering expert advice on credit proposals presented by Legal Entities, acting as Group Competence Team;
    - deciding, within its delegated powers, or proposing to the competent delegated bodies, credit proposals booked with the Parent Company;
    - deciding, within its delegated powers, or proposing to the competent delegated bodies, Parent Company Non-Binding Opinion on credit proposals presented by Legal Entities;

- the CIB & Large Credit Transactions, responsible– among others – for the following activities:
  - for the counterparts different from "Financial Institutions, Banks and Sovereigns", delivering expert advice on credit proposals to be submitted to "Group Credit Committee" or to "Group Transaction Credit Committee";
  - delivering expert advice on credit proposals related to LPAC transactions (e.g. Project Finance, Acquisition and Leveraged Finance, etc.);
  - delivering expert advice on credit proposals related to Special Products transactions for all the Group Legal Entities, acting as Group competence Team;
  - deciding, within its delegated powers, or proposing to the competent delegated bodies, credit proposals related to Special Products transactions booked with the Parent Company (e.g. ABS, Securitizations);
  - delivering expert advice on restructuring and workout credit proposals to be submitted to "Group Credit Committee" or to "Group Transaction Credit Committee";
  - evaluating the restructuring/workout classification proposal for FIBS counterparts to be submitted to "Group Credit Committee" or to "Group Transaction Credit Committee";
- the Country Risk analysis and Monitoring, responsible– among others – for the following activities:
  - analyzing and monitoring country risks;
  - deciding or collecting cross borders limits proposals to be submitted to the competent delegated bodies;

- the Group Risks Control department that, with respect to credit risk, breaks down into the following structures:
  - Group Wide Credit Methodologies responsible – among others – for the following activity:
    - ensuring development, management and continuous models evolution, rating tools, tools for Group Credit Risk Portfolio measurement and Credit risk methodologies;
  - Group Basel Program responsible – among others – for the following activity:
    - coordinating the implementation of Basel rules on credit risk and reporting to company governance Bodies and Supervisory Authorities;
  - Group Internal Validation responsible – among others – for the following activity:
    - validating, at Group level, methodologies for the credit risk measurement, as well as related processes, IT tools and Data Quality, with the aim of verifying the compliance either to regulatory requirements than to the internal standards;
  - Group Rating Desk 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 delegated Bodies the rating override proposals related to Group Wide rating systems and local rating systems.

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

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

- CRO Italy Change Management and Support" responsible for the Italian perimeter of UniCredit S.p.A. and for the CRO Italy perimeter activities, for the management of area projects, for the coordination of relations with Supervisory and Control Authority Bodies related to CRO Italy perimeter topics, for the budget planning and for the costs analysis;
- the Risk Management Italy department responsible – among other activities – for governance and control of credit risk originating in the "Country Chairman Italy" perimeter activities (including Consumer products). The department with respect to credit risk, breaks down into the following structures:
  - Credit Risk Portfolio Analytics department responsible – among others – for the following activity: monitoring and forecasting the credit portfolio riskiness composition in terms of credit quality, cost of risk, RWA and capital absorption for UniCredit SpA perimeter, preparing requested reporting;
  - Credit Policies & Products Italy department responsible – among others – for the following activity: defining process/product credit rules related to underwriting, monitoring, restructuring and workout for UniCredit S.p.A perimeter;
  - Credit Risk Methodologies department responsible – among others – for the following activity: defining and managing methodologies regarding credit risk management. Such methodologies refer to credit risk measurement models for all customer segments;
  - Rating Desk Italy unit responsible – among others – for the following activity: deciding, within its delegated powers, or submitting to the competent delegated Bodies the rating override proposals related to Local rating systems for measuring the credit risk related to UniCredit S.p.A enterprises segments;

Part E – Information on risks and related risk management policies

- the Credit Underwriting department responsible – among others – for the following activities:
  - coordinating and management of Regional Industry Team Leaders(excluding RIT 6) and Territorial Credit Risk Underwriting activities (excluding special portfolio perimeter);
  - coordinating correct execution of RIT and Territorial Credit Risk Underwriting granting activities;
  - coordinating and managing underwriting activities for UniCredit SpA customers related to Consumer and Mortgages no banking products;
  - preparatory and administrative activities for proposals to be submitted to Italian Transactional Credit Committee and Italian Special & Transactional Credit Committee;
- the Loan Administration department responsible – among others – for the following activities:
  - presidium of post credit decision/disbursement administrative activities;
  - subsidized credit management;
  - credit and administrative activities related to “Consorzi di garanzia”;
  - coordination and management of Mortgages post disbursement activities, ensuring information assets quality and integrity and risks minimization and deciding requests under their granting powers;
  - legal advice on credit issues within the Italian perimeter, for both the performing and non performing portfolios;

  With reference to credit risk, the department is split in the following structures:
  - Mortgages Loan Post Sales Administration
  - Subsidized Loans
  - Collateral and Personal Guarantees Administration Services
  - Contracts Administration Services and Control
  - Legal Support
- the Special Credit department responsible – among others – for the following activities:
  - coordinating and managing the credit underwriting activities, for UniCredit S.p.A. customers, within the “special portfolio” perimeter;
  - conducting borrower assessment, credit analysis and preparing the related documentation for applications to be submitted to the competent decision-making Bodies;
  - managing the collection of delinquent and overdue unpaid credits and the related activities, as the classification as doubtful or non performing credits, according to the delegated powers;
  - managing activities aimed at the containment of the cost of risk regarding irregular and problematic credit;
  - making decisions, within its delegated powers, on restructuring and workout proposals;

  The department is split in the following structures:
  - Territorial Credit Risk Underwriting Special Portfolio responsible, within the “special portfolio” perimeter – except for the “Credit Underwriting” perimeter for managing credit underwriting activities for UniCredit S.p.A. customers;
  - Restructuring Large Files, responsible for the coordination and management of restructuring positions with exposure above the defined threshold, also monitoring the compliance with restructuring plan agreements and possible covenants;
  - Restructuring Italy, responsible, with reference to the customers with exposure below a defined threshold, for the restructuring activities coordination and management, also monitoring the compliance with restructuring plan agreements and possible covenants;
  - Workout Italy, responsible for the workout activities coordination and management;
- the Credit Monitoring department responsible – among others – for the following activities:
  - responsible for coordinating, heading and managing the monitoring activities for all customers within all of UniCredit S.p.A.;
  - manage and recover past due and unpaid

  The department is split in the following structures:
  - Credit monitoring Operations & Support responsible for the coordination and oversight of the activities within the monitoring operating model;
  - Central Credit Risk Monitoring Italy responsible for coordinating and guiding the monitoring activities conducted by the local structures, making decisions based on applicable legislation, for the perimeter of UniCredit S.p.A.
  - Territorial Credit Risk Monitoring responsible for coordinating and managing credit monitoring for the Italian perimeter of UniCredit S.p.A. through the performance monitoring of positions
  - Customer Recovery responsible for managing and supporting the processes of monitoring, credit collection and classification of customers to impaired loans portfolio for Individuals, Small Businesses and Mid Enterprises, as identified by the applicable legislation, including all the assessments and decisions concerning possible settlements or renegotiations, ensuring their operational effectiveness and efficiency.

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;
- 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.

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.

Part E – Information on risks and related risk management policies

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 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.

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 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.

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 analyzing 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 analyzed 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 2013 reporting and monitoring activities are mainly performed by a dedicated Group Risk Management Unit named "Group Risk Analytics & Credit Portfolio Monitoring", within the "Group Credit Risks Department". The Group Risk Analytics & Credit Portfolio Monitoring Unit is in charge of the consolidation of key risks (Credit, Market, Liquidity and Operational Risks) reporting at Group level, by leveraging on the information supplied by other competent structures of Group Risk Management and is responsible for the Group credit risk reporting, with specific detail on industries and single portfolios.

During the whole of 2011 and 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 that deal with the reporting activities aimed at analyzing 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 are required 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, "General Group Credit Policies" define group-wide rules and principles for guiding, governing and standardizing 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 Financing (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 organizational structure, etc.), regional and industry factors and counterpart behavior 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-α 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 all 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 macroeconomic 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 systems 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 II - Pillar 2 validation.

Credit economic capital estimation is available on a unique technological platform and a common methodology for holding functions and several legal entities of UniCredit Group.

Part E – Information on risks and related risk management policies

2.3.4 Credit Risk Strategies

Group Credit Risk Strategies (GCRS) are one of the advanced instruments for managing credit risk. Consistent both with the budget process and the industry expert views, GCRS provide a set of guidelines and operative targets on the credit portfolio evolution (new business), aiming at improving the overall risk-return profile of the portfolio. The analysis is developed at Country, Divisional and Industry level.

Credit risk strategies aim to obtain a double goal:

- to define the credit portfolio evolution that minimizes the overall credit risk impact given the expected remuneration, in line with the Group's capital allocation and value creation criteria;
- to provide support to the competent Functions and Divisions at Parent Company and Legal Entity level.

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 Parent Company and local Risk Management Functions.

Credit risk strategies are defined by using all available credit risk measures in order to correctly and prudentially manage credit portfolio risk. In parallel a set of qualitative information, taking into account the specific managerial actions or industry evolution expectation of different geographies and divisions, are incorporated and transformed in input variables for the credit portfolio models.

Portfolio risk management pays special attention to credit risk concentration in light of its importance within total assets. Such concentration 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.

In order to identify, manage, measure and monitor concentration risk, the Parent Company's competent Functions define and monitor credit limits to cover two different types of concentration risk:

- 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 concentration risk”).

More generally, as part of credit risk strategy, vulnerability and Capital Adequacy support analysis are performed through the credit risk stress test (Pillar I and Pillar II).

Stress test simulations are a comprehensive part of credit risk strategies definition. With stress test procedure it is possible to re-estimate some risk parameters like PD, Expected Loss, economic capital and RWA under the assumption of “extreme but plausible” macroeconomic and financial stressed scenario. Stressed parameters are used not only for regulatory purposes (Pillar I and Pillar II requirements), 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 on updated stressed scenarios and 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 for regulatory capital purposes, 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 standardize the credit risk mitigation 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, collaterals 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.

Collaterals accepted in support of credit lines granted by the Group's Legal Entities, primarily include 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 process and in the credit risk monitoring process, which widely support the evaluation and data quality checks of collaterals / 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 processes and controls of 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.

Part E – Information on risks and related risk management policies

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.

In general, as for the guidance and coordination of 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.

During the second quarter of 2013, in line with the project started in 2012, a restructuring plan of the organizational structures of the Italian Network and CRO Italy has been implemented with the aim of ensuring a dedicated commercial and credit management of the riskier portion of the Italian credit portfolio booked in the UniCredit SpA.
In particular, positions requiring high attention due to issues related to individual or sectors reasons have been selected, the so-called positions "ad Alto Fattore di Attenzione" (ALFA Portfolio), assigned to a dedicated commercial network – Special Network Italy – and submitted to a centralized credit assessment process within the specialized structure Underwriting Special Portfolio. The credit approach is based on a careful preliminary credit analysis and a specialized assessment of the credit proposals with the specific purpose of improving the risk profile, first of all by reducing the Expected Loss (EL) by specific initiatives aimed at improving the Rating/PD, LGD and EAD, in line with the strategic guidelines of the project.

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.

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	25,137	159,072	10,283	53,207	86,690,240	-	-	86,937,939
2. Avilable-for-sale financial assets	25,274	49,461	18	-	76,296,395	-	452	76,371,600
3. Held-to-maturity financial instruments	17	1,492	4,803	4	5,419,156	-	-	5,425,472
4. Loans and receivables with banks	130,008	7,560	-	11,874	66,697,904	-	59,323	66,906,669
5. Loans and receivables with customers	20,765,769	15,787,377	5,417,121	4,241,257	484,843,121	3,750	1,712,198	532,770,593
6. Financial assets at fair value through profit or loss	-	-	-	-	27,387,069	-	-	27,387,069
7. Financial instruments classified as held for sale	-	3,744	-	400	19,712	-	230,092	253,948
8. Hedging instruments	-	-	-	-	12,774,497	-	-	12,774,497
Total 06-30-2013	**20,946,205**	**16,008,706**	**5,432,225**	**4,306,742**	**760,128,094**	**3,750**	**2,002,065**	**808,827,787**
Total 12-31-2012	**20,293,615**	**15,642,066**	**5,615,425**	**4,161,942**	**796,705,822**	**7,324**	**2,258,433**	**844,684,627**

The banking group portion does not include intercompany accounts (including those with companies which are not consolidated).
Figures provided in line "5. Loans and receivables with customers" correspond to the table "Loans and receivables with customers - Asset quality" in the 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

Part E – Information on risks and related risk management policies

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

(€ '000)

PORTFOLIO/QUALITY	IMPAIRED ASSETS			PERFORMING			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	
A. Banking group							
1. Financial assets held for trading	348,770	101,071	247,699	X	X	86,690,240	86,937,939
2. Available-for-sale financial assets	132,062	57,309	74,753	76,297,337	942	76,296,395	76,371,148
3. Held-to-maturity financial instruments	23,813	17,497	6,316	5,419,255	99	5,419,156	5,425,472
4. Loans and receivable with banks	316,052	166,610	149,442	66,707,746	9,842	66,697,904	66,847,346
5. Loans and receivables with customers	82,596,714	36,385,190	46,211,524	487,531,449	2,688,328	484,843,121	531,054,645
6. Financial assets at fair value through profit or loss	-	-	-	X	X	27,387,069	27,387,069
7. Financial instruments classified as held for sale	14,545	10,401	4,144	19,712	-	19,712	23,856
8. Hedging instruments	-	-	-	-	-	12,774,497	12,774,497
Total A	**83,431,956**	**36,738,078**	**46,693,878**	**635,975,499**	**2,699,211**	**760,128,094**	**806,821,972**
B. Other consolidated companies							
1. Financial assets held for trading	-	-	-	X	X	-	-
2. Available-for-sale financial assets	-	-	-	452	-	452	452
3. Held-to-maturity financial instruments	-	-	-	-	-	-	-
4. Loans and receivable with banks	-	-	-	59,323	-	59,323	59,323
5. Loans and receivables with customers	31,182	27,432	3,750	1,712,809	611	1,712,198	1,715,948
6. Financial assets at fair value through profit or loss	-	-	-	X	X	-	-
7. Financial instruments classified as held for sale	-	-	-	230,092	-	230,092	230,092
8. Hedging instruments	-	-	-	X	X	-	-
Total B	**31,182**	**27,432**	**3,750**	**2,002,676**	**611**	**2,002,065**	**2,005,815**
Total 06-30-2013	**83,463,138**	**36,765,510**	**46,697,628**	**637,978,175**	**2,699,822**	**762,130,159**	**808,827,787**
Total 12-31-2012	**83,179,342**	**37,458,970**	**45,720,372**	**658,175,109**	**2,860,310**	**798,964,255**	**844,684,627**

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, 2013 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									TOTAL (NET EXPOSURE) 06-30-2013
	OTHER PERFORMING			PAST-DUE 1/90 DAYS			PAST-DUE 91/180 DAYS			
BANKING GROUP AND OTHER CONSOLIDATED COMPANIES	GROSS EXPOSURE	PORTFOLIO ADJIUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJIUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJIUSTMENTS	NET EXPOSURE	
5. Loans and receivables with customers	**452,611,590**	**2,218,690**	**450,392,900**	**31,803,202**	**355,304**	**31,447,898**	**4,829,466**	**114,945**	**4,714,521**	**486,555,319**
- Exposures renegotiated in application of collective agreements	3,452,368	8,762	3,443,606	211,835	2,843	208,992	214,377	3,793	210,584	3,863,182
- Other exposures	449,159,222	2,209,928	446,949,294	31,591,367	352,461	31,238,906	4,615,089	111,152	4,503,937	482,692,137

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

(€ '000)

EXPOSURE TYPES/AMOUNTS	AMOUNTS AS AT 06-30-2013			
	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
a) Non-performing loans	282,334	152,326	-	130,008
b) Doubtful loans	10,240	2,680	-	7,560
c) Restructured exposures	11,635	11,635	-	-
d) Past due	12,708	834	-	11,874
e) Other assets	91,918,455	-	10,784	91,907,671
Total	**92,235,372**	**167,475**	**10,784**	**92,057,113**

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

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

(€ '000)

EXPOSURE TYPES/AMOUNTS	AMOUNTS AS AT 06-30-2013			
	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
a) Non-performing loans	46,789,800	25,904,048	-	20,885,752
b) Doubful loans	23,171,736	7,329,662	-	15,842,074
c) Restructured exposures	8,132,899	2,585,100	-	5,547,799
d) Past due	5,030,775	789,114	-	4,241,661
e) Other assets	605,861,729	-	2,688,421	603,173,308
Total	**688,986,939**	**36,607,924**	**2,688,421**	**649,690,594**

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.

Part E – Information on risks and related risk management policies

Information on forborn exposures

With reference to disclosures about forborn exposures[2] as at June 30, 2013 to be provided in the IFRS financial statements of financial institutions, it should be noted that 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 promptly undertake any necessary forbearance practices as well as restrictive management measures aimed at risk reduction in the early phases prior to the potential default; all forbearance measures aim at the timely identification and proper management of exposures with increased risk at a stage where the Bank has not yet initiated expropriation or similar enforcing proceedings and the borrower is still able to service the debt;
- 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 the 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 2 rules;
- accurate and regular reporting in order to monitor aggregate portfolio risk over time.

Each Legal Entity shall classify positions into the various default categories in compliance with legal and regulatory provisions issued by local regulators.
As a result, and since UniCredit, in its role as Parent Company, is required to obey the instructions issued by the Italian regulator, suitable measures are taken with respect to the Group's foreign Legal Entities to homogenize and align classifications which otherwise would not be consistent with the appropriate default categories.

Exposures subject to modifications as a result of forbearance practices are classified as impaired loans when the conditions for their classification into the various impaired loans categories are met.

The accounting policies on assessment and credit risk provisioning of loans subject to modifications as a result of forbearance practices conform with the general rule, i.e. whether there is objective evidence that an impairment loss on loans or held-to-maturity investments (measured at amortized cost) has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss is recognized in item 130. of the income statement under "Impairment losses" and the carrying amount of the asset is reduced.

In more detail, if the terms of a loan, receivable or held-to-maturity investment are renegotiated or otherwise modified because of the borrower's financial difficulties, this is considered to be objective evidence of impairment in accordance with IAS 39.

With specific reference to forbearance practices, a position is classified as "restructured loan" according to the Bank of Italy's instructions on impaired loans classification when a rescheduling agreement has been entered into including renegotiated pricing at interest rates below market, the conversion of part of a loan into shares and/or reduction of principal. Measurement of restructured loans is on a loan-by-loan basis, including also discounted cost due to renegotiation of the interest rate at a lower rate than the original contractual rate.
Restructured exposures may be reclassified to "performing loans" when at least two years have elapsed from the closing of the restructuring agreement and a resolution has been passed by the competent corporate bodies stating that the borrower is again able to service the debt and all outstanding exposures have been paid.

Please note that the accounting and regulatory classification policies regarding Restructured Loans have not changed with respect to the previous years.

[2] According to the ESMA document no. 2012/853 of December 20, 2012, "forbearance measures occur in situations in which the borrower is considered to be unable to meet the terms and conditions of the contract due to financial difficulties. Based on these difficulties, the issuer decides to modify the terms and conditions of the contract to allow the borrower sufficient ability to service the debt or refinance the contract, either totally or partially."

The tables below show respectively:

- **impaired loans to customers classified as “restructured loans**” according to Bank of Italy rules, broken down by country of residence;
- **loans to customers subject to forbearance measures under collective agreements** entered into by Banking Associations/Federations or in compliance with the rules and regulations of the countries where the Group operates, which provide for the temporary suspension of the payment of installments (for principal and/or interest).

CUSTOMER LOANS - RESTRUCTURED POSITIONS		(€ thousands)
	Amounts as at 06.30.2013	
COUNTRY	**Net exposure**	**% on total**
Italy	2,943,392	54.3%
Germany	1,004,544	18.5%
Austria	430,775	8.0%
Poland	403,732	7.5%
CEE Division	634,678	11.7%
Total	**5,417,121**	**100.0%**
Total write-downs	**2,578,818**	
Coverage ratio	**32.3%**	

Restructured loans are concentrated in Italy and Germany, which account for about 73% of the total.
In general, there is rough proportionality between the geographical distribution of restructured customer loans and the volumes of impaired loans.

Customer Loans - Exposures renegotiated under collective agreements										(€ '000)
Portafolio/Quality	Performing									Total (Net exposure) 06.30.2013
	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	
Loans and receivables with customers (item 70 BS)										
- Exposures renegotiated in application of collective agreements	3,452,368	8,762	3,443,606	211,835	2,843	208,992	214,377	3,793	210,584	3,863,182

The table above sets out details of exposures that provide for the temporary suspension of payments (both principal and/or interest), renegotiated under collective agreements entered into by the Banking Associations/Federations or in compliance with the regulations in force in the countries where the Group is present. Forborn exposures whose payments (both principal and/or interest) have been regularly made for more than two years are also detailed.

Customer loans renegotiated under collective agreements are mainly concentrated in Italy.

For more information see also previous chapter A. Credit Quality.

Part E – Information on risks and related risk management policies

Information on Sovereign Exposures

With reference to the Group's sovereign exposures,[3] the book value of sovereign debt securities as at June 30, 2013 amounted to €106,052 million, of which about 90% concentrated in eight countries; Italy, with €49,272 million, represents over 46% of the total. For each 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, 2013.

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

Country / portfolio	Amounts as at 06.30.2013		
	Nominal value	Book value	Fair Value
- Italy	**47,283,166**	**49,271,765**	**49,170,938**
financial assets/liabilities held for trading (net exposures[1])	6,165,211	6,552,090	6,552,090
financial assets at fair value through profit or loss	121,096	123,393	123,393
available for sale financial assets	37,734,685	39,350,735	39,350,735
loans and receivables	216,415	218,925	184,122
held to maturity investments	3,045,758	3,026,622	2,960,598
- Germany	**22,775,617**	**23,258,080**	**23,265,265**
financial assets/liabilities held for trading (net exposures[1])	1,393,349	1,412,681	1,412,681
financial assets at fair value through profit or loss	19,365,668	19,807,459	19,807,459
available for sale financial assets	250,600	253,692	253,692
loans and receivables	1,766,000	1,784,249	1,791,433
held to maturity investments	-	-	-
- Poland	**8,019,642**	**8,350,526**	**8,350,760**
financial assets/liabilities held for trading (net exposures[1])	-3,246	13,796	13,796
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	6,658,929	6,962,697	6,962,697
loans and receivables	847,971	854,661	854,661
held to maturity investments	515,988	519,373	519,606
- Austria	**5,113,213**	**6,184,018**	**6,186,117**
financial assets/liabilities held for trading (net exposures[1])	-113,005	177,190	177,190
financial assets at fair value through profit or loss	21,827	28,183	28,183
available for sale financial assets	5,067,501	5,838,599	5,838,599
loans and receivables	-	-	-
held to maturity investments	136,890	140,047	142,146
- Turkey ([2])	**2,563,844**	**2,961,888**	**2,915,375**
financial assets/liabilities held for trading (net exposures[1])	-36,780	31,687	31,687
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,777,004	1,969,855	1,969,855
loans and receivables	-	-	-
held to maturity investments	823,620	960,345	913,832
- Czech Republic	**2,928,066**	**2,373,923**	**2,373,979**
financial assets/liabilities held for trading (net exposures[1])	549,118	84,157	84,157
financial assets at fair value through profit or loss	482,993	250,047	250,047
available for sale financial assets	1,895,547	2,039,306	2,039,306
loans and receivables	-	-	-
held to maturity investments	409	413	469
- Hungary	**1,757,846**	**1,759,001**	**1,759,175**
financial assets/liabilities held for trading (net exposures[1])	30,810	6,447	6,447
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,711,403	1,736,811	1,736,811
loans and receivables	7,085	7,052	7,052
held to maturity investments	8,549	8,692	8,865
- Romania	**1,056,632**	**1,115,952**	**1,115,952**
financial assets/liabilities held for trading (net exposures[1])	42,136	71,138	71,138
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,014,496	1,044,814	1,044,814
loans and receivables	-	-	-
held to maturity investments	-	-	-
Total on-balance sheet exposures	**91,498,027**	**95,275,154**	**95,137,561**

([1]) including exposures in Credit Derivatives.
([2]) amounts recognized using proportionate consolidation with reference to the ownership percentage for exposures held by joint ventures.

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

The weighted duration of the sovereign bonds shown in the table above, divided by the banking[4] and trading book, is the following:

Weighted duration		(years)
	Banking book	**Trading book**
- Italy	2.87	0.85
- Germany	2.36	5.28
- Poland	4.13	-0.53
- Austria	5.84	7.58
- Turkey	5.29	4.46
- Czech Republic	3.75	1.31
- Hungary	1.68	-3.74
- Romania	2.09	1.49

The remaining 10% of the total of sovereign debt securities, amounting to €10,777 million with reference to the book values as at June 30, 2013, is divided into 45 countries, including Spain (€379 million), Slovenia (€191 million), the US (€142 million), Ireland (€52 million), and Portugal (€30 million). The sovereign exposure to Greece is immaterial.
With respect to these exposures, as at June 30, 2013 there were no indications that impairment may have occurred.

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

Breakdown of Sovereign Debt Securities by Portfolio					(€ '000)
	Amounts as at 06.30.2013				
	Financial asstes at fair value	Available for sale financial asstes	Loans	Held to maturity investments	Total
Book value	25,233,346	63,096,155	3,453,676	4,764,409	96,547,586
% Portfolio	90.33%	78.71%	0.58%	87.82%	13.54%

In addition to the exposures to sovereign debt securities, loans[5] given to central and local governments and governmental bodies must be taken into account.

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

Part E – Information on risks and related risk management policies

The table below shows the total amount as at June 30, 2013 of loans given to countries towards which the overall exposure exceeds €150 million, representing more than 96% of the total.

Breakdown of Sovereign Loans by Country	(€ '000)
Country	Amounts as at 06.30.2013
	Book value
- Germany ([1])	8,329,648
- Italy	7,501,942
- Austria ([2])	5,725,205
- Croatia	2,665,380
- Poland	1,505,150
- Indonesia	507,569
- Hungary	200,654
- Bosnia-Herzegovina	200,272
- Brazil	189,364
- Serbia	174,315
- Slovenia	155,995
Total on-balance sheet exposures	**27,155,493**

([1]) of which 975,644 in financial assets held for trading and those at fair value through profit or loss.
([2]) of which 227,009 in financial assets held for trading and those at fair value through profit or loss.

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 stress tests see the Greece Exit, the Widespread Contagion, the Sovereign Debt Tension and the Emerging Markets Slowdown scenarios in chapters 2.7 and 2.8. of the Section 2 – Market risk below, and for liquidity management policies see Section 3 – Liquidity risk below.

Other transactions
In accordance with the Bank of Italy/Consob/IVASS document no. 6 of March 8, 2013 – Booking of "long-term structured repos", the available-for-sale financial assets portfolio includes investments in Italian and Spanish government bonds held by the Irish subsidiary UniCredit Bank Ireland Plc and financed with repos with the same maturity (so-called term structured repos) amounting to €4,819 (nominal value of €4,653 million).

The accounting treatment of these transactions, with respect to their individual contractual components (an investment in securities shown under item "Available-for-sale financial assets" of assets, a series of repos classified under item "Deposits from banks" of liabilities and derivative contracts shown under "Hedging derivatives"), is in line with the economic purpose, represented by the will to:

- assume a sovereign risk exposure;
- optimize the absorption of liquidity through maturity matching;
- create a positive carry for the duration of the transaction as difference between bond yield and repo funding cost, maximizing the return on net interest margin;
- maintain the right to change the funding structure of the position on sovereign risk according to any changes in market conditions or in the bank's liquidity position.

With respect to this type of transactions, please note that in 2013:

- transactions with a nominal value of €1 billion matured
- neither early termination has been performed nor new transactions has been completed.

The aggregate market value of the transactions described above, if considered collectively as a synthetic derivative, would have been positive for approximately €50 million (before tax) at June 30, 2013 (46million at December,31 2012). The cumulated valuation reserve (before tax) for the above mentioned investments totalled about €5 million positive at June,30 2013 (84 million negative at December 31, 2012).

The changes in market values are not representative of the economic result that would be generated if all the individual contracts were analyzed in terms of synthetic derivative, also in line with the business model that, providing for the dynamic and separate management of the individual components does not consider trading choices based on these variables.

In addition, with reference to an investment of UniCredit S.p.A. in a debt security issued by the Italian Republic maturing on August 30, 2019 (ITALY 19EUR FRN), subscribed for during initial placement for a nominal amount of €750 million and with a book value of €733 million including accrued interest at June 30, 2013 (reclassified from available for sale into the held-to-maturity portfolio in accordance with the economic purpose during 2007), a term repo (conducted in two stages) for a total nominal amount of €750 million, with a book value of liabilities of €756 million at June30, 2013, was completed in June 2012. At the same time, a 4.25% BTP maturing in September 2019 was purchased in a term reverse repo (conducted in 2 stages) for a total nominal value of €750 million and a book value of €756 million at June 30, 2013, with the economic purpose of obtaining the availability of more liquid securities (compared with the security ITALY 19EUR FRN) – with the same maturity and similar underlying risks – that can be therefore used more easily for refinancing operations.

The term repo and the term reverse repo are subject to netting (whose value is collateralized by cash) in the event of the default of one of the two counterparties or of the Italian Republic. This clause is accounted for as a financial guarantee issued, in accordance with the nature of the commitments of the parties. The fair value at trade date – €22 million – was initially recorded in other liabilities and is amortized on a pro-rata basis according to the current accounting rules.

Part E – Information on risks and related risk management policies

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 the second half of 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 also advocated by several international and Italian organizations and regulators (the Financial Stability Board, the EBA – formerly CEBS –, the Bank of Italy 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 the Bank of Italy 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[6], net of the transactions in which the Group has acquired all the liabilities issued by the SPVs (the so-called self-securitizations), accounts for 2.13% of the Group's credit portfolio. Self-securitizations in turn account for 3.43% of the loan portfolio.

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[6]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. 19 tranches of OBG totaling €13,731 million were issued, of which 1,500 million retained in the Group.

Moreover, in order to create counterbalancing capacity, in 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, sales of residential mortgages to private individuals and 19 related issue of covered bonds for a total of €19,490 million took place, totally retained in the Group.

As at June 30, 2013 similar covered bonds under German law (Pfandbriefe) amounted to €30,321,565 thousand, of which €19,633,569 thousand were backed by mortgage loans and €10,687,995 thousand 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's portfolio are also shown.

Exposures deriving from the securitization of own assets

	Balance sheet exposure as at		
	06.30.2013		12.31.2012
	Gross exposure (*)	Net exposure (**)	Net exposure (**)
- Assets sold totally derecognized	3,080,189	840,548	886,547
- Assets sold but not derecognized	4,563,714	2,682,912	3,100,783
- Synthetic transactions	3,114,288	3,104,001	3,491,509
Total	**10,758,191**	**6,627,461**	**7,478,839**

(*) The gross exposure correspond to "risk retained", w hich is measured as the difference betw w en 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

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

	Amounts as at				
	06.30.2013				12.31.2012
	Senior	Mezzanine	Junior	Total	Total
Balance sheet exposure	**3,917,880**	**1,499,218**	**1,210,363**	**6,627,461**	**7,478,839**
- Assets sold totally derecognized	118,358	435,996	286,194	840,548	886,547
- Assets sold but not derecognized	1,303,194	456,223	923,495	2,682,912	3,100,783
- Synthetic transactions	2,496,328	606,999	674	3,104,001	3,491,509
Guarantees given	**-**	**-**	**-**	**-**	**-**
- Assets sold totally derecognized	-	-	-	-	-
- Assets sold but not derecognized	-	-	-	-	-
- Synthetic transactions	-	-	-	-	-
Credit facilities	**-**	**-**	**-**	**-**	**-**
- Assets sold totally derecognized	-	-	-	-	-
- Assets sold but not derecognized	-	-	-	-	-
- 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 decrease in balance-sheet exposures relating to transactions not derecognized to €2,683 million as at June 2013 from €3,101 million as at December 2012 was due to the completion of the Locat Securitisation Vehicle 2 and F-E Green transactions in addition to the changes in portfolio holdings.

Moreover, the decrease in cash exposures concerning synthetic transactions from €3,492 million in December 2012 to €3,104 million in June 2013 was due to the development of the transactions, partially offset by two new tranche covered called Federascom and Federconfidi respectively.

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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 €20,588,850 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

	Amounts as at 06.30.2013								
	Italy	Germany	Austria	Other EU Countries	Others European Countries (NON EU)	America	Asia	Rest of the world	Total
Assets sold but not derecognized									
- Residential mortgage loans	6,132,541	-	-	-	-	-	-	-	**6,132,541**
- Leasing	1,008,645	-	-	-	-	-	-	-	**1,008,645**
- SME loans	-	-	-	-	-	-	-	-	**-**
- Corporate loans	1,000	2,211,704	-	2,989	-	-	-	-	**2,215,693**
- Others	-	-	-	-	-	-	-	-	**-**
Total	**7,142,186**	**2,211,704**	**-**	**2,989**	**-**	**-**	**-**	**-**	**9,356,879**

Securitized assets broken down by geographical area

	Amounts as at 06.30.2013								
	Italy	Germany	Austria	Other EU Countries	Others European Countries (NON EU)	America	Asia	Rest of the world	Total
Synthetic transactions									
- Residential mortgage loans	-	1,356,191	-	-	-	-	-	-	**1,356,191**
- Commercial mortgage loans	-	410,226	147	88	-	-	-	-	**410,461**
- SME loans	146,281	873,711	436,207	40,031	-	-	-	-	**1,496,230**
- Corporate loans	-	8,544	128,370	-	-	-	-	-	**136,914**
- Others	-	-	-	-	-	-	-	-	**-**
Total	**146,281**	**2,648,672**	**564,724**	**40,119**	**-**	**-**	**-**	**-**	**3,399,796**

Securitized assets broken down by asset quality

	Amounts as at 06.30.2013		
	Other assets (performing)	Impaired assets	Total
Assets sold but not derecognized			
- Residential mortgage loans	5,778,545	353,996	**6,132,541**
- Leasing	772,201	236,444	**1,008,645**
- SME loans	-	-	**-**
- Corporate loans	2,211,808	3,885	**2,215,693**
- Others	-	-	**-**
Total	**8,762,554**	**594,325**	**9,356,879**

Securitized assets broken down by asset quality

	Amounts as at 06.30.2013		
	Other assets (performing)	Impaired assets	Total
Synthetic transactions			
- Residential mortgage loans	1,336,475	19,716	**1,356,191**
- Commercial mortgage loans	398,383	12,078	**410,461**
- SME loans	1,370,083	126,147	**1,496,230**
- Corporate loans	133,630	3,284	**136,914**
- Others	-	-	**-**
Total	**3,238,571**	**161,225**	**3,399,796**

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

Part E – Information on risks and related risk management policies

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 about 94% of the traditional securitizations portfolio and over 95% of the synthetic transactions portfolio.

The Group is not an originator of securitizations having US residential mortgages, either prime or subprime or Alt-A, as underlyings.
The fair value of assets sold and not derecognized having as underlying Italian residential mortgages loans exceeds the carrying amount by about €270 million.

1.2 Other Consolidated SPVs
SPVs that 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, where the conditions apply, the consolidation perimeter includes vehicle company Arabella Finance Ltd., sponsored by the Group and issuing commercial papers (so-called Asset Backed Commercial Paper Conduit) and set up as multi-seller customer conduits to give customers access to the securitization market.

It should be remind that in 2012 UniCredit Bank AG bought Salome Funding Ltd's portfolio holdings and the vehicle company is therefore in the process of closing down. Moreover, it should be noted that in first half 2013 Black Forest Funding Corp. has been closed down.

During the previous financial years other SPVs were included in the scope of consolidation as they satisfied the conditions provided for by the above-mentioned SIC 12 (see also Part A – Accounting Policies, Section 3 – Consolidation Procedures and Scope) and therefore met the consolidation requirements of IFRS. These SPVs are: Altus Alpha Plc, Grand Central Funding Corp., Redstone Mortgages Plc and Chiyoda Fudosan GK.

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 customers 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 the second half of 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.

Balance sheet exposures sponsored by the Group		
	Amounts as at 06.30.2013	Amounts as at 12.31.2012
Asset Backed Commercial Paper	**500,501**	**775,788**
- Arabella Finance Ltd	500,501	775,788
- Salome Funding Ltd	-	-
Credit facilities	**1,375,004**	**1,406,983**
- Arabella Finance Ltd	1,375,004	1,406,983
- Salome Funding Ltd	-	-

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 in addition to the underwritten commercial paper. Cash 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 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		
	Amounts as at 06.30.2013	Amounts as at 12.31.2012
Balance sheet exposures	**1,606,971**	**1,757,673**
- Altus Alpha Plc	223,847	233,298
- Chiyoda Fudosan GK	121,176	141,694
- Grand Central Funding Corp	76	76
- Redstone Mortgages Plc	1,261,872	1,382,605
Credit facilities	**11,621**	**11,520**
- Altus Alpha Plc	-	-
- Chiyoda Fudosan GK	-	-
- Grand Central Funding Corp	11,621	11,520
- Redstone Mortgages Plc	-	-

Part E – Information on risks and related risk management policies

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 purchase companies.

The following table gives the amount of the consolidated SPVs' **assets** by **region**.

Consolidated SPVs' assets broken down by geographical area

	Amounts as at 06.30.2013								
	Consolidated SPVs								
	Italy	Germany	Austria	Other UE Countries	Other European Countries (non UE)	America	Asia	Rest of the world	Total
- Residential mortgage loans	-	-	-	1,212,937	-	-	99,723	-	1,312,660
- Commercial mortgage loans	-	-	-	-	-	-	-	-	-
- Leasing	-	835,788	-	-	-	-	-	-	835,788
- Credit cards	-	-	-	-	-	-	-	-	-
- Consumer loans	83,059	-	-	-	-	-	-	-	83,059
- SME loans	-	-	-	-	-	-	-	-	-
- State related entities	-	-	-	-	-	-	-	-	-
- Others	100,071	218,513	-	340,793	-	99,896	45,132	-	804,405
- RMBS	-	-	-	-	-	-	-	-	-
- CMBS	-	-	-	-	-	-	-	-	-
- CDO	-	-	-	-	-	-	-	-	-
- CLO / CBO	-	-	-	-	-	-	-	-	-
- Corporate and bank bonds	-	-	-	-	-	-	-	-	-
- Municipal and local Government bonds	-	-	-	-	-	-	-	-	-
- Investement funds	-	-	-	47,456	-	-	-	158,133	205,589
Total	**183,130**	**1,054,301**	**-**	**1,601,186**	**-**	**99,896**	**144,855**	**158,133**	**3,241,501**

The item "Others", substantially composed by corporate loans and short-term commercial loans, also includes €45,132 thousand of "Other Assets" formed by properties held for sale.

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 December 31, 2012 impaired loans were €303,542 thousand, attributable to Redstone Mortgage Plc and Chiyoda Fudosan GK.

The **residual life of consolidated vehicles' underlyings** is given in the following table. Average residual life is under one year or over five years.

Consolidated SPVs' assets broken down by residual life

	Amounts as at 06.30.2013			
Remaining average life	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
- Residential mortgage loans	303,542	-	1,009,118	1,312,660
- Commercial mortgage loans	-	-	-	-
- Leasing	835,788	-	-	835,788
- Credit cards	-	-	-	-
- Consumer loans	83,059	-	-	83,059
- SME loans	-	-	-	-
- State related entities	-	-	-	-
- Others	804,405	-	-	804,405
- RMBS	-	-	-	-
- CMBS	-	-	-	-
- CDO	-	-	-	-
- CLO / CBO	-	-	-	-
- Corporate and bank bonds	-	-	-	-
- Municipal and local Government bonds	-	-	-	-
- Investement funds	205,589	-	-	205,589
Total	**2,232,383**	**-**	**1,009,118**	**3,241,501**

Assets recognized in financial statements, due to consolidation of vehicles, are a marginal portion of the Group's assets.

The following table shows the **financial 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

	Amounts as at 06.30.2013					
	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	205,589	-	2,990,780	-	-	**3,196,369**
% IAS portfolio	0.22%	0.00%	0.50%	0.00%	0.00%	**0.40%**

As noted above, the assets of these SPVs include "Other assets" worth €45,132 thousand consisting in property held for re-sale.

Part E – Information on risks and related risk management policies

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 resulted in a transformation of the structured credit product market into an illiquid market.
Against this background, these securities were reclassified from trading to banking portfolio

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.

Since then, this type of asset portfolio has been managed with a view to gradually reduce its amount (i.e. de-risking/de-leveraging strategy) in order to lower the associated capital requirement, while seeking to ensure the contribution to net interest income over time (especially in a market environment characterized by low interest rates) in a context of overall sustainability of the associated risk profile. Since early 2012, based on the expertise gained in the management of this portfolio, it was decided to keep the amount stable in notional terms, while replacing, as far as possible given volatile markets, the positions reaching maturity with new ones of adequate quality and profitability. These positions are subject to continuous monitoring by Risk Management which, on the one hand, constantly monitors their evolution and composition while on the other, for the purposes of internal monitoring and overall disclosure, it regularly evaluates their market value

This portfolio has 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 82% of the positions is classified as “investment grade”);
- mainly concentrated in EU Countries.

Main features of structured credit portfolio (€ '000)

	06.30.2013				12.31.2012			
Measurement	FV/P&L	FV/Equity	Amortised cost	Total	FV/P&L	FV/Equity	Amortised cost	Total
Net exposure	323,009	169,927	4,900,691	5,393,627	414,054	242,803	5,438,352	6,095,209
Seniority	Senior	Mezzanine	Junior		Senior	Mezzanine	Junior	
Net exposure	3,994,255	1,319,687	79,685		4,552,894	1,451,164	91,151	
Asset class	RMBS/CMBS	CDO/CLO	Other ABS and Loans		RMBS/CMBS	CDO/CLO	Other ABS and Loans	
Net exposure	3,807,130	1,077,046	509,451		4,122,988	1,275,517	696,704	
Underlying	US Subprime	US Alt-A	Other		US Subprime	US Alt-A	Other	
Net exposure	1,370	4,307	5,387,950		3,488	4,856	6,086,865	
Rating %	AAA	Other investment grade	Non investment grade		AAA	Other investment grade	Non investment grade	
% on net exposure	30.79%	51.83%	17.38%	100%	29.58%	55.06%	15.36%	100%
Country %	US	European	Other		US	European	Other	
% on net exposure	11.17%	84.03%	4.80%		12.75%	82.58%	4.66%	

The following table shows the Group’s **exposure** to these instruments, which is in any case limited, at 0.67% of **total financial instruments**.

Structured credit product exposures broken down by type of financial assets portfolio (€ '000)

	Balance sheet exposure as at						
	06.30.2013						12.31.2012
	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	Total
Balance sheet amount	280,457	42,552	4,785,622	115,069	169,927	**5,393,627**	**6,095,209**
% IAS portfolio	0.30%	0.15%	0.80%	2.12%	0.21%	**0.67%**	**0.73%**

The table below shows the Group's **gross and net exposure** to these instruments.

Structured credit product exposures		(€ '000)
	Amounts as at 06.30.2013	
Exposure type	**Gross exposure (nominal amount)**	**Net exposure (carrying amount)**
RMBS	2,784,051	2,715,265
CMBS	1,130,570	1,091,865
CDO	178,454	81,431
CLO/CBO	1,091,875	995,615
ABS others	583,510	444,486
Loans	64,965	64,965
Total	**5,833,425**	**5,393,627**

Cash exposure, as mentioned, consists almost entirely of asset backed securities amounting to €5,328,662 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 the 'Group as Originator' section above.

Part E – Information on risks and related risk management policies

Structured credit product exposures broken down by subordination degree (€ '000)

Exposure type	Amounts as at 06.30.2013			
	Senior	Mezzanine	Junior	Total
- RMBS	2,308,662	406,603	-	2,715,265
- Prime	*2,129,985*	*293,085*	-	*2,423,070*
- Subprime	*1,370*	-	-	*1,370*
- Nonconforming	*177,307*	*113,518*	-	*290,825*
- CMBS	841,033	250,832	-	1,091,865
- CDO	23,516	57,894	21	81,431
- CDO of ABS / CDO of CDO	-	*17,605*	-	*17,605*
- CDO Balance Sheet	*18,194*	-	-	*18,194*
- CDO Market Value	-	-	-	-
- CDO Preferred Stock	-	*40,257*	-	*40,257*
- CDO Synthetic Arbitrage	-	-	*1*	*1*
- CRE CDO	*1,639*	*17*	-	*1,656*
- CDO others	*3,683*	*15*	*20*	*3,718*
- CLO/CBO	483,495	493,866	18,254	995,615
- CLO SME	*44,677*	*26,895*	-	*71,572*
- CLO arbitrage/balance sheet	*165,406*	*107,733*	-	*273,139*
- CLO / CBO altri	*273,412*	*359,238*	*18,254*	*650,904*
- Consumer loans	224,445	23,973	-	248,418
- Credit cards	-	-	-	-
- Student loans	65,367	54,641	2,247	122,255
- Leasing	35,393	18,352	-	53,745
- Others	4,487	13,526	2,055	20,068
Total balance sheet exposures	**3,986,398**	**1,319,687**	**22,577**	**5,328,662**

Loans and guarantees (€ '000)

Exposure type	Amounts as at 06.30.2013							
	On Balance Sheet Exposures				Off balance sheet Exposures			
	Senior	Mezzanine	Junior	Total	Senior	Mezzanine	Junior	Total
Loans	**7,857**	**-**	**57,108**	**64,965**	**-**	**-**	**-**	**-**
- Residential mortgages	1,045	-	-	1,045	-	-	-	-
- Commercial mortgages	-	-	-	-	-	-	-	-
- CDO	-	-	-	-	-	-	-	-
- CLO	-	-	-	-	-	-	-	-
- Credit Cards	-	-	-	-	-	-	-	-
- Consumer loans	-	-	-	-	-	-	-	-
- Student Loans	-	-	56,134	56,134	-	-	-	-
- Others	6,812	-	974	7,786	-	-	-	-
Guarantees given	-	-	-	-	-	-	-	-
Credit facilities	**-**	-	-	**-**	**23,052**	14,582	-	**37,635**

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, 2013 the Group's exposure in structured credit products was €5,393,627 thousand, a reduction of over 11% from December 31, 2012 when the figure was €6,095,209 thousand.

The exposure in ABSs fell from €5,855,703 thousand at December 31, 2012 to €5,328,662 thousand.

Exposure in the form of loans to vehicles was €64,965 thousand at June 30, 2012. The unutilized portion of credit lines and guarantees given amounted to €37,635 thousand.

In addition to reported exposures, the Group is exposed to Credit Default Swaps with structured credit products as underlyings. These instruments had a negative fair value of €19,788 thousand and a notional amount of € 74,771 thousand.

The good credit quality of this portfolio is borne out by the fact that over 67% of these instruments are rated A or better and over 30% of the portfolio is triple-A rated.

At December 31, 2012 over 67% of these exposures were rated A and 29% of the portfolio was rated triple-A.

Over 84% of the exposure was toward countries belonging to European Union.
Exposure to Greece, Ireland, Portugal and Spain accounted for 19.54%, most of which concerns exposures to Spanish underlying assets (12.04%).

The following tables give a breakdown of the **net exposure** at June 30 2013, **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	26.06%	8.89%	25.75%	17.28%	16.13%	4.77%	1.12%	0.00%	0.00%	0.00%
CMBS	34.03%	9.68%	21.40%	19.88%	11.07%	3.67%	0.27%	0.00%	0.00%	0.00%
CDO	0.00%	2.01%	22.34%	21.62%	49.44%	0.00%	4.53%	0.00%	0.02%	0.04%
CLO/CBO	41.29%	28.91%	21.72%	4.91%	0.90%	0.10%	0.33%	0.00%	0.00%	1.84%
Other ABS	33.80%	14.03%	21.21%	10.84%	5.51%	8.04%	1.38%	3.73%	0.00%	1.46%
Total	**30.79%**	**13.12%**	**23.68%**	**15.03%**	**11.87%**	**3.87%**	**0.87%**	**0.31%**	**0.00%**	**0.46%**

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	11.88%	81.41%	0.00%	1.01%	0.22%	5.48%
CMBS	4.22%	83.44%	0.00%	0.00%	12.34%	0.00%
CDO	0.00%	26.19%	0.00%	0.00%	51.47%	22.34%
CLO/CBO	0.00%	61.92%	0.00%	0.00%	31.85%	6.23%
Other ABS	30.10%	48.48%	0.00%	0.00%	21.42%	0.00%
Total	**9.43%**	**74.60%**	**0.00%**	**0.52%**	**11.17%**	**4.28%**

Part E – Information on risks and related risk management policies

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, 2013 and December 31, 2012.

RMBS	06.30.2013	12.31.2012
Gross Exposure	2,784,051	2,941,353
Net Exposure	2,715,265	2,863,174
%AAA	26.06%	26.10%
%Investment grade	51.92%	52.33%
% Sub Investment grade	22.02%	21.57%
% USA	0.22%	0.26%
% Europe	93.29%	92.65%
% Rest of the world	6.49%	7.09%
thereof US Subprime	1,370	2,302
there of US Alt-A	4,307	4,856

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, 2013 and December 31, 2012.

CMBS	06.30.2013	12.31.2012
Gross Exposure	1,130,570	1,305,456
Net Exposure	1,091,865	1,259,814
%AAA	34.03%	31.38%
%Investment grade	50.96%	61.01%
% Sub Investment grade	15.01%	7.61%
% USA	12.34%	11.86%
% Europe	87.66%	88.06%
% Rest of the w orld	0.00%	0.08%
thereof US Subprime	0	0
there of US Alt-A	0	0

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, 2013 and December 31, 2012.

CDO		
	06.30.2013	**12.31.2012**
Gross Exposure	178,454	317,242
Net Exposure	81,431	172,439
%AAA	0.00%	0.00%
%Investment grade	45.97%	72.37%
% Sub Investment grade	54.03%	27.63%
% USA	51.47%	86.16%
% Europe	26.19%	13.83%
% Rest of the w orld	22.34%	0.01%
thereof US Subprime	-	1,186
there of 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, 2013 and December 31, 2012.

CLO/CBO		
	06.30.2013	**12.31.2012**
Gross Exposure	1,091,875	1,236,219
Net Exposure	995,615	1,103,078
%AAA	41.29%	46.07%
%Investment grade	55.54%	50.22%
% Sub Investment grade	3.17%	3.71%
% USA	31.85%	30.72%
% Europe	61.92%	62.98%
% Rest of the w orld	6.23%	6.30%
thereof US Subprime	0	0
there of US Alt-A	0	0

Part E – Information on risks and related risk management policies

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, 2013 and December 31, 2012.

Other ABS	06.30.2013	12.31.2012
Gross Exposure	583,510	599,570
Net Exposure	444,486	457,198
%AAA	33.80%	17.74%
%Investment grade	46.08%	60.93%
% Sub Investment grade	20.12%	21.33%
% USA	21.42%	22.41%
% Europe	78.58%	77.59%
% Rest of the w orld	0.00%	0.00%
thereof US Subprime	0	0
there of US Alt-A	0	0

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 €5,677 thousand at June 30, 2013, i.e. a reduction from December 31, 2012 when this figure was €8,344 thousand.

US Subprime and Alt-A exposures			(€ '000)
	Amounts as at 06.30.2013		
Underlying / exposure type	CDO of ABS	RMBS	Total
US Alt-A	-	4,307	4,307
US Subprime	-	1,370	1,370
Total	-	5,677	5,677

Instruments with US subprime underlyings have a coverage ratio of 92.49%. Instruments with Alt-A mortgages underlyings have a coverage ratio of 8.23%
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	12.70%	87.30%	0.00%
US Subprime	100.00%	0.00%	0.00%
Total	**33.77%**	**66.23%**	**0.00%**

1.4 Reclassification of Structured Credit Products

In 2008 and in the first half of 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 – 3.1. Transfers between portfolios).

The following table shows the amounts of these instruments that were subject to reclassification, the amounts that 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 06.30.2013	Fair Value as at 06.30.2013	Income/expenses absent reclassification (before taxes)		Income/expense recognized during the period (before taxes)	
				From measurement	Other	From measurement	Other
Available for sale	Loans to customers	109,274	100,382	18,230	602	0	703
Held for Trading	Loans to customers	3,026,567	2,778,829	140,388	59,633	-4,066	28,179
	Total	**3,135,841**	**2,879,211**	**158,618**	**60,235**	**-4,066**	**28,882**

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. 3) Information on Fair Value.
The deterioration of market conditions from the second half of 2007 made it particularly complex to value 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.3, in order to react to this new market environment, the Group has resorted to *Indipendent 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.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.

90.18% of the portfolio is priced using level 2 methods and the remaining 9.82% according to level 3 methods.

Part E – Information on risks and related risk management policies

Structured credit product exposures: fair value hierarchy		
Exposure type	**Level 2**	**Level 3**
RMBS	83.77%	16.23%
CMBS	97.60%	2.40%
CDO	0.00%	100.00%
CLO	91.60%	8.40%
Other ABS	87.32%	12.68%
Total	**90.18%**	**9.82%**

1.6 Group Exposure to Monoline Insurers

The Group has marginal 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	**06.30.2013**	**12.31.2012**
MBIA Insurance Corporation	3,666	-
The PMI Group Inc.	344	340
Total	**4,010**	**340**

The Group's portfolio includes asset-backed securities amounting to €215,959 thousand, which are also guaranteed by monoline insurers.

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 2013, the net book value of these transactions, mainly carried out by Corporate and Investment Banking (CIB), amounted to €3,659 million.

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 € 59,747 million (with a notional value of € 1,690,957 million) including € 27,774 million with customers. The notional value of derivatives with customers amounted to € 893,132 million including € 879,714 million in plain vanilla (with a fair value of € 27,178 million) and € 13,418 million in structured derivatives (with a fair value of € 596 million). The notional value of derivatives with banking counterparties totaled € 797,825 million (fair value of € 31,973 million) including € 84,047 million related to structured derivatives (fair value of € 1,633 million).
Customers entered into a total of 1,188 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 € 61,016 million (with a notional value of € 1,390,945 million) including € 29,496 million with customers. The notional value of derivatives with customers amounted to € 708,782 million including € 698,326 million in plain vanilla (with a fair value of € 29,214 million) and € 10,456 million in structured derivatives (with a fair value of € 282 million). The notional value of derivatives with banking counterparties totaled € 682,163 million (fair value of € 31,520 million) including € 68,390 million related to structured derivatives (fair value of € 1,163 million).

Part E – Information on risks and related risk management policies

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 structure at first level of reporting to "Group Risk Management", dedicated to market risk governance is the "Group Financial Risk" department.

Risk Management Strategies and Processes

The Parent 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 the Group Risk Committee, with reference to the 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 the 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;
    - 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.

Part E – Information on risks and related risk management policies

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): 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.

Banking Book
The main components of market risk in the banking book are credit spread risk, pure interest rate risk and FX risk.

Credit spread risk originates mainly from government bond portfolios held for liquidity purposes. The market risk of the bond portfolio is restricted based on notional, sensitivity measures and Value at Risk. The main credit spread exposure is related to Italian sovereign risk in the Italian perimeter.

The second risk type, interest rate risk, is managed with the objective to stabilize Net Interest Income. The exposure is measured in terms of economic value sensitivity and the net interest income sensitivity. On a daily basis the treasury functions manages the interest rate risk from commercial transactions within operational limits set by the relevant risk committees. The exposure is measured and monitored on a daily basis by the risk management functions. The Asset & Liability Committee is responsible for the interest rate strategy for the strategic position. This includes the decision of investing the net position of non interest earning assets and non-interest bearing liabilities. A strategy is applied to minimize the risk on the net interest income for the bank. This implies that investments are made following a replicating profile for free equity, where the choice for the exact maturity profile is decided by the Asset and Liability Committee. Also for the investments of sight items the strategy is to stabilize net interest income by investing at longer maturities. This holds for all regional centres. The Asset and Liability management committees decide on the maturity profile that is deemed most appropriate to protect the bank's net interest income. As the strategy takes into account local specificities the maturity profile for sight items varies per regional centres. The interest rate management strategy takes into account the main impact from prepayments. This aspect is mainly relevant for the Italian and German mortgage portfolio. Based on historical prepayment data as well as trend analysis the prepayment behavior is estimated. The estimated impact is hedged. For the Italian mortgages the expected prepayment pattern forms the basis for hedging the prepayment impact. The convexity risk due to the uncertainty in the prepayments is evaluated through scenario analysis. The prepayment risk in the German mortgage portfolio is smaller due to the fees in case of early prepayment. However the estimated prepayment exposure is fully hedged by swaptions. The prepayment risk in the Austrian and Polish loan portfolio is deemed residual; therefore no prepayment hedging strategy is applied. The overall exposure is monitored by Group Risk Management and periodically reported to the Group ALCO. The committee's involvement in interest rate risk management includes:
- limit setting and monitoring;
- hedge strategies;
- guidelines and policies;
- setting and monitoring on the funds transfer pricing decisions;
- definition of risk methodologies and measurement.

It should be noted that the Group ALCO sets the guidelines and Risk Framework for the Regional Centres. Their ALCOs fill in the process for their perimeter, while the Group ALCO monitors the overall position.
Risk Management proposes the limits that require approval from the Group Risk Committee.

A third risk type is FX risk. The sources of this exposure refer mainly to capital investment in foreign currency. The current strategy is not to hedge the capital. The general policy is to hedge the foreign currency exposure related to dividends and P&L taking into account hedging cost and market circumstances. The exposure is most relevant for Pekao and the CEE subsidiaries. The FX exposure is hedged using forwards and options that are classified as trading book. This general rule is valid for the Parent Company and Sub-holdings. The hedge strategy is reviewed by the relevant risk committees on a periodic basis.

Structure and Organization

During the second quarter of 2013, in order to create a single reference point for the management of UniCredit Group financial risks and to ensure a more efficient steering, coordination and control through a single organizational structure, the "Group Financial Risk" department has been created, with direct report to "Group Risk Management" department.

The "Group Financial Risk" is responsible for the government and control of Group financial risks (liquidity, interest rate, market, counterparty and trading credit[7] risks) through the evaluation of strategies and the proposal to relevant Bodies of risk limits and Global/Local rules. The department is also responsible for the managerial coordination of the corresponding functions of Regional Centers (RCs), according to "GMGR[8]" and "GMGR Evolution", and for providing decisions and Non Binding Opinions (NBO), when specifically required, for all financial risks of the Group.

In addition, the "Group Financial Risk" department is responsible for the definition, set up and maintenance of Group methodologies and architectures for the measurement and control of financial risks and practices for Market Data Reference and Fair Value of financial instruments. The department ensures the compliance of the Financial Risk Management framework with regulatory requirements.

In order to effectively manage Group financial risks, the new organizational structure includes the following units:

- "Group Market & Trading Credit Risk Management" department, responsible for the governance and control of Group's market, trading credit and collateral risks, in charge of the following activities:
    - define Group market and trading credit risk management framework to be implemented by RCs;
    - ensure that counterparty and issuer risk strategies are integrated in the Group credit risk strategy and into the daily credit risk management processes of the RCs;
    - verify the sound implementation of market, counterparty and issuer risk framework and processes in the RCs;
    - steer the market and traded credit risk management of the RCs and ensuring a consistent Group-wide approach;
    - monitor the coherence of business strategy with the market risk strategy.

  The department includes:
    - "Market Risk Management" unit, responsible for market risk management at consolidated level and in charge of these activities:
        - coordinate the market risk identification process of the RCs and ensure the consistency with regulatory standards;
        - propose the Group market risk strategy and translate the strategy into the set up and allocation of global and granular limits at Group and RCs level;
        - assess market risk for new products and formulate NBOs on the issuance of such products for RCs;
        - control risks not included in internal models in cooperation with "Group Risk Methodologies & Architecture" unit;
        - verify the compliance of front office activity with Group market risk strategy through the analysis of P&L explanation and attributions and the daily supervision of the limits monitoring activity performed by RCs' market risk control functions, with the activation, in case of limit breach, of the escalation process and the definition of correct mitigation actions to be taken.
    - "Portfolio Market Risk Management" unit, responsible for stress testing, monitoring and reporting of market risk profiles and limits, with the following activities:
        - coordinate the Group market risk stress test program to be implemented by RCs and ensure that it includes all material market risks of the Group;
        - perform stress testing for market risk at Group level, evaluating Group capacity to absorb market risk losses and opportunities to reduce risk;
        - produce market risk reports in order to provide an updated view of market risks at Group level, both in normal and stressed scenarios, in compliance with the requirements set by the "Group Financial Risk Standard & Practice" unit;
        - provide the relevant functions with the adequate information on Group market risk and ensure they are consistently integrated in Group capital planning and in all regulatory disclosures (ICAAP, Basel II Pillar III disclosures, notes to Financial Statements).

7 I.e. Pre-settlement, Settlement, Money Market and Issuer Risk
8 Group Managerial Golden Rules

Part E – Information on risks and related risk management policies

- "Group Price Control" team, responsible for Group-wide Market Data Reference and Fair Value framework for marking books and records. In particular, the team is responsible for the following activities:
  - define, set up and update Market Data Reference framework for the end-of-day market data assignment and Fair Value framework for the valuation of financial instruments for marking purposes, the latter in cooperation with "Group Risk Methodologies & Architecture" unit;
  - define the Group-wide Independent Price Verification (IPV) and Fair Value Adjustments (FVA) activities (for example: cooperation with competence centers and PF&A department, reporting);
  - verify the correct implementation and output quality of the above mentioned frameworks in the RCs and the congruity of the valuation criteria;
  - define, set up and update market conformity checks;
  - perform second level controls, for its area of competence, on money market rates contribution and FTP and end of day market data validation, market conformity checks, IPV and FVA processes for the RC Italy;
  - support UniCredit S.p.A, for the Country Chairman Italy perimeter, in the activities related to the enforcement of the MiFID application;
  - define and monitor risk limits and autonomy levels on portfolio models and building blocks used for management of segregated accounts and verify their allocation with respect to the investment strategies;
  - deliver the results of the monitoring activity to the Group Investment Committee and to the Board of Directors/CEO;
  - assess portfolio models and building blocks' performance data calculated by "Global Investment Strategy (GIS)" department;
  - provide, or approve if proposed by "Global Investment Strategy" (GIS) or "Investment Products Italy" department, the asset classification for financial instruments in the "Common Instrument Classification" (CIC) Management System.
- "Group Risk Methodologies & Architecture" unit, responsible for the methodologies and architecture at Group level for market, counterparty, interest rate and liquidity risks, through the following activities:
  - define, set up and update the financial risk measurement, management and stress testing methodologies (e.g. VaR, SVaR, IRC, CRM, CCR, EPE, CBC);
  - analyze and review of the models developed by "Planning, Finance & Administration" department, used for management and control of the balance sheet and liquidity risk;
  - develop prototypes for new financial risk management models and financial risk management and reporting applications;
  - define, set up and update the methodologies for Independent Price Verification (IPV) and Fair Value Adjustments (FVA), in cooperation with "Group Price Control" team;
  - manage the regulatory approval and review process for financial risks management models, addressing "Group Internal Validation" department and "Internal Audit" department recommendations related to such models;
  - coordinate the Group-wide models' and architectures rollout and maintenance within the various RCs, verifying their correct implementation and output quality;
  - develop risk metrics for those risks not correctly captured by internal models in cooperation with the "Market Risk Management" unit;
  - support the competent functions in the measurement and analysis of counterparty, liquidity, interest rate and market risk economic capital for regulatory ICAAP process, strategic planning and budgeting process;
  - support, in cooperation with the "CIB Division" and "PF&A" department, the competent functions in order to identify and exploit capital optimization opportunities;
  - analyze Front Office developed models used for marking P&L, review their adequacy on an on-going basis and assess, in cooperation with "Group Price Control" team, the related model risk to quantify Fair Value Adjustments;
  - define, set up and update the Group-wide financial risks management and Front Office reference market data (i.e. EOD, IPV, FVA, conformity checks) architectures;
  - source, validate and supply market parameters for financial risks management models;
  - support the "Group Market & Trading Credit Risk Management" department by configuring Group-wide stress test scenarios into the Group-wide risk measurement systems;
  - maintain and monitor the performance of the Group-wide financial risks models, including back testing results carried out by the RCs and at a consolidated level, in cooperation with "Market Risk Validation" unit.

- “Financial Risk Italy” unit, responsible for the independent control of liquidity, interest rate, market, counterparty, trading credit and collateral risks at RC Italy level as well as for carrying out the stress tests required. In particular, the unit is responsible for the following activities:
    - propose, in cooperation with the Group function, the setting and allocation for the RC Italy of market, interest rate and liquidity risk limits, monitoring breaches and evaluating also countermeasures/mitigation actions to be taken;
    - verify the consistency of Front Office activity with the market risk strategy;
    - perform exposure validation, credit lines monitoring, overnight and intra-day overdraft management for RC Italy trading credit and collateral risks, on FIBS counterparties;
    - produce relevant reporting at RC Italy level;
    - perform stress test program defined at Group level on RC Italy level for market, liquidity, trading credit and collateral risks and relevant internal models maintenance and back-testing for the RC Italy;
    - monitor collateral management relating to derivative products and securities financing transactions with FIBS counterparties at RC Italy level;
    - assess financial risks pertaining to new products in RC Italy and provide an opinion on the issuance of such products;
    - limit monitoring in terms of mark up and hedging cost for corporate treasury sales business;
    - perform largest 50 exposure plausibility checks on exposure data for RC Italy according to the required data model, for weekly and monthly official reporting to the Bank of Italy, for trading credit and collateral risks;
    - perform second level controls, for its area of competence, on money market rates contribution and FTP, as indicated by internal processes and regulation in force.
- “Group Financial Risk Standard & Practice” unit, responsible for Global Policies and for the financial risk reporting coherence and coordination across the Group. In detail, the unit is in charge of the following activities:
    - issue Global Policies in cooperation with the “Group Financial Risk” department;
    - monitor the approval and the implementation of Global Policies on financial risks at local level with the cooperation of Legal Entities competent functions; these functions guarantee the implementation of local Policies in accordance to Global Policies;
    - verify the approval and the implementation at local level of the Global Operational Instructions (GOI) leveraging on Legal entities’ competent functions;
    - set the reporting standards for the “Group Financial Risk” department, managing documentation to Group Committees identifying roles and responsibilities;
    - track and coordinate activities related to “Group Financial Risk” department Audit findings;
    - act as interface with Regulators/Management/relevant Bodies for the “Group Financial Risk” department, in coordination with Group and department's structures.
- “Group Interest Rate Risk Management” unit, responsible for the independent control of interest rate risks at Group level. Responsibilities include these activities:
    - propose to the competent Bodies the limits for managing balance sheet interest rate risks at Group level and review the limits proposal at Regional Centre level;
    - perform controls, analysis and limits monitoring for balance sheet relevant risk factors;
    - verify the correct implementation of balance sheet risks management processes in the Regional Centers;
    - define and coordinate scenario analysis for interest rate risk;
    - produce relevant reporting at Group level to competent Bodies and to Regulators when required, in accordance to the standards and requirements set by the “Group Financial Risk Standard & Practice” unit.

Part E – Information on risks and related risk management policies

Risk measurement and reporting systems

Trading Book

During 2013, UniCredit Group continued to improve and consolidate market risk models in order to properly measure, represent and control the Group risk profile. In the last three years, in compliance with Basel Committee regulations and guidelines, state-of-the-art models for market risk measurement, such as Stressed VaR and Incremental Risk Charge, have been developed for both capital charge calculation and managerial purposes.

The monitoring of the risk profiles was made even more effective with the introduction of individual granular risk limits, in addition to VaR limits, in relation to primary investment banking operations.

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.

The Group Financial Risk 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.

Market risk reporting standards are set by the Group Risk Committee under the proposal of the Market Risk function. Group Financial Risk defines market risk reporting standards, both in terms of contents and recurrence, and provides timely information to Top Management and regulators regarding the market risk profile on a consolidated level.

In addition to VaR and Basel II risk measures, stress tests represent 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.

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, it 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; a relevant risk measure from this perspective is the economic value sensitivity per time bucket for a 1bp rate shock. This measure is reported to the relevant committees to assess the economic value impact of various changes in the yield curve. In addition the economic value sensitivity for a 200bp parallel shock is included. A monitoring variable from this perspective is the value at risk resulting from interest rate risk exposure.
- Income perspective: the focus of the 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 for a 100bp parallel shock in rates. It provides an indication of the impact on the net interest income over the next 12 months if such should occur. For these rate scenarios the 0% floor is taken into account for the downward shock in the current low rate environment. Additional scenarios that are evaluated include steepening and flattening scenarios.

Net to the set of limits and warning levels for interest rate risk, restrictions and exposure measures are in place for other market risk types such foreign exchange risk, equity risk, value risk due to credit spread fluctuations. Besides through economic value sensitivity measures and other granular indicators, these risk types are captured in a value at risk measure that includes all market risk factors. These value at risk measures are based on a historical simulation.

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 and to the Group Market Risk Committee through the Market Risk Overview report; these include VaR, Stressed-VaR and IRC 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 "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

The ALCO evaluates the main market risk drivers on a monthly basis. This committee decides on the strategy which aims to stabilize the net interest income. Group Risk Management reports to the committee on the Banking Book risk measures both from a value and income perspective. It proposes and monitors limits and warning levels that have been approved by the relevant competent bodies.

Breaches of limits and warning levels 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.

Execution of structural hedges to mitigate the interest rate risk exposure on client business is responsibility of the treasury functions. 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 Financial Risk department 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 incorporating 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) and a stressed value-at-risk (sVaR).

Incremental risk capital charge captures default risk as well as migration risk for unsecuritised credit products. Additional capital charge for securitizations and credit products not covered by IRC 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 second quarter of 2013 the so-called “Lehman crisis” period (from 15 September 2008 to 31 August 2009) has been the stressed observation period for UniCredit Group. A slightly different period (from 15 April 2008 to 30 March 2009) has been used by UCBA AG and UCI Spa for the first quarter, while UCB AG used the period from 17 January 2011 to 31 December 2011 (sovereign debt crisis).

Part E – Information on risks and related risk management policies

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 (i.e. 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. Also for the first half of 2013 a conservative liquidity horizon of one year has been applied to all positions.

IRC needs to meet a 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=1.2IRB).

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 with 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).
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.

Bank of Italy authorized UniCredit group to the use of internal models for the calculation of capital requirements for market risk. In details both UCB AG and UCBA AG are then allowed to calculate their regulatory capital by means of internal models for VaR, stressed VaR and IRC. As of today 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. In addition to backtesting, Group Internal Validation performed the periodic validation of the VaR framework to assess the compliance with regulatory requirements.

Trading portfolios are subject to Stress tests according to a wide range of scenarios for managerial reporting, which are described in a 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 the 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. A Global Policy "Market Risk Stress Test" has been approved by GMRC in April 2012.

Procedures and methodologies for Valuation of Trading Book positions

UniCredit group 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 needs 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 Parent 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

Please refer to Section A.3. Information on Fair Value.

Part E – Information on risks and related risk management policies

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.

Risk on trading book
June 28, 2013

Daily VaR on Trading Book (€ million)

		2013			2012
	06.28.2013	AVERAGE	MAX	MIN	AVERAGE
*UniCredit Spa	8.2	5.8	12.1	2.4	4.3
*Bank Pekao SA	0.5	0.3	0.7	0.2	0.3
UCBA AG	2.3	2.2	3.7	1.4	3.6
UCB AG	16.1	20.2	27.6	13.2	20.4
UniCredit Group Total (1)	**27.1**	**28.5**	**33.3**	**18.6**	**28.6**

(1) Total Var is computed as simply the sum of the different components, without taking into account differentiation effect among the various Entitles.
* For managerial purpose only

VaR increase in UniCredit SpA is driven by the new trading activities in Rates Italy Bond business line started from April 2013. UCI Ireland VaR figure is not disclosed as, at the end of June 2013, there are no trading book active positions. In addition, Fineco Bank VaR figure is no longer disclosed since it is negligible and does not contribute to the overall Group risk on the trading book.

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 27, 2013

SVaR on Trading Book (€ million)

		2013			2012
	06.27.2013	AVERAGE	MAX	MIN	AVERAGE
UCBA AG	14.0	10.2	14.0	6.7	16.1
UCB AG	26.5	26.3	36.5	17.0	24.7
UniCredit Group Total (1)	**40.5**	**36.5**	**48.4**	**26.8**	**40.8**

(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.

UCB AG IRC figure drastically decreased with respect to 2012 due to several CDO, CDS and Credit Index positions expired in December 2012.

Risk on trading book

June 27, 2013

IRC on Trading Book					(€ million)
		2013			**2012**
	06.27.2013	**AVERAGE**	**MAX**	**MIN**	**AVERAGE**
UCBA AG	42.6	52.2	65.8	38.3	53.4
UCB AG	267.3	258.3	317.1	181.0	503.9
UniCredit Group Total (1)	**309.9**	**310.4**	**365.0**	**233.6**	**557.3**

(1) Total IRC is computed as simply the sum of the different components, without taking into account differentiation effect among the various Entities.

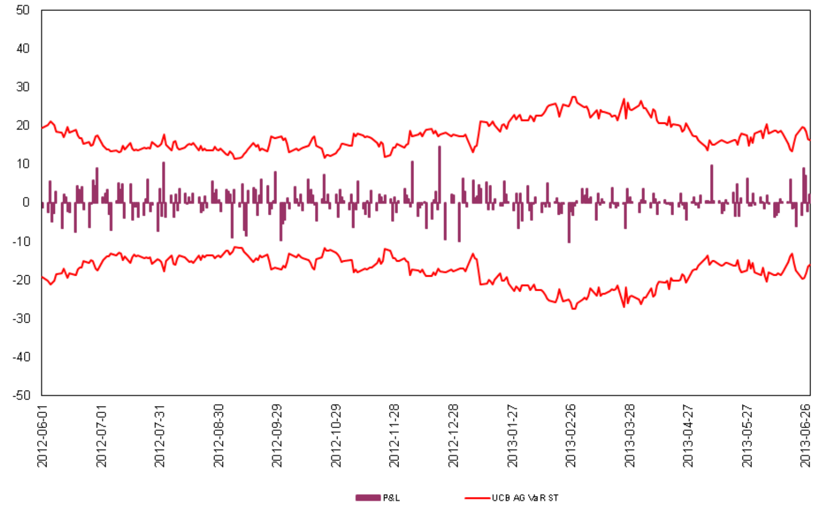
VaR backtesting

In the first half of 2013, UniCredit Group's market risk has remained basically stable notwithstanding a general context of market uncertainty in the first quarter of the year. In addition, 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:

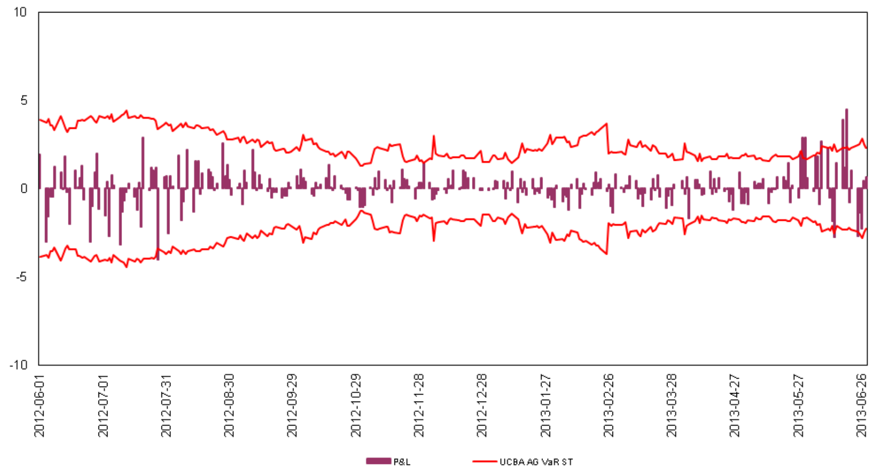
Part E – Information on risks and related risk management policies

UCB AG



In UCB AG no negative overdrafts were recorded in the first half of 2013.

UCBA AG



In UCBA AG one negative overdraft was recorded in the second half of 2012. A hypothetical loss of 3.6M€ was reported on July 27 in FX hedges books in ALM portfolio, due to the TRY appreciation against the EUR. In addition, two negative overdrafts have been recorded in the first six months of 2013. On June 13, a hypothetical loss of 2.7M€ was reported due to the FX options positions and the simultaneous appreciation of the main CEE currencies against EUR. A hypothetical loss of 1.5M€ in the FX hedge books in ALM portfolio determined an overall 2.7M€ hypothetical loss on June 24.

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.

The tables below show CIB trading book sensitivities, including the new area Rates Italy Bond in UniCredit SpA.

€ millions

Interest Rates	+1BP less than 3 months	+1BP 3 months to 1 year	+1BP 1 year to 2 years	+1BP 2 years to 5 years	+1BP 5 years to 10 years	+1BP over 10 years	+1 BP Total	-100 BPS	-10 BPS	+10 BPS	+100 BPS	CW	CCW
Total	**0.2**	**0.1**	**-0.4**	**-0.2**	**-0.0**	**0.1**	**-0.2**	**62.7**	**3.7**	**-2.9**	**-1.5**	**5.5**	**-5.3**
of which: EUR	0.3	0.2	-0.5	-0.2	-0.1	0.1	**-0.2**	53.2	2.9	-2.1	6.2	15.0	-12.2
USD	0.0	-0.1	-0.1	0.0	0.0	-0.0	**-0.1**	14.1	1.1	-0.9	-8.0	-0.5	1.5
GBP	-0.1	-0.1	0.1	-0.0	-0.0	-0.0	**-0.1**	5.1	0.8	-0.7	-6.2	-0.4	0.5
CHF	-0.0	0.0	-0.1	0.0	0.0	0.0	**-0.1**	0.7	0.2	-0.5	-6.1	-1.8	-0.2
JPY	0.0	0.0	0.1	-0.0	0.0	-0.0	**0.1**	-7.5	-1.1	1.1	10.7	0.3	-0.2

€ million

	-30%	+50%
Interest Rates	**5.186**	**17.517**
of which: EUR	4.565	18.248
USD	0.207	0.133
GBP	0.007	-0.034
CHF	0.368	-0.773
JPY	0.041	-0.065

Part E – Information on risks and related risk management policies

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 28, 2013, the sensitivity of interest income to an immediate and parallel shift of +100bps was +€239 million (and -€432 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 -€ 1,160 million at June 28, 2013[9].
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.

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.
The Group also calculates sensitivity to the volatility of equities assuming a positive shift of 30% or negative change of 30% in volatility curves or matrixes.
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.

The tables below show CIB trading book sensitivities, including the new area Rates Italy Bond in UniCredit SpA.

€ million

	Delta Cash-equivalent	-20%	-10%	-5%	-1%	+1%	+5%	+10%	+20%
Equities									
All markets	**-15.6**	**-17.8**	**-0.7**	**0.7**	**0.1**	**-0.2**	**-0.3**	**-2.1**	**-12.3**
Europe	-17.6					-0.2			
US	6.2					0.1			
Japan	-0.1					-0.0			
United Kingdom	4.9					0.0			
Switzerland	-3.6					-0.0			
CEE	4.1					0.0			
Others	2.6					0.0			
Commodities									
All markets	**0.3**	**-0.1**	**-0.0**	**-0.0**	**-0.0**	**0.0**	**0.0**	**0.0**	**0.1**

€ million

	-30%	+30%
Equities	**-2.822**	**-7.648**

Part E – Information on risks and related risk management policies

2.4 Price Risk – Banking Book

QUALITATIVE INFORMATION

A. General Aspects, Price Risk Management Processes and Measurement Methods
Banking book price risk primarily originates from 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 as they are also held as a stable investment. In the whole banking book portfolio assessment this kind of risk is also considered.

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.

The Group also calculates sensitivity to the volatility of exchange rates assuming a positive shift of 50% or negative change of 30% in volatility curves or matrixes.

The tables below show CIB trading book sensitivities, including the new area Rates Italy Bond in UniCredit SpA.

€ million

Exchange rates	Delta Cash-Equivalent	-10%	-5%	-1%	+1%	+5%	+10%
EUR		53.8	24.0	3.7	-2.7	-9.1	-12.5
USD	86.8	0.8	-0.3	-0.5	0.9	6.9	12.4
GBP	-3.0	6.5	4.2	0.7	-0.0	0.4	0.6
CHF	-26.0	15.9	4.2	0.3	-0.3	-1.4	-2.6
JPY	-2.5	1.5	0.6	0.1	-0.0	0.6	2.3

€ million

	-30%	+50%
Exchange Rates	**3.018**	**-5.478**
of which: EUR_GBP	0.652	-1.124
EUR_JPY	-0.306	1.016
JPY_USD	0.338	-0.866
EUR_USD	0.191	-0.591
EUR_SEK	0.227	-0.372
GBP_USD	0.192	-0.320
AUD_EUR	-0.135	0.239
PLN_USD	0.294	0.023

Part E – Information on risks and related risk management policies

2.6 – Exchange Rate Risk – Banking book

QUALITATIVE INFORMATION

A. General Aspects, Exchange Rate Risk Management Processes and Measurement Methods
Exchange rate risk originates both from banks in the Group operating in currency areas other than the Eurozone and from positions taken by specialist centres holding the Group's market risk within the limits assigned.
In the latter case, exchange risk originates from currency trading activities performed through the negotiation of the various market instruments and it 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 due to the exposure to such risk.

B. Hedging Exchange Rate Risk
The Group adopts hedge strategies for profits and dividends arising from its subsidiaries not belonging to the euro zone. The hedging strategies takes into account market circumstances.

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 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.

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%) and from 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.

The table below shows CIB trading book sensitivities, including the new area Rates Italy Bond in UniCredit SpA.

€ million

	+1BP less than 6 months	+1BP 6 months to 2 years	+1BP 2 years to 7 years	+1BP over 7 years	+1 BP Total	+10BPS	+100BPS	-50%	+50%
Total	**-0.1**	**-0.5**	**-0.4**	**-0.2**	**-1.1**	**-11.3**	**-109.7**	**80.1**	**-65.4**
Rating									
AAA	0.0	-0.1	-0.3	-0.2	-0.6	-6.4	-61.8	12.8	-11.8
AA	-0.0	-0.0	-0.0	0.0	-0.1	-0.7	-7.0	2.6	-2.5
A	0.0	-0.2	-0.2	-0.0	-0.3	-3.8	-37.7	24.6	-22.6
BBB	-0.0	-0.1	0.2	-0.0	0.1	1.0	8.9	-8.2	6.7
BB	-0.0	-0.0	-0.0	-0.0	-0.1	-0.8	-7.9	40.9	-29.1
B	-0.0	0.0	-0.0	-0.0	-0.0	-0.2	-1.8	8.7	-5.9
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	-0.0	-0.2	-0.1	-0.3			8.4	-6.8
ABS and MBS	-0.0	-0.0	-0.0	-0.0	-0.0			4.4	-3.6
Jumbo and Pfandbriefe	-0.0	-0.1	-0.2	-0.1	-0.4			4.7	-4.6
Financial Services	-0.0	-0.3	-0.3	-0.0	-0.6			42.2	-38.0
All Corporates	-0.0	-0.0	0.3	-0.1	0.2			21.2	-12.8
-Automotive	-0.0	0.0	0.0	0.0	0.0			1.8	-1.4
-Consumer Goods	-0.0	-0.0	0.1	-0.0	0.1			3.1	-0.8
-Pharmaceutical	0.0	-0.0	0.0	-0.0	0.0			0.5	-0.5
-Industries	-0.0	-0.0	0.0	-0.0	-0.0			8.2	-6.3
-Telecommunications	-0.0	0.0	0.0	-0.0	0.0			1.7	-1.1
-Utilities and Energy Sources	0.0	-0.0	0.0	-0.0	-0.0			1.7	-0.7
-All other Corporates	-0.0	-0.0	0.1	-0.0	0.1			4.2	-2.0
Total Developed Sovereigns					**-0.7**	**-7.4**			

Part E – Information on risks and related risk management policies

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, different scenarios have been applied to the whole Group Trading Book on a monthly basis and reported to top management.

Greece Exit
This scenario, introduced in June 2012 and updated in December 2012, assumes that Greece would exit from the EMU without however bringing the Eurozone to a collapse. The exit of Greece from the EMU would negatively affect GDP growth in the Eurozone through several channels, mainly related to financial markets. Rising volatility and the generalized increase in risk premia would make it harder for businesses to plan investment decisions. Credit for the real economy would be more expensive as a consequence of the severe intensification of funding difficulties in the banking system (including via renewed deposit outflows and tensions in the inter-bank market):

- on the fixed income side, a flight-to-quality demand would be observed, with the focus on German and US bonds whose swap spreads would be close to an all-time record;
- as for peripheral countries, spreads would come under pressure. The Italian swap spread would widen 400bp, reaching the 650bp area, while Spain would widen 300bp;
- equity markets would plunge and, at the same time, a steady increase in volatility is expected;
- with respect to FX rates, EUR is expected to sharply depreciate across the board as a Greek exit would clearly undermine confidence in the common currency. The most serious losses are expected to be against the USD (with an approximate 30% depreciation), as the USD will likely continue to be perceived as the reference safe-haven currency in the case of escalating turmoil in the eurozone. However, EUR would also probably lose ground to a significant extent vs. JPY and CHF. On the other hand, EUR fall against sterling should be less significant (-20%), since the UK economy would also be heavily affected by developments in the EMU.

Widespread Contagion
In this risk scenario, updated in December 2012, we assume that debt crisis escalates, with high pressures hitting Spain and Italy. The recent step-up in government commitment towards building a credible firewall against contagion and the ECB's introduction of the OMT (Outright Monetary Transactions) should provide some cushion against spread widening. However, market volatility and the ensuing financial market disruption would still lead to a severe tightening in financial conditions euro-wide. Due to the important trade links between eurozone countries, the financial shock would be amplified and cause a deeper recession. Such an escalation in tensions would lead Spain to tap EFSF/ESM. Tensions in Italy would call for a more radical and systemic response from European authorities. This should avert a sovereign default or an EMU break-up in the following two years.

The shock originated in financial markets would have a severe impact on GDP growth in EU periphery:

- US and German bonds would enjoy strong demand due to risk aversion and their safe-haven status; all other government bonds would come under pressure due to credit risk repricing, even at the top-rated level. Spread widening is expected also for corporate bonds; the shift in credit risk preference would lead to strong pressure on high-yield bonds;
- given the low level of German and US yields at the short end, the strong demand for safe-haven assets would flatten the curves, with the extra-long end outperforming the shorter maturities. Japan would not be affected by the crisis;
- equity markets would experience a moderate downturn, coupled with an increase in volatility;
- 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. JPY would similarly appreciate given the repricing in risk preferences. In CEE the contagion would lead to significantly weakening of currencies as capital flows would turn around (leaving the countries).

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 Stabilization Fund 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.

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 sharp slowdown in the growth rate of emerging economies starting in 2011 and intensifying during 2012. This would negatively affect 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 deterioration is not severe compared to the Sovereign Tensions scenario because the shock would affect credit-risk premium only indirectly. The shock would reflect more on oil companies which are not included in the “iTraxx main”. The widening of the iTraxx Financial Senior and Sub is 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 positive 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 other European currencies and Turkish Lira.

Stress Test on trading book
June 27, 2013

Scenario				(€ million)
06.27.2013	**2013**			
	Sovereign Tensions	**Emerging Market Slowdown**	**Grexit**	**Widespread Contagion**
UniCredit Spa	-22	-18	-76	-46
Pekao	-7	-5	-1	-1
UCBA AG	-25	-3	130	66
UCB AG	-344	-479	-264	-231
UniCredit Group Total	**-397**	**-505**	**-211**	**-212**

Theoretical losses in UniCredit SpA increased for the new trading activities in Rates Italy Bond business line starting from April. The theoretical profit in UCBA AG for Grexit and Widespread Contagion scenarios stems from the CEE area and is mainly driven by FX exposure.

Part E – Information on risks and related risk management policies

Section 3 – Liquidity Risk

QUALITATIVE INFORMATION

1. 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"
This organization model allows self-sufficiency of the group by accessing the local and global markets for liquidity in a controlled and coordinated way. According to Group Policies, structural liquidity surpluses should be up-streamed to the Holding Company, unless legal requirements prevent it. 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 31 Dec 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.

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[10] Also the Bank of Italy Rules, Circolare 263, foresees 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 before last paragraph).

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.

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 Core Banking Book Funding Gap (an improved 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.

Part E – Information on risks and related risk management policies

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 (<u>systemic</u>, 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.;
- <u>specific</u> 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 <u>combination</u> 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. 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.

Part E – Information on risks and related risk management policies

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 Parent 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 has in time been 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 Parent company's head of Group Operational & Reputational Risks department is made up of permanent and guest members. The list of participants of the Committee has been updated in 2012, also in the light of the changes in the organizational structure of the Group.

The Group Operational & Reputational Risks Committee meets with consulting and suggestion functions for submission to the Group Risk Committee for the following topics:

- Group risk appetite including capitalization targets and capital allocation criteria for Group operational risks
- structure and definition of limits for Group operational risk for achieving risk allocation targets across Business Functions, Legal Entities and portfolios
- initial approval and fundamental modifications of risk control and measurement systems 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 findings related to risk control and measurement systems resulting from Group Internal Validation and Internal Audit activities, with regard to the internal control system and risk measurement
- status update of relevant Basel II project activities and processes on operational risk topics
- ICAAP topics on operational risks
- yearly Regulatory Internal Validation Report on operational risk.

Part E – Information on risks and related risk management policies

and for the following topics with reference to reputational risk:
- support, for specific reputational risk events, the crisis management capabilities and stakeholder communication, coherently with the Reputational Risk Management framework
- advice on matter of reputational risk, including clarification in matter of reputational risk special policies implementation (policies grey area), upon request of the Holding Company function/Bodies, Divisions and Legal Entities.

The Group Operational & Reputational Risks Committee meets with approval function for the following topics:
- special operational and reputational risk policies
- corrective actions for balancing Group operational risk positions, including mitigation actions
- Group insurance strategies, including renewals, limits and franchises
- methodologies for the measurement and control of operational risk
- single transaction evaluation, on an exceptional basis, i.e. in case of reputational risk policies' grey areas, submitted by the relevant competent Committee.

The Group Operational & Reputational Risks Committee will provide the Group Risk Committee with the following information:
- regular risk reports on operational losses, insurance recoveries, risk indicators trend, as well as, on back – testing and stress testing results of scenario analyses
- results of the critical risk indicators analyses
- relevant internal and external operational events occurred, significantly affecting the Group's portfolio
- special operational and reputational risk policies
- corrective actions for balancing Group operational risk positions, including mitigation actions
- Group insurance strategies, including renewals, limits and franchises
- methodologies for the measurement and control of operational risk
- regular reports on reputational risks
- single transaction evaluation, on an exceptional basis, i.e. in case of reputational risk policies' grey areas, submitted by the relevant competent Committee.

The Group Operational & Reputational Risks Committee will receive from the relevant competent Committees
- regular report on all transactions for which transaction inherent reputational risks, based on current reputational risk “Governance Guidelines” and “Policies” have been evaluated.

Following the adoption of the new organizational structure of the Group (January 2013), in the Parent company, the Group Operational & Reputational Risks department reports to Group Risk Management department and supervises and manages the overall profile of the operational and reputational risks in the Group by defining the strategies, methodologies and limits.

The department has three organizational units:
- the Operational and Reputational Risk Oversight unit is responsible for defining the principles and rules for identification, assessment and control of operational risk and reputational risk (including operational risks bordering on credit risk and market risk), and monitoring their correct application by the Legal Entities;
- the Operational and Reputational Risk Strategies unit is responsible for defining operational risk strategies, defining and controlling limits, as well as proposing mitigation actions and monitoring their effectiveness;
- the Operational and Reputational Risk Analytics unit is responsible for defining risk capital measurement approaches, calculating operational risk capital and the corresponding economic capital, as well as conducting quantitative analysis of the Group's exposure to operational risk and reputational risk, and providing suitable reporting to the functions concerned.

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 Unicredit Group 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 and IT system 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 regulatory minimum requirements and Group standards, also on the basis of independent controls of data and documentation. The self-assessments results, the NBO and internal audit outcomes are then submitted to the Board of Directors of relevant Legal Entities to resolve on 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 resolves on the Group system compliance with minimum regulatory requirements, also taking into consideration the related decisions taken by individual Governing Bodies of the controlled Legal Entities.

Reporting
A reporting system has been developed 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 tracked 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 99,93% for economic capital purposes.

Through an allocation mechanism, the individual Legal Entities’ capital requirements are identified, reflecting the Entities’ risk exposure.

Part E – Information on risks and related risk management policies

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 €1,126 million as at June 30, 2013. 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 ("BLMIS"), 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 BLMIS 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 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 BLMIS. PAI 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 BLMIS.

UniCredit Bank AG (then HypoVereinsbank) issued tranches of notes whose potential yield was linked to the yield of a hypothetical investment in Primeo. 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 BLMIS.

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 BLMIS.
The three cases were later consolidated for pre-trial purposes and in February 2010 amended complaints were filed in each case. In April 2011, permission was sought from the Southern District to amend further 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 10 December 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**"). The appeals are now in progress.

Claims by the SIPA Trustee
In December 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 (the "**Bankruptcy Court**") 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 amounts to be determined at trial, allegedly representing so-called avoidable transfers to initial transferees of funds from BLMIS, subsequent transfers of funds originating from BLMIS (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 money had and received, unjust enrichment, aiding and abetting BLMIS's breach of fiduciary duty and BLMIS'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. On June 20, 2013, the Second Circuit affirmed the Southern District's dismissal of the common law claims. Certain claims brought by the SIPA Trustee which were not addressed in the motion to dismiss remain pending in the Bankruptcy Court.

Part E – Information on risks and related risk management policies

On March 22, 2012 UniCredit S.p.A., BA and PAI requested that the Southern District withdraw the reference from the Bankruptcy Court in respect of the claims that the Southern District had returned to the Bankruptcy Court following the decision by the Southern 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 BLMIS and as from UniCredit S.p.A, BA and other UniCredit S.p.A. affiliated defendants as subsequent transferees of funds likewise originating from BLMIS. 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 BLMIS 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.
On July 25, 2011, 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 February 21, 2012, the Southern District 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 by April 2014.
On March 22, 2012 UniCredit S.p.A., BA and PGAM requested that the Southern District withdraw the reference from the Bankruptcy Court in respect of the claims that the Southern District had returned to the Bankruptcy Court following the decision by the Southern District 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 BLMIS 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.
Numerous 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, has been named as defendant. The plaintiffs invested in funds that, in turn, invested directly or indirectly with BLMIS. Several judgments have been issued in favour of BA in various instances, some are already legally binding. Other judgments have been handed down against BA, but 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 BLMIS 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. In addition the fee structure and the prospectuses themselves have been examined by an expert appointed by the prosecution.
Legal proceedings were brought in Germany against UniCredit Bank AG regarding index-linked notes issued by UniCredit Bank AG referencing Primeo. One of these lawsuits has since been abandoned by the plaintiff, the second lawsuit was rejected in its entirety by the Munich Regional Court. The plaintiff's appeal was also rejected by the Higher Regional Court of Munich, and the Higher Regional Court also denied the plaintiff a right of appeal to the Federal Court of Justice. The plaintiff made a special motion to the Federal Court of Justice so as to be granted a right of appeal; that motion is currently pending. Prior to the appellate decision being handed down a further lawsuit in relation to the same notes was brought against UniCredit Bank AG. This lawsuit has also been rejected in its entirety by the Munich Regional Court; the plaintiffs have lodged an appeal against this decision with the Higher Regional Court of Munich.
A Chilean investor in notes index-linked to Primeo has filed a complaint with the Chilean prosecutor. There was an investigative phase only where 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.

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.

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.

Part E – Information on risks and related risk management policies

Merkle
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. UCB AG is defending 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 $90 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 or threatened relating to the losses suffered by the ERB and SIC on their VF investments and additional losses suffered by SIC on its earlier investments in other VCA-managed CDOs. As described below, VCA has now reached an agreement in principle with the ERB, SIC and State of New Mexico to settle all claims brought or threatened by or on behalf of the state or any of its agencies or funds.

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 $ 365 million, comprising the lost investment of USD 90 million and claimed lost profits of $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, including their contention that FATA may not be applied retroactively to conduct that had already occurred before the statute was enacted, as the challenged investments here had occurred before FATA became effective. In a parallel action brought by Foy against other defendants, the New Mexico Court of Appeals ruled in December 2012 that that statute may not be applied retroactively. Foy has appealed that ruling to the New Mexico Supreme Court.
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 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 began initial discussions aimed at clarifying the scope and timing of permitted discovery. The defendants also filed an answer denying the material allegations of the complaint.

Class and Derivative Actions

In January and February 2010, two purported class or derivative actions entitled Donna J. Hill v. Vanderbilt Capital Advisors, LLC, et al., and Michael J. Hammes v. Vanderbilt Capital Advisors, LLC, et al, were filed in New Mexico state court, in which the plaintiffs seek to recover, on behalf of ERB or its retirement plan participants, the $40 million that ERB lost on its investment in VF. 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. In December 2012, the United States Court of Appeals for the Tenth Circuit determined that it lacked jurisdiction to review that ruling. Hill has since been transferred to a New Mexico state court judge. Deadlines in the Hammes case have been extended several times. The defendants are not yet due to answer or move against the Hammes complaint.

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 $ 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 $ 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.

Settlement

In December 2012, VCA reached an agreement in principle with the SIC, ERB and State of New Mexico to settle all claims brought or threatened by or on behalf of the state or any of its agencies or funds relating to any investments made in VF or other VCA-managed CDO products. Settlement papers were signed in February 2013. The settlement must be approved by the courts, but, if approved and implemented in accordance with its terms, will result in the dismissal of the Foy, Hill and Hammes cases, as well as resolving the SIC's threatened claim. As part of the settlement, releases will be issued in favor of VCA, PIM US, PGAM, UniCredit, and all of their affiliated personnel who were named as defendants in any of the cases. On July 12, 2013, the Foy court issued an order deferring considering of the settlement until after the New Mexico Supreme Court decides in Foy's parallel case, which is against a different set of defendants, whether the FATA statute may be applied retroactively, and it stayed further proceedings in VCA's Foy case pending that appeal. It is expected that the Court will now review the proposed settlement in 2014.

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.

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, In June 2013 Malott's claims were dismissed without prejudice, and Malott has until the end of September 2013 to file an amended Complaint..

Part E – Information on risks and related risk management policies

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). A hearing was held on December 10, 2012, a decision of the Court was then expected, but, instead, the Court ordered the expert witness to supplement his opinion.
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; the first one was adjourned for the trial and the second one was adjourned for the conclusions.
UniCredit S.p.A. has made a provision for an amount consistent with the lawsuit risk.

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 and in April2013 these have been settled.

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.

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 18 November 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.
On 8 July 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 5 November 2013.
A provision has been made for an amount consistent with what currently appears to be the risk resulting from the award issued.

Part E – Information on risks and related risk management policies

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 25 October 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 25 October 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 can only become null and void if and 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 July 29 and 30, 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. These, however, were in turn challenged by several shareholders in August 2008.

In February 2009, an additional resolution was adopted by HVB 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 July 29 and 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) set aside the judgment of the Higher Regional Court and referred the case back to the Higher Regional Court for reassessment. In June 2013, the Higher Regional Court set directions for the future conduct of the matter. A judgment is not expected this year.

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 July 29 and 30, 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 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 21 May 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 € 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.

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.
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.
UniCredit, as "legally liable", and the other defendants appealed the decision and requested a stay of execution.
Negotiations with Cirio S.p.A.'s extraordinary administration aimed at settling the whole Cirio matter are ongoing.
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 August 1, 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).

Part E – Information on risks and related risk management policies

On October 4, 2011 UniCredit S.p.A.reached a settlement agreement with the trustee of Cosal S.r.l.
On November 29, 2011 (Ciappazzi) 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 – civil complainants in the criminal proceedings – in an amount equal to 4% of the nominal value of the securities owned.
Both UniCredit 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.
On 7 June 2013 the Court of Appeal of Bologna confirmed the decision of the Court of Parma of 29 November 2011 (Ciappazzi).
The “Eurolat” proceeding is in the trial phase.
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 / closed end funds
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 othersThe 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.
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. . HVB´s appeal against the first instance decision pursuant to the German Capital Markets Model Case Act (Kapitalanleger-Musterverfahrensgesetz) to the Federal Court is still pending. An outstanding final decision with respect to the question of HVB's liability for the prospectus in this proceeding will affect only few remaining pending cases since with the vast majority of the investors a general settlement has already been closed.
In the fiscal proceeding of the fund which is pending beside the civil proceedings and concerning the tax declaration of the fund for the fiscal year 2004 no final decision has been issued as to whether the tax benefits were rightfully revoked in the first place.
Furthermore, HVB is defending lawsuits concerning other closed-end funds . The economic background of these lawsuits is often linked to a modified view of the tax authorities with regard to tax benefits originally envisaged. Plaintiffs claim from HVB recovery of their capital investment and offer transfer of the respective shares in the fund in return.
With regard to a mutual fund investing in heating plants, a test case proceeding has been filed against HVB pursuant to the Kapitalanleger-Musterverfahrensgesetz.
HVB has made provisions which are, at present, deemed appropriate.

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. In March 2011, UCB AG received a subpoena from the New York District Attorney’s Office (“NYDA”) relating to historic transactions involving certain Iranian entities. UCB AG has provided data in response to NYDA and the US Treasury Department Office of Foreign Assets Control (“OFAC”) and continues to cooperate with those authorities, inter alia, by conducting an ongoing review of accounts and transactions subject to the investigation. In June 2012, the US Department of Justice ("DOJ") opened an investigation of OFAC compliance by UCB AG generally, with which UCB AG is also cooperating. Although we cannot at this time determine the form, extent or the timing of any resolution with the US authorities, the investigation costs, remediation required and/or payment or other legal liability incurred could have a material adverse effect on the net assets, operating results and/or cash flows of UCB AG and/or UCI in any particular period. In recent years, alleged violations of US sanctions have resulted in financial institutions paying substantial fines, penalties or settlements to the US authorities, depending on the individual circumstances of each case.

Proceedings related to German Tax Credits

During the years 2006 to 2008, a client of UniCredit Bank Ag (“UCB AG”) entered into various transactions based on the expectation of receiving withholding tax credits on dividends from German equities which were traded around dividend dates. UCB AG issued tax certificates in respect of the withholding tax.

In the context of a tax audit of the client, the German tax authorities demanded payment from the client, of withholding tax credits that were previously granted. The demand, together with interest, amounted to circa € 124 million. The client and its tax advisor are challenging the tax authorities' position. The client has also made a claim against UCB AG and has claimed a full indemnity from UCB AG.

While the client has the primary liability to pay, the tax authorities also served upon UCB AG a secondary liability notice demanding payment of the circa €124 million sum on the basis of alleged issuer liability for tax certificates. UCB AG has challenged the notice. UCB AG has also claimed a full indemnification from the client.

In order to avoid accruing further potential interest and / or potential late payment penalties UCB AG and the client made preliminary payments to the competent tax authorities on a without prejudice basis. Up to now, an amount of around € 120 million has been paid with respect to the liability notice. The dispute remains pending.

In November 2012 the General Public Prosecutor (Generalstaatsanwaltschaft) Frankfurt am Main searched the Munich premises of UCB AG and its IT-provider, among other locations, in a Preliminary Investigation (Ermittlungsverfahren) against the client and others (including former and current employees of UCB AG). UCB AG is fully cooperating with the prosecutor and the tax-police (Steuerfahndung). There is a risk that UCB AG could be held liable for damages to the client in the civil proceeding or for payments to the tax authorities with respect to the outstanding claims of the tax authorities (especially on the basis of the liability notice and further interest and / late payment penalties). In addition, UCB AG could be subject to other penalties, fines and profit claw backs, and/or criminal exposure.

In addition, UCB AG has notified the competent tax authorities (and in the course of the Preliminary Investigation also the public prosecutor) of the possibility of certain proprietary trading of UCB AG undertaken close to dividend dates and related withholding tax credits claimed or applications for refund of related taxes by UCB AG.

In this context, the Supervisory Board of UCB AG has commissioned external advisors to conduct an audit of such matters which is fully supported by UniCredit. An interim report by the external advisors carrying out the audit suggests there is evidence of trading patterns in parts of the proprietary trading of UCB AG that are similar to the client case described above. The audit the external advisors have been commissioned to perform is under way and the findings are expected to be available by the end of the year. In addition the Management Board of UCB AG has been and will be working with the external advisors on all relevant aspects of the matter which includes a full review of the matters described above to the extent this does not compromise the independence or integrity of the Supervisory Board investigation.

In the context of open tax audits of UCB AG for the past fiscal years, the Munich tax authorities and the German Central Federal Tax Authority (Bundeszentralamt für Steuern) are currently especially examining above mentioned proprietary transactions close to dividend dates in which withholding tax credits were claimed or applications for refunds of related taxes have been made. Also in this respect UCB AG with the support of external advisors is actively reviewing its tax filings as well as supporting the tax audit and has an ongoing dialogue and exchange of information with the relevant authorities. In light of the findings of the ongoing Supervisory Board audit and Management Board review UCB AG has written off a portion of withholding taxes previously booked in respect of its own book trading and, albeit to a lesser extent, paid part of them. Additional adjustments may be arranged given that German tax authorities denied withholding tax credits or refund of taxes in certain types of trades undertaken near dividend dates. The related questions on the tax treatment of such transactions have not been ruled out in higher German ax courts so far. The impact of any review by the competent tax authorities regarding above mentioned proprietary tradings is currently open. In relation to the above-described securities transactions, UCB AG could be subject to substantial tax, damages and interest claims in relation to these matters, as well as penalties, fines and profit claw backs, and/or other tax – or criminal – or administrative exposure. In addition UCB AG could be exposed to damages claims from third parties, whose amount cannot currently be quantified.

UCB AG is in communication with its relevant regulators regarding these matters.

Part E – Information on risks and related risk management policies

Foreign Currency Loans

In Central and Eastern Europe , in the last decade, a significant number of customers took out mortgages denominated in a foreign currency. There is a now growing trend for customers – or consumer associations acting on their behalf – to seek to renegotiate the terms of such foreign currency mortgages, including having the loan principal and associated interest payments redenominated in the local currency at the time the loan was taken out, and floating rates retrospectively changed to fixed rates. This is resulting in litigation against subsidiaries of UniCredit in a number of countries including Croatia, Hungary and Serbia. Specifically in Croatia, a consumer association sued 8 of the largest banks in 2012 (including Zagrebačka banka) claiming that:

- for loans linked to Swiss francs, consumers had not been given adequate information prior to taking out the loan and had not therefore been able to make a fully informed decision about the risks of such loans; and
- a variable interest rate was unlawful, as it was set by reference to a unilateral decision of the relevant bank and without the factors affecting the setting of the rate being clearly defined.

On 4 July 2013 the first instance court in Zagreb upheld the complaint of the consumer association in a decision which is as yet not binding. All 8 banks have appealed. Were the judgment to be upheld in a court of final determination the banks would, within 60 days of such a determination, have to offer the customers amended terms, converting the outstanding principal amount to Croatian kuna (HRK) at the CHF/HRK rate prevailing on the date the loan agreement was signed and substituting the variable interest rate for the fixed rate applicable at the date the loan in question was drawn down.
At this time, it is not possible to assess the timing of any final decisions, how successful any such litigation may ultimately be or what financial impact it or any associated legislative or regulatory initiatives might ultimately have on the individual subsidiaries or the Group.

Brontos – criminal proceeding

With regard to the transactions known as “Brontos” there is a criminal proceeding pending before the Procura della Repubblica of Bologna also in respect of present and former officers/employees of UniCredit.

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.

Lawsuits filed against UniCredit S.p.A. by some members of the former Cassa di Risparmio di Roma Fund
Lawsuits are pending before the Court of Rome whose main purpose is to request that the funding level of the former Cassa di Risparmio di Roma Fund be restored and that the individual social security accounts of each member be assessed and quantified. With reference to the main claim, the relief sought is estimated at €384 million. No provisions were made as these actions are considered to be unfounded.

Lawsuit filed against UniCredit S.p.A. by some members of the former Credito Romagnolo's Supplementary Pension Fund
A lawsuit – currently pending before the Court of Rome – was filed by 16 members of the former Credito Romagnolo's Supplementary Pension Fund to challenge UniCredit's reduction of the funds of the aforementioned former Credito Romagnolo's Supplementary Pension Fund in breach of art. 2117 of the Civil Code and to request that UniCredit be ordered to reallocate €48,243,825.00 plus interest to the Fund. No provisions were made as this action is considered to be unfounded.

D. Tax disputes
The Consolidated Reports and Accounts of the previous years contain disclosures about various notices of assessment served for IRES (Corporate Income Tax) and IRAP (Regional Tax on Productive Activities) purposes on UniCredit S.p.A. – both on its own behalf and in its capacity as the holding company of Capitalia S.p.A., UniCredit Banca S.p.A., UniCredit Banca di Roma S.p.A., and Banco di Sicilia S.p.A. – by the Italian Revenue Agency (Regional Directorates of Liguria, Emilia Romagna, Lazio, and Sicily) in respect of structured finance transactions entered into by some companies of the UniCredit group in fiscal year 2005. The tax liabilities shown in these notices have already been settled.
By contrast, the ruling on the notices of assessment served for IRES and IRAP purposes on UniCredit Banca, relating to structured finance transactions for the tax year 2004, amounting to original €136.3 million and largely attributable to DB Vantage transactions, is still pending. The dispute is pending before the competent Provincial Tax Commission of Bologna, where the first part of the hearing was held on July 8, 2013.
The notifications are based on the concept of "abuse of rights" for the purpose of requalifying, for tax purposes only, these transactions.
As for the so-called "Brontos" structured finance transactions, about which detailed information was disclosed in previous consolidated reports and accounts, all tax liabilities notified were settled for less than the full amount at the time and in the manner that have already been disclosed. Therefore, there are no longer any potential liabilities relating to these proceedings.

Other pending tax cases
No notices of assessment showing significant tax liabilities were served during the period. For the sake of completeness, it should be noted that UniCredit S.p.A., in its capacity as the holding company of UniCredit Corporate Banking, was served with some notices of assessment related to alleged tax liabilities and related penalties totaling about €60 million, based essentially on issues related to the transfer pricing, already the subject of litigations involving other Group companies.
These notices were challenged before the competent Provincial Tax Commissions.
The Company considers that the above-mentioned potential liabilities represent a remote risk and therefore decided not to make any provisions for them.
It should be noted that the notice of assessment that was served at the end of 2012 on UniCredit S.p.A. as the consolidating entity of Pioneer Investment Management SGR, showing a tax debt of approximately €30.5 million for IRES purposes relating to the tax year 2007, based essentially on issues related to the transfer pricing, about which disclosures were provided in the previous Consolidated Reports and Accounts, was challenged before the Provincial Tax Commission of Milan, before which – as already disclosed in the previous Consolidated Reports and Accounts – the case relating to a notice of assessment of about €33 million for IRES purposes relating to tax year 2006, based on the same issues, is also pending.

In the Consolidated Reports and Accounts of the previous year information was given regarding the conclusion, on December 28, 2012, of the tax audit performed by the tax authorities of Genoa involving the former UniCredit Real Estate (URE) for the financial year 2009 and the notification of the tax audit report.
According to the findings of the audit, of a general nature but with main focus on the assessment of real estate contributions to real estate funds, which took place precisely in 2009, (substitute) tax estimated at €2.5 million (plus penalties) could now be paid on an alleged amount of €12.8 million.
Pending subsequent formal acts that might be undertaken by the tax authorities, UniCredit S.p.A. made a provision of €5.1 million. In addition there were further previous provisions of €9.8 million for risk related to pending disputes of tax nature and tax-related operational risks.

With respect to the proceedings of particular importance that ended during the period, it should be noted that the dispute relating to former Banco di Sicilia tax credits of €24.3 million, plus interests of about €34 million, was settled.
As for this case, the Court of Cassation ruled in favor of the Bank. Actions are under way for the recovery of the amounts due.

Part E – Information on risks and related risk management policies

Tax proceedings in Germany
See paragraph "Legal Risks".

E. Extrajudicial procedures
With reference to the extrajudicial procedure relating to Istituto per il Credito Sportivo (ICS), about which disclosure was provided in the financial statements as at December 31, 2012, it should be noted that on March 12, 2013 the Prime Minister's Office also informed the parties concerned that the "Ministry for Regional Affairs, Tourism and Sport" and the "Ministry for Arts and Culture", in concert with the Ministry of Economy and Finance, had adopted the interdepartmental Decree of March 6, 2013 annulling the ICS Statute of 2005.
This ruling – which, if confirmed, would result in the dilution of UniCredit S.p.A.'s shareholding in the company and give ICS the right to recover the sums distributed as profits from 2005 onwards – was promptly challenged by the banks having shareholdings in the company.
For the time being, the Bank considers the risk to be only possible.

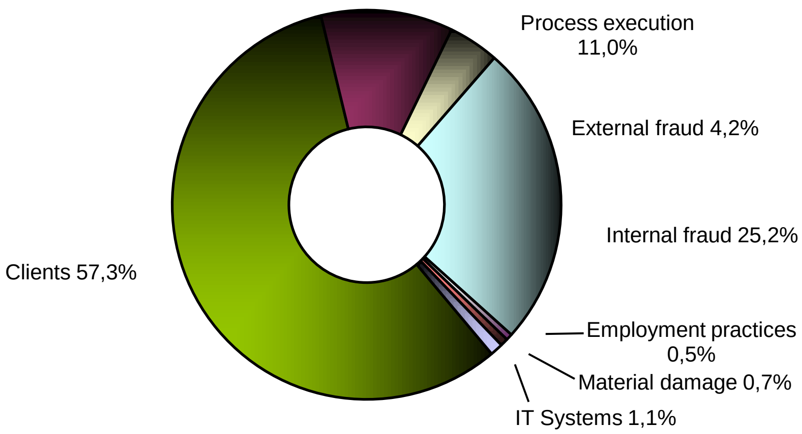
QUANTITATIVE INFORMATION

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.

Operational losses 1H2013 divided by risk category



In the first half of 2013, the main source of operational risk was "Clients, products and professional practices", a category which includes losses arising from the non-fulfillment of professional obligations towards clients or from the nature or characteristics of the products or services provided, as well as any sanctions for violating tax regulations. The second largest contribution to losses came from internal fraud events . There were also, in decreasing order, losses stemming from fraud "process management, execution and delivery" due to operational or process management shortfalls, external fraud, IT systems related problems. The residual risk categories were damage to physical assets from external events and employment practices.

Section 5 – Other Risks

The types of risk described above are the primary risks, but there are others the Group considers to be significant:

- 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 porfolios, 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, whit negative impacts on the risk profile and consequently on capital, earnings as well as the overall direction and scope of a bank on the long run;
- **Reputational risk** 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 Group and of main Legal Entities 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, by:

- economic capital and aggregation as an input for internal capital and
- stress tests.

Internal Capital is the capital needed to face the potential losses inherent in the Group's business activities and it takes into consideration all risk types identified by the Group as quantifiable 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 for 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 a 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 a key risk management tool for the management of the relevant risks in order to assess the bank's vulnerability with respect to exceptional but plausible events, providing additional information to the monitoring activities.
Stress testing activities, consistently with regulatory requirements, are performed on the basis of a set of internally defined stress scenarios, including the main regions where the Group is present, and are carried out at least twice a year.
As part of the risk measurement activities performed for Pillar 2 purposes, firm-wide stress test considers the various impacts of a given macro-economic scenario on all relevant risks, in order to deliver a complete and holistic picture of the institution's reaction to stressed conditions.
The firm-wide stress scenario is drawn analyzing both significant market events happened in the past and plausible worst-case events not yet occurred.
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 Group top management is involved in the ex-ante as well as the ex-post stress analysis in the following way:

- before the exercise is finalized, with a presentation regarding the selected scenarios and the underlying assumptions
- after the exercise is finalised, with the disclosure of the results and a potential discussion of a contingency plan, if needed.

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, moreover the Parent is responsible to set and implement the Group related processes.
The "Group Rules", after the approval, are sent to relevant LEs for approval and implementation.

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 risk, 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.

Part E – Information on risks and related risk management policies

As a milestone of ICAAP, 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; and
- 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, a yearly consolidated report on capital adequacy in accordance with Banca d'Italia guidelines and including an overview of the main Group companies is prepared and sent to Regulator.

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 Group'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.
The role of Group Operational and Reputational Risks department is:
- developing methodologies for the measurement and control of reputational risk (RRM), 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.

The Transactional Credit Committees are in charge of evaluating possible reputational risks inherent transactions, on the basis of the current reputational risk guidelines and policies.

The current policies mitigating specific Reputational risk topics regard "Defense/Weapons Industry", "Nuclear Energy", "Mining", "Water Infrastructure (dam)" and "Non Co-operative Jurisdictions".

Eventually the Human Rights Commitment aims to identify and manage human rights risks and reduce potential human rights violations.

[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 99.93% (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 (with specific reference to the so-called CRD4 Package implementing the Basel 3 Framework for EU banks and the prudential treatment for the Global Systemically Important Financial Institutions).

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 propensity for risk.

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, and Tier 2), 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[12] affecting these aspects so that an assessment and all necessary instructions can be given to other Group HQ areas or the companies asked to perform these tasks.

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[12] 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 regulations n. 263 - December 27, 2006 and n. 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;
    - to 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 (euro '000)	STEP-UP	OPTION TO SUSPEND INTEREST PAYMENT	ISSUED THROUGH A SPV SUBSIDIARY
9.3750%	31-Dec-50	Jul-20	EUR	500	325,054	yes	yes	no
4.0280%	perpetual	Oct-15	EUR	750	222,462	yes	yes	yes
5.3960%	perpetual	Oct-15	GBP	300	23,194	yes	yes	yes
8.5925%	31-Dec-50	Jun-18	GBP	350	165,430	yes	yes	no
8.1250%	31-Dec-50	Dec-19	EUR	750	565,961	yes	yes	no
8.7410%	30-Jun-31	Jun-29	USD	300	16,012	no	yes	yes
7.7600%	13-Oct-36	Oct-34	GBP	100	16,352	no	yes	yes
9.0000%	22-Oct-31	Oct-29	USD	200	15,688	no	yes	yes
10y CMS (°) +0.10%, cap 8.00 %	perpetual	Oct-11	EUR	250	94,617	no	yes	no
10y CMS (°) +0.15%, cap 8.00 %	perpetual	Mar-12	EUR	150	50,182	no	yes	no
TOTAL					**1,494,952**			

(°) Constant Maturity Swap

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 (euro '000)	STEP-UP	OPTION TO SUSPEND INTEREST PAYMENT
3.9500%	1-Feb-16	not applicable	EUR	900	759,964	not applicable	yes (°)
5.0000%	1-Feb-16	not applicable	GBP	450	262,389	not applicable	yes (°)
6.7000%	5-Jun-18	not applicable	EUR	1,000	699,151	not applicable	yes (°)

(°)

- if dividend is not paid, payment of intertest 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 abd interestsare proportionally reduced

3. Tier 3

There are no values to be disclosed.

B. QUANTITATIVE INFORMATION

Regulatory Capital Breakdown (€ '000)

REGULATORY CAPITAL	06-30-2013	12-31-2012
A. Tier 1 before prudential filters	**51,668,710**	**51,988,215**
A.1 Tier 1 positive items:	68,911,875	67,844,797
A.1.1 - Capital [(1) (2) (3)]	19,434,023	19,381,894
A.1.2 - Share premium account [(4)]	25,847,660	34,625,414
A.1.3 - Reserves	20,881,915	10,860,704
A.1.4 - Innovative capital instruments and non-innovative capital instruments with maturity date	325,054	331,540
A.1.5 - Non-innovative capital instruments computable up to the limit of 50% [(2)]	609,085	609,085
A.1.6 - Instruments subject to transitional provisions (grandfathering) [(3) (4)]	1,215,469	1,613,252
A.1.7 - Net income of the year/Interim profit	598,669	422,908
A.2 Tier 1 negative items:	(17,243,165)	(15,856,582)
A.2.1 - Treasury stocks	(3,889)	(5,255)
A.2.2 - Goodwill	(12,598,625)	(12,599,831)
A.2.3 - Other intangible assets	(3,173,298)	(3,251,496)
A.2.4 - Loss of the year/Interim loss	-	-
A.2.5 - Other negative items:	(1,467,353)	-
* Value adjustments calculated on the supervisory trading book	-	-
* Others	(1,467,353)	-
B. Tier 1 prudential filters	**1,095,755**	**(141,218)**
B.1 Positive IAS/IFRS prudential filters (+) [(5)]	1,431,221	19,973
B.2 Negative IAS/IFRS prudential filters (-) [(6) (7)]	(335,466)	(161,190)
C. Tier 1 capital gross of items to be deducted (A+B)	**52,764,465**	**51,846,997**
D. Items to be deducted	**3,730,259**	**2,978,723**
E. Total TIER 1 (C-D)	**49,034,206**	**48,868,274**
F. Tier 2 before prudential filters	**16,979,729**	**17,432,518**
F.1 Tier 2 positive items:	18,629,909	18,350,866
F.1.1 - Valuation reserves of tangible assets	-	-
F.1.2 - Valuation reserves of available-for-sale securities	298,422	222,383
F.1.3 - Non-innovative capital instruments not eligible for inclusion in Tier 1	-	-
F.1.4 - Innovative capital instruments not eligible for inclusion in Tier 1 capital	-	-
F.1.5 - Hybrid capital instruments	1,881,204	2,031,977
F.1.6 - Tier 2 subordinated liabilities	14,816,133	14,573,454
F.1.7 - Surplus of the overall value adjustments compared to the expected losses	1,356,585	1,245,189
F.1.8 - Net gains on participating interests	-	-
F.1.9 - Other positive items	277,565	277,863
F.2 Tier 2 negative items	(1,650,180)	(918,348)
F.2.1 - Net capital losses on participating interests	(55,739)	(43,751)
F.2.2 - Loans	-	-
F.2.3 - Other negative items	(1,594,441)	(874,597)
G. Tier 2 prudential filters:	**(149,211)**	**(111,192)**
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	(149,211)	(111,192)
H. Tier 2 capital gross of items to be deducted (F+G)	**16,830,518**	**17,321,326**
I. Items to be deducted	**3,730,259**	**2,978,723**
L. Total TIER 2 (H-I)	**13,100,260**	**14,342,603**
M. Deductions from Tier 1 and Tier 2	**-**	**1,192,483**
N. Capital for regulatory purposes (E+L-M)	**62,134,466**	**62,018,395**
O. Tier 3 Capital	**-**	**-**
P. Capital for regulatory purposes included Tier 3 (N+O)	**62,134,466**	**62,018,395**

Part F – Consolidated Shareholders’ Equity

Notes to previous page table:

(1) 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.

(2) Besides the amount related to Cashes above mentioned (2) included in the item A.1.5, further €31,167 thousands related to saving shares have been reclassified (in the item A.1.6), of which €22,941 thousands related to minorities.

(3) €14,404 thousands have been reclassified in the item A.1.6 because referred to “Share premium account” related to saving shares.

(4) The UniCredit Shareholders' Meeting held on May 11th, 2013 approved:

- the allocation to the Legal Reserve of an amount of € 2,413 million out of a corresponding amount from the "Share Premium" reserve;
- the making-up of the "negative reserves" through the use of the "Share Premium" reserve, by an aggregate amount of € 3,962 million;
- the reallocation of the loss for the year shown in the Annual Report and Accounts at December 31, 2011 – in substitution of the decision resolved upon by the Shareholders' Meeting of May 11, 2012 – exclusively through the use of the "Share Premium" Reserve for an amount of € 6,349 million and the consequent reinstatement of the Statutory Reserve in the amount of €1,196 million of the "Reserve for allocating profits to Shareholders through the issuance of new free shares" in the amount of €1,194 million and of Other reserves in the amount of € 14 million.

(5) As of January 1, 2013, following the entry into force of the amendments to IAS 19 (IAS 19R), the elimination of the corridor method – requiring recognition of present value of defined benefit obligations – will result in an impact on the Group's net equity related to the recognition in the revaluation reserves of actuarial net losses not previously recognized in line with such method. Under a regulatory perspective, such revaluation reserve – equal to €1,467 million – is classified as a negative element of Tier 1 Capital; moreover, a prudential positive filter for €1,418 million is applied according to Bank of Italy Communication issued on May9th, 2013.

(6) With reference to revaluation reserves arising from holdings of debt instruments issued by governments of EU member countries, on May 18, 2010 Banca d’Italia recognized, for the purposes of the calculation of regulatory capital (prudential filters), the possibility of completely neutralizing capital gains and losses arising in the revaluation reserves after December 31, 2009 (“symmetric” approach). The Group adopted this method starting from the regulatory capital calculation made in June 2010, and thereby replaced the “asymmetric” approach previously in use. As of June 30th, 2013, the net minus amount neutralized is equal to €137 million.

(7) Includes € 166 million related to the negative prudential filter for multiple goodwill redemption (“affrancamenti multipli”), according to Bank of Italy Communication issued on May9th, 2013; specifically, with reference to the amount of the prudential filter related to the Year 2013, this item also includes the proportional amount for the first half 2013 equal to € 55 million (other than €111 million referred to the Year closed on December 31st, 2012).

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)

	NON WEIGHTED ASSETS		WEIGHTED ASSETS	
	06.30.2013	12.31.2012	06.30.2013	12.31.2012
A. RISK ASSETS				
A.1 Credit and counterparty risk	**854,418,667**	**890,761,953**	**343,091,434**	**358,553,195**
1. Standardized approach	381,750,034	402,533,037	176,044,197	185,005,929
2. IRB approaches	463,954,003	477,607,179	162,760,588	168,518,056
2.1 Foundation	23,855,628	32,063,028	14,589,260	15,046,328
2.2 Advanced	440,098,375	445,544,151	148,171,328	153,471,728
3. Securitizations	8,714,630	10,621,737	4,286,649	5,029,210
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			**27,447,315**	**28,684,256**
B.2 Market Risk			**1,283,846**	**1,390,947**
1. Standardized approach			236,120	270,864
2. Internal models			1,047,726	1,120,083
3. Concentration risk			-	-
B.3 Operational risk			**4,138,502**	**4,094,938**
1. Basic indicator approach (BIA)			281,283	290,034
2. Traditional standardized approach (TSA)			312,414	306,497
3. Advanced measurement approach (AMA)			3,544,805	3,498,407
B.4 Other capital requirements			**-**	**-**
B.5 Other calculation elements			**-**	**-**
B.6 Total capital requirements			**32,869,663**	**34,170,141**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Weighted risk assets			**410,870,783**	**427,126,757**
C.2 TIER 1 capital/Weighted risk assets (TIER 1 capital ratio)			**11.93%**	**11.44%**
C.3 Capital for regulatory purposes (included TIER 3)/Weighted risk assets (Total capital ratio)			**15.12%**	**14.52%**

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 2013 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, 2013, for each group of related parties, pursuant to IAS 24.

Related party transactions

(€ '000)

	AMOUNT AS AT 06.30.2013								
	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	-	-	206,275	33	4.477	210,785	0.22%	7,407	0.01%
Financial asset designated at fair value	-	-	-	-	-	-	0.00%	-	0.00%
Available for sale financial asset	71	-	32,149	-	-	32,220	0.04%	3,814	0.00%
Held to maturity investments	-	-	-	-	-	-	0.00%	-	0.00%
Loans and receivables with banks	-	45	1,931,476	-	35	1,931,556	2.89%	18,502	0.03%
Loans and receivables with customers	39,933	6,964	1,700,896	2,588	36,351	1,786,732	0.34%	1,740,120	0.33%
Other assets	2,141	9	31,665	-	1,665	35,480	0.34%	1,893	0.02%
Total Assets	**42,145**	**7,018**	**3,902,461**	**2,621**	**42,528**	**3,996,773**	**0.49%**	**1,771,736**	**0.22%**
Deposits from banks	15	9,685	9,504,927	-	248	9,514,875	7.36%	291,058	0.23%
Deposits from customers	44,380	10,199	436,388	8,032	162,091	661,090	0.16%	497,364	0.12%
Debt securities in issue	-	-	273,103	199	10,707	284,009	0.12%	110,545	0.05%
Other liabilities	72	59	14,848	2	28,445	43,426	0.21%	6,425	0.03%
Total Liabilities	**44,467**	**19,943**	**10,229,266**	**8,233**	**201,491**	**10,503,400**	**1.32%**	**905,392**	**0.11%**
Guarantees given and commitments	349	500	326,100	-	2,592	329,541	0.18%	708,535	0.38%

(*) Shareholders and related companies holding a stake with voting right in the Bank's share capital exceeding 2%.

Part H – Related-Party Transactions

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)

	FIRST HALF 2013								
	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	70	247	21,956	14	3,880	26,167	0.21%	7,769	0.06%
Interest expense and similar charges	(40)	(120)	(68,178)	(38)	(1,015)	(69,391)	1.12%	(6,277)	0.10%
Fee and commission income	9	3	256,855	2	1,488	258,357	5.45%	5,583	0.12%
Fee and commission expense	(163)	(288)	(21,613)	-	(3)	(22,067)	2.62%	(82)	0.01%
Impairment losses on:	28	-	(25,785)	(1)	(44)	(25,802)	0.88%	57	0.00%
a) loans	28	-	(25,741)	(1)	(42)	(25,756)	0.90%	71	0.00%
d) other financial assets	-	-	(44)	-	(2)	(46)	0.16%	(14)	0.05%
Operating costs	560	(329)	(11,362)	-	(3,583)	(14,714)	0.20%	(306)	0.00%

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).

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 2012 the subsidiary UniCredit Business Integrated Solutions S.C.p.A.(UBIS) assumed the role of operating sub-holding to provide the Group's support services both in Italy and abroad. Against this backdrop, a new corporate partnership was recently developed with Accenture Insurance Services (Accenture) with the aim of rationalizing the services for the management of the "active and passive cycle" (issuance, receipt, verification, recording and payment of invoices). In relation to this, UBIS transferred – with effect from April 1, 2013 – its "active and passive cycle" business unit to the company formed by Accenture and called "Accenture Back Office and Administration Services S.p.A." and sold to Accenture some of the shares resulting from the transfer. Following the transaction, UBIS holds 49% of Accenture Back Office and Administration Services S.p.A.'s share capital; the remaining 51% is held by Accenture (which is the controlling shareholder).
In addition, a new partnership between UBIS and another major player in the industry, IBM Italia S.p.A. (IBM), is being negotiated for the provision of services to UBIS related to the management and maintenance of the technological infrastructure (hardware, data center, etc.), currently provided internally by UBIS.
It should also be noted that a corporate partnership was developed in May 2012 with the strategic partner Hewlett Packard (HP) to carry out activities related to the management of administrative support services for the Human Resources processes ("HR administrative services").

Please note that in the first months of 2012 collateral agreements (Credit Support Annexes) were entered into in respect of the derivative transactions between UniCredit S.p.A. and its German subsidiary UniCredit Bank AG and those between the subsidiaries UniCredit Bank Ireland PLC and UniCredit Leasing S.p.A., on one side, and UniCredit Bank AG, on the other. The terms and conditions of these agreements are based on market conditions, without payment of fees and with exchange of collateral.

In order to ensure compliance with the commitments undertaken by UniCredit S.p.A. during the "squeeze-out" process, under the "ReboRa Agreement", in 2010, following the sale of UniCredit CAIB AG by Bank Austria to UniCredit Bank AG, UniCredit S.p.A. and Bank Austria entered into a "Compensation Agreement", a derivative contract valid from January 1, 2010 to a date between January 1, 2015 and March 31, 2016 (at the discretion of the parties) which includes a commitment by UniCredit S.p.A. to pay 14.5% of Profit Before Tax of the CIB Division - Markets Segment (excluding Poland) of Bank Austria in return for the commitment by the latter to pay 12 month Euribor + 200bps recorded annually on a notional value of €1.28 billion. Upon expiry of the agreement, UniCredit S.p.A. has made a commitment to pay any increase attributable to the 14.5% of the CIB Markets perimeter with respect to the value established at the time of sale, up to a maximum of €384 million. This agreement has been recognized in the balance sheet under trading derivatives and valued using a valuation model which takes account of all the flows described.

Relationships with Mediobanca S.p.A. ("Mediobanca") – In addition to transactions falling within the ordinary course of business and financial activity, 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. Since the conditions of the contract were fulfilled, the first part of the usufruct fee (€35 million) was paid during the period.
As part of the "CASHES" transaction Mediobanca also acts as a custodian of the shares issued by UniCredit.
At June 30, 2013, 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.

At December 31, 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 2013 UniCredit, in order to allow the company to meet the minimum capital requirements provided for by the Civil Code, made a capital contribution of €18 million to fully cover the 2012 loss. This contribution was recognized as an increase in the carrying value of UniCredit S.p.A.'s investment in "Italpetroli S.p.A.".

Part H – Related-Party Transactions

NEEP ROMA HOLDING S.p.A. (“NEEP”) – NEEP, in which as at June 30, 2013 UniCredit held 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 (€64 million) 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.
It should be noted that on August 1, 2013 UniCredit S.p.A. sold 9% of Neep Roma Holding S.p.A.’s share capital to Raptor HoldCo LLC, reducing its stake from 40% to 31%. In addition, some credit exposures to A.S. Roma S.p.A. were sold to ASR TD SPV LLC.
In June 2013 UniCredit S.p.A., together with Intesa Sanpaolo, became involved as a financial partner in the establishment of Lauro Sessantuno S.p.A., an SPV (at the date of establishment controlled by Nuove Partecipazioni – a company linked to Marco Tronchetti Provera – and in which Clessidra SGR also has a stake) that, after a series of corporate transactions, acquired a shareholding of 60.99% in Camfin (a listed company owning 26.19% of Pirelli). Following the aforesaid acquisition, Lauro Sessantuno was obliged to launch a full takeover bid for the remaining Camfin shares; the takeover bid is aimed at delisting Camfin shares and, if possible, shortening the corporate chain by merging Lauro Sessantuno and Camfin. In this regard, it should be noted that Unicredit S.p.A. and Intesa Sanpaolo committed to irrevocably and unconditionally issuinga guarantee (cash Confirmation), with respect to this takeover bid, pursuant to art. 37 of the Issuers' Regulations, up to a maximum of €245 million. The stake acquired in Lauro Sessantuno is 10.7% and is worth €41 million, which could reach a maximum of €115 million (corresponding to a shareholding of 18.9%) in the event that the aforementioned takeover bid is fully accepted. Through the investment in Lauro Sessantuno UniCredit will benefit, in terms of an increase in the value of its shareholding, from any increases in the value of the Pirelli Group (an example of manufacturing excellence in Italy and in the world).

In addition, capital contributions of €300 million and €25 million were made to the subsidiaries UniCredit Factoring and UniCredit Leasing, respectively. For further information see the “Report on Operations”, section “Rationalization of Group operations and other corporate transactions”.

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 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.

It should be noted that on February 19, 2013 UniCredit S.p.A.’s Board of Directors:

- approved the acquisition by UniCredit of 100% of the shares held by Bank Pekao in UniCredit Bank Ukraine (this transaction was carried out in July with the payment of €127 million), and
- gave its assent to the subsequent absorption of UniCredit Bank Ukraine into Ukrsotsbank, a 98.31%-owned subsidiary of Bank Austria.

Part I – Share-Based Payment

Part I – Share-Based Payments

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**[13.]

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;
- **Share Plan for Talent that offer free UniCredit ordinary shares that the Parent Company undertakes to grant, conditional upon achieving performance targets approved by the Parent Company's Board.**
- **Group Executive Incentive System** that offer to eligible Group Executive a variable remuneration for which payment will be made within five years. For the first two years the beneficiary will receive the payment by cash and for the next 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;
- **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;

The second category includes synthetic "Share Appreciation Rights" linked to the share-value and performance results of some Group-Companies[14].

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.

Any new Stock Options' Plans haven't been granted during H1 2013.

1.2.2 Other equity instruments (Performance Shares/Share Plan for Talent)
The plan offers three "Free Unicredit Shares" installments, having subsequent annual vesting, to selected beneficiaries.

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.

Any new Performance Shares' Plans haven't been granted during H1 2013.

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[13] Linked to the economic value of instruments representing a subsidiary's Shareholders' Equity.
[14] Pioneer Global Asset Management at the end of period.

1.2.3 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.

Group Executive Incentive System 2012 – 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 vesting period.

	Shares Granted Group Executive Incentive System 2012		
	1st Installment (2015)	2nd Installment (2016)	3rd Installment[1] (2017)
Date of granting Board resolution (*Grant Date*)	27-Mar-2012	27-Mar-2012	27-Mar-2012
Date of Board resolution	11-Apr-2013	11-Apr-2013	11-Apr-2013
Vesting Period Start-Date	1-Jan-2012	1-Jan-2012	1-Gen-2012
Vesting Period End-Date	31-Dec-2014	31-Dec-2015	31-Dec-2016
UniCredit Share Market Price [€]	3.52	3.52	3.52
Economic Value of Vesting conditions [€]	-0.19	-0.37	-0.63
Performance Shares' Fair Value per unit @ Grant Date [€]	3.33	3.15	2.89

(1) Only for Executive Vice Presidents' Plans

Group Executive Incentive System 2013

Variable incentive related to 2013 defined on the basis of:

- individual performance, as well as results at business level and, as relevant, at country and/or Group level
- definition of a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and in shares
- distributions of share payments which take into account the applicable regulatory requirements regarding the application of share retention periods. In particular, the payment structure has been defined in line with Bank of Italy provisions requiring a share retention period of 2 years for upfront shares and of 1 year for deferred shares
- application of an overall risk/sustainability factor, related to annual Group profitability, solidity and liquidity results ("Group Gate") as well as a Zero Factor related to future Group profitability, solidity and liquidity results

All Profit and Loss and Net Equity effects related to the plan will be booked during the vesting period

1.2.4 Employee Share Ownership Plan (Let's Share 2012)

The following tables show the measurements and parameters used in relation to Discount Shares and Matching Shares (or rights to receive them) connected to the "Employee Share Ownership Plan" approved in 2012.

Measurement of Free Shares ESOP 2012

	Free Shares 1st Installment	Free Shares 2nd Installment
Date of Free Shares delivery to Group employees	5-Feb-2013	To be defined
Vesting Period Start-Date	1-Jan-2013	1-Jul-2013
Vesting Period End-Date	31-Dec-2013	31-Jul-2014
Discount Shares' Fair Value per unit [€]	4.351	To be defined

All Profit and Loss and Net Equity effects related to free shares had been booked during the vesting period (except adjustments, according to Plan Rules, that will be booked during the next closing after vesting period);

Part I – Share-Based Payments

B. QUANTITATIVE INFORMATION

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

Financial statement presentation related to share based payments (€ '000)

	1° HALF 2013		1° HALF 2012	
	Total	**Vested Plans**	**Total**	**Vested Plans**
Costs	**56,090**		**34,257**	
- connected to Equity Settled Plans[1]	*48,283*		*31,736*	
- connected to Cash Settled Plans[2]	*7,807*		*2,521*	
Debts for Cash Settled Plans[2]	**12,054**	**-**	**2,353**	**-**
-of which Intrinsic Value		-		-

(1) Costs increase in first half 2013 is principally due to the new plans Group Executive Incentive System
(2) Costs and debts increase in first half 2013 is mainly due to the new plans issued by Pioneer Global Asset Management.

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: Commercial Banking Italy, Commercial Banking Germany, Commercial Banking Austria, Poland, Corporate & Investment Banking, Asset Management, Central and Eastern Europe ("CEE"), Asset Gathering and Group Corporate Center.

Commercial Banking Italy

Commercial Banking Italy is composed by Unicredit SpA commercial network (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking division) Leasing and Factoring product factories and local Corporate Center with supporting functions for the Italian business.
In relation to individual clients (Households and clients of specialized network Private Banking), Commercial Banking' s goal is to offer a full range of products and services to fulfill transactional, investments and credit needs, relying on over 4,000 branches and multichannel services provided by new technologies.
In relation to corporate customers, Commercial Banking operate trying to guarantee both the support to the economic and entrepreneurial system and the profitability and quality of its portfolio. The current Corporate Channel (which include also Medium Enterprises and Real Estate) is organized on the territory with about 1000 Managers divided in 195 Corporate branches.
The territorial organization promotes a Bank closer to customers and faster decision-making processes, while the belonging to Unicredit Group allows to support companies in developing International attitudes.

Commercial Banking Germany

Commercial Banking Germany provides all German customers - except CIB clients (Large Corporate and Multinational clients) - with a complete range of banking products and services through a network of over 900 branches. With its strong funding base it is an important liquidity provider.
Commercial Banking Germany holds large market shares and a strategic market position in retail banking, in private banking and especially in business with local corporate customers (including factoring and leasing).
Different service models are applied in line with the needs of its various customer groups: retail customers, private banking customers, business and corporate customers, commercial real estate customers, and Wealth Management customers. In detail the corporates segment employs a different Mittelstand bank model to its competitors in that it serves both business and personal needs across the whole bandwidth of German enterprises and firms operating in Germany. The private clients segment serves retail customers and private banking customers with banking and insurance solutions across all areas of demand. The specific, all-round advisory offering reflects the individual and differentiated needs of these customer groups in terms of relationship model and product offering.
The Segment also includes the local Corporate Center, which performs tasks as sub-holding towards other Subgroup legal entities.

Commercial Banking Austria

Commercial Banking Austria provides all Austrian customers – except CIB clients (Large Corporate and Multinational clients)– with a complete range of banking products and services. It's composed by: Retail, Corporate (excluding CIB clients), Private Banking (with its two well-known brands Bank Austria Private Banking and Schoellerbank AG), the Product factories Factoring and Leasing and the local Corporate Center which performs tasks in connection with Bank Austria's subholding company function.
Retail covers business with private individuals, ranging from mass-market to affluent customers. Corporates covers the entire range of business customers, SMEs and medium-sized and large companies which do not access capital markets (including Real Estate and Public Sector).
A broad coverage of the Retail and Corporate business lines is ensured through a network of about 300 branches.
The goal of Commercial banking Austria is to strengthen regional responsibility, to increase synergies, effectiveness and to improve time-to-market; therefore customer service teams can now adjust more quickly to local market changes.
Commercial Banking Austria holds large market shares and strategic market position in retail banking, private banking and especially in business with local corporate customers and is one of the leading providers of banking services.

Poland

The Segment Poland manages the UniCredit Group's operations within the Bank Pekao S.A. Group in the countries where the latter is present, mainly in Poland.

Bank Pekao S.A. Group includes financial institutions operating in banking, asset management, pension funds, brokerage services, leasing and factoring markets providing a full range of banking services to individual and institutional clients.

Bank Pekao S.A. operates for more than 80 years and is one of the largest financial institutions in Central and Eastern Europe. In particular,Bank Pekao is a universal commercial bank providing a full range of banking services to individual and institutional clients.

The Bank offers to its clients a broad distribution network with ATMs and about 1,000 branches conveniently located throughout Poland. In relation to individual clients, the Bank is focused on the strengthening of the position on consumer goods financing market and mortgage loans market while maintaining a prudent credit risk policy. The Bank actively promotes innovative solutions and modernity, offers user-friendly solutions in the area of mobile banking, which was top rated for high quality of service and innovativeness by several Polish institutions.

The strong points of the Bank's mortgage loans offer are above all timely credit decision, attractive interest rates and competent advisers supporting customers in the process of loan granting.

In relation to corporate customers, Bank Pekao S.A. is the leader in servicing large and medium-sized companies and has one of the widest product offer for corporate clients on the market. The model of corporate client service is based on the superior role of a dedicated banking adviser who is responsible for the identification the client's needs and selection- in cooperation with product's specialists – appropriate banking products and services.

The corporate clients of the Bank benefit from a full range of standard credit and deposit products as well as from transactional services. The Bank's product offer also includes financial services and financial services provided through leasing and factoring subsidiaries, investment project financing, mergers and acquisitions and debt securities issues. The Bank offers a wide range of products of money markets and currency exchange, both within the scope of current operations and long-term hedging structures of client's exposures such as currency risk and interest rate risk.

Corporate & Investment Banking ("CIB")

The CIB division targets multinational and large corporate clients with highly sophisticated financial profile and needs for investment banking services, as well as institutional clients of UniCredit Group. CIB serves UniCredit Group's clients in the 19 countries in which the Group operates, and supports such clients in their growth, internationalization projects and restructuring phases.

The organizational structure of CIB is based on a matrix that distinguishes (i) market coverage (carried out through the Group's country-specific commercial networks (Italy, Germany and Austria)) and (ii) product offering (divided into three Product Lines that consolidate the breadth of the Group's CIB know-how).

The dedicated country-specific commercial networks (CIB Network Italy, CIB Network Germany and CIB Network Austria) are responsible for the relationships with corporate clients, banks and financial institutions as well as the sale of a broad range of dedicated financial products and services, ranging from traditional lending and merchant banking operations to more sophisticated services with high added value, such as project finance, acquisition finance and other investment banking services and operations in international financial market.

The three Product Lines supplement and add value to the activities of the commercial networks and the marketing of the relevant products. The Product Lines are broken down as follows:

Financing and Advisory ("F&A")

F&A is the centre for all business operations related to credit and advisory services for corporate and institutional clients. It is responsible for providing a broad variety of services ranging from plain vanilla and standardized products, extending to more sophisticated products such as Capital Markets (Equity and Debt Capital Markets), Corporate Finance and Advisory, Syndications, Leverage Buy-Out, Project and Commodity Finance, Real Estate Finance, Shipping Finance, structured trade and export finance and Principal Investments.

Markets

Markets is the centre for all financial markets activities across the UniCredit Group's businesses and serves as the Group's access point to the capital markets. This results in a highly complementary international platform with a strong presence in emerging European financial markets. As a centralized "product line", it is responsible for the coordination of financial markets-related activities, including the structuring of products such as FX, rates, equities and credit related activities.

GTB

GTB is the centre for cash management and e-banking products, supply chain finance and trade finance products and global securities services.

Part L – Segment Reporting

Asset Management

Asset Management business segment operates through Pioneer Investments, the company within the UniCredit Group specializing in the management of customer investments worldwide.
The business segment acts as a centralized product factory and, in addition, directs, supports and supervises the development of local business at a regional level.
Leveraging on different investment partnerships with third-party financial institutions on an international level, Asset Management offers a wide range of financial solutions, including mutual funds, asset administration services and portfolios for institutional investors.
Pioneer Investments is focusing on the organic growth plan designed to further enhance the quality of product offering while maintaining focus on delivering an outstanding level of client service. The key initiatives of the plan include: expansion in new regions with interesting business opportunities; restructuring investment centers; establishing a new hub in London specializing on Emerging Markets; widening the product offering in core regions i.e. USA.

Central and Eastern Europe (“CEE”)

The Group operates, through the CEE business segment, in 16 Central and Eastern Europe countries, including Azerbaijan, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine. The CEE business segment operates through approximately 2,500 branches and offers a wide range of products and services to retail, corporate and institutional clients in such countries. BA manages this segment and acts as sub-holding for the banking operations in the CEE countries.
The UniCredit Group is able to offer its retail customers in the CEE countries a broad portfolio of products and services similar to those offered to its Italian, German, Austrian and Polish customers.
With respect to corporate clients, the UniCredit Group is constantly engaged in standardizing the customer segments and range of products. The Group shares its business models on an international level in order to ensure access to its network in any country where the Group is present. This approach is vital due to the variety of global products offered, particularly cash management and trade finance solutions, to corporate customers operating in more than one CEE country.

Asset Gathering

Asset Gathering is a division specialized in customer deposits through direct channel and a network of financial advisors, focalized to retail customers segment. It includes Fineco Bank in Italy, DAB Bank in Germany and DAT Bank in Austria offering banking and investment services of traditional banks, differentiating themselves by specializing in online trading and a pronounced bent towards technological innovation.
Fineco Bank is a multi-channel direct bank (web and financial advisers), focused almost exclusively on retail customer segment and with a leadership position on domestic and European trading segment. The bank offers products, services and supports to its customers mainly through a solid Personal Financial Adviser Network.
DAB Bank is Germany’s direct-bank specialist for investment-related services. As the first online broker in the German market, it’s oriented both to individual investors (B2C) and financial intermediaries (B2B).
DAT Bank is the Austrian’s direct bank leader; it was acquired by DAB Bank in 2002.

Group Corporate Center

The Group Corporate Center includes:
GBS
The mission of the Global Banking Services area is to optimize costs and internal processes guaranteeing operating excellence and supporting the sustainable growth of the Business Lines. It falls within the scope of the COO, whose main areas of responsibility are: ICT, Operations, Workout, Real Estate, Global Sourcing, Security and Organization
Corporate Center
The Corporate Center’s objective is to guide, control and support the management of the assets and related risks of the Group as a whole and of the single Group companies in their respective areas of competence.

A – Primary Segment

Reporting by Business Segment - 2013

A.1 - Breakdown by business segment: income statement (€ thousand)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	POLONIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER	CONSOLIDATED GROUP TOTAL 06.30.2013
Net interest	2,694,940	906,593	390,176	530,823	1,734,928	1,155,366	1,948	112,850	(910,149)	6,617,475
Dividends and other income from equity investments	89	4,977	58,987	8,211	11,869	59,114	2,026	25	24,595	169,893
Net fees and commissions	1,766,168	450,006	275,745	271,806	552,050	292,305	348,009	124,448	(111,914)	3,968,623
Net trading, hedging and fair value income	6,938	126,080	68,225	102,284	271,796	725,416	184	20,455	281,221	1,602,599
Net other expenses/income	339	48,653	(16,438)	8,363	53,383	4,679	931	758	37,851	138,519
OPERATING INCOME	**4,468,474**	**1,536,309**	**776,695**	**921,487**	**2,624,026**	**2,236,880**	**353,098**	**258,536**	**(678,396)**	**12,497,109**
Payroll costs	(1,438,916)	(603,546)	(428,937)	(230,919)	(549,997)	(307,574)	(147,907)	(51,182)	(669,910)	(4,428,888)
Other administrative expenses	(1,180,701)	(454,997)	(283,826)	(155,934)	(538,033)	(529,684)	(84,926)	(122,437)	561,782	(2,788,756)
Recovery of expenses	249,226	8,390	826	502	1,084	3,250	4,321	28,054	33,098	328,751
Amortisation, depreciation and impairment losses on tangible and intangible assets	(37,506)	(24,187)	(18,870)	(42,044)	(102,271)	(4,513)	(10,818)	(9,059)	(295,432)	(544,700)
Operating expenses	**(2,407,897)**	**(1,074,340)**	**(730,807)**	**(428,395)**	**(1,189,217)**	**(838,521)**	**(239,330)**	**(154,624)**	**(370,462)**	**(7,433,593)**
OPERATING PROFIT	**2,060,577**	**461,969**	**45,888**	**493,092**	**1,434,809**	**1,398,359**	**113,768**	**103,912**	**(1,048,858)**	**5,063,516**
Net writedowns of loans and provisions for guarantees and commitments	(1,892,094)	97,891	(97,727)	(77,814)	(596,487)	(262,957)	-	(1,476)	(66,158)	(2,896,822)
OPERATING NET PROFIT	**168,483**	**559,860**	**(51,839)**	**415,278**	**838,322**	**1,135,402**	**113,768**	**102,436**	**(1,115,016)**	**2,166,694**
Provision for risks and charges	(55,429)	14,733	(92,302)	(555)	(28,412)	(18,170)	149	(653)	(119,486)	(300,125)
Integration costs	(2,378)	(1,957)	(87)	-	(5,874)	-	(2,856)	(4)	1,229	(11,927)
Net income from investments	(2,685)	(852)	(1,355)	4,072	4,118	(30,674)	(25)	(6)	31,563	4,156
PROFIT BEFORE TAX	**107,991**	**571,784**	**(145,583)**	**418,795**	**808,154**	**1,086,558**	**111,036**	**101,773**	**(1,201,710)**	**1,858,798**

A.2 - Breakdown by business segment: balance sheet amounts and RWA

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	POLONIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER	CONSOLIDATED GROUP TOTAL 06.30.2013
Balance Sheet Amounts										
LOANS AND RECEIVABLES WITH CUSTOMERS	194,993,119	82,312,343	49,405,326	23,242,550	76,169,839	103,891,049	42	854,491	1,901,834	**532,770,593**
DEPOSITS FROM CUSTOMERS	103,912,251	76,417,585	43,806,058	25,254,665	56,596,978	75,587,696	-	17,293,577	6,351,773	**405,220,583**
DEBT CERTIFICATES	49,103,210	30,271,883	15,344,483	992,426	4,979,504	7,106,387	-	498,700	51,232,136	**159,528,729**
TOTAL RISK WEIGHTED ASSETS (BASEL 2)	115,873,503	36,918,703	25,317,490	23,872,280	87,454,305	84,087,289	1,993,880	2,782,786	32,570,548	**410,870,783**

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	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	POLONIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER	CONSOLIDATED GROUP TOTAL 06.30.2013
STAFF (KFS group on a proportional basis)										
Employees (FTE)	39,393	14,433	7,021	19,069	38,100	3,527	1,980	1,463	19,222	**144,208**
STAFF (KFS group fully considered)										
Employees (FTE)	38,950	14,207	7,010	18,908	48,404	3,476	1,962	1,466	16,404	**150,787**

Part L – Segment Reporting

Reporting by Business Segment - 2012

A.1 - Breakdown by business segment: income statement (€ thousand)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	POLONIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER	CONSOLIDATED GROUP TOTAL 06.30.2012
Net interest	2,718,240	898,895	421,987	560,069	1,622,279	1,532,273	5,071	157,365	(613,337)	7,302,842
Dividends and other income from equity investments	452	7,119	75,096	8,744	7,889	66,112	1,866	8	55,664	222,950
Net fees and commissions	1,762,394	468,854	260,930	267,913	484,048	260,652	326,054	108,028	(21,219)	3,917,654
Net trading, hedging and fair value income	13,025	122,586	146,147	74,154	208,984	476,771	2,725	22,422	749,573	1,816,387
Net other expenses/income	(4,029)	42,686	7,471	8,933	19,959	(9,739)	3,639	1,064	27,294	97,278
OPERATING INCOME	**4,490,082**	**1,540,140**	**911,631**	**919,813**	**2,343,159**	**2,326,069**	**339,355**	**288,887**	**197,975**	**13,357,111**
Payroll costs	(1,554,509)	(595,966)	(417,697)	(229,947)	(534,332)	(353,549)	(132,681)	(49,326)	(691,606)	(4,559,613)
Other administrative expenses	(1,204,542)	(479,559)	(270,754)	(163,340)	(486,602)	(527,924)	(81,139)	(109,231)	585,031	(2,738,060)
Recovery of expenses	173,673	8,344	836	795	685	3,887	5,008	16,118	35,217	244,563
Amortisation, depreciation and impairment losses on tangible and intangible assets	(45,533)	(24,961)	(17,749)	(43,658)	(104,101)	(5,475)	(13,682)	(9,556)	(253,072)	(517,787)
Operating expenses	**(2,630,911)**	**(1,092,142)**	**(705,364)**	**(436,150)**	**(1,124,350)**	**(883,061)**	**(222,494)**	**(151,995)**	**(324,430)**	**(7,570,897)**
OPERATING PROFIT	**1,859,171**	**447,998**	**206,267**	**483,663**	**1,218,809**	**1,443,008**	**116,861**	**136,892**	**(126,455)**	**5,786,214**
Net writedowns of loans and provisions for guarantees and commitments	(2,159,131)	137,499	(108,630)	(71,417)	(422,602)	(460,995)	-	(1,169)	(51,232)	(3,137,677)
OPERATING NET PROFIT	**(299,960)**	**585,497**	**97,637**	**412,246**	**796,207**	**982,013**	**116,861**	**135,723**	**(177,687)**	**2,648,537**
Provision for risks and charges	(30,277)	21,477	(47,173)	(242)	(19,916)	54,396	(155)	(7,261)	(47,043)	(76,194)
Integration costs	(11,257)	120	-	-	-	(3,956)	(5,562)	(16)	571	(20,100)
Net income from investments	(6,880)	1,353	(52,465)	561	6,382	(61,489)	(34)	(121)	37,893	(74,800)
PROFIT BEFORE TAX	**(348,374)**	**608,447**	**(2,001)**	**412,565**	**782,673**	**970,964**	**111,110**	**128,325**	**(186,266)**	**2,477,443**

A.2 - Breakdown by business segment: balance sheet amounts and RWA (€ thousand)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	POLONIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER	CONSOLIDATED GROUP TOTAL 12.31.2012
Balance Sheet Amounts										
LOANS AND RECEIVABLES WITH CUSTOMERS	202,917,727	84,162,870	49,921,545	24,296,824	73,866,427	108,859,886	42	844,998	2,273,738	**547,144,057**
DEPOSITS FROM CUSTOMERS	105,017,059	80,640,533	44,083,429	26,669,063	59,797,614	74,532,008	-	16,242,151	2,531,816	**409,513,673**
DEBT CERTIFICATES	54,263,611	32,051,480	16,588,638	1,168,075	3,978,822	9,745,991	-	640,651	52,013,927	**170,451,195**
TOTAL RISK WEIGHTED ASSETS (BASEL 2)	117,765,378	38,010,612	25,727,609	25,185,458	87,126,818	92,746,713	1,985,822	3,008,852	35,569,500	**427,126,759**

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	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	POLONIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER	CONSOLIDATED GROUP TOTAL 12.31.2012
STAFF (KFS group on a proportional basis)										
Employees (FTE)	40,053	14,703	7,071	19,199	38,439	3,617	1,948	1,459	19,971	**146,460**
STAFF (KFS group fully considered)										
Employees (FTE)	39,713	14,669	7,062	19,167	48,555	3,597	1,968	1,464	20,159	**156,354**

Annexes

Reconciliation of Condensed Accounts to Mandatory Reporting Schedule

Consolidated Balance Sheet

(€ million)

ASSETS		AMOUNTS AS AT 06.30.2013	AMOUNTS AS AT 12.31.2012	SEE THE NOTES PART B - ASSETS
Cash and cash balances = item 10		7,185	7,570	Section 1
Financial assets held for trading = item 20		93,772	107,119	Section 2
Loans and receivables with banks = item 60		66,907	74,475	Section 6
Loans and receivables with customers = item 70		532,771	547,144	Section 7
Financial investments		117,457	108,686	
Item 30.	*Financial assets at fair value through profit or loss*	*27,934*	*25,025*	*Section 3*
Item 40.	*Available-for-sale financial assets*	*80,168*	*73,595*	*Section 4*
Item 50.	*Held-to-maturity investments*	*5,425*	*6,208*	*Section 5*
Item 100.	*Investments in associates and joint ventures*	*3,931*	*3,858*	*Section 10*
Hedging instruments		16,014	20,847	
Item 80.	*Hedging derivatives*	*12,774*	*17,691*	*Section 8*
Item 90.	*Changes in fair value of portfolio hedged items*	*3,239*	*3,156*	*Section 9*
Property, plant and equipment = item 120		11,645	11,833	Section 12
Goodwill = item 130 - Intangible assets of which: goodwill		11,567	11,678	Section 13
Other intangible assets = item 130 - Intangible assets net of goodwill		3,880	3,980	Section 13
Tax assets = item 140		17,480	18,070	Section 14
Non-current assets and disposal groups classified as held for sale = item 150		526	3,968	Section 15
Other assets		10,428	11,468	
Item 110.	*Insurance reserves attributable to reinsurers*	*-*	*1*	*Section 11*
Item 160.	*Other assets*	*10,428*	*11,468*	*Section 16*
Total assets		**889,632**	**926,838**	

Continued: Consolidated Balance Sheet

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY		AMOUNTS AS AT 06.30.2013	AMOUNTS AS AT 12.31.2012	SEE THE NOTES PART B - LIABILITIES
Deposits from banks = item 10		129,249	117,445	Section 1
Deposits from customers = item 20		405,221	409,514	Section 2
Debt securities in issue = item 30		159,529	170,451	Section 3
Financial liabilities held for trading = item 40		77,216	99,123	Section 4
Financial liabilities at fair value through profit or loss = item 50		675	852	Section 5
Hedging instruments		16,218	21,309	
Item 60.	*Hedging derivatives*	*11,507*	*14,540*	*Section 6*
Item 70.	*Changes in fair value of portfolio hedged items*	*4,711*	*6,769*	*Section 7*
Provisions for risks and charges = item 120		8,912	9,091	Section 12
Tax liabilities = item 80		5,020	7,889	Section 8
Liabilities included in disposal groups classified as held for sale = item 90		298	3,560	Section 9
Other liabilities		22,141	22,356	
Item 100.	*Other liabilities*	*20,967*	*21,088*	*Section 10*
Item 110.	*Provision for employee severance pay*	*1,149*	*1,041*	*Section 11*
Item 130.	*Insurance reserves*	*26*	*228*	*Section 13*
Minorities = item 210		3,831	3,669	Section 16
Shareholders' Equity, of which:		61,322	61,579	
- Capital and reserves		61,365	61,100	
Item 140.	*Revaluation reserves, of which: Special revaluation laws*	*277*	*277*	*Section 15*
Item 140.	*Revaluation reserves, of which: Exchange differences*	*(2,289)*	*(1,725)*	*Section 15*
Item 140.	*Revaluation reserves, of which: equity investments valued at equity method*	*100*	*25*	*Section 15*
Item 140.	*Revaluation reserves, of which: non current assets classified held for sale*	*(2)*	*-*	*Section 15*
Item 170.	*Reserves*	*19,748*	*10,002*	*Section 15*
Item 180.	*Share premium*	*23,879*	*32,878*	*Section 15*
Item 190.	*Issued capital*	*19,655*	*19,648*	*Section 15*
Item 200.	*Treasury shares*	*(4)*	*(5)*	*Section 15*
- Available-for-sale assets fair value reserve and cash-flow hedging reserve		(853)	(386)	
Item 140.	*Revaluation reserves, of which: Available-for-sale financial assets*	*48*	*65*	*Section 15*
Item 140.	*Revaluation reserves: actuarial gains (losses) on defined benefits plans*	*(1,465)*	*(1,205)*	*Section 15*
Item 140.	*Revaluation reserves, of which: Cash-flow hedges*	*564*	*755*	*Section 15*
- Net profit (loss) = item 220		810	865	Section 15
Total liabilities and Shareholders' Equity		**889,632**	**926,838**	

Note:

An explanation for the restatement of comparative figures is provided in the previous sections.

Reconciliation of Condensed Accounts to Mandatory Reporting Schedule

Consolidated Income Statement

(€ million)

		H1 2013	H1 2012	SEE THE NOTES PART C
Net interest		6.617	7.303	Section 1
Item 30.	*Net interest margin*	*6.425*	*7,094*	
less: Purchase Price Allocation effect		*193*	*208*	
Dividends and other income from equity investments		170	223	
Item 70.	*Dividend income and similar revenue*	*161*	*126*	*Section 3*
	less: dividends from held for trading equity instruments included in item 70	*(62)*	*(22)*	
Item 240.	*Profit (loss) of associates - of which: Profit (loss) of associates valued at equity*	*71*	*119*	*Section 16*
Net fees and commissions = *item 60*		3.969	3.918	Section 2
Item 60.	*Net fees and commissions*	*3.896*	*3.918*	
	+ Other operating income - of which: recovery of costs - commissioni istruttoria veloce (CIV)	*72*	*-*	
Net trading income		1.603	1.816	
Item 80.	*Gains (losses) on financial assets and liabilities held for trading*	*746*	*834*	*Section 4*
	+ dividends from held for trading equity instruments (from item 70)	*62*	*22*	
Item 90.	*Fair value adjustments in hedge accounting*	*(3)*	*(53)*	*Section 5*
Item 100.	*Gains (losses) on disposal or repurchase of : d) financial liabilities*	*425*	*886*	*Section 6*
	+ Gains (losses) on disposal or repurchase of : b) available-for-sale financial assets (from item 100)	*243*	*191*	*Section 6*
	+ Gains (losses) on disposal or repurchase of : c) held-to-maturity investments (from item 100)	*3*	*(5)*	*Section 6*
Item 110.	*Gains (losses) on financial assets and liabilities designated at fair value through profit and loss*	*127*	*(58)*	*Section 7*
Net other expenses/income		139	97	
	Gains (losses) on disposals / repurchases on loans and receivables - not impaired position (from item 100 a)	*(8)*	*6*	
Item 150.	*Premiums earned (net)*	*89*	*77*	*Section 9*
Item 160.	*Other income (net) from insurance activities*	*(71)*	*(62)*	*Section 10*
Item 220.	*Other net operating income*	*549*	*376*	*Section 15*
	less: Other operating income - of which: recovery of costs	*(329)*	*(245)*	
	less: Other operating income - of which: recovery of costs - commissioni istruttoria veloce (CIV)	*(72)*	*-*	
	Net write-downs/-backs of tangible operating lease assets (from item 200)	*(49)*	*(57)*	
	less: Write-downs on leasehold improvements (on non-separable assets) - No Group	*29*	*-*	
	Gains (losses) on disposals of investments - assets leasing operation (from item 270)	*-*	*2*	
OPERATING INCOME		**12.497**	**13.357**	
Payroll costs		(4.429)	(4.560)	
Item 180.	*Administrative costs - a) staff expenses*	*(4.436)*	*(4.568)*	*Section 11*
	less: integration costs	*7*	*8*	
Other administrative expenses		(2.789)	(2.738)	
Item 180.	*Administrative costs - b) other administrative expenses*	*(2.762)*	*(2.708)*	*Section 11*
	Write-downs on leasehold improvements (on non-separable assets) - No Group	*(29)*	*(33)*	
	less: integration costs	*3*	*3*	
Recovery of expenses = *item 220. Other net operating income - of which: Operating income - recovery of costs*		329	245	Section 15
Amortization, depreciation and impairment losses on intangible and tangible assets		(545)	(518)	
Item 200.	*Impairment/Write-backs on property, plant and equipment*	*(368)*	*(396)*	*Section 13*
	less: Impairment losses/write backs on property owned for investment	*2*	*6*	
	less: Net write-downs/-backs of tangible operating lease assets (from item 200)	*49*	*57*	
Item 210.	*Impairment/Write-backs on intangible assets*	*(321)*	*(294)*	*Section 14*
	less: integration costs	*1*	*1*	
less: Purchase Price Allocation effect		*92*	*108*	
Operating costs		**(7,434)**	**(7,571)**	
OPERATING PROFIT (LOSS)		**5,064**	**5,786**	

Continued: Consolidated Income Statement.

(€ million)

		H1		SEE THE NOTES
		2013	2012	PART C
OPERATING PROFIT (LOSS)		**5.064**	**5.786**	
Net impairment losses on loans and provisions for guarantees and commitments		(2.897)	(3.138)	
Item 100.	*Gains (losses) on disposal and repurchase of a) loans*	*(10)*	*(1)*	*Section 6*
	less: Gains (losses) on disposals / repurchases on loans and receivables - not impaired position (from item 100 a)	*8*	*(6)*	
Item 130.	*Impairment losses on a) loans*	*(2.866)*	*(3,071)*	*Section 8*
Item 130.	*Impairment losses on d) other financial assets*	*(29)*	*(59)*	*Section 8*
NET OPERATING PROFIT (LOSS)		**2.167**	**2.649**	
Provisions for risks and charges		(300)	(76)	
Item 190.	*Provisions for risks and charges*	*(179)*	*(84)*	*Section 12*
	less: Provision for risks arising from exchange rate losses on the equity of the kazakh subsidiary	*(122)*	*-*	
	Surplus on release of integration provision	*1*	*8*	
Integration costs		(12)	(20)	
Net income from investments		4	(75)	
Item 130.	*Impairment losses on: b) available-for-sale financial assets*	*(53)*	*(62)*	*Section 8*
Item 130.	*Impairment losses on: c) held-to-maturity investments*	*-*	*(16)*	*Section 8*
	Impairment losses/write backs on property owned for investment (from item 200)	*(2)*	*(6)*	
Item 240.	*Profit (loss) of associates -of which: write-backs/impairment losses and gains/losses on disposal of associates valued at equity*	*4*	*(49)*	*Section 16*
Item 250.	*Net valuation at fair value of tangible and intangible assets*	*(1)*	*-*	*Section 17*
Item 270.	*Gains (losses) on disposal of investments*	*55*	*60*	*Section 19*
	less: Gains (losses) on disposals of investments - assets leasing operation (from item 270)	*-*	*(2)*	
PROFIT (LOSS) BEFORE TAX		**1,859**	**2,477**	
Income tax for the period		(680)	(993)	
Item 290.	*Tax expense related to profit from continuing operations*	*(592)*	*(900)*	*Section 20*
less: Purchase Price Allocation effect		*(88)*	*(93)*	
NET PROFIT (LOSS)		**1,179**	**1,485**	
Profit (loss) after tax from discontinued operations = item 310		*14*	*(10)*	
	'+ Provision for risks arising from exchange rate losses on the equity of the kazakh subsidiary	*122*	*-*	
Item 310.	*Profit (loss) after tax from discontinued operations*	*(107)*	*(10)*	*Section 21*
PROFIT (LOSS) FOR THE PERIOD		**1,194**	**1,475**	
Minorities		(186)	(166)	
Item 330.	*Minorities*	*(186)*	*(166)*	*Section 22*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA		**1,007**	**1,309**	
Purchase Price Allocation effect		(197)	(223)	
Impairment of goodwill		-	(2)	
Item 260.	*Impairment of goodwill*	*-*	*(2)*	*Section 18*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP		**810**	**1,083**	

Note:

An explanation for the restatement of comparative figures is provided in the previous sections.

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.

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.

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.

Definition of Terms and Acronyms

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

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.

Definition of Terms and Acronyms

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.

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.).

Definition of Terms and Acronyms

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).

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.

Certification

Certification of the Condensed Interim Consolidated Financial Statements

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 2013 Condensed Interim Consolidated Financial Statements.

2. The adequacy of administrative and accounting procedures employed to draw up the 2013 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 2013 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 Consolidated First Half Financial Report also contains a reliable analysis of information on significant related party transactions.

Milan – August 6, 2013

Federico GHIZZONI

Marina NATALE

Report of External Auditors

Deloitte.

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AUDITORS' REVIEW REPORT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
UNICREDIT S.p.A.

1. We have reviewed the condensed interim consolidated financial statements of UNICREDIT S.p.A. and subsidiaries (hereinafter the "UNICREDIT Group"), which comprise the balance sheet as of June 30, 2013, and the income statement, statement of comprehensive income, statements of changes in equity and cash flow statement for the six-month period then ended, and the related explanatory notes. The parent company's Directors are responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these condensed interim consolidated financial statements based on our review.

2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-year interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike auditors' report on the year-end consolidated financial statements, we do not express an audit opinion on the condensed consolidated interim 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 explanatory notes, the parent company's Directors have restated some of the corresponding figures of the previous year annual consolidated and condensed interim consolidated financial statements respectively audited and reviewed by other auditors whose reports were respectively dated April 11, 2013 and August 8, 2012. 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 June 30, 2013.

3. Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of UNICREDIT Group as at and for the six month period ended June 30, 2013 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Riccardo Motta
Partner

Milan, Italy
August 9, 2013

This report has been translated into the English language solely for the convenience of international readers.

UniCredit