UniCredit S.p.A
First Half Report
as at June 30, 2012

UniCredit S.p.A.
A joint stock company
Registered Office: Via Alessandro Specchi, 16 – 00186 Rome
Head Office: Piazza Cordusio – 20123 Milan
Share capital €19,647,948,525.10 fully paid in.
Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group with code 02008.1
Cod. ABI 02008.1
Fiscal Code, VAT number and Registration number with the Company Register of Rome: 00348170101
Member of the National Interbank Deposit Guarantee Fund and of the National Compensation Fund

Board of Directors, Board of Statutory Auditors and External Auditors

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

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

Board of Statutory Auditors

Maurizio Lauri	Chairman
Cesare Bisoni Vincenzo Nicastro Michele Rutigliano Marco Ventoruzzo	Standing Auditors
Massimo Livatino Paolo Domenico Sfameni	Alternate Auditors

General Manager

Roberto Nicastro

Nominated Official in charge of drawing up Company Accounts

Marina Natale

External Auditors

KPMG S.p.A.

UniCredit Spa – First Half Report as at June 30, 2012

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Note to the First Half Report

General matters

The first-half Financial Report was prepared in accordance with the accounting standards issued by the International Accounting Standards Board (IASB), including the interpretation documents issued by the SIC and the IFRIC, as endorsed by the European Commission through June 30, 2012, pursuant to the European Union's Regulation 1606 of July 19, 2002, incorporated in Italy by Legislative Decree 38 of February 28, 2005.

The contents of this First Half Financial Report are in line with IAS 34 on interim reporting. In accordance with § 10 IAS 34, UniCredit has opted to provide condensed financial statements.

General principles

The first-half report includes:

- the **interim report on operations**, which shows condensed financial statements;
- the **summary condensed first-half financial statements** provided in comparison to those for 2011; specifically, the balance sheet was compared with figures at December 31, 2011, while the income statement, statement of changes in shareholders' equity and cash flow statement were compared with the corresponding period of the previous year (first half of 2011);
- the **notes to the first-half financial statements**, which include information deemed useful for providing an accurate representation of the company's situation.
- **First-Half Summary Financial Statements Certification** pursuant to Art. 81-ter of Consob Regulation No. 11971 of May 14, 1999, as amended and supplemented.

In those cases where the reporting has not fully valued charges that are not accrued using the "*pro rata temporis*" method, such as in particular administrative expenses, the accounting figure was supplemented by budget-based estimates.

The Company accounts as at June 30, 2012 (represented by the balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement) included in the First-half Financial Report are subject to a limited review of the accounts by KPMG S.p.A.

Changes made to enable proper comparison

In order to be able to make a consistent comparison between the compared periods, the balance sheet and income statement presented in the First Half Report as at June 30, 2011, and the balance sheet as at December 31, 2011, were "reconstructed" according to principles and methods analogous to those applied to the reporting of the extraordinary operations performed by UniCredit S.p.A. effective January 1, 2012: merger through incorporation of UniCredit Real Estate S.c.p.A. and Medioinvest S.r.l. and completion of the operations planned by the operating plan of the Global Banking Services progetto (GBS), illustrated below in the paragraph "*Rationalization of Group operations and other corporate transactions*".

In particular, we:

- derecognized reciprocal capital relationships between companies involved in corporate transactions and the corresponding economic effects;

- recognized the economic contributions of third parties to UniCredit arising from the carve-in transactions undertaken (which mainly relate to dividends received, rental income received

from third parties and investment income from the sale of real estate);

- derecognized items related to activities centered in UniCredit Integrated Business Solution in the carve-out transactions concerning Securities (collateral management, money counting, transport of valuables to support the bank's branches), IT and Back Office governance structures and Procurement (purchases management for the Group), mainly related to staff costs and administrative expenses;

- recognized the fixed assets of UniCredit Real Estate, the corresponding depreciation and reclassification entries relating to tangible assets, and the economic effects of the corresponding leasehold improvements identified in UniCredit's financial statements;

- derecognized of the values of the merged shareholdings and recognized the corresponding reserve for the remaining outstandings from the merger;

- recognized the goodwill contributed by Pioneer Investment Management SGRpA.

The figures for 2011 set out in this Interim Report on operations have therefore been "reconstructed".

Interim report on operations

Highlights

INCOME STATEMENTS (€ million)

	H1		Change	
	2012	2011 restated	in total	%
Operating income	5.844	6.275	-431	-6,9%
of which: - net interest	*2.341*	*2.315*	*+26*	*+1,1%*
- dividends and other income from equity investments	*1.692*	*2.241*	*-549*	*-24,5%*
- net fees and commissions	*1.832*	*1.775*	*+57*	*+3,2%*
Operating costs	-3.038	-3.221	+183	-5,7%
Operating profit	2.806	3.054	-248	-8,1%
Net write-downs of loans and provisions for guarantees and commitments	-2.145	-1.801	-344	+19,1%
Net operating profit	661	1.253	-592	-47,2%
Profit before tax	696	1.035	-339	-32,8%
Net Profit	**851**	**1.053**	**-202**	**-19,2%**

BALANCE SHEET (€ million)

	Amounts as at		Change	
	06.30.2012	12.31.2011 restated	in total	%
Total assets	425.008	417.360	+7.648	+1,8%
Financial assets held for trading	9.998	11.480	-1.482	-12,9%
Loans and receivables with customers	258.080	254.995	+3.085	+1,2%
of which: - impaired loans	*23.204*	*20.846*	*+2.358*	*+11,3%*
Financial liabilities held for trading	8.503	10.292	-1.789	-17,4%
Deposits from customers and debt securities in issue	284.325	273.049	+11.276	+4,1%
of which: - deposits from customers	*160.036*	*151.736*	*+8.300*	*+5,5%*
- securities in issue	*124.289*	*121.313*	*+2.976*	*+2,5%*
Shareholders' net equity	58.160	49.826	+8.334	+16,7%

STAFF AND BRANCHES

	As at		Change	
	06.30.2012	12.31.2011	in total	%
Emoloyees	44.726	45.217	-491	-1,1%
Branches	4.352	4.493	-141	-3,1%
of which: - Italy	*4.345*	*4.377*	*-32*	*-0,7%*
- Other countries	*7*	*6*	*+1*	*+16,7%*

PROFITABILITY RATIOS

	H1		Change
	2012	2011 restated	
Net interest income / Operating income	40.1%	36.9%	+3.2%
Net fees and commissions / Other administative expenses net of recovery of expenses	151.0%	131.9%	+19.2%
Net fees and commissions / Operating costs	60.3%	55.1%	+5.2%
Operating profit (loss) / Operating income	48.0%	48.7%	-0.7%

RISK RATIOS

	As at		Change
	06.30.2012	12.31.2011 restated	
Net non-performing loans to customers / Loans to customers	3.3%	2.8%	+0.5%
Net impaired loans to customers / Loans to customers	9.0%	8.2%	+0.8%

CAPITAL RATIOS

	As at		Change
	06.30.2012	12.31.2011	
Capital for egulatory purposes (€ million)	64,392	59,407	4,985
Total risk weighed assests (€ million)	156,567	166,689	-10,122
Tier 1	34.5%	28.1%	6.4%
Total regulatory capital / Total risk-weighted assests (%)	41.1%	35.6%	5.5%

Condensed Accounts

CONDENSED BALANCE SHEET					(€ million)
	Amounts as at			Change on restated	
	06.30.2012	12.31.2011			
		Historical	Restated	Amount	Percent
Assets					
Cash and cash balances	9,160	5,753	5,753	+3,407	+59.2%
Financial assets held for trading	9,998	11,480	11,480	-1,482	-12.9%
Loans and receivables with banks	23,840	29,634	29,634	-5,794	-19.6%
Loans and receivable with customers	258,080	256,251	254,995	+3,085	+1.2%
Financial investments	93,325	89,950	88,870	+4,455	+5.0%
Hedging instruments	9,088	7,158	7,158	+1,930	+27.0%
Property, plant and equipment	2,801	246	2,871	-70	-2.4%
Goodwill	2,815	2,812	2,815	-	-
Other intangible assets	27	29	29	-2	-6.9%
Tax assets	7,774	8,048	8,118	-344	-4.2%
Non-current assets and disposal groups classified as held for sale	11	7	7	+4	+57.1%
Other assets	8,089	5,654	5,630	+2,459	+43.7%
Total assets	**425,008**	**417,022**	**417,360**	**+7,648**	**+1.8%**
Liability and shareholders' equity					
Deposits from banks	49,099	63,335	63,335	-14,236	-22.5%
Deposits from customers and debt securities in issue	284,325	273,166	273,049	+11,276	+4.1%
Financial liabilities held for trading	8,503	10,292	10,292	-1,789	-17.4%
Financial liabilities designated at fair value	-	-	-	-	-
Hedging instruments	10,146	7,759	7,759	+2,387	+30.8%
Provisions for risks and charges	1,832	1,882	1,886	-54	-2.9%
Tax liabilities	789	626	783	+6	+0.8%
Liabilities included in disposal group classified as held for sale	-	-	-	-	-
Other liabilities	12,154	10,313	10,430	+1,724	+16.5%
Shareholders' equity:	58,160	49,649	49,826	+8,334	+16.7%
- capital and reserves	*58,034*	*56,869*	*57,020*	*+1,014*	*+1.8%*
- available-for-dale assets fair value reserve and cash-flow hedging reserve	*-725*	*-871*	*-871*	*+146*	*-16.8%*
- net profit (loss)	*851*	*-6,349*	*-6,323*	*+7,174*	*-113.5%*
Total liabilities and shareholders' equity	**425,008**	**417,022**	**417,360**	**+7,648**	**+1.8%**

CONDENSED INCOME STATEMENT					(€ million)
	H1			Change	
	2012	2011		from restated	
		historical	restated	amount	percent
Net interest	2,341	2,344	2,315	+26	+1.1%
Dividends and other income from equity investments	1,692	2,238	2,241	-549	-24.5%
Net fees and commissions	1,832	1,775	1,775	+57	+3.2%
Net trading, hedging and fair value income	-1	-37	-36	+35	-97.2%
Net other expenses/income	-20	-48	-20	-	-
OPERATING INCOME	**5,844**	**6,272**	**6,275**	**-431**	**-6.9%**
Payroll costs	-1,742	-1,804	-1,792	+50	-2.8%
Other administrative expenses	-1,398	-1,554	-1,515	+117	-7.7%
Recovery of expenses	185	170	169	+16	+9.5%
Amoritisation, depreciation and impairment losses on intangible and tangible assets	-83	-37	-83	-	-
Operating costs	**-3,038**	**-3,225**	**-3,221**	**+183**	**-5.7%**
OPERATING PROFIT (LOSS)	**2,806**	**3,047**	**3,054**	**-248**	**-8.1%**
Net-write-downs of loans and provisions for guarantees and commitments	-2,145	-1,801	-1,801	-344	+19.1%
NET OPERATING PROFIT (LOSS)	**661**	**1,246**	**1,253**	**-592**	-47.2%
Net provisions for risks and charges	-68	-157	-158	+90	-57.0%
Integration costs	-3	-6	-6	+3	-50.0%
Net income from investments	106	-70	-54	+160	n.s.
PROFIT (LOSS) BEFORE TAX	**696**	**1,013**	**1,035**	**-339**	**-32.8%**
Income tax for the period	155	27	18	+137	n.s.
Impairment of goodwill	-	-	-	-	-
NET PROFIT (LOSS) FOR THE PERIOD	**851**	**1,040**	**1,053**	**-202**	**-19.2%**

Income Statement – Quarterly Figures

CONDENSED INCOME STATEMENT						(€ million)
	2012		2011 restated			
	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	1,109	1,232	1,178	1,153	1,144	1,171
Dividends and other income from equity investments	1,548	144	26	13	2,198	43
Net fees and commissions	895	937	856	775	877	898
Net trading, hedging and fair value income	255	-256	397	-197	-63	27
Net other expenses/income	-7	-13	-25	-5	-15	-5
OPERATING INCOME	**3,800**	**2,044**	**2,432**	**1,739**	**4,141**	**2,134**
Payroll costs	-863	-879	-825	-909	-894	-898
Other administrative expenses	-695	-703	-670	-756	-771	-744
Recovery of expenses	103	82	135	110	87	82
Amoritisation, depreciation and impairment losses on intangible and tangible assets	-41	-42	-44	-42	-42	-41
Operating costs	**-1,496**	**-1,542**	**-1,404**	**-1,597**	**-1,620**	**-1,601**
OPERATING PROFIT (LOSS)	**2,304**	**502**	**1,028**	**142**	**2,521**	**533**
Net-write-downs of loans and provisions for guarantees and commitments	-1,226	-919	-856	-1,309	-898	-903
NET OPERATING PROFIT (LOSS)	**1,078**	**-417**	**172**	**-1,167**	**1,623**	**-370**
Net provisions for risks and charges	-73	5	-90	-57	-111	-47
Intgration costs	-1	-2	-3	-104	-3	-3
Net income from investments	80	26	-205	-1,073	-87	33
PROFIT (LOSS) BEFORE TAX	**1,084**	**-388**	**-126**	**-2,401**	**1,422**	**-387**
Income tax for the period	131	24	-215	260	5	13
Impairment of goodwill	-	-	-	-4,894	-	-
NET PROFIT (LOSS) FOR THE PERIOD	**1,215**	**-364**	**-341**	**-7,035**	**1,427**	**-374**

UniCredit Share

Share Information

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

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

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

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

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" and 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.
In the first quarter of 2012 was fully subscribed the capital increase of €7.5 billion egual to a number of shares issued of 3,850.399.510.

Macroeconomic and banking scenario

Macroeconomic scenario

USA/Eurozone

The first part of the year was characterized by a very positive performance of financial markets and signs of recovery in the real economy, but developments in the second quarter showed renewed tensions related to the sovereign debt in the euro zone and increased uncertainty on financial markets, with widespread concern about a possible exit of Greece from the euro zone, heightened by some disappointing data on economic growth. In particular, the Greek elections in May resulted in a highly fragmented Hellenic parliament and fueled growing uncertainty in financial markets until the elections of June 19, that led to the formation of a government favorable to the rescue plan.

Moreover, towards the end of June a European summit was held with the main objective to lay the groundwork for greater banking integration and take measures to support economic growth in the euro area. With respect to growth, in the United States the latest estimate of GDP for the first quarter confirmed that the U.S. economy grew by 1.9% q/q (annualized), a slightly lower figure than the preliminary estimate. Business surveys revealed a slowdown trend in the quarter, while the labor market showed signs of losing momentum, with less jobs created than in the previous quarter. As widely expected, at the latest FOMC meeting (June) the Fed left the reference rate unchanged at 0-0.25% and confirmed that rates will remain exceptionally low until at least the end of 2014. The FOMC also decided to prolong the Operation Twist until the end of the year.

As regards the euro area, after stabilization of the GDP in the first quarter of the year, some growth indicators started to weaken at the beginning of the second quarter, remaining so throughout the period, suggesting a possible, although not sharp, contraction in GDP in the second quarter. After standing at 2.7% in the first quarter, inflation showed a downward trend and finally reached 2.4% (preliminary figure) in June, mainly due to a decrease in oil prices. The ECB continued to support the banking sector with unlimited liquidity and relaxation of the collateral requirements. The refi rate remained at 1% during the quarter, but for the first time in many months the option of a rate cut was discussed by the Executive Board's Meeting in June.

Banking and financial markets

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

CEE Countries

Q2 looks set to be a better quarter for economic activity in CEE than Q1, capturing a variety of factors.

Firstly better weather conditions facilitated a bounce in industrial production in a number of countries. Secondly more favorable global risk appetite facilitated a further inflow of portfolio capital to the region, helping finance governments and to a certain extent the private sector. Following a slump in GDP in Q1 to 0.4% QoQ, we expect an improvement in Q2. For the year as a whole, we forecast GDP growth at 2.6% for CEE, recovering to 3.4% next year.

But there is differentiation across the region from a number of perspectives. For example, though growth is slowing, the outlook for larger economies remains one whereby they continue to outperform EMU. Poland has done an impressive job of building financing buffers. Though real GDP growth looks set to slow into H2-12, the government has made considerable progress in consolidating the budget deficit while the NBP may cut rates in Q4, proving a cushion for growth. Though later than desired, the CBT's and government's efforts in Turkey have begun to facilitate a much needed re-balancing in economic activity. Following double digit gains in recent quarters, domestic demand growth has ground to a halt and we see a modest, more sustainable pace of recovery from here, facilitated by a gradual easing of monetary policy. The pace of consolidation in Turkey's C/A balance is impressive while fiscal policy remains in good shape. In Russia, the government has put forward a raft of reform measures to reduce the reliance of the economy on oil prices. Meanwhile limited reliance on foreign funding has helped to protect the economy for volatile external risk appetite. Increased RUB volatility also helps to protect both the economy and budget performance from external shocks.

But there are also a number of weaker economies in the region which, despite the favorable funding environment for emerging markets, are struggling to post gains in GDP and at times secure government financing. While we continue to be impressed by Romania's efforts under its IMF programme since 2009, a recent change in government has introduced some uncertainty to the fiscal policy outlook. Indecision in forming a government in Serbia against a weak growth backdrop and in deficits requires a new IMF anchor. Slovenia and Croatia have put forward a raft of structural reform measures but determining the pace of recovery in economic activity remains uncertain. Meanwhile a lack of willingness to commit to IMF-requested reforms keeps real GDP growth low to negative in Ukraine and Hungary and sovereigns shut out from external bond markets in the face of rising IMF repayments.

Explanatory Notes to the Balance Sheet and the Income Statement as at June 30, 2012

Scope and comparability of data

As previously illustrated, the balance sheet and income statement presented in in the First Half Report as at June 30, 2011 and the balance sheet as at December 31, 2011, were "reconstructed" according to principles and methods analogous to those applied to the reporting of the extraordinary operations performed by UniCredit S.p.A. effective January 1, 2012: merger through incorporation of UniCredit Real Estate S.c.p.A. and Medioinvest S.r.l. and completion of the operations planned by the operating plan of the Global Banking Services project (GBS), illustrated below in the paragraph "Rationalization of Group operations and other corporate transactions".

The figures also include the activities relating to the Foreign Subsidiary area.

INCOME STATEMENT

Breakdown of operating profit

Operating income for the first half of 2012 equaled 661 million, down 592 million compared to the first half of 2011 due to Operating income of 2,806 million, (-248 million year-on year) and Net adjustments to loans and receivables equal to -2,145 million (with an increase of 344 million compared to previous year, +19.1%).

The decrease in Operating income compared to the first half of 2011 depends in large part on the reduction of Operating income (-431 million, equal to -6.9%) and increased adjustments to loans and receivables (-344 million) offset by a decrease in Operating costs (+183 million, equal to -5.7%) principally due to the direct costs and intercompany costs reduction policy.

Operating income for the second quarter of 2012 compared to the first quarter of 2012 posted an increase of 1,495 million due to the increase in Operating income (+1,802 million of which: +1,404 million for higher Dividends received and +511 million for Net trading, hedging and fair value income) partially offset by higher Net adjustments on loans and receivables of -307 million.

Operating income

In the first half of 2012 Operating income of 5,844 million was recorded, down 431 million compared to first half 2011 (-6.9%). The change is due to the contracting of Dividends and other equity investments (-549 million) only partially offset by growth in Net interest (+26 million), Net fees and commissions (+57 million) and Net trading, hedging and fair value income (+35 million).

Compared to first quarter of 2012 Operating income increased 1,756 million thanks to the contribution of Dividends (+1,404 million) and Net trading, hedging and fair value income (+511 million). In the second quarter UniCredit Bank AG collected dividends totaling 1,017 million, from Pioneer Global AM Spa (206 million) and Bank Pekao SA (199 million). The improvement posted by Net trading, hedging and fair value income is due primarily (+324 million) to the effect of the write-down of credit rating on net derivatives exposure to Group companies in the first quarter, the reduction of the charge from the contract signed with UniCredit Bank Austria to sell CAIB to UniCredit Bank AG (+118 million) and to the impact of the June 2012 operation of restructuring Liabilities (+49 million).

Net interest equal to 1,109 million eased 123 million compared to the first quarter of 2012.

Operating income was negatively impacted by the difficult market environment and continuing sovereign debt crisis in the vulnerable European Countries in terms of public finance. This crisis inevitably weakened the credit rating of the Bank, which during the first half of 2012, had to contend with:

- an increase in deposit costs both on the customer market and on the institutional investors market which occurred in the context of the Bank's strategy aimed at protecting more stable forms of deposits and to strengthen its liquidity profile;
- a contraction of credit demand strongly conditioned by the negative macroeconomic trend.

Net Commissions in first half 2012 equaled 1,832 million, up +57 million (+3.2%) compared to the previous year. Management and Administration Services of the savings division posted a decrease more than offset by commissions on loans.

In the second quarter of 2012, Net commissions equaling 895 million were down 42 million (-4.5%) compared to previous quarter due principally to Management and Administration Services of the savings division.

The balance of other operating expenses and income in the first half of 2012 equaled -20 million, or unchanged compared to the same period of the previous year. The principal impacts of the first half of 2012 related for -21 million amortization costs of improvements to inseparable third-party assets, -12.6 million for net contingencies principally concerning transactions with customers, +13.7 million for recovery of services rendered to other Group companies (for the call center, delinquency management, window activity and rents), +8 million for extra-group rents, -10.5 million for FITD intervention for Banca Network Investments, +8.7 million for income on the sale of government bonds and -8 million in losses for sale of loans to Group Companies.

Compared to the first quarter of 2012, the balance of Net other expenses/income improved +6 million principally chargeable to lower losses from sale of loans to Group Companies.

OPERATING INCOME						(mil. €)
	H1		Change	2012	Change percent	Change percent
	2011 restated	2012	%	Q2	on Q2 2011	on Q1 2012
Net interest	2.315	2.341	+1,1%	1.109	-3,1%	-10,0%
Dividends and other income from equity investments	2.241	1.692	-24,5%	1.548	-29,6%	+975,0%
Net fees and commissions	1.775	1.832	+3,2%	895	+2,1%	-4,5%
Net trading, hedging and fair value income	-36	-1	-97,2%	255	-504,8%	-199,6%
Net other expenses/income	-20	-20	-	-7	-53,3%	-46,2%
Operating income	**6.275**	**5.844**	**-6,9%**	**3.800**	**-8,2%**	**+85,9%**

Operating Costs

Total Operating costs for the first half of 2012 were 3,038 million, posting a decrease compared to the first half of 2011 equal to 183 million (-5.7%).

Payroll costs, equal to 1,742 million, decreased by approx. 50 million (-2.8%) compared to the corresponding period of 2011. This trend is due principally to staff dynamics. Staff, which in terms of

Full Time Equivalent (FTE) stood at 42,763 as of June 30, 2012, eased by 649 FTE compared the previous year largely due to employee departures in relation to protocol October, 18 2010 signed with trade unions.

In 2012, Other administrative expenses totaled 1,398 million, down 117 million (-7.7%) compared to first half 2011. This decrease was the result of direct costs (-61 million) and intercompany costs (-55 million) reduction policy. Particularly with reference to intercompany costs, the reduction is due to IT costs (-38 million), back-office costs (-9 million) and Real estate costs/Other costs (-8 million).

Recovery of expenses, equal to 185 million, increased 16 million (+9.5%) year-on-year due to a higher level of recovery of stamp fees.

Amortization, depreciation and impairment losses on tangible and intangible assets totaled 83 million, essentially in line with the first half of 2011 restated.

Total Operating costs for the first half of 2012 were 1,496 million, posting a decrease compared to the first half of 2012 equal to 46 million (-3.0%).

Payroll costs, equal to 863 million, decreased by approximately 16 million (-1.8%) compared to the first quarter of 2012. This trend is due principally to staff dynamics. Staff was 302 FTE lower compared to the previous quarter largely due to employee departures in relation to protocol October, 18 2010 signed with trade unions.

Other administrative expenses decreased 8 million (-1.1%) compared to the first quarter of 2012. This decrease was the result of the direct costs reduction policy.

Recovery of expenses increased 21 million (+25.6%) compared to the first quarter of 2012 due to a higher level of recovery of legal expenses.

Amortization, depreciation and impairment losses on tangible and intangible assets were largely in line with the first quarter of 2012.

OPERATING COSTS						(mil. €)
	H1		Change	2012	Change percent	Change percent
	2011 restated	2012	%	Q2	on Q2 2011	on Q1 2012
Payroll costs	-1.792	-1.742	-2,8%	-863	-3,5%	-1,8%
Other administrative expenses	-1.515	-1.398	-7,7%	-695	-9,9%	-1,1%
Recovery of expenses	169	185	+9,5%	103	+18,4%	+25,6%
Amoritisation, depreciation and impairment losses on intangible and tangible assets	-83	-83	-	-41	-2,4%	-2,4%
Operating costs	**-3.221**	**-3.038**	**-5,7%**	**-1.496**	**-7,7%**	**-3,0%**

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

As at June 30, 2012 net impairment losses on loans and provisions for guarantees and commitments amounted to 2.145 million, an annual increase of +19.1%.The quarterly trend also shows an aggregate increase during the second quarter of 2012 (1.226 million) compared with the first quarter of 2012 (919 million), with a cost of risk (measured in relation to the average volume of loans to customers) that, on an annualized basis, increased from 1.43% at March 31, 2012 to 1.67% at the end of June 2012 (compared with 1.39% at June 30, 2011).

Profit (loss) before tax

Profit (loss) before tax of the first half of 2012, equal to 696 million, down -339 million compared to the

same period for the previous year, is due to the Operating profit (loss) (+661 million) less net write-down of loans and provisions for guarantees (-68 million), Net income from investments (+106 million) and integration costs (-3 million).

Net income from investments for first half 2012 are attributable primarily to the capital gain from the sale of the London Stock Exchange stake (+109 million) and the write-down of Fondiaria – Sai (-28 million) in the second quarter of 2012.

Operating profit (loss) improved quarter-on-quarter (+1,472 million) thanks to the change net operating profit (+1,802 million) to the improvement in net income from investments (+54 million) which offset the worsening of net provisions for risks and charges (-78 million).

Net profit (loss) for the period

Net income for the period was +851 million, down by 202 million compared with the same period a year ago. Income tax amounted to +155 million, a 137 million improvement over June 30, 2011.

Income tax was affected by certain legislative changes, in particular those set forth in Legislative Decree 201 of December 6, 2011, which led to an improvement in the corporate income tax (IRES) as follows:

- Inclusion of a benefit due to the deductibility from IRES (corporate income tax) of the IRAP (regional tax on production) share on labor costs;
- Application of regulations concerning the increase in shareholders' equity (ACE), which introduced a tax relief for companies financing themselves with owners' equity. The tax relief was applied to the share capital increase carried out in January 2012.

The tax item in the Income Statement includes, among the others: (current + deferred) IRES, showing a positive €243 million, (current + deferred) IRAP as payable for €141 million; a provision of €6 million for transparency taxation of black-listed foreign subsidiaries; and €15 million for taxes due by foreign subsidiaries in their respective countries.

Compared with the first quarter of 2012, Net income for the period was up by 1,579 million, which is attributable to an improvement in Gross income from current operations (+1,472 million).

NET PROFIT (LOSS) FOR THE PERIOD (mil. €)

	H1		Change	2012	Change percent	Change percent
	2011 restatd	2012	%	Q2	on Q2 2011	on Q1 2012
Operating income	**6,275**	**5,844**	**-6.9%**	**3,800**	**-8.2%**	**+85.9%**
Operating costs	-3,221	-3,038	-5.7%	-1,496	-7.7%	-3.0%
Operating profit (loss)	**3,054**	**2,806**	**-8.1%**	**2,304**	**-8.6%**	**n.s.**
Net-write-downs of loans and provisions for guarantees and commitments	-1,801	-2,145	+19.1%	-1,226	+36.5%	+33.4%
Net operating profit (loss)	**1,253**	**661**	**-47.2%**	**1,078**	**-33.6%**	**n.s.**
Net provisions for risks and charges	-158	-68	-57.0%	-73	-34.2%	n.s.
Intgration costs	-6	-3	-50.0%	-1	-66.7%	-50.0%
Net income from investments	-54	106	n.s	80	n.s.	n.s.
Profit(loss) before tax	**1,035**	**696**	**-32.8%**	**1,084**	**-23.8%**	**n.s.**
Income tax for the period	18	155	n.s.	131	n.s.	n.s.
Impairment of goodwill	-	-	-	-	-	-
Net profit (loss) for the period	**1,053**	**851**	**-19.2%**	**1,215**	**-14.9%**	**n.s.**

BALANCE SHEET

Loans and receivables with customers

As at June 30, 2012, loans and receivables with customers were 258,080 million, representing an increase of +3,085 million (+1.2%) over December 31, 2011.

The positive change is due to an increase in loans granted by the units with operations in Italy (+3,275 million, or 1.3%) and a decrease in loans by units with operations in other countries (-190 million, or -7.6%).

More specifically, over the six-month period the following changes occurred in this area:

- Performing loans decreased by -7,829 million;
- Debt securities were down -393 million;
- Repos grew by +8,949 million as a result of operations with Cassa di Compensazione e Garanzia;
- Impaired loans grew by +2,358 million, for the reasons explained in the section below titled “Quality of loans to customers”.

LOANS AND RECEIVABLES WITH CUSTOMERS				(million €)
	Amounts as at		Change	
	06.30.2012	12.31.2011 restated	amount	percent
Performing loans	213,402	221,231	-7,829	-3.5%
Impaired assets	23,204	20,846	+2,358	+11.3%
Repos	16,192	7,243	+8,949	+123.6%
Debt securities	5,282	5,675	-393	-6.9%
Total loans and receivables with customers	**258,080**	**254,995**	**+3,085**	**+1.2%**
of which:				
units operating in Italy	*255,786*	*252,511*	*+3,275*	*+1.3%*
units operating abroad	*2,294*	*2,484*	*-190*	*-7.6%*

Quality of loans to customers

It is worth noting that for the management and recovery of problem loans (doubtful and non-performing loans), the Bank makes use of the services offered by UniCredit Credit Management Bank S.p.A., the Group bank specialized in the recovery of loans, the activity of which is regulated by a special contract and by continually developing processes and procedures aimed at the constant improvement of recovery performance and the monitoring thereof over time.

At June 30, 2012 the face value of impaired assets amounted to 34,738 million, with an incidence on total nominal loans to customers of 12.8%, an increase compared with the 11.7% at December 31, 2011 (reconstructed), which was also due to changes made in the classification of past due/overdrawn positions (discussed in more detail further below). The carrying value (net of specific value adjustments of €11,534 million) of impaired loans stood at €23,204 million (€20,846 million at December 31, 2011 reconstructed), showing an incidence of 9.0% on total loans (8.2% at the end of 2011, reconstructed).

The continuing crisis affecting the domestic and international economic system and the resulting difficulties in the ability of borrowers to repay their loans, are also undoubtedly reflected in the outcome of loans issued. Problem loans accordingly continued to undergo careful and prudent classification evaluations in the first half-year of 2012, in which context non-performing loans (at face value) reached

5.6% of total loans to customers (4.9% at the end of 2011, reconstructed), doubtful loans reached 4.7% (4.4% at the end of 2011 reconstructed) while restructured loans represented about 1.3% of the overall amount of loans (1.2% at the end of 2011 reconstructed).

The increase in past-due impaired loans from 3,136 million at the end of 2011 (1.2% of the total nominal value loans) to 3,495 million by June 30, 2012 (1.3% of, again, total loans) was also caused by the fact that, in the first half of 2012, overdue impaired loans included the types of exposure that until December 31, 2011 benefitted from temporary or permanent exemption from the 180 days threshold in calculating past due or overdrawn loans. For loans benefitting from temporary exemption (loans to companies resident of or headquartered in Italy), the change adopted reflects the statutory provisions of the Bank of Italy that came into force on January 1, 2012; and for loans benefitting from permanent exemption (loans to retail businesses and to public sector entities resident of or headquartered in Italy), it reflects the regulatory directions of the Bank of Italy in force since May 31, 2012.

The coverage ratio on impaired loans (specific write-downs relative to face value) was substantially unchanged at about 33.2% (it was 33.4% at December 31, 2011 and 33.9% at the end of June 2011).

For performing loans, which amount to 236,079 million at face value (235,574 million at December 31, 2011 reconstructed) value adjustments were applied that, at June 30, 2012, amounted in total to 1,203 million, with a coverage ratio of 0.51% (0.60% at end December 2011 and 0.52% at June 30, 2012).

Overall, therefore, total loans to customers stood at 270,817 million nominal, against which value adjustments of 12,737 million were made, which took the level of general coverage for loans to customers to 4.7% (it was 4.4% at December 31, 2009 and 4.1% at June 30, 2012). The summary tables, below, provide the full details:

LOANS TO CUSTOMERS ASSET QUALITY (€ million)

	Non-performing loans	Doubtful loans	Restructured loans	Impaired Past-due Loans	Impaired loans	Performing loans	Total Cust. Loans
As at 06.30.2012							
Face value	15,161	12,600	3,482	3,495	34,738	236,079	270,817
as a percentage of total loans	5.60%	4.65%	1.29%	1.29%	12.83%	87.17%	
Writedowns	6,655	3,908	503	468	11,534	1,203	12,737
as a percentage of face value	43.90%	31.02%	14.45%	13.39%	33.20%	0.51%	
Carrying value	8,506	8,692	2,979	3,027	23,204	234,876	258,080
as a percentage of total loans	3.30%	3.37%	1.15%	1.17%	8.99%	91.01%	

LOANS TO CUSTOMERS ASSET QUALITY (€ million)

	Non-performing loans	Doubful loans	Restructured loans	Impaired Past-due Loans	Impaired loans	Performing loans	Total Cust. Loans restated
As at 12.31.2011							
Face value	13,123	11,886	3,172	3,136	31,317	235,574	266,891
as a percentage of total loans	4.92%	4.45%	1.19%	1.18%	11.73%	88.27%	
Writedowns	5,865	3,850	345	411	10,471	1,425	11,896
as a percentage of face value	44.69%	32.39%	10.88%	13.11%	33.44%	0.60%	
Carrying value	7,258	8,036	2,827	2,725	20,846	234,149	254,995
as a percentage of total loans	2.85%	3.15%	1.11%	1.07%	8.18%	91.82%	

Financial investments

Over the first six months of 2012, financial investments showed an increase of +4,445 million (+5.0%), resulting from the combination of the changes in financial assets available for sale (+6,011 million), in financial assets held to maturity (-1,335 million), in equity holdings (-219 million) and in financial assets measured at fair value (+2 million).

More specifically:

- Available for sale financial assets included 29,688 million in debt and equity securities and UCITS units – posting an increase of +6,163 million primarily due to purchases of Italian government securities, net of redemption – and 742 million in equity investments. The equity interests included in this portfolio posted a decline of -152 million, owing in particular to (i) -158 million in the London Stock Exchange disposal (of which 69 million to Reserve Afs), (ii) the changes in fair value, charged to shareholders' equity - including a +15 million increase (of which 7 million in *F2i Fondi Italiani per le infrastrutture*) and a -2 million decrease, (iii) impairment loss adjustments, posted to the income statement in the amount of -7 million, (of which: -5 million CIS-Compagnia Investimenti e Sviluppo). Following the aforementioned LSE disposal, a profit on sales of 109 million has been posted to the income statement.
- The value of the equity interest equal to 59,309 million fell by -219 million owing to (i) the decline in the carrying value of the ownership interest in Fineco Verwaltung (-164 million), following the capital decrease redemption, and in Pioneer Global Asset Management (-8 million), for the distribution of capital reserve as well as (ii) the impairment losses posted to the income statement in the amount of -29 million (including -28 million in Fondiaria-SAI).

FINANCIAL INVESTMENTS

	Amounts as at		Change	
	06.30.2012	12.31.2011 restated	amount	percent
Financial assets at fair value through profit or loss	421	423	-2	-0.5%
Available-for-sale financial assets	30,436	24,425	+6,011	+24.6%
of which: equity investments	*748*	*900*	*-152*	*-16.9%*
debt securities and investments funds units	*29,688*	*23,525*	*+6,163*	*+26.2%*
Held-to-maturity investments	3,159	4,494	-1,335	-29.7%
Investments in associates and joint ventures	59,309	59,528	-219	-0.4%
Total financial investments	**93,325**	**88,870**	**+4,455**	**+5.0%**
of which:				
units operating in Italy	*93,289*	*87,647*	*+5,642*	*+6.4%*
units operating abroad	*36*	*1,223*	*-1,187*	*-97.1%*

Deposits from customers

Deposits from customers and securities amounted to 284,325 million (+4.1%), an increase of 11,276 million compared to the end of 2011 attributable to units with operations in Italy (+9,914 million) compared with the units with operations in other countries (+1,362 million).

Deposits from customers stood at 160,036 million, an increase of +8,300 million over year-end 2011.

More specifically:

- current accounts and demand deposits decreased by -3,566 million;
- term deposits increased by +600 million;
- Customer deposit-related repos rose by +12,726 million, mainly as a result of transactions with Cassa di Compensazione e Garanzia, which more than offset the decrease with respect to other

customers;

- other types of deposits declined by -1,460 million.

Liabilities represented by outstanding securities, in the first six months 2012, showed an increase of 2,976 million attributable both to units with operations in Italy, with an increase of certificates of deposit and "buoni fruttiferi" (+7,085 million) and a decrease of bonds (-5,476 million), and to units with operations in other countries, with an increase of certificates of deposit (+1,367 million).

DEPOSITS FROM CUSTOMERS AND DEBT SECURITIES IN ISSUE				(€ million)
	Amounts as at		Change	
	06.30.2012	12.31.2011 restated	amount	percent
Deposits from customers	160.036	151.736	+8.300	+5,5%
Debt securities in issue	124.289	121.313	+2.976	+2,5%
Total deposits from customers aand debt securities in issue	**284.325**	**273.049**	**+11.276**	**+4,1%**
of which:				
units operating in Italy	*278.199*	*268.285*	*+9.914*	*+3,7%*
units operating abroad	*6.126*	*4.764*	*+1.362*	*+28,6%*

Interbank position

At end June 2012, the Bank recorded under its financial assets an interbank balance, net of assets (23,838 million) and liabilities (49,099 million), of - 25,261 million. Compared with the corresponding figures at the end of 2011 (a net of -33,701 million), the balance recorded a decrease in net liabilities of +8,440 million, due to a decrease in deposits from banks (-14, 236 million) which was more marked than the decrease in loans and receivables with banks (-5,796 million).

The changes described above concerning deposits from and loans with banking counterparties should be placed in the context of a market that throughout the first half of 2012 remained particularly difficult because of the escalating sovereign debt crisis in the European countries with the largest exposure in terms of public finances and macroeconomic fundamentals.

In line with what happened in the second half of 2011, the crisis also affected the Republic of Italy and consequently the Italian financial sector had to meet its liquidity requirements mainly by resorting to refinancing with the European Central Bank, in order to compensate for sources of funding traditionally provided by international institutional investors in the markets of the Eurozone.

In this context, the decrease in loans and receivables with banks compared with 2011 (-5,769 million) is mostly due to the decrease in lending to their own subsidiaries as a result of de-localization of the latter - and in order to diversify sources of funding - from participation in some refinancing transactions with the European Central Bank.

In terms of deposits from banks, the decline of - 14,236 million recorded by the Bank was generated mainly by the following events:

- A decrease in deposits from the Central Bank of about 9,000 million, mainly the result of a good performance by the Bank's other sources of liquidity.
- The completion of the increase in capital carried out in the first quarter of 2012, which was able to replace receipts from money market participants.

INTERBANK POSITION				(€ million)
	Amounts as at		Change	
	06.30.2012	12.31.2011 restated	amount	percent
Loans and receivables with banks	**23,840**	**29,634**	**-5,794**	**-19.6%**
units operating in Italy	*23,567*	*29,274*	*-5,707*	*-19.5%*
units operating abroad	*273*	*360*	*-87*	*-24.2%*
Deposits from banks	**49,099**	**63,335**	**-14,236**	**-22.5%**
units operating in Italy	*47,634*	*61,620*	*-13,986*	*-22.7%*
units operating abroad	*1,465*	*1,715*	*-250*	*-14.6%*
NET INTERBANK POSITION	**-25,259**	**-33,701**	**+8,442**	**-25.0%**
units operating in Italy	*-24,067*	*-32,346*	*+8,279*	*-25.6%*
units operating abroad	*-1,192*	*-1,355*	*+163*	*-12.0%*

Shareholders' equity

As at June 30, 2012, shareholders' equity was up by +8,334 million from December 31, 2011 due to the following:

- +7,499 million due to the subscription of the capital increase approved by the Extraordinary Shareholders Meeting of December, 15;
- +16 million for the sale of unexercised options relative to the aforementioned capital increase;
- -162 million for the charge to reserve of the expenses related to such capital increase;
- +30 million for adjusting the reserve dedicated to long-term incentive plans;
- -46 million for the usufruct fee for so-called "Cashes";
- +146 million for the net effect of the revaluation reserves for available-for-sale financial assets and cash-flow hedges;
- +851 million from profit for the period.

In the first half of 2012, the process of covering the 2011 losses was started through the use of share premiums (-3,945 million) and of other Reserves (-2,404 million) as per Shareholders' Meeting resolution of May 11, 2012.

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

SHAREHOLDERS' EQUITY	Amounts as at		Change	
	06.30.2012	12.31.2011 restated	amount	percent
Share capital	19,648	12,148	+7,500	+61.7%
Share premium	32,878	36,823	-3,945	-10.7%
Reserves	5,233	7,774	-2,541	-32.7%
Reserves for special revaluation laws	277	277	-	-
Treasury shares	-2	-2	-	-
Total capital and reserves	***58,034***	***57,020***	***+1,014***	***+1.8%***
Revaluation reserves	-725	-871	+146	-16.8%
Net profit or loss	851	-6,323	+7,174	-113.5%
Total shareholders' equity	**58,160**	**49,826**	**+8,334**	**+16.7%**

Treasury shares

In the first half of 2012 there were no transactions in respect of treasury shares.

TREASURY SHARES	
Number of ordinary shares as at 06.30.2012	47,600
% on capital stock	n.s.
Carrying amount as at 06.30.2012	€ 2,440,001

Other Information

Commercial network: Operating structure in Italy and the foreign network

In the first half of 2012, the branch network, already structured based on the known customer segments including "F&SME", "CB" (formerly CIB) and "PB", was updated with the creation of a new Business Unit named "IB" (Investment Banking) in order to achieve greater focus on customers from that segment.

A succinct summary of the features of the current Business Units follows below:

- The "F&SME" branches, which are geared towards individuals, households and small businesses, aim to meet their customers' financial needs by offering them a complete range of products and services. The branches are organized into 805 districts to ensure greater territorial proximity to the area in which the Bank operates.
- The "CB" branches focus on the corporate and institutional customers segment with revenues of over 50 million (while customers below this threshold are included in the F&SME division).
- The "IB" branches are geared towards high-level corporate and institutional customers.
- The "PB" branches are geared towards medium to high net worth private customers and provide consultancy services and wealth management solutions using a 360-degree approach.

As of June 30, 2012, the distribution network in Italy was comprised of 4,345 branches, i.e., a 32-unit decrease (primarily in F&SME) as a result of the ongoing optimization and rationalization processes.

More specifically, as of June 30, 2012, there were:

- 4,087 branches dedicated to covering the F&SME customer segment; the units, depending on the responsibilities attributed and the segments managed, are divided into Branches, Agencies, Detached Banking Windows, Business Centers, Small Business Centers, and Development Centers;
- 82 branches dedicated to covering the CB segment, subdivided into Operating Branches, Corporate Areas and Corporate Area Detached Facilities, depending on the activities exercised;
- 6 IB branches, including 2 Operating Branches (one in Rome and one in Milan) and 4 Investment Banking Centers;
- 170 branches dedicated to covering the PB segment, which, depending on the responsibilities attributed, are divided into Major Branches and Detached Branches.

The network of banking windows in Italy ensures a uniform national coverage of the territory, with a slight prevalence of dedicated units located in the North and in the Center of the country. The following is a breakdown of the sales units by geographical region.

	06.30.2012	COMP. %
- Piedmont	454	10.4%
- Valle d'Aosta	21	0.5%
- Lombardy	556	12.8%
- Liguria	96	2.2%
- Trentino Alto Adige	82	1.9%
- Veneto	556	12.8%
- Friuli Venezia Giulia	142	3.3%
- Emilia Romagna	548	12.6%
- Tuscany	180	4.1%
- Umbria	87	2.0%
- Marche	98	2.3%
- Lazio	564	13.0%
- Abruzzo	43	1.0%
- Molise	35	0.8%
- Campania	216	5.0%
- Puglia	156	3.6%
- Basilicata	10	0.2%
- Calabria	29	0.7%
- Sicily	415	9.6%
- Sardinia	57	1.3%
Total	**4,345**	**100.0%**

Another 51 “Foreign Trade Centers” operate in Italy; those are specialized units whose purpose is to carry out technical operations involving the foreign transactions area (documentary credits, documentary transactions, surety bonds and guarantees, import-export portfolio, gold).

Following the rationalization that took place in 2010, in 2011 the plan for the reorganization of the international presence was completed with the closing of the Hong Kong and Madrid branches. In the first half of 2012, the Canton Representative Office was converted to a Branch.

As a result, at the end of June 2012, UniCredit S.p.A. had seven Branches abroad, plus a Permanent Establishment in Vienna and five Representative Offices.

UNICREDIT S.P.A. INTERNATIONAL NETWORK		
OPERATIVES BRANCHES	**PERMANENT ESTABLISHMENT**	**REPRESENTATIVE OFFICES**
PRC - Shanghai	AUSTRIA - Vienna	BELGIUM - Brussels
PRC - Guangzhou		BRAZIL - Sao Paulo
GERMANY - Munich		PRC - Beijing
GERMANY - Munich (*)		INDIA - Mumbai
UNITED KINGDOM - London		LYBIA - Tripoli
UNITED STATES - New York		
FRANCIA - Paris		

(*) formerlly Branch of UniCredit Family Financing

Resources: Personnel developments

As June 30, 2012 UniCredit S.p.A.’s headcount was 44,726 compared to 45,217 at December, 31 2011. The restructuring process already begun in 2008 after the integration of Capitalia Group, includes the rationalization of staff through the continued use of a personnel Departure Incentive Plan, a solidarity fund for those entitled to pensions that has led to the departure of 319 employees in 2012.

CATEGORY						
	06.30.2012		12.31.2011		Change	
	Total	*of which: outside Italy*	Total	*of which: outside Italy*	in total	percent
Senior Management	1,319	*31*	1,384	34	-65	-4.7%
Management - 3rd and 4th grade	8,294	*81*	8,362	92	-68	-0.8%
Management - 1st and 2nd grade	13,662	*64*	13,847	45	-185	-1.3%
Other Staff	21,451	*87*	21,624	112	-173	-0.8%
Total	**44,726**	***263***	**45,217**	**283**	**-491**	-1.1%
of which, Part-time staff	*4,887*	*34*	*4,701*	*33*	*+186*	*+4.0%*

The composition of the workforce by seniority and by age bracket is shown in the following tables. With respect to educational level, 35% of UniCredit S.p.A. employees have university degrees (mostly in the areas of economics and banking, or law).

Women make up 44% of personnel.

BREAKDOWN BY SENIORITY						
	06.30.2012		12.31.2011		Change	
	Number	Percent	Number	Percent	amount	percent
Up to 10	10,928	24.4%	13,096	29.0%	-2,168	-16.6%
From 11 to 20 years	10,442	23.3%	10,122	22.4%	+320	+3.2%
From 21 to 30 years	13,316	29.8%	13,361	29.5%	-45	-0.3%
Over 30	10,040	22.5%	8,638	19.1%	+1,402	+16.2%
Total	**44,726**	**100.0%**	**45,217**	**100.0%**	**-491**	**-1.1%**

BREAKDOWN BY AGE						
	06.30.2012		12.31.2011 restated		Change	
	Number	Percent	Number	Percent	amount	Percent
Up to 30	2,287	5.1%	2,577	5.7%	-290	-11.3%
From 31 to 40 years	11,423	25.5%	11,856	26.2%	-433	-3.7%
From 41 to 50 years	15,869	35.5%	16,124	35.7%	-255	-1.6%
Over 50	15,147	33.9%	14,660	32.4%	+487	+3.3%
Total	**44,726**	**100.0%**	**45,217**	**100.0%**	**-491**	**-1.1%**

Conversion into Tax Credits

During the first half of 2012, €588 million of IRES pre-paid tax assets recorded in 2011 accounts were converted into tax credits, on the basis of the provisions of Article 2, paragraphs 55 to 59, of Decree Law n.225/2010.

Strengthening of equity and other transactions concerning share capital

On February 1, 2012, the transaction concerning the share capital increase was completed in accordance with the Extraordinary Meeting's resolution of December 15, 2011. This involved the issuance of 3,859,602,938 new common shares, leading to a share capital increase and totaling €7,499,208,508.53. Finally, on March 27, 2012, the Board of Directors resolved to issue the performance shares that had been promised as part of the Group Strategic Resource Plan, following verification of the objectives to be achieved, as defined in the Plan. To that end, the Board resolved to increase the scrip capital by €276,700.57, equal to 84,023 common shares.

Rationalization of Group operations and other corporate transactions

With regard to corporate consolidation, the following transactions took place during the first quarter of 2012:

- In light of the changed market environment and following the new organizational model that was implemented as a result of the ONE4C Project, UniCredit deemed it proper to monitor all operations related to portfolio management services to ensure more effective and timely responses and improve the business effectiveness of relationships with so-called Private customers. It also carried out services performed by Pioneer Investment Management SGR (PIM) from selection of financial instruments in which to invest portfolios under management to distribution to customers of periodic reports relating to its performance of management services.

  In order to achieve this goal, from an operating standpoint PIM's business unit, Private Assets Under Management, was partially split off in favor of UniCredit.

  The transaction, which was authorized by the Bank of Italy and approved by PIM's and UniCredit's managements in July and August 2011, took effect on January 1, 2012.

- With legal effect as of January 1, 2012, the transactions provided for in the first stage of the GBS Project operating plan were finalized, more specifically:

  - Acquisition by UniCredit of UCBP's periodic reporting operations to the Supervisory Authorities ("Supervisory Reporting Division");
  - Acquisition by UCBP of the administrative and accounting back office side of operations relating to consumer credit products and salary-guaranteed loans ("Operations Division") that were carried out by UniCredit;
  - Merger of UCBP into UGIS, later named UniCredit Business Integrated Solutions (in short, UBIS) consistently with the new assigned mission;
  - Merger into UniCredit S.p.A. of UniCredit Real Estate (URE) and Medioinvest S.r.l.;
  - Transfer to UGIS, after the aforementioned transactions were finalized, of UniCredit S.p.A.'s business units "ICT, Security, Global Sourcing and Operations" and "General Real Estate Services".

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

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

  Following the aforementioned transactions, UBIS assumed the role of operating sub-holding to provide the Group's support services both in Italy and abroad.

  In this role the company will ensure a global vision for external and domestic customers'

requests in terms of priorities and opportunities and will maximize the effectiveness of investments by combining the technologies and tools being used.

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

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

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

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

On July 19, 2012 UniCredit S.p.A. signed an agreement for the sale of its stake (100% of share capital) in Sofipa SGR S.p.A. to Cuneo e Associati S.p.A. and Paolo Zapparoli, shareholders of Synergo SGR S.p.A.

Under the terms of the transaction, **Sofipa SGR S.p.A**. will be sold at a price equal to the shareholders' equity of Sofipa as at June 30, 2012.

The agreement provides that UniCredit will, inter alia, subscribe for €50 million of shares of Sinergia II, the fund launched by Synergo SGR S.p.A. in 2011 targeting investments in medium-sized Italian enterprises, whose fundraising phase is nearing completion.

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

Other transactions involving the Group

The sale, through an accelerated bookbuilt offering, of the entire stake worth €198 million in **London Stock Exchange Group plc** was finalized last May (16.6 million ordinary shares representing 6.1% of share capital), resulting in a positive contribution to net income of approximately €109 million.

Project for the reorganization of the Group's Italian businesses

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

Specifically, the project – which will be implemented in stages by the end of 2013 – aims to reduce the complexity of the Group, simplify the governance and reduce costs, and provides for:

- the merger into UniCredit of UniCredit Audit (which provides Audit services for Italian companies), UniManagement (which provides management training services for the Group), UniCredit Merchant (which manages certain minority investments and some investments of Principal Investments) and UniCredit Logistics (a company for the development of infrastructure and logistics services);
- the merger into UniCredit Leasing and into I-Faber of Fineco Leasing (specializing in real estate leasing) and Joinet (an e-commerce service company), respectively.

The table below shows the assets, liabilities, guarantees and commitments outstanding as at June 30, 2012, for each group of related parties, pursuant to IAS 24.

			(€ million)
	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS
Subsidiaries	46,218	51,178	8,587
Joint venture	209	6	1,493
Companies subject to significant influence	398	300	140
Key Management Personnel	2	6	0
Other related parties	229	140	111
Shareholders (*)	36	453	22

(*) Shareholders and related group companies which own a part of Bank's share capital with voting right higher than 2%.

For more information on related-party transactions please refer to the Company Accounts – Explanatory notes – Part H).

Subsequent events

On July 30, 2012 the agreement for the sale of the oil business segment of Compagnia Italpetroli S.p.A. was signed. The transaction, subject to the necessary approval and to the completion of the corporate reorganization relating to the business segment being sold, is expected to be completed by the end of the current financial year.

On July 9, 2012 UniCredit S.p.A. and Premafin Finanziaria S.p.A. announced that they had perfected an agreement in which the Parties have agreed as follows:

- to terminate, by mutual agreement, the shareholders' agreement entered into on July 8, 2011, consequently releasing both Parties from all of their respective obligations under the Shareholders' Agreement, without the need to perform any other formalities or make further announcements and with each of the Parties waiving any claim, action, or request related or connected to the Shareholders' Agreement against the other. By terminating the

Shareholders' Agreement, the Bank also undertook the obligation to procure that the members Board of Directors of Fondiaria-SAI S.p.A. designated by the Bank in accordance with the Shareholders' Agreement and currently in office resign on the date the Premafin Capital Increase is subscribed for, effective on the date of resignation;

- to terminate, by mutual agreement, the investment agreement executed, and announced to the market, on March 22, 2011 by UniCredit and Premafin, consequently releasing both Parties from all of their respective outstanding obligations under the UniCredit Agreement, without the need to perform any other formalities or make further announcements and with each of the Parties waiving any claim, action, or request related or connected to the UniCredit Agreement against the other. The effectiveness of the termination of the agreement is subject to the non-occurrence of the condition subsequent that UGF fail to subscribe for the Premafin share capital on or before the Effective Date.

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

On July 16, 2012, the rating agency Moody's confirmed UniCredit S.p.A.'s "C/Baa2" standalone rating ("Bank Financial Strength Rating" or "BFSR").

Following the downgrade of the sovereign debt on July 13, the long-term debt and deposit rating was cut to "Baa2" (from "A3") with a negative outlook. The "Prime-2" short-term rating was confirmed.

On 2 August 2012 the company was served with "inviti a comparire" further to art. 5 D.Lgs 19 June 1997 n.218 in relation to structured finance transactions implemented in the financial years 2007, 2008 and 2009 by the group's holding company Unicredit SpA, as well as by Unicredit Banca d'Impresa (later UniCredit Corporate Banking SpA), Capitalia SpA, Unicredit Banca di Roma SpA and Banco di Sicilia SpA.

The "Brontos" transaction, as it was named by the seller Barclays Bank Plc, is included in these transactions.

UniCredit SpA, who has intervened on its own behalf as well as on behalf of the above mentioned banks, although convinced that its actions and the actions of its representatives and employees, both present and former, were correct, -- also after having reviewed the opinion of its advisors on this matter -- has adhered to the proposed tax assessment (the so called "adesione all'invito al contraddittorio") with the sole aim of mitigating the costs, uncertainty and risks connected with the duration and complexity of any tax litigation, and of minimizing the risk of additional tax, interest and penalties, if any. On the following day, 3 August, UniCredit SpA moreover made payment of all related amounts.

Following such payment, all pending tax claims arising out of the formal notification of the PVC by the Guardia di Finanza dated 21 June 2011, in respect of which UniCredit SpA has provided wide ranging information on many occasions, have been definitively extinguished.

Such settlement results in aggregate costs, including taxes and penalties, equal to approximately Euro 264 million which will be covered by provisions created previously (please refer to Part E of this First Half Report).

Outlook

Following positive developments in Q1, the second quarter has seen a deterioration of growth prospects for advanced economies and, in particular, Eurozone countries and a return of tensions in financial markets due to a re-intensification of the Sovereign debt crisis in Europe.

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

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

Furthermore, following the support provided with the two extraordinary 3-yr long term refinancing operations (LTROs), the ECB has re-affirmed its commitment to continue to guarantee adequate liquidity to the banking sector. ECB's support, combined with the strengthening of European banks' capital should allow for a gradual normalization of credit intermediation.

The UniCredit group, after a year in which its results were significantly penalised by large extraordinary items relating to goodwill impairment and writedowns of other intangibles, continues to be focused on the execution of the actions included in the Strategic Plan 2010-15, of which the €7.5 billion rights issue successfully completed in Jan-12 was one of the main pillars. Consistently with the simplification targets set in the Strategic Plan, the Board of Directors approved in July-12 a project for a new organizational set-up. The project will create better capability to respond to client needs with a leaner organization, faster decision-making processes and improved operational efficiency.

Despite a rapidly deteriorating global economic environment, Unicredit's 2012 first half shows a good resilience of its gross operating profit, supported by the active implementation of the Strategic Plan 's cost reduction program. Net interest income resisted well, despite commercial volumes slowing downs, as Unicredit reaps the the benefit of its diversified business model, and the loan to deposit ratio is mostly due to our loans loss provisions, with overall coverage ratios up in Italy in the quarter. The turnaround in Italy is actively progressing as seen by first half improved operating profitability.

Milan, August 3, 2012

BOARD OF DIRECTORS

Chairman
GIUSEPPE VITA

Chief Executive Officer
FEDERICO GHIZZONI

Condensed Company Accounts as at June 30, 2012

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Income Statement

Other Comprehensive Income Statement

Statement of Changes in Shareholders' Equity

Cash Flow Statement

Company Accounts

(€000)

BALANCE SHEET

	Assets	06.30.2012	12.31.2011
10.	Cash and cash balances	9,160,090	5,753,363
20.	Financial assets held for trading	9,998,051	11,479,809
30.	Financial assets at fair value through profit or loss	421,316	422,546
40.	Available-for-sale financial assets	30,436,017	24,363,039
50.	Held-to-maturity investments	3,159,319	4,494,394
60.	Loans and receivables with banks	23,839,673	29,633,366
70.	Loans and receivables with customers	258,079,887	256,251,002
80.	Hedging derivatives	6,315,544	5,431,237
90.	Changes in fair value to portfolio hedged financial assets (+/-)	2,772,628	1,726,362
100.	Equity investments	59,308,344	60,670,292
110.	Property, plant and equipment	2,800,489	245,930
120.	Intangible assets:	2,842,436	2,841,099
	of which:		
	- goodwill	*2,815,451*	*2,812,432*
130.	Tax assets:	7,774,257	8,047,725
	a) current tax assets	*660,361*	*653,889*
	b) deferred tax assets	*7,113,896*	*7,393,836*
140.	Non-current assets and disposal groups classified as held for sale	10,988	7,115
150.	Other assets	8,089,233	5,654,230
	Total assets	**425,008,272**	**417,021,509**

	Liabilities and Shareholders' Equity	06.30.2012	12.31.2011
10.	Deposits from banks	49,098,984	63,334,899
20.	Deposits from customers	160,035,800	151,853,395
30.	Debt securities in issue	124,289,739	121,312,994
40.	Financial liabilities held for trading	8,503,032	10,291,723
60.	Hedging derivatives	6,710,826	5,091,078
70.	Changes in fair value to portfolio hedged financial liabilities (+/-)	3,434,958	2,667,872
80.	Tax liabilities:	789,247	626,064
	a) current tax liabilities	*315,712*	*295,445*
	b) deferred tax liabilities	*473,535*	*330,619*
100.	Other liabilities	11,193,921	9,336,850
110.	Provision for employee severance pay	959,878	975,329
120.	Provisions for risks and charges:	1,831,644	1,881,981
	a) post-retirement benefit obligations	*714,967*	*725,183*
	b) other provisions	*1,116,677*	*1,156,798*
130,	Revaluation reserves	(448,069)	-594,137
160.	Reserves	5,233,702	7,622,872
170.	Share premium	32,877,938	36,823,215
180.	Share capital	19,647,949	12,148,463
190.	Treasury shares (-)	(2,440)	(2,440)
200.	Net Profit or Loss for the period (+/-)	851,163	-6,348,649
	Total liabilities and shareholders' equity	**425,008,272**	**417,021,509**

(€'000)

	INCOME STATEMENT		
		FIRST HALF	
	Items	2012	2011
10.	Interest income and similar revenues	5,563,378	5,080,831
20.	Interest expense and similar charges	(3,222,578)	(2,736,646)
30.	**Net interest margin**	**2,340,800**	**2,344,185**
40.	Fee and commission income	2,001,173	1,959,912
50.	Fee and commission expense	(169,090)	(184,889)
60.	**Net fees and commissions**	**1,832,083**	**1,775,023**
70.	Dividend income and similar revenue	1,692,169	2,237,527
80.	Gains and losses on financial assets and liabilities held for trading	(74,198)	(67,942)
90.	Fair value adjustments in hedge accounting	(323,897)	(707)
100.	Gains and losses on disposal of:	533,810	23,798
	a) loans	*(9,740)*	*(6,354)*
	b) available-for-sale financial assets	*142,377*	*24,186*
	c) held-to-maturity investments	-	-
	d) financial liabilities	*401,173*	*5,966*
110.	Gains and losses on financial assets/liabilities at fair value through profit or loss	(3,567)	26,015
120.	**Operating income**	**5,997,200**	**6,337,899**
130.	Impairment losses on:	(2,145,906)	(1,817,122)
	a) loans	*(2,111,241)*	*(1,730,369)*
	b) available-for-sale financial assets	*(11,155)*	*(22,503)*
	c) held-to-maturity investments	-	-
	d) other financial assets	*(23,510)*	*(64,250)*
140.	**Net profit from financial assets**	**3,851,294**	**4,520,777**
150.	Administrative costs:	(3,143,574)	(3,363,971)
	a) staff expenses	*(1,745,256)*	*(1,809,980)*
	b) other administrative expenses	*(1,398,318)*	*(1,553,991)*
160.	Net provisions for risks and charges	(67,940)	(157,272)
170.	Impairment/write-backs on property, plant and equipment	(81,550)	(35,175)
180.	Impairment/write-backs on intangible assets	(1,742)	(2,126)
190.	Other net operating income	164,520	122,361
200.	**Operating costs**	**(3,130,286)**	**(3,436,183)**
210.	Profit (loss) of associates	(31,049)	(84,151)
240.	Gain and losses on disposal of investments	5,899	12,006
250.	**Total profit or loss before tax from continuing operations**	**695,858**	**1,012,449**
260.	Tax expenses (income) related to profit or loss from continuing operations	155,305	27,063
270.	**Total profit or loss after tax from continuing operations**	**851,163**	**1,039,512**
290.	**Net Profit or Loss for the period**	**851,163**	**1,039,512**

		2012	2011
	Earnings per share (€)	0.159	0.522
	Diluted earnings per share (€)	0.159	0.522

(€'000)

	STATEMENT OF COMPREHENSIVE INCOME		
		FIRST HALF	
		2012	2011
10.	**Net Profit or Loss for the period**	**851,163**	**1,039,512**
	Other comprehensive income after tax		
20.	Available-for-sale financial assets	81,259	168,035
30.	Property, plant and equipment	-	-
40.	Intangible assets	-	-
50.	Hedges of foreign invstments	-	-
60.	Cash flow hedges	64,809	(101,936)
70.	Exchange differences	-	-
80.	Non-current assets classified held for sale	-	-
90.	Actuarial gains (losses) on definited benefit plans	-	-
100.	Changes in valuation reserve pertaining to the equity method investments	-	-
110.	**Total of other comprehensive income after tax**	**146,068**	**66,099**
120.	**Comprehensive income (Item 10+110)**	**997,231**	**1,105,611**

(€'000)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 06.30.2012

	BALANCE AS AT 12.31.2011	CHANGE IN OPENING BALANCE	BALANCE AS AT 1.1.2011	ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE PERIOD								SHAREHOLDERS' EQUITY AS AT 06.30.2012
						CHANGES IN RESERVES	SHAREHOLDERS' EQUITY TRANSACTIONS						COMPREHENSIVE INCOME STATEMENT AT 06.30.2012	
				RESERVES	DIVIDENDS		ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS		
Share capital:	12,148,463	-	12,148,463	-	-	-	7,499,486	-	-	-	-	-	-	**19,647,949**
a) ordinary shares	12,133,205	-	12,133,205	-	-	-	7,506,518	-	-	-	-	-	-	**19,639,723**
b) other shares	15,258	-	15,258	-	-	-	(7,032)	-	-	-	-	-	-	**8,226**
Share premium	36,823,215	-	36,823,215	(3,945,277)	-	-	-	-	-	-	-	-	-	**32,877,938**
Reserves:	7,622,872	-	7,622,872	(2,403,372)	-	129,105	(145,253)	-	-	-	-	30,350	-	**5,233,702**
a) from profits	1,587,962	-	1,587,962	(2,390,600)	-	-	(276)	-	-	-	-	-	-	**(802,914)**
b) other	6,034,910	-	6,034,910	(12,772)	-	129,105	(144,977)	-	-	-	-	30,350	-	**6,036,616**
Revaluation reserves:	(594,137)	-	(594,137)	-	-	-	-	-	-	-	-	-	146,068	**(448,069)**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	(2,440)	-	(2,440)	-	-	-	-	-	-	-	-	-	-	**(2,440)**
Net Profit (Loss) for the period	(6,348,649)	-	(6,348,649)	6,348,649	-	-	-	-	-	-	-	-	851,163	**851,163**
Shareholders' equity	**49,649,324**	**-**	**49,649,324**	**-**	**-**	**129,105**	**7,354,233**	**-**	**-**	**-**	**-**	**30,350**	**997,231**	**58,160,243**

(€'000)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 06.30.2011

				ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE PERIOD								
							SHAREHOLDERS' EQUITY TRANSACTIONS							
	BALANCE AS AT 12.31.2010	CHANGE IN OPENING BALANCE	BALANCE AS AT 1.1.2011	RESERVES	DIVIDENDS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS	COMPREHENSIVE INCOME STATEMENT AT 06.30.2011	SHAREHOLDERS' EQUITY AS AT 06.30.2011
Share capital:	9,648,791	-	9,648,791	-	-	-	454	-	-	-	-	-	-	**9,649,245**
a) ordinary shares	9,636,671	-	9,636,671	-	-	-	454	-	-	-	-	-	-	**9,637,125**
b) other shares	12,120	-	12,120	-	-	-	-	-	-	-	-	-	-	**12,120**
Share premium	39,322,433	-	39,322,433	-	-	-	-	-	-	-	-	-	-	**39,322,433**
Reserves:	7,663,632	-	7,663,632	225,233	-	(230,622)	(454)	-	-	-	-	44,702	-	**7,702,491**
a) from profits	1,362,821	-	1,362,821	225,233	-	-	(454)	-	-	-	-	-	-	**1,587,600**
b) other	6,300,811	-	6,300,811	-	-	(230,622)	-	-	-	-	-	44,702	-	**6,114,891**
Revaluation reserves:	355,375	-	355,375	-	-	-	-	-	-	-	-	-	66,099	**421,474**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	(2,440)	-	(2,440)	-	-	-	-	-	-	-	-	-	-	**(2,440)**
Net Profit (Loss) for the period	783,343	-	783,343	(225,233)	(558,110)	-	-	-	-	-	-	-	1,039,512	**1,039,512**
Shareholders' equity	**57,771,134**	**-**	**57,771,134**	**-**	**(558,110)**	**(230,622)**	**-**	**-**	**-**	**-**	**-**	**44,702**	**1,105,611**	**58,132,715**

(€'000)

CASH FLOW STATEMENT (Indirect method)

	FIRST HALF 2012	FIRST HALF 2011
A. OPERATING ACTIVITIES		
1. Operations	**2,069,411**	**964,688**
- profit (loss) for the period (+/-)	851,163	1,039,512
- capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities at fair value through profit and loss (+/-)	31,817	-12,348
- capital gains/losses on hedging transactions (+/-)	323,897	707
- net write-offs/write-backs due to impairment (+/-)	2,461,048	1,855,887
- net write-offs/write-backs on tangible and intangible assets (+/-)	83,292	37,301
- provisions and other incomes/expenses (+/-)	61,093	144,681
- tax not paid (+/-)	-335,707	-286,492
- other adjustements	-1,407,192	-1,814,560
2. Liquidity generated/absorbed by financial assets	**-6,584,198**	**-9,342,136**
- financial assets held for trading	1,730,970	1,585,510
- financial assets at fair value through profit and loss	-2,337	23,794
- available-for-sale financial assets	-5,663,483	392,754
- loans and receivables with banks	5,886,296	-1,219,050
- loans and receivables with customers	-4,254,487	-11,592,133
- other assets	-4,281,157	1,466,989
3. Liquidity generated/absorbed by financial liabilities	**-2,577,431**	**7,952,040**
- deposits from banks	-15,462,769	1,319,777
- deposits from customers	8,181,496	1,439,866
- debt securities in issue	2,976,746	5,453,440
- financial liabilities held for trading	-2,066,154	-1,205,717
- financial liabilities at fair value through profit and loss	-	-50,943
- other liabilities	3,793,250	995,617
Net liquidity generated/absorbed by operating activities	**-7,092,218**	**-425,408**
B. INVESTING ACTIVITIES		
1. Liquidity generated by:	**3,194,675**	**2,722,460**
- sales of equity investments	180,068	15,117
- collected dividends on equity investments	1,668,962	2,209,600
- sales of financial assets held to maturity	1,338,318	477,510
- sales of property, plant and equipment	7,327	20,230
- sales of intangible assets	-	2
- disposal of businesses	-	1
2. Liquidity absorbed by:	**-10,611**	**-316,569**
- purchases of equity investments	-3,740	-151,935
- purchases of financial assets held to maturity	-	-152,190
- purchases of tangible assets	-6,829	-4,350
- purchases of intangible assets	-42	-67
- purchase of businesses	-	-8,027
Net liquidity generated/absorbed by investing actvities	**3,184,064**	**2,405,891**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares	7,354,231	-
- issue/purchase of equity instruments	-	-
- distribution of dividends and other purposes	-46,550	-790,055
Net liquidity generated/absorbed by financing actvities	**7,307,681**	**-790,055**
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	**3,399,527**	**1,190,428**

LEGEND: (+) generated; (-) absorbed

(€'000)

RECONCILIATION

	FIRST HALF 2012	FIRST HALF 2011
Cash and cash equivalents at the beginning of the year	**5,753,363**	**2,151,658**
Net liquidity generated/absorbed during the period	3,399,527	1,190,428
Cash and cash equivalents: effect of exchange differences	7,200	-147,796
Cash and cash equivalents at the end of the period	**9,160,090**	**3,194,290**

LEGEND: (+) generated; (-) absorbed

Explanatory notes

Part A) Accounting Policies

Part B) Balance Sheet

Part C) Income Statement

Part D) Comprehensive Income

Part E) Risks and Hedging Policies

Part F) Shareholders' Equity

Part H) Related-Party Transactions

Part I) Share-based Payments

Part L) Segment Reporting

Note:

Since these are concise half-year accounts, unlike the annual accounts, certain information is not given in the above sections nor is the information previously provided as G) Business Combinations.

Explanatory notes

Part A) Accounting Policies

A1) General

Section 2 - Preparation criteria

Section 3 - Subsequent events

Section 4 - Other matters

A3) Disclosure on fair value

Part A) Accounting Policies

A1) General

Section 1 – Statement of Compliance with IFRSs

This half-year Company report has been compiled according to the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as at June 30, 2012, including SICs and IFRICs and endorsed by the European Commission, under European Union Regulation 1606/2002, transposed into Italian law by Legislative Decree 38 dated February 28, 2005.

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

The contents of this First Half Financial Report are in line with IAS 34 on interim reporting. In accordance with §. 10 IAS 34, UniCredit has opted to provide condensed financial statements.

Section 2 – Preparation criteria

As mentioned above, this half-year Company report has been prepared in accordance with the IFRS endorsed by the European Commission as at June 30, 2012, under European Union Regulation 1606/2002.

This report comprises the balance sheet, the income statement, the comprehensive income statement, the statement of changes in shareholders' equity and the cash flow statement compiled using the indirect method, as well as notes to the accounts.

The accounts of the First-Half Report as at June 30, 2012, have been prepared in compliance with the instructions for the preparation of banks' financial statements contained in Circular 262 issued by Banca d'Italia on December 22, 2005 (first amendment dated November 18, 2009).

Balance-sheet data are compared with those of December 31, 2011. The Income statement, the Comprehensive Income statement, the Statement of changes in shareholders' equity and the Cash flow statement data are compared with those of June 30, 2011.

Accounts schedules and tables given in the notes are in **thousands of euros**.

These Accounts were compiled on the assumption that they should present a continuing business. At present there is no uncertainty as to the Company's ability to continue its business operations as envisaged by IAS 1.

Measurement criteria are therefore in accordance with this assumption and with the principles of competence, relevance and materiality in financial statements and the priority of economic substance over juridical form. These principles are unchanged from 2011.

RISK AND UNCERTAINTY DUE TO USE OF ESTIMATED FIGURES

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

Estimated figures have been used for the recognition of the largest value-based items in the Accounts at June 30, 2012, as required by the accounting standards and regulations detailed above. These estimates are largely based on calculations of future recoverability of the values recognized in the Accounts under the rules contained in current legislation and were made assuming the continuity of the business, i.e. without considering the possibility of the forced sale of the items so valued.

The processes adopted support the values recognized at June 30, 2012. Valuation was particularly complex given the continuing uncertainty of the macro-economic and domestic (and global) market situation which was characterized by significant volatility of financial indicators used in the valuation process and still high levels of credit impairment. The parameters and information used to check the mentioned values were therefore significantly affected by the above factors, which could change rapidly in ways that cannot currently be foreseen, such that further effects on future balance-sheet values cannot be ruled out.

Estimates and projections are regularly reviewed. Any changes arising from these reviews is recognised in the period in which it is carried out, provided that it concerns that period. If the reappraisal concerns both current and future periods it is recognised in both current and future periods as appropriate.

Uncertainty affecting estimates is generally inherent in the determination of:

- fair value of financial instruments not listed in active markets;
- loans and receivables, investments and, in general, financial assets;
- severance pay (Italy) and other employee benefits;
- provisions for risks and charges;
- evaluation of goodwill and other intangible assets;
- assets and liabilities related to insurance contracts;
- deferred tax assets

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

Section 3 – Subsequent events

Since June 30, 2012 there have been no events such that the values given in this half-year report should be deemed to require adjustment.

Section 4 – Other matters

Since 2012 the following principles or accounting interpretations have become effective:

- Amendments to IFRS 7 – Financial Instruments: Disclosures – Transfers of Financial Assets (EU Regulation 1205/2011). These amendments necessitate the disclosure of more information in the year-end Reports on financial assets transferred but not derecognized and on continuing involvement. Therefore they do not have any impact on balance sheet and income statement.

The European Commission also transposed the following accounting principles which have become effective after June 30, 2012 and therefore are not yet applicable for the purposes of this First Half Financial Report, but they will be from the next financial year:

- Amendment to IAS 1 – Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income (EU Regulation 475/2012);
- Revised IAS 19 – Employee Benefits (EU Regulation 475/2012). The main change introduced by the revised IAS 19 consists in the requirement that the present value of the assumed obligations (net of plan assets) is disclosed; moreover, the possibility of using the so-called “corridor method” with reference to the portion of actuarial gains/losses not exceeding 10% of the present value of the obligation is no longer provided for.

As at June 30, 2012 the IASB issued the following standards, amendments, interpretations or revisions:

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

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

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

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

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

SUPERVISORY CAPITAL – PRUDENTIAL FILTERS

Starting from the regulatory capital calculation made on June 30, 2010, UniCredit exercised the option (recognized by Banca d'Italia on May 18, 2010) to neutralize both capital gains and losses arising after December 31, 2009 in the revaluation reserves originated from holdings of debt instruments issued by governments of EU member countries recorded in item "Available-for-sale Financial Assets".

The Company accounts as at June 30, 2012 (represented by the balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement) included in the First-half Financial Report are subject to a limited review of the accounts by KPMG S.p.A..

A2) 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 Company Financial Statements as at December 31, 2011. No changes have been made to these principles.

A3) Disclosure on fair value

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

required by IFRS 7.

For a definition of fair value, as well as for information on the methodologies and processes adopted to measure it, see Part A3) of the Notes to the 2011 Company accounts. No changes occurred in this respect.

A.3.1 Transfers between Portfolios

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

In particular, the following may be reclassified:

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

The following table (which is broken down by type of underlying asset and portfolio) provide the book value and fair value as at June 30, 2012 of assets which had been reclassified in H2 2008 and H1 2009 according to the amendments to IAS 39.

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, 2012, if these assets had not been reclassified, would have been a loss of €5,871 thousand, while the impact actually recognized was a gain of €1,729 thousand.

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

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

Instruments type	Accounting Portfolio before reclassification	Accounting Portfolio after reclassification	Carrying amount as at 06.30.2012	Fair Value as at 06.30.2012	Income/expenses absent reclassification (before taxes)		Income/expense recognized during the period (before taxes)	
					From measurement	Other	From measurement	Other
Debt securities	Financial assets held for trading	Loans and receivables with banks	22,683	20,362	4,409	204	-	328
Debt securities	Financial assets held for trading	Loans and receivables with customers	2,745	2,815	27	19	-	25
Debt securities	Available-for-sale financial assets	Loans and receivables with customers	109,155	53,725	(11,809)	1,279	-	1,376
Total			**134,583**	**76,902**	**(7,373)**	**1,502**	**-**	**1,729**

Assets transferred to loans to customers comprise structured credit products (other than derivatives) for a total carrying amount of €111,900 as at June 30, 2012.

No further reclassifications were made during 2011 and 1H2012, therefore table A.3.1.2 “Reclassified financial assets: effects on comprehensive Income before reclassification” and information concerning item A.3.1.4 “Effective interest rate and cash flows expected from reclassified assets” are not provided.

A.3.1.3. Transfer of financial assets held for trading

In application of the provisions of Article 2 of referenced EC Regulation 1004/2008, pursuant to which "the current financial crisis is considered to be such a rare circumstance which would justify the use of this possibility [reclassification] by companies," during the second half of 2008 and first half of 2009, UniCredit S.p.A reclassified HfT financial assets consisting of structured credit products (other than derivatives) and debt securities issued by governments, public entities, companies and financial institutions other than derivative contracts and financial instruments containing embedded derivatives. The carrying amount ad at June 30, 2012 is shown in table A.3.1.1.

A.3.2 Fair Value Hierarchy

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

To be specific, three levels are specified:

- Level 1: the fair value of instruments classified in this level is determined based on quotation prices observed in active markets;
- Level 2: the fair value of instruments classified in this level is determined based on valuation models that use inputs that can be observed in the market;
- 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 the market;

The following table shows a breakdown of financial assets and liabilities designated at fair value according to the above-mentioned levels.

A.3.2.1. Accounting portfolios: breakdown by fair value levels

A.3.2.1 - Accounting portfolios - breakdown by fair value levels

Financial assets/liabilities carried at fair value	06.30.2012			12.31.2011		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for Trading	1,614,434	8,185,143	198,474	1,578,111	9,583,495	318,203
2. Financial assets at fair value through P&L	950	5	420,361	925	6	421,615
3. Available for sale financial assets	27,853,103	1,451,090	1,131,824	20,205,940	3,141,976	1,015,123
4. Hedging derivative assets	-	6,315,544	-	-	5,431,237	-
Total	29,468,487	15,951,782	1,750,659	21,784,976	18,156,714	1,754,941
1. Financial liabilities held for Trading	6	8,252,717	250,309	1	9,941,200	350,522
2. Financial liabilities at fair value through P&L	-	-	-	-	-	-
3. Hedging derivative Liabilities	-	6,710,743	83	-	5,090,997	81
Total	6	14,963,460	250,392	1	15,032,197	350,603

Legend:

L1 = Level 1

L2 = Level 2

L3 = Level 3

A.3.3 Day One Profit/Loss Disclosure

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 and instruments designated at fair value, any difference from the amount collected or paid is posted under the appropriate items of the income statement.

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

Explanatory notes

Part B) Balance Sheet

Assets

Section 2 – Financial assets held for trading – Item 20

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

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

Section 6 – Loans and receivables with banks – Item 60

Section 5 – Held to maturity investments – Item 50

Section 7 – Loans and receivables with customers – Item 70

Section 11 – Property, plant and equipment – Item 110

Section 12 – Intangible assets – Item 120

Liabilities

Section 1 – Deposits from banks – Item 10

Section 2 – Deposits from customers – Item 20

Section 3 – Debt securities in issue – Item 30

Section 4 – Financial liabilities held for trading – Item 40

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

Section 12 – Provisions for risks and charges – Item 120

Other information

2. Assets used to guarantee own liabilities and commitments

4. Asset management and trading on behalf of others

Part B) Balance Sheet

(Amounts in thousands of €)

Assets

Section 2 – Financial assets held for trading – Item 20

2.1 Financial assets held for trading: product breakdown

Item/Values	Amounts as at					
	06.30.2012			12.31.2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A) Financial assets (non-derivatives)						
1. Debt securities	**1,614,417**	**516**	**2**	**1,578,096**	**529**	**2**
1.1 structured securities	1	5	-	-	6	-
1.2 other debt securities	1,614,416	511	2	1,578,096	523	2
2. Equity instruments	**15**	**-**	**-**	**14**	**-**	**-**
3. Units in investment funds	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 reverse repos	-	-	-	-	-	-
4.2 other	-	-	-	-	-	-
Total (A)	**1,614,432**	**516**	**2**	**1,578,110**	**529**	**2**
B) Derivative instruments						
1. Financial derivatives	**2**	**8,184,627**	**198,278**	**1**	**9,582,966**	**317,908**
1.1 trading	2	7,894,982	120,473	1	8,489,572	140,529
1.2 related to fair value option	-	-	-	-	-	-
1.3 other	-	289,645	77,805	-	1,093,394	177,379
2. Credit derivatives	**-**	**-**	**194**	**-**	**-**	**293**
2.1 trading	-	-	-	-	-	-
2.2 related to fair value option	-	-	-	-	-	-
2.3 other	-	-	194	-	-	293
Total (B)	**2**	**8,184,627**	**198,472**	**1**	**9,582,966**	**318,201**
Total (A+B)	**1,614,434**	**8,185,143**	**198,474**	**1,578,111**	**9,583,495**	**318,203**

Total Level 1, Level 2 and Level 3	**9,998,051**	**11,479,809**

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

Items/Values	Amounts as at					
	03.30.2012			12.31.2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**950**	**5**	**-**	**925**	**6**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	950	5	-	925	6	-
2. Equity instruments	**-**	**-**	**35,430**	**-**	**-**	**35,430**
3.Units in investment funds	**-**	**-**	**384,931**	**-**	**-**	**386,185**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**950**	**5**	**420,361**	**925**	**6**	**421,615**

Total Level 1, Level 2 and Level 3	421,316	422,546

Section 4 – Available for sale financial assets – Item 40

4.1 Available-for-sale financial assets: product breakdown

Items/values	Amounts as at					
	06.30.2012			12.31.2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**27,695,149**	**1,448,929**	**21,820**	**19,889,066**	**3,140,350**	**38,170**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	27,695,149	1,448,929	21,820	19,889,066	3,140,350	38,170
2. Equity instruments	**152,315**	**2,161**	**612,696**	**308,047**	**1,626**	**607,809**
2.1 Measured at fair value	152,315	2,161	324,663	308,047	1,626	319,813
2.2 Carried at cost	-	-	288,033	-	-	287,996
3. Units in investment funds	**5,639**	**-**	**497,308**	**8,827**	**-**	**369,144**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**27,853,103**	**1,451,090**	**1,131,824**	**20,205,940**	**3,141,976**	**1,015,123**

Total Level 1, Level 2 and Level 3	30,436,017	24,363,039

Section 5 – Held to maturity investments – Item 50

5.1 Held-to-maturity investments: product breakdown

Types of tansactions/ Values	Amounts as at	
	06.30.2012	12.31.2011
	Book Value	Book Value
1. Debt securities	**3,159,319**	**4,494,394**
- Structured securities	-	-
- Other securities	3,159,319	4,494,394
2. Loans	-	-
Total	**3,159,319**	**4,494,394**

Section 6 – Loans and receivables with banks – Item 60

6.1 Loans and receivables with banks: product breakdown

Type of transactions/Values	Amounts as at 06.30.2012	Amounts as at 12.31.2011
A. Loans to central banks	**134,057**	**649,487**
1. Time deposits	-	1,649
2. Compulsory reserves	132,965	647,330
3. Reverse repos	-	-
4. Other	1,092	508
B. Loans to banks	**23,705,616**	**28,983,879**
1. Current accounts and demand deposits	4,858,734	2,083,466
2. Time deposits	1,023,758	8,957,162
3. Other loans	6,152,258	6,370,986
3.1 Reverse repos	*4,395,818*	*4,292,472*
3.2 Financial leases	-	-
3.3 Other	*1,756,440*	*2,078,514*
4. Debt securities	11,670,866	11,572,265
4.1 Structured	-	-
4.2 Other	*11,670,866*	*11,572,265*
Total	**23,839,673**	**29,633,366**

Total impaired assets	**339**	**4,246**

Section 7 – Loans and receivables with customers - Item 70

7.1 Loans and receivables with customers: product breakdown

Type of transactions/Values	Amounts as at			
	06.30.2012		12.31.2011	
	Performing	Impaired	Performing	Impaired
1. Current accounts	34,577,399	5,874,817	36,540,632	5,431,139
2. Reverse Repos	16,191,630	-	7,243,371	-
3. Mortgages	92,434,574	11,359,833	98,038,064	10,383,990
4. Credit cards and personal loans, including wage assignement loans	8,374,402	427,414	8,415,419	345,064
5. Finance leases	-	-	-	-
6. Factoring	474,790	85,121	486,755	55,289
7. Other transactions	77,541,576	5,456,635	79,005,266	4,630,617
8. Debt securities	5,281,696	-	5,675,396	-
8.1 Structured securities	-	-	-	-
8.2 Other debt securities	5,281,696	-	5,675,396	-
Total carrying amount	**234,876,067**	**23,203,820**	**235,404,903**	**20,846,099**

Total carrying amount Performing and Impaired	**258,079,887**	**256,251,002**

Section 11 – Property, plant and equipment - Item 110

11.1 Property, plant and equipment assets: breakdown of assets carried at cost		
Assets/Values	Amounts as at	
	06.30.2012	12.31.2011
A. Assets for operational use		
1.1 owned	**1,927,968**	**244,066**
a) land	834,048	-
b) buildings	753,233	3,305
c) office furniture and fittings	36,187	39,150
d) elettronic systems	153,570	112,746
e) other	150,930	88,865
1.2 leased	**3,355**	**-**
a) land	1,084	-
b) buildings	2,271	-
c) office furniture and fittings	-	-
d) elettronic systems	-	-
e) other	-	-
Total A	**1,931,323**	**244,066**
B. Held-for-investment assets		
2.1 owned	**869,166**	**1,864**
a) land	411,520	5
b) buildings	457,646	1,859
2.2 leased	**-**	-
a) land	-	-
b) buildings	-	-
Total B	**869,166**	**1,864**
Total (A+B)	**2,800,489**	**245,930**

Property, plant and equipment increased at June, 30 2012 following the merger of UniCredit Real Estate, which occurred on January, 1 2012 and the subsequent reclassification of leasehold improvements on property acquired from item 150. Other Assets.

Section 12 – Intangible assets - Item 120

12.1 Intangible assets: breakdown				
Assets/Values	Amounts as at			
	06.30.2012		12.31.2011	
	Finite Life	Indefinite Life	Finite Life	Indefinite Life
A.1 Goodwill	**X**	**2,815,451**	**X**	**2,812,432**
A.2 Other intangible assets	**26,985**	**-**	**28,667**	**-**
A.2.1 Assets carried at cost:	26,985	-	28,667	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	*26,985*	-	*28,667*	-
A.2.2 Assets valued at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**26,985**	**2,815,451**	**28,667**	**2,812,432**
Total finite and indefinite life		**2,842,436**		**2,841,099**

The calculation of the value in use for the purposes of the impairment test is done by using the Discounted Cash Flow or DCF model. These cash flows are determined by subtracting from net income the annual capital requirement generated by the change in the weighted assets for risk. This capital requirement is determined by considering the long-term capitalization to be achieved.

The *Discounted Cash Flow* model used, consistent with what occurs at the consolidated level, is based on three stages:

- first period from 2012 to 2015,
  - budget for 2012 approved by the Board of Directors on February 28, 2012;
  - strategic plan for the period 2013-2015 approved by the Board of Directors on November 14, 2011;
- intermediate period from 2016 to 2021, for which the projections of the financial flows are extrapolated by applying beginning in the last explicit estimate period (2015) rates of growth decreasing to the terminal value, by applying a maximum limit to profitability equal to the ratio between net profit and RWA recorded in 2015;
- "terminal value" determined from the cash flow expected for 2021, representing the capacity of the CGUs to generate additional future financial flows. Based on the method adopted, Terminal Value is calculated as the value of a perpetual yield estimated on the basis of a normalized flow economically sustainable and consistent with long-term flow rate (so-called "g") constant or decreasing as required by IAS/IFRS accounting principles.

To take into account the current macroeconomic environment characterized by high volatility and the recent review of the Italian GDP, a temporary execution risk was assigned. The prudential factor will be removed or modified according to the changed economic conditions.

For the parameters used in the tests, such as cost of capital, the Core T1 target and the growth rate refer to the impairment test conducted at the consolidated level since the methodology used for the calculation of the value in use is the same.

The value in use thus determined is compared with the book value and if lower, the latter is adjusted to an amount equal to the difference recorded.

It is necessary to highlight that although models, parameters and plans used to calculate the value in use are aligned with those used in the consolidation impairment test, the results of the test can not be fully aligned due to the different definition of the business segments and, therefore, of the CGU.

The impairment test confirmed the value of the goodwill recorded at June 30, 2012.

Liabilities

Section 1 – Deposits from banks – Item 10

1.1 Deposits from banks: product breakdown

Type of transactions/Values	Amounts as at	
	06.30.2012	12.31.2011
1. Deposits from central banks	**19,933,764**	**30,168,893**
2. Deposits from banks	**29,165,220**	**33,166,006**
2.1 Current accounts and demand deposits	10,052,634	10,584,438
2.2 Time deposits	8,843,619	11,218,946
2.3 Loans	10,267,377	11,360,642
2.3.1 repos	*2,429,185*	*1,570,128*
2.3.2 other	*7,838,192*	*9,790,514*
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Other liabilities	1,590	1,980
Total	**49,098,984**	**63,334,899**

Section 2 – Deposits from customers – Item 20

2.1 Deposits from customers: product breakdown

Type of transactions/Values	Amounts as at	
	06.30.2012	12.31.2011
1. Current accounts and demand deposits	101,663,071	105,345,524
2. Time deposits	6,988,238	6,388,070
3. Loans	45,907,695	32,814,115
3.1 repos	*42,960,606*	*30,234,960*
3.2 other	*2,947,089*	*2,579,155*
4. Liabilities in respect of commitments to repurchase treasury shares	-	-
5. Other liabilities	5,476,796	7,305,686
Total	**160,035,800**	**151,853,395**

Section 3 – Debt securities in issue – Item 30

3.1 Debt securities in issue: product breakdown

Type of securities/Values	Amounts as at	
	06.30.2012	12.31.2011
	Balance Sheet Value	Balance Sheet Value
A. Listed securities		
1. Bonds	104,325,437	107,542,107
1.1 structured	4,243,578	6,921,637
1.2 other	100,081,859	100,620,470
2. Other securities	19,964,302	13,770,887
2.1 structured	599,695	641,092
2.2 other	19,364,607	13,129,795
Total	**124,289,739**	**121,312,994**

Section 4 – Financial liabilities held for trading - Item 40

4.1 Financial liabilities held for trading: product breakdown						
Type of transactions/ Values	Amounts as					
	06.30.2012			12.31.2011		
	Fair Value			Fair Value		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Financial liabilities						
1. Deposits from banks	-	-	-	-	-	-
2. Deposits from customers	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	-	-
3.1.2 Other	-	-	-	-	-	-
3.2 Other securities	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	-	-
3.2.2 Other	-	-	-	-	-	-
Total A	-	-	-	-	-	-
B. Derivative instruments						
1. Financial derivatives	6	8,252,717	250,115	1	9,941,200	350,230
1.1 Trading	6	7,962,933	114,856	1	8,711,920	143,141
1.2 Related to fair value option	-	-	-	-	-	-
1.3 Other	-	289,784	135,259	-	1,229,280	207,089
2. Credit derivatives	-	-	194	-	-	292
2.1 Trading derivatives	-	-	-	-	-	-
2.2 Related to fair value option	-	-	-	-	-	-
2.3 Other	-	-	194	-	-	292
Total B	**6**	**8,252,717**	**250,309**	**1**	**9,941,200**	**350,522**
Total A+B	**6**	**8,252,717**	**250,309**	**1**	**9,941,200**	**350,522**
Total Level 1, Level 2 and Level 3			**8,503,032**			**10,291,723**

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

No data to be settled.

Section 12 – Provisions for risks and changes – Item 120

12.1 Provisions for risks and charges: breakdown		
Voci / Componenti	Amounts as at	
	06.30.2012	12.31.2011
1. Pensions and other post retiremen benefit obligations	**714,967**	**725,183**
2. Other provisions for risks and charges	**1,116,677**	**1,156,798**
2.1 Legal disputes	727,505	735,826
2.2 Staff expenses	96,201	99,793
2.3 Other	292,971	321,179
Total	**1,831,644**	**1,881,981**

12.4 Provisions for risks and charges - other provisions - other		
	Amounts as at	
	06.30.2012	12.31.2011
2.3 Other provisions for risks and charges - other		
- Out-of-court settlements, accidents and other claims	32,977	24,524
- Tax disputes	45,180	53,956
- Guarantees and other risks connected with equity investment disposals	23,781	24,063
- Other	191,033	218,636
Total	**292,971**	**321,179**

Other Information

2. Assets used to guarantee own liabilities and commitments		
Portfolios	Amounts as at	
	06.30.2012	12.31.2011
1. Financial assets held for trading	1,331,527	1,499,188
2. Financial assets designated at fair value	950	924
3. Financial assets available for sale	25,301,454	19,044,523
4. Financial assets held to maturity	3,131,176	2,909,205
5. Loans and receivables with banks	5,993,221	4,806,083
6. Loans and receivables with customers	20,125,265	18,768,642
7. Property, plant and equipment	-	-
8. Equity investmets	-	11,616,504

4. Asset management and trading on behalf of others		
Type of services	06.30.2012	12.31.2011
1. Management and trading on behalf of third parties		
a) Purchases	-	-
1. settled	-	-
2. to be settled	-	-
b) Sales	-	-
1. settled	-	-
2. to be settled	-	-
2. Segregated accounts		
a) Individual	-	-
b) Collective	6,797,178	-
3. Custody and administration of securities		
a) Third party securities on deposit: relating to depositary bank activities (excluding segregated accounts)	-	-
1. securities issued by th bank preparing the accounts	-	-
2. other securities	-	-
b) Third party securities held in deposit (excluding segregated accounts): other	172,467,447	159,449,944
1. securities issued by th bank preparing the accounts	*41,929,434*	*40,912,321*
2. other securities	*130,538,013*	*118,537,623*
c) Third party securities deposited with third parties	163,657,045	157,776,608
d) Proprietary securities deposited with third parties	65,101,087	60,249,634
4. Other	**8,266,633**	**7,662,697**

Explanatory notes

Part C) Income Statement

Section 1 – Interest income and similar revenues – Item 10 and 20
Section 2 – Fee and commission income and expense – Item 40 and 50
Section 3 – Dividend income and similar revenue – Item 70
Section 4 – Gains and losses on financial assets and liabilities held for trading – Item 80
Section 5 – Fair value adjustments in hedge accounting – Item 90
Section 7 – Gains and losses on financial assets/liabilities at fair value through profit or loss – Item 110
Section 8 – Impairment losses – Item 130
Section 9 – Administrative costs – Item 150
Section 10 – Provisions for risks and charges – Item 160
Section 13 – Other net operating income – Item 190
Section 21 – Earnings per share

Part C) Income Statement

(amounts in thousands of €)

Section 1 – Interest income and expenses - Item 10 and 20

1.1 Interest income and similar revenues: breakdown

Items/Type	FIRST HALF 2012				FIRST HALF 2011
	Debt securities	Loans	Other transactions	Total	Total
1. Financial assets held for trading	22,073	-	618	22,691	34,560
2. Available-for-sale financial assets	431,384	-	-	431,384	245,589
3. Held-to-maturity investments	65,946	-	-	65,946	32,247
4. Loans and receivables with banks	100,879	83,627	-	184,506	242,778
5. Loans and receivables with customers	73,100	4,469,568	-	4,542,668	4,230,107
6. Financial assets at *fair value* through profit or loss	12	-	-	12	10
7. Hedging derivatives	X	X	307,126	307,126	287,456
8. Other assets	X	X	9,045	9,045	8,084
Total	**693,394**	**4,553,195**	**316,789**	**5,563,378**	**5,080,831**

1.4 Interest expense and similar charges: breakdown

Items/Type	FIRST HALF 2012				FIRST HALF 2011
	Debts	Securities	Other transactions	Total	Total
1. Deposits from Central banks	(98,374)	X	-	(98,374)	(18,521)
2. Deposits from banks	(353,682)	X	-	(353,682)	(301,191)
3. Deposits from customers	(700,969)	X	-	(700,969)	(653,859)
4. Debt securities in issue	X	(2,069,350)	-	(2,069,350)	(1,727,965)
5. Financial liabilities held for trading	-	-	0	0	(6,040)
6. Financial liabilities at fair value through profit or loss	-	-	-	0	(182)
7. Other liabilities and funds	X	X	(203)	(203)	(28,888)
8. Hedging derivatives	X	X	-	-	-
Total	**(1,153,025)**	**(2,069,350)**	**(203)**	**(3,222,578)**	**(2,736,646)**

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

2.1 Fee and commission income: breakdown

Type of services/Values	FIRST HALF 2012	FIRST HALF 2011
a) guarantees given	**121,875**	**122,881**
b) credit derivatives	**-**	**250**
c) management, brokerage and consultancy services:	**624,427**	**737,263**
1. securities trading	32	158
2. currency trading	46,719	50,130
3. portfolio management	40,502	-
3.1. individual	35,906	-
3.2. collective	*4,596*	-
4. custody and administration of securities	7,691	9,489
5. custodian bank	-	-
6. placement of securities	210,347	263,258
7. reception and transmission of orders	58,224	59,308
8. advisory services	9,939	15,035
8.1 related to investments	4,423	15,035
8.2 related to financial structure	5,516	-
9. distribution of third party services	250,973	339,885
9.1 portfolio management	16,971	53,021
9.1.1. individual	16,971	53,021
9.1.2. collective	-	-
9.2. insurance products	226,686	280,511
9.3. other products	7,316	6,353
d) collection and payment services	**321,862**	**313,765**
e) securitization servicing	**25,144**	**16,593**
f) factoring	**-**	**-**
g) tax collection services	**-**	**-**
h) management of multilateral trading facilities	**-**	**-**
i) management of current accounts	**751,287**	**603,379**
j) other services	**156,578**	**165,781**
Total	**2,001,173**	**1,959,912**

2.3 Fee and commission expense: breakdown

Type of services/Values	FIRST HALF 2012	FIRST HALF 2011
a) guarantees received	**(11,005)**	**(16,773)**
b) credit derivatives	**(5,165)**	**(29,114)**
c) management, brokerage and consultancy services:	**(40,189)**	**(33,552)**
1. trading financial instruments	(575)	(111)
2. currency trading	(633)	(1,142)
3. portfolio management:	(7,936)	-
3.1. own portfolio	(7,936)	-
3.2. third party portfolio	-	-
4. custody and administration of securities	(22,807)	(24,164)
5. placement of financial instruments	(18)	(287)
6. off-site distribution of financial instruments, products and services	(8,220)	(7,848)
d) collection and payment services	**(60,057)**	**(56,296)**
e) other services	**(52,674)**	**(49,154)**
Total	**(169,090)**	**(184,889)**

Section 3 – Dividend income and similar revenue - Item 70

3.1 Dividend income and similar revenue: breakdown

Items/Revenues	FIRST HALF 2012		FIRST HALF 2011	
	Dividends	Income from units in investment funds	Dividends	Income from units in investment funds
A. Financial assets held for trading	1	-	-	-
B. Available for sale financial assets	17,294	5,912	25,585	2,342
C. Financial assets at fair value thought profit or loss	-	-	-	-
D. Investments	1,668,962	X	2,209,600	X
Total	**1,686,257**	**5,912**	**2,235,185**	**2,342**

	FIRST HALF 2012	FIRST HALF 2011
Total dividends and income from units in investments funds	**1,692,169**	**2,237,527**

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

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

Transactions/P&L Items	FIRST HALF 2012				
	Unrealized profits	Realized profits	Unrealized losses	Realized losses	Net Profit
1. Financial assets held for trading	**595**	**9,610**	**(3,545)**	**(4,945)**	**1,715**
1.1 Debt securities	593	9,561	(3,545)	(4,121)	2,488
1.2 Equity instruments	2	32	0	(824)	(790)
1.3 Units in investment funds	-	17	-	-	17
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Deposits	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: exchange differences	X	X	X	X	**(197,791)**
4. Derivatives	**252,161**	**1,431,732**	**(277,462)**	**(1,471,449)**	**121,878**
4.1 Financial derivatives:	252,161	1,431,718	(277,462)	(1,471,449)	121,864
- on debt securities and interest rates	*247,284*	*1,273,922*	*(241,809)*	*(1,302,691)*	*(23,294)*
- on equity securities and share indices	*526*	*155,129*	*(31,302)*	*(166,414)*	*(42,061)*
- on currency and gold	*X*	*X*	*X*	*X*	*186,896*
- other	*4,351*	*2,667*	*(4,351)*	*(2,344)*	*323*
4.2 Credit derivatives	-	14	-	-	14
Total	**252,756**	**1,441,342**	**(281,007)**	**(1,476,394)**	**(74,198)**

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

5.1 Fair value adjustments in hedge accounting: breakdown

Profit Component/Values	FIRST HALF 2012	FIRST HALF 2011
A. Gains on:		
A.1 Fair value hedging instruments	2,029,474	67,930
A.2 Hedged asset items (in *fair value*)	1,526,910	49,587
A.3 Hedged liability items (in *fair value*)	1,525	621,574
A.4 Cash-flow hedging derivatives	-	-
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities	**3,557,909**	**739,091**
B. Losses on:		
B.1 Fair value hedging instruments	(1,962,571)	(505,444)
B.2 Hedged asset items (in *fair value*)	(1,015,947)	(232,514)
B.3 Hedged liability items (in *fair value*)	(901,039)	(1,103)
B.4 Cash-flow hedging derivatives	(2,249)	(737)
B.5 Assets and liabilities denominated in currency	-	-
Total losses on hedging activities	**(3,881,806)**	**(739,798)**
C. Net hedging result	**(323,897)**	**(707)**

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

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

Transactions/P&L Items	FIRST HALF 2012				
	Unrealized profits	Realized profits	Unrealized losses	Realized losses	Net profit
1. Financial assets	**442**	**-**	**(4,009)**	**-**	**(3,567)**
1.1 Debt securities	27	-	0	-	27
1.2 Equity securities	-	-	-	-	-
1.3 Units in investment funds	415	-	(4,009)	-	(3,594)
1.4 Loans	-	-	-	-	-
2. Financial liabilities	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
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	-	-	-	-	-
Total	**442**	**-**	**(4,009)**	**-**	**(3,567)**

Section 8 – Impairment losses - Item 130

8.1 Impairment losses on loans and receivables: breakdown

Transactions/P&L Items	FIRST HALF 2012								FIRST HALF 2011 Total
	Write-downs			Write-backs				Total	
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		Interest	Other	Interest	Other		
A. Loans and receivables with banks	**-**	**-**	**(2,442)**	**-**	**1,960**	**-**	**2,648**	**2,166**	**(3,768)**
- Loans	-	-	(2,442)	-	1,960	-	2,648	2,166	(3,768)
- Debt securities	-	-	-	-	-	-	-	-	-
B. Loans and receivables with customers	**(477,193)**	**(2,386,759)**	**(382,622)**	**146,934**	**567,414**	**-**	**418,819**	**(2,113,407)**	**(1,726,601)**
- Loans	(477,193)	(2,382,002)	(382,622)	146,934	567,414	-	418,819	(2,108,650)	(1,724,978)
- Debt securities	-	(4,757)	-	-	-	-	-	(4,757)	(1,623)
C. Total	**(477,193)**	**(2,386,759)**	**(385,064)**	**146,934**	**569,374**	**-**	**421,467**	**(2,111,241)**	**(1,730,369)**

Section 9 – Administrative costs – Item 150

9.1 Payroll: breakdown

Type of expenses/Sectors	FIRST HALF 2012	FIST HALF 2011
1) Employees	**(1,745,631)**	**(1,803,482)**
a) wages and salaries	(1,126,595)	(1,167,579)
b) social charges	(315,272)	(313,217)
c) severance pay	(74,752)	(76,143)
d) social security costs	-	-
e) allocation to employee severance pay provision	(23,124)	(25,098)
f) provision for retirement payments and similar provisions:	(26,489)	(25,612)
- defined contribution	*(791)*	*(1,024)*
- defined benefit	*(25,698)*	*(24,588)*
g) payments to external pension funds:	(53,582)	(50,921)
- defined contribution	*(51,746)*	*(50,899)*
- defined benefit	*(1,836)*	*(22)*
h) costs related to share-based payments	(17,426)	(19,653)
i) other employee benefits	(108,391)	(125,259)
2) Other staff in activity	**(3,787)**	**(6,922)**
3) Directors and Statutory Auditors	**(2,856)**	**(3,542)**
4) Early retirement costs	**-**	**-**
5) Recoveries of payments for second employees to other companies	**24,868**	**24,849**
6) Refund of expensives for employees seconded to the company	**(17,850)**	**(20,883)**
Total	**(1,745,256)**	**(1,809,980)**

9.2 Average number of employees by category

	FIRST HALF 2012	FIRST HALF 2011
Employees:	**41,964**	**42,744**
a) Senior managers	1,216	1,280
b) Managers	21,250	21,431
c) Remaining employees staff	19,498	20,033
Other Staff	**411**	**634**
Total	**42,375**	**43,378**

9.5 Other administrative expenses: breakdown		
Type of expenses/sectors	FIRST HALF 2012	FIRST HALF 2011
1) Indirect taxes and duties	**(173,728)**	**(153,022)**
2) Miscellaneous costs and expenses	**(1,224,590)**	**(1,400,969)**
a) advertising marketing and communication	**(70,292)**	**(86,069)**
b) expenses related to credit risk	**(109,587)**	**(82,801)**
c) expenses related to personnel	**(58,991)**	**(67,918)**
d) Information & Communication Technology expenses	**(355,057)**	**(404,226)**
Lease of ICT equipment and software	(9,370)	(9,604)
Software expenses: lease and maintenance	(3,350)	(2,038)
ICT communication systems	(4,315)	(5,980)
ICT services: external personnel/outsourced services	(328,011)	(376,437)
Financial information providers	(10,011)	(10,167)
e) consulting and professionals services	**(56,058)**	**(97,752)**
Consulting	(36,895)	(50,271)
Legal aexpenses	(19,163)	(47,481)
f) real estate expenses	**(291,135)**	**(354,925)**
Premises rentals	(177,404)	(251,855)
Utilities	(37,790)	(55,167)
Other real estate expenses	(75,941)	(47,903)
g) other functioning costs	**(283,470)**	**(307,278)**
Surveillance and security services	(35,088)	(13,707)
Money counting services and transport	-	(3,170)
Printing and stationery	(6,968)	(9,153)
Postage and transport of documents	(26,376)	(39,931)
Administrative and logistic services	(179,429)	(191,584)
Insurance	(15,550)	(18,159)
Association dues and fees	(6,203)	(8,887)
Other administrative expences - Other	(13,856)	(22,687)
Total (1+2)	**(1,398,318)**	**(1,553,991)**

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

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

Section 10 – Provisions for risks and charges – Item 160

10.1 Net provisions for risks and charges: breakdown				
Items/Components	FIRST HALF 2012			FIRST HALF 2011 Total
	Provisions	Reallocation surplus	Total	
1. Other provisions				
1.1 legal disputes	(104,705)	48,725	(55,980)	(70,162)
1.2 staff costs	-	-	-	-
1.3 other	(21,844)	9,884	(11,960)	(87,110)
Total	**(126,549)**	**58,609**	**(67,940)**	**(157,272)**

Section 13 – Other net operating income - Item 190

13.1 Other operating expense: breakdown

Type of expense/Values	FIRST HALF 2012	FIRST HALF 2011
Impairment losses on leasehold improvements (on non-separable assets)	(21,027)	(36,751)
Other	(50,191)	(35,082)
Total	**(71,218)**	**(71,833)**

13.2 Other operating income: breakdown

Type of revenue/Values	FIRST HALF 2012	FIRST HALF 2011
Recovery of costs	185,528	169,847
Revenues for administrative services	4,816	4,315
Other Revenues	45,394	20,032
Total	**235,738**	**194,194**

Section 21 – Earnings per share

Earnings per share

	FIRST HALF 2012	FIRST HALF 2011
Net profit (loss) (thousands of euros) (1)	2,012	2,011
Average number of outstanding shares (2)	805,368	957,258
Average number of potential dilutive shares	5,056,186,008	1,833,004,897
Average number of diluted shares	3,291,258	29,018
Earning per share (€)	**0.159**	**0.522**
Diluted earning per share (€)	**0.159**	**0.522**

1. €851,163 thousand was deducted from first quarter net profit of €45,794 thousand due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the 'cashes' transaction.
2. Net of the average number of treasury shares and of further 96,756,406 shares held under a contract of usufruct. The number of shares were adjusted
following the reverse share split operation executed on December 27, 2011. The average number of shares must be adequate retrospectively for all
The reverse split (one ordinary or savings share for every 10 ordinary or savings shares) was taken into account in the
calculation of the amounts reported for 2010.

Explanatory notes

Part D) Other comprehensive Income

Part D) Other comprehensive Income

(amounts in thousands of €)

Other Comprensive Income Statement				
	Voci	Before tax effects	Tax effects	After tax effects
10.	**Net Profit or Loss for the period**	X	X	851,163
	Other comprehensive income before tax			
20.	**Available-for-sale financial assets**	150,822	(69,563)	81,259
	a) fair value changes	211,712	(66,590)	145,122
	b) reclassifications through profit or loss	(61,820)	(2,237)	(64,057)
	- due to impairment	1,053	(59)	994
	- following disposal	(62,873)	(2,178)	(65,051)
	c) other variations	930	(736)	194
30.	**Property, plant and equipment**	-	-	-
40.	**Intangible assets**	-	-	-
50.	**Hedges of foreign investments:**	-	-	-
	a) fair value changes	-	-	-
	b) reclassifications through profit or loss	-	-	-
	c) other variations	-	-	-
60.	**Cash flow hedges:**	96,588	(31,779)	64,809
	a) fair value changes	96,588	(31,902)	64,686
	b) reclassifications through profit or loss	-	-	-
	c) other variations	-	123	123
70.	**Exchange differences:**	-	-	-
	a) changes in value	-	-	-
	b) reclassifications through profit or loss	-	-	-
	c) other variations	-	-	-
80.	**Non-current assets classified held for sale**	-	-	-
	a) fair value changes	-	-	-
	b) reclassifications through profit or loss	-	-	-
	c) other variations	-	-	-
90.	**Actuarial gains (losses) on definited benefit plans**	-	-	-
100.	**Changes in valuation reserve pertaining to equity method investments:**	-	-	-
	a) fair value changes	-	-	-
	b) reclassifications through profit or loss	-	-	-
	- due to impairment	-	-	-
	- following disposal	-	-	-
	c) other variations	-	-	-
110.	**Other comprehensive income after tax**	247,410	(101,342)	146,068
120.	**Comprehensive income (Item 10+110)**			997,231

Explanatory notes

Part E) Risks and Hedging Policies

Section 1 – Credit risk
Section 2 – Market risks
Section 3 – Liquidityt risk
Section 4 – Operational risks

Part E) Risks and Hedging Policies
(amounts in thousands €)

Risk Management in UniCredit S.p.A.

UniCredit S.p.A. 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 Company's risks are exerted by the 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, also from a 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 other Italian Legal Entities of the Group, have been assigned.

In particular, the Risk Management function is responsible for the following tasks:

- optimizing UniCredit S.p.A. 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 Company's risk appetite and evaluating capital adequacy, within the Internal Capital Adequacy Process (ICAAP), consistently with Basel II, Pillar II requirements;
- defining - in compliance with Basel II standards and Bank of Italy requirements – the rules, methodologies, guidelines, policies and strategies for risk management, and, in cooperation with the Organisation department, the relevant processes and their implementation;
- setting up a credit and concentration risk control system both of single counterpart/economic groups and significant clusters (e.g. as industrial areas/economic sectors), monitoring and reporting the limits defined beforehand;
- defining and providing to the Business Areas the valuation, managerial, monitoring and reporting criteria of the risks and ensuring the consistency of systems and control procedures;
- 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 Company, 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 UniCredit S.p.A. 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 UniCredit S.p.A.'s perimeter.

Section 1 – Credit Risk

QUALITATIVE INFORMATION

1. General Aspect

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

In the first quarter of 2012, UniCredit Board of Directors approved the "2012 Credit Risk Strategies" in coherence with Risk Appetite and Budget Targets. Credit Risk Strategies monitoring activity has been implemented both at the country and divisional level, with a particular focus on the new business credit flows. In the same quarter, UniCredit Board of Directors approved "2012 Credit Concentration Limits", both at single name and industry level, in compliance with the regulation defined in the Pillar II of the Basel rules. Credit Concentration Risk is monitored in deep and specific Action Plans for each economic Group breaching such limits have been set with the aim to manage and reduce the overdraft. Forward looking methodologies about risk metrics of the Pillar I (e.g. RWA forward looking) and of the Pillar II (e.g. forward looking economic capital) have been implemented.

Furthermore in order to assess the resilience and robustness of UniCredit S.p.A., stress tests on the credit portfolio have been performed with the assumptions of a severe worsening of the macro-economic scenario (e.g. assuming the default of the most risky countries in the EURO zone).

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

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

In March 2012, UniCredit S.p.A. has communicated to Bank of Italy its plan to extend the existing IRB model for Multinational Corporate to the Italian Large Corporate portfolio, effective from September 2012.

Within the scope of the Italian business, with the aim of enhancing credit evaluation of clients operating in Real Estate industry, new rating models dedicated to these specific counterparts have been deployed.

In order to complete the process of credit simplification, in January 2012 underwriting and monitoring structures within Italian perimeter (Credit Operations Italy) have been rationalized through the creation of 7 Territorial Credit Hubs responsible for Corporate, SME Corporate, Individuals and Private segments.

Furthermore the post-underwriting controls have been strengthened through the:

- definition of specific controls on Medium Long term mortgages for Enterprises and Private clients;
- implementation of new functionalities for covenants management;
- increase of controls on files guaranteed by consortiums or counter-guaranteed by Public funds.

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

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

2. Credit Risk Management Policy

2.1. Organization

The credit risk organization in Parent Company breaks down into two levels:

- functions with responsibilities at Group level;
- functions with responsibilities at Country level.

Functions with responsibilities at Group level include:

- the "Group Credit Operational & Reputational Risks" department that, with respect to credit risk, breaks down into the following structures:
    - the "Group Credit Risks" department (Portfolio Credit Risk Manager), responsible – among others – for the following activities:
        - defining strategies and risk limits, executing stress test activities and portfolio analysis;
        - drawing up reports needed for monitoring the trend of the Group credit portfolio;
        - controlling the credit risk limit;
        - developing the methodologies for measuring credit risk;
        - drawing up Group Regulations on credit risk topics, as well as the monitoring of its approval and implementation in the Legal Entities;
    - "Group Rating Desk" unit responsible – among others – for the following activities:
        - assigning rating to certain types of relevant counterparties (Top Banking and Top Corporate);
        - deciding, within its delegated powers, or submitting to the competent deliberative Bodies the rating override proposals related to Group Wide rating systems and local rating systems;
    - "Group Credit Transactions" department that, through the LPAC Risk Analyst, and the "Country Risk Analysis" unit and "Group Credit Transactions Advice" unit, is responsible, among others, for the following activities:
        - delivering expert advice on LPAC transactions (e.g. Project Finance, Acquisition & Leveraged Finance, etc);
        - analyzing and monitoring Country risk;
        - deciding or collecting proposals to be submitted to the competent decision-making functions as regards cross border limits;
        - delivering expert advice on credit proposals intended for "Group Transactional Credit Committee" or for "Group Credit Committee".
- the "Group Trading Risk" department, that, with respect to credit risk, breaks down into the following structures:
    - the "FIBS & Trading Credit Risks", responsible – among others – for the following activities:
        - delivering expert advice on credit proposals related to "Financial Institutions, Banks and Sovereigns" (FIBS) counterparties made by Legal Entities, acting in its capacity as Group Competence Team;
        - deciding, within its delegated powers, or proposing to the competent deliberative bodies, credit proposals related to "FIBS" counterparties booked with the Parent Company;

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

In UniCredit S.p.A., the functions having responsibilities at Country level are undertaken by organizational structures of “CRO Italy”, reporting to “Group CRO” and in particular:

- the “Risk Management Italy” department responsible – among other activities – for governance and control of credit risk originating in the “Country Chairman Italy” perimeter activities. Among others things, it is responsible for:
    - defining operational credit policies and ensuring the consistency of Group rules application within credit risk, as well as checking the consistency of credit products with the rules defined by GRM competent functions;
    - developing methodologies, models and tools for the evaluation of creditworthiness;
    - deciding or proposing to the competent deliberative Bodies the rating override requests related to local rating systems measuring credit risk related to counterparties belonging to the enterprises segment;
- the “Consumer Finance Risks” department, that, for the pertaining perimeter, is responsible for governance and control of credit risks connected to consumer finance products (consumer credit, loans on salary and revolving credit cards). Among other activities, it is responsible for:
    - defining operational credit policies, implement strategies and the consistency of Group Rules application within credit risk, as well as checking the consistency of credit products with the rules defined by GRM competent functions;
    - developing methodologies, models and tools for the evaluation of creditworthiness;
    - analyzing and monitoring the composition and inherent risk of the consumer finance portfolio;
    - coordinating and managing underwriting processes and activities for customers and relevant products as well as fraud prevention and management activities;
- “Special Credit Italy” department responsible for the Italian perimeter of UniCredit S.p.A., except for files above a given threshold or defined as “strategic/sensitive”, for the credit risk monitoring, the management the collection of delinquent and overdue unpaid credits (as the classification as doubtful or non performing credits, according to the delegated powers), in relation to the Individuals segment, the coordination (giving guidelines and specific indications) on specific positions belonging to the department "Credit Hub Underwriting" and to the RIT 6 (Regional Industry Team - Real Estate), the identification, in

cooperation with the competent functions of “Group Special Credit” department, the strategies which involve the area of competence, defining and monitoring related objectives and the deliberating, within its delegated powers, on restructuring and workout positions;

Furthermore, the Head of the “Special Credit Italy” department, in the role of “Commissioner for irregular and problematic credit portfolio”, has the responsibilities for the coordination of the entire process of irregular and problematic credit management, the periodic reporting to main stakeholders and providing information to the appropriate person regarding potential issues in the process and regarding portfolio performance falling under his perimeter of responsibility.

The department consists of the following structures:

- “Special Credit Operating Office Italy” department responsible for supporting the identification of the strategies which involve the area of competence and in the definition and monitoring of the related objectives, managing operational policies and processes, ensuring monitoring activities performance and the production and managing administrative workout activities;
- “Restructuring Italy” department responsible for coordinating and guiding the management of positions that are undergoing restructuring with reference to the Customers of the Italian perimeter of UniCredit S.p.A., with an exposure under a defined threshold;
- “Workout Italy” department responsible for coordinating and guiding the management of positions that are undergoing workout with reference to the Customers of the Italian perimeter of UniCredit S.p.A. with exposure under a defined threshold;
- “Central Credit Risk Monitoring & Quality Support Italy” department responsible (among other activities), with regard to the perimeter of UniCredit SpA, with the exception of the "Consumer Finance Risks" and "Individuals", for coordination and steering of monitoring activities carried out by Headquarter and Network offices, supervising the correct execution of the decision-making activities of Headquarter, with reference to their delegated powers concerning classification and identification of any corrective action or the first classification to "first doubtful" or "non performing", technical and legal advice to Network structures and quality controls regarding credit processes;
- “Territorial Credit Risk Monitoring Italy” department responsible for supervising the quality of credit portfolios in their area of interest and coordination giving guidelines and specific indications on specific positions belonging to the department "Credit Hub Underwriting", with reference to the positions in the competent perimeter;
- “Customer Recovery” department responsible, among others, for monitoring of Individuals Customers of UniCredit SpA, holding a significant account, managing the collection of delinquent and overdue unpaid credits for those counterparts, not yet classified as doubtful or non-performing loans or classified but not yet transferred, managing and monitoring the initiatives of restructuring/or rehabilitation of the debt.

- “Credit Operations Italy” department, reorganized in accordance to the new territorial breakdown of the Network, consists of as follow:
  - Territorial Hubs (Credit Hub Nord-Ovest, Credit Hub Nord-Est, Credit Hub Lombardia, Credit Hub Centro-Nord, Credit Hub Centro, Credit Hub Sud, Credit Hub Sicilia), departments distributed across the national territory, responsible for the managing activities relating to credit underwriting and support in their respective areas of competence;
  - “Central Credit Underwriting” department responsible for coordinating the activities of the Regional Industry Team Leaders (RITLs), supervising the correct execution of the decision-making activities of the RITLs and arranging preliminary and administrative activities for the applications to be submitted to the “Group Credit Committee”, the “Group Transactional Credit Committee”, the ”Italian Transactional Credit Committee” and the “Group Rating Committee”;

- “Loan Administration” department (recently reorganized) responsible for overseeing administrative activities post-decision phases of the credit underwriting, managing the activities related to subsidized loans and credit and administrative activities related to Confidi; furthermore, the structure includes the “Mortgages Loan Administration” department which is responsible for ensuring coordination and management of post-sales activities related to mortgages seeking to protect the quality and integrity of the stock of information concerning loan applications and working to minimize risk and, where necessary, deciding on applications regarding post sales activities within its delegated powers.

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

Furthermore, with respect to credit risk specific committees are active:

- the ”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 “Italian Special & Transactional Credit Committee”, in charge, within the delegated powers, of evaluation and approval, or issuing of consultative opinions for files to be approved by upper Bodies, of restructuring and workout positions as well as of the client’s positions managed by the “Special Credit Italy” department.

Finally, on the basis of a request by internal control bodies, Compliance function participates to ”Italian Transactional Credit Committee”.

2.2. Credit Risk

In the course of its credit business activities UniCredit S.p.A. 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 Company 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 UniCredit S.p.A. 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 Company’s operations, financial condition and operating results.

UniCredit S.p.A. 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.

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 UniCredit S.p.A. 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 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 UniCredit S.p.A. in terms of both methodological aspects and the decision-making process, in order to ensure a uniform assessment and monitoring approach, particularly for the rating assignment – PD (probability of default) and LGD (loss given default) – as well as control of risk concentration.

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

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

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

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

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

Through the Collateral agreements, UniCredit S.p.A. 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.

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

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

With reference to loans to local customers (different from sovereigns), in Portugal and Spain the exposure of UniCredit S.p.A. is very limited due to a lack of our branches / subsidiaries in these countries. In Greece and Ireland UniCredit S.p.A. has a small presence and such credit activities is very limited too. Moreover in the last year, the above mentioned activities have been mainly focused on corporates less linked to the sovereign risk. For CEE Countries, given the strategic importance for the Group, loans to customers are

subject to specific credit risk strategies defined and monitored at country level, taking also into consideration the macroeconomic outlook.

2.3. Credit Risk Management, Measurement and Control

2.3.1 Reporting and Monitoring

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

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

Portfolio reporting activities are performed in close collaboration with the Chief Risk Officer (CRO) at Italian perimeter level and Credit Risk Portfolio Managers who, within their respective perimeters, implement specific reporting activities.

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

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

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

2.3.2 Governance and policies

Relationships between UniCredit S.p.A. 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 UniCredit S.p.A. 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 UniCredit S.p.A., specifically to the Group Risk Management function under Group governance, the Global Policy “Group General Principles for Credit Activity", recently reviewed, aims at defining the general principles and rules to guide, govern and standardise the credit risk assessment and management, in line with the regulatory requirements and Group best practice.

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

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

If necessary, 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 UniCredit S.p.A. or 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 UniCredit S.p.A. is exploring new approaches to cover also the market value component of banking book credit risk.

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

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

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

The internal rating, or risk level assigned to the customer / transaction, forms a part of the lending decision calculation. In other words, at a constant credit amount the approval powers granted to the competent Bodies are gradually reduced in proportion to an increased borrower-related risk level.

The organizational model in use includes also a dedicated function, which is separated from loan approval and business functions and is responsible for the management of the so-called rating overrides, i.e. any changes to the automatic rating calculated by the model.

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

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

There are three fundamental portfolio credit risk measures that are calculated and are evaluated on a one year time horizon:

- Expected Loss (EL);
- Credit Value at Risk (Credit VaR);
- 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. UniCredit selected α =0.03% which corresponds to a 99,97% confidence level). Economic Capital is derived from Value at Risk subtracting the expected loss and it is an input for determining Internal Capital set up to cover potential unexpected losses from risk factors.

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

The credit portfolio models produce also measures of economic capital reallocated by individual borrowers within each portfolio and are the basis for risk-adjusted performance measures.

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

All the above mentioned risk parameters are subject to an initial validation and a regular monitoring process for each rating system in all its components: models, processes, IT architecture and data quality.

The aim is to give evidence of the systems compliance, highlighting improvement areas as well as possible misalignments in the methodologies, which could limit the full comparability among the resulting risk measures.

The internal Credit VaR model is also subject to assessment in the context of Basel 2 - Pillar 2 validation.

2.3.4 Credit Risk Strategies

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

Credit risk strategies aim to obtain a threefold goal:

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

Credit Risk Strategies are defined by synthesizing the top-down risk analysis with the portfolio view of the business functions, through a strict cooperation among the centralized and local Risk Management Departments. Credit Risk strategies are defined by using different credit risk measures, like the expected loss (EL), the economic capital, the risk weighted assets (RWA) and the probability of default (PD). In parallel a set of qualitative information, taking into account the different divisional / territorial characteristics of the credit portfolio, are incorporated and transformed in input variables for the optimization models.

Portfolio risk management pays special attention to credit risk concentration.

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

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

In order to identify, manage, measure and monitor concentration risk, UniCredit S.p.A.'s competent functions define a set of specific credit limits to cover the different types of concentration risk.

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

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

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

2.4. Credit Risk Mitigation Techniques

Unicredit S.p.A. 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), UniCredit S.p.A. is firmly committed to satisfy the requirements for recognition of Credit Risk Mitigation (CRM) techniques, according to the different approaches adopted (Standardized, Foundation-IRB or Advanced-IRB) both for internal use in operations and for the purposes of calculating the credit risk capital requirement

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

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 UniCredit S.p.A. 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. UniCredit S.p.A. also makes use of bilateral netting agreements for OTC derivatives (by means of ISDA and CSA agreements), Repos and securities lending.

The management system of credit risk mitigation techniques is embedded in the credit approval and in the credit risk monitoring processes, which widely support the evaluation and data quality checks of 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 S.p..A. emphasizes the importance of controls process and system for the legal certainty requirements of the protection, as well as the assessment of the suitability of the collateral or guarantee. In case of personal guarantees, the protection provider (or the protection seller in case of credit default swap) has to be assessed in order to measure his/her solvency and risk profile.

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

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

2.5. Impaired Loans

With reference to the "non-performing" portfolio, UniCredit S.p.A.'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 Company 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.

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

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

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

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

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.

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

Part A.1 does not include equity instruments or UCITS shares.

A. 1 DOUBTFUL AND PERFORMING FINANCIAL INSTRUMENTS

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

Portfolio/Quality	Non-performing loans	Doubtful assets	Restructured exposures	Past-due	Other assets	Total
1. Financial assets held for trading	19,671	78,609	7,240	45,265	9,847,251	9,998,036
2. Available-for-sale financial assets	4	-	-	3,408	29,162,486	29,165,898
3. Held-to-maturity financial instruments	-	-	-	-	3,159,319	3,159,319
4. Loans and receivables with banks	-	108	-	231	23,839,334	23,839,673
5. Loans and receivables with customers	8,506,152	8,692,233	2,978,741	3,026,694	234,876,067	258,079,887
6. Financial assets at fair value through profit or loss	-	-	-	-	955	955
7. Financial instruments classified as held for sale	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	6,315,544	6,315,544
Total 06.30.2012	**8,525,827**	**8,770,950**	**2,985,981**	**3,075,598**	**307,200,956**	**330,559,312**
Total 12.31.2011	**7,273,176**	**8,103,474**	**2,834,281**	**2,824,939**	**309,322,441**	**330,358,311**

A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)							
Portfolio/Quality	Impaired assets			Performing			Total (Net Exposure)
	Gross Exposure	Specific writedowns	Net exposure	Gross Exposure	Portfolio adjustments	Net exposure	
1. Financial assets held for trading	200,828	50,043	150,785	X	X	9,847,251	9,998,036
2. Available-for-sale financial assets	3,412	-	3,412	29,162,486	-	29,162,486	29,165,898
3. Held-to-maturity financial instruments	-	-	-	3,159,319	-	3,159,319	3,159,319
4. Loans and receivables with banks	8,798	8,459	339	23,844,345	5,011	23,839,334	23,839,673
5. Loans and receivables with customers	34,737,885	11,534,065	23,203,820	236,078,609	1,202,542	234,876,067	258,079,887
6. Financial assets at fair value through profit or loss	-	-	-	X	X	955	955
7. Financial instruments classified as held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	6,315,544	6,315,544
Total 06.30.2012	**34,950,923**	**11,592,567**	**23,358,356**	**292,244,759**	**1,207,553**	**307,200,956**	**330,559,312**
Total 12.31.2011	**31,571,250**	**10,535,380**	**21,035,870**	**294,021,817**	**1,429,902**	**309,322,441**	**330,358,311**

A.1.3. On - balance sheet acredit exposure to banks: gross and net values				
Exposure types / amounts	Amounts as at 06.30.2012			
	Gross exposure	Specific writedowns	Portfolio adjustments	Net exposure
A. Balance sheet exposure				
a) Non-performing loans	6,352	6,352	X	-
b) Doubtful loans	210	102	X	108
c) Restructured exposures	-	-	X	-
d) Past due	2,236	2,005	X	231
e) Other assets	26,693,258	X	5,011	26,688,247
Total A	**26,702,056**	**8,459**	**5,011**	**26,688,586**

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

A.1.6. Balance sheet and off- balance sheet credit exposure to customers: gross and net values				
Exposure types / amounts	Amounts as at 06.30.2012			
	Gross exposure	Specific writedowns	Portfolio adjustments	Net exposure
A. Balance sheet exposure				
a) Non-performing loans	15,161,081	6,654,925	X	8,506,156
b) Doubtful loans	12,599,775	3,907,542	X	8,692,233
c) Restructured exposures	3,482,402	503,662	X	2,978,740
d) Past due	3,498,039	467,936	X	3,030,103
e) Other assets	267,167,391	X	1,202,542	265,964,849
Total A	**301,908,688**	**11,534,065**	**1,202,542**	**289,172,081**

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

INFORMATION ON SOVEREIGN EXPOSURES

In accordance with CONSOB Notice DEM/11070007 of August 5, 2011 (which in turn refers to ESMA document 2011/266 of July 28, 2011) concerning information to be disclosed in the financial reports on exposures held by listed companies in debt securities and sovereign financing as well as the current trend in global markets, details are provided on Sovereign Exposures[1] held by the Group as of June 30, 2012.

Altogether, the book value of Sovereign Exposures represented by "debt securities" as of June 30, 2012 was 30,068 million, of which nearly 97% in connection with Italy.

This exposure is shown in the table below:

Breakdown of Sovereign Debt Securities by Country and Portfolio			(€ '000)
Country / portfolio	Amounts as at 06.30.2012		
	Nominal value	Book value	Fair Value
- Italy	**29,747,751**	**29,151,042**	**28,827,406**
financial assets/liabilities held for trading (net exposures[1])	1,632,440	1,614,368	1,614,368
financial assets at fair value through profit or loss	1,096	950	950
available for sale financial assets	24,709,710	24,147,626	24,147,626
loans and receivables	225,511	228,779	170,582
held to maturity investments	3,178,994	3,159,319	2,893,881

La tabella sottostante riporta la classificazione dei titoli di debito e la loro rilevanza percentuale sul totale del portafoglio di appartenenza

The remaining 3% of total Sovereign Exposures to debt securities, equal to 917 million, still in connection with the relative book value as of June 30, 2012, is spread over 12 countries, of which 574million to Poland and 241 million to the Czech Republic: there are also 0,5 million versus Greece e 14 million versus Spain.

Said exposures have not been subject to impairment as of June 30, 2012, since there were no circumstances warranting it.

The table below ranks debt securities and their percentage share over their related total portfolio.

Breakdown of Sovereign Debt Securities by Portfolio					(€ '000)
	Amounts as at 06.30.2012				
	Financial asstes at fair value	Available for sale financial asstes	Loans	Held to maturity investments	Total
Book value	1,615,824	25,033,244	259,662	3,159,319	30,068,049
% Portfolio	15.51%	82.25%	0.10%	100.00%	9.95%

"Financing" granted to central and local governments, and government entities must also be added to Sovereign Exposures in debt securities, as shown in the table below:

Breakdown of Sovereign Loans by Country	(€000)
Country	Amounts as at 06.30.2012
	Book value
- Italy	5,643,984
- Brasil	219,883
- Turkey	124,901
- United Arab Emirates	12,912
- United Kingdom	6,444
Total on-balance sheet exposures	**6,008,124**

[1] Excluding Tax items

For more details on the analysis of sensitivity to credit spreads and the outcome of stress tests, please see the "*Sovereign Debt Tension*" and "*Widespread Contagion*" scenarios described under Section 2 – Market risks below. For details regarding liquidity management policies, please see the following Section 3 – Liquidity risk.

Section 2 – Market risks

For a bank, market risks generally arise from changes in prices or other market risk factors that affect the value of positions entered in its books, whether the trading book or the banking book, such as those arising from business operations and strategic investment choices. Therefore, market risk management within UniCredit includes all operations linked to treasury and equity management, with respect to the Parent Company as well as the individual companies that make up the Group itself.

The Parent Company monitors the risk positions at Group level. The individual companies that make up the Group, including UniCredit S.p.A., verify their risk positions as part of their specific responsibilities, in keeping with UniCredit Group's oversight policies.

The individual companies that make up the Group generate detailed reports on a daily basis on business trends and related risks and send the documentation on market risks to the Parent Company.

The responsibility for combining this information and generating the informative documentation on the total market risks lies with the Parent Company's Group Market Risk unit.

Organizational structure

The Parent Company's Board of Directors sets the strategic guidelines for taking on market risks by determining the capital allocation for the Parent Company itself and its subsidiaries, based on propensity to risk and value creation objectives relative to assumed risks.
The Group Risk Committee meets as an advisory and proposing body to present the CEO's proposals to the Board of Directors in connection with:

- The Group's risk appetite, including capitalization objectives, capital allocation criteria, ability to take on risk, cost of equity, and dividend policy as well as internal capital limits;
- General strategies to optimize risks, general guidelines, and general policies with respect to the Group's risk management;
- Material changes to control and risk measurement systems (involving credit, market, operating and other risks), including feasible action plans, processes, IT requirements and data quality;
- Limit structure by type of risk;
- Strategic policies and funding plans;
- Overall estimate of loan loss provisions;
- Determination and periodic review of the ICAAP General Framework, the related application perimeter, as well as the annual Regulatory Report.

Similarly, it considers the following:

- Determination of guidelines relating to Group financial policies (management strategies with respect to assets and liabilities, including the duration profile at Group level);
- Allocation of risk to the Business Units and Entities, including UniCredit S.p.A., guidelines and specific strategies relating to risks, and resulting determination of limits for reaching the objectives in terms of risk appetite and limits by type of risk;
- Methodologies for measuring and monitoring Internal Capital;
- Guidelines, policies and strategies with respect to real property risk, risk on financial investments and business risk;
- Approval of intervention plans in the event that critical aspects in the monitoring and risk measurement systems are highlighted by the initial and ongoing internal validation reports;

- Approval of business actions/initiatives, also of a strategic nature, in order to protect the Group during the “warning” phase of a liquidity crisis.

In particular, in connection with market risk, departments have been set up – Market Risks, and Balance Sheet & Liquidity Risk – in charge of overseeing and managing the general profile of the market risk, the Group balance sheet and liquidity, that lay down all the relevant strategies, methodologies and limits (as described below).

In turn, the aforementioned departments interface with each other and work together in order to monitor market risks based on so-called “transactional” roles that are responsible for all risks (market as well as credit and operating risks) originating from the Strategic Business Areas (SBAs)/relevant Divisions (CIB&PB, Retail, Treasury, Asset Management and CEE).

The same departments are specifically responsible for measuring and managing market risk for UniCredit S.p.A.

As part of the reorganization, with respect to market risks the structure of committees responsible for market risks has been revised. The structure is divided into three levels:

- First-level committees;
    - Group Risk Committee
- Second-level committees;
    - Group Market Risk Committee
    - Group Asset & Liabilities Committee
- Third-level committees;
    - Group Transactional Market Committee

The Parent Company generally proposes the investment limits and policies for the Group and its entities, in agreement with the capital allocation process when preparing the annual budget.

Furthermore, the Parent Company’s Asset and Liability Management unit, in coordination with other regional money centers, carries on management activities for the strategic and operating ALM, for the purpose of ensuring the stability of the equity structure, and the economic and financial sustainability of the Group’s growth policies in the lending market, by optimizing the exchange risk, rate and liquidity profile of the Group.

During 2012, the development and expansion of existing models continued towards an increasingly more accurate representation of the risk profiles that are typical of complex financial product portfolios.

The Balance Sheet Risks Control unit of the Group’s Risk Management is responsible for monitoring market risks on behalf of UniCredit S.p.A. The following are some of its responsibilities:

- Proposing limits for balance sheet risks to the concerned bodies on behalf of UniCredit S.p.A.,
- Monitoring compliance with limits for balance sheet risks on behalf of UniCredit S.p.A.,
- Proposing corrective actions in order to maintain UniCredit S.p.A.’s risk profile within the risk appetite framework approved by the Board of Directors.

Internal model for price, interest rate, and exchange rate risk for the regulatory trading portfolio

Within the organizational context described earlier, the policy pursued by UniCredit Group as part of its market risk management seeks to gradually adopt and use common principles, rules and processes in terms of propensity to risk, determination of limits, development of models, pricing and close examination of risk models.

The Group’s Market Risk Departments are specifically asked to ensure that principles, rules and processes are in line with the sector’s best practices and in keeping with the rules and customs of the various countries in which they are applied.

The main tool used to measure market risk on trading positions is Value-at-Risk (VaR), which is calculated based on the historical

simulation method (new IMOD).

The historical simulation method calls for a daily revaluation of positions based on market price trends over an appropriate observation time period. The resulting, empirical distribution of gains/losses is analyzed to determine the effects of extreme market movements on the portfolios. The value of distribution as the percentile corresponding to the set confidence level represents the VaR measure. The parameters used to calculate VaR are as follows: 99% confidence interval; 1-day time period; daily update of historical series; 500-day observation period. The use of a 1-day time horizon enables an immediate comparison with realized gains/losses.

The trading portfolios are subject to stress tests based on a wide range of scenarios for purposes of managerial reporting, as described in section 2.9 below.

With regard to internal policies and procedures for analyzing scenarios (so-called "stress testing"), it was decided to entrust individual legal entities with carrying out the stress test procedures. Overall, however, a set of scenarios was identified that is peculiar to the Group as a whole, to be applied jointly to all the positions, in order to verify on a monthly basis the potential impact they might have on the global trading portfolio.

Below are the VaR data on market risk for the UniCredit S.p.A. trading portfolio.

Exposure to market risk in the trading portfolio with respect to UniCredit S.p.A. is not too volatile and residual compared with the banking portfolio.

Risk on trading book
June 29, 2012

Daily VaR on Trading Book (€ million)

		2012			2011
	06.29.2012	AVERAGE	MAX	MIN	AVERAGE
*UniCredit Spa	3.4	2.6	4.0	1.2	2.3

* For managerial purpose only

2.1 Interest rate risk – Regulatory trading portfolio

Qualitative information

A. General aspects

Interest rate risk stems from financial positions taken on by specialist centers holding the Group's market risk within the limits and levels of discretion thereto allocated. Apart from the internal models used for computing equity requirements on market risks, the risk positions are monitored and subject to limits assigned to portfolios, based on managerial responsibilities and not merely on regulatory criteria.

B. Management processes and risk measurement methods

With regard to both the description of internal processes relating to risk control and management and the explanation of methodologies used to analyze exposure to risk, please refer to what was already stated in the introductory section concerning internal models.

2.2 Interest rate and price risk – Bank portfolio

Interest rate risk

Qualitative information

A. General aspects, interest rate risk management processes and measurement methods

Interest rate risk consists in changes in interest rates that affect:

- interest income and, consequently, on the bank's profits (cash flow risk);
- the net present value of the assets and liabilities, due to their impact on the present value of future cash flows (fair value risk).

Each day the Group measures and monitors the interest rate risk within the framework of its interest rate risk policy of the bank portfolio (banking book), which defines the methods and corresponding warning limits or thresholds concerning the sensitivity of interest income and the economic value for the Group.

Interest rate risk impacts all the proprietary positions resulting from business operations and strategic investment decisions (banking book).

At June 30, 2012, the sensitivity of interest income to an immediate change and parallel in interest rate rates (parallel shift) of +100 bps was a -59 million (and 101 million for a change of -100 bps).

The sensitivity to an immediate and parallel change of rates (parallel shift) of +200 bps of the economic value of assets as at June 30, 2012 equaled €1,446 million.

The above figures include sensitivity estimates modeled for assets and liabilities with undefined maturities such as demand and savings deposits. As from April 2012, the position reflects the refinement of the representation of NPLs (in terms of volume and repricing profile).

The principal sources of interest rate risk can be classified as follows:

- repricing risk – risk deriving from the timing mismatches in maturities and the repricing of the bank's assets and liabilities; the main features of this type of risk are:
  - yield curve risk – risk deriving from the exposure of the bank positions to the changes in the slope and shape of the yield curve;
  - basis risk – risk deriving from the imperfect correlation in the changes in assets and liabilities rates on different instruments that can also have similar repricing characteristics;
- optionality risk – risk deriving from implicit or explicit options in the banking book positions.

Within the organizational structure described above, limits have been set down that reflect the risk propensity consistent with the strategic guidelines set by the Board of Directors. Such limits are defined in terms of VaR (calculated using the method described above for the trading portfolio), Sensitivity or Gap Repricing.

UniCredit S.p.A., like each bank/company of the Group, assumes the responsibility of managing the exposure to the interest rate risk within the assigned limits. To that end both micro- and macro-hedging transactions are carried out.

At the consolidated level, the Asset Liability Management unit of the Parent Company:

- performs a sensitivity analysis aimed at measuring the change in asset value on the basis of parallel shocks to rate levels on all the time buckets along the curve;
- performs, through a static gap analysis (that is, assuming that the positions remain constant during the period), an impact simulation on interest income of the current year, considering different elasticity assumptions for demand items;
- performs analyses on interest income through dynamic simulation of shocks to market rate levels;
- develops methods and models to better represent the interest rate risk of the items without contractually stipulated maturity (i.e., demand items).

The Risk Management of the Parent Company performs second-level controls on the above analyses.

The Group Balance Sheet & Liquidity Risk department defines the rate risk limits using the VaR method and verifies compliance with these limits on a daily basis.

B. Fair value hedging transactions

Hedging strategies aimed at complying with the interest rate risk limits for the bank portfolio are carried out by resorting to derivatives, both listed and unlisted, and the latter, typically interest-rate swaps, represent the most often used type of instruments.

Macro-hedging adopted typically qualified as generic that is, linked to money/currency amounts contained in assets or liabilities portfolios. In some circumstances, the effects of specific accounting hedging linked to equities issued or to individual financial assets are recognized, in particular when they are classified as available for sale.

C. Cash flow hedging transactions

In some cases, cash flow hedging strategies are used as an alternative to fair value hedging strategies for the purpose of stabilizing current and future income statement profits. The hedging used is mainly generic in nature and may also pertain to the interest rate risk of the core component of demand items.

Price risk

Qualitative information

A. General aspects, management processes and measurement methods

The price risk of the loan portfolio originates principally from the equity stakes held by UniCredit S.p.A. as stable investments, and UCITS units not included in the trading portfolio because they are also held as stable investment.

This risk is also considered in the overall evaluation of the cumulative bank portfolio and the trading portfolio of UniCredit S.p.A.

For a description of the internal processes for risk monitoring and management and a presentation of the methods used to analyze risk exposure, reference is made to the introductory section concerning internal models.

2.3 Exchange rate risk

Qualitative information

A. General aspects, management processes and measurement methods

Exchange rate risk originates from trading assets in currencies for both the trading and loan portfolios performed by trading various market instruments and is constantly monitored and measured, using the internal models developed by the companies that make up the Group.

B. Currency risk hedges

UniCredit S.p.A. applies hedging strategies to the profits and dividends generated by subsidiaries that do not belong to the Euro zone. The hedging strategies take into account market circumstances.

Credit spread risk

Qualitative information

A. General aspects

As described above, the credit spread risk present in both trading and loan portfolios, originates from positions assumed by UniCredit S.p.A. in equity stakes to which market risk limits are attributed within certain discretionary levels.

B. Risk management processes and measurement methods

For a description of the internal processes for risk monitoring and management and a presentation of the methods used to analyze risk exposure, reference is made to the introductory section concerning internal models.

Sensitivity to the credit spread is calculated by positing a worsening of the resulting credit rating in a parallel shift of the credit spread curves for +1 bp.

These sensitivities are calculated both on the overall level, assuming a parallel shift of all the credit spread curves and corresponding to specific rating classes and economic sectors.

Stress tests

Stress tests include the results of sensitivity analyses and VaR's in order to evaluate potential risks in a different way. Stress tests are used to evaluate a reference portfolio using both simple scenarios (which assume a change in individual risk factors) and complex scenarios (which postulate simultaneous changes in a number of risk factors).

What follows is a description of complex scenarios including changes in interest rate risk factors, price risk, exchange rate risk and credit spread risk.

"Sovereign Debt Tension" Scenario

In this scenario, introduced in June 2010 and updated in December 2011, we assume the beginning of an escalation process of the sovereign debt crisis. That is determined by the fact that while the establishment of the European Financial Stability Fund and the injection of liquidity by the ECB appear to have avoided the possibility of default tensions continue to persist on the market. Such tensions could create a challenging context at a time when various European countries are consolidating their public finances. In this scenario, the sovereign debt crisis of the UME would at the same time have a cascading effect on the US economy and the flight-to-quality would result in a run toward bonds on both sides of the Atlantic. In terms of financial market variables, this scenario assumes:

- credit spread: for government bonds, greater aversion to risk would involve for core issuers a tightening of spreads compared to swap rates. The peripheral countries of the EU would be subjected to significant pressure: the spreads on Italian bonds would further widen, while Spanish bonds would be under less pressure; all corporate bond credit spreads would be under pressure;
- a collapse of world stock markets; that event would be combined with an increase in the volatility of stocks;
- a flattening of the USD and EUR interest rate curves. This scenario assumes an increase in the volatility of interest rates;
- an appreciation of the USD especially compared to the EUR; depreciation of the currencies of the CEE compared to the EUR.

"Widespread Contagion" Scenario

- This scenario, introduced in December 2010 and updated in December 2011, assumes an escalation of the debt crisis to a systemic level, with the spreading of the contagion to Spain and Italy. The large-scale purchase of government bonds by the ECB would not be able to stop the widening of the sovereign spreads, with the market concentrating on the weakest points of the two countries – in Spain, the banking sector and current liabilities for the government, in Italy the high debt/GDP ratio in a context of modest potential growth. That would lead to a serious disturbance to the Eurozone financial markets and a resulting worsening of financial conditions. The financial shock is amplified by the strong link between the countries of the European area and in turn leads to a deeper recession than the one predicted in the "Sovereign Tension" scenario. This scenario assumes, in terms of market variables, the following changes:

- the ECB reacts by lowering the refinancing rate by 50 bps while the medium-long term EUR/USD rates collapse (flight-to-quality), resulting in a flattening of the curves, in response to the worsening of the growth and inflation predictions. One expects a steepening of the GBP curve, thus reflecting the negative perception by investors of the ability to obtain a further consolidation from the tax point of view;
- On the FX side, the EUR-USD exchange rate would suffer a serious blow from the loss in trust in the EMU, and the CHF would appreciate compared to most of the currencies given that in time of greatest risk aversion, the Swiss currency is always a popular asset. The Yen would appreciate in the same way considering the repricing of risk preferences; the EUR-GBP

exchange would depreciated because the pound could be used as a hedge by the EMU;

- The greater risk aversion would be a penalizing factor for the riskiest assets, weighing more on the performance of the principal stock indices that would also experience a higher level of volatility;
- As for Credit Spreads, a major widening for government bonds (especially for PIIGS) is expected with the exception of Germany and USA (flight-to-quality); the spreads of the financials and the corporate bonds would consequently widen.

Emerging Markets Slowdown Scenario

This scenario was introduced in June 2011 and covers the years from 2011 to 2013. The basic assumption is a crisis resulting from the real economy, more precisely a severe slowing of the growth of the emerging economies beginning in 2011 and intensifying in 2012. That would have a negative effect on the GDP of the Euro zone, and in lesser measures on US GDP, where the weight of industrial production and foreign trade is less. Reduced economic activity and a fall in the price of oil would lead to slower inflation. The combination of a slowing of GDP growth and reduced inflation would lead to a significant slowing in the normalization of the reference rates of the central banks.

From the point of view of the macroeconomic variables this scenario assumes:

- CDS spreads: slight worsening of the spreads of the European countries compared to the Sovereign Tensions scenario due to indirect impact on the spreads. The crisis is reflected more on the oil companies outside the “iTraxx main” index. Also the widening of the spreads for the iTraxx Financial Senior and iTraxx Financial Sub indices is relevant;
- no impact on the Japanese rates curve. The impact on the curves for the US, EU and UK consists of a drop that will we be maintained in increasing the time horizons of the curves. This reflects the worse growth prospects and the improved inflation prospects. The curve of Euribor rates is among the three that will be most impacted due to the turning to German Bunds by risk adverse investors;
- drop in the stock market accompanied by increased volatility of all securities;
- depreciation of the Euro with respect to the dollar, yen and Swiss Franc (seen as refuge currencies) and its appreciation with other European currencies and with the Turkish lira.

Stress Test sul portafoglio di negoziazione

29 giugno 2012

Scenario			(milioni di euro)
	2012		
29.06.2012	Sovereigns Debt Tension	Widespread Contagion	Emerging Markets Slowdown
UniCredit Spa	-14	-32	-7

Section 3 – Liquidity risk

QUALITATIVE INFORMATION

Liquidity risk is defined as the risk that the Bank 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 Bank 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 Bank 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 Bank, under the responsibility of its Risk Management function, defines policies and metrics to ensure a sound liquidity position.

For these reasons, UniCredit 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. UniCredit S.p.A., moreover, acts as the Liquidity Centre Italy, managing the liquidity risk of the Entities falling into its perimeter (UniCredit S.p.A., UniCredit Bank Ireland PLC, UniCredit Luxembourg, Fineco Bank, UniCredit Factoring).

Roles and responsibilities

Three main functions are identified in the management of the liquidity: the 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, Treasury acts as main coordinator in the management of infra-group flows, stemming from liquidity deficits or surplus of the various Legal Entities belonging to UniCredit Group, and applies the appropriate transfer prices to such funds movements. By doing so, 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 maturity transformation. This is implemented in accordance with legal and regulatory framework and internal rules and policies, through managerial models.

Such models are subject to analyses carried out by Risk Management to ensure that they comply with the metrics and the objectives of UniCredit Group's Liquidity Framework.

Moreover, the 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 liquidity framework

UniCredit Group's Liquidity Framework, with which UniCredit S.p.A. complies, is based upon the Liquidity Risk Mismatch Model, characterized by the following fundamental principles:

1. Short-term liquidity risk management (operational liquidity), which considers the events that will impact upon the Bank's liquidity position from 1 day up to one year. The primary objective is to maintain the Bank's capacity to fulfill its ordinary and extraordinary payment obligations while minimizing the relevant costs.
2. Structural liquidity risk management (structural risk), which considers the events that will impact upon the Bank'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.
3. Stress tests: 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 Risk Appetite framework. One of these is the "loan-to-depo gap", which is calculated on a quarterly basis and which measures to what extent the commercial loan portfolio is financed through commercial liabilities.

Finally, UniCredit S.p.A.'s Risk Management uses a set of additional indicators to assess the Bank's liquidity exposure and to evaluate which steering actions should be taken, if deemed necessary. The Macro areas measured by the indicators are the Bank's position (Internal Indicators), the environment it operates in (Market Indicators) and relative indicators that measure the position of the Bank compared to peers (UniCredit S.p.A. vs Peers indicators).

In this context, UniCredit S.p.A. 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 bank, thereby protecting the Bank from risks related to the transformation of maturities.

Short term liquidity management

Short-term liquidity management aims at ensuring that the Bank 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).

The Bank 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 Bank 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 Bank 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 Bank'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 Bank'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 Bank'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 Bank's assets;
- provide support to the development of the liquidity contingency plan.

UniCredit S.p.A.'s Risk Management calculates Liquidity Stress Test for the Italian Liquidity Centre and for its perimeter, accordingly to the rules established at Group level.

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.

UniCredit S.p.A. is allowed to use statistical/quantitative behavioural models, provided they are validated by Risk Management.

UniCredit S.p.A. runs liquidity scenarios and sensitivity analyses on a regular basis; the latter assess 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 Bank identifies three basic different classes of potential liquidity crisis:

- market (systemic, global o sector) related crisis: Market Downturn Scenario. This scenario consists of a sudden turmoil in a monetary and capital market, which may be caused by closure (or limited access) to market/settlement system, critical political events, country crisis, credit crunch, etc.;
- specific to the bank: name crisis, and downgrade scenarios; the assumption could be operational risk, event related to the worsen perception of the Bank's reputation risk and a downgrade in UniCredit S.p.A. rating;
- a combination of market and specific crisis: combined scenario. The survival period of the combined liquidity stress test scenario is one of the liquidity metrics included in the Group's Risk Appetite Framework.

The results of the stress test may highlight the needs of setting up specific limits concerning, for instance, unsecured funding, the ratio between cash-in/cash-out flows and counterbalancing capacity, the ratio between eligible and non-eligible securities, among others.

Monitoring and reporting

The short term liquidity limits and the Cash Horizon are monitored and reported on a daily basis. The structural liquidity ratios and its exposure against limits are monitored and reported on a monthly basis. The survival period and the result of the liquidity Stress test are reported and monitored on a weekly basis.

Risk mitigation

Mitigation factors

It is generally accepted that liquidity risk cannot be mitigated by capital. As such liquidity risk does not add to the economic capital usage, nevertheless it is considered as an important risk category also for the risk appetite determination of the Bank.

The main liquidity mitigation factors 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 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.

UniCredit S.p.A., through the Planning Finance and Administration (PFA) function, coordinates the market access of the Liquidity Centres and Legal Entities belonging to UniCredit Group, while the Liquidity Centres coordinate the access of the Legal Entities falling within their perimeter. 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.

PFA is responsible for the elaboration of the Funding Plan. Risk Management is responsible for providing an independent assessment of the Funding Plan.

Contingency Liquidity Policy

A liquidity crisis is a high impact, low probability event. Therefore, a crisis-mode operating model, that can be activated effectively in case of crisis according to an approved procedure, has been defined. In order to be able to proceed timely, a set of mitigating actions have been be pre-defined. Depending on the situation some of these actions can then be approved for execution.

The ability to act in time is essential to minimize the potentially disruptive consequences of a liquidity crisis. The analytics of the Stress tests will form a valuable tool to identify the expected consequences and to define up front the most suitable actions in a certain crisis scenario. In combination with Early Warning Indicators (EWI) the organization may even be able to reduce the liquidity effects in the initial stages of a crisis.

Liquidity crises usually develop quickly and the relevant signals may be either difficult to interpret or may even be lacking; it is, therefore, important to identify clearly players, powers, responsibilities, communication and reporting criteria, in order to increase significantly the probability of overcoming the state of emergency successfully. A liquidity crisis could be classified as systemic (e.g. overall capital and money market disruption) or specific (e.g. specific within the sphere of the bank), or a combination of both.

The 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.

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 risks

QUALITATIVE INFORMATION

A. General aspects, operational processes and methods for measuring operational risk

Operational risk definition

Operational risk is the risk of loss 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 (Risk Committee, Operational & Reputational Risk Committee) are set up to monitor risk exposure, mitigating actions and measurement and control methods.

The methodology for data classification and completeness verification, scenario analysis, risk indicators, reporting and capital at risk measurement is set by the Holding company Operational & Reputational Risks Portfolio Management department.

The operational risks management and control of Unicredit S.p.A. is set by the Unit "Operational Risk Management Italy (collocated within the department "Risk Mnagement Italy" – CRO Italy)

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 Operational & Reputational Risks Portfolio Management department.

In March 2008, UniCredit Group received authorization to use the AMA model (Advanced Measurement Approach) for calculating operational risk capital.

Organizational structure

Senior Management is responsible for approving all aspects relating to the Group operational risk framework and verifying the adequacy of the measurement and control system and is regularly updated on changes to the risk profile and operational risk exposure, with support from the appropriate risk committees if required.

The **Group Operational & Reputational Risk Committee,** chaired by the Holding company's head of Group Risk Management Control is made up of permanent and guest members. The list of participants of the Committee has been updated in 2011, also in the light of the changes in the organizational structure of the Group.

The mission of the Group Operational & Reputational Risk Committee relative to operational risk, is to define proposals and opinions for the Group Risk Committee, for:

- the Group risk appetite, including the goals and criteria of the operational risk capital allocation in the Group;
- the structure and definition of operational risk limits and their allocation to the Business Units, legal entities and portfolios;
- initial approval and fundamental modifications of risk control and measurement systems and applications for operational risk, including possible action plans, processes, IT and data quality requirements, supported by the related internal validations;
- overall strategies for operational risk optimization, "Governance Guidelines" and general "Policies" for the management of Group operational risk;
- action plans to address possible critical findings related to risk control and measurement system resulting from "Group Internal Validation" and Internal Audit activities, with regard to internal control system and risk measurement;
- status update of relevant Basel II project activities on operational risk topics;
- ICAAP topics for operational risks;

- yearly Regulatory Internal Validation Report on operational risk.

The Group Operational & Reputational Risk Committee, relative to operational risk, meets with approval functions instead for the following topics:

- special operational and reputational risk “Policies”;
- corrective actions for balancing the Group operational risk positions, including the planned mitigation actions, within the limits defined by the competent Bodies;
- Group insurance strategies, including renewals, limits and deductibles;
- initial approval and fundamental modifications of the methodologies for the measurement and control of operational risk, supported by the related internal validations.

In the Holding company, the Operational & Reputational Risks Portfolio Management department reports to Group Risk Management (Group CRO) and supervises and manages the overall profile of the operational and reputational risks in the Group by defining the strategies, methodologies and limits.

Regarding the operational risk management function, the department has two organizational units:

- The Operational Risk Methodologies and Control unit is responsible for the methodologies, the calculation model for the Group operational capital at risk and the guidelines for operational risk control activities; it is also supporting and controlling the legal entities’ Operational Risk Management functions, in order to verify that Group standards are met in the implementation of control processes and methodologies.
- The Operational Risk Strategies and Mitigation unit is responsible for the definition and monitoring of the risk limits and for the identification of strategies and mitigation actions and the monitoring of their implementation.

The Operational & Reputational Risk Management Unit depends on CRO Italy and is responsible of the operational risks control.

In the matter of the operational risks measurement, management and mitigation, the Unit is structured in three Teams.

- “Operational Data Quality Italy”, is responsible of data quality concerning operational risks entered in the Group database, using both the General Ledger analysis, and the accounting reconciliation of operational losses with accounting items entered by Unicredit S.p.A.
- “Operational Risk Analysis and Reporting Italy”, is responsible of losses data analysis entered by UniCredit S.p.A and of risk indicators trend. The team is also responsible for the periodical reporting on the operational risk exposure.
- Operational Risk Strategies and Mitigation Italy”, is responsible of strategies planning due to operational risks mitigation and to related losses of UniCredit S.p.A, consistent with strategies and Group Rules defined by “Group Operational & Reputational Risk”, identifying any mitigation action, monitoring the implementation and the effectiveness, in cooperation with “Internal Controls Italy” and “Organization Italy” units.

Internal validation process

In compliance with regulations, an internal validation process for the operational risk control and measurement system has been set up in order to verify the conformity with regulations and Group standards. This process is responsibility of the Pillar II Risks and Operational Risk Validation unit, within the Group Internal Validation department.

Group methodologies for measuring and allocating the capital at risk are validated at Holding company level by the abovementioned Unit, while the implementation of the operational risk control and management system within the relevant entities is validated by the local ORM functions following the Technical Instructions and policies issued by the Group Internal Validation Department.

The results of the local assessments are annually verified by the Group Internal Validation department which also performs additional analysis on data and documentation. Detailed reports are then submitted to the Group CRO for the release of specific Non Binding Opinions to the relevant subsidiaries. The local validation report, together with the opinion of the Holding company and the Internal Audit report is submitted to the entities’ competent Governing Bodies for approval.

All the validation outcomes on the operational risk control and measurement system, both at Holding Company and controlled entities

level, are annually consolidated within the Group Validation report which, along with the annual Internal Audit report, is presented to the UniCredit Board of Directors.

Periodical reporting on validation activities is submitted also to the Group Operational & Reputational Risk Committee.

Reporting

A reporting system has been developed by ORM function to inform senior management and relevant control bodies on the 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).

The ORM function, on a monthly basis, analyses operational risk indicators and, by the mean of a dedicated report, informs senior management upon the results of the above mentioned assessment.

The results of the main scenario analyses carried out at Group level and the relevant mitigation actions undertaken are also 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.

Compliant to ORM Group Guidelines, in UniCredit SpA a permanent work group – PWG was set up involving ORM function, Organization and Internal Controls; this PWG regularly meets in order to detect critical areas exposed to operational risk and, consequently, implements specific mitigating actions.

Risk capital measurement and allocation mechanism

UniCredit developed an internal model for measuring the capital requirements. The system for measuring operational risk is based on internal loss data, external loss data (consortium and public data) scenario loss data and risk indicators.

Capital at risk is calculated per event type class. For each risk class, severity and frequency of loss data are separately estimated to obtain the annual loss distribution through simulation, considering also insurance coverage. The severity distribution is estimated on internal, external and scenario loss data, while the frequency distribution is determined using only the internal data. An adjustment for key operational risk indicators is applied to each risk class. Annual loss distributions of each risk class are aggregated through a copula functions based method. Capital at risk is calculated at a confidence level of 99,9% on the overall loss distribution for regulatory purposes and at a confidence level of 99,97% for economic capital purposes.

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

The AMA approach has been formally approved by the Supervisory Authority and is currently expected to be rolled out in all the relevant Group entities before the end of 2012. The entities or business segments not yet authorised to use the advanced methods contribute to the consolidated capital requirement on the basis of the standard (TSA) or basic (BIA) model.

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

DISTRIBUTION PER RISK EVENT TYPE	PERCENTAGE
Clients	70.0%
Executions	11.8%
Employment practices	3.5%
Internal fraud	9.3%
IT systems	0.3%
External fraud	4.9%
Asset damages	0.2%
Total	100.0%

In the first half 2012, 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 errors in process management, execution and delivery due to operational or process management shortfalls. In decreasing order of total impact, losses for internal fraud, external fraud, legal and labour disputes have been booked. Losses on asset damages and It failures represents the residual part of operational risk.

B. Legal Risks

UniCredit S.p.A. is 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 UniCredit may not lawfully know about or communicate.

The Bank 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 Bank to damages claims, regulatory fines, other penalties or reputational damage.

In addition, the Bank 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 Bank 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), UniCredit S.p.A. has set aside a provision for risks and charges of €622 million as at June 30 2012. The estimate for reasonably possible liabilities and this provision are based upon currently available information but, given the numerous uncertainties inherent in litigation, involve significant elements of judgment. In some cases it is not possible to form a reliable estimate, for example where proceedings have not yet been initiated or where there are sufficient legal and factual uncertainties to make any estimate purely speculative. Therefore, it is possible that this provision may not be sufficient to entirely meet the legal costs and the fines and penalties that may result from pending legal actions, and the actual costs of resolving pending lawsuits may prove to be substantially higher.

Consequently it cannot be excluded that an unfavourable outcome of such legal proceedings or such investigations may have a negative impact on the results of UniCredit S.p.A. and/or its financial situation.

Set out below is a summary of information relating to matters involving UniCredit S.p.A. which are not considered groundless or in the ordinary course. Please note that labour law, tax and credit recovery actions are excluded from this section.

Madoff

Background

In March 2009 Bernard L. Madoff ("**Madoff**"), former chairman of the NASDAQ Exchange and owner of Bernard L. Madoff Investment Securities LLC ("**BMIS**"), a broker-dealer registered with the Securities Exchange Commission (the "**SEC**") and the Financial Industry Regulatory Authority ("**FINRA**"), pled guilty to crimes, for which he was sentenced to 150 years in prison, that included securities fraud, investment adviser fraud, and providing false information to the SEC in connection with his operation of what has been described as a Ponzi scheme. In December of 2008, shortly after Madoff's arrest, a bankruptcy administrator (the "**SIPA Trustee**") for the liquidation of BMIS was appointed in accordance with the U.S. Securities Investor Protection Act of 1970.

Following Madoff's arrest, several criminal and civil suits were filed in various countries against financial institutions and investment advisers by, or on behalf of, investors, intermediaries acting as brokers for investors and public entities in relation to losses incurred.

As at the date of Bernard L. Madoff's arrest, and since mid-2007, the Alternative Investments division of Pioneer ("**PAI**"), an indirect subsidiary of UniCredit S.p.A. acted as investment manager and/or investment adviser for the Primeo funds (including the Primeo Fund Ltd (now in Official Liquidation),"**Primeo**") and various funds-of-funds ("**FoFs**"), which were non-U.S. funds that had invested in other non-U.S funds with accounts at BMIS. Pioneer also owned the founder shares of Primeo since 2007. Previously, the investment advisory functions had been performed by BA Worldwide Fund Management Ltd ("**BAWFM**"), an indirect subsidiary of UniCredit Bank Austria AG ("**BA**"). For a period of time, BAWFM had previously performed investment advisory functions for Thema International Fund plc, a non-U.S. fund that had an account at BMIS.

UniCredit Bank AG (then HypoVereinsbank) issued tranches of debt securities whose potential yield was calculated based on the yield of a hypothetical structured investment (synthetic investment) in the Primeo funds. Some BA customers purchased shares in Primeo funds that were held in their accounts at BA. BA owned a 25 percent. stake in Bank Medici AG (**Bank Medici**), a defendant in certain proceedings described below. Bank Medici is alleged to be connected, *inter alia*, to the Herald Fund SPC, a non-U.S. fund that had an account at BMIS.

Proceedings in the United States

Purported Class Actions

UniCredit S.p.A., BA, PAI and Pioneer Global Asset Management S.p.A. (“**PGAM**”), a UniCredit S.p.A. subsidiary were named among some 70 defendants in three putative class action lawsuits filed in the United States District Court for the Southern District of New York (the Southern District) between January and March 2009, purporting to represent investors in three investment fund groups (the “**Herald**” funds, “**Primeo**” and the “**Thema**” funds) which were invested, either directly or indirectly, in BMIS.

The three cases were later consolidated for pre-trial purposes and in February of 2010 amended complaints were filed in each case. In April of 2011, permission was sought from the Court further to amend each of the three complaints, principally to withdraw certain claims under the United States federal securities laws, and, in one case, to add a claim under the United States Racketeer Influenced and Corrupt Organizations Act (“**RICO**”), as further described below.

The amended “Herald” complaint claimed on behalf of investors in Herald Fund SPC-Herald USA Segregated Portfolio One and/or Herald (Lux) on 10 December 2008, or who invested in those funds from 12 January 2004 to 10 December 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 12 January 2004 to 12 December 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 12 January 2004 to 14 December 2008. It was principally alleged that defendants including UniCredit S.p.A., BAWFM and Bank Medici committed common law torts by, inter alia, recklessly or knowingly making or failing to prevent untrue statements of material fact and/or failing to exercise due care in connection with the claimants' investments in the Thema fund.

In the Herald, Primeo and Thema cases, the plaintiffs sought damages in unspecified amounts (other than under RICO in the case of the Herald complaint, as noted above), interest or lost profits punitive damages, costs and attorneys’ fees, as well as an injunction preventing defendants from using fund assets to defend the action or otherwise seeking indemnification from the funds.

On November 29, 2011, the Southern District dismissed at the request of UniCredit S.p.A., PGAM, PAI, BA and other defendants all three purported class action complaints on grounds, with respect to UniCredit S.p.A., PGAM, PAI and BA, that the United States is not the most convenient forum for resolution of plaintiffs’ claims.

On or about January 11, 2012, all three groups of plaintiffs appealed the judgment of the Southern District to the United States Court of Appeals for the Second Circuit (the "**Second Circuit**"), which appeals are now in progress.

Claims by the SIPA Trustee

In December of 2010, the SIPA Trustee filed two cases (the "**HSBC**" and the "**Kohn**" case, respectively) in the United States Bankruptcy Court in the Southern District of New York against several dozen defendants. Both cases were later removed to the non-bankruptcy federal trial court in the Southern District at the request of UniCredit S.p.A., PAI and certain other defendants.

In the HSBC case, the SIPA Trustee sought to recover from some 60 defendants, including UniCredit S.p.A., BA, BAWFM, PAI, and Bank Medici seeking amounts to be determined at trial, allegedly representing so-called avoidable transfers to initial transferees of funds from BMIS, subsequent transfers of funds originating from BMIS (in the form of alleged management, performance, advisory, administrative and marketing fees, among other such payments, said to exceed $400 million in aggregate for all defendants), and

compensatory and punitive damages against certain defendants on a joint and several basis, including the five abovementioned, alleged to be in excess of $2 billion. In addition to avoidable transfers, the SIPA Trustee sought to recover in the HSBC action unspecified amounts (said to exceed several billion dollars) for common law claims of unjust enrichment, aiding and abetting BMIS's breach of fiduciary duty and BMIS's fraud and contribution. However, on July 28, 2011, the Southern District Court dismissed, at the request of UniCredit S.p.A., PAI, BA and certain other defendants the common law claims for aiding and abetting Madoff's fraud and breach of fiduciary duty, for unjust enrichment and for contribution. The SIPA Trustee has appealed the Southern District's order finalizing the dismissal of those claims to the Second Circuit. Certain claims brought by the SIPA Trustee which were not addressed in the motion to dismiss remain pending in the bankruptcy court.

On March 22, 2012 UniCredit S.p.A., BA and PAI requested that the District Court withdraw the reference from the Bankruptcy Court in respect of the claims that the District Court had returned to the Bankruptcy Court following the decision by the District Court on July 28, 2011 to dismiss the common law claims.

In the Kohn case, the SIPA Trustee seeks to recover from more than 70 defendants, including UniCredit S.p.A., BA, PGAM, BAWFM, Bank Medici, Bank Austria Cayman Islands, and several persons affiliated with UniCredit S.p.A. and BA, unspecified avoidable transfers from BA as an initial transferee from BMIS and as from UniCredit S.p.A, BA and other UniCredit S.p.A. affiliated defendants as subsequent transferees of funds likewise originating from BMIS. The complaint further asserts common law claims, including unjust enrichment and conversion, as well as violations of the RICO statute as the alleged result of the defendants' directing investors' money into Madoff's Ponzi scheme. The SIPA Trustee seeks treble damages under RICO (three times the reported net $19.6 billion losses allegedly suffered by all BMIS investors), alleged retrocession fees, management fees, custodial fees, compensatory, exemplary and punitive damages, and costs of suit as against the defendants on a joint and several basis.

UniCredit S.p.A., BA, PGAM and Alessandro Profumo (former CEO of UniCredit S.p.A.) moved to dismiss the common law and RICO claims on July 25, 2011,

On February 21, 2012, the District Court dismissed the RICO and common law claims asserted in the Kohn action, and returned to the Bankruptcy Court the remaining avoidance claims. On March 21, 2012, the SIPA Trustee filed a notice of appeal to the Second Circuit of the decision. He procedurally withdrew that appeal on April 10, 2012, subject to potential reinstatement at any party's request within one year.

On March 22, 2012 UniCredit S.p.A., BA and PGAM requested that the District Court withdraw the reference from the Bankruptcy Court in respect of the claims that the District Court had returned to the Bankruptcy Court following the decision by the District Court to dismiss the RICO and common law claims, as noted above. UniCredit S.p.A. and its affiliated defendants intend to continue defending these proceedings vigorously.

Proceedings Outside the United States

On July 22 2011, the Joint Official Liquidators of Primeo (the "**Primeo Liquidators**") issued a writ of summons against PAI in the Grand Court of the Cayman Islands, Financial Services Division. In that claim the Primeo Liquidators allege that PAI is liable under the terms of an investment advisory agreement between Primeo and PAI as a result of alleged breaches of duties by PAI and also as a result of alleged acts and omissions by BMIS for which PAI is alleged to be vicariously liable. The Primeo Liquidators also allege that fees paid to PAI were paid under a mistake of fact and claim restitution from PAI of those fees. In aggregate, the Primeo Liquidators claim approximately $262 million plus additional unquantified damages, as well as interest and costs.

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, was named as defendant. The plaintiffs invested in funds that, in turn, invested directly or indirectly with BMIS. No final judgments handed down thus far have been against BA, PIA, PAI or BA Worldwide Limited. Several judgments have been issued in favor of BA in various instances, some are already legally binding. Other judgments have been handed down against BA, which are all interim judgments and none of them is final so far as appeals are pending. With respect to those cases currently on appeal no estimate can be made as to their potential outcomes nor the effects, if any, which the appeal decisions may have on other cases pending against BA.

In respect of the Austrian civil proceedings pending as against BA, which relates to Madoff's fraud, BA has made provisions for an amount considered appropriate to the current risk.

Bank Austria has been named as a defendant in criminal proceedings in Austria which concern the Madoff case. These proceedings were initiated by a complaint filed by the FMA (the Austrian Financial Market Authority) to the Austrian prosecutor. Subsequently complaints were filed by purported investors in funds which were invested, either directly or indirectly, in BMIS and Bernard L. Madoff Securities LLC.

These complaints allege, amongst other things, that BA breached provisions of the Austrian Investment Fund Act as prospectus controller of the Primeo Fund. These criminal proceedings are still at the pre-trial stage.

Legal proceedings were brought in Germany against UniCredit Bank AG regarding synthetic debt securities issued by UniCredit Bank AG and connected to Primeo. One of these lawsuits has since been abandoned by the plaintiff, the one remaining lawsuit was rejected in its entirety by the Munich Regional Court. The plaintiff's appeal was also rejected. Prior to the appellate decision being handed down a new lawsuit was commenced against UniCredit Bank AG. This lawsuit also relates to the synthetic debt securities issued by UniCredit Bank AG that are connected to Primeo.

A Chilean investor in synthetic debt securities connected to Primeo has filed a complaint with the Chilean prosecutor. There was an investigative phase onlywhere testimony had been taken from employees or former employees of UniCredit S.p.A. or its affiliates. The investigation was then closed. An application has since been made to dismiss the complaint with prejudice. This application was granted by the court on June 25, 2012 and the case has been closed.

Subpoenas and Investigations

UniCredit S.p.A. and several of its subsidiaries have received subpoenas orders and requests to produce information and documents from the SEC, the U.S. Department of Justice and the SIPA Trustee in the United States, the Austrian Financial Market Authority, the Irish Supervisory Authority for financial markets and BaFin in Germany related to their respective investigations into Madoff's fraud. Similar such subpoenas, orders and requests may be received in the future by UniCredit S.p.A. its affiliates, and some of their employees or former employees, in the foregoing markets or in places where proceedings related to Madoff investments are pending from time to time.

Certain Potential Consequences

In addition to the foregoing proceedings stemming from the Madoff case against UniCredit S.p.A., its subsidiaries and some of their respective employees and former employees, additional Madoff-related actions have been threatened and are in the process of being and may be filed in the future in said countries or in other countries by private investors or local authorities. The pending or future actions may have negative consequences for the UniCredit Group.

UniCredit S.p.A. and its subsidiaries intend to defend themselves vigorously against the Madoff-related claims and charges.

Save as described above, for the time being it is not possible to estimate reliably the timing and results of the various actions, nor determine the level of responsibility, if any responsibility exists. Presently, and save as described above, in compliance with international accounting standards, no provisions have been made for specific risks associated with Madoff disputes.

Proceedings Related to and Arising out of the Purchase of HVB by UniCredit - Damages Claims

On 27 June 2007, the HVB annual Shareholders' Meeting passed a resolution to claim damages against UniCredit S.p.A., its legal representatives, and (former) members of HVB's management board and supervisory board, alleging damage to HVB due to the sale of its shareholding in Bank Austria and the Business Combination Agreement ("**BCA**") entered into with UniCredit S.p.A. during the integration process. A Special Representative (the "**Special Representative**") was appointed to take this forward. Although a shareholder, UniCredit S.p.A. was prohibited from voting at the meeting.

On 20 February 2008, the Special Representative filed a claim against UniCredit S.p.A and others, requiring the return of the shares in BA to HVB along with compensation to HVB for any additional losses suffered and, in the alternative €13.9 billion in damages. The claim

was subsequently amended to include an additional amount of €2.98 billion (plus interest) in addition to any damage that may have resulted from the capital increase resolved by HVB in April 2007 in the context of contributing of the allegedly overvalued banking business of the former UBM to HVB.

The Special Representative has now been removed and no longer has the authority to take forward these claims. After having reached an agreement with UniCredit, HVB management board and HVB supervisory board withdrew the claims on 20 June 2012 and thus formally ended the proceedings.

Cirio

In April 2004, the extraordinary administration of Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.) 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. (currently UniCredit S.p.A.) and Sergio Cragnotti to pay €223.3 million plus currency appreciation and interest from 1999. UniCredit 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 11 November 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 3 November 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 27 January 2016.

UniCredit S.p.A. believes the action to be groundless. Accordingly, no provisions have been made.

New Mexico CDO-Related Litigations

In August 2006, the New Mexico Educational Retirement Board (ERB) and the New Mexico State Investment Council (SIC), both state funds, invested USD90 million in Vanderbilt Financial, LLC (VF), a vehicle sponsored by Vanderbilt Capital Advisors, LLC (VCA. The

purpose of VF was to invest in the equity tranche of various collateralized debt obligations (CDOs) managed primarily by VCA. The equity investments in VF, including those by the ERB and SIC, became worthless. VF was later liquidated.

Several lawsuits were filed relating to the losses suffered by the ERB and SIC on their VF investments:

Foy Litigation

In January 2009, a lawsuit entitled Frank Foy v. Vanderbilt Capital Advisors, LLC, et al., was filed in New Mexico state court. Foy is a former employee of the ERB, and brings his suit under the New Mexico Fraud Against Taxpayers Act (FATA), a statute that allows private citizens to sue in a representative capacity on behalf of the state, and to collect a share of any recovery. The statute also provides for treble damages, penalties and other remedies.

Foy asserts that the ERB and SIC investments were procured by fraud in that false or misleading statements about the nature and risk of the VF investment were allegedly made to induce the state funds to invest in VF. Foy also alleges that the investment was induced by political favoritism, and that political contributions to the then Governor of New Mexico, Bill Richardson, and/or other payments made by or on behalf of Vanderbilt inappropriately influenced the boards of the ERB and SIC to authorize the investment in VF.

The Foy lawsuit seeks in excess of USD 365 million, comprising the lost investment of USD 90 million and claimed lost profits of USD 30 million, which when trebled comes to USD 360 million, plus attorneys fees, interest and other costs and penalties.

The complaint names as defendants VCA; its parent company, Pioneer Investment Management USA Inc. (PIM US),; PIM US's parent company, Pioneer Global Asset Management S.p.A. ("PGAM") UniCredit S.p.A; various officers and directors of VCA, VF and/or PIM US; law firms, external auditors, investment banks and State of New Mexico officials.

The defendants filed motions to dismiss the lawsuit on various substantive and procedural grounds. One substantive issue is whether FATA has retrospective effect. A decision on that issue is expected from the appeals court by year end 2012.

The court has ruled that Foy may proceed with the lawsuit to the extent that it challenges conduct occurring after FATA's effective date, and that the complaint adequately alleges conduct after that date.

Foy has sought to amend his complaint to add over 50 additional legal theories of wrongdoing and to put in issue other VCA-managed CDO transactions in which the SIC had previously invested, and thereby to increase the claimed damages (after trebling) to $864 million. He has thus far been unsuccessful in expanding the case.

In January 2012, the defendants' other motions to dismiss were denied or deferred by the court to a later stage of the case, and as a result, the parties have begun discussions aimed at clarifying the scope and timing of permitted discovery.

The defendants have filed an answer denying the material allegations of the complaint.

Class and Derivative Actions

In January 2010, a purported class or derivative action entitled *Donna J. Hill v. Vanderbilt Capital Advisors, LLC, et al.*, was filed in New Mexico state court in which Hill seeks to recover, on behalf of ERB or its retirement plan participants, the USD 40 million that ERB lost on its investment in VF. In February 2010, a parallel case entitled *Michael J. Hammes v. Vanderbilt Capital Advisors, LLC, et al.*, was filed in the same court making virtually identical allegations. The *Hill* and *Hammes* cases make factual allegations similar to those in *Foy*, but they bring their claims under different legal theories, primarily involving common law claims of fraud, breach of fiduciary duty (against the ERB board members), aiding and abetting breaches of duty by the ERB board members, and violations of the securities laws.

As amended, the *Hill* and *Hammes* cases name as defendants VCA, a former officer of VCA, and several current or former ERB board members. In February 2010, the *Hill* case was removed to the United States District Court for the District of New Mexico. The defendants moved to dismiss the *Hill* complaint, and in September 2011, the federal court ruled that it lacked subject matter jurisdiction and remanded the case to state court. The *Hill* plaintiffs appealed that ruling, and the appeal is currently pending in the United States Court of Appeals for the Tenth Circuit., with argument scheduled for September 2012.

Deadlines in the *Hammes* case have been extended several times. The defendants are not yet due to answer or move against the *Hammes* complaint.

Malott Litigation

In November 2011, Bruce Malott, the former chairman of the ERB, brought suit in New Mexico state court against a number of persons and entities allegedly involved with improper "pay to play" or kickback practices at the ERB. Among the defendants are VCA, VF, PIM US and two former officers of VCA. The factual allegations against VCA are similar to those asserted in *Foy*, *Hill*, and *Hammes* except that Malott seeks to recover for alleged damages that he claims to have suffered personally when the challenged transactions and practices were publicly reported in the New Mexico press, leading Malott to resign from the ERB and allegedly to lose his investment in his accounting firm.

The complaint alleges that the defendants' actions violated the New Mexico Racketeering Act and the New Mexico Unfair Practices Act and constitute fraud, breach of fiduciary duty, negligent misrepresentation, and other torts. No damages amount is specified, but the plaintiff seeks treble damages and punitive damages (as applicable) on top of whatever actual damages he can prove.

The defendants moved to dismiss the complaint in March 2012. The Court's ruling is awaited.

SIC Claim Letter

In July 2012, VCA received a letter from the SIC's attorneys asserting that the SIC is prepared to file its own lawsuit against VCA concerning both the USD 50 million investment it lost in VF and concerning earlier investments it made in other VCA-managed CDOs. The letter claims that the SIC's aggregate damages are in excess of USD 100 million, and requests a meeting to discuss the threatened claims before a lawsuit is filed. Because no complaint has been filed, the precise nature of the claims the SIC may assert, and what defenses may be available to VCA, are not yet known.

Divania S.r.l.

In 2007, Divania S.r.l. (now in bankruptcy) filed a suit in the Court of Bari Italy against UniCredit Banca d'Impresa S.p.A. (then redenominated UniCredit Corporate Banking S.p.A. and now UniCredit S.p.A.) alleging violations of law and regulation in relation to certain rate and currency derivative transactions created between January 2000 and May 2005 first by Credito Italiano S.p.A. and subsequently by UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.).

The petition requests that the contracts be declared non existent, or failing that, null and void or to be cancelled or terminated and that UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.) pay the claimant a total of €276.6 million as well as legal fees and interest. It also seeks the nullification of a settlement the parties reached in 2005 under which Divania S.r.l had agreed to waive any claims in respect of the transactions.

UniCredit S.p.A. rejects Divania S.r.l.'s demands. Without prejudice to its rejection of liability, it maintains that the amount claimed has been calculated by aggregating all the debits made (for an amount much larger than the actual amount), without taking into account the credits received that significantly reduce the claimant's demands.

In 2010 the report of the Court named expert witness submitted a report which broadly confirms UniCredit's position stating that there was a loss on derivatives amounting to about €6,400,000 (which would increase to about €10,884,000 should the out-of-court settlement, challenged by the claimant, be judged unlawful and thus null and void). The expert opinion states that interest should be added in an amount between €4,137,000 (contractual rate) and €868,000 (legal rate).

UniCredit S.p.A. has made a provision for an amount consistent with the lawsuit risk.

Another two lawsuits have also been filed by Divania, one for €68.9 million (which was subsequently increased up to Euro 80,5 million ex art 183 c.p.c.) and the second for €1.6 million.

Both are considered to be groundless and therefore no provisions have been made.

Due to Divania S.r.l.'s bankruptcy, which was declared in June 2011, all these proceedings were stayed. Afterwards they have been resumed by the Trustee and the next hearings have been scheduled for October, November and December 2012.

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

At the beginning of August 2008, the Trustee in Bankruptcy of Fin.Part S.p.A. (Fin.Part) brought a civil action against UniCredit S.p.A., UniCredit Banca S.p.A. and 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 23 December 2008 the Trustee in Bankruptcy of C Finance S.A. 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 2 October 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 S.p.A. 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 21 February 2012 the two lawsuits were joined, the Court named an expert witness and the hearing for the conclusions has been postponed for 22 January 2013.

UniCredit S.p.A, on the basis, inter alia, of the information supplied by their legal counsel, believes the claims are groundless and/or lacking in an evidentiary basis. Provisions have been made for an amount considered adequate to cover the costs.

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 potential risk resulting from the award issued.

ADDITIONAL RELEVANT INFORMATION

The following section sets out further pending proceedings against UniCredit S.p.A. 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 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 25 October 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 25 October 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 31 January 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 25 October 2006, and that the matter concerning valuation parameters would not have affected the purchase and sales agreements submitted for the approval of the shareholders' meeting. HVB also believes that the BCA is not a "concealed" domination agreement, due in part to the fact that it specifically prevents entering into a domination agreement for five years following the purchase offer.

The HVB shareholder resolution could only become null and void when the Court's decision becomes final.

Moreover, it should be noted that, in using a legal tool recognised under German law, and pending the aforementioned proceedings, HVB asked the Shareholders' Meeting held on 29 and 30 July 2008 to reconfirm the resolutions that were passed by the Extraordinary Shareholders' Meeting of 25 October 2006 and which were contested (so-called Confirmatory Resolutions). If these Confirmatory Resolutions became final and binding, they would make the alleged improprieties in the initial resolutions irrelevant.

The Shareholders' Meeting approved these Confirmatory Resolutions, which, however, were in turn challenged by several shareholders in August 2008. In February 2009, an additional resolution was adopted that confirmed the adopted resolutions.

In the judgment of 10 December 2009, the Court rejected the voidance action against the first Confirmatory Resolutions adopted on 29 and 30 July 2008. Appeals filed by several former shareholders against this judgment were rejected by Higher Regional Court (Oberlandesgericht) of Munich on 22 December 2010. In a decision taken on 26 June 2012 the German Federal Supreme Court (Bundesgerichtshof) repealed the judgment of the Higher Regional Court and referred the case back to the Higher Regional Court for reassessment. A judgment by the Higher Regional Court has not yet been issued.

In light of the above events, the appeal proceedings initiated by HVB against the judgment of 31 January 2008 were suspended until a final judgment is issued in relation to the Confirmatory Resolutions adopted by HVB's Shareholders' Meeting of 29 and 30 July 2008.

Squeeze-out of HVB minority shareholders (Appraisal Proceedings)

Approximately 300 former minority shareholders of HVB filed a request to have a review of the price obtained in the squeeze-out (Appraisal Proceedings). The dispute mainly concerns profiles regarding the valuation of HVB.

The first hearing took place on 15 April 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 Euro 10 per share higher than that amount. UniCredit S.p.A., considering the nature of the valuation methods employed, still believes that the amount paid to the minority shareholders was adequate. Nevertheless, it is not possible to predict how the Gremium will decide upon concluding its investigation.

Should the parties fail to reach an agreement, the Commercial Court will issue a decision (which is appealable), which could result in UniCredit S.p.A. having to pay a greater cash compensation.

In addition to the Court and the Gremium proceedings, a minority shareholder has initiated a parallel arbitration procedure before an arbitral tribunal. If the outcome of the arbitration is unfavorable for UniCredit,it is possible that the Group could be negatively impacted.

Cirio and Parmalat criminal proceedings

Between the end of 2003 and the beginning of 2004, criminal investigations of some former Capitalia group (now UniCredit group) officers and managers were conducted in relation to the insolvency of the Cirio group. This resulted in certain executives and officers of the former Capitalia S.p.A. (now UniCredit S.p.A.) being committed to trial.

Cirio S.p.A.'s extraordinary administration and several bondholders/shareholders joined the criminal proceedings as civil complainants without quantifying the damages claimed. UniCredit S.p.A., also as the universal successor of UniCredit Banca di Roma S.p.A., was cited as "legally liable".

On 23 December 2010, UniCredit S.p.A.– without any admission of responsibility – proposed a settlement to approximately 2,000 bondholders.

In March 2011, Cirio S.p.A.'s extraordinary administration filed its conclusions against all defendants and against UniCredit S.p.A. as "legally liable"– all the defendants jointly and severally – requesting damages in an amount of €1.9 billion. UniCredit S.p.A. believes the request is groundless both in fact and law and the officers involved in the proceedings in question maintain that they performed their duties in a legal and proper manner.

Negotiations aimed at settling all Cirio related matters in their entirety have to date proved unsuccessful and, on 4 July 2011 the Court of Rome ordered UniCredit S.p.A., together with the individuals involved, to pay CIRIO S.p,A.'s extraordinary administration €200 million

as provisional payment and to pay the bondholders and the shareholders – civil complainants in the criminal proceedings – an amount equal to 5% of the nominal value of the securities owned.

Taking into account the transaction with bondholders occurred in 2010, this decision applies only to a limited number of investors.

On 22 June 2012 the reasons for the Court's decision have been released and these are being analized with regard to the appeal.

With regard to the insolvency of the Parmalat group, from the end of 2003 to the end of 2005, investigations were conducted against certain executives and officers of the former Capitalia S.p.A. (now UniCredit S.p.A.), who had been committed for trial within the scope of three distinct criminal proceedings known as "Ciappazzi", "Parmatour" and "Eurolat".

Companies of the Parmalat group in extraordinary administration and numerous Parmalat bondholders are the claimants in the civil suits in the aforementioned proceedings. All of the civil claimants' lawyers have reserved the right to quantify damages at the conclusion of the first instance trials.

In the "Ciappazzi" and "Parmatour" proceedings, several companies of the UniCredit group have been cited as legally liable.

Upon execution of the settlement of 1 August 2008 between UniCredit group and Parmalat S.p.A., and as Parmalat group companies are in extraordinary administration, all civil charges were either waived or revoked.

The officers involved in the proceedings in question maintain that they performed their duties in a legal and proper manner.

On 11 June 2010, UniCredit S.p.A. reached an agreement with the Association of Parmalat Bondholders of the Sanpaolo IMI group (the Association) aimed at settling, without any admission of responsibility, the civil claims brought against certain banks of the UniCredit group by the approximately 32,000 Parmalat bondholders who are members of the Association. In October 2010, that agreement has been extended to the other bondholders who had joined the criminal proceedings as civil complainants (approximately 5,000).

On 4 October 2011 UniCredit S.p.A.reached a settlement agreement with the trustee of Cosal S.r.l.

On 29 November 2011 (Parmalat) and on 20 December 2011 (Parmatour) the Court of Parma issued a judgment ordering UniCredit, severally with other involved parties, a provisional payment, in favor of the bondholders and shareholders of Parmalat and Parmatour – civil complainants in the criminal proceedings – in an amount equal to 4% of the nominal value of the securities owned.

Both UC and the individuals involved appealed the decisions.

Taking into account the above mentioned transactions with bondholders in 2010, these decisions apply only to a limited number of investors.

For the Parmalat and Cirio cases provisions have been made for an amount consistent with what currently appears to be the potential risk of liability for UniCredit S.p.A. as legally liable.

CODACONS Class actions

With a petition served on 5 January 2010, CODACONS (Coordination of the associations for the defence of the environment and the protection of consumer rights), on behalf of one of its applicants, submitted a class action to the Court of Rome against UniCredit Banca di Roma S.p.A. (now UniCredit S.p.A.) pursuant to article 140-bis of the Consumer Code (Legislative Decree no. 206 dated 6 September 2005). This action, which was brought for an amount of €1,250 (plus unspecified non-material damages), is based on the allegations of AGCM, according to which Italian banks would have compensated for the abolition of maximum overdraft commission by introducing new and more costly commissions for clients. The applicant asked the Court of Rome to allow the action specifying the criteria for being included in the class action and setting a period of not more than 120 days within which the parties may join the class action. If the Court considers the class action admissible, the amount requested could significantly increase based on the number of adhesions of current account holders of UniCredit Banca di Roma S.p.A. who consider that they have suffered damages as a result of the behaviour at issue.

Another class action – together with a request to join the two actions – was filed on 9 August 2010 by CODACONS on behalf of one of its members, before the Court of Rome against UniCredit Banca di Roma S.p.A. (now UniCredit S.p.A.) based on the same claims and asking for an amount of €1,110 (including non-material damages).

The only difference between the two actions is that this claimant had a credit current account.

The Court of Rome, in two separate decisions taken on 25 March 2011, granting UniCredit S.p.A.'s motions, rejected the request to join filed by CODACONS and dismissed the two class actions. In July 2011, the CODACONS appealed both decisions. On 14 May 2012 the Court of Appeal of Rome confirmed the decision of the lower Court.

UniCredit S.p.A. believes it has consistently operated in compliance with the law in relation to its commission policy.

Derivatives

In Germany and Italy, there is a tendency for derivative contracts to be challenged most notably by non-institutional investors where those contracts are out of the money. This is affecting the financial sector generally and is not specific to UniCredit and its group companies. Due to the current uncertainty, it is impossible to assess the full impact of such challenges on the Group.

C. Risks arising from employment law cases

UniCredit S.p.A. 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 UniCredit S.p.A.does not believe that any liabilities related to the outcome of the pending proceedings could have a significant impact on its economic and/or financial standing.

D. Tax disputes

In financial years 2007, 2008 and 2009, in differing amounts and subject to differing pricing conditions, UniCredit Banca S.p.A., UniCredit Corporate Banking S.p.A. and UniCredit Banca di Roma S.p.A. carried out a certain type of structured finance transaction with the Milan Branch of the British bank Barclays Plc.

This type of transaction – which has been called "Brontos" by the British bank – consists in a Repo carried out between the Milan Branch of Barclays Plc and the aforementioned banks of the UniCredit Group, with underlying financial instruments denominated in Turkish lira issued by a Luxembourg company wholly-owned by the Barclays Group.

In the first half of 2009, the Milan prosecutor's office launched an investigation into such transactions and is examining the alleged criminal offense pursuant to Art. 3 of Legislative Decree No. 74 of March 10, 2000, and Articles 81 and 112, clauses 1 and 2, of the Penal Code. On October 18, 2011, at the request of the Milan prosecutor's office, the preliminary investigations judge served UniCredit S.p.A. with an interim freezing order, pursuant to Art. 321, section 2 of the Code of Criminal Procedure, for the total amount of €245,956,118.49 exercisable on the accounts of UniCredit S.p.A. with the Bank of Italy, Milan branch. On November 28, 2011 the Milan Court of Review revoked the freezing order and UniCredit regained control of the sums previously seized. The prosecutor appealed to the Cassation Court against this decision on December 29, 2011. The hearing has been scheduled for September 19, 2012.

On October 27, 2011 both the external counsel acting for the individuals who are being investigated and the individuals themselves were notified that the prosecutor had concluded his investigations; on February 2, 2012 the Milan prosecutor's office requested that all defendants be committed for trial. The hearing before the preliminary investigations judge had been scheduled for May 22, 2012. On June 5, 2012 the preliminary investigations judge committed all defendants for trial, the first hearing before the Second Criminal Division of the Court of Milan being scheduled for October 1, 2012.

In March 2011 the Italian Tax Police (Guardia di Finanza) started a tax assessment of all structured finance transactions conducted by some Group Banks between 2006 and 2008, including the "Brontos" transaction described above. Following the assessment, on June 21, 2011 the Italian Tax Police (Guardia di Finanza) served UniCredit S.p.A. with the tax audit reports related to the aforementioned

transactions, broken down by year and by company name. The reports show a tax liability totaling €445 million, of which €269 million related to the “Brontos” transaction.

As already reported in the 2011 financial statements, on December 6, 2011 the company settled its back tax liability with respect to financial year 2006, whereas with respect to financial years 2007, 2008 and 2009 it should be noted that after careful examination of all available information and any costs/opportunities the company made an adequate provision in the 2011 financial statements with reference to both the “Brontos” transaction and the transactions other than “Brontos”, consistent with the amounts paid to settle back tax liabilities related to previous financial years and/or taking account of any other relevant circumstances.

Lastly, it should be noted that the notice of assessment related to the DB Vantage 2004 transaction had already been contested. The hearing before the competent tax commissions has been scheduled for September and October 2012.

Other pending tax cases

At the end of 2011 UniCredit S.p.A., on its own behalf and in its capacity as the holding company of various entities, was served with some notices of assessment related to taxes and sanctions totaling €43 million.

Specifically, UniCredit received a €33 million notice as the consolidating entity of Pioneer Investment Management SGR, mainly with reference to issues connected with transaction prices.

Pioneer Investment SGR and UniCredit S.p.A. in its capacity as consolidating entity, appealed against their respective notices of assessment related to financial year 2006 concerning the transaction prices on which information was disclosed in the 2011 financial statements.

UniCredit also settled other back tax liabilities with reference to other notices of assessment, whose amounts are included in provisions previously made.

UniCredit believes that the risk represented by these liabilities is remote and only potential and therefore decided not to make any provisions.

Società Petrolifera Gioia Tauro

On November 11, 2005 Società Petrolifera Gioia Tauro received two notices of assessment from the Catanzaro Tax Agency, relating to tax years 1997 (IRPEG and ILOR) and 1999 (IRPEG and IRAP) for a total of €7.3 million, of which €3.8 million were for interest and fines.

The Tax Agency's findings were based on the tax treatment of grants or subsidies received by the company under Law 488/1992, and were challenged by the company before the Catanzaro Province Tax Commission, which allowed the appeals.

The appeals lodged by the Catanzaro Tax Agency were then allowed by the Regional Tax Commission in Catanzaro in two judgments deposited on July 22, 2011.

Società Petrolifera Gioia Tauro has appealed to the Court of Cassation (Supreme Court) and is awaiting the Court's decision.

It seems more than likely that the two appeals to the Supreme Court will overturn the judgments of the Regional Tax Commission in Catanzaro. Following the receipt by Società Petrolifera Gioia Tauro of two tax bills from Equitalia Sud, in May 2012 the company was allowed to spread the payments, totaling approximately €9.5 million (including fines and interest), over a period of 6 years.

Section 5 – Other Risks

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

- business risk;
- real-estate risk;
- financial investment risk;
- strategic risk;
- reputational risk.

These risks are defined as follows:

- **Business risk** is defined as adverse, unexpected changes in business volume and/or margins that are not due to credit, market and operational risks. Business risk can result, above all, from a serious deterioration in the market environment, changes in the competitive situation or customer behavior, but may also result from changes in the legal framework;
- **Real estate risk** is defined as the potential losses resulting from market value fluctuations of the Group's real estate portfolios, including real estate special purpose vehicles. It does not take into consideration properties held as collateral;
- **Financial investment risk** originates in equity held in companies not included in the Group or held in the trading book**;**
- **Strategic risk** is the risk of suffering potential losses due to decisions or radical changes in the business environment, improper implementation of decisions, lack of responsiveness to changes in the business environment, which result in negative impacts to the risk profile, capital and earnings as well as the overall direction and scope of a bank over the long run;
- **Reputational risk**: this is the current or future risk of a decline in profits as a result of a negative perception of the Bank's image by customers, counterparties, bank shareholders, investors or the regulator.

Within the Internal Capital Adequacy Assessment Process (ICAAP), in line with the proportionality principle defined in Pillar II of Basel II, the risk profile of the main companies of the Group is calculated analytically, while for small ones is used a synthetic approach (top down approach).

Credit, market, operational, business, real estate and financial investment risks are measured quantitatively, using:

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

Internal Capital is the capital set aside as a buffer against the potential losses inherent in the Group's business activities and it takes into consideration all risk types identified by the Group as quantified in terms of Economic Capital in line with Pillar II requirements (credit, market, operational, business, financial investment and real estate risks including the effects of diversification between risk types ('interdiversification') and within each portfolio type ('intradiversification') and a prudential cushion against the model risk and the variability of the economic cycle).

Internal Capital is calculated using the Bayesian Copula approach for aggregation with a one-year time horizon and 99.97% confidence level in line with the Group rating target. The distribution of correlation matrixes that represents the dependence structure between risks is achieved combining expert opinions with empirical correlation coefficient calculated relying on the time series of specific risk factors.
For control purposes, Internal Capital is calculated quarterly or ad hoc if needed; it is also projected for budgeting purposes.

The multi-dimensional nature of risk makes it necessary to supplement the measurement of economic capital with stress testing, not only in order to estimate losses in certain scenarios, but also to ascertain the impact of their determinants. Stress testing is carried out on both individual risk types and their aggregation, providing as output conditional losses and stressed economic capital. The combined stress test calculation covers the changes on the amount of the individual risk types and of the diversification benefit in crisis conditions.

The adequacy of the risk measurement methodologies supporting the ICAAP, including stress testing and risk aggregation, is checked by internal validation.

Under the corporate governance system, the Parent Group Risk Management is responsible for the Group Economic and Internal Capital methodology development and their measurement at Group and divisional level, moreover the Parent is responsible to set and implement the Group related processes.
The "Group Rules", after the approval is sent to interested LEs for approval and implementation.

Internal Capital Adequacy Assessment Process (ICAAP)
Measuring the risk profile is a fundamental element of the Internal Capital Adequacy Assessment Process under Basel II Pillar II.

The Group's approach to ICAAP relies on the definition of the "Risk Governance", as a preliminary requirement, while the process consists of following phases:

- perimeter definition and risk identification;
- risk profile measurement;
- risk appetite setting and capital allocation; and
- monitoring and reporting

Capital adequacy is assessed considering the balance between the assumed risks, both Pillar I and Pillar II, and the available capital. With respect to Pillar II, the relevant metric is the Risk Taking Capacity, which is the ratio between available capital (Available Financial Resources, AFR) and Internal Capital.

The Group defines the risk appetite[2] as the variability in terms of results, both short and long term, that Senior Management is willing to accept to support a defined strategy.

The risk appetite framework is based on three dimensions:

- Capital adequacy;
- Profitability and risks
- Liquidity and funding.

it is approved by Board of Directors and is regularly monitored and reported, at least quarterly, to the relevant committees.

In addition, the Company is required to draft a yearly consolidated report on capital adequacy in accordance with Banca d'Italia guidelines and including an overview of the main Group companies.

Reputational Risk

Reputational risk is identified as the current or future risk of a decline in profits as a result of a negative perception of the Bank's image by customers, counterparties, bank shareholders, investors or the Regulator.

In August 2010 the UniCredit S.p.A. Board of Directors approved the Group Reputational Risk Governance Guidelines, which aim at defining a general set of principles and rules for measuring and controlling reputational risk. In the Parent Company the Reputational Risk Methodologies and Control unit is formally appointed within the Group Operational and Reputational Risks department.

The Governance Guidelines were distributed to the UniCredit Group Legal Entities for implementation, through a letter signed by the CEO and the Head of Group Risk Management.

The primary role of Reputational Risk Methodologies and Control is:

- developing methodologies for the measurement and control of reputational risk and facilitating the task of identifying, valuing and measuring such risk;
- monitoring the implementation – in the Legal Entities – of methodologies of reputational risk (general guidelines for the management and control of reputational risk), defining the tasks to be carried out on a regular basis;
- proposing mitigation actions to the competent functions and bodies;
- defining the methodology for evaluating the reputational risk of products.

[2] 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.

Moreover, the set up of the Group Operational and Reputational Risk Committee ensures consistency in reputational risk policies, methodologies and practices across Divisions, Business Units and Legal Entities, controlling and monitoring the Group Reputational Risk portfolio. Furthermore the Transactional Credit Committees are in charge of evaluating possible reputational risks inherent transactions, on the basis of the current reputational risk Global Rules.

Finally, in order to support the UniCredit Group to safeguard itself from Reputational Risk-taking, in addition to the already existing Group Reputational Risk Governance Guidelines the following policies in specific sectors are in place / have been approved: "Defense/Weapons", "Nuclear Energy", "Non-cooperative Jurisdictions", "Mining" and "Water Infrastructures (dams)".

Explanatory notes

Part F) Shareholders’ Equity

Section 1 – Shareholders’ Equity

Section 2 – Shareholders’ Equity and banking regulatory ratios

Part F) Shareholders' Equity
(amounts in thousands of €)

Section 1 – Shareholders' Equity

A. QUALITATIVE INFORMATION

In order to create value for shareholders, the UniCredit S.p.A. attributes a crucial role to capital management and allocation on the basis of the risk assumed. These activities are part of the Group planning and monitoring process and comprise:

- planning and budgeting processes:
  - proposals as to risk propensity and capitalisation 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'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 Group capital plays a crucial role in the main corporate governance processes that drive to strategic decisions. It is considered the key factor of the planning process as, on one hand it represents the shareholders' investment which needs to be adequately remunerated, and on the other hand it is a scarce resource subject to external constraints set by banking regulation.

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

The purpose of the capital management function performed by the Capital Management unit within Planning, Strategy and Capital Management Department is to define the target level of capitalisation for the Group and its companies in line with regulatory restrictions and the risk appetite.

Capital is managed dynamically: the Capital Management unit prepares the financial plan, monitors capital ratios for regulatory purposes and anticipates the appropriate steps required to achieve its goals.

On the one hand, monitoring is carried out in relation to both shareholders' equity and the composition of capital for regulatory purposes (Core Tier 1, Tier 1, Lower and Upper Tier 2 and Tier 3 Capital), and on the other hand, in relation to the planning and performance of risk-weighted assets (RWA).

The dynamic management approach aims at identifying the investments, capital instruments and hybrid instruments most suitable for

achieving the Group's targets. If there is a capital shortfall, the gaps to be filled and capital generation measures are indicated, and their efficiency are measured using RAPM.

B. QUANTITATIVE INFORMATION

B.1 Company Shareholders' Equity: breakdown

Items/Values	06.30.2012	12.31.2011
1. Share capital	**19,647,949**	**12,148,463**
2. Share premium reserve	**32,877,938**	**36,823,215**
3. Reserves	**5,233,702**	**7,622,872**
- from profits	(802,914)	1,587,962
a) legal	1,517,514	1,517,514
b) statutory	-	1,195,845
c) treasury shares	-	-
d) other	(2,320,428)	(1,125,397)
- other	6,036,616	6,034,910
4. Equity instruments	**-**	**-**
5. Treasury shares	**(2,440)**	**(2,440)**
6. Revaluation reserves	**(448,069)**	**(594,137)**
- Available-fo-sale financial assets	(1,180,847)	(1,262,106)
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash flow hedges	455,758	390,949
- Exchange differences	-	-
- Non-current assets classified held for sale	-	-
- Actuarial gains (losses) on definited benefit plans	-	-
- Changes in valuation reserve pertaining to equity method investments:	-	-
- Special revaluetion loans	277,020	277,020
7. Net profit (loss)	**851,163**	**(6,348,649)**
Total	**58,160,243**	**49,649,324**

* Reserves - Other reserves includes the Treasury shares reserve (€2,440 thousand), originally set up by debiting Share Premium.

In the first half of 2012, there was a change in share capital – which at December 2011 was made up of 1,927,425,171 ordinary shares and 2,423,898 savings shares, both category with no per-share nominal value – for the reasons presented in the "Strengthening of equity and other transactions concerning share capital" chapter of the "Interim report on Operations".

In particular, share capital increased from €12,148,463 thousand at the end of 2011 to €19,647,949 thousand at the end of June 2012, including a paid capital increase in the amount of €7,499,209 thousand and a free capital increase of €277 thousand; the latter was carried out with a concomitant drawing from the Reserve previously established in relation to the medium-term incentive system for Group Personnel.

The aforementioned increases included respectively the issue of 3,859,602,938 and of 84,023 ordinary shares, for a total of 3,859,686,961 ordinary shares.

After those increases, share capital is made up of 5,787,112,132 ordinary shares and 2,423,898 savings shares.

At the end of June 2012, the number of remaining treasury shares totaled 47,600 ordinary shares, unchanged from the end of 2011 since no transactions occurred during the half year.

Pursuant to a resolution of the Ordinary Shareholders' Meeting of May 11, 2012, steps were taken to replenish the 2011 loss with share premiums in the amount of €3,945,277 thousand and reserves in the amount of €2,403,372 thousand.

Section 2 – Shareholders' Equity and banking regulatory ratios

The definitive data will be sent to Bank of Italy on the basis the deadlines scheduled (September 15, 2012).

2.1 Regulatory Capital Breakdown

		06.30.2012	12.31.2011
A.	**Tier 1 before solvency filters**	**57,092,299**	**49,509,314**
B.	Tier 1 solvency filters	(197,497)	(111,415)
	B.1 Positive IAS/IFRS solvency filters	-	-
	B.2 Negative IAS/IFRS solvency filters	(197,497)	(111,415)
C.	**Tier 1 after solvency filters (A+B)**	**56,894,802**	**49,397,899**
D.	Deductions from tier 1	2,831,099	2,510,976
E.	**Total TIER 1 (C - D)**	**54,063,703**	**46,886,923**
F.	**Tier 2 before solvency filters**	**13,984,636**	**15,866,654**
G.	Tier 2 solvency filters	(42,324)	(53,015)
	G.1 Positive IAS/IFRS solvency filters	-	-
	G.2 Negative IAS/IFRS solvency filters	(42,324)	(53,015)
H.	**Tier 2 after solvency filters (F+G)**	**13,942,312**	**15,813,639**
I.	Deductions from tier 2	2,831,099	2,510,976
L.	**Total TIER 2 (H - I)**	**11,111,213**	**13,302,663**
M.	Deductions from tier 1 e tier 2	782,667	782,669
N.	**Total capital (E+L-M)**	**64,392,249**	**59,406,917**
O.	TIER 3	-	-
P.	**Total capital + TIER 3 (N+O)**	**64,392,249**	**59,406,917**

2.2 Capital adeguacy

Categories/Items	06.30.2012		12.31.2011	
	Non weighed amounts	Weighed amounts / requirements	Non weighed amounts	Weighed amounts / requirements
A. RISK ASSETS				
A.1 Credit and counterparty risk	**458,133,365**	**191,480,046**	**466,189,373**	**204,059,025**
1. Standardized approach	232,947,138	105,699,514	235,062,600	110,958,575
2. IRB approaches	219,956,550	84,690,751	225,458,987	91,889,788
2.1 Fundation	-	-	-	-
2.1 Advanced	219,956,550	84,690,751	225,458,987	91,889,788
3. Securization	5,229,677	1,089,781	5,667,786	1,210,662
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk		**15,318,404**		**16,324,722**
B.2 Market Risk		**73,938**		**207,146**
1. Standardized approach		73,938		207,146
2. Internal models		-		-
3. Concentration risk		-		-
B.3 Operational risk		**1,308,190**		**1,248,300**
1. Basic indicator approach (BIA)		17,727		17,727
2. Traditional standardized approach (TSA)		-		-
3. Advanced measurement approach (AMA)		1,290,463		1,230,573
B.4 Other capital requirements		**-**		**-**
B.5 Other calculation items		**-4,175,133**		**-4,445,042**
B.6 Total capital requirements		**12,525,399**		**13,335,126**
C. RISK ASSTS AND CAPITAL RATIOS				
C1. Weighed risk assets		156,567,480		**166,689,079**
C2. Tier 1/ Weighed risk assets (Tier 1 capital ratio)		**34.53%**		**28.13%**
C3. Regulatory capital included Tier 3 / Weighed risk assets (Total capital ratio)		**41.13%**		**35.64%**

Part H) Related-Party Transactions

2 – Related-Party Transactions

Part H) Related-Party Transactions

(amounts in thousands of €)

2. Related-Party Transactions

In order to ensure full compliance with legislative and regulatory provisions currently in effect as regards disclosure of transactions with related parties, UniCredit adopted some procedures for identifying related-party transactions designed to ensure appropriate information is provided to enable compliance with the obligations of the Directors of UniCredit, as a listed company and the Parent Company of the Group.

In November 2010 UniCredit's Board of Directors approved new regulations concerning related-party transactions (the "Related-party transactions procedures"), in compliance with the CONSOB Regulation approved by Resolution No. 17221 of March 12, 2010, as subsequently updated, which sets out the principles to be complied by Italian companies whose shares are listed on regulated Italian or other EU countries and with shares widely distributed among the public, in order to ensure transparency and substantial and procedural fairness of related party transactions. Specific guidelines have been distributed to the company's functions and Group Entities in order to systematically abide to the above-mentioned reporting requirements starting from January 1, 2011.
It must be pointed out that during the period under consideration no related-party transactions that would qualify as major according to the "Related-party transactions procedures" referred to earlier were carried out.

It should be noted that in the first half of 2012 the transactions carried out within the Group and/or generally with Italian and foreign related parties were executed, as a rule, on the same terms and conditions as those applied to transactions entered into with independent third parties. Intra-group transactions were carried out based on assessments of a mutual economic advantage, and the determination of applicable terms and conditions took place in compliance with substantial correctness, keeping in mind the common goal of creating value for the entire Group. The same principle was also applied to the provision of services, combined with the principle of charging for such services at minimal rate solely to recover related production costs.

As required by the Commission Regulation (EU) No. 632/2010 of July 19, 2010, the revised IAS 24 – which simplifies and clarifies the definition of related party and the criteria aimed at identifying correctly the nature of the relationship with the reporting entity – is applied to financial reporting for annual periods beginning on or after January 1, 2011. Pursuant to IAS 24, UniCredit S.p.A.'s related parties include:

- companies belonging to the UniCredit group and companies controlled by UniCredit but not consolidated;
- associates and joint ventures;
- UniCredit's "key management personnel";
- close family members of key management personnel and companies controlled (or jointly controlled) by key management personnel or their close family members;
- Group employee post-employment benefit plans.

Moreover, as approved by the Board of Directors with effect from March 1, 2012, for the purposes of the disclosure of information pursuant to IAS 24 and to CONSOB regulations but included in the process of self-regulation, Unicredito S.p.A. has expanded the scope of related parties including individuals who:

- directly or indirectly, also through controlled entities, trustees or nominees, hold a stake in UniCredit exceeding 2% of the share capital represented by shares with voting right, as well as all entities directly or indirectly controlled by them

- have (among them) signed an agreement, in whatever form and made public by law, for the joint exercise of the voting right at UniCredit Shareholders' Meeting exceeding 2% of the share capital, as well as the entities that directly or indirectly control them and all those that are directly or indirectly controlled by them.

Not all related-parties falling into the definition provided by IAS 24 are subject to disclosure requirements pursuant to Consob "Regulations containing provisions relating to transactions with related parties" (adopted with Resolution No. 17221, later amended by Resolution no. 17389 of 2010, which are based on the definition of related party contained in the old IAS 24, in force when the above-mentioned Regulation became effective).

The following table sets out the assets, liabilities, guarantees and commitments as at June 30, 2012, for each group of related parties, pursuant to IAS 24.

RELATED-PARTY DISCLOSURE

	AMOUNTS AS AT 06.30.2012						
	Subsidiaries	Joint venture	Associates	Key Management Personnel	Other related parties	TOTAL	Shareholders (*)
Financial assets held for trading	3,204,092	-	-	-	-	3,204,092	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Avalaible-for-sale-financial assetd	574,840	-	-	-	-	574,840	-
Loans and receivables with banks	17,559,630	207,977	20,027	-	201,341	17,988,975	5,229
Loans and receivables with customers	24,409,050	-	370,829	2,077	27,569	24,809,525	30,625
Other assets	469,901	1,022	7,542	-	138	478,603	66
Total assets	**46,217,513**	**208,999**	**398,398**	**2,077**	229,048	**47,056,035**	**35,920**
Deposits from banks	19,869,874	2,327	1,272	-	12,433	19,885,906	260,289
Deposits from customers	1,850,207	3,831	298,675	6,319	96,759	2,255,791	189,372
Securities and financial liabilities	28,763,448	-	-	-	10,226	28,773,674	-
Other liabilities	694,416	-	552	3	20,948	715,919	3,107
Total liabilities	**51,177,945**	**6,158**	**300,499**	**6,322**	140,366	**51,631,290**	-
Guarantees issued and commitments	**8,587,229**	**1,493,080**	**139,678**	**-**	**110,994**	**10,330,981**	**22,113**

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

The following table sets out the impact of transactions with related parties on the main Income Statement Items, for each group of related parties.

	FIRST HALF 2012						
	Subsidiaries	Joint venture	Associates	Key Management Personnel	Other related parties	TOTAL	Shareholders (*)
Interest income and similar revenues	712,711	6,314	2,394	20	929	**722,368**	**78**
Interest expenses and similar chages	(543,303)	(29)	(802)	(58)	(225)	**(544,417)**	**(750)**
Fee and commission income	213,633	527	223,258	17	387	**437,822**	**141**
Fee and commission expenses	(41,130)	(3)	(9,338)	-	(8)	**(50,479)**	**(24)**
Gains and losses on financial assets and liabilities held for trading	(576,817)	-	-	-	-	**(576,817)**	-
Fair value adjustments in hedge accounting	366,478	-	-	-	-	**366,478**	-
Gains and losses on disposal of: fiancial liabilities	133,909	-	-	-	-	**133,909**	-
Net write-downs of loans and provisions for guarantees and commitments	(103)	-	5,055	-	733	**5,685**	**(24)**
Staff expenses	7,147	787	-	-	(7)	**7,927**	-
Other administrative expenses	(829,585)	(380)	(1,206)	-	-	**(831,171)**	-
Other operating expenses/income	19,483	475	211	-	525	**20,694**	1
Total	**(537,577)**	**7,691**	**219,572**	**(21)**	**2,334**	**(308,001)**	**(578)**

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

Operating costs related to key management personnel do not include the remuneration paid.

Note that the "key management personnel" are persons having authority and responsibility for planning, directing, and controlling UniCredit's activities, directly or indirectly (i.e. members of the Board of Directors, including the Chief Executive Officer, the Standing Auditors, members of the Executive Management Committee and the Head of Internal Audit in office during the period under consideration).

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:

During the first half of 2012, the agreement related to the shares representing equity investments in foreign subsidiaries belonging to the banking group, which were given by UniCredit S.p.A. to UniCredit Bank AG as collateral against financial exposures for a total value of €7.05 billion, expired.

In March 2012 (first quarter of 2012) collateral agreements (Credit Support Annex) were signed with respect to the ISDA Master Agreements that regulate transactions in derivatives traded among UCAG and certain Group companies (UCI S.p.A., UCI Ireland Plc and UCL S.p.A.) in order to optimize the management of intragroup exposures (see upstream loans exposure).

In order to ensure compliance with the commitments made by UniCredit S.p.A. during the "squeeze-out" process as part of the "ReboRa Agreement", UniCredit S.p.A. and Bank Austria have signed a derivative contract valid 1/1/2010 - 1/1/2015 which includes a commitment by Unicredit S.p.A. to pay 13.2% of Profit Before Tax of the CIB Division - Segment Markets of Bank Austria in return for the commitment by Bank Austria to pay 12M Euribor + 200bps recorded annually on a notional value of EUR 1.24 billion. In the financial statements, this agreement is classified under the trading derivatives.

Mediobanca S.p.A. ("Mediobanca") – The relationships with Mediobanca include transactions falling within the ordinary course of business and financial activity.
UniCredit S.p.A. has entered into a thirty-year usufruct agreement on UniCredit shares with Mediobanca, under which Mediobanca gives back to UniCredit, in return for a consideration (recorded as a reduction in Shareholders' Equity), the right to vote and receive dividends on the UniCredit shares subscribed for by Mediobanca in January 2009, as part of the capital increase approved by UniCredit in November 2008. These shares were concomitantly used in support of the issuance of convertible securities denominated "CASHES".
Following the resolutions of UniCredit S.p.A.'s Extraordinary Meeting of December 2011, the number of shares underlying the usufruct agreement and the formula for calculating the remuneration fees in favor of Mediobanca have been adjusted to reflect (i) the reverse split of UniCredit shares and (ii) the free capital increase of December 2011 carried out through the allocation to capital of an equivalent amount transferred from the issue-premium reserve recorded in January 2009.
As part of the "CASHES" transaction Mediobanca also acts as a custodian of the shares issued by UniCredit.
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.

It should also be noted that Mediobanca took part in the underwriting syndicate as a "joint global coordinator" as part of the capital increase completed by UniCredit S.p.A. in January 2012 and supported the placement of the new shares.

Compagnia Italpetroli S.p.A. ("Italpetroli Group") has been fully consolidated since August 2011.
As at June 30, 2012 the Group's exposure to Italpetroli Group, considered part of the intragroup transactions, consisted mainly of the credit exposure.
In this regard it is noted that, during the first half of 2012, UniCredit, in order to allow the company to meet the minimum capital requirements provided for by the Civil Code, conducted a transaction consisting in the waiver of certain loans in favor of Italpetroli S.p.A. – subject to the taking over by the latter of debts towards UniCredit of some of its subsidiaries – for a total of approximately €**65 million**, completely covered by write-downs on loans to Compagnia Italpetroli S.p.A. and on the additional loans taken over by the company.

NEEP ROMA HOLDING S.p.A. ("NEEP") – NEEP, in which UniCredit holds a 40% stake, acquired control of the companies already belonging to the division "Media" of Italpetroli Group (A.S. Roma S.p.A., ASR Real Estate S.r.l. and Brand Management S.r.l.).
It should be noted that NEEP and some of its subsidiaries were granted credit lines and loans. Specifically, the loans granted to NEEP were classified as "loans with Shareholders" and can be converted by NEEP into equity instruments. The return on these loans is linked to the company's profitability.

On July 9, 2012 UniCredit S.p.A. and Premafin Finanziaria S.p.A. announced that they had perfected an agreement in which the Parties have agreed as follows:

- to terminate, by mutual agreement, the shareholders' agreement entered into on 8 July 2011, consequently releasing both Parties from all of their respective obligations under the Shareholders' Agreement, without the need to perform any other formalities or make further announcements and with each of the Parties waiving any claim, action, or request related or connected to the Shareholders' Agreement against the other. By terminating the Shareholders' Agreement, the Bank also undertook the obligation to procure that the members Board of Directors of Fondiaria-SAI S.p.A. designated by the Bank in accordance with the Shareholders' Agreement and currently in office resign on the date the Premafin Capital Increase is subscribed for, effective on the date of resignation;

- to terminate, by mutual agreement, the investment agreement executed, and announced to the market, on 22 March 2011 by UniCredit and Premafin, consequently releasing both Parties from all of their respective outstanding obligations under the UniCredit Agreement, without the need to perform any other formalities or make further announcements and with each of the Parties waiving any claim, action, or request related or connected to the UniCredit Agreement against the other. The effectiveness of the termination of the agreement is subject to the non-occurrence of the condition subsequent that UGF fail to subscribe for the Premafin share capital on or before the Effective Date.

As a result, UniCredit S.p.A. will lose its significant influence on Fondiaria SAI S.p.A. and the investment will be reclassified from item 100. Investments in associates and joint ventures to item 40. Available-for-sale financial assets; as a consequence, it will be necessary to value it using a mark to market accounting method.
As at June 30, 2012, even if the investment was still classified under Investments in associates and joint ventures, it was deemed that the conditions for a change in the valuation method were met: the value of the equity investment was adjusted according to its market value; as a result, as at June 30, 2012 a €28 million impairment loss was recognized. The residual carrying value amounted therefore to approximately €22 million.

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

It should be noted that in 2011 distribution agreements concerning insurance products were signed with the following associates:

- Aviva S.p.A.
- CNP UniCredit Vita S.p.A.

- Creditras Assicurazioni S.p.A.
- Creditras Vita S.p.A.

The amounts related to fees and commissions received from the aforementioned associates under the above-mentioned agreements have been classified on a consolidated basis as intra-group transactions with companies consolidated using the equity method.

The relationships with other related parties include the relationships with UniCredit employee pension funds, external since they have separate legal personality. These transactions were conducted on the same terms and conditions as those applied to transactions with independent third parties and are almost entirely represented by the relationships included in Deposits from customers and reported in the tables concerning the Related-party Transactions.

Part I) Share Based Payments

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.**

The first category includes the following:

- **Stock Options** allocated to selected Top & Senior Managers and Key Talents of the Group;
- **Performance Stock Options & Performance Shares** allocated to selected Top & Senior Managers and Key Talents of the Group and represented respectively by Options and free UniCredit ordinary shares that the Parent Company undertakes to grant, conditional upon achieving performance targets approved by the Parent Company's Board;
- **Employee Share Ownership Plan (ESOP)** that offers to eligible Group employees the possibility to buy UniCredit ordinary shares with the following advantages: granting of free ordinary shares ("Discount Shares" and "Matching Shares" or, for the second category, rights to receive them) measured on the basis of the shares purchased by each Participant ("Investment Shares") during the "Enrolment Period" . The granting of free ordinary shares is subordinated to vesting conditions (other than market conditions) stated in the Plan Rules.
- **Group Executive Incentive System** that offer to eligible Group Executive a variable remuneration for which payment will be made in four years. For the first two years the beneficiary will receive the payment by cash and for the second two years they will receive the payment by Unicredit shares; the payment are related to the achievement of performance condition (other than marked conditions) stated in the Plan Rules.

The second category includes synthetic "Share Appreciation Rights" linked to the share-value and performance results of Pioneer Global Asset Management at the end of period.

1.2 Measurement model

1.2.1 Stock Options and Performance Stock Options

The Hull and White Evaluation Model has been adopted to measure the economic value of Stock Options.
This model is based on a trinomial tree price distribution using the Boyle's algorithm and estimates the early exercise probability on the basis of a deterministic model connected to:

- reaching a Market Share Value equals to an exercise price- multiple (M);
- probability of beneficiaries' early exit (E) after the end of the Vesting Period.

The following table shows the measurements and parameters used in relation to the *Performance Stock Options* granted in 2012.

Measurement of Performance Stock Options 2012

	Performance Stock Options 2012
Exercise Price [€]	4.01
UniCredit Share Market Price [€]	4.01
Date of granting Board resolution (*Grant Date*)	27-mar-2012
Vesting Period Start-Date	1-gen-2012
Vesting Period End-Date	31-dic-2015
Expiry Date	31-dic-2022
Exercise price – Multiple (**M**)	1,5
Post Vesting Exit-Rate (**E**)	3,73%
Dividend Yield	2%
Volatility	56.5%
Risk Free Rate	2.5%
Performance Stock Options' Fair Value per unit @ Grant Date [€]	**1.867**

Parameters are calculated as follows:

- **Exit Rate:** annual percentage of Stock Options forfeited due to termination;
- **Dividend Yield:** next four years average dividend-yield;
- **Volatility:** historical daily average volatility for a period equals to four years;
- **Exercise Price:** arithmetic mean of the official market price of UniCredit shares during the month preceding the granting Board resolution;
- **UniCredit Share Market Price;** set equals to the Exercise Price, in consideration of the "at-the-money" allocation of Stock Options at the date of the grant.

1.2.2 Other equity instruments (Performance Shares)

The economic value of Performance Shares is measured considering the share market price at the grant date less the present value of the future dividends during the performance period. Parameters are estimated by applying the same model used for Stock Options measurement.

Any new Performance Shares' Plans haven't been granted during 2012.

1.2.3 Employee Share Ownership Plan

For both Discount Shares and Matching Shares (or rights to receive them) the fair value is measured at the end of the Enrolment Period according to the weighted average price paid by Participants to buy the Investment Shares on the market.

Within the limits of the "Employee Share Ownership Plan" approved in 2011:

- all Profit and Loss and Net Equity effects related to Discount Shares is booked during 2012 (except adjustments, according to Plan Rules, that will be booked during 2013);
- during the three-year period 2013-2015 will be booked the Profit and Loss and Net Equity effects related to Matching Shares (or rights to receive them).

1.2.4 Group Executive Incentive System

The amount of the incentive will be determined on a basis of the achievement of quantitative and qualitative goals stated by the plan. In particular, the overall evaluation of the Employee's relevant Manager shall be expressed as a percentage, from a minimum of 0% to a maximum of 150% (non market vesting conditions). This percentage, adjusted by the application of a risk/opportunity factor - Group Gate – at first payment, multiplied by the Bonus Opportunity will determine the effective amount that will be paid to the beneficiary.

The Economic and Equity effects will be receipt on a basis of instrument vesting period.

B. QUANTITATIVE INFORMATION

Effects on Profit and Loss

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

Financial liabilities related to Cash-settled payment plans have been recognized if not yet settled on January 1, 2005.

Financial statement presentation related to share based payments

(€ '000)

	1° HALF 2012		1° HALF 2011	
	Total	**Vested Plans[1]**	**Total**	**Vested Plans**
Costs	**17.426**		**19.653**	
- connected to Equity Settled Plans[2]	*17.426*		*19.653*	
- connected to Cash Settled Plans[3]	-		-	
Debts for Cash Settled Plans	**2.151**	**-**	**376**	**376**
-of which Intrinsic Value		-		*125*

(1) All vested plans were expired at 31st December 2011.
(2) Costs decrease in 2012 is principally due to the not-achievement of performance conditions, that has determined a lower number of assigned instruments.

Part L) Segment Reporting

Part L) Segment Reporting

Segment reporting of UniCredit S.p.A., Parent Company of the UniCredit Banking Group, is provided in Part L of the consolidated notes to the accounts, in accordance to the IFRS 8.

Annexes

Reconciliation of Condensed Account to Mandatory Reporting Schedule

A reconciliation of the reclassified balance sheet and profit and loss account to the mandatory reporting schedules, is provided below.

BALANCE SHEET			(€million)
	AMOUNTS AS AT		SEE NOTES
	06.30.2012	12.31.2011	TO THE ACCOUNTS
Assets			**Part B) Assets**
Cash and cash balances = item 10	9,160	5,753	
Financial assets held for trading = item 20	9,998	11,480	Table 2.1
Loans and receivables with banks = item 60	23,840	29,634	Table 6.1
Loans and receivables with customers = item 70	258,080	256,251	Table 7.1
Financial investments	93,325	89,950	
30. Financial assets at fair value through profit or loss	*421*	*423*	Table 3.1
40. Available-for-sale financial assets	*30,436*	*24,363*	Table 4.1
50. Held-to-maturity investments	*3,159*	*4,494*	
100. Investments in associates and joint ventures	*59,309*	*60,670*	
Hedging instruments	9,088	7,158	
80. Hedging derivatives	*6,315*	*5,431*	
90. Changes in fair value of portfolio hedged items	*2,773*	*1,727*	
Property, plant and equipment = item 110	2,801	246	Table 11.1
Goodwill = item 120 - intangible assets net of which: goodwill	2,815	2,812	Table 12.1
Other intangible assets = item 120 Intangible assets net of goodwill	27	29	Table 12.1
Tax assets = item 130	7,774	8,048	
Non-current assets and disposal groups classified as held for sale = item 140	11	7	
Other assets = item 150	8,089	5,654	
Total assets	**425,008**	**417,022**	
Liabilities and shareholders' equity			**Part B) Liabilities**
Deposits from banks = item 10	49,099	63,335	Table 1.1
Deposits from customers and debt securities in issue	284,325	273,166	
20. Deposits from customers	*160,036*	*151,853*	Table 2.1
30. Debt securities in issue	*124,289*	*121,313*	Table 3.1
Financial liabilities held for trading = item 40	8,503	10,292	Table 4.1
Hedging instruments	10,146	7,759	
60. Hedging derivatives	*6,711*	*5,091*	
70. Changes in fair value of portfolio hedged items	*3,435*	*2,668*	
Provisions for risks and charges = item 120	1,832	1,882	Table 12.1
Tax liabilities = item 80	789	626	
Other liabilities	12,154	10,313	
100. Other liabilities	*11,194*	*9,337*	
110. Provision for employee severance pay	*960*	*976*	
Shareholders' equity	58,160	49,649	
- Capital and reserves	58,034	56,869	
130. Revaluation reserves, of which: Special revaluation laws	*277*	*277*	
160. Reserves	*5,233*	*7,623*	
170. Share premium	*32,878*	*36,823*	
180. Issued capital	*19,648*	*12,148*	
190. Treasury shares	*-2*	*-2*	
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	-725	-871	
130. Revaluation reserves, of which: Available-for-sale financial assets	*-1,181*	*-1,262*	
130. Revaluation reserves, of which: Cash-flow hedges	*456*	*391*	
- Net profit = item 200	851	-6,349	
Total liabilities and shareholders' equity	**425,008**	**417,022**	

INCOME STATEMENT			(€million)
	1HALF		SEE NOTES
	2012	2011	TO THE ACCOUNTS
			Part C)
Net interest = item 30. Net interest margin	2,341	2,344	Tables 1.1 and 1.4
Dividends and other income from equity investments	1,692	2,238	
70. Dividend income and similar revenue	*1,692*	*2,238*	Table 3.1
less: dividends from held for trading equity investmens included in item 70	-	-	
Net fees and commissions = item 60	1,832	1,775	Tables 2.1 and 2.3
Net trading, hedging and fair value income	-1	-37	
80. Gains and losses on financial assets and liabilities held for trading	*-74*	*-68*	Table 4.1
+dividends from held for trading equity investments included in item 70	-	-	
90. Fair value adjustments in hedge accounting	*-324*	*-1*	Table 5.1
100. Gains and losses on disposal of: d) financial liabilities	*401*	*6*	
110. Gains and losses on financial assets and liabilities at fair value through profit or loss	*-4*	*26*	Table 7.1
Net other expenses/income	-20	-48	
190. Other net operating income	*165*	*122*	Tables 13.1 and 13.2
impaired position (from item 100)	-	-	
less: Other operating income - of which: recovery of costs	*-185*	*-170*	
OPERATING INCOME	**5,844**	**6,272**	
Payroll costs	-1,742	-1,804	
150. Administrative costs - a) staff expenses	*-1,745*	*-1,810*	Table 9.1
less: integration costs	*3*	*6*	
Other administrative expenses	-1,398	-1,554	
150. Administrative costs - b) other administrative expenses	*-1,398*	*-1,554*	Table 9.5
less: integration costs	-	-	
Recovery of expenses = item 190. Other net operating income - of which: Operating income - recovery of costs	185	170	
Amortisation, depreciation and impairment losses on intangible and tangible assets	-83	-37	
170. Impairment/Write-backs on property, plant and equipment	*-83*	*-37*	
180. Impairment/Write-backs on intangible assets	*-2*	*-2*	
Operating costs	**-3,038**	**-3,225**	
OPERATING PROFIT	**2,806**	**3,047**	
Net impairment losses on loans and provisions for guarantees and commitments	-2,145	-1,801	
100. Gains and losses on disposal of a) loans	*-10*	*-6*	
impaired position (from item 100)	-	-	
130. Impairment losses on a) loans	*-2,111*	*-1,731*	table 8.1
130. Impairment losses on d) other financial assets	*-24*	*-64*	
NET OPERATING PROFIT	**661**	**1,246**	
Net provisions for risks and charges	-68	-157	
160. Net provisions for risks and charges	*-68*	*-157*	Table 10.1
Integration costs	-3	-6	
Net income from investments	106	-70	
100. Gains and losses on disposal of b) available-for-sale financial assets	*142*	*24*	
130. Impairment losses on: b) available-for-sale financial assets	*-11*	*-22*	
210. Profit (loss) of associates - of which: Write-backs (write-downs) of equity investments	*-32*	*-85*	
210. Profit (loss) of associates - of which: gains (losses) on disposal of equity investments	*1*	*1*	
240. Gains and losses on disposal of investments	*6*	*12*	
NET PROFIT BEFORE TAX	**696**	**1,013**	
Income tax for the period = item 260. Tax expense (income) related to profit or loss from continuing operations	155	27	
230. Impairment of goodwill	-	-	
NET PROFIT (LOSS) FOR THE PERIOD	**851**	**1,040**	

Condensed First Half Financial Statements Certification pursuant to Art.81-ter of Consob Regulation no. 11971 of May 14, 1999, as amended

1.The undersigned Federico Ghizzoni (as Chief Executive Officer) and Marina Natale (as the Manager Charged with preparing the financial reports), of UniCredit S.p.A., also in compliance with Art. 154-bis (paragraphs 3 and 4) of Italian Legislative Decree no. 58 of February 24, 1998, do hereby **certify**:

- the adequacy in relation to the Legal Entity's features and
- the actual application

of the administrative and accounting procedures employed to draw up the 2012 Condensed First Half Financial Statements.

2. The adequacy of administrative and accounting procedures employed to draw up the 2012 Condensed First Half Financial Statements has been evaluated by applying a model devised by UniCredt S.p.A. in accordance with "*Internal Controls – Integrated Framework"* (CoSO) and "*Control Objective for IT and Related Technologies"* (Cobit), which represent generally accepted international standards for internal control system and, specifically, for financial reporting.

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

3.1 The 2012 Condensed First Half 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.

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 First Half Financial Statements , together with a description of the main risks and uncertainties concerning the remaining six months of the year. The Interim Report on Operations also contains a reliable analysis of information on significant related party transactions.

Milan - August 3, 2012

Federico Ghizzoni Marina Natale