UniCredit

Meeting real needs with concrete solutions.

UniCredit S.p.A.
2011 Reports and Accounts

GENERAL MEETING DRAFT

UniCredit

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

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

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

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

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

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Rewarding talented young entrepreneurs.

As Italy's future relies on its young talents, *Il talento delle idee* (The Talent of Ideas), a contest involving UniCredit and the Young Entrepreneurs Association, provides a valuable challenge. Dedicated to entrepreneurs between the ages of 18 and 40, the contest identifies and promotes business ideas based on feasibility and innovation. Originators of the three best ideas are awarded with specialized financial support, entrepreneurial training, introductions to potential investors and mentoring from UniCredit. Financial awards go to selected projects at a national level. This is a concrete example of how real needs find clear answers at UniCredit.

Contents

Notes

The following conventional symbols have been used in the tables:

- a dash (-) indicates that the item/figure is inexistent or that the figures do not reach the minimum considered significant;
- "n.s "when are not in any case considered significant.

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

Celebrating with three million young Europeans.

Bank Austria is one of the main sponsors of the *Donauinselfest*, or Danube Island Festival, one of the largest open-air events in Europe. The 29th annual celebration of *Donauinselfest* will take place from 22 to 24 June, 2012 in Vienna. Each year, this free public festival attracts as many as three million young people from all over Europe. To appreciate the scale of this event, last year's festival featured 18 "festival islands" and 11 stages spread across 4.5 km and involved more than 2000 artists. The bank's significant sponsorship of *Donauinselfest* underscores Bank Austria's strong support for the social and cultural development of young people from across Europe.

Donauinselfest, Wien, Danube Island

Introduction

Tailoring investment strategies for foundations.

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

Board of Directors, Board of Statutory Auditors and External Auditors (as at December 31, 2011)

	Board of Directors*
Dieter Rampl	**Chairman**
Luigi Castelletti	**First deputy Chairman**
Farhat Omar Bengdara Vincenzo Calandra Buonaura Fabrizio Palenzona	**Deputy Chairman**
Federico Ghizzoni	**CEO**
Giovanni Belluzzi Manfred Bischoff Donato Fontanesi Francesco Giacomin Friedrich Kadrnoska Marianna Li Calzi Luigi Maramotti Antonio Maria Marocco Carlo Pesenti Lucrezia Reichlin Hans-Jürgen Schinzler Theodor Waigel Anthony Wyand Franz Zwickl	**Directors**
Lorenzo Lampiano	**Company Secretary**

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

(*) **2011**
Director Salvatore Ligresti handed in his resignation with effect from March 22, 2011.
Mr. Piero Gnudi ceased being a Director on November 16, 2011 as he took government office.
Director Enrico Tommaso Cucchiani handed in his resignation with effect from December 16, 2011.

2012
On January 31, 2012 the Board of Directors co-opted Mrs. Helga Jung onto the Board of Directors.
Director Carlo Pesenti handed in his resignation with effect from January 31, 2012.

UniCredit S.p.A.
Registered office: Via Alessandro Specchi 16, 00186 Rome
Central management office: Piazza Cordusio - 20123 Milan
Share capital: €19,647,948,525.10 fully paid in
Bank entered in the Register of Banks and Parent Company of the UniCredit Banking Group
Banking Group Register: No. 02008.1.
No. ABI 02008.1.
Registered in the Rome Trade and Companies Register, Fiscal Code and VAT No.: 00348170101
Member of the Interbank Deposit Protection Fund

Chairman's message to the Shareholders

> "I am confident that the measures we have taken, bolstered by our extensive and diversified financial network in Western Europe and in the high-growth CEE countries, will ensure a bright future for the Bank and offer sustainable value to our stakeholders."

Dear Shareholders,

2011 was an important year for Unicredit in a complex and difficult economic environment that has put the European Financial System again under stress.

During this year we took several important decisions for the Bank. We wrote off over € 10B in goodwill and other intangible assets, we presented to the market our multi-year plan and we successfully launched and completed a € 7,5B capital increase taking our core Tier 1 close to 10%. These were difficult but necessary decisions to ensure the Bank could face with confidence both the challenges and the opportunities ahead. The Management faced reality and acted decisively.

At the beginning of the year 2011 we were optimistic. Although growth was still lagging in most of the European markets the difficult years of the financial crisis, we thought, were behind us. However, we were proved wrong as the sovereign debt crisis initiated in Greece, and spread quickly, hitting most of the European countries and particularly Ireland, Portugal, Spain and finally Italy. During the third quarter, the situation became serious with the spreads on the sovereign bonds of these countries hitting record high levels versus the Bund. The markets started losing confidence in the ability of the Euro countries to effectively and appropriately handle the crisis. By year end the situation was still difficult and volatile, notwithstanding the strong and decisive actions taken by the Governments to strengthen the countries balance sheet and ultimately reassuring on the resilience of the Euro zone.
The BCE again took unprecedented measures to ensure the stability of the financial markets. All of this was painful but necessary, with important consequences on the standard of living of the European citizens who endured austerity measures that will have long standing impact on their lives.

For the Banking sector as a whole this year clearly took a toll on their profitability and required a further strengthening of the capital base, also as required by the results of the EBA stress tests. A combination of cost measures, selective deleveraging and a significant capital increase were the concrete answers that Unicredit gave to the challenges of the crisis.

Today, however, confidence has come back and the markets look with optimism at a still difficult 2012, where most

European countries will record modest growth rates and others will be experiencing the difficulties of the recession.
The optimism stems from the confidence that the Governments have taken the right decisions, the Greek crisis although far from over has been dealt with and 2013 looks more and more solid.

This said, we expect a 2012 still difficult and volatile which will require our bank to demonstrate particular focus and determination on cost containment and strong discipline on capital management and allocation in line with the multi-year plan targets presented in November to the market.

The strategic plan actions will continue to strengthen our position in the commercial banking activities across our unparalleled pan-European network , allowing us to better meet the needs of our customers. Customer satisfaction is and will remain a key performance indicator and a benchmark against which we will measure management and the sustainability of our results. Investment banking services will remain a core activity but focused on supporting the commercial banking operations and always within very strict risk appetite.

The diversification of the business lines and of our presence across the different European countries is an asset of the bank and a key competitive advantage. Even during the most difficult moments of the crisis, this diversification has indeed played to our advantage allowing us to compensate weak performance in some countries with a strong delivery in others like Poland and Turkey. We intend to maintain our European footprint while investing selectively in those countries were there are the higher growth opportunities.

We are grateful for the strong support of our shareholders who, subscribing the capital increase, allowed the Bank to strengthen the capital position to support the strategic plan targets. We are well aware, however, that this strong vote of confidence needs to be repaid with the promised performance. The Board of Directors' decision not to propose a dividend distribution this year is consistent with the need to strengthen the capital position of the Bank: it is, nonetheless a painful one, taken with the strong confidence that dividend distribution can be resumed quickly.

To ensure results are achieved within the risk boundaries agreed, the Board has taken measures to reinforce internal oversight. The Internal Control and Risks Committee and the Corporate Governance, HR and Nomination Committee monitored the activities of the Bank and maintained close oversight of those that fell within their respective areas of specialization. The Remuneration Committee continued to assess the compensation packages of top management and to keep our policies aligned with the recommendations of relevant policymakers and the market best practices.
The Corporate Governance Committee embarked in a fundamental initiative to strengthen the governance of the Bank recommending the size and composition of the Board to ensure full alignment of the Board's skills to the challenges and responsibilities associated with running one of the most relevant pan-European Banks .

I am confident that the measures we have taken, bolstered by our extensive and diversified financial network in Western Europe and in the high-growth CEE countries, will ensure a bright future for the Bank and offer sustainable value to our stakeholders.

We have successfully weathered one of the most difficult period in our history. And for this I wish to express, also on behalf of the Board of Directors, all the appreciation and the warmest thanks to our employees and management team for the hard work, support and dedication. Our thanks goes also to you, our shareholders, for your continued support.

The success of the capital increase is the solid foundation on which we will build our future and the premise to deliver consistent and sustainable results to our shareholders.

Dieter Rampl
Chairman

CEO's Letter to the Shareholders

Dear Shareholders,

During a challenging year that will be remembered as a pivotal time in UniCredit's history, we took two major steps to secure our future and address the new economic reality.

We strengthened our capital position through a successful 7.5 billion euro capital increase and a write-down of goodwill, which allowed us to align our balance sheet with the real economy. And we developed a new strategic plan based on a more efficient and more focused business structure.

Though 2011 began on a positive note, events were soon dominated by the escalation of the sovereign debt crisis. Europe faced a structural crisis more alarming than an economic recession, and it called into question the sustainability of the European Union itself.

Regulators had to rapidly shore up the capital levels of major banks to ensure that they could manage the risks of potential defaults on public debt. For the banks, this meant achieving higher capital ratios and implementing necessary austerity measures.

I am confident that the calculated steps we have taken are in the best interests of our shareholders.

The strategic plan is our guide to profitable and sustainable growth in this new economic era. First and foremost, the plan puts commercial banking at the core of our activities. Being a rock-solid European commercial bank is the best way for our Group to meet the real needs of our customers. This means maintaining a focus on providing credit to families and companies, in addition to offering services related to payments, receipts, trade financing and financial advice. The plan also better tailors our investment banking services to our corporate customers, while allowing us to progressively exit non-customer-oriented businesses.

Our plan calls for greater operational efficiency, strict cost management and a lower risk profile. These measures, coupled with rigorous capital discipline, should result in growing profits and a favorable return on equity over the next three years.

Our customers are at the heart of our plan. Because we are one of the largest banking networks in Europe, doing business with more than 35 million customers through our 9,500 branches, we have every incentive to build stronger customer relationships. Our leaner business structure reduces complexity, brings us closer to our customers, and helps us to meet their real needs with concrete solutions.

You can see examples of this everywhere we do business. Our innovative mobile phone banking means our customers across Europe literally have a bank in their pocket. Our new ATMs are communication centers where customers can pay bills and buy train tickets.
Our “Best in Class” program in Germany provides one-on-one financial advisory services and innovative banking tools to help families and businesses. Our new “Hub and Spoke” operational model in Italy serves our customers more efficiently with expanded automated services.
We are always innovating to find better ways to meet the real needs of our customers.

Finally, our strategic plan provides concrete support for our employees, our most valuable asset. In addition to practical career assistance, we also offer the UniCredit Welfare Plan, which helps employees to secure better childcare, family care and healthcare options, and to invest in their pension plans. And we offer them professional training at our LifeLong Learning Center to help them be at the top of their field.

Looking forward, we expect 2012 to be another challenging year, with modest GDP growth and critical issues to be addressed in Italy. However, we see the second half of 2012 developing positively and project a gradual recovery in 2013. Our decision to refrain from paying a dividend in 2012 reflects our objective to strengthen our bank and achieve the increased profitability described in our strategic plan.

We have responded to the critical events of 2011 and I am confident that we have now secured our future as a rock-solid European bank that will continue to offer sustainable value for our shareholders.

Federico Ghizzoni
Chief Executive Officer

Note on the Report and Financial Statements

General Matters

The UniCredit S.p.A. Financial Statements at December 31, 2011 were drafted in accordance with the IAS/IFRS international accounting standards, in compliance with the instructions of Banca d'Italia in circular 262 of December 22, 2005 (1st update - November 18, 2009). These instructions are binding for the financial statements and the methods of completion, as well as for the minimal content of Notes to the Financial Statements.

The Financial Statements comprise the Balance Sheet, the Income Statement, the Comprehensive Income statement, the Statement of changes in Shareholder's Equity, the Cash Flow Statement, the Notes to the Financial Statements, and are also accompanied by a Report on the operating performance, the economic results achieved and the financial situation of the Bank.

This booklet will be completed by:
- Financial Statements certification pursuant to Article 81-ter of Consob Regulation no. 11971 of May 14, 1999, as amended.
- Board of Statutory Auditors' Report pursuant to Article 153 of Legislative Decree no. 58 of February 24, 1998.
- Report of the External Auditors pursuant to Article 14 and 16 of Legislative Decree no. 39 of January 27, 2010.

The press releases concerning the main events of the period can be found on the UniCredit website.

Any discrepancies between data disclosed in the Report on operations and in the company accounts are solely due to the effect of rounding.

General principles for drafting the Directors' Report

The Directors' Report includes the information supplied in accordance with the criteria for drafting the summarized condensed accounts of the balance sheet and the income statement. Reconciliation with the compulsory elements is given in the annex to the Financial Statements in compliance with the requirements of Consob in notification no. 6064293 of July 28, 2006.

The Report is accompanied by several tables (Highlights, Condensed Financial Statements, UniCredit shares) as well as by comments on the "Results of the period".

Balance sheet and income statement summary reclassification criteria

The main reclassifications - wherein amounts are provided analytically in the tables enclosed with this booklet - involve:

Balance sheet

- the combination in the “Financial investments” item of the “Financial assets measured at fair value”, “Financial assets available for sale”, “Financial assets held to maturity” and “Investments” items in the Financial Statements;
- the grouping of a single item called “Hedging”, in both the assets and liabilities of the Financial Statements of the “Hedging Derivatives” and “Changes in fair value of portfolio hedged items”;
- the combination of the “Deposits from customers” and “Debt securities in issue” items into a single item “Funding from customers and securities”;
- the inclusion of the financial statements items “Employee severance pay” into “Other liabilities”.

Income Statement

- dividends and other income excludes dividends from shares held for trading, classified together with the result of trading negotiations, hedging and assets and liabilities measured at fair value;
- the other income/expenses balance excludes the recovery of expenses classified as a separate item;
- expenses for personnel, other administrative expenses, adjustments in value for tangible and intangible assets and provisions for risks and charges are presented net of integration costs relating to the reorganization operations following the integration of the Capitalia Group and the One4C “One for Clients” operation shown under the specific item;
- profits net of investments include profits/losses and adjustments/write-backs for financial assets available for sale and financial assets held until maturity, the net result of the measurement at fair value of tangible and intangible assets, as well as profits/losses for equity investments and disposal of investments.

Investing in sports at school.

Sports mean healthy lives, especially for young students at more than 100 Hungarian schools where UniCredit sponsors sporting events. The objective was to teach children to take care of their bodies and maintain proper health by participating in sports. This successful answer to the real and widespread need to promote physical and mental health is currently in its third year and has been enthusiastically embraced by teachers, children and their families. The programme “Pass it on!” is a concrete example of how UniCredit is close to Hungarian families and understands their needs.

Directors' Report on operations

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

Highlights

Income Statements

(€ million)

	YEAR		CHANGE	
	2011	2010	IN TOTAL	%
Operating income	10,444	10,985	-541	-4.9%
of which: - net interest	*4,704*	*5,043*	*-339*	*-6.7%*
- dividends and other income from equity investments	*2,274*	*2,786*	*-512*	*-18.4%*
- net fees and commissions	*3,406*	*3,313*	*+93*	*+2.8%*
Operating costs	-6,230	-6,369	+139	-2.2%
Operating profit	4,214	4,616	-402	-8.7%
Net write-downs of loans and provisions for guarantees and commitments	-3,966	-3,774	-192	+5.1%
Net operating profit	248	842	-594	-70.5%
Profit before tax	-1,535	407	-1,942	n.s.
Impairment of goodwill	-4,894	-	-4,894	n.s.
Net Profit	**-6,349**	**783**	**-7,132**	**n.s.**

Balance Sheet

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2011	12.31.2010	IN TOTAL	%
Total assets	417,022	415,380	+1,642	+0.4%
Financial assets held for trading	11,480	10,128	+1,352	+13.3%
Loans and receivables with customers	256,251	253,102	+3,149	+1.2%
of which: - impaired loans	*20,846*	*18,144*	*+2,702*	*+14.9%*
Financial liabilities held for trading	10,292	6,875	+3,417	+49.7%
Deposits from customers and debt securities in issue	273,166	281,694	-8,528	-3.0%
of which: - deposits from customers	*151,853*	*158,154*	*-6,301*	*-4.0%*
- securities in issue	*121,313*	*123,540*	*-2,227*	*-1.8%*
Shareholders' net equity	**49,649**	**57,770**	**-8,121**	**-14.1%**

Staff and branches

	AS AT		CHANGE	
	12.31.2011	12.31.2010	IN TOTAL	%
Emoloyees	45,217	46,332	-1,115	-2.4%
Branches	4,383	4,493	-110	-2.4%
of which: - Italy	*4,377*	*4,485*	*-108*	*-2.4%*
- Other countries	*6*	*8*	*-2*	*-25.0%*

Profitability ratios

	YEAR		
	2011	2010	CHANGE
Net interest income / Operating income	45.0%	45.9%	-0.9%
Net fees and commissions / Other administative expenses net of recovery of expenses	130.9%	124.9%	+6.0%
Net fees and commissions / Operating costs	54.7%	52.0%	+2.7%
Operating profit (loss) / Operating income	40.3%	42.0%	-1.7%

Risk ratios

	AS AT		
	12.31.2011	12.31.2010	CHANGE
Net non-performing loans to customers / Loans to customers	2.8%	1.9%	+0.9%
Net impaired loans to customers / Loans to customers	8.1%	7.2%	+0.9%

Capital ratios

	AS AT		
	12.31.2011	12.31.2010	CHANGE
Capital for egulatory purposes (€ million)	59,407	59,945	-538
Total risk weighed assets (€ million)	166,689	163,918	+2,771
Tier 1 (%)	28.1%	29.4%	-1.3%
Total regulatory capital / Total risk-weighted assets (%)	35.6%	36.6%	-1.0%

Condensed Financial Statements

Condensed balance sheet

(€ million)

	AMOUNTS AS AT					CHANGE Y/Y	
	12.31.2011	09.30.2011	06.30.2011	03.31.2011	12.31.2010	AMOUNT	PERCENT
Assets							
Cash and cash balances	5,753	1,853	3,194	2,745	2,152	+3,601	+167.3%
Financial assets held for trading	11,480	12,263	8,631	7,193	10,128	+1,352	+13.3%
Loans and receivables with banks	29,634	40,757	35,022	35,548	33,806	-4,172	-12.3%
Loans and receivable with customers	256,251	263,727	263,461	262,264	253,102	+3,149	+1.2%
Financial investments	89,950	86,876	86,949	86,852	87,451	+2,499	+2.9%
Hedging instruments	7,158	6,333	3,788	3,471	5,089	+2,069	+40.7%
Property, plant and equipment	246	239	241	255	281	-35	-12.5%
Goodwill	2,812	2,812	7,707	7,707	7,707	-4,895	-63.5%
Other intangible assets	29	30	30	31	33	-4	-12.1%
Tax assets	8,048	7,652	6,883	7,137	6,954	+1,094	+15.7%
Non-current assets and disposal groups classified as held for sale	7	74	82	16	22	-15	-68.2%
Other assets	5,654	8,096	8,589	10,382	8,655	-3,001	-34.7%
Total assets	**417,022**	**430,712**	**424,577**	**423,601**	**415,380**	**+1,642**	**+0.4%**

	AMOUNTS AS AT					CHANGE Y/Y	
	12.31.2011	09.30.2011	06.30.2011	03.31.2011	12.31.2010	AMOUNT	PERCENT
Liability and shareholders' equity							
Deposits from banks	63,335	71,864	50,868	50,433	49,024	+14,311	+29.2%
Deposits from customers and debt securities in issue	273,166	275,315	288,587	287,691	281,694	-8,528	-3.0%
Financial liabilities held for trading	10,292	9,991	5,770	5,735	6,875	+3,417	+49.7%
Financial liabilities designated at fair value	-	-	-	-	51	-51	-100.0%
Hedging instruments	7,759	7,025	4,529	4,078	4,946	+2,813	+56.9%
Provisions for risks and charges	1,882	1,920	1,800	1,773	1,782	+100	+5.6%
Tax liabilities	626	396	231	670	495	+131	+26.5%
Liabilities included in disposal groups classified as held for sale	-	-	-	-	-	-	-
Other liabilities	10,313	13,795	14,659	15,831	12,743	-2,430	-19.1%
Shareholders' equity:	49,649	50,406	58,133	57,390	57,770	-8,121	-14.1%
- capital and reserves	*56,869*	*56,931*	*56,949*	*57,651*	*56,909*	*-40*	*-0.1%*
- available-for-sale assets fair value reserve and cash-flow hedging reserve	*-871*	*-516*	*144*	*123*	*78*	*-949*	*n.s.*
- net profit (loss)	*-6,349*	*-6,009*	*1,040*	*-384*	*783*	*-7,132*	*n.s.*
Total liabilities and shareholders' equity	**417,022**	**430,712**	**424,577**	**423,601**	**415,380**	**+1,642**	**+0.4%**

Condensed Income Statement

(€ million)

	YEAR		CHANGE	
	2011	2010	AMOUNT	PERCENT
Net interest	4,704	5,043	-339	-6.7%
Dividends and other income from equity investments	2,274	2,786	-512	-18.4%
Net fees and commissions	3,406	3,313	+93	+2.8%
Net trading, hedging and fair value income	164	-193	+357	n.s.
Net other expenses/income	-104	36	-140	n.s.
OPERATING INCOME	**10,444**	**10,985**	**-541**	**-4.9%**
Payroll costs	-3,552	-3,634	+82	-2.3%
Other administrative expenses	-3,017	-3,027	+10	-0.3%
Recovery of expenses	416	375	+41	+10.9%
Amortisation, depreciation and impairment losses on intangible and tangible assets	-77	-83	+6	-7.2%
Operating costs	**-6,230**	**-6,369**	**+139**	**-2.2%**
OPERATING PROFIT (LOSS)	**4,214**	**4,616**	**-402**	**-8.7%**
Net write-downs of loans and provisions for guarantees and commitments	-3,966	-3,774	-192	+5.1%
NET OPERATING PROFIT (LOSS)	**248**	**842**	**-594**	**-70.5%**
Net provisions for risks and charges	-304	-236	-68	+28.8%
Integration costs	-113	-196	+83	-42.3%
Net income (losses) from investments	-1,366	-3	-1,363	n.s.
PROFIT (LOSS) BEFORE TAX	**-1,535**	**407**	**-1,942**	**n.s.**
Income tax for the year	80	376	-296	-78.7%
Impairment of goodwill	-4,894	-	-4,894	n.s.
NET PROFIT (LOSS) FOR THE YEAR	**-6,349**	**783**	**-7,132**	**n.s.**

Condensed Income Statement - Quaterly figures

(€ million)

	2011				2010			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	1,193	1,167	1,158	1,186	1,220	1,219	1,302	1,302
Dividends and other income from equity investments	25	11	2,198	40	20	6	2,736	24
Net fees and commissions	856	775	877	898	813	766	880	854
Net trading, hedging and fair value income	397	-197	-63	27	10	-18	-153	-32
Net other expenses/income	-38	-18	-29	-19	69	-20	-14	1
OPERATING INCOME	**2,433**	**1,738**	**4,141**	**2,132**	**2,132**	**1,953**	**4,751**	**2,149**
Payroll costs	-831	-917	-900	-904	-864	-952	-906	-912
Other administrative expenses	-689	-774	-790	-764	-721	-761	-785	-760
Recovery of expenses	135	111	88	82	124	84	84	83
Amortisation, depreciation and impairment losses on intangible and tangible assets	-20	-19	-19	-19	-22	-20	-21	-20
Operating costs	**-1,405**	**-1,599**	**-1,621**	**-1,605**	**-1,483**	**-1,649**	**-1,628**	**-1,609**
OPERATING PROFIT (LOSS)	**1,028**	**139**	**2,520**	**527**	**649**	**304**	**3,123**	**540**
Net write-downs of loans and provisions for guarantees and commitments	-856	-1,309	-898	-903	-1,064	-848	-956	-906
NET OPERATING PROFIT (LOSS)	**172**	**-1,170**	**1,622**	**-376**	**-415**	**-544**	**2,167**	**-366**
Net provisions for risks and charges	-90	-57	-110	-47	-112	-16	-44	-64
Intgration costs	-3	-104	-3	-3	-180	-6	-4	-6
Net income (losses) from investments	-204	-1,092	-93	23	-51	-1	30	19
PROFIT (LOSS) BEFORE TAX	**-125**	**-2,423**	**1,416**	**-403**	**-758**	**-567**	**2,149**	**-417**
Income tax for the year	-215	268	8	19	259	82	5	30
Impairment of goodwill	-	-4,894	-	-	-	-	-	-
NET PROFIT (LOSS)	**-340**	**-7,049**	**1,424**	**-384**	**-499**	**-485**	**2,154**	**-387**

UniCredit Share

Share information

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Share price (€)											
- maximum	13.105	2.336	2.769	5.697	7.646	6.727	5.864	4.421	4.425	5.255	5.865
- minimum	4.225	1.512	0.634	1.539	5.131	5.564	4.082	3.805	3.144	3.173	3.202
- average	8.573	1.931	1.902	3.768	6.541	6.161	4.596	4.083	3.959	4.273	4.830
- end of period	4.225	1.570	2.358	1.728	5.659	6.654	5.819	4.225	4.303	3.808	4.494
Number of outstanding shares (million)											
- at period end[1]	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	5,046.4
- shares cum dividend	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	5,131.1
of which: savings shares	*2.42*	*24.2*	*24.2*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*
- average[1]	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	724
- dividend per ordinary share		0.030	0.030	(*)	0.260	0.240	0.220	0.205	0.171	0.158	0.141
- dividend per savings share		0.045	0.045	(*)	0.275	0.255	0.235	0.220	0.186	0.173	0.156

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 € 2,499,217,969.50 free capital increase, through the allocation to capital of an equivalent amount transferred from the "Issue-premium reserve";
- the reverse stock split of ordinary and savings shares based on a ratio of 1 new ordinary or savings share for every 10 existing ordinary or savings shares;
- elimination of the per-share nominal value of UniCredit shares.

Results of the period

Macroeconomic and banking scenario

Macroeconomic scenario

The year 2011 began with promising indications of global growth. The recovery was proceeding in line with expectations and there were encouraging signs that it would be sustained. However, growth prospects started to decline in the second quarter, as the global economy showed the first signs of slowing. Prospects deteriorated yet further in August as tensions in the financial markets mounted with the worsening of the sovereign debt crisis in the Eurozone, and this in turn affected consumer and business confidence and financing costs. As the debt crisis escalated over the following months, the Eurozone countries responded by agreeing to a recapitalization plan for European banks, a new inter-governmental fiscal treaty with more stringent rules on fiscal discipline, and the bringing forward of the launch of the European Stability Mechanism (ESM). This was accompanied by significant fiscal consolidation measures in countries considered more vulnerable and by European Central Bank intervention aimed at supporting liquidity in the banking sector. After a marked slowdown, 2011 ended with the first signs of stabilization. Inflation stabilized in developed countries in the second half of the year but slowed towards the end of the year in emerging countries, albeit from high levels.

In the Eurozone, the overall growth rate for 2011 was 1.5%, compared with 1.8% in 2010. In particular, after a relatively favorable first half of the year - when GDP grew by 2.0% (annualized rate) - economic growth declined in the second half of the year. The loss of investor confidence pushed spreads between Italian and Spanish government bonds and German government bonds to record levels, forcing their respective governments to implement a program of major fiscal consolidation and creating financing difficulties for the banking sector. All this has had repercussions on the consumer and business confidence and financing costs, which has spilled over to the real economy. GDP grew by just 0.1% in the third quarter and shrank by 0.3% in the last quarter of the year. In December, however, the first signs appeared that economic activity was stabilizing. After reaching a peak of 3.0% in November, Inflation started to trend downwards, dropping to 2.7% in December.

With respect to monetary policy, and in light of increasing tension in the financial markets and deteriorating growth prospects, the European Central Bank reduced its key interest rate by 25 basis points in November and December, taking it from 1.50% to 1.00%. The ECB also announced a series of extraordinary measures to ensure the smooth functioning of monetary policy transmission channels, for example the introduction of long-term refinancing operations with a duration of one and three years, a new covered-bonds purchasing program, and a loosening of rules for collateral.

In the United States, overall growth in 2011 was moderate (1.7% compared with 3.0% in 2010). After a solid performance at the end of 2010, growth was slowed by temporary factors such as the impact of the Japanese earthquake on the global supply chain, and the increase in raw material costs which reduced households' disposable income. GDP grew by just 0.4% (annualized quarterly rate) in the first quarter and by 1.3% in the second quarter. Once the effect of these temporary factors had faded, growth picked up again, recording more sustained rates in the third and fourth quarters (1.8% and 2.8% respectively). Although overall growth was moderate, unemployment fell by one percentage point, from 9.4% in December 2010 to 8.5% in December 2011. Along with the continued rate of high unemployment, public debt remains one of the country's thorniest issues. In August, Standard and Poor's downgraded the US sovereign debt rating from AAA to AA+ due to a lack of concrete measures to reduce federal public debt. Inflation increased in the first half of the year, largely due to raw material costs. While headline inflation began to decline in the fourth quarter, core inflation continued to rise at the end of the year, probably reaching its peak.

Given the moderate pace of growth, the Federal Reserve eased monetary policy yet further in 2011. Having completed the planned purchase of $600 billion in long-term government securities, announced at end of 2010, the central bank said it would not raise the Federal funds rate until at least the end of 2014. The aim of this latter announcement was to lower long-term interest rates influencing the expectations of financial market traders. At a meeting held on September 21, the central bank also announced it intended to extend the duration of its own portfolio by swapping short-dated government bonds with long-dated ones (the so-called "Operation Twist") in order to bring down long-term interest rates. More specifically, the Fed intends to purchase $400 billion in government bonds with maturities between six and thirty years and to sell a similar quantity of government bonds with maturities equal to or less than three years.

Results of the period (Continued)

Macroeconomic and banking scenario (Continued)

Banking and financial markets

At the end of 2011, the accentuated slowdown of private sector lending in the Eurozone was consistent with the slowdown of economic activity, which probably reached its lowest point in the last months of 2011, and with the tightening of the criteria for granting credit to households and businesses. The banks participating in the Bank Lending Survey by the European Central Bank showed that the extreme tightening of the offer conditions in the last quarter of 2011 reflected above all the significant deposits problems on the bank markets, in addition to growing credit risks. In the Eurozone as a whole, bank loans to the private sector (households and businesses) showed a pronounced slowdown in the last two months of 2011, with annual growth of 1% in December, compared to growth of over 2.5% y/y for the whole year.

The private sector credit growth dynamics remained weak in all three Group reference countries; although in Italy that was added to an especially pronounced slowdown trend. Here the banks suffered the direct effects of the worsening of the sovereign debt crisis, with evident repercussions in terms of a sharp tightening of loan offer conditions in the last quarter of 2011, at levels close to those observed after the collapse of Lehman Brothers. Consequently, in Italy, in December loans to the private sector posted an annual growth of only 1.8%, far short of the growth rate of close to 7% y/y that was observed in February 2011. More specifically, loans to households continued to report deceleration of 4.3% y/y in December (from 8.4% y/y growth in February 2011), while the growth rates of loans to businesses, after an upward trend during the year, deteriorated significantly in the past two months of 2011, dropping to 3.1% y/y in December. In Germany, private sector loans (according to monthly BCE statistics) posted modest gains of around 2% y/y in December, though improved over the first half of the year. In particular, the growth rate of loans to households stabilized at around 1%, thanks to positive growth of home loans, while business loans posted progressive improvement, growing 1.5% y/y in December (-0.9% y/y in December 2010). In Austria, private sector loans showed modest growth in the second half of 2011, expanding around 2% y/y in December, with a slight weakening of loans to households that however confirm a growth of 2.3% y/y in December, and a stabilization of the growth rates of loans to businesses, that ended 2011 up 2.6% y/y.

The dynamics of banking system deposits, although posting slight recovery in the second half of 2011 in all three of the Group's reference countries, was weaker in Italy.

In that country, in particular, the slowdown in customer deposits primarily reflected the continuation of a contraction in deposits to current accounts (around -3% y/y in December) and deceleration of deposits redeemable at notice, that posted an annual increase of only 1.7% in December (from +5.4% y/y in December 2010). Both forms of retail customer deposits were negatively impacted by the progressive worsening of the savings rate of Italian households, in a context of extremely weak disposable income growth. In Germany, on the other hand, customer deposits continued to recover in the second half of 2011, with growth of around 5% on an annual basis due to an upward trend in current account deposits and acceleration in time deposits, although in December the inversion of the higher interest rate trend of began to weigh on deposits. Finally, in Austria, deposits from customers posted an annual increase of 3.0% in December (+0.6% in December 2010), sustained especially in the second half of the year by a good recovery of current account deposits, expanding around 6% on an annual basis in December (+1.1% in December 2010), while the growth of deposits other than current accounts stabilized at around 1%.

In the last months of 2011, bank rates, both lending and borrowing rates, were characterized by a further increase in Italy, in line with the increase of the funding costs of the banks, while they posted a slight reduction in Austria and Germany, consistent with the more expansive monetary policy trend of the European Central Bank. In Italy, the upward trend was accompanied by a progressive increase in bank spreads (the difference between the average lending rate and the average deposit rate), while the bank spread was slightly down in both Austria and Germany, at 2.06% and around 3.40% respectively in December 2011.

On the financial markets front, tensions associated with the worsening of the sovereign debt crisis and the growing aversion to risk by some of the major Eurozone countries, such as Spain and Italy, resulted in a significant increase in volatility on the stock markets. This together with the worsening of the prospects of economic growth weighed on the performance of the stock markets, after a tentative slight recovery in October. The Italian Stock Exchange ended 2011 almost 25% down from December 2010, while the Austrian Stock Exchange posted negative performance of 35% compared to December of the year ended. The general index of the German Stock Exchange partially limited the losses and ended 2011 down around 15% on an annual basis.

The income statement

Breakdown of Operating Profit

Net operating profit posted a positive balance of +248 million, due to operating income (+10,444 million), operating costs (-6,230 million) and net impairment losses on loans and provisions for guarantees and commitments (-3,966 million).

Compared to the previous year, a -594 million decrease was posted substantially due to -541 million decline in operating income and to an increase of a decline of -192 million in net impairment losses loans and provisions for guarantees and commitments totaling, only partially offset by an improvement in operating costs of +139 million.

Net Operating profit (loss)

(€ million)

	YEAR		CHANGE	
	2011	2010	AMOUNT	PERCENT
Operating income	10,444	10,985	- 541	- 4.9%
Operating costs	-6,230	-6,369	+ 139	- 2.2%
Operating profit (loss)	**4,214**	**4,616**	**- 402**	**- 8.7%**
Net writedowns of loans and provisions for guarantees and commitments	-3,966	-3,774	- 192	+ 5.1%
Net Operating profit (loss)	**248**	**842**	**- 594**	**- 70.5%**

Net Operating profit (loss)

Operating income was positive (+10,444 million), with a negative change of -541 million compared to year 2010, with a net interest balance of +4,704 million, Dividends and other income from equity investments (+2,274 million), net commissions (+3,406 million), net trading, hedging and fair value income +164 million and other income/expense balance (-104 million).

The balance of net interest decreased by -339 million compared to the previous year. This result is due primarily to the sovereign debt crisis that impacted some countries including Italy and which entailed a worsening of deposit costs on both short and medium-long term institutional markets and with business customers.
The resulting increase in returns then led to higher volatility of bank portfolio results which are sensitive to market rates (e.g. the financing of equity investments).

Dividends recognized in 2011 equaled 2,274 million, -512 million compared to 2010 principally due to the lower dividend payments distributed by UniCredit Real Estate (-512 million), UniCredit Bank AG (-363 million), UniCredit Credit Management Bank (-39 million), and UniCredit Bank Ireland (-35 million), which were partially offset by +267 million from Pioneer and +156 million from Bank Pekao.

Net fees and commissions stood at 3,406 million with increase of +93 million compared to 2010 The most significant increase can be traced to the activities concerning loan disbursements, consulting services to businesses and institutional customers of Corporate Investment Banking (CIB).

The net trading, hedging and fair value income stood +164 million, an improvement of +357 million compared to 2010. This amount consists primarily of: +326 million for credit rating valuation of existing derivatives liabilities with UniCredit Bank AG; +61 million from the valuation of the charge from the contract signed with UniCredit Bank Austria for the sale of CAIB to UniCredit Bank AG; +11 million on interest-rate and currency derivatives transactions; -13 million for transactions with Large Corporate customers; +50 million from securitization transactions (Cordusio 5); -31 million deriving from Foreign Branch operations and -57 million due to lack of repurchase transactions on ABS (Asset-Backed Securities), but significant in 2010.

The balance of other operating income and charges was -104 million, with losses generated primarily from charges for improvements to real estate. The comparison with the positive result of 36 million reported in the year ended shows a worsening of 140 million traceable to the following phenomena: positive extraordinary events recorded in 2010: +98 million connected to prepayment of a fixed-rate loan granted to the subsidiary Aspra Finance; and +13 million for prepayment of ABS "Asset-Backed Securities"; remaining 29 million deriving from increases associated with improvements to real estate, increase of the contribution paid to the Interbank Deposit Protection Fund and extraordinary costs for the current year.

Operating Costs

Taking into account recovery of expenses, operating costs as of December 31, 2011 totaled -6,230 million, as against -6,369 million in 2010, an improvement of around +139 million. The positive change posted can be attributed primarily to payroll costs totaling 82 million, but also to administrative expenses and the recovery of expenses which reported a favorable dynamic compared to 2010.

With respect to payroll costs the decrease can be traced primarily to the reduction in staff by around 1,100 persons, driven by the departures provided by the Business Plan which were offset in part by market hires and the stabilization of previously fixed-term staff.

Results of the period (Continued)

Main Results and Performance for the Period (Continued)

The reduction in other administrative expenses totaling 10 million can however be attributed to savings in items such as:

- 45 million from lower back office costs and other operating costs (postal costs, costs of logistical services) also thanks to the streamlining of internal processes;
- 12 million from lower costs linked to space occupancy, thanks to the increased efficiency of large buildings and to the reorganization of branches in the territory;

partially offset by cost increases in the following items:

- 20 million from other indirect duties and taxes due to the introduction of new laws ("Save Italy" Decree);
- 27 million derived from legal expenses for loan recovery, marketing costs linked to promotional and institutional campaigns strengthening the brand and planning costs associated with the development of the business.

The increase in recovery costs due to increased recovery from customers for stamp tax costs and legal costs for loan recovery is closely correlated to the growth of the aforementioned costs.

Net Impairment Losses on Loans

Net impairment losses on loans and provisions for guarantees and commitments stood at -3,966 million, down -192 million compared to -3,774 million in 2010.

The Cost of risk (net impairment losses on loans and provisions for guarantees and commitments / loans to customers) was 1.55% in December 2011, an increase compared to December 31, 2010 (1.49%).

Net Operating profit

Net operating profit was positive and equal to +248 million, down -594 million compared to +842 million in 2010, substantially due to the contraction reported under operating profit (-402 million) added to the negative impact on net impairment losses on loans and provisions for guarantee commitments.

Net Profit (Loss)

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

Net profit (loss)

(€ million)

	YEAR		CHANGE	
	2011	2010	AMOUNT	PERCENT
Net operating profit (loss)	**248**	**842**	**- 594**	**- 70.5%**
Net provisions for risks and charges	-304	-236	- 68	+ 28.8%
Integration costs	-113	-196	+ 83	- 42.3%
Net income from investments	-1,366	-3	- 1,363	n.s.
PROFIT (LOSS) BEFORE TAX	**-1,535**	**407**	**- 1,942**	**n.s.**
Income tax for the year	80	376	- 296	- 78.7%
Impairment of goodwill	-4,894	-	- 4,894	n.s.
NET PROFIT (LOSS) FOR THE YEAR	**-6,349**	**783**	**- 7,132**	**n.s.**

Provisions for Risks and Charges

Net provisions for risks and charges, totaling -304 million compared to -236 million in 2010, pertain for the most part to tax and legal disputes.

Integration Costs

Integration costs amounting to -113 million, are due on the one hand to extraordinary payroll costs relative to a portion of terminations for the 2014-2015 period, as provided by the Memorandum of October 18, 2010 to which are added other charges from the one-to-one incentivized departures. Compared to the previous year, when charges were recognized in relation to staff termination incentives resulting from the reorganization that followed the One4C integration process, there was an 83 million decrease.

Net Income from Investments

Investments net profits are equal to -1,366 million, decreasing of -1,363 million versus -3 million of 2010.

The following were reported in 2011, in particular:

- gains from the disposal of equity investments in Cassa di Compensazione e Garanzia S.p.A. for €54 million, in Banca Agricola Commerciale della Repubblica di San Marino for €50 million and in Net Insurance for €6 million;
- impairment losses on equity investments in Mediobanca for -500 million, in UniCredit Bank Ireland for -426 million, in CNP UniCredit Vita for -102 million, in Fineco Leasing for -87 million, in UniCredit Credit Management Bank for -86 million, in UniCredit International Bank Lussemburgo for -84 million, in Risanamento for -49 million, in Fondiaria-Sai for -111 million, in Compagnia Italpetroli for -30 million, Fineco Verwaltung for -3 million.

Taxes on income

Income taxes for the year posted an 80 million gain, representing a decrease of 296 million from the gain of 376 million in 2010, in fact the 2011 loss was generated by relevant non-tax deductible losses, which consequently generated a profit in terms of a decrease in the tax base. At the same time, IRAP for the year rose due to the increase in the 0.75% tax rate increase set out in Art. 23, Sub-Art. 5 of Legislative Decree 98/2011.

With respect to deferred taxes, extraordinary assets recorded in the year were significantly lower than those recorded in 2010. In 2011 however, it became possible to record the portion of 186 million relative to the tax loss from the merger with Capitalia, for which an impairment loss had already been recorded in 2010, since the tax regulations in effect at that time required it to be recorded as no longer recoverable. In fact, the provisions of Art. 23, Sub-Art. 9 of Legislative Decree 98/2011 and additional information circulated by the Revenue Agency (Circular 53E/2011) allow any previous tax losses still existing in 2011 to be carried forward to subsequent years without any time limit.

Impairment of goodwill

Goodwill impairment, totaling 4,894 million, for the most part stems from the new Strategic Plan of the Group which inevitably takes into account both regulatory tightening as well as the worsening of the macroeconomic environment. Goodwill impairment is measured as shown at the bottom of table “12.1 Intangible assets. Breakdown by type of assets” in Part B) of the Notes to the Financial Statements.

Net profit (loss)

At year end the company’s net loss stood at -6,349 million, compared to a net profit of +783 million in the previous year.
The “net Income from Investments” negative of -1.366 milion and the impairment of goodwill in the amount of -4,894 million significantly contributed to this loss.

Results of the period (CONTINUED)

Main Results and Performance for the Period (CONTINUED)

The Balance Sheet

Loans to Customers

As of December 31, 2011 loans to customers totaled 256,251 million, an increase of +3,149 million compared to the end of 2010.

Loans and receivables with customers

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2011	12.31.2010	AMOUNT	PERCENT
Performing loans	222,487	223,348	-861	-0.4%
Impaired assets	20,846	18,144	+2,702	+14.9%
Repos	7,243	7,959	-716	-9.0%
Debt securities	5,675	3,651	+2,024	+55.4%
Total loans and receivables with customers	**256,251**	**253,102**	**+3,149**	**+1.2%**
of which:				
units operating in Italy	*253,767*	*250,554*	*+3,213*	*+1.3%*
units operating abroad	*2,484*	*2,548*	*-64*	*-2.5%*

This increase was due essentially to the operating units in Italy for +3,213 million, while assets related to the operating units abroad decreased by -64 million.

The following contributed to the increase:
- the acquisition of a loan portfolio from Banca MB S.p.A. amounting to 246 million (face value: 414 million) occurred in the first half year;
- the acquisition of the banking business unit of IRFIS - Mediocredito della Sicilia S.p.A amounting to 531 million (face value: 589 million) occurred in the first half year;
- the acquisition of the "Structured Trade Export Finance - STEF" loan portfolio for 398 million of UniCredit Mediocredito Centrale S.p-A. formalized in July 2011.

More specifically:
- performing loans decreased by -861 million;
- impaired loans grew by +2,702 million;
- repurchase agreements showed a negative balance of -716 million primarily as a result of transactions with Cassa di Compensazione e Garanzia;
- debt securities increased by +2,024 million due to the subscription of securities issued by Group companies.

Net loans to customers deteriorated at the end of 2011 amounting to 20,846 million and stood at 8.1% of the total amount of loans to customers. The increase compared with the 18,144 million at the end of 2010 was due mainly to the business sector.

Credit Quality

As explained in more detail in the dedicated section in the Notes to the Financial Statements, credit monitoring activities and activities connected to the preventive examination of the solvency of debtors constitute the basic elements of UniCredit S.p.A.'s credit policy.

In a manner similar to what is done for the management and recovery of problematic loans (doubtful loans and non-performing loans), the Bank makes use of the services offered by UniCredit Credit Management Bank S.p.A., the Group's bank specialized in the recovery of loans, whose activities are governed by a special contract and by continually-evolving procedures, aimed at the constant improvement of recovery performance and their monitoring over time.

As of December 31, 2011, the face value of the impaired assets totaled 31,317 million, representing 11.7% of total nominal uses to customers, an increase from 10.1% as of December 31, 2010. At book value (net of specific value adjustments of 10,471 million however), impaired assets stood at €20,846 million (18,144 million as of December 31, 2010), representing 8.1% of total credits (7.2% at the end of 2010).

It is clear that the serious crisis affecting the entire domestic and international economic system had repercussions on the debtors' repayment ability and therefore on the successful outcome of their loans. In 2011 a careful and prudent classification of “impaired” was nevertheless conducted with respect to problematic positions, which overall involved a net flow of approximately 3% of performing loans at the end of 2010; the classification was also manifest within the “impaired” category where non-performing loans (at face value) reached 4.9% of the total of loans to Customers (3.3% at the end of 2010), doubtful loans decreasing slightly to 4.4% (4.7% at the end of 2010) while restructured and past-due loans still represented approximately 1% of the overall net worth of loans.

The increase in the coverage ratio of impaired loans needs to be correlated with such a situation (specific adjustments to value in relation to face value), overall from 31.8% as of December 31, 2010 to 33.4% at the end of December 2011.

Performing loans, amounting to 236,830 million at face value (236,261 million as of December 31, 2010) have been prudentially adjusted to include the so-called “ordinary risk”; value adjustments overall, at the end of December 2011, amounted to 1,425 million, with a coverage ratio equal to 0.60% (slightly up from the 0.55% of the end of 2010).

Overall, therefore, total loans to customer stood at 268,147 million, with adjustments in value of 11,896 million, taking the general degree of cover for customer loans to 4.4% (from 3.7% at December 31, 2010). The summary tables below provide additional details:

Loans to customers asset quality

(€ million)

	NON-PERFORMING LOANS	DOUBFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	IMPAIRED LOANS	PERFORMING LOANS	TOTAL CUST. LOANS
As at 12.31.2011							
Face value	13,123	11,886	3,172	3,136	31,317	236,830	268,147
as a percentage of total loans	*4.90%*	*4.43%*	*1.18%*	*1.17%*	*11.68%*	*88.32%*	
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	235,405	256,251
as a percentage of total loans	*2.83%*	*3.14%*	*1.10%*	*1.06%*	*8.13%*	*91.87%*	

Loans to customers asset quality

(€ million)

	NON-PERFORMING LOANS	DOUBFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	IMPAIRED LOANS	PERFORMING LOANS	TOTAL CUST. LOANS
As at 12.31.2010							
Face value	8,789	12,275	2,723	2,817	26,604	236,261	262,865
as a percentage of total loans	*3.34%*	*4.67%*	*1.04%*	*1.07%*	*10.12%*	*89.88%*	
Writedowns	4,066	3,928	160	306	8,460	1,303	9,763
as a percentage of face value	*46.26%*	*32.00%*	*5.88%*	*10.86%*	*31.80%*	*0.55%*	
Carrying value	4,723	8,347	2,563	2,511	18,144	234,958	253,102
as a percentage of total loans	*1.87%*	*3.30%*	*1.01%*	*0.99%*	*7.17%*	*92.83%*	

Results of the period (CONTINUED)

Main Results and Performance for the Period (CONTINUED)

Deposits from Customers and Debt Securities in Issue

Deposits from customers and debt securities in issue, totaling 273,166 million, recorded a decrease from €281,694 million at the end of 2010.

Deposits from customers and debt securities in issue

(€ million)

	AMOUNTS AS AT		CHANGE FROM RESTATED	
	12.31.2011	12.31.2010	AMOUNT	PERCENT
Deposits from customers	151,853	158,154	-6,301	-4.0%
Debt securities in issue	121,313	123,540	-2,227	-1.8%
Total deposits from customers and debt securities in issue	**273,166**	**281,694**	**-8,528**	**-3.0%**
of which:				
units operating in Italy	*268,402*	*257,069*	*+11,333*	*+4.4%*
units operating abroad	*4,764*	*24,625*	*-19,861*	*-80.7%*

The decrease was equal to -8,528 million and attributable for the most part to payables to customers which were down by -6,301 million from December 2010 due to the decline in Current Accounts and Demand Deposits. Debt securities in issue shrank by -2,227 million, also as a function of repayments that took place in the period.

Financial Investments

Financial investments, totaling 89,950 million, recorded an increase of +2,499 million compared with the end of 2010.

Financial investments

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2011	12.31.2010	AMOUNT	PERCENT
Financial assets at fair value through profit or loss	423	435	-12	-2.8%
Available-for-sale financial assets	24,363	21,174	+3,189	+15.1%
of which: - equity investments	*900*	*971*	*-71*	*-7.3%*
- debt securities, equity instruments and investments funds units	*23,463*	*20,203*	*+3,260*	*+16.1%*
Held-to-maturity investments	4,494	3,899	+595	+15.3%
Equity investments	60,670	61,943	-1,273	-2.1%
Total financial investments	**89,950**	**87,451**	**+2,499**	**+2.9%**
of which:				
units operating in Italy	*88,727*	*86,933*	*+1,794*	*+2.1%*
units operating abroad	*1,223*	*518*	*+705*	*+136.1%*

Available-for-sale assets totaled 24,363 million and recorded an increase due to the acquisition of Italian government securities, net of redemptions for over 3 billion.

Ownership interest included in "Available-for-sale assets" in 2011 recorded an overall decrease of -71 million due, among other things, to acquisition and subscription to share capital increases for +44 million and to disposals for -107 million. Such disposals led to the recording of a profit on sales in the amount of +65 million the income statement.

The measurement of such interests at the end of the year has led to fair value changes, attributed to shareholders' equity, negative for -22 million and positive for +11 million, as well impairment losses recorded to the income statement in the amount of -53 million.

Financial assets held to maturity totaled 4,494 million, a rise of +595 million compared with the end of 2010, another increase to debt securities.

Stakes in subsidiaries and associates totaled 60,670 million, with a decline of -1,273 million compared to 2010.

This change is attributable, in particular (i) for +369 million to acquisitions, i.e. subscription to share capital increases (including: 128 million for the acquisition of UniCredit Global Information Services S.C.p.A. (UGIS) and UniCredit Business Partner S.C.p.A. (UCBP) shares by our subsidiaries UniCredit Bank AG and UniCredit Bank Austria and, with respect to the subscription to capital increases, 161 million Fondiaria-Sai, 30 million Compagnia Italpetroli, 25 million Credit Ras Vita, 16 million CNP UniCredit Vita), (ii) -137 million for the disposal of UniCredit Mediocredito Centrale, (iii) -1,431 million for net impairment losses charge to the income statement (including: 500 million Mediobanca, 426 million UniCredit Bank Ireland, 102 million CNP UniCredit Vita, 86 million UniCredit Credit Management Bank, 84 million UniCredit International Bank Lussemburgo, 87 million Fineco Leasing, 111 million Fondiaria-Sai, 30 million Compagnia Italpetroli, 3 million Fineco Verwaltung), (iv) -74 million for the disposal of the interest in IRFIS - Mediocredito della Sicilia S.p.A. among the assets held for sale.

Interbank Position

The Bank recorded, under its financial assets, a net interbank position balance at the end of 2011 of assets (29,634 million) and liabilities (63,335 million) equal to -33,701 million. Compared with the corresponding figures at the end of 2010 (net equal to -15,218 million), the balance recorded an increase in net liabilities of -18,483 million due to both the decrease in loans and receivables with banks (-4,172 million) and an increase in deposits from banks (+14,311 million).

The changes described above both regarding operations and investments and lending to bank borrowers occurred in a market environment that was heavily penalized by the sovereign-debt crisis which in 2011 was experienced in some Eurozone countries considered at risk in terms of sustainability over the short and medium term of their own public finances.

The deterioration of sovereign credit rating has affected also the Republic of Italy; the financial operators residing in Italy have had to - especially starting in the second half of the year - address their own cash requirements without the sources of financing by international institutional investors traditionally available in the Euro markets.

In this context, the decline in loans and receivables with banks compared to 2010 (-4,172 million) is due in particular to the decrease of -2,860 million in repo lending transactions with market bank borrowers. Because of the crisis of some of the aforementioned sovereign debt and the subsequent illiquidity of the interbank market the Bank slowed down its cash investment transactions involving short-term collateralized instruments.

With respect to deposits from Banks, the +14,311 million increase recorded by the Bank was generated primarily due to the following factors:

- decrease in the inflow of deposits from market borrowers of approximately -15,000 million due to the illiquidity of the cash market;
- Increase in the refinancing by the Central Banks by +27,500 million in the context of ordinary monetary policy refinancing transactions. The Bank used these transactions exclusively in the second half of the year and remained in line with the major Italian and European financial institutions both in terms of volumes of inflow and in terms of maturities.

Interbank position

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2011	12.31.2010	AMOUNT	PERCENT
Loans and receivables with banks	**29,634**	**33,806**	**-4,172**	**-12.3%**
units operating in Italy	*29,274*	*33,323*	*-4,049*	*-12.2%*
units operating abroad	*360*	*483*	*-123*	*-25.5%*
Deposits from banks	**63,335**	**49,024**	**+14,311**	**+29.2%**
units operating in Italy	*61,620*	*37,979*	*+23,641*	*+62.2%*
units operating abroad	*1,715*	*11,045*	*-9,330*	*-84.5%*
NET INTERBANK POSITION	**-33,701**	**-15,218**	**-18,483**	**+121.5%**
units operating in Italy	*-32,346*	*-4,656*	*-27,690*	*+594.7%*
units operating abroad	*-1,355*	*-10,562*	*9,207*	*-87.2%*

Results of the period (CONTINUED)

Shareholders' equity and capital ratios

Shareholders' Equity

As of December 31, 2011 shareholders' equity stood at 49,649 million, compared to 57,770 million at the previous year-end.

The decrease was due primarily to (i) the loss for the period (-6,349 million), (ii) changes in the revaluation reserves (-949 million), (iii) the distribution of dividends for 2010 (-550 million), as well as the changes recorded in the Reserves line item relative to, among other things, the allocation of (iv) the expenses for the acquisition by other Group companies of equity shares in UniCredit Global Information Services S.C.p.A: (UGIS) and UniCredit Businees Partner S.C.p.A: (UCBP), in relation to the implementation of the All4Quality project (-148 million) (v) the usufruct fees related to financial instruments (so-called "Cashes") involving almost all the shares subscribed by Mediobanca, during the corresponding capital increase (-172 million), and (iv) the increase of the reserve dedicated to long-term incentive plans for Group staff (+57 million).

Also in relation to shareholders' equity, a free capital increase (+2,499 million) took place, as approved by the Extraordinary Shareholders' Meeting of December 15, 2011, by drawing on the share premium.

Shareholders' Equity

	AMOUNTS AS AT		CHANGE	
	12.31.2011	12.31.2010	AMOUNT	PERCENT
Share capital	12,148	9,649	+2,499	+25.9%
Share premium	36,823	39,322	-2,499	-6.4%
Reserves	7,623	7,663	-40	-0.5%
Reserves for special revaluation laws	277	277	-	-
Treasury shares	-2	-2	-	-
Total capital and reserves	***56,869***	***56,909***	***-40***	***-0.1%***
Revaluation reserves	-871	78	-949	n.s.
Net profit or loss	-6,349	783	-7,132	n.s.
Total shareholders' equity	**49,649**	**57,770**	**-8,121**	**-14.1%**

Shareholders

As of December 31, 2011 the share capital, fully subscribed and paid up, totaled €12,148,463,316.00 divided into 1,929,849,069 with no face value, including 1,927,425,171 ordinary shares and 2,423,898 savings shares.

Also as of December 31, 2011, according to the Register of Shareholders:
- there were approximately 467,000 shareholders;
- resident shareholders held around 43.90% of the capital and foreign shareholders 56.10%;
- 82% of the ordinary share capital is held by legal entities, the remaining 18% by individuals.

Also as of that date, the main shareholders were:

Principal UniCredit shareholders

SHAREHOLDER	ORDINARY SHARES	% OWNED[1]
1. Mediobanca S.p.A.	101,129,378	5.247%
- of which with right of usufruct in favour of UniCredit S.p.A.	*96,756,406*	*5.020%*
2. Aabar Luxembourg sarl	96,200,000	4.991%
3. Gruppo Central Bank of Libya	96,142,187	4.988%
4. Cassa di Risparmio Verona, Vicenza, Belluno e Ancona Foundation	81,155,000	4.211%
5. Cassa di Risparmio di Torino Foundation	63,973,492	3.319%
7. Carimonte Holding S.p.A.	56,081,000	2.910%
7. Libyan Investment Authority	50,000,000	2.594%
8. Gruppo Allianz	39,384,729	2.043%

1. as a percentage of ordinary capital.

Treasury Shares

The treasury share balance was unchanged from year-end 2010 due to the fact that there were no transactions involving treasury shares in 2011. The number of shares, now with no face value, reflects their combination, approved by the Extraordinary Shareholders' Meeting of December 15, 2011, in preparation of the subsequent capital increase carried out in the first months of 2012.

Treasury Shares

Number of ordinary shares as at 12.31.2011	47,600
% on capital stock	n.s.
Carrying value as at 12.31.2011 €	€ 2,440,001

Regulatory capital and capital ratios

The Regulatory Capital stands at €59,407 million, with €46,887 million made up of tier 1 capital, compared with €59,945 million at December 31, 2010.

The capital ratio, given the ratio between the regulatory capital and the total risk weighted assets is 35.4%.

Organizational Model

Organizational structure

During 2011 UniCredit SpA's organizational structure remained substantially the same as that after the corporate merger implemented at the end of 2010 as a result of the One4C transaction was implemented. In addition to fulfilling its role as Parent Company, UniCredit directly carries out banking and business operations with customers, particularly in Italy, mainly through direct management of its three networks: Families & Small Medium Enterprises ("F&SME"), Corporate and Investment Banking ("CIB") and Private Banking ("PB").

The three networks are integrated in the group's business unit model which consists of four Business Divisions:
- "Families & Small-Medium Enterprises ("F&SME");
- Corporate & Investment Banking ("CIB");
- Private Banking ("PB");
- "CEE".

In connection with its own customer segments, each Business Division focuses primarily on customer management strategies, product development, marketing, and sales and distribution, with the primary responsibility of devising and implementing the Group strategy within the Group. The concerned networks are responsible for implementing the business unit strategies at the local level and levering their relationships on the ground, their direct contact with customers, and their knowledge of the country's economic environment to develop and support business objectives.

In order to further strengthen the idea of "territorial connection" which represented carrying axle of the One4C Project, coordination of the Italian F&SME, CIB and Private Banking Networks is entrusted to the Country Chairman Italy, while the General Manager who heads the F&SME, PB and CEE divisions as well as the Country Chairman Poland report to the Chief Executive Officer. Hence, particular emphasis is placed on the importance of the "traditional commercial banking" business in the various countries where the Group operates, and on the importance such responsibility has in terms of its contribution to the overall results and in terms of business strategic development.

The "CIB" Division reports instead directly to the Chief Executive Officer, thus achieving a clearer separation of responsibilities between the "commercial banking" and "investment banking" operations, in line also with the most recent guidance set by Regulatory Authorities globally.

The Chief Operating Officer ("COO") continues to report to the Chief Executive Officer. This position concentrates all the management levers of organizational, operating and service roles (including HR Management), such as ICT, Operations, Workout and Security, in a single point of responsibility. These roles are responsible for supporting a sustainable growth of the Group business, by guaranteeing the highest quality of services offered and optimizing the Group's cost structures and internal processes.

UniCredit's organizational model also provides for coordination and monitoring roles whose goal is to guide, monitor and coordinate, so far as their respective competence is concerned, the management of operations and related risks for the Group as a whole and the individual entities. These roles include:
- Competence Lines ("CL") for Policy and Control (Internal Audit, Planning, Finance & Administration, Risk Management, Legal and Compliance), responsible for coordinating and monitoring - each for its own competence area - operations and related risks at Group level, by guaranteeing better governance globally (in order to preserve consistency and homogeneity of the Group's governance as well as to ensure integrated control and risk mitigation), and for managing local operations within their competence with regard to the area related to UniCredit S.p.A.;
- Competence Lines for Policy and Support (Human Resources - divided into HR Strategy directly reporting to the CEO and HR Management - Organization, Identity and Communications directly reporting to the Chief Operating Officer), responsible for coordinating and supporting - each for its own competence area - management of operations at Group level, by defining Group guidelines and policies and supporting the Group's global roles.

The Internal Audit, Planning, Finance & Administration, Risk Management, Legal and Compliance and HR Strategy CLs report to the Chief Executive Officer, to whom the following roles also report:
- Asset Management, responsible for developing asset management across all geographical areas, by guiding, coordinating and monitoring the growth of business operations globally;
- Public Affairs, responsible for developing relationships with institutional counterparts of interest with respect to the operations carried out by the Group and, in particular, providing support to the Group's top management for a proactive role in its relationship with (domestic, multilateral and European Community) institutions.

The commercial network

Operating structure in Italy

The territorial structure, which was reorganized following the past year's projected merger named "ONE4C", is now focused on the various segments of customers with various types of branches:

- Network F&SME which is geared towards individuals, households and small businesses aims to meet their financial needs by offering them a complete range of products and services. The branches were reorganized into 806 new districts to ensure even greater territorial proximity to the area in which the Bank operates;
- Network CIB which focuses 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);
- Network PB is geared towards medium to high net worth private customers and provides consultancy services and wealth management solutions using a 360-degree approach.

As of December 31, 2011, the distribution network in Italy was comprised of 4,377 banking windows which, following the post-merger reorganization plan of the year ended, was reduced by 108 branches (predominantly F&SME) particularly in Lombardy and Sicily where there was a greater need to streamline operations. More specifically, as of December 31, 2011, there were:

- 4,111 branches dedicated to covering the F&SME customer segment, 123 fewer units compared to 2010; the units, depending on the responsibilities attributed and the segments managed, are divided into Territories, Establishments, Banking windows, Small Business Centers, Business Centers, and Development Centers;
- 95 branches dedicated to coverage of the CIB segment, a 14-unit increase compared to 2010 intended to widen the coverage of regions such as Piedmont and Lombardy and better serve the industrial areas in the country; these units, depending on the activities carried out, are divided into Corporate Centers and Operating Branches;
- 171 branches dedicated to covering the PB segment, an increase of 1 subsidiary compared to the year ended which, depending on the responsibilities attributed to them are divided into Major Branches and detached Area 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.

Italian branch network

REGION	12.31.2011	%
- Piemonte	464	10.6%
- Valle d'Aosta	21	0.5%
- Lombardia	560	12.8%
- Liguria	98	2.2%
- Trentino Alto Adige	80	1.8%
- Veneto	561	12.8%
- Friuli Venezia Giulia	143	3.3%
- Emilia Romagna	543	12.4%
- Toscana	183	4.2%
- Umbria	89	2.0%
- Marche	99	2.3%
- Lazio	566	12.9%
- Abruzzo	44	1.0%
- Molise	35	0.8%
- Campania	218	5.0%
- Puglia	158	3.6%
- Basilicata	11	0.3%
- Calabria	29	0.7%
- Sicilia	417	9.5%
- Sardegna	58	1.3%
Total branches	**4,377**	**100.0%**

Another 49 "Foreign Trade Centers" operate in Italy, specialized units aimed at carrying out technical operations involving the foreign transactions area (documentary credits, documentary transactions, surety bonds and guarantees, import-export portfolio, gold).

Branches and representatives abroad

Following the streamlining 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.

As a result, at the end of 2011, UniCredit S.p.A. had six Branches abroad, plus a Permanent Establishment in Vienna and 6 Representative Offices.

UniCredit S.P.A. - International Network

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

(*) formerlly Branch of UniCredit Family Financing

Organizational Model (Continued)

Company activities (Continued)

Resources

Personnel developments

At December 31, 2011, UniCredit S.p.A.'s headcount was 45,217 compared to 46,332 at December 31, 2010. The restructuring process, already begun in 2008 after the merger of the Capitalia Group, includes the streamlining 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 1,664 employees in the year 2011.

Category

	12.31.2011		12.31.2010		CHANGE	
	TOTAL	*OF WHICH: OUTSIDE ITALY*	TOTAL	*OF WHICH: OUTSIDE ITALY*	IN TOTAL	PERCENT
Senior Management	1,384	*34*	1,448	*33*	-64	-4.4%
Management - 3rd and 4th grade	8,362	*92*	8,447	*109*	-85	-1.0%
Management - 1st and 2nd grade	13,847	*45*	14,105	*18*	-258	-1.8%
Other Staff	21,624	*112*	22,332	*155*	-708	-3.2%
Total	**45,217**	***283***	**46,332**	***315***	**-1,115**	**-2.4%**
of which, Part-time staff	*4,701*	33	*4,637*	-	*+64*	*+1.4%*

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

	12.31.2011		12.31.2010		CHANGE	
	NUMBER	PERCENT	NUMBER	PERCENT	AMOUNT	PERCENT
Up to 10	13,096	29.0%	14,033	30.3%	-937	-6.7%
From 11 to 20 years	10,122	22.4%	10,269	22.1%	-147	-1.4%
From 21 to 30 years	13,361	29.5%	13,840	29.9%	-479	-3.5%
Over 30	8,638	19.1%	8,190	17.7%	+448	+5.5%
Total	**45,217**	**100.0%**	**46,332**	**100.0%**	**-1,115**	**-2.4%**

Breakdown by age

	12.31.2011		12.31.2010		CHANGE	
	NUMBER	PERCENT	NUMBER	PERCENT	AMOUNT	PERCENT
Up to 30	2,577	5.7%	3,065	6.6%	-488	-15.9%
From 31 to 40 years	11,856	26.2%	12,203	26.3%	-347	-2.8%
From 41 to 50 years	16,124	35.7%	16,658	36.0%	-534	-3.2%
Over 50	14,660	32.4%	14,406	31.1%	+254	+1.8%
Total	**45,217**	**100.0%**	**46,332**	**100.0%**	**-1,115**	**-2.4%**

With regard to training, managerial growth, union relations, the environment and occupational safety, reference is made to the chapter "Our people" in the Sustainability Report.

Other Information

Report on corporate governance and proprietary structures

Pursuant to Article 123-bis, paragraph 3 of Legislative Decree no. 58 of February 24, 1998, the Report on Corporate Governance and Proprietary Structures is available at the "Governance" section of the UniCredit site.
(http://www.UniCreditgroup.eu/it/Governance/corporate_governance_report.htm).

For a description of the corporate governance structure ("Corporate Governance"), reference is made to the appropriate Chapter of the Report of the Consolidated Financial Statements.

Report on remuneration

Pursuant to Art. 84-quater, paragraph 1, of the Issuers' Regulations implementing the Legislative Decree no. 58 of February 24, 1998, the "Report on remuneration" is available on UniCredit's website (http://www.unicreditgroup.eu).

Rationalization of Group operations and other corporate transactions

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

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

Establishment of UniCredit Business Integrated Solutions (UBIS)

At the end of 2010, the Group approved the launch of the project to rationalize the support units and companies of the Group's Global Banking Services.

This process was designed to meet the need to respond more quickly and uniformly and with greater consistency to the requests of internal and external customers, and it was aimed at:
- simplifying governance and ensuring the cost efficiency of management by rationalizing the operations and units responsible for all services offered by reducing the number of legal entities, maximizing economies of scale and simplifying procedures for internal customers to request and use services;
- increasing transparency in terms of services offered and costs incurred;
- improving service in terms of innovation, quality and risk management by setting up integrated operational units that use an end-to-end approach and maximize economies of scope.

In this context, plans have been made to establish a single company - UniCredit Global Information Services (UGIS) - in which to centralize the provision of services needed by the banking business and by the Group both in Italy and abroad, also through branches and operational companies.

In this role, the company will provide a global perspective of the priorities and opportunities inherent in the requests of external and internal clients, maximizing the efficacy of investments by bringing the technologies and instruments used under a common factor.

The organizational and operational implementation was carried out through a gradual reorganization of support areas and companies. This project was done in two phases:
- the first (completed at the end of 2011) was dedicated to consolidating operational areas and companies in Italy, and rationalizing and ensuring consistency to Information and Communication Technology (ICT), Back Office and Middle Office, Real Estate, Security and Global Sourcing activities in Germany and Austria;

Other Information (Continued)

Rationalization of Group operations and other corporate transactions (Continued)

- the second (which is expected to be completed by the end of H1 2012) is dedicated to the final consolidation of other operations carried out abroad.
- as for the operating plan of the project, which was authorized by Banca d'Italia, the first phase related to the merger of the support units and companies in Italy entailed the following:
  - the repurchase (which took place last May) by UniCredit of the shares held by UniCredit Bank Austria AG and UniCredit Bank AG (the latter still holds a marginal stake in consideration of its branch operating in Italy) in UniCredit Business Partner (UCBP) (28.8% and 18.1% respectively) and in UniCredit Global Information Services (UGIS) (10% and 24.7% respectively);
  - the incorporation into UGIS of Quercia Software (as from June 1, 2011).

The following operations, effective from January 1, 2012, were also completed:

- the purchase by UniCredit of the activities concerning regular reporting to the local Supervisors ("Supervisory reporting Division"), carried out by UCBP;
- the purchase by UCBP of the Operations activities, with regard to back-office administration and accounting, related to consumer credit products and personal loans secured on one-fifth of net income ("Operations Division"), carried out by UniCredit S.p.A.;
- the incorporation of UCBP into UGIS, which has been renamed UniCredit Business Integrated Solutions (UBIS), consistent with the new assigned mission;
- the incorporation in UniCredit of UniCredit Real Estate (URE) and Medioinvest Sr.l.;
- the transfer to UBIS - subsequent to the completion of the above-mentioned incorporations - of the company branches of UniCredit S.p.A. designated "ICT, Security, Global Sourcing and Operations" and "Servizi generali immobiliari" (General Real Estate Services).

Concentration in UniCredit of the activities related to the management of the portfolios of Private customers

The developments in the private banking market, particularly in light of the recent market crisis, has underscored the increasing interest of clients in independent investment solutions that guarantee access to an open platform of product providers. From this perspective, UniCredit's decision to internalize the portfolio management process by basing it on its own research will increase the commercial effectiveness of UniCredit operations on the Private Banking market segment.

In the light of the changed market scenario and as a consequence of the new organizational model resulting from the implementation of the One4C project, UniCredit, in order to guarantee more timely and effective solutions and thereby increase the commercial efficacy of the relationship with so-called "Private" clients, for whom wealth management represents one of the services of major interest, deemed it appropriate to handle all the activities regarding portfolio management and the services at present provided by Pioneer Investment Management SGR (PIM), from the selection of the financial instruments for investment of the managed portfolios to providing clients with the periodic statements of account for the management service delivered.

In order to achieve this goal, with regard to the operational aspect, a partial spin off in favour of UniCredit of the going concern related to the segregate accounts for private banking clients of PIM was carried out.

The spin off, authorized by Banca d'Italia and approved by PIM's and UniCredit's competent Bodies in July and August 2011, became effective from January 1, 2012.

Other transactions involving subsidiaries and associates

The rationalization of the Group's investments was carried on through the sale of subsidiaries and/or companies in which the Group has a minority interest operating in business segments that are not strategic anymore, in particular:

Transfer of controlling interest to Banca Agricola Commerciale della Repubblica di SanMarino ("BAC")

On March 31, 2011, UniCredit signed an agreement for the sale of its 85% stake in the share capital of BAC to Demas SA, a Luxembourg-law company which holds 77% of the share capital of Istituto Bancario Sammarinese.

The price was €62.2 million. Before closing BAC distributed dividends and reserves amounting to €40.6 million (of which €34.6 million to UniCredit); this values UniCredit's stake in BAC at €96.8 million.

Following approval of the banking supervisor of San Marino (Banca Centrale della Repubblica di SanMarino), the transaction was completed on July 21, 2011.

Reorganisation and subsequent transfer of IRFIS - Finanziaria per lo Sviluppo della Sicilia S.p.A. (formerly, IRFIS - Mediocredito della Sicilia S.p.A.) ("IRFIS")

In 2011 the reorganization of IRFIS – in which UniCredit has a 76.26% controlling interest and the Region of Sicily a stake of 21%, the remainder (2.47%) being held by other minority shareholders - was completed; the project aims at transforming IRFIS into a financial firm and transferring UniCredit's controlling interest in it to the Region of Sicily.

Specifically, after obtaining the respective authorisations of Banca d'Italia and of the Region of Sicily, issued respectively in April and in May 2011:
- with effect June 1, 2011 UniCredit purchased IRFIS's banking business (assets amounting to a total of €536 million, of which €531 million being credits);
- on the same date, IRFIS was transformed into a financial firm pursuant to art. 107 T.U.B. (consolidated banking act) specializing in subsidized lending and loans financed by the Region, implying the change of the company name in IRFIS - Finanziaria per lo Sviluppo della Sicilia S.p.A. (in short, IRFIS - FinSicilia S.p.A.) and, consequently, of the corporate purpose.

Subsequently, last October IRFIS reduced its share capital as it was in excess of the company's new purpose and carried out an extraordinary distribution of reserves. Using a special distributable reserve, the company also repurchased the unsubscribed shares of minority shareholders who exercised their right of withdrawal.

The sale of the controlling interest held by UniCredit in IRFIS to the Region of Sicily took place on January 10, 2012.

Transfer of the subsidiary Unicredit Mediocredito Centrale S.p.A. ("MCC")

On August 1, 2011, according to the agreement signed in December 2010 between UniCredit and Poste Italiane S.p.A. ("Poste"), the sale of 100% of MCC to Poste become effective.

This transaction is part of the project promoted by the Ministero dell'Economia e delle Finanze, pursuant to which MCC will become, after the sale, the vehicle for the creation of Banca del Mezzogiorno.

Transfer of the investment in Metis

The equity investment of 22.7% held in Metis was sold in March 2011.

Transfer of a 11,84% interest in Net Insurance S.p.A.

On June 13, 2011, UniCredit signed an agreement for the sale of part of its 12.84% stake in Net Insurance Capital S.p.A., a company that offers insurance products, in particular personal loans, mortgage loans, lease rents and real estate trading. The stake sold is equal to 11.84% and the price was set at approximately €13.5 million.

UniCredit has therefore remained a shareholder of Net Insurance with a 1% interest, retaining the right to designate a director on the Board of Directors of the company.

The transfer took place in July 2011.

Other Information (Continued)

Other transactions involving subsidiaries and associates

Transfer of the stake in Cassa Compensazione e Garanzia

In November 2011, the 13.7% stake held in the share capital of Cassa Compensazione e Garanzia S.p.A. was sold for €62 million.

Finally, it should be noted that UniCredit S.p.A. has given collateralized securities to UniCredit Bank AG representing shareholdings in foreign subsidiaries belonging to the banking Group, against financial exposures totaling €7,05 billion.

In 2011 UniCredit completed, directly, certain equity investment operations aimed at specific initiatives and in the interests of the bank.

Agreement between UniCredit and Premafin Finanziaria S.p.A.

On March 22, 2011 UniCredit S.p.A. and Premafin Finanziaria S.p.A. - Holding di Partecipazioni announced that an agreement has been reached, instrumental to the already announced recapitalization of Fondiaria SAI and of its group.

Also in light of the long-standing relationship between the Bank and Fondiaria-SAI, the aim of the agreement is to allow Premafin to proceed with the capital strengthening of its subsidiary and the Bank to acquire a stable qualified minority stake with the possibility of benefiting from growth in the value of its investment in the medium-long term.

The agreement was subject to the confirmation of Consob, by June 30, 2011, that there are no obligations on Fondiaria-SAI to make an offer to purchase on performance of the agreement and to receipt by the same date of the waivers required by the loan agreement underwritten between Premafin, UniCredit and the other syndicate banks on December 22, 2004, as amended on December 22, 2010. It should be noted that these changes to the agreement were finalized on May 10 last year, while on May 13 Consob authorized exemption from the obligation of a mandatory public offer. On June 22 last year ISVAP allowed UniCredit to acquire a 6.6% stake in Fondiaria-SAI.

In July - as part of the planned capital strengthening and after obtaining the necessary authorizations (ISVAP and AGCM) - UniCredit, exercising the rights of option acquired from Premafin Finanziaria, bought new shares of Fondiaria SAI, corresponding to a stake, post capital increase, of 6.6% of the ordinary share capital, for €170 million, underwriting with Premafin Finanziaria shareholder agreements in line with Article 122 of the Single Finance Act. As at December 31, 2011 the conditions provided for by the above-mentioned shareholder agreements still existed.

Agreement to purchase a controlling interest in AS Roma S.p.A. by Di Benedetto AS Roma LLC

On April 15, 2011, Di Benedetto AS Roma LLC signed an agreement with UniCredit which provided for:
- the purchase of around 67% of the shares in AS Roma S.p.A. and 100% of ASR Real Estate S.r.l.and Brand Management S.r.l., which are companies respectively responsible for the management of the Trigoria sports centre and marketing activity, from Roma 2000 S.r.l. (part of the Compagnia Italpetroli group). The price agreed for the purchase of these three interests totals €70.3 million, of which €60.3 million for the AS Roma S.p.A. shares, i.e. a price of 67.81 euro cents per share;
- the subsequent launch of a public offer to purchase the AS Roma shares at a unit price of 67.81 euro cents, i.e. the price paid by the buyer to Roma 2000 S.r.l., for a maximum expense of €29.6 million.

On August 18, 2011, after receiving authorization from the Antitrust Authority, Neep Roma Holding S.p.A. ("Holding") (a company established on April 27, 2011, in which Di Benedetto AS Roma LLC holds 60% and UniCredit S.p.A. 40%) completed the purchase from Roma 2000 S.r.l. of the shares in AS Roma, ASR Real Estate S.r.l. and and Brand Management S.r.l..

The agreements between Di Benedetto AS Roma LLC and UniCredit S.p.A., signed in April 2011 and subsequently amended in August (in light of the necessity to redefine AS Roma's financial and economic needs in the next three years), include a shareholders' agreement governing *inter alia:*
- the appointment of the Directors and Statutory Auditors of the Holding company, AS Roma and the other entities purchased and the corporate governance rules of these entities, so that management will be entrusted to Di Benedetto and the bank will enjoy significant minority rights;
- pre-emption rights and joint sale rights and obligations in respect of the interests held in the holding company in the medium-long term, subject to the bank's option to sell part of its interest in the first quarter of 2012 to one or more suitable Italian investors;

- an undertaking by the shareholders to provide the Holding pro rata resources as needed (totaling a maximum of €130 million) to fund expenses related to the public offering and the planned recapitalization of AS Roma (totaling a maximum of €100 million), divided into several phases.

These agreements have been communicated to the market within the term prescribed by §122 TUF.

After receiving the necessary authorizations last October, Neep furthered the announced full public offer for the remaining shares in AS Roma at a price of 67.81 euro cents per share; by November 3, 2011 (last day of the offer) the number of shares subscribed to represented 10.94% of share capital and the total disbursement amounted to €9.8 million.

Compagnia Italpetroli S.p.A.

By virtue of the agreement signed in July 2010 with the Sensi family, last August UniCredit S.p.A. acquired 51% of Compagnia Italpetroli S.p.A. for €30 million, and owns now 100% of the company, which heads up a group, now in the process of being reorganized, operating mainly in oil and real estate sector.
For more details please see the Financial Statements - Part G - Business Combinations.

Centurione 2007 S.r.l. (in liquidazione)

The acquisition of Centurione 2007 S.r.l. was completed (100% of shares) in December 2011. Subsequently, again over the course of the month of December, the company placed it into liquidation.

Other Information (Continued)

Capital Strengthening

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

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

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

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

During the subscription period (January 9, 2012 - January 27, 2012 in Italy, Germany and Austria and January 12, 2012 - January 27, 2012 in Poland), 1,925,199,755 subscription rights were exercised and, thus, 3,850,399,510 shares were subscribed representing 99.8% of the total shares offered, for an aggregate amount of €7,481,326,247.93.

The unexercised rights, relating to the subscription of 9,203,428 UniCredit S.p.A. ordinary shares, have been offered by UniCredit, through UniCredit Bank AG, Milan Branch, on the Stock Exchange, pursuant to Article 2441, paragraph 3, of the Italian Civil Code. All the rights were sold during the first trading session on February 1, 2012 and the new shares were subsequently subscribed.
The capital increase was therefore fully subscribed.

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

Furthermore, on March 22, 2011 the Board of Directors approved the issue of the performance shares promised under the 2007 UniCredit Group Long Term Incentive Plan, following the verification of the achievement of the performance targets set in the Plan.
To this end, the Board of Directors approved a free increase in share capital for an amount of nominal € 454,385 corresponding to 908,770 ordinary shares.

Transactions with Group Companies

The table below shows the assets, liabilities, guarantees and commitments outstanding as at December 31, 2011, in respect of direct and indirect subsidiaries, companies subject to joint control, companies subject to significant influence and other related parties.

(mil. €)

	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS
Subsidiaries	53,442	57,193	27,822
Joint Venture	709	37	1,442
Associates	905	299	92
Other related parties	1,335	125	26

With reference to the “Rules of Markets organized and managed by Borsa Italiana S.p.A.” dated October 3, 2011 (Title 2.6 “Obligations of issuers”, Section 2.6.2. “Disclosure requirements”, paragraph 10) the satisfaction of conditions provided by Section 36 of Consob Regulation No. 16191/2007, letters a), b) and c) is hereby certified.

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

a) according to the “Procedures for transactions with related parties”, adopted by UniCredit S.p.A.’s Board of Directors on November 9, 2010 and published on the website www.unicreditgroup.eu, in 2011 the Bank’s Presidio Unico received no reports of transactions of greater significance;
b) in 2011, no transactions with related parties as defined by Article 2427, paragraph 22-bis of the Civil Code were conducted, under different conditions from normal market conditions materially affecting the Bank’s financial and economic situation;
c) in 2011, there were no changes or developments in the individual transactions with related parties already described in the latest annual report that had a material effect on the Bank’s financial position or results during the reference period.

For more information on related-party transactions please refer to the CompanyFinancial Statements - Notes to the accounts - Part H.

Policy document on security

The Policy Document on Security, for which there will be a 2012 update, is available at the Bank. Note that under Legislative Decree 5 of February 9, 2012 (currently being enacted) we are no longer required to draft such a document.

Information on Risks

For a full description of the risks and uncertainties that the Bank must face under current market conditions, reference is made to the appropriate section in the Notes to the Financial Statements.

Information on the time limits for convening a Shareholders’ Meeting

Pursuant to Art. 2364, paragraph 2, of the Civil Code and Art. 8, paragraph 1, of UniCredit’s Articles of Association, the draft Accounts will be submitted to the Ordinary Shareholders’ Meeting for approval within 180 days from the end of the financial year, since the Company is required to prepare the consolidated financial statements.

Subsequent Events and Outlook

Subsequent Events

The following transactions were completed as of January 2012:

- Partial spin off of Private Asset Management business from Pioneer Investments Management SGRpA in favour of UniCredit S.p.A.;
- Rationalization of the structures and equity investments in subsidiaries related to Global Banking Services;
- Sale of the controlling share held by UniCredit S.p.A. in IRFIS - Finanziaria per lo sviluppo della Sicilia S.p.A.;

which have already been described in great detail in the sections "Rationalization of Group operations and other corporate transactions" and "Other transactions involving subsidiaries and associates."

It should be noted that on February 1, 2012 the operations related to the share capital increase approved by the Extraordinary Shareholders' Meeting on December 15, 2011 were completed. See the previous paragraph "Capital strengthening" for further details.

Outlook

For the advanced economies - especially those of the euro zone - 2011 was a year of severe tension in the sovereign debt market and a slowdown of growth in the last quarter. In 2012 the Italian economy is expected to contract, under the effects inter alia of the austerity measures taken in recent months. These measures should however lay the foundations for economic recovery and above all help to restore international investors' confidence in the country and its economy. In Austria and Germany, where our Group has strong roots, growth rates will continue to be positive.

The agreement reached on Greek debt, the creation of the EFSF and the recent Fiscal Compact have helped to alleviate the tension in the financial markets and have created a renewed climate of trust, which will benefit both government securities and the banking industry in general.

In addition, the ECB, by means of two LTROs, has significantly attenuated the pressure on funding that arose in the second half of 2011 by guaranteeing the banking system sufficient liquidity. These recent long-term refinancing operations, in conjunction with the strengthening of banks' capital, should facilitate the normalisation of credit intermediation in the system as a whole.

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, is fully focused on the Strategic Plan 2010-15, of which our successful €7.5 billion rights issue is one of the main pillars.

Developments in the macroeconomic scenario and diminishing tension in the financial markets will be key aspects in 2012. On the basis of current assumptions, revenue will still be under pressure in Western Europe, partly offset by patchy growth in the CEE countries, where the economic outlook is more favourable. The measures designed to procure efficiency gains and rationalisation contained in the Strategic Plan will begin to produce effects on operating costs, while the cost of credit will continue to be affected by the difficult macroeconomic environment, though mitigated by our Group's geographical and business diversification.

Milan, March 27, 2012

BOARD OF DIRECTORS

Chairman
DIETER RAMPL

CEO
FEDERICO GHIZZONI

Creating initiatives that meet real needs.

Together for the Region is an initiative designed to build tighter bonds with regions and communities, particularly with locally based non-profit organizations. For example, in Nuremberg, UniCredit created a new debit card, "My Town - My Bank - My Card." Part of card proceeds are donated to "Lebenshilfe Nürnberg", a charitable organization that helps the disabled. The same model has been adopted by more than 50 UniCredit subsidiaries in Germany. Parallel to the donation, the Bank's local staff has created a corporate volunteer programme, with employees participating in activities that range from providing volunteer companion services to offering professional training. The project received positive local press attention, demonstrating how simple, concrete actions can serve real needs. This is the practical demonstration of how the Group is giving concrete answers to facilitate full integration of persons with disabilities.

Proposal to the Shareholders' Meeting

To the Shareholders,

Also on the basis of the Report on Operations accompanying these Accounts, we ask you to approve the Financial Statements of UniCredit S.p.A. as at December 31, 2011 comprising the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Notes to the Accounts thereto, as submitted by the Board of Directors, as a whole and the individual entries thereof, which show a net loss for the year of € 6,348,648,535.

We propose to cover this loss as follows:

- Use of Statutory Reserve	€ 1,195,844,979
- Use of Reserve for allocating profit through the issuance of new free shares	€ 1,193,962,434
- Partial use of Other Reserves	€ 13,563,701
- Partial use of Share Premium	€ 3,945,277,421
Total use of reserves to cover the Loss of the year 2011	**€ 6,348,648,535**

Milan, March 27, 2012

BOARD OF DIRECTORS

Chairman
DIETER RAMPL

CEO
FEDERICO GHIZZONI

Keeping careers on track during maternity leave.

In Hungary, our *Mum's Portal* provides mothers with up-to-date information on what's happening at UniCredit. There is an emphasis on conveying important news and recent developments to colleagues who, being on maternity leave, are temporarily away from their usual duties. This is a concrete answer to ensure Hungarian colleagues a rapid and smoother reintegration at work after their leave ends.

Henrietta Kónya-Halászi, HR office, with her daughter Gréta Kónya

Company Financial Statements

Notes

The following conventional symbols have been used in the tables:
- a dash (-) indicates that the item/figure is inexistent or that the figure do not reach the minimum considered significant;
- "n.s." when are not in any case consistently significant;
- "X" indicates an item not to be completed under Banca d'Italia instructions.

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

Financial Statements

Company Accounts

Balance Sheet

(€)

ASSETS	12.31.2011	12.31.2010
10. Cash and cash balances	5,753,362,899	2,151,657,623
20. Financial assets held for trading	11,479,809,068	10,128,438,843
30. Financial assets at fair value through profit or loss	422,545,894	435,202,246
40. Available-for-sale financial assets	24,363,038,537	21,174,567,990
50. Held-to-maturity investments	4,494,393,748	3,898,742,638
60. Loans and receivables with banks	29,633,365,966	33,805,642,950
70. Loans and receivables with customers	256,251,001,648	253,102,334,768
80. Hedging derivatives	5,431,237,568	3,202,589,630
90. Changes in fair value of portfolio hedged financial assets (+/-)	1,726,362,422	1,886,334,841
100. Equity investments	60,670,292,207	61,942,809,502
110. Property, plant and equipment	245,930,440	280,802,106
120. Intangible assets:	2,841,099,437	7,739,123,454
of which:		
- goodwill	*2,812,432,260*	*7,706,507,260*
130. Tax assets:	8,047,724,666	6,954,658,177
a) current tax assets	*653,889,074*	*902,824,262*
b) deferred tax assets	*7,393,835,592*	*6,051,833,915*
140. Non-current assets and disposal groups classified as held for sale	7,114,710	21,787,435
150. Other assets	5,654,229,713	8,655,518,443
Total assets	**417,021,508,923**	**415,380,210,646**

LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2011	12.31.2010
10. Deposits from banks	63,334,898,748	49,023,791,434
20. Deposits from customers	151,853,394,505	158,153,689,562
30. Debt securities in issue	121,312,993,678	123,540,012,102
40. Financial liabilities held for trading	10,291,723,301	6,874,503,284
50. Financial liabilities at fair value through profit or loss	-	51,064,151
60. Hedging derivatives	5,091,077,410	3,580,173,891
70. Changes in fair value of portfolio hedged financial liabilities (+/-)	2,667,871,422	1,366,025,300
80. Tax liabilities:	626,064,164	494,767,139
a) current tax liabilities	*295,445,241*	*239,138,775*
b) deferred tax liabilities	*330,618,923*	*255,628,364*
100. Other liabilities	9,336,850,002	11,698,562,089
110. Provision for employee severance pay	975,329,226	1,044,857,324
120. Provisions for risks and charges:	1,881,981,172	1,781,629,984
a) post-retirement benefit obligations	*725,182,992*	*744,350,440*
b) other provisions	*1,156,798,180*	*1,037,279,544*
130, Revaluation reserves	(594,136,872)	355,375,057
160. Reserves	7,622,872,289	7,663,632,152
170. Share premium	36,823,215,098	39,322,433,067
180. Share capital	12,148,463,316	9,648,790,962
190. Treasury shares (-)	(2,440,001)	(2,440,001)
200. Net Profit or Loss (+/-)	(6,348,648,535)	783,343,149
Total liabilities and shareholders' equity	**417,021,508,923**	**415,380,210,646**

Income Statement

(€)

ITEMS	12.31.2011	12.31.2010
10. Interest income and similar revenues	10,772,616,786	10,012,428,149
20. Interest expense and similar charges	(6,068,339,681)	(4,969,683,958)
30. Net interest margin	**4,704,277,105**	**5,042,744,191**
40. Fee and commission income	3,803,677,538	3,738,268,721
50. Fee and commission expense	(397,453,192)	(425,371,595)
60. Net fees and commissions	**3,406,224,346**	**3,312,897,126**
70. Dividend income and similar revenue	2,274,241,514	2,785,866,029
80. Gains and losses on financial assets and liabilities held for trading	(187,074,427)	(272,137,740)
90. Fair value adjustments in hedge accounting	322,803,201	677,402
100. Gains and losses on disposal of:	98,080,264	245,346,000
a) loans	*(15,891,649)*	*102,063,903*
b) available-for-sale financial assets	*88,299,486*	*70,318,950*
c) held-to-maturity investments	-	*25*
d) financial liabilities	*25,672,427*	*72,963,122*
110. Gains and losses on financial assets/liabilities at fair value through profit or loss	2,112,061	5,034,619
120. Operating income	**10,620,664,064**	**11,120,427,627**
130. Impairment losses on:	(4,044,984,922)	(3,835,509,875)
a) loans	*(3,843,453,990)*	*(3,686,576,734)*
b) available-for-sale financial assets	*(90,210,066)*	*(71,623,494)*
c) held-to-maturity investments	-	-
d) other financial assets	*(111,320,866)*	*(77,309,647)*
140. Net profit from financial assets	**6,575,679,142**	**7,284,917,752**
150. Administrative costs:	(6,681,575,534)	(6,856,083,307)
a) staff expenses	*(3,664,864,540)*	*(3,814,762,328)*
b) other administrative expenses	*(3,016,710,994)*	*(3,041,320,979)*
160. Provisions for risks and charges	(303,723,093)	(236,611,179)
170. Impairment/write-backs on property, plant and equipment	(72,290,622)	(78,041,598)
180. Impairment/write-backs on intangible assets	(4,201,240)	(4,292,506)
190. Other net operating income	316,040,321	299,771,373
200. Operating costs	**(6,745,750,168)**	**(6,875,257,217)**
210. Profit (loss) of associates	(1,377,441,725)	(996,893)
230. Impairment of goodwill	(4,894,075,000)	-
240. Gain and losses on disposal of investments	12,798,660	(996,712)
250. Total profit or loss before tax from continuing operations	**(6,428,789,091)**	**407,666,930**
260. Tax expense (income) related to profit or loss from continuing operations	80,140,556	375,676,219
270. Total profit or loss after tax from continuing operations	**(6,348,648,535)**	**783,343,149**
290. Net Profit or Loss for the year	**(6,348,648,535)**	**783,343,149**

Statement of Comprehensive Income

(€)

	12.31.2011	12.31.2010
10. Net Profit or Loss for the period	**(6,348,648,535)**	**783,343,149**
Other comprehensive income after tax		
20. Available-for-sale financial assets	(1,097,727,183)	(318,829,017)
30. Property, plant and equipment	-	-
40. Intangible assets	-	-
50. Hedges of foreign invstments	-	-
60. Cash flow hedges	148,215,254	74,495,635
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 equity method investments	-	-
110. Total of other comprehensive income after tax	**(949,511,929)**	**(244,333,382)**
120. Comprehensive income (Item 10+110)	**(7,298,160,464)**	**539,009,767**

Company Accounts (Continued)

Statement of changes in shareholders' equity as at 12.31.2011

(€)

	BALANCE AS AT 12.31.2010	CHANGE IN OPENING BALANCE	BALANCE AS AT 1.1.2011	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: RESERVES	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: DIVIDENDS	CHANGES DURING THE PERIOD: CHANGES IN RESERVES	SHAREHOLDERS' EQUITY TRANSACTIONS: ISSUE OF NEW SHARES	SHAREHOLDERS' EQUITY TRANSACTIONS: ACQUISITION OF TREASURY SHARES	SHAREHOLDERS' EQUITY TRANSACTIONS: DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	SHAREHOLDERS' EQUITY TRANSACTIONS: CHANGE IN EQUITY INSTRUMENTS	SHAREHOLDERS' EQUITY TRANSACTIONS: OWN SHARE DERIVATIVES	SHAREHOLDERS' EQUITY TRANSACTIONS: STOCK OPTIONS	OTHER COMPREHENSIVE INCOME STATEMENT AS AT 12.31.2011	SHAREHOLDERS' EQUITY AS AT 12.31.2011
Share capital:	9,648,790,962	-	9,648,790,962	-	-	-	2,499,672,354	-	-	-	-	-	-	12,148,463,316
a) ordinary shares	9,636,671,470	-	9,636,671,470	-	-	-	2,496,533,327	-	-	-	-	-	-	12,133,204,797
b) other shares	12,119,492	-	12,119,492	-	-	-	3,139,027	-	-	-	-	-	-	15,258,519
Share premium	39,322,433,067	-	39,322,433,067	-	-	-	(2,499,217,969)	-	-	-	-	-	-	36,823,215,098
Reserves:	7,663,632,152	-	7,663,632,152	225,233,045	-	(319,261,297)	(4,160,574)	-	-	-	-	57,428,963	-	7,622,872,289
a) from profits	1,362,820,941	-	1,362,820,941	225,233,045	-	362,416	(454,385)	-	-	-	-	-	-	1,587,962,017
b) other	6,300,811,211	-	6,300,811,211	-	-	(319,623,713)	(3,706,189)	-	-	-	-	57,428,963	-	6,034,910,272
Revaluation reserves	355,375,057	-	355,375,057	-	-	-	-	-	-	-	-	-	(949,511,929)	(594,136,872)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(2,440,001)	-	(2,440,001)	-	-	-	-	-	-	-	-	-	-	(2,440,001)
Net Profit (Loss) for the year	783,343,149	-	783,343,149	(225,233,045)	(558,110,104)	-	-	-	-	-	-	-	(6,348,648,535)	(6,348,648,535)
Shareholders' equity	57,771,134,386	-	57,771,134,386	-	(558,110,104)	(319,261,297)	(3,706,189)	-	-	-	-	57,428,963	(7,298,160,464)	49,649,325,295

The changes reported in column 'Issue of new shares' conventionally include those relating to the free capital increase approved by the Extraordinary Shareholders' Meeting on December 15, 2011, carried out by way of an increase in the nominal value of ordinary and savings shares, with transfer from the Share premium reserve, without the issue of new shares.

The detail of these shares is the following:

- Shares capital:	2,499,217,969
a) ordinary shares	2,496,078,942
b) other shares	3,139,027
- Share premium	-2,499,217,969

Statement of changes in shareholders' equity as at 12.31.2010

(€)

				ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE PERIOD								
							SHAREHOLDERS' EQUITY TRANSACTIONS							
	BALANCE AS AT 12.31.2009	CHANGE IN OPENING BALANCE	BALANCE AS AT 1.1.2010	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	OTHER COMPREHENSIVE INCOME STATEMENT AT 12.31.2010	SHAREHOLDERS' EQUITY AS AT 12.31.2010
Share capital:	8,389,869,514	-	8,389,869,514	-	-	-	1,258,921,448	-	-	-	-	-	-	9,648,790,962
a) ordinary shares	8,377,750,022	-	8,377,750,022	-	-	-	1,258,921,448	-	-	-	-	-	-	9,636,671,470
b) other shares	12,119,492	-	12,119,492	-	-	-	-	-	-	-	-	-	-	12,119,492
Share premium	36,581,540,453	-	36,581,540,453	-	-	-	2,740,892,614	-	-	-	-	-	-	39,322,433,067
Reserves:	8,712,157,020	-	8,712,157,020	51,000,672	(550,249,840)	(465,084,480)	(84,894,661)	-	-	-	-	703,441	-	7,663,632,152
a) from profits	1,862,246,403	-	1,862,246,403	51,000,672	(550,249,840)	300,427	(476,721)	-	-	-	-	-	-	1,362,820,941
b) other	6,849,910,617	-	6,849,910,617	-	-	(465,384,907)	(84,417,940)	-	-	-	-	703,441	-	6,300,811,211
Revaluation reserves	359,821,467	-	359,821,467	-	-	239,886,972	-	-	-	-	-	-	(244,333,382)	355,375,057
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(2,440,001)	-	(2,440,001)	-	-	-	-	-	-	-	-	-	-	(2,440,001)
Net Profit (Loss) for the year	51,000,672	-	51,000,672	(51,000,672)	-	-	-	-	-	-	-	-	783,343,149	783,343,149
Shareholders' equity	54,091,949,125	-	54,091,949,125	-	(550,249,840)	(225,197,508)	3,914,919,401	-	-	-	-	703,441	539,009,767	57,771,134,386

Company Accounts (Continued)

Cash Flow Statement - Indirect method

(€)

	12.31.2011	12.31.2010
A. OPERATING ACTIVITIES		
1. Operations	**2,584,932,514**	**776,252,373**
- profit (loss) for the period (+/-)	-6,348,648,535	783,343,149
- profit (loss) of merged companies (+/-)	-	-2,148,660,321
- capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities at fair value through profit and loss (+/-)	166,536,054	220,523,657
- capital gains/losses on hedging transactions (+/-)	-322,803,200	-677,403
- net write-offs/write-backs due to impairment (+/-)	9,500,647,658	4,183,189,913
- net write-offs/write-backs on tangible and intangible assets (+/-)	76,491,862	82,334,104
- provisions and other income/expenses (+/-)	237,318,767	211,287,544
- tax not paid (+/-)	-594,257,125	-505,269,563
- other adjustements	-130,352,967	-2,049,818,707
2. Liquidity generated/absorbed by financial assets	**-4,319,535,609**	**32,247,972,361**
- financial assets held for trading	1,637,339,215	94,129,449
- financial assets at fair value through profit and loss	-747,900	42,750,707
- available-for-sale financial assets	-4,040,827,212	-11,653,999,939
- loans and receivables with banks	4,169,056,157	49,475,834,651
- loans and receivables with customers	-7,015,544,648	-9,647,236,112
- other assets	931,188,779	3,936,493,605
3. Liquidity generated/absorbed by financial liabilities	**4,667,442,280**	**-38,010,796,989**
- deposits from banks	13,786,419,688	-34,095,823,499
- deposits from customers	-6,300,298,258	9,915,256,181
- debt securities in issue	-2,227,018,424	-13,669,118,543
- financial liabilities held for trading	275,257,775	-280,899,590
- financial liabilities designated at fair value through profit or loss	-50,943,151	-218,199
- other liabilities	-815,975,350	120,006,661
Net liquidity generated/absorbed by operating activities	**2,932,839,185**	**-4,986,572,255**
B. INVESTING ACTIVITIES		
1. Liquidity generated by:	**3,255,054,286**	**4,184,630,012**
- sales of equity investments	278,808,467	216,492,881
- collected dividends on equity investments	2,235,545,379	2,752,018,882
- sales of financial assets held to maturity	717,930,472	1,215,462,516
- sales of property, plant and equipment	22,729,520	579,785
- sales of intangible assets	39,448	75,947
- disposal of businesses	1,000	1
2. Liquidity absorbed by:	**-1,719,535,419**	**-6,226,916,915**
- purchases of equity investments	-369,059,505	-5,095,811,230
- purchases of financial assets held to maturity	-1,295,255,871	-1,057,998,903
- purchases of tangible assets	-47,005,424	-70,924,588
- purchases of intangible assets	-188,070	-2,182,194
- purchase of businesses	-8,026,549	-
Net liquidity generated/absorbed by investing actvities	**1,535,518,867**	**-2,042,286,903**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares	-3,706,189	3,914,919,401
- issue/purchase of equity instruments	-	-
- distribution of dividends and other purposes	-880,034,883	-696,671,410
Net liquidity generated/absorbed by financing actvities	**-883,741,072**	**3,218,247,991**
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	**3,584,616,980**	**-3,810,611,167**

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

Reconciliation

(€)

ITEMS	12.31.2011	12.31.2010
Cash and cash equivalents at the beginning of the year	**2,151,657,623**	**5,914,198,837**
Net liquidity generated/absorbed during the period	3,584,616,980	-3,810,611,167
Cash and cash equivalents: effect of exchange differences	17,088,296	48,069,953
Cash and cash equivalents at the end of the period	**5,753,362,899**	**2,151,657,623**

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

Notes to the Financial Statements

Part A - Accounting Policies

Part A - Accounting Policies

A.1 - General

Section 1 - Statement of compliance with IFRS

These Accounts have been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB), including the interpretation documents issued by the SIC and the IFRIC, and endorsed by the European Commission up to December 31, 2011, pursuant EU Regulation 1606/2002, which was incorporated into Italy's legislation through the Legislative Decree 38 dated February 28, 2005 (see Section 4 - Other matters).

This report is an integral part of the Annual Financial Statements as required by §154-ter 1 of the Single Finance Act (TUF, Leg. Decree no 58 dated February 24,1998).

In its circular 262 dated December 22, 2005 (first amendment dated November 18, 2009) Banca d'Italia, whose powers as per LD 87/92 in relation to banks' and regulated financial companies' Accounts were confirmed in the above-mentioned LD, laid down the formats for the Accounts and the Notes to the Accounts used to draft these financial statements.

Section 2 - Preparation criteria

As mentioned above, these Accounts have been prepared in accordance with the IFRS endorsed by the European Commission.

The following documents were used to interpret and support the application of IFRS (albeit not all endorsed by the EC):
- Framework for the Preparation and Presentation of Financial Statements issued by the IASB in 2001;
- Implementation Guidance, Basis for Conclusions, IFRICs and any other documents prepared by the IASB or IFRIC (International Financial Reporting Interpretations Committee) supplementing the IFRS;
- Interpretative documents on the application of IFRS in Italy prepared by the Organismo Italiano di Contabilità (OIC) and Associazione Bancaria Italiana (ABI).

The accounts comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash-flow Statement (compiled using the indirect method), the Notes to the Accounts and Annexes, together with the Directors' Report on Operations.

In addition, as already stated in "Other Information" in the Report on Operations, the "Report on Corporate Governance and Proprietary Structures" is available in the "Governance" section of the UniCredit website
http://www.unicreditgroup.eu/it/Governance/corporate_governance_report.htm - Italian version and
http://www.unicreditgroup.eu/en/Governance/corporate_governance_report.htm - English version).

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

As noted in the Report on Operations these Accounts were compiled on the assumption that they should present a continuing business. Losses recognized during the period, even if significant in amount, are mainly originated from intangible assets impairment (goodwill) following new strategic business plans approval. However, these new strategic plans do not generate uncertainties regarding business continuity. 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 2010.

Risk and uncertainty due to use of estimated figures

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

Estimated figures have been used for the recognition of the largest value-based items in the Accounts at December 31, 2011, as required by the accounting standards and regulations detailed above. These estimates are largely based on calculations of future recoverability of the values recognized in the Accounts under the rules contained in current legislation and were made assuming the continuity of the business, i.e. without considering the possibility of the forced sale of the items so valued.

The processes adopted support the values recognized at December 31, 2011. 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 are recognized in the period in which they are carried out, provided that the change concerns that period. If the reappraisal concerns both current and future periods it is recognized in both current and future periods as appropriate.

Uncertainty affecting estimates is generally inherent in the 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
• goodwill and other intangibile assets;
• assets and liabilities related to insurance contracts;
• deferred tax assets;
since quantifying all these items is mainly dependent both on the evolution of domestic and international socio-economic conditions and on the performance of the financial markets and its effect on interest rates, stock prices, actuarial assumptions and more generally the creditworthiness of borrowers and counterparties.

Section 3 - Subsequent events

No significant events have occurred since the balance sheet date such that would make it necessary to change any of the information given in the Accounts as at December 31, 2011.
Further details and information are represented in the Report on Operations.

Section 4 - Other matters

For the purposes of the capital strengthening and as part of the process of implementing the resolutions passed by the Extraordinary Shareholders' Meeting on December 15, 2011, on December 27, 2011 UniCredit S.p.A. started, after the cancellation of the nominal value of the shares representing the entire share capital, the reverse split of ordinary and savings shares at a ratio of 1 new ordinary share, with dividends and other entitlements accruing in the normal way, per 10 existing ordinary shares and 1 new savings share, with dividends and other entitlements accruing in the normal way, per 10 existing saving shares.

Subsequently, on January 4, 2012, UniCredit S.p.A. launched the pre-emptive offer of ordinary shares (no par value) to the existing holders of ordinary or savings shares at a subscription price of Euro 1.943 per share, at the subscription ratio of 2 new ordinary shares for each 1 ordinary and/or savings share held.

New ordinary shares were issued in the context of the "Offering" for an aggregate amount of Euro 7,499,208,508.53; as a result, the Company's share capital increased to Euro 19,647,671,824.53. For further information please refer to the Report on Operations.

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Since 2011 the following principles or accounting interpretations have become effective:
• Amendments to IAS 32: Financial Instruments - Presentation - Classification of Rights issues (EU regulation 1293/2009);
• Amendments to IFRS1: Limited Exemption from comparative IFRS7 Disclosures for First-time adopters and consequent amendments to IFRS 7 "Financial Instruments Disclosures" (EU regulation 574/2010);
• Revised IAS 24: Related Party Disclosures (EU regulation 632/2010);
• Amendments to IFRIC 14 - Prepayments of a Minimum Funding Requirement (EU regulation 633/2010);
• IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments (EU regulation 662/2010);
• Improvements to IFRSs (EU regulation 149/2011).

The revised IAS 24 extends, simplifies and clarifies the definition of related-party and the criteria to be followed in order to determine with precision the relations with the entity that prepares the financial statements. The new form also makes clear that the transactions with the subsidiaries of associates and joint ventures should also be reported.

The new IAS 24 also introduces reporting requirements concerning the existing relations between the entity that prepares the financial statements and its related-parties and exempts subsidiaries or entities on which a public body exerts significant influence from reporting obligation.

Part A - Accounting policies (Continued)

The other cases of related-party transactions introduced by IAS 24 are not 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-parties contained in the IAS 24, in force when the Consob Regulation became effective).

For further information please refer to part H Related-Party Transactions of the explanatory notes.

These amendments, as well as those required by the other standards and interpretations mentioned, did not have any impact on balance sheet and income statement.

The European Commission also transposed the following accounting principles which have become effective after December 31, 2011:
• Amendments to IFRS 7 - Financial Instruments: Disclosures - Transfers of Financial Assets (EU Regulation 1205/2011).

These amendments necessitate the disclosure of more information on financial assets transferred but not derecognized and on continuing involvement.

As at December 31, 2011 the IASB issued the following standards, amendments, interpretations or revisions:
• Amendment to IAS 1 - Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income (June 2011);
• Amendments to IAS 12 - Deferred tax: Recovery of Underlying Assets (December 2010);
• Amendment to IAS 19 - Employee Benefits (June 2011);
• Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities (December 2011);
• IAS 27 revised: Separate Financial Statements (May 2011);
• IAS 28 revised: Investments in Associates and Joint Ventures (May 2011);
• Amendments to IFRS1 - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (December 2010);
• Amendments to IFRS 7 Financial Instruments: Disclosures (October 2010);
• Amendments to IFRS 7:
  - Offsetting Financial Assets and Financial Liabilities (December 2011);
  - Mandatory Date and Transition (December 2011);
• IFRS 9: Financial Instruments (November 2009) and subsequent amendments (amendments to IFRS 9 and IFRS 7 - 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 UniCredit S.p.A is subject to transposition thereof by the European Commission.

Lastly, it should be noted that for the purpose of calculating regulatory capital, since June 30, 2010 UniCredit S.p.A. has 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".

These accounts are audited by KPMG S.p.A. pursuant to LD 39/2010 and the resolution passed by the Shareholders' Meeting on May 10, 2007.

The Board of Directors approved these Accounts on March 27, 2012 and authorized the publication.

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

A 2 - The Main Items of the Accounts

1 - Financial Assets held for trading (HfT)

A financial asset is classified as held for trading if it is:
• acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
• part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
• a derivative (except for derivatives which constitute financial guarantees, see Section 17, and derivatives designated as hedging instruments - see Section 6).

Like other financial instruments, on initial recognition, on settlement date, a held-for-trading financial asset is measured at its fair value, usually equal to the amount paid, excluding transaction costs and income, which are recognised in profit and loss even when directly attributable to the financial assets. Trading book derivatives are recognized on trade date.

After initial recognition these financial assets are measured at their fair value through profit or loss. An exception is represented by derivatives settled by delivery of an unlisted equity instrument whose fair value cannot reliably be measured, and which are therefore measured at cost.

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

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

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

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

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

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

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

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments, financial assets held for trading or financial assets at fair value through profit or loss. These assets are held for an indefinite period of time and can meet the need to ensure liquidity and face changes in interest rates, exchange rates and prices.AfS financial assets are money market instruments, other debt instruments or equity instruments; they include shares held as minority stakes where these do not constitute controlling, or joint control, or associate interests.

On initial recognition, on settlement date, an AfS financial asset is measured at fair value, which is usually equal to the consideration of the transaction, plus transaction costs and income directly attributable to the instrument.

In subsequent periods AfS assets are measured at fair value, the interest on interest-bearing instruments being recognized at amortized cost in the income statement.

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

The fair value changes recorded in item 130 “Revaluation reserves” are also reported in the Statement of Comprehensive Income.
With reference to revaluation reserves arising from holdings of debt instruments issued by governments of EU member countries, on May 18, 2010 Banca d’Italia recognized, for the purposes of the calculation of regulatory capital (prudential filters), the possibility of completely neutralizing capital gains and losses arising in the revaluation reserves after 31 December 2009 (“symmetric” approach). UniCredit adopted this method starting from the regulatory capital calculation made in June 2010 and thereby replaced the “asymmetric” approach previously in use.

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

Part A - Accounting policies (Continued)

If there is objective evidence of an impairment loss on an available-for-sale financial asset, the cumulative loss that had been recognized directly in equity item 130 “Revaluation reserves”, is removed from equity and recognized in profit or loss under item 130(b) “Impairment losses (b) Available for sale financial assets”.

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

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

The loss of value is normally considered lasting if fair value falls to less than 50% of cost or lasts for more than 18 months.

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

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

The amount taken to profit and loss is the difference between the carrying amount (value of initial recognition less any impairment loss already recognized in profit or loss) and current fair value.

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

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

Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss, but recognized at equity.

3 - Held to Maturity Investments (HtM)

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

If, during the financial year, more than an insignificant amount of held-to-maturity investments are sold or reclassified before maturity, the remaining HtM financial assets shall be reclassified as available-for-sale and no financial assets shall be classified as HtM investments for the two following financial years, unless the sales or reclassifications:
- are so close to maturity or the financial asset’s call date that changes in the market rate of interest would not have a significant effect on the financial asset’s fair value;
- occur after substantially all of the financial asset’s original principal has been collected through scheduled payments or prepayments;
- are attributable to an isolated event that is beyond the reporting entity’s control, is non-recurring and could not have been reasonably anticipated.

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

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

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed. The reversal cannot result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognized. The amount of the reversal is recognized in the same profit or loss item.

4 - Loans and Receivables

Loans and Advances

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

These items are recognized on settlement date and include debt instruments, with the above characteristics or that are subject to portfolio reclassification in accordance with the rules of IAS 39 (see Part A.3.1 below - Transfers between portfolios).

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

A gain or loss on loans and receivables that are not part of a hedging relationship is recognized in profit or loss:
- when a loan or receivable is derecognized: in item 100 (a) "Gains (losses) on disposal";

or:
- when a loan or receivable is impaired (or the impairment loss previously recognized is reversed: in item 130 (a) "Impairment losses (a) loans and receivables".

Interest on loans and receivables is recognized in profit or loss on an accrual basis by using the effective interest rate method under item 10 "Interest income and similar revenue".

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

Loans and receivables are reviewed in order to identify those that, following events occurring after initial recognition, display objective evidence of possible impairment. These impaired loans are reviewed and analysed periodically at least once a year.

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

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

The amount of the loss on impaired exposure classified as non-performing, doubtful or restructured according to the categories specified below, is the difference between the carrying value and the present value of estimated cash flows discounted at the original interest rate of the financial asset.

For all fixed-rate positions, the rate determined in this manner was also held constant in future years.

If the original interest rate of a financial asset being discounted cannot be found, or if finding it would be excessively onerous, the average rate recorded for positions with similar characteristics is applied. With reference to variable-rate positions for which a change in interest rate occurred during the period, an average rate recorded for these positions at the reference date is applied.

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

Part A - Accounting policies (CONTINUED)

Any subsequent change vis-à-vis initial expectations of the amount or timing of expected cash flows of principal and interest causes a change in allowances for impairment and is recognized in profit or loss in item 130(a) "Impairment losses (a) loans and receivables".

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

When the reasons for the impairment no longer exist, and this assessment is objectively attributable to an event occurred after the impairment, a reversal is made in the same profit or loss item, within the amount of the amortised cost that there would have been if there had been no impairments.

Derecognition of a loan or receivable in its entirety is made when the loan or receivable is deemed to be irrecoverable or is written off. Write-offs are recognized directly in profit or loss under item 130(a) "Impairment losses (a) loans and receivables" and reduce the amount of the principal of the loan or receivable. Reversals of all or part amounts previously written off are recognized in the same item.

Loans under renegotiation involving a debt/equity swap are valued, pending swap finalization, on the basis of the conversion agreements entered into on the balance-sheet date.

Please see Section A.3 below for the method used to calculate the fair value of shares arising from these transactions. Any negative differences between the value of the loans and that of the shares are taken to profit and loss as write-downs.

According to Banca d'Italia's regulations, impaired loans and receivables are classified into the following categories:

- **Non-performing loans** - formally impaired loans, being exposure to insolvent borrowers, even if the insolvency has not been recognized in a court of law, or borrowers in a similar situation. Measurement is generally on a loan-by-loan basis or, for loans singularly not significant, on a portfolio basis for homogeneous categories of loans;

- **Doubtful loans** - exposure to borrowers experiencing temporary difficulties, which the Group believes may be overcome within a reasonable period of time. Doubtful loans also include loans not classified as non-performing granted to borrowers other than government entities where the following conditions are met:
  - they have fallen due and remained unpaid for more than 270 days (or for more than 150 or 180 days for consumer credit exposure with an original term of less than 36 months, or 36 months or over, respectively);
  - the amount of the above exposure to the same borrower and other defaulted payments that are less than 270 days overdue, is at least 10% of the total exposure to that borrower.

  Doubtful loans are valued analytically when special elements make this advisable or by applying analytically flat percentages on a historical or stochastic basis in the remaining cases;

- **Restructured loans** - exposure to borrowers with whom a rescheduling agreement has been entered into including renegotiated pricing at interest rates below market, the conversion of part of a loan into shares and/or reduction of principal: measurement is on a loan-by-loan basis including discounted cost due to renegotiation of the interest rate at a rate lower than the original contractual rate;

- **Past-due loans** - total exposure to any borrower not included in the other categories, which at the balance-sheet date has expired facilities or unauthorized overdrafts that are more than 90 days past due and meet the requirements set out by supervisory regulations (ref. Bank of Italy's Circular No. 263 of December 27, 2006 "New regulations for the prudential supervision of banks") for their classification under the "past due exposures" category (TSA banks) or under the "defaulted exposures" category (IRB banks).

  Retail loans to public-sector entities and companies resident or established in Italy are considered impaired where there are overdue or unauthorized exposures for more than 180 instead of 90 days.

  Total exposure is recognized in this category if, at the balance-sheet date,
  either
  - the expired or unauthorized borrowing;
    or
  - the average daily amount of expired or unauthorised borrowings during the last preceding quarter

  is equal to or exceeds 5% of total exposure.

  Overdue exposures are valued at a flat rate on a historical or stochastic basis by applying where available the risk rating referred to Loss Given Default (LGD) under Basel II.

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

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

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

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

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

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

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

Allowances for impairment reduce the loan or receivable's carrying amount.

Loans and receivables also include, according to the applicable product breakdown, loans securitized after 1 January 2002 which cannot be derecognized under IAS 39 (see Section 17 - Other information - Derecognition).

Corresponding amounts received for the sale of securitized loans, net of the amount of any issued securities and any other type of credit enhancement held in portfolio (retained risk) are recognized in liability items 10 "Deposits from banks" and 20 "Deposits from customers" as "Liabilities in respect of assets sold but not derecognized".

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

Impairment losses on securitized assets sold but not derecognized are reported in item 130(a) "Impairment losses (a) loans and receivables".

Guarantees, etc.

These include all personal or real guarantees issued by the bank to secure third parties' obligations.

This portfolio is valued on the basis of impairment losses due to a worsening of the solvency of the guaranteed party calculated on a case-by-case basis in respect of guarantees given on behalf of debtors classified as non-performing or restructured. Impairment of guarantees given on behalf of debtors classified as doubtful is calculated as for loans and advances.

In respect of guarantees issued on behalf of debtors classified as "Impaired Past due Exposures", expected loss is estimated on the basis of the riskiness of the type of guarantee and underlying risk mitigation instruments.

In respect of guarantees issued on behalf of debtors classified as "Not impaired past due exposures", Expected Loss is calculated on the basis of the amount of losses incurred but not reported due to the time elapsed between the deterioration of creditworthiness and the calling of the guarantee.

Risk arising from off-balance sheet items, e.g. loan commitments, is recognized in profit and loss under item 130(d) "Impairment Losses on other financial assets" contra liability item 120 (b) "Provisions for risks and charges - other provisions" (except for impairment losses on guarantees given and derivatives considered similar by IAS 39, which are written down or back contra liability item 100 "Other Liabilities").

Subsequent write-backs may not exceed the amount of write-downs (whether individual or generic) previously recognized due to impairment.

Part A - Accounting policies (Continued)

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

Any financial asset may be designated, in accordance with the provisions of IAS 39, as a financial instrument measured at fair value through profit and loss on initial recognition, except for the following:

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

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

- connected with debt positions measured at fair value (see also item 15 “Financial liabilities at fair value through profit and loss”);
- managed by the use of derivatives not treatable as accounting hedges.

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

6 - Hedge Accounting

Hedging instruments are those created to hedge market risks (interest-rate, currency and price) to which the hedged positions are exposed. They may be described as follows:

- Fair value hedge: a hedge of the exposure to changes in fair value of a recognized asset or liability, or an identifiable portion of such an asset or liability;
- Cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction which could affect profit or loss;
- Hedge of a net investment in a foreign entity, whose operations are located or run in a non-EU country or whose transactions are carried out in a currency other than the euro.

Hedging derivatives are initially recognized on trade date and are valued at theirfair value.

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

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

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

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

In addition, the hedging relationship ceases when the hedging instrument expires or is sold, terminated or exercised; the hedged item is sold, expires or is repaid; or it is no longer highly probable that the forecast transaction will occur.
Hedging instuments are so designated when identifiable with an ultimate counterparty outside the Group.

Hedging derivatives are measured at fair value. Specifically:

1. **Fair Value Hedging** - an effective fair value hedge is accounted for as follows: the gain or loss from remeasuring the hedging instrument at fair value is recognized through profit or loss in item 90 “Fair value adjustments in hedge accounting”; the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized through profit or loss in the same item. If the hedging relationship is terminated for reasons other than the sale of the hedged item, the difference between the carrying amount of the hedged item on termination of the hedging and the carrying amount it would have had if the hedge had never existed, is recognized through profit or loss in interest receivable or payable over the residual life of the original hedge, in the case of interest-bearing instruments; if the financial instrument does not bear interest, the difference is recognized in profit or loss under item 90 “Fair value adjustments in hedge accounting” at once.
   If the hedged item is sold or repaid, the portion of fair value which is still unamortised is at once recognized through profit or loss in the item 100. “Gains (losses) on disposal or repurchase”;
2. **Cash Flow Hedging** - hedging instruments are valued at fair value. Change in the fair value of a hedging instrument that is considered effective is recognized in equity item 130 “Revaluation reserves”. The ineffective portion of the gain or loss is recognized through profit or loss in item 90 “Fair value adjustments in hedge accounting”.
   If a cash flow hedge is determined to be no longer effective or the hedging relationship is terminated, the cumulative gain or loss on the hedging

instrument that remains recognized in "Revaluation reserves" from the period when the hedge was effective remains separately recognized in "Revaluation reserves" until the forecast hedged transaction occurs or is determined to be no longer possible; in the latter case gains or losses are transferred through profit or loss to 80 "Gains (losses) on financial assets and liabilities held for trading". The fair value changes recorded in item 130 "Revaluation reserves" are also disclosed in the Statement of Comprehensive Income.

3. **Hedging a Net Investment in a Foreign entity** - hedges of a net investment in a foreign entity are accounted for similarly to cash flow hedges: The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognized directly in equity is recognized through profit or loss on disposal of the foreign entity. The fair value changes recorded in item 130 "Revaluation reserves" are also disclosed in the Statement of Comprehensive Income.
   The ineffective portion of the gain or loss is recognized through profit or loss in item 90 "Fair value adjustments in hedge accounting".
4. **Macro-hedged financial assets (liabilities)** - IAS 39 allows a fair-value item hedged against interest rate fluctuations to be not only a single asset or liability but also a monetary position contained in a number of financial assets or liabilities (or parts of them); accordingly, a group of derivatives can be used to offset fair-value fluctuations in hedged items due to changes in market rates. Macro hedging may not be used for net positions resulting from the offsetting of assets and liabilities.
   As for fair value micro hedging, macro hedging is considered highly effective if, at the inception of the hedge and in subsequent periods, changes in the fair value attributable to the hedged position are offset by changes in fair value of the hedging instrument and if the hedge ratio is within the range of 80-125 per cent.

   Net changes - gains or losses - in the fair value of the macro-hedged assets and liabilities attributable to the hedged risk are recognized in asset item 90 and liability item 70 respectively and offset the profit and loss item 90 "Fair value adjustments in hedge accounting".

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

   If the hedging relationship is terminated, for reasons other than the sale of the hedged items, cumulative gain or loss in items 90 and 70 is recognized through profit or loss in interest income or expenses, along the residual life of the hedged financial assets or liabilities.

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

7 - Equity Investments

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

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

The following are the types of equity investment:

Subsidiaries

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

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

Associates

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

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

Part A - Accounting policies (Continued)

If the investor holds, directly or indirectly, less than 20 per cent of the voting power of the investee, it is presumed that the investor does not have significant influence unless it can be clearly demonstrated through:
• representation on the board of directors or equivalent governing body of the investee;
• participation in policy-making process, including participation in decisions about dividends or other distributions;
• material transactions between the investor and the investee;
• interchange of managerial personnel;
• provision of essential technical information.

A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

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

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

The purchase price of an equity investment is the sum of:
• the fair value, at the date of acquisition, of the assets sold, liabilities assumed and equity instruments issued by the purchaser in exchange for control of the investee;
and
• any cost directly attributable to the acquisition.

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

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

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

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

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

8 - Property, Plant and Equipment

The item includes:
• land;
• buildings;
• furniture and fixtures;
• plant and machinery;
• other machinery and equipment;
and is divided between:
• assets used in the business;
• assets held as investments.

Assets used in the business are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period. This category also (conventionally) includes assets to be let or under construction and to be leased under a finance lease, only for those finance leases which provide for retention of risk by the lessor until the acceptance of the asset by the lessee and the start of rentals under the finance lease (any finance leases with transfer of risk are recognized as loans and receivables).

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

Property, plant and equipment also include leasehold improvements relating to assets which can be which can be separately identified. They are classified according to the specific sub-items relating to the asset type (e.g. plants). Leasehold improvements are usually borne in order to make leased premises fit for the expected use.

Improvements and additional expenses relating to property, plant and equipment identifiable but not separable are recognized in item 150 "Other assets".

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

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

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

Other expenses borne at a later time (e.g. normal maintenance costs) are recognized in the year they are incurred in profit and loss items:
• 150 b) "General and administrative expenses", if they refer to assets used in the business;
or
• 190 "Other net operating income", if they refer to property held for investment.

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

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

Residual useful life is usually assessed as follows:

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

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

The estimate of the useful life of an asset is reviewed at least at each accounting period-end on the basis inter alia of the conditions of use of the asset, of maintenance conditions and expected obsolescence, and, if expectations differ from previous estimates, the depreciation amount for the current and subsequent financial years is adjusted accordingly.

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

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

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

Part A - Accounting policies (Continued)

9 - Intangible Assets

An intangible asset is an identifiable non-monetary without physical substance which is expected to be used during more than one period and from which future economic benefits are probable.

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

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

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

Costs sustained after purchase are:
- added to initial cost, provided they increase future economic benefits arising from the underlying asset (i.e. if they increase its value or productive capacity); or
- in other cases (i.e. when they do not increase the asset's original value, but are intended merely to preserve its original functionality) are taken to profit or loss in a single amount in the year in which they have been borne.

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

Residual useful life is usually assessed as follows:

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

Intangible assets with an indefinite life are not amortized.

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

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

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

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

Goodwill

In accordance with IFRS3, goodwill is the excess of the cost of a business combination over the net fair value of the assets and liabilities acquired at the acquisition date.
Goodwill arising from the acquisition of subsidiaries and joint ventures (consolidated proportionately) is recognized as an intangible asset, whereas goodwill arising from the acquisition of associates is included in the carrying amount of the investments in associates.

At a subsequent financial reporting date, goodwill is recognized net of any cumulative impairment losses and is not amortised.

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

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

10 - Non-current Assets Held for Sale

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

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

The revaluation reserves relating to Non-current assets held for sale, which are recorded as a contra item to changes in value relevant for this purpose (see A.1 - General, Section 2 General Principles), are reported separately in the Statement of Comprehensive Income.

11 - Current and Deferred Tax

Tax assets and tax liabilities are recognized in the Balance Sheet respectively in item 130. of assets ("Tax assets") and item 80. of liabilities ("Tax liabilities").

In compliance with the «Balance sheet liability method», current and deferred tax items are:
- current tax assets, i.e. amount of tax paid in excess of income tax due in accordance with local tax regulations;
- current tax liabilities, i.e. amounts of corporate tax due in accordance with local tax regulations;
- deferred tax assets, i.e. amounts of income tax recoverable in future fiscal years and attributable to:
  - deductible temporary differences;
  - the carryforward of unused tax losses; and
  - the carryforward of unused tax credits
- deferred tax liabilities, i.e. the amounts of income tax due in future fiscal years in respect of taxable temporary differences.

Current tax assets and tax liabilities are calculated in accordance with local tax regulations and are recognized in profit or loss on an accrual basis. In particular current corporate tax ("IRES") is calculated at a rate of 27.5%; the regional tax on productive activity ("IRAP") is calculated at 4.77% plus the regional surtax where applicable.

In general, deferred tax assets and liabilities arise when there is a difference between the accounting treatment and the tax treatment of the carrying amount of an asset or liability.

Deferred tax assets and liabilities are recognized applying tax rates that at the balance sheet date are expected to apply in the period when the carrying amount of the asset will be recovered or the liability will be settled on the basis of tax regulations in force, and are periodically reviewed in order to reflect any changes in regulations.

Under the tax consolidation system adopted by the Bank, deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit evaluated based on the Bank's ability to generate it in future financial years will be available. Deferred tax liabilities are always recognized. In accordance with the provisions of IAS12, the probability that sufficient future taxable profit against which the deferred tax assets can be utilized will be available is reviewed periodically. The carrying amount of deferred tax assets should be reduced to the extent that it is not probable that sufficient taxable profit will be available.

Current and deferred taxes are recognized in profit and loss item 260 "Tax expense (income) related to profit or loss from continuing operations", except for tax referred to items that in the same or in another fiscal year are credited or charged directly to equity, such as those relating to gains or losses on available-for-sale financial assets and those relating to changes in the fair value of cash flow hedging instruments, whose changes in value are recognized directly in the Statement of Comprehensive Income - Valuation reserves net of tax.

IRES is determined on the basis of the "consolidato fiscale" rules pursuant to LD 344/03; UniCredit S.p.A. opted to apply tax consolidation of the Group's Italian entities for the three-year period 2010-2012 (see also Part B of these Notes - Section 13.7 - Further Information).

Part A - Accounting policies (Continued)

12 - Provisions for Risks and Charges

Retirement Payments and Similar Obligations

Retirement provisions - i.e. provisions for employee benefits paid after leaving employment - are defined as defined contribution plans or defined-benefit plans according to the nature of the plan.
In detail:
- defined-benefit plans provide a series of benefits depending on factors such as age, years of service and compensation needs. Under this type of plan actuarial and investment risks are borne by the company;
- defined-contribution plans are plans under which the company makes fixed contributions. Benefits are the result of the amount of contributions paid and return on contributions invested. The employer bears no actuarial and/or investment risks connected with this type of benefit as it has no legal or implicit obligation to make further contributions, shoud the plan not be sufficient to provide benefit to all employes.

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

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

The amount recognized as a liability in item 120(a) Provisions for risks and charges - Post retirement benefit obligations is the present value of the obligation at the Balance Sheet Date, plus or minus any actuarial gains or losses not recognized in the Accounts under the 'corridor' method, which permits non-recognition of these when they do not exceed 10% of the present value of the obligation and 10% of the fair value of any plan asset, less any pension charges relating to benefits already provided but not recognized, less the fair value at the Balance Sheet Date of plan assets due to settle the obligations directly.
The discount rate used to present-value obligations (whether financed or not) relating to benefits to be provided after retirement varies according to the country where the liabilities are allocated and is determined on the basis of market yield at the Balance Sheet Date of prime issuers' bonds with an average life in keeping with that of the relevant liability.

Other Provisions

Provisions for risks and charges are recognized when:
- the entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;

and
- a reliable estimate can be made of the amount of the obligation.

The amounts recognized as provisions are the best estimate of the expenditure required to settle the present obligation. The risks and uncertainties that inevitably surround the relevant events and circumstances are taken into account in reaching the best estimate of a provision.
Where the effect of the time value of money is significant (generally when payment is to be made more than 18 months from recognition), the amount of the provision should be the present value of the best estimate of the cost required to settle the obligation. The discount rate used reflects the current market assessments.

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

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

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

In certain cases, provisions for risks and charges (e.g. relating to fiscal issues) have been classified under their own item to better reflect their nature.

13 - Liabilities and Securities in Issue

The items *Deposits with banks*, *Deposits with customers* and *Securities* in issue are used for all forms of third-party funding other than trading liabilities or those valued at fair value.

These financial liabilities are recognized on the settlement date principle initially at fair value, which is normally the consideration received less transaction costs directly attributable to the financial liability. Subsequently these instruments are measured at amortised cost using the effective interest method.
Hybrid debt instruments relating to equity instruments, foreign exchange, credit instruments or indexes, are treated as structured instruments. The embedded derivative is separated from the host contract and recognized as a derivative, provided that separation requirements are met, and recognized at fair value. Any subsequent changes in fair value are recognized in profit and loss item 80 "Gains (losses) on financial assets and liabilities held for trading".

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

Instruments convertible into treasury shares imply recognition, at the issuing date, of a financial liability and of the equity part. recognized in item 150 "Equity instruments", if a physical delivery settles the contract.
The equity part is measured at the residual value, i.e., the overall value of the instrument less the separately determined value of a financial liability with no conversion clause and the same cash flow.
The financial liability is recognized at amortised cost using the effective interest method.

Securities in issue are recognized net of repurchased amounts; the difference between the carrying value of the liability and the amount paid to buy it in is taken to profit and loss under item 100.d) "Gains (losses) on buy-ins of financial liabilities". Subsequent replacement by the issuer is considered as a new issue which doesn't produce gains or losses.

Debts do not include covenants that would cause default or restructuring events. There are no debt instruments involving convertibility to equity instruments (under IASB IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.

14 - Financial Liabilities Held for Trading

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

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

15 - Financial Liabilities at Fair Value through Profit and Loss

Financial liabilities, like financial assets may also be designated, according to IAS 39, on initial recognition as measured at fair value, provided that:
- this designation eliminates or considerably reduces the discrepancy that could arise from the application of different methods of measurement of assets and liabilities and related gains or losses;

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

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

16 - Foreign Currency Transactions

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

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

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

Part A - Accounting policies (Continued)

Exchange rate differences arising on a monetary item that forms part of an entity's net investment in a foreign operation whose assets are located or managed in a country or currency other than the euro are initially recognized in the entity's equity, and recognized in profit or loss on disposal of the net investment.
Non-monetary assets and liabilities recognized at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated at the closing rate. The exchange differences are recognized:
• in profit and loss if the financial asset is HfT; or
• in revaluation reserves if the financial asset is AfS.

Hedges of a net investment in a foreign operation are recognized similarly to cash flow hedges.

On the disposal of a foreign operation, the cumulative amount of the exchange rate differences , classified in an Equity reserve, is reclassified in profit or loss.

All exchange differences recorded under revaluation reserves in shareholders' equity are also reported in the Statement of Comprehensive Income.

17 - Other Information

Business Combinations

A business combination is a transaction through which an entity obtains control of a business segment, thus bringing together different businesses into one reporting entity.A business combination may result in a Parent-subsidiary relationship in which the acquirer is the Parent and the acquiree a subsidiary of the acquirer.

A business combination may involve the purchase of the net assets of another entity, in which case goodwill can arise, or the purchase of the equity of the other entity (mergers).

IFRS 3 requires that all business combinations concerning business divisions shall be accounted for by applying the purchase method, that involves the following steps:
• identifying an acquirer;
• measuring the cost of the business combination; and
• allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities and contingent liabilities assumed.

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

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

A business combination may involve more than one exchange transaction; nevertheless, the cost of the business combination remains equal to the fair value of the amount paid at the acquisition date. This involves the revaluation at fair value - and the recognition of the effects in the Income Statement - of the equity investments previously held in the acquired entity.
The cost of a business combination is allocated by recognizing the assets, the liabilities and the identifiable contingent liabilities of the acquired company at their acquisition-date fair value.

Exceptions to this principle are deferred income tax assets and liabilities, employee benefits, indemnification assets, reacquired rights, non-current assets held for sale, and share-based payment transactions that are subject to review in accordance with the principle applicable to them.

Positive difference between the cost of the business combination and the net fair value of the identifiable assets, liabilities and contingent liabilities so recognized is accounted for as goodwill.

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

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

In the case of business combinations resulting in a Parent company-subsidiary (acquirer-acuiree) relationship, the equity investment is accounted for under the cost method.

Derecognition of financial assets

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

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

- the part comprises only specifically identified cash flows from a financial asset (or a group of assets), e.g. interest cash flows from an asset;
- the part comprises a clearly identified percentage of the cash flows from a financial asset, e.g., a 90 per cent share of all cash flows from an asset;
- the part comprises only a fully proportionate (pro rata) share of specifically identified cash flow, e.g. 90 per cent share of interest cash flows from an asset.

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

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

Rights to cash flow are considered to be transferred even if contractual rights to receive the asset's cash flow are retained but there is an obligation to pay this cash flow to one or more entities and all the following conditions are fulfilled (pass-through agreement):

- there is no obligation on the Bank to pay amounts not received from the original asset;
- sale or pledge of the original asset is not allowed, unless it secures the obligation to pay cash flow;
- the Bank is obliged to transfer forthwith all cash flows received and may not invest them, except for liquidity invested for the short period between the date of receipt and that of payment, provided that the interest accrued in that period is paid on.

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

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

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

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

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

Lastly, it should be noted that securities lending transactions collateralized by other securities or not collateralized were recorded as off-balance sheet items.

Repo Transactions

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

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

The same rules apply to securities lending transactions with the exception, starting from December 31, 2011, of the type of securities lending transactions collateralized by other securities or not collateralized, as specified by Banca d'Italia.

Treasury Shares

Changes in treasury shares are reported as a direct contra item to shareholders' equity, i.e. as a reduction to the latter in the amount of any purchases, and as an increase in the amount of any sales. This entails that, if treasury shares are subsequently sold, the difference between the sale price of treasury shares and the related post-tax repurchase cost is also recognized directly as a contra item to shareholders' equity.

Part A - Accounting policies (Continued)

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

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

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

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

Italian Staff Severance Pay (Trattamento di fine rapporto - "TFR")
The "TFR" provision for Italy-based employee benefits is to be construed as a "post-retirement defined benefit". It is therefore recognized on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value. This benefit is calculated by an external actuary using the unit credit projection method (see Section 12 under Retirement Payments and Similar Obligations). This method distributes the cost of the benefit evenly over the employee's working life. The liability is determined as the present value of average future payments adjusted according to the ratio of years of service to total years of service at the time of payment of the benefit.

Following pension reform by Law 252/2005, TFR installments accrued to 12.31.2006 (or to the date between 01.01.2007 and 06.30.2007 on which the employee opted to devolve their TFR to a supplementary pension fund) stay in the employer and are considered a post-employment defined benefit plan therefore incurring actuarial valuation, though with simplified actuarial assumptions, i.e., forecast future pay rises are not considered.

TFR installments accrued since 01.01.2007 (date of Law 252's coming into effect) (or since the date between 01.01.2007 and 06.30.2007) are, at the employee's discretion, either paid into a pension fund or left in the company and (where the company has in excess of 50 employees) paid into an INPS Treasury fund by the employer, and are considered a defined-contribution plan.

Costs relating to TFR accruing in the year are taken to income statement item 150.a) "Administrative costs: Payroll". Interest accrued in the year (interest cost) on the obligation already existing at the date of the reform and the accrued installments for the year paid into the supplementary pension scheme or to the Treasury fund of INPS are recognized in the item *Severance Pay*.
Actuarial gains (losses), i.e., the difference between the liabilities' carrying value and the present value of the obligation at the end of the period are recognized according to the 'corridor' method, i.e., only when they exceed 10% of the present value of the obligation at the period-end. Any surplus is taken to the income statement and amortized over the residual working life of the employees who are members of the plan, as from the following financial year.

Share-Based Payment
Equity-settled payments made to employees in consideration of services rendered, using equity instruments comprise:
- Stock options;
- Performance shares (i.e. awarded on attainment of certain objectives);
- Restricted shares (i.e. subject to a lock-up period).

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

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

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

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

Credit derivatives treated as financial guarantees given
Credit derivatives are treated as financial guarantees given, in accordance with IAS 39, when they require the issuer to make specified payments to the holder to indemnify the latter for actual losses borne due to the default of a specific debtor on payment at a maturity set by a debt instrument.

The value of initial recognition is equal to their fair value, which is usually the amount received when the guarantee is issued, and is booked under item 100 "Other liabilities".

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

RECOGNITION OF INCOME AND EXPENSES
Interest Income and Expense
Interest income and expense and similar income and expense items relate to liquid assets, as well as financial instruments of a monetary nature (held for trading, measured at fair value through profit or loss or available for sale), HtM financial assets, loans and receivables, deposits, and securities in issue.

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

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

Fees and Commissions
Fees and commissions are recognized according to the provision of the services from which they have arisen.

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

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

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

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

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

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

Commissions forming an integral part of the effective interest rate include loan drawdown fees or underwriting fees relating to a financial asset not

Part A - Accounting policies (Continued)

designated at fair value, e.g., fees received as compensation for the assessment of the issuer's or borrower's financial situation, for valuation and registration of security, and generally for the completion of the transaction (management fees).

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

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

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

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

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

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

Objective evidence of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment (see Section 2 above).

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

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

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

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

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

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

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

Reversals of impairment losses

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

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

A.3 Information on Fair Value

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

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

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

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

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

If market quotations are not available, UniCredit uses valuation models (Mark to Model) in keeping with generally accepted methods used by the market. Valuation models include techniques based on the discounting of future cash flows and on volatility estimates, and they are subject to revision both during their development and periodically in order to ensure they remain valid over time.

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

In fact, these prices/quotations are relevant for determining significant parameters in terms of the credit risk, liquidity risk and price risk of the instrument being valued.

Reference to these "market" parameters makes it possible to limit the discretionary nature of the valuation, and ensures that the resulting fair value can be verified.

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

Part A - Accounting policies (Continued)

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 tables (which are broken down by type of underlying asset and portfolio) provide the book value and fair value as at December 31, 2011 of assets which had been reclassified in H2 2008 and H1 2009. 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 December 31, 2011, if these assets had not been reclassified, would have been a loss of €16,405 million, while the impact actually recognized was a gain of €24,038 million.

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

					INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAXES)		INCOME/EXPENSE RECOGNIZED DURING THE PERIOD (BEFORE TAXES)	
INSTRUMENTS TYPE	ACCOUNTING PORTFOLIO BEFORE RECLASSIFICATION	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION	CARRYING AMOUNT AS AT 12.31.2011	FAIR VALUE AS AT 12.31.2011	FROM MEASUREMENT	OTHER	FROM MEASUREMENT	OTHER
Debt securities	Financial assets held for trading	Loans and receivables with banks	22,561	20,134	(6,260)	820	-	505
Debt securities	Financial assets held for trading	Loans and receivables with customers	2,737	2,715	168	19	-	31
Debt securities	Available-for-sale financial assets	Loans and receivables with customers	108,869	65,347	(44,858)	33,706	-	23,502
Total			**134,167**	**88,196**	**(50,950)**	**34,545**	**-**	**24,038**

Assets transferred to loans to customers comprise structured credit products (other than derivatives).

No further reclassifications were made during 2011, 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 as at Decembre 31, 2011 is shown in table A.3.1.

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

A.3.2.1 Accounting portfolios - breakdown by fair value levels

FINANCIAL ASSETS/LIABILITIES CARRIED AT FAIR VALUE	12.31.2011			12.31.2010		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for Trading	1,578,111	9,583,495	318,203	3,635,631	6,211,864	280,944
2. Financial assets at fair value through P&L	925	6	421,615	1,026	2,031	432,145
3. Available for sale financial assets	20,205,940	3,141,976	1,015,123	16,549,772	3,600,536	1,024,260
4. Hedging derivative assets	-	5,431,237	-	-	3,202,590	-
Total	**21,784,976**	**18,156,714**	**1,754,941**	**20,186,429**	**13,017,021**	**1,737,349**
1. Financial liabilities held for Trading	1	9,941,200	350,522	33,129	6,578,936	262,438
2. Financial liabilities at fair value through P&L	-	-	-	-	51,064	-
3. Hedging derivative Liabilities	-	5,090,997	81	-	3,580,093	81
Total	**1**	**15,032,197**	**350,603**	**33,129**	**10,210,093**	**262,519**

Legend:
L1 = Level 1
L2 = Level 2
L3 = Level 3

Comparing December 2010, an item of approx. €2.000 million, listed on an active market, previously showed in the Level 1, as been classified as at December 31, 2011, at Level 2 considering the estimated number of days necessary for its possible selling-off ("time to sell").

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

	FINANCIAL ASSETS				
	HELD FOR TRADING	AT FAIR VALUE TROUGHT P&L	AVAILABLE FOR SALE	HEDGING DERIVATIVES	TOTAL
1.Opening balances	**280,944**	**432,145**	**1,024,260**	**-**	**1,737,349**
2. Increases	**302,899**	**2,790**	**445,310**	**-**	**750,999**
2.1 Purchases	25,886	-	263,506	-	289,392
2.2 Profits recognized in	276,940	-	90,600	-	367,540
2.2.1 Income Statement	276,940	-	64,414	-	341,354
- of which Unrealized gains	*251,912*	-	-	-	*251,912*
2.2.2 Equity	-	-	26,186	-	26,186
2.3 Transfer from other levels	3	-	82,888	-	82,891
2.4 Other increases	70	2,790	8,316		11,176
3. Decreases	**265,640**	**13,320**	**454,447**	**-**	**733,407**
3.1 Sales	46,197	-	241,230	-	287,427
3.2 Redemptions	-	21	1,354	-	1,375
3.3 Losses recognized in:	218,952	13,298	63,079	-	295,329
3.3.1 Income Statement:	218,952	13,298	56,513	-	288,763
- of which Unrealized losses	*216,018*	-	*56,513*	-	*272,531*
3.3.2 Equity	-	-	6,566	-	6,566
3.4 Transfer to other levels	491	1	135,215	-	135,707
3.5 Other decreases	-	-	13,569	-	13,569
4. Closing balances	**318,203**	**421,615**	**1,015,123**	**-**	**1,754,941**

Part A - Accounting policies (CONTINUED)

A.3.2.3 Annual changes in financial liabilities at fair value level 3

	FINANCIAL LIABILITIES			
	HELD FOR TRADING	AT FAIR VALUE TROUGHT P&L	HEDGING DERIVATIVES	TOTAL
1.Opening balances	**262,438**	**-**	**81**	**262,519**
2. Increases	**386,391**	**-**	**-**	**386,391**
2.1 Issuance	112,066	-	-	112,066
2.2 Losses recognized in:	274,325	-	-	274,325
2.2.1 Income Statement	274,325	-	-	274,325
- of which Unrealized losses	*269,530*	-	-	*269,530*
2.2.2 Equity	-	-	-	-
2.3 Transfer from other levels	-	-	-	-
2.4 Other increases	-	-	-	-
3. Decreases	**298,307**	**-**	**-**	**298,307**
3.1 Redemptions	4,796	-	-	4,796
3.2 Purchases	-	-	-	-
3.3 Profits recognized in:	293,511	-	-	293,511
3.3.1 Income Statement	293,511	-	-	293,511
- of which Unrealized gains	*184,009*	-	-	*184,009*
3.3.2 Equity	-	-	-	-
3.4 Transfer to other levels	-	-	-	-
3.5 Other decreases	-	-	-	-
4. Closing balances	**350,522**	**-**	**81**	**350,603**

A.3.3 Day One Profit/Loss

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

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

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

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

Part B - Balance Sheet

Part B - Balance Sheet (Amounts in thousands of €)

Assets

Section 1 - Cash and cash balances - Item 10

1.1 Cash and cash balances: breakdown

	AMOUNTS AS AT	
	12.31.2011	12.31.2010
a) Cash	1,745,043	1,490,350
b) Demand deposits with Central banks	4,008,320	661,308
Total	**5,753,363**	**2,151,658**

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading: product breakdown

	AMOUNTS AS AT					
	12.31.2011			12.31.2010		
ITEM/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A) Financial assets (non-derivatives)						
1. Debt securities	**1,578,096**	**529**	**2**	**3,635,624**	**121**	**493**
1.1 structured securities	-	6	-	6	-	-
1.2 other debt securities	1,578,096	523	2	3,635,618	121	493
2. Equity instruments	**14**	**-**	**-**	**-**	**-**	**-**
3. Units in investment funds	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 reverse repos	-	-	-	-	-	-
4.2 other	-	-	-	-	-	-
Total (A)	**1,578,110**	**529**	**2**	**3,635,624**	**121**	**493**
B) Derivative instruments						
1. Financial derivatives	**1**	**9,582,966**	**317,908**	**7**	**6,211,743**	**279,906**
1.1 trading	1	8,489,572	140,529	7	5,392,523	134,998
1.2 related to fair value option	-	-	-	-	-	-
1.3 other	-	1,093,394	177,379	-	819,220	144,908
2. Credit derivatives	**-**	**-**	**293**	**-**	**-**	**545**
2.1 trading	-	-	-	-	-	-
2.2 related to fair value option	-	-	-	-	-	-
2.3 other	-	-	293	-	-	545
Total (B)	**1**	**9,582,966**	**318,201**	**7**	**6,211,743**	**280,451**
Total (A+B)	**1,578,111**	**9,583,495**	**318,203**	**3,635,631**	**6,211,864**	**280,944**
Total Level 1, Level 2 and Level 3			**11,479,809**			**10,128,439**

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

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

ITEM/VALUES	AMOUNTS AS AT 12.31.2011	AMOUNTS AS AT 12.31.2010
A. Financial assets (non-derivatives)		
1. Debt securities	**1,578,627**	**3,636,238**
a) Governments and Central Banks	1,578,503	3,636,109
b) Other public-sector entities	-	-
c) Banks	120	118
d) Other issuers	4	11
2. Equity instruments	**14**	**-**
a) Banks	-	-
b) Other issuers:	14	-
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	*14*	-
- other	-	-
3. Units in investment funds	**-**	**-**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other issuers	-	-
Total A	**1,578,641**	**3,636,238**
B. Derivative instruments		
a) Banks		
- fair value	*4,362,852*	*2,951,895*
b) Customers		
- fair value	*5,538,316*	*3,540,306*
Total B	**9,901,168**	**6,492,201**
Total (A+B)	**11,479,809**	**10,128,439**

2.3 Financial assets held for trading: annual changes

	CHANGES IN 2011 DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**3,636,238**	**-**	**-**	**-**	**3,636,238**
B. Increases	**13,594,263**	**72,023**	**10,008**	**-**	**13,676,294**
B.1 Purchases	13,501,975	71,939	9,993	-	13,583,907
B.2 Positive changes in fair value	7,731	-	-	-	7,731
B.3 Other changes	84,557	84	15	-	84,656
C. Decreases	**15,651,874**	**72,009**	**10,008**	**-**	**15,733,891**
C.1 Sales	12,621,999	71,988	10,008	-	12,703,995
C.2 Redemptions	2,946,962	-	-	-	2,946,962
C.3 Negative changes in fair value	4,558	13	-	-	4,571
C.4 Tranfers to other portfolios	-	-	-	-	-
C.5 Other changes	78,355	8	-	-	78,363
D. Closing balance	**1,578,627**	**14**	**-**	**-**	**1,578,641**

Part B - Balance Sheet - Assets (Continued)

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

	AMOUNTS AS AT					
	12.31.2011			12.31.2010		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**925**	**6**	**-**	**1,026**	**2**	**2**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	925	6	-	1,026	2	2
2. Equity instruments	**-**	**-**	**35,430**	**-**	**-**	**35,430**
3.Units in investment funds	**-**	**-**	**386,185**	**-**	**-**	**396,713**
4. Loans	**-**	**-**	**-**	**-**	**2,029**	**-**
4.1 Structured	-	-	-	-	2,029	-
4.2 Other	-	-	-	-	-	-
Total	**925**	**6**	**421,615**	**1,026**	**2,031**	**432,145**
Cost	***909***	***6***	***432,868***	***1,026***	***17,405***	***396,714***
Total Level 1, Level 2 and Level 3			**422,546**			**435,202**

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

	AMOUNTS AS AT	
ITEMS/VALUE	12.31.2011	12.31.2010
1. Debt securities	**931**	**1,030**
a) Governments and central banks	927	1,025
b) Other public-sector entities	-	-
c) Banks	4	4
d) Other issuers	-	1
2. Equity instruments	**35,430**	**35,430**
a) Banks	-	-
b) Other issuers:	35,430	35,430
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	*35,430*	*35,430*
- other	-	-
3. Units in investment funds	**386,185**	**396,713**
4. Loans	**-**	**2,029**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	2,029
Total	**422,546**	**435,202**

3.3 Financial assets at fair value through profit or loss: annual changes

	CHANGES IN 2011				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**1,030**	**35,430**	**396,713**	**2,029**	**435,202**
B. Increases	**25**	**-**	**2,790**	**15,374**	**18,189**
B.1 Purchases	-	-	-	-	-
B.2 Positive changes in fair value	-	-	-	-	-
B.3 Other increases	25	-	2,790	15,374	18,189
C. Decreases	**124**	**-**	**13,318**	**17,403**	**30,845**
C.1 Sales	-	-	-	-	-
C.2 Redemptions	-	-	21	17,403	17,424
C.3 Negative changes in fair value	107	-	13,297	-	13,404
C.4 Other decreases	17	-	-	-	17
D. Closing balance	**931**	**35,430**	**386,185**	**-**	**422,546**

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

4.1 Available-for-sale financial assets: product breakdown

	AMOUNTS AS AT					
	12.31.2011			12.31.2010		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**19,889,066**	**3,140,350**	**38,170**	**16,180,916**	**3,512,885**	**140,228**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	19,889,066	3,140,350	38,170	16,180,916	3,512,885	140,228
2. Equity instruments	**308,047**	**1,626**	**607,809**	**329,958**	**5,090**	**645,436**
2.1 Measured at fair value	308,047	1,626	319,813	329,958	5,090	359,001
2.2 Carried at cost	-	-	287,996	-	-	286,435
3. Units in investment funds	**8,827**	**-**	**369,144**	**38,898**	**82,561**	**238,596**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**20,205,940**	**3,141,976**	**1,015,123**	**16,549,772**	**3,600,536**	**1,024,260**
Total Level 1, Level 2 and Level 3			**24,363,039**			**21,174,568**

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

During 2011 Government Bonds strategic investments have been increased, as also stated in the following tables.

Part B - Balance Sheet - Assets (Continued)

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

ITEMS/VALUES	AMOUNTS AS AT 12.31.2011	AMOUNTS AS AT 12.31.2010
1. Debt securities	**23,067,586**	**19,834,029**
a) Governments and central banks	19,401,745	16,348,573
b) Other public-sector entities	-	-
c) Banks	2,421,265	2,442,538
d) Other issuers	1,244,576	1,042,918
2. Equity instruments	**917,482**	**980,484**
a) Banks	501,489	512,120
b) Other issuers:	415,993	468,364
- insurance companies	*4,412*	*13,802*
- financial companies	*279,601*	*292,922*
- non-financial companies	*131,980*	*161,640*
- other	-	-
3. Units in investment funds	**377,971**	**360,055**
4. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**24,363,039**	**21,174,568**

4.3 Available-for-sale financial assets: subject to micro-hedging

ITEM/VALUES	AMOUNTS AS AT 12.31.2011	AMOUNTS AS AT 12.31.2010
1. Financial assets subject to micro-hedging of fair value	**22,332,628**	**19,246,943**
a) interest rate risk	22,332,628	19,246,943
b) price risk	-	-
c) currency risk	-	-
d) credit risk	-	-
e) multiple risks	-	-
2. Financial assets subject to micro-hedging of cash flows	**-**	**-**
a) interest rate risk	-	-
b) currency risk	-	-
c) other	-	-
Total	**22,332,628**	**19,246,943**

4.4 Available-for-sale financial assets: annual changes

	CHANGES IN 2011				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**19,834,029**	**980,484**	**360,055**	**-**	**21,174,568**
B. Increases	**9,949,468**	**172,939**	**151,094**	**-**	**10,273,501**
B.1 Purchases	9,105,893	89,016	132,853	-	9,327,762
B.2 Positive changes in fair value	152,213	11,342	15,561	-	179,116
B.3 Write-backs	-	-	-	-	-
- through profit or loss	-	*X*	-	-	-
- in equity	-	-	-	-	-
B.4 Transfers from other portfolios	-	-	-	-	-
B.5 Other changes	691,362	72,581	2,680	-	766,623
C. Decreases	**6,715,911**	**235,941**	**133,178**	**-**	**7,085,030**
C.1 Sales	2,877,238	116,837	119,030	-	3,113,105
C.2 Redemptions	2,306,929	-	-	-	2,306,929
C.3 Negative changes in fair value	909,458	22,284	1,909	-	933,651
C.4 Impairment	997	78,815	10,398	-	90,210
- through profit or loss	*997*	*78,815*	*10,398*	-	*90,210*
- in equity	-	-	-	-	-
C.5 Transfers to other portfolios	-	-	-	-	-
C.6 Other changes	621,289	18,005	1,841	-	641,135
D. Closing balance	**23,067,586**	**917,482**	**377,971**	**-**	**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 12.31.2011				12.31.2010			
	BOOK VALUE	FAIR VALUE LEVEL 1	LEVEL 2	LEVEL 3	BOOK VALUE	FAIR VALUE LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	4,494,394	1,665,949	1,276,180	1,188,318	3,898,743	3,325,107	-	478,854
- Structured securities	-	-	-	-	-	-	-	-
- Other securities	4,494,394	1,665,949	1,276,180	1,188,318	3,898,743	3,325,107	-	478,854
2. Loans	-	-	-	-	-	-	-	-
Total	**4,494,394**	**1,665,949**	**1,276,180**	**1,188,318**	**3,898,743**	**3,325,107**	**-**	**478,854**
Total Level 1, Level 2 and Level 3				**4,130,447**				**3,803,961**

The amount of level 2 Fair Value at December 31, 2011 refers to a single item listed on an active market that was classified in that level in consideration of the number of days estimated to be necessary for its liquidation ("time to sell").

5.2 Held-to-maturity investments: breakdown by issuer/borrower

TYPE OPERATIONS/VALUES	AMOUNTS AS AT 12.31.2011	12.31.2010
1. Debt securities	**4,494,394**	**3,898,743**
a) Governments and central banks	3,306,076	3,419,889
b) Other public-sector entities	-	-
c) Banks	1,188,318	478,854
d) Other issuers	-	-
2. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**4,494,394**	**3,898,743**

Part B - Balance Sheet - Assets (Continued)

5.4 Held-to-maturity investments: annual changes

	CHANGES IN 2011		
	DEBT SECURITIES	LOANS	TOTAL
A. Opening balance	**3,898,743**	**-**	**3,898,743**
B. Increases	**1,375,588**	**-**	**1,375,588**
B.1 Purchases	1,295,256	-	1,295,256
B.2 Write-backs	-	-	-
B.3 Transfers from other portfolios	-	-	-
B.4 Other changes	80,332	-	80,332
C. Decreases	**779,937**	**-**	**779,937**
C.1 Sales	-	-	-
C.2 Redemptions	717,931	-	717,931
C.3 Write-downs	-	-	-
C.4 Transfers to other portfolios	-	-	-
C.5 Other changes	62,006	-	62,006
D. Closing balance	**4,494,394**	**-**	**4,494,394**

Section 6 - Loans and receivables with banks - Item 60

6.1 Loans and receivables with banks: product breakdown

	AMOUNTS AS AT	
TYPE OF TRANSACTIONS/VALUES	12.31.2011	12.31.2010
A. Loans to central banks	**649,487**	**3,935,691**
1. Time deposits	1,649	5,613
2. Compulsory reserves	647,330	3,928,733
3. Reverse repos	-	-
4. Other	508	1,345
B. Loans to banks	**28,983,879**	**29,869,952**
1. Current accounts and demand deposits	2,083,466	1,585,728
2. Time deposits	8,957,162	9,784,703
3. Other loans	6,370,986	10,907,273
3.1 Reverse repos	*4,292,472*	*7,584,444*
3.2 Financial leases	-	-
3.3 Other	*2,078,514*	*3,322,829*
4. Debt securities	11,572,265	7,592,248
4.1 Structured	-	-
4.2 Other	*11,572,265*	*7,592,248*
Total	**29,633,366**	**33,805,643**
Total fair value	***28,623,186***	***33,568,176***

Total impaired assets	**4,246**	**324,689**

As at December 31, 2011, the sub-item 3. “Other loans” did not include the type of securities lending transactions collateralized by securities or not collateralized. These transactions were classified under “off-balance sheet” exposures of table A.1.3 of Part E - Section 1 - Credit Risk. See also the section “Other information” of Part B.

This kind of transactions in 2010 is included among 3. “Other loans” for 2,992 million.

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 12.31.2011 PERFORMING	12.31.2011 IMPAIRED	12.31.2010 PERFORMING	12.31.2010 IMPAIRED
1. Current accounts	36,540,632	5,431,139	34,407,286	4,782,831
2. Reverse Repos	7,243,371	-	7,959,012	-
3. Mortgages	98,038,064	10,383,990	102,499,406	8,618,288
4. Credit cards and personal loans, including wage assignement loans	8,415,419	345,064	8,048,788	263,725
5. Finance leases	-	-	-	-
6. Factoring	486,755	55,289	406,269	34,974
7. Other transactions	79,005,266	4,630,617	77,986,093	4,437,351
8. Debt securities	5,675,396	-	3,651,212	7,100
8.1 Structured securities	*-*	*-*	*-*	*7,100*
8.2 Other debt securities	*5,675,396*	*-*	*3,651,212*	*-*
Total carrying amount	**235,404,903**	**20,846,099**	**234,958,066**	**18,144,269**
Total fair value	**245,644,382**	**20,846,099**	**243,603,519**	**18,245,125**

Total carrying amount Performing and Impaired	**256,251,002**	**253,102,335**

Sub-items 7. "Other transactions" and 8.2 "Other Debt Securities" include € 484m and € 378m respectively arising from the "Trevi Finance", "Trevi Finance 2" and "Trevi Finance 3" securitization transactions, in respect of which the underlying assets were not re-recognized in the accounts, since the transactions were performed before January 1, 2002. An Italian Government bond partly guarantees the securities of item 8.2 for € 191m.

The assets underlying these securitization transactions are non-performing loans, whose carrying amount was € 730m at December 31, 2011, as against a face value of € 3,979m.

7.2 Loans and receivables with customers: breakdown by issuer/borrower

TYPE OF TRANSACTIONS/VALUE	AMOUNTS AS AT 12.31.2011 PERFORMING	12.31.2011 IMPAIRED	12.31.2010 PERFORMING	12.31.2010 IMPAIRED
1. Debt securities	**5,675,396**	**-**	**3,651,212**	**7,100**
a) Governments	104,896	-	104,448	-
b) Other public-sector entities	154,533	-	163,660	-
c) Other issuers	5,415,967	-	3,383,104	7,100
- non-financial companies	*159,324*	-	*224,888*	*7,100*
- financial companies	*5,197,629*	-	*2,407,981*	-
- insurance companies	*59,014*	-	*59,013*	-
- other	-	-	*691,222*	-
2. Loans to	**229,729,507**	**20,846,099**	**231,306,854**	**18,137,169**
a) Governments	1,263,609	703	1,021,175	429
b) Other public-sector entities	4,664,103	116,121	4,774,683	86,620
c) Other entities	223,801,795	20,729,275	225,510,996	18,050,120
- non-financial companies	*110,933,374*	*15,690,568*	*108,269,408*	*13,393,184*
- financial companies	*40,968,552*	*238,180*	*44,090,368*	*274,553*
- Insurance companies	*117,076*	*925*	*132,343*	*461*
- other	*71,782,793*	*4,799,602*	*73,018,877*	*4,381,922*
Total	**235,404,903**	**20,846,099**	**234,958,066**	**18,144,269**

Total Performing and Impaired	**256,251,002**	**253,102,335**

Part B - Balance Sheet - Assets (Continued)

Section 8 - Hedging derivatives - Item 80

8.1 Hedging derivatives: breakdown by hedges risk and fair value hierarchy

	AMOUNTS AS AT							
	12.31.2011				12.31.2010			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**-**	**5,431,237**	**-**	**120,989,468**	**-**	**3,202,590**	**-**	**77,706,657**
1) Fair value	-	4,606,805	-	105,681,480	-	2,387,586	-	51,593,694
2) Cash flows	-	824,432	-	15,307,988	-	815,004	-	26,112,963
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**5,431,237**	**-**	**120,989,468**	**-**	**3,202,590**	**-**	**77,706,657**
Total Level 1, Level 2 and Level 3		**5,431,237**				**3,202,590**		

8.2 Hedging derivatives: breakdown by hedged assets and risk

	AMOUNTS AS AT 12.31.2011								
	FAIR VALUE HEDGES						CASH-FLOW HEDGES		
	MICRO-HEDGE					MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	TOTAL NET INVESTMENTS ON FOREIGN INVESTMENTS
TRANSACTIONS/ TYPE OF HEDGES	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS				
1. Available-for-sale financial assets	6,276	-	-	-	-	X	-	X	X
2. Loans and receivables	-	-	-	X	-	X	-	X	X
3. Held-to-maturity investments	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	1,097,819	X	800,245	X
5. Other investments	-	-	-	-	-	X	-	X	-
Total assets	**6,276**	**-**	**-**	**-**	**-**	**1,097,819**	**-**	**800,245**	**-**
1. Financial liabilities	-	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	3,502,710	X	24,187	X
Total liabilities	**-**	**-**	**-**	**X**	**-**	**3,502,710**	**-**	**24,187**	**X**
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

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

9.1 Changes to macro-hedged financial assets: breakdown by hedged portfolio

	AMOUNTS AS AT	
CHANGES TO HEDGED ASSETS/VALUES	12.31.2011	12.31.2010
1. Positive changes	**2,722,001**	**1,901,793**
1.1 of specific portfolios:	-	-
a) loans and receivables	-	-
b) available-for-sale financial assets	-	-
1.2 overall	2,722,001	1,901,793
2. Negative changes	**(995,639)**	**(15,458)**
2.1 of specific portfolios:	-	-
a) loans and receivables	-	-
b) available-for-sale financial assets	-	-
2.2 overall	(995,639)	(15,458)
Total	**1,726,362**	**1,886,335**

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

	AMOUNTS AS AT	
	12.31.2011	12.31.2010
1. Loans and receivables	-	-
2. Available-for-sale financial assets	-	-
3. Portfolio	14,942,446	8,330,005
Total	**14,942,446**	**8,330,005**

Section 10 - Equity investments - Item 100

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

NAME	MAIN OFFICE	EQUITY % (*)	VOTING RIGHTS %
A. Subsidiaries			
1. Bank Pekao S.A.	Warsaw	59.24%	
2. Box 2004 S.p.A. (in liquidazione)	Rome	100.00%	
3. Centurione 2007 S.r.l. (in liquidazione)	Milan	100.00%	
4. Compagnia Italpetroli S.p.A.	Rome	100.00%	
5. Cordusio Società Fiduciaria per Azioni	Milan	100.00%	
6. Entasi S.r.l.	Rome	100.00%	
7. Eurofinance 2000 S.r.l.	Rome	100.00%	
8. Family Credit Network S.p.A.	Milan	100.00%	
9. Fineco Leasing S.p.A.	Brescia	100.00%	
10. Fineco Verwaltung AG	Munich	100.00%	
11. FinecoBank S.p.A.	Milan	100.00%	
12. I-Faber Società per Azioni	Milan	65.32%	
13. IPSE 2000 S.p.A. (in liquidazione)	Rome	50.00%	
14. Localmind S.p.A.	Milan	95.76%	
15. Medioinvest s.r.l.	Perugia	100.00% (A)	
16. Pioneer Global Asset Management S.p.A.	Milan	100.00%	
17. Sicilia Convention Bureau S.r.l.	Catania	100.00%	
18. Sofigere Société par Actions Simplifiée	Paris	100.00%	
19. SOFIPA Società di Gestione del Risparmio (SGR) S.p.A.	Rome	100.00%	
20. Trevi Finance N. 2 S.p.A.	Conegliano (TV)	60.00%	
21. Trevi Finance N. 3 S.r.l.	Conegliano (TV)	60.00%	
22. Trevi Finance S.p.A.	Conegliano (TV)	60.00%	
23. Trieste Adriatic Maritime Initiatives S.r.l.	Trieste	34.04%	
24. UniCredit Audit Società consortile per azioni	Milan	99.88% (B)	
25. UniCredit Bank AG	Munich	100.00%	
26. UniCredit Bank Austria AG	Wien	99.99%	
27. UniCredit Bank D.D.	Mostar	3.27% (C)	3.28%
28. UniCredit Bank Ireland P.l.c.	Dublin	100.00%	
29. UniCredit BPC Mortgage S.r.l.	Verona	60,00%	
30. UniCredit Bulbank A.D.	Sofia	.. (D)	
31. UniCredit Business Partner Società consortile per Azioni	Cologno Monzese (MI)	100.00% (E,F)	
32. UniCredit Consumer Financing AD	Sofia	50.10% (G)	
33. UniCredit Consumer Financing IFN S.A.	Bucarest	53.94% (H)	
34. UniCredit Credit Management Bank S.p.A.	Verona	97.81% (I)	100.00%
35. UniCredit Delaware Inc.	Dover (Delaware)	100.00%	
36. UniCredit Factoring S.p.A.	Milan	100.00%	
37. UniCredit Global Information Services Società consortile per azioni (now UniCredit Business Integrated Solutions SCpA)	Milan	100.00% (E)	
38. UniCredit International Bank (Luxembourg) S.A.	Luxembourg	100.00%	
39. UniCredit Leasing S.p.A.	Bologna	68.99% (J)	
40. UniCredit Logistics S.r.l.	Verona	100.00%	
41. UniCredit Merchant S.p.A.	Rome	100.00%	

Part B - Balance Sheet - Assets (Continued)

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

NAME	MAIN OFFICE	EQUITY % (*)	VOTING RIGHTS %
42. UniCredit (U.K.) Trust Services Ltd	London	100.00%	
43. UniCredit Real Estate Società consortile per azioni	Genoa	100.00% (K)	
44. UniCredito Italiano Funding LLC III	Wilmington (Delaware)	100.00%	
45. UniCredito Italiano Funding LLC IV	Wilmington (Delaware)	100.00%	
46. Unimanagement Scrl	Turin	99.99% (L)	
47. Xelion Dnowdcy Finansowi Sp.zo.o. (now Dom Inwestycyjny Xelion Sp. zo.o.)	Warsaw	50.00% (M)	
B. Joint ventures			
1. EuroTLX SIM S.p.A.	Milan	50.00%	
C. Companies under significant influence			
1. Aviva S.p.A.	Milan	49.00%	
2. Bluvacanze S.p.A.	Milan	41.70%	
3. CNP UniCredit Vita S.p.A.	Milan	38.80%	
4. Creditras Assicurazioni S.p.A.	Milan	50.00%	
5. Creditras Vita S.p.A.	Milan	50.00%	
6. Europrogetti & Finanza S.p.a. in liquidazione	Rome	39.79%	
7. Fidia - Fondo Interbancario d'Investimento Azionario SGR S.p.A.	Milan	50.00%	
8. Fondiaria - SAI S.p.A.	Turin	4.90%	6.60%
9. G.B.S. General Broker Service S.p.A.	Rome	20.00%	
10. Incontra Assicurazioni S.p.A.	Milan	49.00%	
11. Istituto per l'Edilizia Economica e Popolare di Catania S.p.A. (in liquidazione)	Catania	20.00%	
12. Mediobanca - Banca di Credito Finanziario S.p.A.	Milan	8.66%	
13. Neep Roma Holding S.p.A.	Rome	40.00% (N)	
14. Officinae Verdi Società per azioni	Rome	33.00% (O)	
15. Profingest	Bologna	32.75%	
16. SIA S.p.A. (formerly SIA-SSB S.p.A.)	Milan	24.07%	
17. Società Gestione per il Realizzo S.p.A. (in liquidazione)	Rome	26.38%	
18. Sviluppo Globale GEIE	Rome	33.33%	

(*) The equity stake is held by Parent Company and does not include any stake held by other Group companies.

(A) The Company was incorpnowted by UniCredit S.p.A. on 1/1/2012.
(B) The residual share of 0.12% is held by various Group companies
(C) An additional 89.98% is held directly and indirectly by UniCredit Bank Austria AG (89.97% with voting rights).
(D) An additional 96.46% is held by UniCredit Bank Austria AG.
(E) A fractional share is held by various Group companies.
(F) The Company was incorpnowted by UniCredit Business Integrated Solutions S.p.A. Joint stock consortium company on 1/1/2012.
(G) The remaining share of 49.90% is held by UniCredit Bulbank A.D.
(H) The remaining share of 46.06% is held indirectly by UniCredit Bank Austria AG.
(I) The subsidiary holds 175,000 treasury shares equal to 2.19% of capital stock.
(J) The remaining share of 31.01% is held by UniCredit Bank Austria AG.
(K) The Company was incorpnowted by UniCredit S.p.A. on 1/1/2012.
(L) An additional 0.01% is held by UniCredit Business Integrated Solutions S.p.A. Joint stock consortium company.
(M) The residual share of 50% is held by Bank Pekao S.A.
(N) The Company was formed in April 2011.
(O) The Company was formed in May 2011.

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

NAME	TOTAL ASSETS	TOTAL REVENUES	NET PROFIT (LOSS) *	SHAREHOLDERS' EQUITY		CARRYING VALUE	FAIR VALUE
A. Subsidiaries							
1. Bank Pekao S.A.	31,940,322	2,364,804	634,000	4,665,469	(1)	4,394,141	X
2. Box 2004 S.p.A. (in liquidazione)	7,560	136	-274	7,110	(2)	7,384	X
3. Centurione 2007 S.r.l. (in liquidazione) (l)	13,024	-	-8,248	-8,311		..	X
4. Compagnia Italpetroli S.p.A. (l)	208,611	10,151	-71,865	-54,274		..	X
5. Cordusio Società Fiduciaria per Azioni	16,403	15,161	2,088	7,598		4,827	X
6. Entasi S.r.l.	112	128	-	11		10	X
7. Eurofinance 2000 S.r.l.	111	127	-	31		31	X
8. Family Credit Network S.p.A.	172,674	29,965	-1,707	21,067		15,726	X
9. Fineco Leasing S.p.A.	5,891,884	207,597	13,802	180,063		135,973	X
10. Fineco Verwaltung AG	168,968	1,579	1,002	168,655		167,654	X
11. FinecoBank S.p.A.	17,276,889	640,528	62,764	377,240	(2)	1,082,837	X
12. I-Faber Società per Azioni	23,055	18,104	1,880	13,673	(3)	9,700	X
13. IPSE 2000 S.p.A. (in liquidazione)	24,500	952	683	24,490		9,932	X
14. Localmind S.p.A.	2,844	324	76	2,765		1,712	X
15. Medioinvest s.r.l.	8,983	326	-71	8,971		8,330	X
16. Pioneer Global Asset Management S.p.A.	2,136,641	328,492	187,703	2,093,243	(4)	2,282,292	X
17. Sicilia Convention Bureau S.r.l.	339	152	-474	205		280	X
18. Sofigere Société par Actions Simplifiée (l)	9,050	906	-22	98		..	X
19. SOFIPA Società di Gestione del Risparmio (SGR) S.p.A.	14,226	4,645	-227	12,041	(2)	14,439	X
20. Trevi Finance N. 2 S.p.A.	221	171	-	154		74	X
21. Trevi Finance N. 3 S.r.l.	239	168	-	171		93	X
22. Trevi Finance S.p.A.	183	173	-	114		51	X
23. Trieste Adriatic Maritime Initiatives S.r.l.	4,505	16	-500	4,409	(5)	1,744	X
24. UniCredit Audit Società consortile per azioni	30,965	43,368	566	4,613		2,226	X
25. UniCredit Bank AG	395,716,798	13,355,991	1,016,674	20,370,360		19,182,968	X
26. UniCredit Bank Austria AG	125,006,424	4,918,327	100	14,563,939	(3)	23,706,115	X
27. UniCredit Bank D.D.	1,812,050	131,455	25,557	240,467		1,496	X
28. UniCredit Bank Ireland P.l.c.	22,221,058	740,685	140,502	1,105,740	(6)	1,716,489	X
29. UniCredit BPC Mortgage S.r.l.	68	156	-	12		7	X
30. UniCredit Bulbank A.D.	6,086,332	437,544	115,848	1,024,816		25	X
31. UniCredit Business Partner Società consortile per Azioni	257,503	359,584	6,894	67,969		55,199	X
32. UniCredit Consumer Financing AD	103,476	22,436	9,373	27,546		10,054	X
33. UniCredit Consumer Financing IFN S.A.	273,985	26,106	1,800	16,007	(7)	13,974	X
34. UniCredit Credit Management Bank S.p.A.	3,909,260	169,458	40,531	3,376,390	(4)	3,335,928	X
35. UniCredit Delaware Inc.	232	640	-70	225		20	X
36. UniCredit Factoring S.p.A.	9,078,208	244,454	36,232	247,222		119,393	X
37. UniCredit Global Information Services Società consortile per azioni (now UniCredit Business Integrated Solutions SCpA)	1,296,234	1,427,603	24,583	408,452		297,748	X
38. UniCredit International Bank (Luxembourg) S.A.	3,850,469	203,242	5,681	212,908	(8)	221,797	X
39. UniCredit Leasing S.p.A.	21,221,068	774,013	1,541	1,644,363		900,508	X
40. UniCredit Logistics S.r.l.	288	10	-226	223		225	X
41. UniCredit Merchant S.p.A.	390,611	18,446	8,369	388,697		367,743	X
42. UniCredit (U.K.) Trust Services Ltd	335	182	32	271		275	X
43. UniCredit Real Estate Società consortile per azioni	2,905,510	839,039	12,000	1,333,401		1,169,869	X
44. UniCredito Italiano Funding LLC III	761,740	30,310	122	1,895		1	X
45. UniCredito Italiano Funding LLC IV	365,011	19,420	39	883		1	X
46. Unimanagement Scrl	7,370	11,118	-212	364		110	X
47. Xelion Dnowdcy Finansowi Sp.zo.o. (now Dom Inwestycyjny Xelion Sp. zo.o.)	4,205	9,773	315	2,398		940	X

Part B - Balance Sheet - Assets (Continued)

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

NAME	TOTAL ASSETS	TOTAL REVENUES	NET PROFIT (LOSS) *	SHAREHOLDERS' EQUITY		CARRYING VALUE	FAIR VALUE
B. Joint ventures							
1. EuroTLX SIM S.p.A.	8,821	12,209	1,403	6,403	(4)	3,477	X
C. Companies under significant influence							
1. Aviva S.p.A. (A)	10,675,486	1,345,018	6,674	623,439		295,075	
2. Bluvacanze S.p.A. (B)	143,776	97,594	-3,660	-17,497	(9)	2,627	
3. CNP UniCredit Vita S.p.A. (A)	12,355,027	2,112,464	14,807	458,459	(2)	234,120	
4. Creditras Assicurazioni S.p.A. (A)	254,022	34,175	5,364	23,362		7,225	
5. Creditras Vita S.p.A. (A)	18,211,563	2,916,339	34,651	421,857		194,023	
6. Europrogetti & Finanza S.p.a. in liquidazione (C) (I)	6,843	518	-213	-8,920		..	
7. Fidia - Fondo Interbancario d'Investimento Azionario SGR S.p.A. (D)	6,750	379	-262	4,380		2,190	
8. Fondiaria - SAI S.p.A. (C)	19,098,592	5,839,383	-636,408	1,822,481		50,000	15,007
9. G.B.S. General Broker Service S.p.A. (E)	27,305	11,854	25	1,643		270	
10. Incontra Assicurazioni S.p.A. (A)	145,621	9,577	82	12,292		5,202	
11. Istituto per l'Edilizia Economica e Popolare di Catania S.p.A. (in liquidazione) (C) (I)	3,547	42	3	3,525		..	
12. Mediobanca - Banca di Credito Finanziario S.p.A. (F)	64,427,000	1,231,100	-124,300	4,328,600	(10)	559,325	328,798
13. Neep Roma Holding S.p.A. (G)	-	-	-	120		48	
14. Officinae Verdi Società per azioni (H)	824	4	-271	640	(11)	300	
15. Profingest (I)	1,547	60	1	492		..	
16. SIA S.p.A. (formerly SIA-SSB S.p.A.) (C)	224,622	303,078	-21,231	126,528	(2/3)	73,503	
17. Società Gestione per il Realizzo S.p.A. (in liquidazione) (C)	63,015	6,407	4,030	54,197		2,566	
18. Sviluppo Globale GEIE	3,035	2,032	-21	322		..	
						60,670,292	

(*) Amount included in Shareholders' Equity (see next column).

(A) Figures from first-half report at 06/30/2011.
(B) Figures from balance sheet at 08/31/2011.
(C) Figures from balance sheet at 12/31/2010.
(D) Figures from balance sheet at 09/30/2011.
(E) Figures from first-half report at 06/30/2011.
(F) Figures from first-half report at 12/31/2011.
(G) The figures relate to the Capital Stock being established in April 2011.
(H) Figures from balance sheet at 12/31/2011.
(I) Carrying value is lower than rounding of this table.

Concerning the above table:
- the figures for each affiliate were taken from the 2011 financial statements or from the 2011 draft financial statements approved by the responsible corpnowte bodies; in the absence of such financial statements, the figures were taken from the last approved financial statements or financial position. For foreign companies the amounts are converted at the end of year exchange rate;
- the difference between the book value and the lower value corresponding to the portion of shareholders' equity is supported by the impairment test results and in particular:
  1) the higher stock market value;
  2) the cost determined in the incorpnowtion phase of Capitalia applying the provisions of IFRS 3 "Business combinations";
  3) the greater cost incurred with the acquisition or increase in the equity share (including ancillary expenses) and maintained on the balance sheet as a function of the continuation of the reasons that motivated their payment;
  4) the greater value of the business assets;
  5) the 2011 loss for the year resulting from establishment (in December 2010) and start-up costs of the company's business;
  6) the valuation of the shares held in portfolio that resulted in the increase in the negative valuation reserve;
  7) the losses of the last years resulting from the start-up of the company's business;
  8) the merger of Capitalia Luxembourg S.A., whose cost was determined in the incorpnowtion of Capitalia applying the provisions of IFRS 3 "Business combinations";
  9) the recapitalization carried out in December 2011 in the assumption of the equity share;
  10) the substantially unchanged profitability prospects of the business activities and the equity portfolio of Mediobanca;
  11) the 2011 loss for the year resulting from the establishment (in May 2011) and start-up costs of the company's business.

10.3 Investments in associates and joint ventures: annual changes

	CHANGES IN	
	2011	2010
A. Opening balance	**61,942,810**	**69,912,253**
B. Increases	**3,723,656**	**5,989,054**
B.1 Purchases	369,059	5,276,858
of which: business combinations	*30,000*	*223,382*
B.2 Write-backs	1,234	-
B.3 Revaluation	-	-
B.4 Other changes	3,353,363	712,196
C. Decreases	**4,996,174**	**13,958,497**
C.1 Sales	140,348	13,100,337
of which: business combinations	-	*13,100,312*
C.2 Write-downs	1,431,333	27,317
C.3 Other changes	3,424,493	830,843
D. Closing balance	**60,670,292**	**61,942,810**
E. Total revaluation	**-**	**-**
F. Total write-downs	**1,613,217**	**301,461**

Sub-items B.4 and C.3 Other changes take into account the effects of business combinations which led to significant changes in the carrying amount of the associates involved. However, these changes did not impact the balance of item 100 Investments in associates and joint ventures, as they concerned inter-company transactions.

For what concerns 2011 write-downs, see the comments to table 14.1 “Section 14 - Profit (loss) of associates - Item 210” of Part C - Income statement.

10.4 Commitments relating to equity investments in subsidiaries

At December 31, 2011:

- the commitment to make a capital contribution of 0.6 million to the subsidiary Sicilia Convention Bureau S.r.l. to cover losses arising in the next three years;
- the commitment to set up a subsidiary in Brazil to support the activities of the UniCredit Representative Office in Saõ Paulo, as part of the reorganization of the Group’s international network. The new company will have a capital base of 0.2 million.

UniCredit S.p.A. also granted to UniCredit Bank AG as guarantee securities representing equity interests in subsidiaries belonging to the bank group against financial exposure totaling €7.05 billion.

10.6 Commitments to equity interests in companies under significant influence

At December 31, 2011, a commitment to provide Neep Roma Holding S.p.A. (40% affiliate that holds, among other things, 78.04% of A.S. Roma S.p.A.) with the resources necessary to recapitalize that subsidiary, with a total charge of 12 million.

Part B - Balance Sheet - Assets (Continued)

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 12.31.2011	AMOUNTS AS AT 12.31.2010
A. Assets for operational use		
1.1 owned	**244,066**	**270,562**
a) land	-	-
b) buildings	3,305	3,415
c) office furniture and fittings	39,150	43,983
d) elettronic systems	112,746	125,344
e) other	88,865	97,820
1.2 leased	**-**	**-**
a) land	-	-
b) buildings	-	-
c) office furniture and fittings	-	-
d) elettronic systems	-	-
e) other	-	-
Total A	**244,066**	**270,562**
B. Held-for-investment assets		
2.1 owned	**1,864**	**10,240**
a) land	5	3,373
b) buildings	1,859	6,867
2.2 leased	**-**	**-**
a) land	-	-
b) buildings	-	-
Total B	**1,864**	**10,240**
Total (A+B)	**245,930**	**280,802**

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

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

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

	CHANGES IN 2011					
	LAND	BUILDINGS	OFFICE FUNITURE AND FITTINGS	ELECTRONIC SYSTEMS	OTHER	TOTAL
A. Gross opening balance	**-**	**3,733**	**653,927**	**992,278**	**375,092**	**2,025,030**
A.1 Total net reduction in value	-	(318)	(609,944)	(866,934)	(277,272)	(1,754,468)
A.2 Net opening balance	**-**	**3,415**	**43,983**	**125,344**	**97,820**	**270,562**
B. Increases	**-**	**17**	**3,063**	**30,616**	**13,383**	**47,079**
B.1 Purchases	-	-	3,057	30,556	13,340	46,953
of which: business combinations	-	-	*1*	-	-	*1*
B.2 Capitalised expenditure on improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Increase in fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
B.5 Positive Exchange differences	-	17	4	50	1	72
B.6 Transfer from properties held for investment	-	-	-	-	-	-
B.7 Other changes	-	-	2	10	42	54
C. Reductions	**-**	**127**	**7,896**	**43,214**	**22,338**	**73,575**
C.1 Disposals	-	-	-	30	53	83
C.2 Depreciation	-	127	7,714	41,748	21,454	71,043
C.3 Impairment losses:	-	-	10	1,153	-	1,163
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	10	1,153	-	1,163
C.4 Reductions of fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) property, plant and equipment held for investment	-	-	-	-	-	-
b) assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	-	172	283	831	1,286
D. Net final balance	**-**	**3,305**	**39,150**	**112,746**	**88,865**	**244,066**
D.1 Total net reduction in value	-	(446)	(613,231)	(884,605)	(288,077)	(1,786,359)
D.2 Gross closing balance	**-**	**3,751**	**652,381**	**997,351**	**376,942**	**2,030,425**
E. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

Part B - Balance Sheet - Assets (Continued)

11.4 Property, plant and equipment held for investment: annual changes

	CHANGES IN 2011		
	LAND	BUILDINGS	TOTAL
A. Opening balances	**3,373**	**6,867**	**10,240**
B. Increases	**110**	**14,174**	**14,284**
B.1 Purchases	-	-	-
B.2 Capitalised expenditure on improvements	-	-	-
B.3 Increases in fair value	-	-	-
B.4 Write backs	-	-	-
B.5 Positive exchange differences	110	161	271
B.6 Transfer from properties used in the business	-	-	-
B.7 Other changes	-	14,013	14,013
C. Reductions	**3,478**	**19,182**	**22,660**
C.1 Disposals	3,478	19,097	22,575
C.2 Depreciation	-	85	85
C.3 Reductions in fair value	-	-	-
C.4 Impairment losses	-	-	-
C.5 Negative exchange differences	-	-	-
C.6 Transfers to:	-	-	-
a) Properties used in the business	-	-	-
b) Non current assets classified as held for sale	-	-	-
C.7 Other changes	-	-	-
D. Closing balances	**5**	**1,859**	**1,864**
E. Measured at fair value	**5**	**1,859**	**1,864**

Section 12 - Intangible assets - Item 120

12.1 Intangible assets: breakdown

	AMOUNTS AS AT			
	12.31.2011		12.31.2010	
ASSETS/VALUES	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	X	2,812,432	X	7,706,507
A.2 Other intangible assets	28,667	-	32,616	-
A.2.1 Assets carried at cost:	28,667	-	32,616	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	*28,667*	-	*32,616*	-
A.2.2 Assets valued at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**28,667**	**2,812,432**	**32,616**	**7,706,507**
Total finite e indefinite life		**2,841,099**		**7,739,123**

Goodwill was down by €4,894,075 thousand as a result of the allocation to the income statement of the value adjustments determined as a result of the calculation of the value in use for purposes of the impairment test considering the Italian business as a unique CGU.

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.

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 December 31, 2011, having taken account of the write-downs already recorded in the third quarter of 2011.

12.2 Intangible assets: annual changes

	CHANGES IN 2011					
		OTHER INTANGIBLE ASSETS				
		GENERATED INTERNALLY		OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross Opening Balance	**7,706,507**	**-**	**-**	**268,444**	**-**	**7,974,951**
A.1 Net reductions	-	-	-	(235,828)	-	(235,828)
A.2 Net opening balance	**7,706,507**	**-**	**-**	**32,616**	**-**	**7,739,123**
B. Increases	**-**	**-**	**-**	**292**	**-**	**292**
B.1 Purchases	-	-	-	188	-	188
B.2 Increases in intangible assets generated internally	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Increase in fair value	-	-	-	-	-	-
- in equity	X	-	-	-	-	-
- through profit or loss	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	104	-	104
B.6 Other changes	-	-	-	-	-	-
C. Reductions	**4,894,075**	**-**	**-**	**4,241**	**-**	**4,898,316**
C.1 Disposals	-	-	-	2	-	2
C.2 Write-downs	4,894,075	-	-	4,201	-	4,898,276
- amortization	X	-	-	4,198	-	4,198
- write-downs	4,894,075	-	-	3	-	4,894,078
+ in equity	X	-	-	-	-	-
+ through profit or loss	4,894,075	-	-	3	-	4,894,078
C.3 Reduction in fair value	-	-	-	-	-	-
- in equity	X	-	-	-	-	-
- through profit or loss	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	38	-	38
D. Net Closing Balance	**2,812,432**	**-**	**-**	**28,667**	**-**	**2,841,099**
D.1 Total net write-down	(4,894,075)	-	-	(238,371)	-	(5,132,446)
E. Closing balance	**7,706,507**	**-**	**-**	**267,038**	**-**	**7,973,545**
F. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

Part B - Balance Sheet - Assets (Continued)

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

13.1 Deferred tax assets: breakdown

DEFERRED TAX ASSETS RELATED TO:	AMOUNTS AS AT 12.31.2011	12.31.2010
Assets/liabilities held for trading	-	-
Other financial instruments	794,595	262,418
Hedging derivatives / changes in fair value of portfolio hedged items	62,390	62,911
Investments in associates and joint ventures	4,408	4,347
Property, plant and equipment / Intangible assets	2,555,476	2,649,504
Provisions	401,256	293,811
Write-downs on loans	3,034,179	2,203,111
Other assets / liabilities	111,727	246,937
Loans and receivables with banks and customers	183,720	234,522
Tax losses carried forward	243,173	59,816
Other	2,912	34,457
Total	**7,393,836**	**6,051,834**

13.2 Deferred tax liabilities: breakdown

DEFERRED TAX LIABILITIES RELATED TO:	AMOUNTS AS AT 12.31.2011	12.31.2010
Loans and receivables with banks and customers	-	-
Assets/liabilities held for trading	-	-
Hedging derivatives / changes in fair value of portfolio hedged items	255,383	178,562
Investments in associates and joint ventures	7,019	6,656
Other financial instruments	25,488	13,077
Property, plant and equipment / intangible assets	42,481	57,242
Other assets / liabilities	-	-
Deposits from banks and customers	-	-
Other	248	91
Total	**330,619**	**255,628**

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

	CHANGES IN	
	2011	2010
1. Opening balance	**5,718,503**	**3,844,459**
2. Increases	**1,413,939**	**2,541,469**
2.1 Deferred tax assets arising during the year	1,351,629	1,104,628
a) relating to previous years	*366,848*	*359,535*
b) due to change in accounting policies	-	-
c) write-backs	-	-
d) other	*984,781*	*745,093*
2.2 New taxes or increases in tax rates	62,094	-
2.3 Other increases	216	1,436,841
of which: business combinations	-	*1,436,841*
3. Decreases	**618,415**	**667,425**
3.1 Deferred tax assets derecognised during the year	615,412	662,161
a) reversals of tempnowry differences	*585,412*	*476,161*
b) write-downs of non-recoverable items	*30,000*	*186,000*
c) change in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	3,003	5,264
4. Final amount	**6,514,027**	**5,718,503**

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

	CHANGES IN	
	2011	2010
1. Opening balance	**60,369**	**17,485**
2. Increases	**5,189**	**63,360**
2.1 Deferred tax liabilities arising during the year	4,815	1,621
a) relating to previous years	*2,714*	-
b) due to change in accounting policies	-	-
c) other	*2,101*	*1,621*
2.2 New taxes or increases in tax rates	374	-
2.3 Other increases	-	61,739
of which: business combinations	-	*61,739*
3. Decreases	**19,821**	**20,476**
3.1 Deferred tax liabilities derecognised during the year	19,821	20,434
a) reversals of tempnowry differences	*19,821*	*20,434*
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	42
4. Final amount	**45,737**	**60,369**

Part B - Balance Sheet - Assets (Continued)

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

	CHANGES IN 2011	CHANGES IN 2010
1. Opening balance	**333,331**	**156,466**
2. Increases	**565,522**	**189,738**
2.1 Deferred tax assets arising during the year	547,189	169,508
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	*547,189*	*169,508*
2.2 New taxes or increase in tax rates	18,333	-
2.3 Other increases	-	20,230
of which: business combinations	-	*20,230*
3. Decreases	**19,044**	**12,873**
3.1 Deferred tax assets derecognised during the year	11,458	10,784
a) reversals of tempnowry differences	*11,458*	*10,784*
b) writedowns of non-recoverable items	-	-
c) due to change in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	7,586	2,089
4. Final amount	**879,809**	**333,331**

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

	CHANGES IN 2011	CHANGES IN 2010
1. Opening balance	**195,259**	**47,700**
2. Increases	**98,906**	**171,043**
2.1 Deferred tax liabilities arising during the year	88,429	43,298
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	*88,429*	*43,298*
2.2 New taxes or increase in tax rates	7,189	-
2.3 Other increases	3,288	127,745
of which: business combinations	-	*120,745*
3. Decreases	**9,283**	**23,484**
3.1 Deferred tax liabilities derecognised during the year	4,458	18,060
a) reversal of tempnowry differences	*4,458*	*14,542*
b) due to change in accounting policies	-	-
c) Other	-	*3,518*
3.2 Reduction in tax rates	-	-
3.3 Other decreases	4,825	5,424
4. Final amount	**284,882**	**195,259**

13.7 Other information

National Tax Consolidation System

Legislative Decree 344 of December 12, 2003 reforming the Italian corpnowte income tax (IRES) introduced the taxation of income for group companies based on the national tax consolidation system.

The national tax consolidation regulations are optional, have a fixed term of three financial years and are subject to meeting certain conditions (controlling relationship, identification of the operating period).

At present, participation in the national tax consolidation system provides the following economic and/or financial advantages:

- immediate offset of income and tax losses generated by companies included in the scope of consolidation;
- ability to deduct interest expense accrued to banks and other financial entities on behalf of other participating entities (banks and other financial entities), but only up to the total amount of interest expense accrued to the same entities on behalf of entities outside the consolidation system (Law 133/2008);
- ability to deduct interest expense accrued to non-banking/non-financial entities on behalf of other similar participating entities, if and to the extent that other companies participating in the consolidation system report gross operating profit and therefore not totally used (2008 Budget Law) for the same tax period.

It should be noted that at the end of the 2011 financial year the option was exercised to apply the national tax consolidation system to the following companies:

UniCredit Factoring - Milan
Pioneer Global Asset Management - Milan
Pioneer Alternative Investment Management - Milan
Pioneer Investment Management - Milan
Fineco Bank - Milan
UniCredit Leasing - Bologna
UniCredit Credit Management Bank - Verona
Fineco Leasing - Brescia
UniCredit Merchant - Rome
I-Faber - Milan
Cordusio Fiduciaria - Milan
UniCredit Real Estate - Genoa
UniCredit Global Information Services - Milan
UniCredit Business Partner - Cologno Monzese (MI)
UniCredit Audit - Milan
UniManagement - Turin

The number of companies included in the Tax Consolidation area decreased by two compared with the 2010 financial year, as Aspra Finance was merged with UniCredit Credit Management Bank on January 1, 2011, while UniCredit MedioCredito Centrale – Rome was sold to third parties on August 1, 2011.

Deferred tax assets due to tax losses carried forward

In compliance with IAS 12, no deferred tax assets due to tax losses carried forward have been recognized as there are no probable sufficient taxable profits against which the unused tax losses could be utilized. Particularly, tax losses carried forward amounted to €1,653 million related to losses carried forward in the Wien Permanent Establishment and in the New York Foreign Branch due to start-up costs or other running costs. In observance of prudence principle, in those countries the future expected taxable profits do not permit to foresee the utilization of such tax losses.

Part B - Balance Sheet - Assets (Continued)

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

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

	AMOUNTS AS AT	
	12.31.2011	12.31.2010
A. Individual assets		
A.1 Financial assets	-	-
A.2 Equity investments	7,115	21,787
A.3 Property, Plant and Equipment	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total A	**7,115**	**21,787**
B. Asset groups classified as held for sale		
B.1 Financial assets held for trading	-	-
B.2 Financial assets at fair value through profit or loss	-	-
B.3 Available for sale financial assets	-	-
B.4 Held to maturity investments	-	-
B.5 Loans and receivables with banks	-	-
B.6 Loans and receivables with customers	-	-
B.7 Equity investments	-	-
B.8 Property, Plant and Equipment	-	-
B.9 Intangible assets	-	-
B.10 Other assets	-	-
Total B	**-**	**-**
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total C	**-**	**-**
D. Liabilities included in disposal groups classified as held for sale		
D.1 Deposits from banks	-	-
D.2 Deposits from customers	-	-
D.3 Debt securities in issue	-	-
D.4 Financial liabilities held for trading	-	-
D.5 Financial liabilities at fair value through profit or loss	-	-
D.6 Provisions	-	-
D.7 Other liabilities	-	-
Total D	**-**	**-**

The results shown above under “Non-current assets and disposals groups held for sale and associate liabilities” relate to a stake held in IRFIS – *Finanziaria per lo sviluppo della Sicilia S.p.A.* (share equal to approximately 76.3%), that was sold in January 2012.

The sale of equity investments classified in this item at the end of the last year resulted in gains on disposal of €50,251 thousand (of which: 49,695 thousand Banca Agricola Commerciale della Repubblica di San Marino S.p.A. and 556 thousand Metis S.p.A.).

Section 15 - Other assets - Item 150

15.1 Other assets: breakdown

ITEMS/VALUES	AMOUNTS AS AT 12.31.2011	AMOUNTS AS AT 12.31.2010
Accrued income other capitalised income	225,607	446,999
Cash and other valuables held by cashier:	443,116	425,397
- current account cheques being settled, drawn on third parties	*421,324*	*403,616*
- current account cheques payablee by group banks, cleared and in the process of being debited	*3,401*	*3,376*
- money orders, bank drafts and equivalent securities	*18,391*	*18,404*
- coupons, securities due on demand, revenue stamps and miscellaneous valuables	-	*1*
Interest and charges to be debited to:	1,597	2,502
- customers	*1,597*	*2,458*
- banks	-	*44*
Items in transit between branches not yet allocated to destination accounts	32,972	420,108
Items in processing	832,127	1,671,078
Items deemed definitive but non-attributable to other items:	1,362,902	3,057,895
- securities and coupons to be settled	*12,183*	*195,851*
- other transactions	*1,350,719*	*2,862,044*
Adjustments for unpaid bills and notes	264,579	54,865
Tax items other than those included in item 130	1,779,447	1,773,830
of which: Group VAT credit	*317,030*	*311,939*
Loans in respect of share based payments:	56,661	29,592
- loans to subsidiaries in respect of equity settled share based payments	*56,647*	*28,644*
- loans to subsidiaries in respect of cash settled share based payments	*14*	*948*
Other items:	655,222	773,252
- leasehold improvements (on non-separable assets)	*184,407*	*203,432*
- items related to accidents and disputes pending (valued at their estimated realization amount)	*308,554*	*345,199*
- other items	*162,261*	*224,621*
Total	**5,654,230**	**8,655,518**

Part B - Balance Sheet

Liabilities

Section 1 - Deposits from banks - Item 10

1.1 Deposits from banks: product breakdown

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2011	AMOUNTS AS AT 12.31.2010
1. Deposits from central banks	**30,168,893**	**7,527,783**
2. Deposits from banks	**33,166,006**	**41,496,008**
2.1 Current accounts and demand deposits	10,584,438	11,405,070
2.2 Time deposits	11,218,946	13,902,713
2.3 Loans	11,360,642	16,180,221
2.3.1 repos	*1,570,128*	*4,691,082*
2.3.2 other	*9,790,514*	*11,489,139*
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Other liabilities	1,980	8,004
Total	**63,334,899**	**49,023,791**
Fair value	***63,334,899***	***49,023,791***

The increase in deposits from central banks reflects the access to the ECB,s refinancing operations.

As at December 31, 2011, the sub-item 2.3“Loans” did not include the type of securities lending tansactions collateralized by securities or not collateralized. See also the section “Other information” of Part B.

This kind of transactions in 2010 is included among 2.3 “Loans” for 2,992 million.

1.2 Breakdown of item 10 “Deposits from banks”: subordinated debt
Part F - Shareholders’ Equity of the Notes to the Accounts includes the list of all subordinated debt instruments. Subordinated debt recognized in the item “Deposits from banks” amounts to €2,139,014 thousand.

Section 2 - Deposits from customers - Item 20

2.1 Deposits from customers: product breakdown

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2011	AMOUNTS AS AT 12.31.2010
1. Current accounts and demand deposits	105,345,524	114,352,380
2. Time deposits	6,388,070	5,198,094
3. Loans	32,814,115	30,618,009
3.1 repos	*30,234,960*	*28,994,075*
3.2 other	*2,579,155*	*1,623,934*
4. Liabilities in respect of commitments to repurchase treasury shares	-	-
5. Other liabilities	7,305,686	7,985,207
Total	**151,853,395**	**158,153,690**
Fair Value	***151,853,395***	***158,153,690***

2.2 Breakdown of item 20 “Deposits from customers”: subordinated debt
This item includes subordinated debt in the amount of €1,283,848 thousand.

Section 3 - Debt securities in issue - Item 30

3.1 Debt securities in issue: product breakdown

TYPE OF SECURITIES/ VALUES	AMOUNTS AS AT							
	12.31.2011				12.31.2010			
		FAIR VALUE				FAIR VALUE		
	BALANCE SHEET VALUE	LEVEL 1	LEVEL 2	LEVEL 3	BALANCE SHEET VALUE	LEVEL 1	LEVEL 2	LEVEL 3
A. Listed securities								
1. Bonds	107,542,107	4,138,141	89,915,357	99	94,267,274	37,604,692	55,011,468	-
1.1 structured	6,921,637	-	6,787,489	-	7,986,884	-	8,071,908	-
1.2 other	100,620,470	4,138,141	83,127,868	99	86,280,390	37,604,692	46,939,560	-
2. Other securities	13,770,887	168,714	4,413,775	8,907,335	29,272,738	-	5,863,261	23,328,232
2.1 structured	641,092	-	588,681	-	630,036	-	625,796	-
2.2 other	13,129,795	168,714	3,825,094	8,907,335	28,642,702	-	5,237,465	23,328,232
Total	**121,312,994**	**4,306,855**	**94,329,132**	**8,907,434**	**123,540,012**	**37,604,692**	**60,874,729**	**23,328,232**

Total Level 1, Level 2 and Level 3		**107,543,421**		**121,807,653**

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

This item includes subordinated securities in the amount of €13,881,013 thousand.

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

Unicredit S.p.A. issued 15 tranches of OBG (Covered Bonds) totalling € 11.531 billion. € 2.3 billion (face value) of these issues were bought in by UniCredit S.p.A..

Part B - Balance Sheet - Liabilities (Continued)

Section 4 - Financial liabilities held for trading - Item 40

4.1 Financial liabilities held for trading: product breakdown

TYPE OF TRANSACTIONS/ VALUES	AMOUNTS AS 12.31.2011 NOMINAL VALUE	12.31.2011 FAIR VALUE LEVEL 1	12.31.2011 FAIR VALUE LEVEL 2	12.31.2011 FAIR VALUE LEVEL 3	12.31.2011 FV*	12.31.2010 NOMINAL VALUE	12.31.2010 FAIR VALUE LEVEL 1	12.31.2010 FAIR VALUE LEVEL 2	12.31.2010 FAIR VALUE LEVEL 3	12.31.2010 FV*
A. Financial liabilities										
1. Deposits from banks	-	-	-	-	-	-	-	-	-	-
2. Deposits from customers	-	-	-	-	-	27,000	26,985	-	-	27,000
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	*X*	-	-	-	-	*X*
3.1.2 Other	-	-	-	-	*X*	-	-	-	-	*X*
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	*X*	-	-	-	-	*X*
3.2.2 Other	-	-	-	-	*X*	-	-	-	-	*X*
Total A	**-**	**-**	**-**	**-**	**-**	**27,000**	**26,985**	**-**	**-**	**27,000**
B. Derivative instruments										
1. Financial derivatives	X	1	9,941,200	350,230	X	X	6,144	6,578,936	261,893	X
1.1 Trading	X	1	8,711,920	143,141	X	X	6,144	5,525,638	40,529	X
1.2 Related to fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	1,229,280	207,089	X	X	-	1,053,298	221,364	X
2. Credit derivatives	X	-	-	292	X	X	-	-	545	X
2.1 Trading derivatives	X	-	-	-	X	X	-	-	-	X
2.2 Related to fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	292	X	X	-	-	545	X
Total B	**X**	**1**	**9,941,200**	**350,522**	**X**	**X**	**6,144**	**6,578,936**	**262,438**	**X**
Total A+B	**-**	**1**	**9,941,200**	**350,522**	**X**	**27,000**	**33,129**	**6,578,936**	**262,438**	**X**

Total Level 1, Level 2 and Level 3				10,291,723					6,874,503	

FV* = fair value calulated excluding value adjustments due to variatons in the credit rating of the issuer since the isue date.

"Financial derivatives: other" comprises: (i) derivatives embedded in structured financial instruments, where the host has been classified in a category other than held-for-trading or fair value option and (ii) derivatives that, for economic purposes, are associated with banking book instruments.
The amount stated in A.2 "Deposits from Customers" is completely attributable to technical vacancies.

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

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

TYPE OF TRANSACTIONS/ VALUES	AMOUNTS AS AT									
	12.31.2011					12.31.2010				
	NOMINAL VALUE	FAIR VALUE			FV*	NOMINAL VALUE	FAIR VALUE			FV*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
1. Deposits from banks	-	-	-	-	-	51,064	-	51,064	-	51,064
1.1 Structured	-	-	-	-	X	51,064	-	51,064	-	X
1.2 Others	-	-	-	-	X	-	-	-	-	X
2. Deposits from customers	-	-	-	-	-	-	-	-	-	-
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Others	-	-	-	-	X	-	-	-	-	X
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2 Others	-	-	-	-	X	-	-	-	-	X
Total	**-**	**-**	**-**	**-**	**-**	**51,064**	**-**	**51,064**	**-**	**51,064**
Total Level 1, Level 2 and Level 3				**-**					**51,064**	

FV*: calculated excluding value adjustments due to changes in credit rating of the issuer since the issue date.

5.3 Financial liabilities at fair value through profit or loss: annual changes

	CHANGES IN 2011			
	DEPOSITS FROM BANKS	DEPOSITS FROM CUSTOMERS	DEBT SECURITIES IN ISSUE	TOTAL
A. Opening balance	**51,064**	**-**	**-**	**51,064**
B. Increases	**-**	**-**	**-**	**-**
B.1 Issues	-	-	-	-
B.2 Sales	-	-	-	-
B.3 Increases in fair value	-	-	-	-
B.4 Other changes	-	-	-	-
C. Decreases	**51,064**	**-**	**-**	**51,064**
C.1 Purchases	-	-	-	-
C.2 Redemptions	51,064	-	-	51,064
C.3 Reductions of fair value	-	-	-	-
C.4 Other changes	-	-	-	-
D. Closing balance	**-**	**-**	**-**	**-**

Part B - Balance Sheet - Liabilities (Continued)

Section 6 - Hedging derivatives - Item 60

6.1 Hedging derivatives: breakdown by type of hedging and by levels

	AMOUNTS AS AT							
	12.31.2011				12.31.2010			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**-**	**5,090,997**	**81**	**109,620,541**	**-**	**3,580,093**	**81**	**91,907,544**
1) Fair value	-	4,813,142	81	101,221,013	-	3,237,661	81	75,389,121
2) Cash flows	-	277,855	-	8,399,528	-	342,432	-	16,518,423
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B.Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**5,090,997**	**81**	**109,620,541**	**-**	**3,580,093**	**81**	**91,907,544**
Total Level 1, Level 2 and Level 3			**5,091,078**				**3,580,174**	

6.2 Hedging derivatives: breakdown by hedged items and risk type

	AMOUNTS AS AT 12.31.2011								
	FAIR VALUE						CASH FLOW		
	MICRO-HEDGE								
TRANSACTIONS/ HEDGE TYPES	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	FOREIGN INVESTMENTS
1. Available for sale financial assets	1,382,312	-	-	-	-	X	-	X	X
2. Loans and receivables	-	-	-	X	-	X	-	X	X
3. Held to maturity investments	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	2,259,104	X	67,324	X
5. Others	-	-	-	-	-	X	-	X	-
Total assets	**1,382,312**	**-**	**-**	**-**	**-**	**2,259,104**	**-**	**67,324**	**-**
1. Financial liabilities	-	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	1,171,807	X	210,531	X
Total liabilities	**-**	**-**	**-**	**X**	**-**	**1,171,807**	**-**	**210,531**	**X**
1. Higly probable transactions (CFH)	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

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

7.1 Changes to macro-hedged financial liabilities

	AMOUNTS AS AT	
CHANGES TO MACRO-HEDGED LIABILITIES	12.31.2011	12.31.2010
1. Positive changes to financial liabilities	3,246,750	1,884,241
2. Negative changes to financial liabilities	(578,878)	(518,216)
Total	**2,667,872**	**1,366,025**

7.2 Liabilities subject to macro-hedging of interest rate risk: breakdown

HEDGED LIABILITIES	AMOUNTS AS AT 12.31.2011	AMOUNTS AS AT 12.31.2010
1. Deposits	-	-
2. Debt securities in issue	-	-
3. Portfolio	74,881,187	62,969,164
Total	**74,881,187**	**62,969,164**

Section 8 - Tax liabilities - Item 80

See Section 13 of assets..

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

See Section 14 of assets.

Section 10 - Other liabilities - Item 100

10.1 Other liabilities: breakdown

ITEMS/VALUES	AMOUNTS AS AT 12.31.2011	AMOUNTS AS AT 12.31.2010
Liabilities for financial guarantees issued	1,919	2,274
Impairment: of financial guarantees issued, of credit derivatives, of irrevocable commitments to distribute funds	766,587	653,556
Obligations for irrevocable commitments to distribute funds	-	1,710
Accrued expenses other than those to be capitalized for the financial liabilities concerned	73,926	85,299
Liabilities in respect of share based payments	-	948
Other liabilities due to employees	1,184,198	1,415,333
Items in transit between branches and not yet allocated to destination accounts	213,428	137,866
Available amounts to be paid to others	1,441,421	2,018,355
Items in processing	1,387,943	2,457,677
Items deemed definitive but not attributable to other lines:	2,143,670	3,107,249
- accounts payable - suppliers	*419,648*	*483,480*
- other entries	*1,724,022*	*2,623,769*
- of which: Group Vat debt to subsidiaries	*317,030*	*311,939*
Liabilities for miscellaneous entries related to tax collection service	22	22
Adjustments for unpaid portfolio entries	-	40,061
Tax items different from those included in item 80	860,354	999,408
Other entries	1,263,382	778,804
Total Other Liabilities	**9,336,850**	**11,698,562**

The “Impairment of financial guarantees issued, of credit derivatives, of irrevocable commitments to distribute funds” item comprises 714 million for the impairment of the guarantee issued for the “Trevi Finance 3” securitization operation.

This commitment is directed at guaranteeing repayment of the Class C mezzanine securities issued by the special purpose vehicle as part of the securitization.

The securities in question are zero coupon securities with total value at maturity (August 16, 2016) of 1,012.8 million, having a value of 714 million on the balance sheet of the special purpose vehicle at December 31, 2011.

The liability as of the balance sheet date corresponds to the face value of the guarantee, which increases parallel to the repayment value of the guaranteed securities.

Part B - Balance Sheet - Liabilities (Continued)

Section 11 - Provision for employee severance pay - Item 110

11.1 Provision for employee severance pay: annual changes

	CHANGES IN	
	2011	2010
A. Opening balance	**1,044,857**	**87,197**
B. Increases	**53,476**	**1,114,089**
B.1 Provisions for the year	46,595	58,099
B.2 Other increases	6,881	1,055,990
of which: business combinations	*2,677*	*1,047,158*
C. Reductions	**123,004**	**156,429**
C.1 Severance payments	120,130	147,027
C.2 Other decreases	2,874	9,402
of which: business combinations	*203*	*815*
D. Closing balance	**975,329**	**1,044,857**

11.2 Other information

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

Annual weighted average assumptions

	12.31.2011	12.31.2010
Discount rate	4.50%	4.50%
Expected return on plan assets	-	-
Rate of salary increase	-	-
Price inflation	2.00%	2.00%

Reconciliation of present values of provision, present value of plan assets, assets and liabilities recognised in the balance sheet

	AMOUNTS AS AT	
	12.31.2011	12.31.2010
Defined Benefit obligations	939,309	1,057,207
Fair value of plane assets	-	-
	939,309	1,057,207
Unrecognised net actuarial los / (gain)	36,020	(12,350)
Balance sheet (Provision) or Prepayement	**975,329**	**1,044,857**

Section 12 - Provisions for risks and charges - Item 120

12.1 Provisions for risks and charges: breakdown

ITEMS / VALUES	AMOUNTS AS AT 12.31.2011	AMOUNTS AS AT 12.31.2010
1. Pensions and other post retiremen benefit obligations	**725,183**	**744,350**
2. Other provisions for risks and charges	**1,156,798**	**1,037,280**
2.1 Legal disputes	735,826	753,570
2.2 Staff expenses	99,793	-
2.3 Other	321,179	283,710
Total	**1,881,981**	**1,781,630**

12.2 Provisions for risks and charges: annual changes

ITEMS / VALUES	CHANGES IN 2011 PENSIONS AND POST-RETIREMENT BENEFIT OBLIGATIONS	CHANGES IN 2011 OTHER PROVISIONS	CHANGES IN 2011 TOTAL
A. Opening balance	**744,350**	**1,037,280**	**1,781,630**
B. Increases	**59,628**	**425,085**	**484,713**
B.1 Provisions for th year (*)	24,055	395,393	419,448
B.2 Changes due to the passage of time	34,066	15,808	49,874
B.3 Differences due to discount-rate changes	-	1,622	1,622
B.4 Other increases	1,507	12,262	13,769
C. Decreases	**78,795**	**305,567**	**384,362**
C.1 Use during the year	75,855	295,254	371,109
C.2 Differences due to discount-rate changes	-	10,031	10,031
C.3 Other decreases	2,940	282	3,222
D. Closing balance (**)	**725,183**	**1,156,798**	**1,881,981**

(*) The amount of Pension and post-retirement benefit obligations includes tax and operating costs for € 45 thousand concerning definited-contribution funds and includes as well Bank's contribution equal to € 1,522 thousand.
Other provisions are disclosed net of allocations of € 27,221 thousand for a guarantee issued to Aspra Finance, following the sale of non-performing loans recognised in Other liabilities, but include € 126,290 thousand attributed to the item 150. Administrative Costs. a) staff expenses.

(**) Of which: Definited-benefit pension funds in the amount of € 682,122 thousand.

Part B - Balance Sheet - Liabilities (Continued)

12.3 Provisions for definited-benefit company pensions

1. Description of the funds

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

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

2. CHANGES IN PROVISIONS	12.31.2011	12.31.2010
Opening net defined-benefit obligations	**701,474**	**801,423**
Service cost	786	1,982
Cost of definited plans relating to previous employment	-	1,661
Finance cost	33,886	38,873
Actuarial gains (losses) recognised in the year	21,371	8,283
Gains (losses) on curtlaiments	179	2,251
Benefit paid	(72,797)	(78,041)
Other increases	163	1,313
Other reductions	(2,940)	(76,271)
Closing net defined-benefit obligations	**682,122**	**701,474**

3. CHANGES TO PLAN ASSETS AND OTHER INFORMATION	12.31.2011	12.31.2010
Opening fair value of plan assets	**54,073**	**38,536**
Expected return	2,521	1,783
Actuarial gains (losses)	2,288	2,002
Contribution paid by employer	1,114	14,115
Benefit paid	(844)	(1,257)
Other increases	1,845	1,174
Other reductions	-	(2,280)
Closing current value of plan assets	**60,997**	**54,073**

MAIN CATEGORIES OF PLAN ASSETS BY TYPE	12.31.2011	12.31.2010
1. Equities	7,946	7,976
2. Bonds	7,209	6,328
3. Property	-	333
4. Other assets	45,842	39,436
5. Investment funds	-	-
Total	**60,997**	**54,073**

4. RECONCILIATIONS OF PRESENT VALUES OF PROVISIONS TO PRESENT VALUE OF PLAN ASSETS AND TO ASSETS AND LIABILITIES RECOGNIZED IN THE BALANCE SHEET	12.31.2011	12.31.2010
	DEFINED BENEFIT PENSION PLANS	DEFINED BENEFIT PENSION PLANS
Present value of funded defined benefit obligations	72,126	61,439
Present value of unfunded defined benefit obligations	768,385	788,027
Present value of plan assets	(60,997)	(54,073)
sub-total	**779,514**	**795,393**
Unrecognized actuarial gains (losses)	(97,392)	(93,919)
Net liability	**682,122**	**701,474**

RETURN ON PLAN ASSETS	12.31.2011	12.31.2010
Actuarial return on plan assets	2,521	1,781
Actuarial gain (loss) on plan assets	2,288	2,002
Actuarial return on plan assets	**4,809**	**3,783**

5. PRINCIPAL ACTUARIAL ASSUMPTIONS	12.31.2011	12.31.2010
Discount rate	4.66%	4.46%
Expected return on plan assets	4.57%	5.03%
Rate of increase in future compensation and vested rights	3.04%	3.03%
Rate of increase in pension obligations	1.88%	2.07%
Expected inflation rate	2.08%	1.79%

6. COMPARATIVE DATA: TOTAL DEFINED-BENEFIT OBLIGATIONS	12.31.2011	12.31.2010
Present value of defined-benefit obligations	840,511	849,466
Plan assets	(60,997)	(54,073)
Plan surplus/(deficit)	779,514	795,393
Unrecognized actuarial gains (losses)	(97,392)	(93,919)
Net liability	**682,122**	**701,474**

12.4 Provisions for risks and charges - other provisions - other

	AMOUNTS AS AT	
2.3 OTHER PROVISIONS FOR RISKS AND CHARGES - OTHER	12.31.2011	12.31.2010
- Out-of-court settlements, accidents and other claims	24,524	35,977
- Tax disputes	53,956	58,062
- Guarantees and other risks connected with equity investment disposals	24,063	28,888
- Other	218,636	160,783
Total	**321,179**	**283,710**

Section 13 - Redeemable shares - Item 140

No data to be disclosed in this section.

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

Further information about Shareholders' Equity are represented in Part F) Shareholders' Equity.

14.1 "Share capital" and "treasury shares": breakdown

	12.31.2011		12.31.2010	
	ISSUED SHARES	UNDERWRITTEN SHARES	ISSUED SHARES	UNDERWRITTEN SHARES
A. Share Capital				
A.1 ordinary shares	12,133,205	-	9,636,671	-
- related to "usufrutto" contract	609,085	-	483,782	
- other	11,524,120	-	9,152,889	
A.2 savings shares	15,258	-	12,120	-
Total A	**12,148,463**	**-**	**9,648,791**	**-**
B. Treasury Shares				
B.1 ordinary shares	(2,440)	-	(2,440)	-
B.2 savings shares	-	-	-	-
Total (B)	**(2,440)**	**-**	**(2,440)**	**-**

In 2011 Share Capital - which at December 31, 2010 was represented by 19,273,342,940 ordinary shares and 24,238,983 saving shares, each with a par value of €0.50 - was subject to the changes described in detail in the Report on Operations in the chapter Other information - Steps to Strengthen Capital.

More specifically, Share Capital increased from 9,648,791 thousand euros at the end of 2010 to 12,148,463 thousand euros at the end of 2011, a free increase of 2,499,672 thousand euros carried out through the transfer of 454 thousand euros from the Reserve for the Group medium-term incentive plans, which resulted in the issue of 908,770 ordinary shares, and the transfer of 2,499,218 thousand euros from the Share premium reserve, which resulted in the increase in the par value of ordinary and savings shares and did not involve the issue of new shares.

Following the resolution passed by the Extraordinary Shareholders' Meeting on December 15, 2011 on the reverse stock split, Share Capital is represented by 1,927,425,171 ordinary shares and 2,423,898 savings shares; both categories have no par value, pursuant to the aforesaid Meeting's resolution.

At the end of 2011 the number of Treasury shares outstanding was equal to 47,600 ordinary shares, as a result of the above-mentioned reverse split, since no transactions occurred during the financial year.

Part B - Balance Sheet - Liabilities (Continued)

14.2 Capital Stock - number of shares: annual changes

	CHANGES IN 2011		
ITEMS/TYPES	ORDINARY	OTHERS (SAVING)	TOTAL
A. Issued shares as at the beginning of the year	**19,273,342,940**	**24,238,983**	**19,297,581,923**
- fully paid	19,273,342,940	24,238,983	19,297,581,923
- related to "usufrutto" contract	967,564,061	-	967,564,061
- other	18,305,778,879	24,238,983	18,330,017,862
- not fully paid	-	-	-
A.1 Treasury shares (-)	(476,000)	-	(476,000)
A.2 Shares outstandind: opening balance	19,272,866,940	24,238,983	19,297,105,923
B. Increases	**908,770**	**-**	**908,770**
B.1 New issues	908,770	-	908,770
- against payment	-	-	-
- business combinations	-	-	-
- bonds converted	-	-	-
- warrants exercised	-	-	-
- other	-	-	-
- free	908,770	-	908,770
- to employees	908,770	-	908,770
- to Directors	-	-	-
- other	-	-	-
B.2 Sales of treasury shares	-	-	-
B.3 Other changes	-	-	-
C. Decreases[1]	**17,346,398,139**	**21,815,085**	**17,368,213,224**
C.1 Cancellation	-	3	3
C.2 Purchase of treasury shares	-	-	-
C.3 Business tranferred	-	-	-
C.4 Other changes	17,346,398,139	21,815,082	17,368,213,221
D. Shares outstanding: closing balance	**1,927,377,571**	**2,423,898**	**1,929,801,469**
D.1 Treasury Shares (+)	47,600	-	47,600
D.2 Shares outstanding as at the end of the year	1,927,425,171	2,423,898	1,929,849,069
- fully paid	1,927,425,171	2,423,898	1,929,849,069
- related to "usufrutto" contract[2]	96,756,406	-	96,756,406
- other	1,830,668,765	2,423,898	1,833,092,663
- not fully paid	-	-	-

1. Item C. Decreases shows the changes due to the reverse split of ordinary and savings shares outstanding, as resolved by the Extraordinary Shareholders' Meeting of December 15, 2011. The item also includes changes related to the reverse split of Treasury Shares (-428,400)."
2. The usufruct agreement relative to the 96,756,406 shares (issued in the context of the January 2009 capital increase) provides for Euribor-linked discretionary payments contingent on the payment of dividends on ordinary and/or savings shares. On these shares the voting right cannot be exercised.

14.3 Capital: other information

	12.31.2011	12.31.2010
Par value per share	-	0.50
Share reserved for issue on exercise of options	-	-
Agreed sales of shares	-	-

Pursuant to the resolution passed by the Extraordinary Shareholders' Meeting on December 15, 2011, ordinary and savings shares have no par value.

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

	AMOUNTS AS AT	
	12.31.2011	12.31.2010
Legal Reserve	1,517,514	1,439,181
Statutory Reserve	1,195,845	1,144,946
Other Reserves	(1,125,397)	(1,221,306)
Total	**1,587,962**	**1,362,821**

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

In accordance with Section 2427, paragraph 7-bis, of the Italian Civil Code, the table below provides details on the origin, possible uses and availability of distribution of Shareholders' Equity, as well as the summary of its use in the three previous fiscal years.

Breakdown of Shareholders' equity (with indication of availability for distribution)

ITEMS	AMOUNT	PERMITTED USES (*)	AVAILABLE PORTION	SUMMARY OF USE IN THE THREE PREVIOUS FISCAL YEARS: TO COVER LOSSES	SUMMARY OF USE IN THE THREE PREVIOUS FISCAL YEARS: OTHER REASONS
Share capital	**12,148,463**	-	-		
Share premium	**36,823,215**	A, B, C	36,823,215		
Reserves:	**7,622,872**				
legal reserve	1,517,514	B (1)	1,517,514		
reserve for treasury shares or interests	2,440	-	-		
statutory reserves	1,195,845	A, B, C	1,195,845		550,250 (4)
reserves arising out of share swaps	511,210	A, B, C (2)	511,210		
reserves arising out of transfer of assets	477,090	A, B, C (2)	477,090		
reserves arising out of split-offs	4,972	A, B, C (2)	4,972		
reserves related to the medium-term incentive programme for Group staff	143,366	A	143,366		1,220 (5)
reserve related to equity-settled plans	265,644	-	-		
reserve related to business combinations (IFRS 3)	2,118,624	A, B, C	2,118,624		
reserve related to business combinations within the Group	3,949,176	A, B, C	3,949,176		
reserve arising out of transfers of assets within the Group under art. 58 Banking Law	(474,102)	A, B, C	(474,102)		
FTA reserve (related to changeover to IFRS)	(2,097,846)	A, B, C	(2,097,846)		
reserve arising out of sale of treasury shares	(585,530)	A, B, C	(585,530)		
reserve for allocating profits to Shareholders through the issuance of new free shares	1,193,962	A, B, C	1,193,962		
reserve for capital increase costs	(615,096)	A, B, C	(615,096)		
ESOP share price reserve	(4,713)	A, B, C	(4,713)		
reserve pursuant to art. 6, paragraph 2 Lgislative Decree 38/2005	5,723	-	-		
other	14,593	A, B, C	14,593		
Revaluation reserves	**(594,137)**				
monetary equalisation reserve under L. 576/75	4,087	A, B, C (2)	4,087		
monetary revaluation reserve under L.72/83	84,658	A, B, C (2)	84,658		
asset revaluation reserve under L. 408/90	28,965	A, B, C (2)	28,965		
property revaluation reserve under L. 413/91	159,310	A, B, C (2)	159,310		
Available-for-sale financial assets	(1,262,106)	- (3)	-		
Cash-flow hedges	390,949	- (3)	-		
Total	**56,000,413**		**44,449,300**		
Portion not allowed in distribution (**)			**2,573,059**		
Remaining portion available for distribution (***)			**41,876,241**		

(*) A: for capital increase; B: to cover losses; C: distribution to shareholders
(**) Includes €912,179 thousand to be allocated to the legal reserve in order to reach one-fifth of company capital stock, pursuant to the procedures provided in the Articles of Association
(***) The portion available for distribution is net of negative reserves
(1) Available, to cover losses, only after use of other Reserves
(2) If this Reserve is used to cover losses, profits may not be distributed until this Reserve has been replenished or reduced by an equivalent amount
The reduction must be approved by the Extraordinary General Meeting disregarding sections 2 and 3 of Article 2455 of the Civil Code.
The Reserve, if it is not included in capital resources, may only be reduced in accordance with sections 2 and 3 of Article 2455 of the Civil Code.
(3) Reserve unavailable pursuant to article 6 of Legislative Decree no. 38/2005
(4) For the amount distributed among shareholders as 2009 dividends.
(5) For a capital increase.

Part B - Balance Sheet

Other information

1. Guarantees given and commitments

TRANSACTIONS	AMOUNTS AS AT 12.31.2011	12.31.2010
1) Financial guarantees given to	**20,837,271**	**27,422,839**
a) Banks	8,574,551	17,341,082
b) Customers	12,262,720	10,081,757
2) Commercial guarantees given to	**15,428,382**	**15,211,018**
a) Banks	1,595,814	1,681,263
b) Customers	13,832,568	13,529,755
3) Other irrevocable commitments to disburse funds	**40,219,512**	**38,503,580**
a) banks:	17,298,201	11,666,859
i) usage certain	*17,091,672*	*11,224,847*
ii) usage uncertain	*206,529*	*442,012*
b) customers:	22,921,311	26,836,721
i) usage certain	*2,099,287*	*1,801,581*
ii) usage uncertain	*20,822,024*	*25,035,140*
4) Underlying obligations for credit derivatives: sales of protection	**5,000**	**412**
5) Assets used to guarantee others' obligations	**2,604**	**1,926**
6) Other commitments	**800,003**	**49,759**
Total	77,292,772	81,189,534

2. Assets used to guarantee own liabilities and commitments

PORTFOLIOS	AMOUNTS AS AT 12.31.2011	12.31.2010
1. Financial assets held for trading	1,499,188	3,462,624
2. Financial assets designated at fair value	924	1,022
3. Financial assets available for sale	19,044,523	13,219,702
4. Financial assets held to maturity	2,909,205	3,398,724
5. Loans and receivables with banks	4,806,083	1,448,352
6. Loans and receivables with customers	18,768,642	10,973,708
7. Property, plant and equipment	-	-
8. Equity investmets	11,616,504	-

Deposits from banks include €27,553 million related to Bank of Italy's refinancing operations collateralized by securities nominal value €46,610 million. Of these, the securities not recognized on balance-sheet - since they represent repurchased or retained UniCredit S.p.A.'s financial liabilities - amount to nominal €41,100 million.

Security borrowing transactions collateralized by securities or not collateralized

LENDER BREAKDOWN	AMOUNTS AS AT 12.31.2011			
	AMOUNTS OF THE SECURITIES BORROWED / TRANSACTION PURPOSE			
	GIVEN AS COLLATERAL IN OWN FUNDING TRANSACTIONS	SOLD	SOLD IN REPO TRANSACTIONS	OTHER PURPOSES
A. Banks	3,191,363	-	636,988	94,264
B. Financial companies	-	-	-	-
C. Insurance companies	-	-	-	-
D. Non-financial companies	-	-	-	-
E. Others	-	-	-	-
Total	**3,191,363**	**-**	**636,988**	**94,264**

3. Operating leasing

No data to be disclosed.

4. Asset management and trading on behalf of others

TYPE OF SERVICES	AMOUNTS AS AT 12.31.2011	12.31.2010
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	-	-
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	159,449,944	150,979,916
1. securities issued by th bank preparing the accounts	*40,912,321*	*34,865,831*
2. other securities	*118,537,623*	*116,114,085*
c) Third party securities deposited with third parties	157,776,608	149,496,393
d) Proprietary securities deposited with third parties	60,249,634	83,014,651
4. Other	**7,662,697**	**8,007,392**

Part C - Income Statement

Part C - Income Statement (Amounts in thousands of €)

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

1.1 Interest income and similar revenues: breakdown

	2011				2010
ITEMS/TYPE	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	TOTAL
1. Financial assets held for trading	68,349	-	15	68,364	94,652
2. Available-for-sale financial assets	542,423	-	-	542,423	349,334
3. Held-to-maturity investments	79,286	-	-	79,286	67,617
4. Loans and receivables with banks	172,432	311,114	160	483,706	645,701
5. Loans and receivables with customers	230,414	8,797,172	-	9,027,586	7,855,900
6. Financial assets at fair value through profit or loss	24	-	-	24	651
7. Hedging derivatives	X	X	553,225	553,225	973,313
8. Other assets	X	X	18,003	18,003	25,260
Total	**1,092,928**	**9,108,286**	**571,403**	**10,772,617**	**10,012,428**

The interest accrued during the year on positions classified at 12.31.2011 as “impaired” amount to €452,728 thousand.

1.2 and 1.5 Interest income/expense and similar revenues/charges: hedging differentials

ITEMS	2011	2010
A. Positive differentials relating to hedging operations	3,174,566	3,014,113
B. Negative differentials relating to hedging operations	(2,621,341)	(2,040,800)
C. Net differentials (A - B)	**553,225**	**973,313**

1.3.1 Interest income from financial assets denominated in currency

ITEMS	2011	2010
a) Assets denominated in currency	136,489	53,483

1.4 Interest expense and similar charges: breakdown

	2011				2010
ITEMS/TYPE	DEBTS	SECURITIES	OTHER TRANSACTIONS	TOTAL	TOTAL
1. Deposits from Central banks	(152,956)	X	-	(152,956)	(16,529)
2. Deposits from banks	(655,757)	X	-	(655,757)	(545,822)
3. Deposits from customers	(1,468,025)	X	-	(1,468,025)	(1,093,447)
4. Debt securities in issue	X	(3,703,136)	-	(3,703,136)	(3,205,515)
5. Financial liabilities held for trading	-	-	(86,957)	(86,957)	(37,942)
6. Financial liabilities at fair value through profit or loss	(182)	-	-	(182)	(1,125)
7. Other liabilities and funds	X	X	(1,327)	(1,327)	(69,304)
8. Hedging derivatives	X	X	-	-	-
Total	**(2,276,920)**	**(3,703,136)**	**(88,284)**	**(6,068,340)**	**(4,969,684)**

1.6.1 Interest expense on liabilities denominated in currency

ITEMS	2011	2010
a) Liabilities denominated in currency	(190,371)	(282,308)

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

2.1 Fee and commission income: breakdown

TYPE OF SERVICES/VALUES	2011	2010
a) guarantees given	**256,825**	**239,122**
b) credit derivatives	**250**	**-**
c) management, brokerage and consultancy services:	**1,279,645**	**1,321,150**
1. securities trading	254	371
2. currency trading	103,022	99,037
3. portfolio management	-	-
3.1. individual	-	-
3.2. collective	-	-
4. custody and administration of securities	18,286	22,899
5. custodian bank	-	8
6. placement of securities	401,487	439,570
7. reception and transmission of orders	113,722	119,437
8. advisory services	40,539	20,223
8.1 related to investments	*30,216*	*20,223*
8.2 related to financial structure	*10,323*	-
9. distribution of third party services	602,335	619,605
9.1 portfolio management	86,217	113,634
9.1.1. individual	*86,217*	*113,634*
9.1.2. collective	-	-
9.2. insurance products	498,180	493,606
9.3. other products	17,938	12,365
d) collection and payment services	**640,682**	**619,960**
e) securitization servicing	**37,912**	**32,878**
f) factoring	**-**	**-**
g) tax collection services	**-**	**-**
h) management of multilateral trading facilities	**-**	**-**
i) management of current accounts	**1,258,234**	**1,192,147**
j) other services	**330,129**	**333,012**
Total	**3,803,677**	**3,738,269**

2.2 Fee and commission income by distribution channel

CHANNELS/SECTORS	2011	2010
a) through bank branches	**1,003,667**	**1,058,425**
1. portfolio management	-	-
2. placement of securities	401,332	438,820
3. others' products and services	602,335	619,605
b) off-site	**155**	**750**
1. portfolio management	-	-
2. placement of securities	155	750
3. others' products and services	-	-
c) other distribution channels	**-**	**-**
1. portfolio management	-	-
2. placement of securities	-	-
3. others' products and services	-	-
Total	**1,003,822**	**1,059,175**

Part C - Income Statement (Continued)

2.3 Fee and commision expense: breakdown

TYPE OF SERVICES / VALUES	2011	2010
a) guarantees received	**(25,061)**	**(33,750)**
b) credit derivatives	**(84,599)**	**(95,279)**
c) management, brokerage and consultancy services:	**(66,454)**	**(66,326)**
1. trading financial instruments	(916)	(4,669)
2. currency trading	(2,356)	(2,525)
3. portfolio management:	-	-
3.1 own portfolio	-	-
3.2 third party portfolio	-	-
4. custodu and amministration of securities	(50,217)	(41,103)
5. placement of financial instrument	(376)	(364)
6. off-site distribution of financial instruments, products and services	(12,589)	(17,665)
d) collection and payment services	**(119,223)**	**(111,813)**
e) other services	**(102,116)**	**(118,204)**
Total	**(397,453)**	**(425,372)**

Section 3 - Dividend income and similar revenue - Item 70

3.1 Dividend income and similar revenue: breakdown

	2011		2010	
ITEMS/REVENUES	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS
A. Financial assets held for trading	-	-	-	-
B. Available for sale financial assets	35,639	3,044	32,813	1,010
C. Financial assets at fair value thought profit or loss	14	-	24	-
D. Investments	2,235,545	X	2,752,019	X
Total	**2,271,198**	**3,044**	**2,784,856**	**1,010**

	2011	2010
Total dividends and income from units in investments funds	**2,274,242**	**2,785,866**

Provided below is the breakdown of dividends on equity investments collected during 2010 and 2011.

Breakdown of dividends by shareholding

	2011	2010
UniCredit Bank AG	1,270,001	1,632,955
Pioneer Global Asset Management S.p.A.	456,747	189,909
Bank Pekao S.A.	267,095	110,806
UniCredit Bank Ireland P.l.c.	85,000	120,000
FinecoBank S.p.A.	48,502	39,408
UniCredit Mediocredito Centrale S.p.A.	35,353	2,890
Banca Agricola Commerciale della R.S.M. S.p.A.	26,384	11,899
Mediobanca - Banca di Credito Finanziario S.p.A.	12,670	12,670
Società Gestione per il Realizzo S.p.A.	7,246	-
Cordusio Società Fiduciaria per Azioni	7,000	2,500
Fineco Verwaltung AG	6,028	-
Creditras Assicurazioni S.p.A.	5,850	6,600
UniCredit Consumer Financing AD	3,288	-
UniCredit International Bank (Luxembourg) S.A.	1,873	-
I-Faber Società per Azioni	1,108	1,108
Creditras Vita S.p.A.	1,000	27,000
Box 2004 S.p.A.	337	-
Quercia Software S.p.A. (now UBIS)	35	-
Localmind S.p.A.	25	25
UniCredit Bulbank A.D.	3	4
UniCredit Real Estate Società consortile per azioni	-	512,050
UniCredit Credit Management Bank S.p.A.	-	39,282
UniCredit Factoring S.p.A.	-	22,637
Aviva S.p.A.	-	16,152
UniCredit (Suisse) Bank SA	-	2,549
BDR Roma Prima Ireland Ltd	-	1,334
SOFIPA Società di Gestione del Risparmio (SGR) S.p.A.	-	216
Sviluppo Globale GEIE	-	25
Total	**2,235,545**	**2,752,019**

Part C - Income Statement (Continued)

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

	2011				
TRANSACTIONS/P&L ITEMS	UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets held for trading	**7,731**	**16,277**	**(4,571)**	**(20,778)**	**(1,341)**
1.1 Debt securities	7,731	16,178	(4,558)	(20,770)	(1,419)
1.2 Equity instruments	-	84	(13)	(8)	63
1.3 Units in investment funds	-	15	-	-	15
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**	**(15,388)**
4. Derivatives	**2,977,819**	**1,290,041**	**(3,137,392)**	**(1,330,964)**	**(170,345)**
4.1 Financial derivatives:	2,977,819	1,290,011	(3,137,392)	(1,330,964)	(170,375)
- on debt securities and interest rates	2,880,082	1,204,257	(2,994,322)	(1,176,556)	(86,539)
- on equity securities and share indices	96,198	76,142	(141,671)	(145,539)	(114,870)
- on currency and gold	X	X	X	X	30,151
- other	1,539	9,612	(1,399)	(8,869)	883
4.2 Credit derivatives	-	30	-	-	30
Total	**2,985,550**	**1,306,318**	**(3,141,963)**	**(1,351,742)**	**(187,074)**

The negative result is mainly due to derivatives transactions and in particular to the effects of some strategic transactions carried out, including (i) the acquisition of an option on UniCredit shares which contributed for -€90 million, (ii) a contract signed with Bank Austria due to commitments assumed by UniCredit S.p.A. for the CAIB "squeeze out" process for -€16 million. Added to these effects there is also to the impact of the management of the interest-rate risk of the securitization transactions (-€59 million).

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

5.1 Fair value adjustments in hedge accounting: breakdown

PROFIT COMPONENT/VALUES	2011	2010
A. Gains on:		
A.1 Fair value hedging instruments	2,327,429	77,270
A.2 Hedged asset items (in fair value)	1,687,808	197,679
A.3 Hedged liability items (in fair value)	61,036	394,251
A.4 Cash-flow hedging derivatives	-	296
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities	**4,076,273**	**669,496**
B. Losses on:		
B.1 Fair value hedging instruments	(1,472,726)	(392,440)
B.2 Hedged asset items (in fair value)	(883,170)	(100,449)
B.3 Hedged liability items (in fair value)	(1,394,147)	(175,929)
B.4 Cash-flow hedging derivatives	(3,427)	-
B.5 Assets and liabilities denominated in currency	-	-
Total losses on hedging activities	**(3,753,470)**	**(668,818)**
C. Net hedging result	**322,803**	**678**

The positive 2011 result derived, for +€326 million, from the write-down of derivatives with UniCredit Bank AG.

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

6.1 Gains and losses on disposals/repurchases: breakdown

	2011			2010		
ITEMS /P&L ITEMS	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
Financial assets						
1. Loans and receivables with banks	14	-	14	16	(14)	2
2. Loans and receivables with customers	878	(16,784)	(15,906)	112,292	(10,230)	102,062
3. Available-for-sale financial assets	102,369	(14,069)	88,300	76,677	(6,358)	70,319
3.1 Debt securities	28,850	(14,069)	14,781	25,826	(1,518)	24,308
3.2 Equity instruments	72,194	-	72,194	18,873	-	18,873
3.3 Units in investment funds	1,325	-	1,325	31,978	(4,840)	27,138
3.4 Loans	-	-	-	-	-	-
4. Held-to-maturity investments	-	-	-	-	-	-
Total assets	**103,261**	**(30,853)**	**72,408**	**188,985**	**(16,602)**	**172,383**
Financial liabilities						
1. Deposits with banks	-	-	-	-	-	-
2. Deposits with customers	-	-	-	-	-	-
3. Debt securities in issue	32,433	(6,761)	25,672	86,718	(13,755)	72,963
Total liabilities	**32,433**	**(6,761)**	**25,672**	**86,718**	**(13,755)**	**72,963**
Total financial assets and liabilities			**98,080**			**245,346**

The gains realized for the year derive essentially from (i) sale of Available-for-Sale financial instruments, including the interest in *Cassa Compensazione e Garanzia* (€54 million) and in Net Insurance (€6 million), the shares in the Princess Private equity fund (€7 million) and Italian government bonds (€12 million), (ii) income from the repurchase of own shares (€26 million).

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

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

	2011				
TRANSACTIONS/P&L ITEMS	UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets	**-**	**15,395**	**(13,404)**	**-**	**1,991**
1.1 Debt securities	-	-	(107)	-	(107)
1.2 Equity securities	-	-	-	-	-
1.3 Units in investment funds	-	21	(13,297)	-	(13,276)
1.4 Loans	-	15,374	-	-	15,374
2. Financial liabilities	**121**	**-**	**-**	**-**	**121**
2.1 Debt securities	-	-	-	-	-
2.2 Deposits from banks	121	-	-	-	121
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	**121**	**15,395**	**(13,404)**	**-**	**2,112**

The net positive income of €2 million is the result of capital losses on strategic investments in mutual funds (-€13 million) and of the closing, with the enforcement of the guarantee, of the amount due from Socotherm written down almost entirely in 2010 (€15 million).

Part C - Income Statement (Continued)

Section 8 - Impairment losses - Item 130

8.1 Impairment losses on loans and receivables: breakdown

	2011								
	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC			SPECIFIC		PORTFOLIO			2010
TRANSACTIONS/P&L ITEMS	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	TOTAL
A. Loans and receivables with banks	-	(4,252)	(4,941)	-	44	-	142	(9,007)	(14,171)
- Loans	-	(4,252)	(4,941)	-	44	-	142	(9,007)	(14,171)
- Debt securities	-	-	-	-	-	-	-	-	-
B. Loans and receivables with customers	(873,219)	(3,722,767)	(730,131)	165,465	873,160	-	453,045	(3,834,447)	(3,672,406)
- Loans	(873,219)	(3,675,025)	(730,131)	165,465	873,160	-	453,045	(3,786,705)	(3,672,790)
- Debt securities	-	(47,742)	-	-	-	-	-	(47,742)	384
C. Total	**(873,219)**	**(3,727,019)**	**(735,072)**	**165,465**	**873,204**	**-**	**453,187**	**(3,843,454)**	**(3,686,577)**

8.2 Impairment losses on available for sale financial assets: breakdown

	2011					
	WRITE-DOWNS		WRITE-BACKS			
	SPECIFIC		SPECIFIC			2010
TRANSACTIONS/P&L ITEMS	WRITE-OFFS	OTHER	INTEREST	OTHER	TOTAL	TOTAL
A. Debt securities	-	(997)	-	-	(997)	-
B. Equity instruments	-	(78,815)	X	X	(78,815)	(42,122)
C. Units in investment funds	-	(10,398)	X	-	(10,398)	(29,501)
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	**-**	**(90,210)**	**-**	**-**	**(90,210)**	**(71,623)**

8.4 Impairment losses on other financial transactions: breakdown

	2011								
	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC			SPECIFIC		PORTFOLIO			2010
TRANSACTIONS/P&L ITEMS	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	TOTAL
A. Guarantees given	-	(22,938)	(104,187)	-	6,787	-	9,017	(111,321)	(81,410)
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	-	-	-	-	-	-	-	4,100
D. Other transactions	-	-	-	-	-	-	-	-	-
E. Total	**-**	**(22,938)**	**(104,187)**	**-**	**6,787**	**-**	**9,017**	**(111,321)**	**(77,310)**

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

Section 9 - Administrative costs - Item 150

9.1 Payroll: breakdown

TYPE OF EXPENSES/SECTORS	2011	2010
1) Employees	**(3,648,839)**	**(3,768,651)**
a) wages and salaries	(2,324,795)	(2,366,247)
b) social charges	(628,708)	(626,793)
c) severance pay	(156,587)	(212,476)
d) social security costs	-	-
e) allocation to employee severance pay provision	(50,945)	(61,991)
f) provision for retirement payments and similar provisions:	(58,121)	(53,845)
- defined contribution	(1,899)	(797)
- defined benefit	(56,222)	(53,048)
g) payments to external pension funds:	(102,951)	(109,009)
- defined contribution	(102,925)	(99,846)
- defined benefit	(26)	(9,163)
h) costs related to share-based payments	(20,886)	3,129
i) other employee benefits	(305,846)	(341,419)
2) Other staff in activity	**(13,145)**	**(19,500)**
3) Directors and Statutory Auditors	**(7,107)**	**(15,017)**
4) Early retirement costs	**-**	**-**
5) Recoveries of payments for second employees to other companies	**53,198**	**48,923**
6) Refund of expensives for employees seconded to the company	**(48,971)**	**(60,517)**
Total	**(3,664,864)**	**(3,814,762)**

"Payroll costs" consist of:

- charges for early retirement incentives related to the agreements signed as part of the One4C ("Insieme per il cliente") operation totaling €101 million;
- charges for restructuring operations with Capitalia group totaling €12 million.

In the reclassified income statement these charges are included in the "integration costs" Item.

9.2 Average number of employees by category

	2011	2010
Employees:	**42,702**	**43,936**
a) Senior managers	1,267	1,267
b) Managers	21,477	21,826
c) Remaining employees staff	19,958	20,843
Other Staff	**604**	**1,146**
Total	**43,306**	**45,082**

9.3 Defined benefit company pension funds: total cost

	2011	2010
Current service cost	(786)	(1,981)
Interest cost	(36,505)	(40,656)
Expected return on plan assets	2,619	1,783
Net actuarial gain/loss recognized in year	(21,371)	(10,532)
Past service cost	-	(1,662)
Gains/losses on curtailments and settlements	(179)	-
Total	**(56,222)**	**(53,048)**

9.4 Other employee benefits

	2011	2010
- Seniority premiums	(36,045)	(22,343)
- Leaving incentives	(119,303)	(186,295)
- Other	(150,498)	(132,781)
Total	**(305,846)**	**(341,419)**

Part C - Income Statement (Continued)

9.5 Other administrative expenses: breakdown

ITEMS	2011	2010
1) Indirect taxes and duties	**(341,385)**	**(321,709)**
2) Miscellaneous costs and expenses	**(2,675,326)**	**(2,719,612)**
a) advertising marketing and communication	**(148,449)**	**(140,812)**
advertising - campaigns & media	(24,121)	(19,213)
advertising - point of sale comunication & direct marketing	(11,389)	(12,962)
advertising - promotional expenses	(7,387)	(2,312)
advertising - market and comunication researches	(11,628)	(10,153)
advertising - sponsorship	(77,169)	(75,863)
entertainment and other expenses	(11,334)	(14,744)
convention and internal comunications	(5,421)	(5,565)
b) expenses related to credit risk	**(195,325)**	**(175,639)**
legal expenses to credit recovery	(84,777)	(61,916)
credit information and inquiries	(26,937)	(26,582)
credit recovery services	(83,611)	(87,141)
c) expenses related to personnel	**(161,035)**	**(153,739)**
personnel area services	(32,035)	(16,665)
personnel training & recruiting	(23,894)	(29,283)
travel expenses and car rentals	(75,294)	(76,309)
premises rentals for personnel	(29,807)	(31,439)
expenses for personnel financial advisors	(5)	(43)
d) Information & Communication Technology expenses	**(749,737)**	**(750,412)**
lease of ICT equipment and software	(1,600)	(1,561)
supply of small IT items	(4,787)	(2,791)
ICT consumables	(357)	(885)
telephone, swift & data transmission (ICT)	(8,378)	(11,174)
ICT services	(703,881)	(703,308)
financial information providers	(17,520)	(17,233)
repair and maintenance of ICT equipment	(13,214)	(13,460)
e) consulting and professionals services	**(177,941)**	**(184,118)**
technical consulting	(72,810)	(74,070)
professional services	(7,271)	(8,773)
management consulting	(19,326)	(30,445)
legal and notarial expenses	(78,534)	(70,830)
f) real estate expenses	**(727,897)**	**(737,984)**
internal and external surveillance of premises	(27,645)	(30,448)
real estate services	(44,027)	(41,595)
cleaning of premises	(3,206)	(3,751)
repair and maintenance of furniture, machinery, equipment	(40,851)	(37,559)
maintenance of premises	(4,618)	(7,462)
premises rentals	(500,572)	(506,814)
utilities	(106,978)	(110,355)
g) other functioning costs	**(514,942)**	**(576,908)**
insurance	(35,053)	(29,189)
office equipment rentals	(1,314)	(1,670)
postage	(51,262)	(54,498)
printing and stationery	(8,053)	(6,908)
administrative services	(314,559)	(367,669)
logistic services	(15,753)	(20,362)
transport of documents	(28,437)	(27,202)
supply of small office items	(4,325)	(8,512)
donations	(10,156)	(8,909)
association dues and fees	(18,052)	(12,949)
others expenses - other	(27,978)	(39,040)
Total (1+2)	**(3,016,711)**	**(3,041,321)**

Section 10 - Provisions for risks and charges - Item 160

10.1 Net provisions for risks and charges: breakdown

ITEMS	2011 PROVISIONS	2011 REALLOCATION SURPLUS	2011 TOTAL	2010 TOTAL
1. Other provisions				
1.1 legal disputes	(214,876)	102,425	(112,451)	(148,125)
1.2 staff costs	-	-	-	-
1.3 other	(236,790)	45,518	(191,272)	(88,486)
Total	**(451,666)**	**147,943**	**(303,723)**	**(236,611)**

The provisions of the sub-item “1.3 Other” primarily relate to charges associated with the assignment of debt to Aspra (€27 million) and tax disputes (€113 million).

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

11.1 Impairment on property, plant and equipment: breakdown

ASSETS/P&L ITEMS	2011 DEPRECIATION	2011 IMPAIRMENT LOSSES	2011 WRITE-BACKS	2011 NET PROFIT
A. Property, plant and equipment				
A.1 Owned	(71,128)	(1,163)	-	(72,291)
- used in the business	(71,043)	(1,163)	-	(72,206)
- held for investment	(85)	-	-	(85)
A.2 Finance lease	-	-	-	-
- used in the business	-	-	-	-
- held for investment	-	-	-	-
Total	**(71,128)**	**(1,163)**	**-**	**(72,291)**

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

12.1 Impairment on intangible assets: breakdown

ASSETS/P&L ITEMS	2011 AMORTISATION	2011 IMPAIRMENT LOSSES	2011 WRITE-BACKS	2011 NET PROFIT
A. Intangible assets				
A.1 Owned	(4,198)	(3)	-	(4,201)
- generated internally by the company	-	-	-	-
- other	(4,198)	(3)	-	(4,201)
A.2 Finance leases	-	-	-	-
Total	**(4,198)**	**(3)**	**-**	**(4,201)**

Part C - Income Statement (Continued)

Section 13 - Other net operating income - Item 190

13.1 Other operating expense: breakdown

TYPE OF EXPENSE/VALUES	2011	2010
Impairment losses on leasehold improvements (on non-separable assets)	(72,116)	(75,392)
Other	(84,481)	(82,716)
Total	**(156,597)**	**(158,108)**

13.2 Other operating income: breakdown

TYPE OF REVENUE/VALUES	2011	2010
Recovery of costs	415,898	374,843
Revenues for administrative services	8,750	7,122
Other Revenues	47,989	75,914
Total	**472,637**	**457,879**

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

14.1 Profit (Loss) of associates: breakdown

P&L ITEMS/SECTORS	2011	2010
A. Income	**54,840**	**26,690**
1. Revaluations	-	-
2. Gains on disposal	53,606	26,690
3. Writebacks	1,234	-
4. Other gains	-	-
B. Expense	**(1,432,282)**	**(27,687)**
1. Writedowns	-	-
2. Impairment losses	(1,432,282)	(27,317)
3. Losses on disposal	-	(370)
4. Other expenses	-	-
Net profit	**(1,377,442)**	**(997)**

Gains on disposals include the sale of the affiliates Banca Agricola Commerciale della Repubblica di San Marino (€50 million) and Metis (€0.5 million), both classified, before the sale, under "Non-current assets and groups of assets held for sale."

Value adjustments for impairment include: (i) write-downs of the subsidiaries UniCredit Bank Ireland (-€426 million), UniCredit Credit Management Bank (-€86 million), Fineco Leasing (-€87 million), UniCredit International Bank Luxembourg (-€84 million), Italpetroli (-€30 million), Fineco Verwaltung (-€3 million) and (ii) write-downs of the affiliates Mediobanca (-€500 million), FonSai (-€111 million), CNP (-€102 million).

Value adjustments for impairment also include IRFIS totalling €1 million, equity interest remaining at the end of 2011 under "Non-current assets and groups of assets held for sale."

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

No data to be disclosed in this section.

Section 16 - Impairment of goodwill - Item 230

16.1 Impairment of goodwill: breakdowns

	2011	2010
Impairment of goodwill	**(4,894,075)**	**-**

Refer to what illustrated in Part A - Accounting policies for description of the methods for determining goodwill losses.

Refer to what stated in Part B - Balance Sheet for the description of the methods for performing impairment tests on goodwill.

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

17.1 Gains and losses on disposal of investments: breakdown

P&L ITEMS	2011	2010
A. Property	**14,013**	**-**
- Gains on disposal	14,013	-
- Losses on disposal	-	-
B. Other assets	**(1,214)**	**(997)**
- Gains on disposal	102	39
- Losses on disposal	(1,316)	(1,036)
Net gains (losses)	**12,799**	**(997)**

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

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

P&L ITEMS/SECTORS	2011	2010
1. Current tax (-)	(335,397)	(96,671)
2. Adjustment to current tax of prior years (+/-)	(397,406)	11,067
3. Reduction of current tax for the year (+)	-	-
4. Changes to deferred tax assets (+/-)	798,311	442,467
5. Changes to deferred tax liabilities (+/-)	14,632	18,813
6. Tax expense for the year(+/-)	**80,140**	**375,676**

Income taxes for the year report a positive value of €80 million, with a decrease of €296 million compared to 2010.

Part C - Income Statement (Continued)

18.2 Reconciliation of theoretical tax charge to actual tax charge

	2011	2010
Total profit or loss before tax from continuing operations (item 250)	**(6,428,789)**	**407,667**
Theoretical tax rate	27,5%	27,5%
Theoretical computed taxes on income	**1,767,917**	**(112,108)**
1. Different tax rates	-	-
2. Non-taxable income - permanent differences	656,173	765,089
3. Non-deductible expenses - permanent differences	(1,930,876)	(209,251)
4. Different fiscal laws/IRAP	(244,707)	(234,177)
a) IRAP (italian companies)	(244,707)	(234,177)
b) other taxes (foreign companies)	-	-
5. Prior years and changes in tax rates	(415,848)	8,142
a) effects on current taxes	(415,848)	46,380
- tax loss carryforward/unused tax credit	-	-
- other effects of previous periods	*(415,848)*	*46,380*
b) effects on deferred taxes	-	(38,238)
- changes in tax rates	-	-
- new taxes incurred (+) previous taxes revocation (-)	-	-
- true-ups/ adjustments of the calculated deferred taxes	-	*(38,238)*
6. Valuation adjustments and non-recognition of deferred taxes	308,793	173,535
a) deferred tax assets write-down	-	(186,000)
b) deferred tax assets recognition	186,000	359,535
c) deferred tax assets non recognition	-	-
d) deferred taxes non-recognition according to IAS 12.39 and 12.44	-	-
e) other	122,793	-
7. Amortization of goodwill	-	-
8. Non-taxable foreign income	-	-
9. Other differences	(61,312)	(15,554)
Recognized taxes on income	**80,140**	**375,676**

Section 19 - Gains (Losses) on groups of assets held for sale, net of tax - Item 2800

No data to be disclosed in this section.

Section 20 - Other information

No information to be disclosed in this section.

Section 21 – Earnings per share

Earnings per share

	2011	2010
Net profit (loss) (thousands of euros) (1)	(6,520,903)	626,999
Average number of outstanding shares (2)	1,833,025,145	1,813,419,714
Average number of potential dilutive shares	692,981	652,461
Average number of diluted shares	1,833,718,126	1,814,072,176
Earning per share (€)	**(3,56)**	**0,35**
Diluted earning per share (€)	**(3,56)**	**0,35**

1) € 172,254 thousand was added to 2011 net losses of € 6,348,649 thousand due to disbursements charged to equity made in connection with the contract of usufruct on own 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 periods presented (IAS 33, § 64).

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.

Part D - Comprehensive Income

Part D - Comprehensive Income (Amounts in thousands of €)

Other comprensive income statement

ITEMS	BEFORE TAX EFFECTS	TAX EFFECTS	AFTER TAX EFFECTS
10. Net Profit or Loss for the year	**X**	**X**	**(6,348,649)**
Other comprehensive income before tax			
20. Available-for-sale financial assets	**(1,638,713)**	**540,986**	**(1,097,727)**
a) fair value changes	(1,656,683)	543,653	(1,113,030)
b) reclassifications through profit or loss	13,487	(7,000)	6,487
- due to impairment	(2,078)	(185)	(2,263)
- following disposal	15,565	(6,815)	8,750
c) other variations	4,483	4,333	8,816
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:	**225,557**	**(77,342)**	**148,215**
a) fair value changes	225,557	(74,547)	151,010
b) reclassifications through profit or loss	-	-	-
c) other variations	-	(2,795)	(2,795)
70. Exchange differences:	**-**	**-**	**-**
a) fair value changes	-	-	-
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	**(1,413,156)**	**463,644**	**(949,512)**
120. Comprehensive income (Item 10+110)			**(7,298,161)**

Part E - Risks and Hedging Policies

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

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

In particular, the Risk Management function is responsible for the following tasks:
- optimizing 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 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, steering the methodological choices towards higher and homogeneous qualitative standards and controlling the coherence in using the above systems within the processes;
- setting up an adequate system of preventive risk analysis, in order to quantify the impacts of a quick worsening of the economic cycle or of other shock factors (i.e. Stress Test) on the economic and financial structure. This holds for single risk types as well as their integration and comparison to available capital;
- creating a risk culture in UniCredit S.p.A. and across the whole Group.

Section 1 - Credit risks

QUALITATIVE INFORMATION

1. General

With reference to the risks management model, the governance was streamlined according to the One4C project in order to achieve higher levels of efficiency and ensure a strong control on risk related topics. The "CRO Italy" function was accordingly set up assigning all the credit and risk management responsibilities of the Italian perimeter as well as the managerial coordination of the relevant risk management functions in the Italian Legal Entities of the Group.

During the 1Q11 the 2011 Group Credit Risk Strategies were released, consistent with the "risk appetite" of the Group and the metrics of Pillar II. In accordance with Pillar II of Basel II, an update on risk concentration at single economic group (Bulk Risks) and at industry level was provided. In order to further improve the process and methodologies for the Group Credit Risk Strategies setting and for the credit risk stress tests execution, the relevant internal regulations have been updated.

During 2011 were implemented also main aspects of "country risk-cross border credit business" policy (i.e. assessment of country risk, rating assignment, cross border country limit proposal and approval). In 2012 automated procedures of collection of single transaction, identified according to defined characteristics (domestic vs. cross border; in local vs. foreign currency), will lead to a full implementation of the policy (i.e. inclusion of cross border transaction in local currency).

The stress testing activities on credit risk, consistent with the requirements of the Regulators, have been performed on the basis of a common scenario internationally defined. The exercise was carried out following the guidelines of the European Banking Authority (EBA) in coordination with the Bank of Italy and other national Regulators involved, the European Systemic Risk Board (ESRB), the European Central Bank (ECB) and the European Commission. The impacts of the simulation have been evaluated both in terms of income, considering the impacts on provisions and profit / loss of the year, both at balance sheet level where the impacts on minimum capital requirements (Pillar I) have been considered.

During 2011, the activities of group mapping of the most relevant customer groups have been reinforced assigning the responsibility to a function within the Group Risk Management of UniCredit S.p.A..

Within the scope of Italian business, in order to facilitate the operations of UniCredit S.p.A., the former IT tools to support the process of credit underwriting of Corporate and SME (Small and Medium Enterprises) customers have been integrated into a single IT platform in October.

With the aim of an enhancing of credit evaluation of SME (Small and Medium Enterprises) and Corporate customers, a new rating model has been introduced in order to replace the previous one. Among the most important benefits, it is worth to mention "the greater level of detail in risk measurement" and "the greater stability of parameters".

During 2011, in order to complete the process of credit simplification, a project of rationalization of credit operations and monitoring in Italy (Credit Operations Italy) was made and the organizational changes will be implemented during the beginning of 2012. The new structure consists of 7 Territorial Credit Hubs responsible for cross-segment lending and risk monitoring (Corporate, SME Corporate and Individuals).

In order to ensure a stronger control of the activities after the underwriting / lending phase, a new function named Loan Administration was set up with the responsibility to verify the compliance with the conditions defined by the credit decision (especially for the Real Estate financing) and the compliance with the contract covenants. Loan Administration manages also mutual guarantees consortia, public guarantees and subsidized financing.

As far as the collateral management is concerned, the monitoring of legal certainty and of credit risk mitigation have been further consolidated in the scope of UniCredit S.p.A..

In order to continue to ensure adequate support to the economy and to enterprises in the scope of the Italian business, the following initiatives have been pursued:
- a service model dedicated to Corporate Networks (Reti d'Impresa) has been defined;
- the activities started in 2010 to support enterprises continued with the initiative 'Italy Recovery' ('Ripresa Italia') with the aim to support enterprises that have invested in post-crisis recovery through export;
- a custom loan for enterprises facing the difficult period of generational change has been rolled out ('Next Generation' mortgage).

2. Credit Risk Management Policy
2.1 Organization
The credit risk organization in UniCredit S.p.A. 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 credit portfolio;
    - controlling the credit risk limit;
    - developing the methodologies for measuring credit risk;
    - drawing up 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 proposal 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 proposal related to "FIBS" counterparties booked with the Parent Company;

Part E - Risks and Hedging Policies (Continued)

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

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

In UniCredit S.p.A., these functions are undertaken by organizational structures of "CRO Italy", reporting to "Group CRO" and in particular:
- the "Risk Management Italy" department responsible - among other activities - for governance and control of credit risk originating in the "Country Chairman Italy" perimeter activities. Among others things, it is responsible for:
  - defining operational credit policies and ensuring the consistency of Group rules application within credit risk, as well as check 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 risk 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 check 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 management of Restructuring and Workout activities of the Italian perimeter, except for files above a given threshold or defined as "strategic/sensitive";
- "Credit Operations Italy" department, breaks down as follow:
  - "F&SME Credit Operations", "Corporate Credit Operations", "Private Banking Credit Operations", "Underwriting 1" and "Underwriting 2" departments responsible, each one for the pertaining customers, for managing the credit underwriting activities for UniCredit S.p.A. customers (with inclusion of the mortgages), through the evaluation of counterparties' creditworthiness, deciding - within its delegated powers - lines of credit, or forwarding the relevant proposal to the competent deliberative bodies;
  - "Monitoring" department responsible for monitoring the performance of positions for which it is competent;
  - "Loan Administration" department 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;
  - "Credit Operations Italy Support" department that, among other activities, is responsible for ensuring the credit quality, propagating guidelines on the processes for measuring the creditworthiness of counterparties.

Furthermore, it is necessary to mention a review of the CRO Italy organizational structure is ongoing; new organizational structure will enter in force in the next months, therefore the related disclosure will be provided in the next publications.

In addition to that, with respect to credit risk specific committees are active:
- the “Group Credit Committee”, in charge of discussing and approving competent credit proposals, including “restructuring” and “workout” files, relevant strategies and corrective actions to be taken (including classification of status when applicable) for “watchlist” files, specific limits for transactions related to debt capital markets on Trading Book, single issuer exposure limits on Trading Book;
- the “Group Credit and Cross-Border Risks Committee”, responsible for monitoring credit and cross-border risks at Group level, for submitting to the “Group Risk Committee” - for either approval or information - credit and cross-border risk strategies, policies, methodologies and limits as well as regular reporting on credit and cross-border risk portfolio and profile;
- the “Group Transactional Credit Committee”, in charge of discussing and approving or issuing of non-binding opinions to the Group Legal Entities, within the delegated powers, for: credit proposals excluding “restructuring” and “workout” files; strategies and relevant corrective actions to be taken for “watchlist” files, specific limits for transactions related to debt capital markets, single issuer exposure limits on Trading book;
- the ”Italian Transactional Credit Committee”, in charge of discussing and approving, within the delegated powers, credit proposal submitted by the Business Unit “Corporate Banking Italy Network”, “Investment Banking Italy Network”, “PB Italy Network”, “F&SME Italy Network” and “Consumer Finance” and/or issuing of non-Binding Opinion regarding Italian Legal Entities, for: credit proposals (excluding restructuring and workout files), status classification of files, strategies and measures for watchlist files;
- the “Group Special Credit Committee”, in charge of evaluating, within the delegated powers, “restructuring” or “workout” files as well as monitoring the overall restructuring and workout portfolio proceeding and for ensuring coordination and support with reference to restructuring and workout files managed within the Group;
- the “Group Rating Committee”, responsible for taking decisions and/or issuing non-binding opinions to the Group Legal Entities on rating override proposals.

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 risks. Other banking operations, in addition to traditional lending and deposit activities, can expose UniCredit 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 operations, financial condition and operating results of UniCredit S.p.A..

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 of Group, 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 (from the standpoint of the UniCredit S.p.A. providing the loan) in foreign currency (from the standpoint of the borrower); transaction in local currency will be included during 2012. In fact in 2012 automated procedures of collection of single transaction, identified according to defined characteristics (domestic vs. cross border; in local vs. foreign currency), will be implemented.

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.

Part E - Risks and Hedging Policies (Continued)

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 risk 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 Italy) and the "Cross Border Risk" (if the Borrower is located elsewhere).

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 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 UniCredit S.p.A..

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, 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 UniCredit S.p.A. and 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.

2.2 Credit Risk Management, Measurement and Control

2.2.1 Reporting and Monitoring

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

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

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

Starting from the second half of 2010, reporting activities are carried out by two dedicated Group Risk Management functions: the Group Risk Reporting unit under the Group Risk Management Operating Office Department and the Group Credit Risk Portfolio Analytics team within the Group Credit Risks Department. The Group Risk Reporting unit is in charge of risk reporting, 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 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 provided by the "F&SME Risks" department.

During the whole 2011 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 analyzing the main components of this risk and their temporal evolution, in order to be able to detect promptly any symptoms of deterioration and, therefore, take appropriate corrective actions.

2.2.2 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 UniCredit S.p.A. itself, 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 functions of UniCredit S.p.A. a dedicated 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, "General Group Credit Policies" defining group-wide rules and principles for guiding, governing and standardizing the credit risk assessment and management, in line with the regulatory requirements and Group best practice.

The general rules are supplemented by policies governing defined subjects (business areas, segment activities, type of counterpart / transaction, etc.). Such documents are divided in two categories:
- policies on Group-wide topics, developed by 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 Financing (CREF)" and on "Structured Trade and Export Finance (STEF)";
- policies developed locally by single Legal Entitles. Such documents provide detailed credit rules for specific regions, subsidiaries, etc., if required by local market peculiarities, and are applicable only within the specific Legal Entity perimeter.

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

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

2.2.3 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 borrower, counterparty 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.

Part E - Risks and Hedging Policies (Continued)

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 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. 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 $1-\alpha$ confidence level. UniCredit selected α=0.03% which corresponds to a 99,97% confidence level).

Economic Capital is derived from Value at Risk subtracting the expected loss and it is an input for determining Internal Capital set up to cover potential unexpected losses from risk factors.

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

2.2.4 Credit Risk Strategies

According to Pillar II provisions, credit risk strategies for UniCredit S.p.A.'s credit portfolio are an advanced credit risk management tool. Consistent both with the budget process and with Pillar II / Risk Appetite framework, they are aimed at providing the concrete deployment of risk appetite targets by Division and Legal Entity, considering the expected vulnerability of the 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 given the expected remuneration, 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. and Legal Entities level when the latter take measures to optimize the portfolio reshaping 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 view.

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 implemented by using all available credit risk measures, especially the credit VaR model, which enables correct and prudent management of portfolio risk, using advanced methodologies and tools. In parallel a set of qualitative information, taking into account the different divisional / territorial characteristics, are incorporated and transformed in input variables for the credit portfolio optimization models.

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

Such concentration risk, according to the Basel II definition, consists of a single exposure or of a group of correlated exposures with the potential to generate losses of such magnitude as to prejudice UniCredit S.p.A. ability to carry on its normal business.

In order to identify, manage, measure and monitor concentration risk, the UniCredit S.p.A.'s competent functions define and monitor credit limits to cover two different types of concentration risk:
- significant amount credit exposures to a single counterparty or to a set of counterparties economically connected ("bulk risk" for Multinationals, Financial Institutions and Banks);
- credit exposures to counterparties belonging to the same economic sector ("sectorial risk").

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

Stress test simulations are a comprehensive part of credit risk strategies definition. With stress test procedure it is possible to re-estimate some risk parameters like PD, Expected Loss, economic capital and RWA under the assumption of "extreme but plausible" macroeconomic and financial stressed scenario. Stressed parameters are used not only for regulatory purposes (Pillar I and Pillar II requirements), but also as managerial indicators about the portfolio vulnerability of single business lines, industries / regional areas, customer groups and other relevant clusters, conditioned to a downturn of economic cycle.

Part E - Risks and Hedging Policies (Continued)

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

2.3 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 techniques for regulatory capital purposes, according to the different approaches adopted (Standardized, Foundation IRB or Advanced IRB) both for internal use in operations and for the purposes of calculating the credit risk capital requirements.

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

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

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

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

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

2.4 Impaired Loans

With reference to the "non-performing" portfolio, UniCredit S.p.A. 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 to perform the necessary restrictive management measures aimed at risk reduction in the early phases prior to the potential default;
- proper assessment of the impaired loans, in order to define the strategies/actions to be taken and the applicable default classification;
- initiating recovery procedures on the basis of the type and amount of exposure and the specific borrower involved;
- appropriate provisioning through profit and loss in line with the relevant recovery strategies and plans as well as the type of exposure. Provisioning is carried out in line with the principles of IAS 39 and Basel II rules;
- accurate and regular reporting in order to monitor aggregate portfolio risk over time.

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

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

Main facts of 2011 to be mentioned refer to a "Restructuring" Italy Function under CRO Italy was established to focus on a territorial approach of the activities of the Function. The mentioned structure supplements the dedicated Function within the Holding Company which reports directly to the Group CRO, aimed at managing restructuring and workout files above given thresholds or defined as strategic/sensitive.

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 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.

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

A.1 Impaired and performing loans: amounts, writedowns, changes, economic and geographical distribution
Part A.1 does not include equity instruments or UCITS shares.

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	15,201	66,335	7,268	92,633	11,298,358	11,479,795
2. Available-for-sale financial assets	-	-	-	4,088	23,063,498	23,067,586
3. Held-to-maturity financial instruments	-	-	-	-	4,494,394	4,494,394
4. Loans and receivables with banks	-	1,224	-	3,022	29,629,120	29,633,366
5. Loans and receivables with customers	7,257,975	8,035,915	2,827,013	2,725,196	235,404,903	256,251,002
6. Financial assets at fair value through profit or loss	-	-	-	-	931	931
7. Financial instruments classified as held for sale	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	5,431,237	5,431,237
Total 12.31.2011	**7,273,176**	**8,103,474**	**2,834,281**	**2,824,939**	**309,322,441**	**330,358,311**
Total 12.31.2010	**4,736,342**	**8,417,411**	**2,575,579**	**2,887,717**	**305,357,789**	**323,974,838**

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

PORTFOLIO/QUALITY	IMPAIRED ASSETS			PERFORMING			
	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	TOTAL (NET EXPOSURE)
1. Financial assets held for trading	235,383	53,946	181,437	X	X	11,298,358	11,479,795
2. Available-for-sale financial assets	4,088	-	4,088	23,063,498	-	23,063,498	23,067,586
3. Held-to-maturity financial instruments	-	-	-	4,494,394	-	4,494,394	4,494,394
4. Loans and receivables with banks	14,747	10,501	4,246	29,634,259	5,139	29,629,120	29,633,366
5. Loans and receivables with customers	31,317,032	10,470,933	20,846,099	236,829,666	1,424,763	235,404,903	256,251,002
6. Financial assets at fair value through profit or loss	-	-	-	X	X	931	931
7. Financial instruments classified as held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	5,431,237	5,431,237
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**
Total 12.31.2010	**27,142,722**	**8,525,673**	**18,617,049**	**293,492,503**	**1,320,712**	**305,357,789**	**323,974,838**

Part E - Risks and Hedging Policies (Continued)

As required by Banca d'Italia in its letter dated February 22, 2011 in the section *"Bilancio e segnalazioni di vigilanza"* (Accounts and supervisory reporting), the table below provides a breakdown of credit exposures being renegotiated, i.e. whose installment payment (both principal and interest) has been temporarily suspended in compliance with the general agreements entered by Banking Association or with regulations prevailing in Italy.

As at December 31, 2011 there are no such positions in the portfolios of financial assets other than loans to customers.

Customer Loans - Exposures renegotiated under collective agreements

	PERFORMING									
	OTHER PERFORMING EXPOSURE			NOT IMPAIRED PAST DUE (1-90 DAYS)			NOT IMPAIRED PAST DUE (91-180 DAYS)			TOTAL (NET EXPOSURE) 12.31.2011
PORTAFOLIO / QUALITY	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	
5. Loans and receivables with customers	**220,634,897**	**1,178,955**	**219,455,942**	**15,665,613**	**198,393**	**15,467,220**	**529,156**	**47,415**	**481,741**	**235,404,903**
- Exposures renegotiated in application of collective agreements	1,042,495	4,747	1,037,748	121,149	1,335	119,814	11,502	1,704	9,798	1,167,360
- Other exposures	219,592,402	1,174,208	218,418,194	15,544,464	197,058	15,347,406	517,654	45,711	471,943	234,237,543

A.1.3. On - balance sheet and off- balance sheet credit exposure to banks: gross and net values

	AMOUNTS AS AT 12.31.2011			
EXPOSURE TYPES / AMOUNTS	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. Balance sheet exposure				
a) Non-performing loans	6,249	6,249	X	-
b) Doubtful loans	1,817	593	X	1,224
c) Restructured exposures	-	-	X	-
d) Past due	6,682	3,660	X	3,022
e) Other assets	33,243,966	X	5,139	33,238,827
Total A	**33,258,714**	**10,502**	**5,139**	**33,243,073**
B. Off-Balance sheet exposure				
a) Impaired	115	-	X	115
b) Other	37,547,194	X	-	37,547,194
Total B	**37,547,309**	**-**	**-**	**37,547,309**
Total (A+B)	**70,806,023**	**10,502**	**5,139**	**70,790,382**

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

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

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

A.1.4 Balance-sheet credit exposures with banks: gross change in impaired exposures

	CHANGES IN 2011			
SOURCE/CATEGORIES	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST DUE EXPOSURES
A. Opening balance - gross exposure	**6,611**	**-**	**-**	**324,221**
- of which: assets sold but not derecognised	-	-	-	-
B. Increases	**618**	**54,108**	**-**	**1,077,763**
B.1 transfers from performing loans	-	52,375	-	705,267
B.2 transfers from other impaired exposure categories	-	-	-	-
B.3 other increases	618	1,733	-	372,496
C. Reductions	**980**	**52,291**	**-**	**1,395,302**
C.1 transfers to performing loans	565	-	-	438,278
C.2 derecognised items	-	-	-	-
C.3 recoveries	-	2,026	-	-
C.4 sales proceeds	-	-	-	-
C.5 transfers to other impaired exposure categories	-	-	-	-
C.6 other reductions	415	50,265	-	957,024
D. Gross exposure closing balance	**6,249**	**1,817**	**-**	**6,682**
- of which: assets sold but not derecognised	-	-	-	-

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

	CHANGES IN 2011			
SOURCE/CATEGORIES	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST DUE EXPOSURES
A. Opening gross writedowns	**6,142**	**-**	**-**	**-**
- of which: sold but not derecognised	-	-	-	-
B. Increases	**151**	**18,093**	**-**	**3,660**
B.1 writedowns	-	593	-	3,660
B.2 transfers from other impaired exposure	-	-	-	-
B.3 other increases	151	17,500	-	-
C. Reductions	**44**	**17,500**	**-**	**-**
C.1 write-backs from assessments	-	-	-	-
C.2 write-backs from recoveries	44	-	-	-
C.3 write-offs	-	-	-	-
C.4 transfers to other impaired exposure	-	-	-	-
C.5 other reductions	-	17,500	-	-
D. Final gross writedowns	**6,249**	**593**	**-**	**3,660**
- of which: sold but not derecognised	-	-	-	-

Part E - Risks and Hedging Policies (Continued)

A.1.6. Balance sheet and off- balance sheet credit exposure to customers: gross and net values

	AMOUNTS AS AT 12.31.2011			
EXPOSURE TYPES / AMOUNTS	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. Balance sheet exposure				
a) Non-performing loans	13,123,195	5,865,220	X	7,257,975
b) Doubtful loans	11,886,139	3,850,224	X	8,035,915
c) Restructured exposures	3,172,028	345,015	X	2,827,013
d) Past due	3,139,758	410,474	X	2,729,284
e) Other assets	262,357,409	X	1,424,763	260,932,646
Total A	**293,678,529**	**10,470,933**	**1,424,763**	**281,782,833**
B. Off-balance sheet exposure				
a) Impaired	1,335,281	93,164	X	1,242,117
b) Other	55,520,806	X	727,369	54,793,437
Total B	**56,856,087**	**93,164**	**727,369**	**56,035,554**
Total (A+B)	**350,534,616**	**10,564,097**	**2,152,132**	**337,818,387**

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

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

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

A.1.7 Balance-sheet credit exposures to customers: gross change in impaired exposures

	CHANGES IN 2011			
SOURCE/CATEGORIES	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST DUE EXPOSURES
A. Opening balance - gross exposure	**8,807,196**	**12,274,649**	**2,723,276**	**2,816,921**
- of which: sold but not derecognised	*187,859*	*1,153,403*	*-*	*97,669*
B. Increases	**7,229,227**	**11,480,901**	**2,052,025**	**6,565,448**
B.1 transfers from performing loans	242,060	4,569,167	387,061	5,225,815
B.2 transfers from other impaired exposure	5,376,949	3,659,441	401,049	917,334
B.3 other increases	1,610,218	3,252,293	1,263,915	422,299
of which: business combinations	*226,225*	*47,119*	*1,167*	*7,440*
C. Reductions	**2,913,228**	**11,869,411**	**1,603,273**	**6,242,611**
C.1 transfers to performing loans	10,676	1,445,233	53,775	1,998,700
C.2 derecognised items	1,952,158	214,168	115,717	-
C.3 recoveries	437,382	3,786,487	954	2,797
C.4 sales proceeds	3,320	2,001	-	-
C.5 transfers to other impaired exposure	173,323	6,417,395	204,574	3,559,481
C.6 other reductions	336,369	4,127	1,228,253	681,633
of which: business combinations	*2,182*	*-*	*-*	*-*
D. Closing balance-gross exposure	**13,123,195**	**11,886,139**	**3,172,028**	**3,139,758**
- of which: sold but not derecognised	*248,553*	*179,603*	*-*	*13,038*

A.1.8 Balance-sheet credit exposures to customers: changes in overall impairment

SOURCE/CATEGORIES	CHANGES IN 2011 NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST DUE EXPOSURES
A. Total opening writedowns	**4,081,733**	**3,927,615**	**160,374**	**306,022**
- of which: sold but not derecognised	*56,367*	*268,177*	-	*15,258*
B. Increases	**4,174,265**	**2,584,707**	**384,984**	**597,850**
B.1 writedowns	2,194,927	1,802,421	277,635	285,415
B.2 transfers from other impaired exposure	1,561,535	369,027	72,491	128,132
B.3 other increases	417,803	413,259	34,858	184,303
of which: business combinations	*127,584*	*6,043*	*68*	*97*
C. Reductions	**2,390,778**	**2,662,098**	**200,343**	**493,398**
C.1 write-backs from assessments	247,891	210,113	26,009	9,737
C.2 write-backs from recoveries	140,446	381,675	12,069	27,353
C.3 write-offs	1,952,158	214,168	115,717	-
C.4 transfers to other impaired exposure	43,163	1,713,406	46,187	328,429
C.5 other reductions	7,120	142,736	361	127,879
of which: business combinations	*2,182*	-	-	-
D. Final gross writedowns	**5,865,220**	**3,850,224**	**345,015**	**410,474**
- of which: sold but not derecognised	*80,318*	*41,911*	-	*1,726*

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

A.2.1 Balance Sheet and off-balance sheet credit exposure by external rating class (book values)

	AMOUNTS AS AT 12.31.2011							
	EXTERNAL RATING CLASSES							
EXPOSURES	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6	NO RATING	TOTAL
A. On-balance-sheet exposures	**927,460**	**43,761,728**	**1,664,496**	**755,085**	**58,832**	**20,855,394**	**247,002,910**	**315,025,905**
B. Derivative contracts	**163,910**	**8,610,244**	**5,706**	**121,513**	**-**	**181,437**	**6,249,596**	**15,332,406**
B.1 Financial derivative contracts	163,910	8,609,951	5,706	121,513	-	181,437	6,249,596	15,332,113
B.2 Credit derivative contracts	-	293	-	-	-	-	-	293
C. Guarantees given	**340,584**	**1,551,977**	**1,038,395**	**1,254,536**	**78,678**	**404,684**	**31,596,798**	**36,265,652**
D. Other commitments to disburse funds	**4,395,142**	**2,745,540**	**1,911,625**	**448,024**	**14,947**	**661,335**	**31,808,191**	**41,984,804**
Total	5,827,096	56,669,489	4,620,222	2,579,158	152,457	22,102,850	316,657,495	408,608,767

Impaired assets are included in “Class 6”.

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

The table refers to classification of 262/2005 Bank of Italy Circular - 1 upgrade of November 18, 2009; then it provides for external ratings 6 classes of creditworthiness.

The above disclosure refers to Standard and Poor’s ratings, together with those of the other two large agencies, Moody’s and Fitch.
In the case when more than one agency rating is available, the most prudential rating is assigned.

The “Investment Grade” area (from class 1 to 3), particularly the first two sections (1 and 2), comprises nearly all externally rated exposures, since the corresponding counterparties are mainly banks.

Part E - Risks and Hedging Policies (Continued)

Details of securitized exposures not derecognized for accounting purposes (but derecognized for prudential purposes) are provided below:

(€ millions)

SECURITIZATION NAME	ORIGINATOR	ASSET CLASS	AMOUNTS AS AT 12.31.2011
Cordusio RMBS3 - UB CASA 1	UniCredit S.p.A.	RMBS	1,167
CORDUSIO RMBS	UniCredit S.p.A.	RMBS	825
CORDUSIO RMBS SECURISATION - SERIE 2006 (EX CORDUSIO RMBS2)	UniCredit S.p.A.	RMBS	1,036
CORDUSIO RMBS SECURISATION - SERIE 2007	UniCredit S.p.A.	RMBS	2,076
F-E Mortage 2003-1	UniCredit S.p.A.	RMBS	252
F-E Mortage 2005-1	UniCredit S.p.A.	RMBS	383
Heliconus	UniCredit S.p.A.	RMBS	133
CAPITAL MORTGAGE	UniCredit S.p.A.	RMBS	1,388
Total			**7,261**

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

	AMOUNTS AS AT 12.31.2011					
	INTERNAL RATING CLASSES					
EXPOSURES	1	2	3	4	5	6
A. On-balance-sheet exposures	**109,937**	**28,804,602**	**45,786,694**	**78,032,947**	**29,519,295**	**20,828,206**
B. Derivative contracts	**41**	**83,908**	**9,673,213**	**463,148**	**459,844**	**3,731,496**
B.1 Financial derivative contracts	41	83,908	9,672,920	463,148	459,844	3,731,496
B.2 Credit derivative contracts	-	-	293	-	-	-
C. Guarantees given	**73,079**	**1,455,073**	**11,267,032**	**6,859,672**	**4,841,232**	**1,573,472**
D. Other commitments to disburse funds	**-**	**1,113,520**	**19,844,228**	**4,651,071**	**1,717,220**	**1,141,651**
Total	**183,057**	**31,457,103**	**86,571,167**	**90,006,838**	**36,537,591**	**27,274,825**

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

	AMOUNTS AS AT 12.31.2011					
	INTERNAL RATING CLASSES					
	7	8	9	IMPAIRED EXPOSURES	NO RATING	TOTAL
A. On-balance-sheet exposures	**13,831,434**	**7,497,709**	**7,014,814**	**20,854,432**	**62,745,835**	**315,025,905**
B. Derivative contracts	**378,878**	**62,690**	**39,002**	**181,437**	**258,750**	**15,332,407**
B.1 Financial derivative contracts	378,878	62,690	39,002	181,437	258,750	15,332,114
B.2 Credit derivative contracts	-	-	-	-	-	293
C. Guarantees given	**777,536**	**344,786**	**151,129**	**399,460**	**8,523,180**	**36,265,651**
D. Other commitments to disburse funds	**914,307**	**588,816**	**306,153**	**661,335**	**11,046,502**	**41,984,803**
Total	**15,902,155**	**8,494,001**	**7,511,098**	**22,096,664**	**82,574,267**	**408,608,766**

INTERNAL CLASSES	PD RANGE
1	0 <= PD <= 0.0036
2	0.0036 < PD <= 0.0208
3	0.0208 < PD <= 0.1185
4	0.1185 < PD <= 0.5824
5	0.5824 < PD <= 1.3693
6	1.3693 < PD <= 3.2198
7	3.2198 < PD <= 7.5710
8	7.5710 < PD <= 17.8023
9	17.8023 < PD

The table contains on- and off-balance sheet exposures grouped according to the counterparties' internal rating.
Ratings are assigned to individual counterparties using Group banks' internally-developed models included in their credit risk management processes.

The internal models validated by the regulators are 'Group-wide' (e.g. for Banks, Multinationals and Sovereigns).

The different rating scales of these models are mapped in a single master-scale of 9 classes (illustrated in the table above, during the 2011 the Group Masterscale has been reviewed) based on Probability of Default (PD).

A.3 Breakdown of secured exposures by type of guarantee

A.3.1 Secured credit exposures with banks

	AMOUNTS AS AT 12.31.2011													
		COLLATERALS (1)			GUARANTEES (2)									
					CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)				
						OTHER CREDIT DERIVATIVES								
	NET EXPOSURES	PROPERTY	SECURITIES	OTHER ASSETS	CREDIT LINK NOTES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	TOTAL (1)+(2)
1. Secured balance sheet credit exposures:														
1.1. totally secured	20,110	-	-	144	-	-	-	-	-	-	19,966	-	-	20,110
- of which impaired	*3,022*	-	-	-	-	-	-	-	-	-	*3,022*	-	-	*3,022*
1.2. partially secured	8,458	-	-	-	-	-	-	-	-	-	6,026	-	-	6,026
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Secured off balance sheet credit exposures:														
2.1. totally secured	6,345	-	-	4,550	-	-	-	-	-	-	1,794	-	-	6,344
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. partially secured	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Part E - Risks and Hedging Policies (Continued)

A.3.2 Secured credit exposures with customers

	AMOUNTS AS AT 12.31.2011													
		COLLATERALS (1)			GUARANTEES (2)									
					CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)				
						OTHER CREDIT DERIVATIVES								
	NET EXPOSURES	PROPERTY	SECURITIES	OTHER ASSETS	CREDIT LINK NOTES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ASSETS	TOTAL (1)+(2)
1. Secured balance sheet credit exposures:														
1.1. totally secured	118,124,616	198,101,966	3,346,390	714,080	-	-	-	-	-	78,546	184,928	95,397	28,942,737	231,464,044
- of which impaired	*12,195,389*	*17,488,340*	*65,789*	*39,754*	-	-	-	-	-	*4,489*	*56*	*259*	*3,642,842*	*21,241,529*
1.2. partially secured	7,061,545	169,302	1,485,439	303,791	-	-	-	-	-	12	42,570	51,627	1,617,578	3,670,319
- of which impaired	*2,048,660*	*47,971*	*761,525*	*57,958*	-	-	-	-	-	*12*	*1*	*2,000*	*531,155*	*1,400,622*
2. Secured off balance sheet credit exposures:														
2.1. totally secured	8,005,674	5,339,045	193,668	257,302	-	-	-	-	-	4,050	5,879	204,160	2,809,484	8,813,588
- of which impaired	*708,157*	*900,072*	*1,486*	*14,292*	-	-	-	-	-	-	-	*597*	*116,713*	*1,033,160*
2.2. partially secured	1,927,130	130,559	182,748	184,031	-	-	-	-	-	-	-	135,995	641,982	1,275,315
- of which impaired	*27,626*	*145*	*321*	*1,468*	-	-	-	-	-	-	-	*1,120*	*20,621*	*23,675*

The amount shown in the “Amount of the Exposure”, in tables A.3.1. and A.3.2, column is the net exposure.

Classification of exposures as “totally secured” or “partially secured” is made by comparing the gross exposure with the amount of the contractually agreed security.

B. DISTRIBUTION AND CONCENTRATION OF LOANS

B.1 Distribution by segment of Balance Sheet and off-Balance Sheet credit exposure to customers (book value)

COUNTERPARTS/ EXPOSURES	GOVERNMENTS			OTHER PUBLIC ENTITIES			FINANCIAL COMPANIES		
	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS
A. Cash exposure									
A.1 Non-performing loans	-	-	X	-	-	X	63,626	54,286	X
A.2 Doubtful loans	651	475	X	113,105	15,884	X	103,946	50,469	X
A.3 Restructured exposures	-	-	X	-	-	X	11,829	1,254	X
A.4 Impaired past-due exposures	52	12	X	3,016	813	X	58,778	21,255	X
A.5 Other exposures	25,655,755	X	743	4,818,636	X	22,725	47,273,230	X	247,364
Total A	**25,656,458**	**487**	**743**	**4,934,757**	**16,697**	**22,725**	**47,511,409**	**127,264**	**247,364**
B. Off-balance sheet exposures									
B.1 Non-performing Loans	-	-	X	-	-	X	722	1,964	X
B.2 Doubtful loans	-	-	X	18,665	-	X	7,597	952	X
B.3 Other impaired assets	-	-	X	7,312	871	X	60,703	75	X
B.4 Other exposures	1,224,204	X	-	8,911,084	X	830	10,722,718	X	715,809
Total B	**1,224,204**	**-**	**-**	**8,937,061**	**871**	**830**	**10,791,740**	**2,991**	**715,809**
Total 12.31.2011	**26,880,662**	**487**	**743**	**13,871,818**	**17,568**	**23,555**	**58,303,149**	**130,255**	**963,173**
Total 12.31.2010	**25,303,102**	**407**	**436**	**12,919,750**	**55,718**	**23,650**	**57,712,406**	**107,794**	**808,283**

continued B.1 Distribution by segment of Balance Sheet and off-Balance Sheet credit exposure to customers (book value)

COUNTERPARTS/ EXPOSURES	INSURANCE COMPANIES			NON-FINANCIAL COMPANIES			OTHER ENTITIES		
	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS
A. Cash exposure									
A.1 Non-performing loans	-	-	X	4,753,971	3,735,172	X	2,440,378	2,075,761	X
A.2 Doubtful loans	925	486	X	5,828,475	2,693,452	X	1,988,812	1,089,458	X
A.3 Restructured exposures	-	-	X	2,814,860	343,754	X	324	7	X
A.4 Impaired past-due exposures	-	-	X	2,297,380	326,873	X	370,058	61,520	X
A.5 Other exposures	176,090	X	-	111,226,142	X	851,349	71,782,793	X	302,582
Total A	**177,015**	**486**	**-**	**126,920,828**	**7,099,251**	**851,349**	**76,582,365**	**3,226,746**	**302,582**
B. Off-balance sheet exposures									
B.1 Non-performing Loans	-	-	X	82,974	36,518	X	1,637	-	X
B.2 Doubtful loans	-	-	X	604,051	42,760	X	4,687	299	X
B.3 Other impaired assets	-	-	X	451,120	9,663	X	2,648	63	X
B.4 Other exposures	44,086	X	5	32,133,561	X	8,900	1,757,783	X	1,825
Total B	**44,086**	**-**	**5**	**33,271,706**	**88,941**	**8,900**	**1,766,755**	**362**	**1,825**
Total 12.31.2011	**221,101**	**486**	**5**	**160,192,534**	**7,188,192**	**860,249**	**78,349,120**	**3,227,108**	**304,407**
Total 12.31.2010	**70,840**	**884**	**115**	**156,378,772**	**5,989,314**	**709,346**	**79,567,882**	**2,388,089**	**393,787**

Part E - Risks and Hedging Policies (Continued)

B.2 Distribution of Balance Sheet and Off-Balance Sheet credit exposures to customers by geographic area (book value)

EXPOSURES/ GEOGRAPHIC AREA	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. Balance sheet exposures										
A.1 Non-performing loans	7,243,474	5,794,827	12,344	63,061	1,114	4,903	45	2,026	998	404
A.2 Doubtful exposures	7,948,493	3,764,099	76,371	65,403	308	213	42	224	10,701	20,285
A.3 Restructured exposures	2,702,821	314,266	80,484	30,269	124	1	-	-	43,583	478
A.4 Impaired past due exposures	2,589,063	388,444	126,601	18,747	1,262	294	6,502	1,454	5,856	1,535
A.5 Other exposures	251,392,350	1,282,337	7,346,605	46,438	1,238,905	84,785	600,802	10,940	353,984	262
Total A	**271,876,201**	**11,543,973**	**7,642,405**	**223,918**	**1,241,713**	**90,196**	**607,391**	**14,644**	**415,122**	**22,964**
B. "Off-balance sheet" exposures										
B.1 Non-performing loans	85,333	33,482	-	-	-	-	-	5,000	-	-
B.2 Doubtful loans	634,907	44,010	93	1	-	-	-	-	-	-
B.3 Other impaired past due exposures	517,586	10,477	4,192	194	4	-	-	-	1	-
B.4 Other exposures	48,717,665	725,987	4,101,247	1,348	1,494,484	2	380,313	14	99,728	18
Total B	**49,955,491**	**813,956**	**4,105,532**	**1,543**	**1,494,488**	**2**	**380,313**	**5,014**	**99,729**	**18**
Total 12.31.2011	**321,831,692**	**12,357,929**	**11,747,937**	**225,461**	**2,736,201**	**90,198**	**987,704**	**19,658**	**514,851**	**22,982**
Total 12.31.2010	**314,779,406**	**10,239,026**	**13,043,451**	**186,564**	**3,352,381**	**17,937**	**435,283**	**15,952**	**533,587**	**18,507**

B.2 Distribution of Balance Sheet and Off-Balance Sheet credit exposures to customers by geographic area (book value) - Italy

EXPOSURES/ GEOGRAPHIC AREA	NORTH-WEST ITALY		NORTH-EAST ITALY		CENTRAL ITALY		SOUTH ITALY AND ISLANDS	
	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. Balance sheet exposures								
A.1 Non-performing loans	2,470,375	1,772,452	1,632,448	1,030,706	1,717,401	1,572,216	1,423,250	1,419,453
A.2 Doubtful exposures	2,040,342	906,068	1,592,845	719,537	2,294,719	1,052,464	2,020,587	1,086,030
A.3 Restructured exposures	1,811,671	85,876	591,059	123,625	181,171	87,080	118,920	17,685
A.4 Impaired past due exposures	599,816	75,435	583,331	94,694	877,759	116,126	528,157	102,189
A.5 Other exposures	86,244,099	315,103	51,456,796	463,685	78,678,442	260,249	35,013,013	243,300
Total A	**93,166,303**	**3,154,934**	**55,856,479**	**2,432,247**	**83,749,492**	**3,088,135**	**39,103,927**	**2,868,657**
B. "Off-balance sheet" exposures								
B.1 Non-performing loans	42,046	1,359	19,288	3,733	16,452	14,927	7,547	13,463
B.2 Doubtful loans	171,522	12,269	140,711	6,170	241,632	21,138	81,042	4,433
B.3 Other impaired past due exposures	198,819	1,571	159,166	1,103	80,654	5,737	78,947	2,066
B.4 Other exposures	16,091,776	5,265	13,187,092	715,501	16,156,583	4,403	3,282,214	818
Total B	**16,504,163**	**20,464**	**13,506,257**	**726,507**	**16,495,321**	**46,205**	**3,449,750**	**20,780**
Total 12.31.2011	**109,670,466**	**3,175,398**	**69,362,736**	**3,158,754**	**100,244,813**	**3,134,340**	**42,553,677**	**2,889,437**
Total 12.31.2010	**112,950,797**	**2,829,980**	**63,818,361**	**2,597,224**	**96,771,404**	**2,644,112**	**41,238,844**	**2,167,710**

B.3 Distribution of Balance Sheet and Off-Balance Sheet credit exposures to banks by geographic area (book value)

EXPOSURES/ GEOGRAPHIC AREA	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. Balance sheet exposures										
A.1 Non-performing loans	-	-	-	-	-	2,908	-	3,340	-	-
A.2 Doubtful exposures	1,041	416	182	176	-	-	-	-	-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-	-	-
A.4 Impaired past due exposures	-	-	-	-	-	-	3,022	3,660	-	-
A.5 Other exposures	10,647,758	46	21,499,005	2,737	183,694	52	488,774	1,623	419,596	681
Total A	**10,648,799**	**462**	**21,499,187**	**2,913**	**183,694**	**2,960**	**491,796**	**8,623**	**419,596**	**681**
B. "Off-balance sheet" exposures										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Doubtful loans	115	-	-	-	-	-	-	-	-	-
B.3 Other impaired past due exposures	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	15,743,926	-	20,806,004	1	280,265	-	429,600	-	287,399	-
Total B	**15,744,041**	**-**	**20,806,004**	**1**	**280,265**	**-**	**429,600**	**-**	**287,399**	**-**
Total 12.31.2011	**26,392,840**	**462**	**42,305,191**	**2,914**	**463,959**	**2,960**	**921,396**	**8,623**	**706,995**	**681**
Total 12.31.2010	**19,620,689**	**17,500**	**51,351,249**	**21**	**715,607**	**2,880**	**547,450**	**3,262**	**791,974**	**-**

B.3 Distribution of Balance Sheet and Off-Balance Sheet credit exposures to banks by geographic area (book value) - Italy

EXPOSURES/ GEOGRAPHIC AREA	NORTH-WEST ITALY		NORTH-EAST ITALY		CENTRAL ITALY		SOUTH ITALY AND ISLANDS	
	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. Balance sheet exposures								
A.1 Non-performing loans	-	-	-	-	-	-	-	-
A.2 Doubtful exposures	-	-	-	-	1,041	416	-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-
A.4 Impaired past due exposures	-	-	-	-	-	-	-	-
A.5 Other exposures	7,941,315	32	1,415,295	7	1,287,234	6	3,914	1
Total A	**7,941,315**	**32**	**1,415,295**	**7**	**1,288,275**	**422**	**3,914**	**1**
B. "Off-balance sheet" exposures								
B.1 Non-performing loans	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	115	-	-	-
B.3 Other impaired past due exposures	-	-	-	-	-	-	-	-
B.4 Other exposures	13,280,804	-	67,021	-	2,394,517	-	1,584	-
Total B	**13,280,804**	**-**	**67,021**	**-**	**2,394,632**	**-**	**1,584**	**-**
Total 12.31.2011	**21,222,119**	**32**	**1,482,316**	**7**	**3,682,907**	**422**	**5,498**	**1**
Total 12.31.2010	**13,186,411**	**17,500**	**3,101,278**	**-**	**3,060,014**	**-**	**272,986**	**-**

B.4 Large exposures

	12.31.2011	12.31.2010
a) Book Value (€/000)	251,422,141	260,804,607
a.1) Weighted Value (€/000)	7,439,006	4,839,733
b) Number	4	3

Part E - Risks and Hedging Policies (CONTINUED)

C. SECURISATION AND SALE TRANSACTIONS

C.1 SECURITISATION TRANSACTIONS

QUALITATIVE INFORMATION

In 2011 UniCredit S.p.A. carried out three transactions (of which 2 “self-securitizations” traditional and one synthetic):
- Consumer ONE (traditional - self-securitization);
- Impresa ONE (traditional - self-securitization);
- Unionfidi (synthetic).

Details are given in the following charts, which also describe transactions carried out in previous accounting periods.

It should be noted that “self-securitizations” are not included in the quantitative tables of Part C, as required by regulations.

Also part of the portfolio are:
- securitization transactions carried out in previous years by the Banks absorbed by UniCredit S.p.A. as part of the ONE4C project for a book value of €1,944.5 million as at December 31, 2011;
- securitization transactions acquired in 2007 from Capitalia S.p.A. (Trevi Finance, Trevi Finance 2, Trevi Finance 3, Entasi and Caesar Finance) for a book value of €1,024.4 million as at December 31, 2011;
- securities arising out of securitization transactions carried out by other Companies belonging to the UniCredit group, for a book value of €4,742.6 million as at December 31, 2011;
- Fonspa securitizations and some other third-party securitizations, for a book value of €18.7 million as at December 31, 2011.

Finally, it should be noted that, following the downgrade of UniCredit S.p.A. by ratings agencies between the end of 2011 and the beginning of 2012, it became necessary to carry out an extraordinary review of all transactions, which involved both the transfer of the Account Bank roles and the payment to eligible counterparties of amounts available to guarantee the Account Bank and swap counterparty roles, pursuant to the contractual documentation of each transaction. Furthermore, Fitch’s credit rating for the Cordusio 5 transaction was replaced by DBRS’s, while with respect to the Impresa ONE transaction, a rating was obtained by Standard & Poor’s, in addition to DBRS’s and Moody’s.

ORIGINATOR: UniCredit S.p.A.

STRATEGIES, PROCESSES AND GOALS:	The initiatives are a part of the Group's strategies, one of the objectives of which is to finance, at competitive rates (and in large amounts), the development of medium and long-term performing loan portfolios through the structuring of such portfolios and the resulting release of financial resources for new investments. The main advantages of the transactions can be summarized as follows: - improvement in the matching of asset maturities; - diversification of sources of financing; - broadening of investor base and resulting optimization of funding cost.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	UniCredit SpA acts as "Servicer" for all transactions concerned. As per the agreements entered into with issuing companies (special purpose vehicles - SPV), servicing consists of performing, on behalf of these companies, administrative, collection and securitized loan collection activities as well as the management of any recovery procedures for impaired loans. Thus, as servicer, UniCredit S.p.A. is charged with continually tracking cash flows from securitized loans and constantly monitoring their collection, with the assistance of third party companies of the Group (especially for the recovery of impaired loans. The company involved is UniCredit Credit Management Bank S.p.A., which operates as an assistant to the Servicer, governed by a special agreement). The Service provides the Special Purpose Vehicle (and other counterparties indicated in the servicing agreements) information on the activity performed by, periodically reports that indicate, among other things, the collection and transfer of the income stream sold, the amount of default positions and recoveries completed, overdue installments, etc., with all information broken down in relation to specific transactions. These reports (which are usually quarterly) are periodically checked (if contractually required) by an auditing firm.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	From a strategic point of view, the ABS & Covered Bond Unit established within the Group Finance Department is responsible for central coordination. In this context, this unit also plays the role of proposer and provides support to the Bank's Divisions and to the individual Legal Entities in conducting transactions, cooperating with all the other departments (Planning & Control, Group Credit Treasury, Capital Management, Group Risk Management, etc..) in identifying the characteristics and the distinctive features of ""true sale"" securitizations of originally performing loans in order to achieve the targets set in the Group's Funding Plan, approved by the Board of Directors. Specific transactions are subject to prior approval by the competent departments of the Bank (during approval, among other things, the structure, costs and impacts in terms of liquidity and/or any capital relief are discussed and analyzed), and to final approval by the Board of Directors. The Bank has established a special coordination unit (Operative Securitization Management) within the Accounting Department. This unit has been tasked with the coordination and operational performance of the servicer-related duties, and to carry out these duties, it works in close cooperation with specific, qualified areas of the Bank (Group Risk Management, Legal & Compliance, etc.) and the Group (UniCredit Global Information Services SCpA, UniCredit Business Partner SCpa, UniCredit Credit Management Bank S.p.A., etc.). Operative Securitization Management also provides technical and operational support to network units.
HEDGING POLICIES:	By agreement, securitized portfolios are protected from interest rate risk by means of the Special Purpose Vehicle entering into Interest Rate Swap (IRS) agreements to hedge a fixed-rate portfolio, and Basis Swaps to hedge an indexed rate portfolio. Both are executed with the Originator, UniCredit S.p.A. In connection with these swaps (with the exclusion of Impresa One and Consumer One transactions), related back-to-back swap contracts are entered into between UniCredit S.p.A. and UniCredit Bank AG - London Branch as the swap counterparty.
OPERATING RESULTS:	At the end of December 2011, the operating results related to existing securitization transactions essentially reflected the performance of underlying portfolios and the resulting cash flows, and obviously are affected by the amount of defaults and prepayments during the period, which, moreover, are in line with the performance seen in other assets of this kind that are not securitized.

Part E - Risks and Hedging Policies (Continued)

New transactions 2011

NAME:	IMPRESA ONE
Type of securitisation:	Traditional
Originator:	UniCredit S.p.A.
Issuer:	Impresa One S.r.l.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank AG, London Branch
Target transaction:	Funding / Counterbalancing capacity
Type of asset:	CLO SME
Quality of Asset:	Performing
Closing date:	09.01.11
Nominal Value of reference portfolio:	9,290,300,919 €
Net amount of preexisting writedown/writebacks:	9,290,300,919 €
Disposal Profit & Loss realized:	-
Portfolio disposal price:	9,290,300,919 €
Issue guarantees by the Bank:	-
Issued guarantees bythird parties:	-
Bank Lines of Credit:	-
Third Parties Lines of Credit:	-
Other Credit Enhancements:	UniCredit S.p.A. - London Branch has granted the SPV, with respect to this transaction, two subordinated loans amounting to €232,3 million and €190 million.
Other relevant information:	Self-securitisation
Rating Agencies:	DBRS / Moody's / Standard & Poor's
Amount of CDS or other risk transferred:	-

Amount and Conditions of tranching:		
. ISIN	IT0004774433	IT0004774425
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	AAA/Aaa/AAA	A/A1/ --
. Where listed	Dublin	Dublin
. Issue date	10.24.2011	10.24.2011
. Legal maturity	10.31.2054	10.31.2054
. Call option	Clean-up Call	Clean-up Call
. Expected duration	1.4	3
. Rate	Euribor 3m + 100 b.p.	Euribor 3m + 125 b.p.
. Subordinated level	-	A
. Nominal value issued	5,156,100,000 €	1,207,700,000 €
. Nominal value at the end of accounting period	5,156,100,000 €	1,207,700,000 €
. Security Subscribers	UniCredit S.p.A.	
. ISIN	IT0004774441	IT0004774458
. Type of security	Mezzanine	Junior
. Class	C	D
. Rating	BBB/Baa1/ --	n.r.
. Where listed	Dublin	-
. Issue date	10.24.2011	10.24.2011
. Legal maturity	10.31.2054	10.31.2054
. Call option	Clean-up Call	Clean-up Call
. Expected duration	4.2	-
. Rate	Euribor 3m + 150 b.p.	Euribor 3m + 500 b.p.
. Subordinated level	A/B	A/B/C
. Nominal value issued	836,100,000 €	2,090,400,000 €
. Nominal value at the end of accounting period	836,100,000 €	2,090,400,000 €
. Security Subscribers	UniCredit S.p.A.	
Distribution of securitised assets by area:		
Italy - Northwest	2,374,897,952 €	
- Northeast	3,490,310,814 €	
- Central	1,811,340,865 €	
- South and Islands	1,613,751,288 €	
Other European Countries - E.U. countries	-	
- not U.E. countries	-	
America	-	
Rest of the World	-	
TOTAL	**9,290,300,919 €**	
Distribution of securitised assets by business sector of the borrower:		
Governments	-	
Other governments agencies	-	
Banks	-	
Finance Companies	12,941,114 €	
Insurance Companies	-	
Non-financial companies	8,544,502,068 €	
Other entities	732,857,738 €	
TOTAL	**9,290,300,919 €**	

Part E - Risks and Hedging Policies (Continued)

NAME:	CONSUMER ONE	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Consumer One S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Bank AG - London Branch	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Consumer Loans	
Quality of Asset:	Performing	
Closing date:	08.01.11	
Nominal Value of reference portfolio:	4,193,357,976 €	
Net amount of preexisting writedown/writebacks:	-	
Disposal Profit & Loss realized:	-	
Portfolio disposal price:	-	
Issue guarantees by the Bank:	-	
Issued guarantees bythird parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. - London Branch has granted the SPV, with respect to this transaction, two subordinated loans amounting to €420 million (at the end of 2011 the principal amount repaid was €23,532 million) and €5 million (at the end of 2011 the principal amount repaid was €280 thousand).	
Other relevant information:	Self-securitisation	
Rating Agencies:	Moody's / DBRS	
Amount of CDS or other risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004752116	IT0004751902
. Type of security	Senior	Junior
. Class	A	B
. Rating	Aaa / AAA	n.r.
. Where listed	Dublin	
. Issue date	08.01.11	08.01.11
. Legal maturity	11.30.2028	11.30.2028
. Call option	Clean-up Call	
. Expected duration	2.675	2.675
. Rate	Euribor 3m + 125 b.p.	Euribor 3m + 500 b.p.
. Subordinated level		Sub A
. Nominal value issued	2,956,200,000 €	1,236,943,620 €
. Nominal value at the end of accounting period	2,956,200,000 €	1,236,943,620 €
. Security Subscribers	UniCredit S.p.A.	UniCredit S.p.A.
Distribution of securitised assets by area:		
Italy - Northwest	958,457,465 €	
- Northeast	896,205,279 €	
- Central	1,028,757,364 €	
- South and Islands	1,309,937,868 €	
Other European Countries - E.U. countries	-	
- not U.E. countries	-	
America	-	
Rest of the World	-	
TOTAL	**4,193,357,976 €**	
Distribution of securitised assets by business sector of the borrower:		
Governments	-	
other governments agencies	-	
Banks	-	
Finance Companies	-	
Insurance Companies	-	
Non-financial companies	-	
Other entities	4,193,357,976 €	
TOTAL	**4,193,357,976 €**	

NAME	UNIONFIDI	
Type of securitisation:	Tranche Covered	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction :	Capital Relief and risk transfer for concentration risks	
Type of asset:	Highly diversified and granular pool of UniCredit's loans to corporates.	
Quality of Asset:	Performing	
Closing date:	07.15.2011	
Nominal Value of reference portfolio:	52,310,504 €	
Issue guarantees by the Bank:	-	
Issued guarantees bythird parties:	cash collateral Unionfidi	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach (*)	
Amount of CDS or other risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	n.a	n.a
. Type of security	Senior	Junior
. Class	A	B
. Rating	n.r.	n.r.
. Reference Position	50,730,803 €	1,579,688 €
. Reference Position at the end of accounting period	41,401,394 €	1,469,935 €
. Security subscribers	UniCredit SpA	hedged with a protection seller
Distribution of securitised assets by area:		
Italy - Northwest	52,310,504 €	
- Northeast	-	
- Central	-	
- South and Islands	-	
Other European Countries - E.U. countries	-	
- not U.E. countries	-	
America	-	
Rest of the World	-	
TOTAL	**52,310,504 €**	
Distribution of securitised assets by business sector of the borrower:		
Governments	-	
other governments agencies	-	
Banks	-	
Finance Companies	-	
Insurance Companies	-	
Non-financial companies	52,310,504 €	
Other entities	-	
TOTAL	**52,310,504 €**	

(*) Synthetic securitizations carried out used the Supervisory Formula Approach as required by Italian Regulator (Bank of Italy - Circular 263/2006).
Where there is no eligible external rating, this approach requires the calculation of the regulatory capital requirement for each tranche of a securitization should use the following five elements:
1. The capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. The level of credit support of the tranche in question;
3. The thickness of the tranche;
4. The number of securitized assets;
5. Average LGD.
Using the Supervisory Formula Approach it is possible to calculate the amount of risk equivalent to the rating of a senior tranche, the remainder being subordinated and classified as junior.

Part E - Risks and Hedging Policies (CONTINUED)

ORIGINATOR: UniCredit S.p.A. (ex Capitalia S.p.A., ex Banca di Roma S.p.A.)

STRATEGIES, PROCESSES AND GOALS:	The goals of the transactions were largely to finance non-performing loan portfolios, diversify sources of funding, improve asset quality and enhance the portfolio with management focused on recovery transactions.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The securitization portfolio is monitored on an ongoing basis as a part of servicing activities and is recorded in quarterly reports with a breakdown of loan status and the trend of recoveries.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	Reporting related to the monitoring of portfolio collections takes the form of a report to senior management and the board of directors.
HEDGING POLICIES:	Special purpose vehicles enter into IRS and interest rate cap contracts in order to hedge structure-related risk and risk due to the difference between the variable-rate return for the securities issued and the return anticipated from recoveries from the portfolio acquired.
OPERATING RESULTS:	At year-end 2011 profits from existing transactions largely reflected the impact of cash flows from collections for the original defaulting loan portfolio. To be specific, collections for the year totaled € 104.18 million (€ 32.97 million for Trevi Finance, € 35.66 million for Trevi 2 and € 35.55 million for Trevi 3).

Transactions from previous periods

NAME	TREVI FINANCE		TREVI FINANCE 2	
Type of securitisation:	Traditional		Traditional	
Originator:	Banca di Roma S.p.A		Banca di Roma SpA 89%, Mediocredito di Roma SpA 11%	
Issuer:	Trevi Finance S.p.A.		Trevi Finance N. 2 S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Finanziaria Internazionale securitization Group S.p.A., PARIBAS		Finanziaria Internazionale securitization Group S.p.A., BNP Paribas Group, Banca di Roma S.p.A.	
Target transaction:	Funding		Funding	
Type of asset:	ordinary loans - mortgage loans		ordinary loans - mortgage loans	
Quality of asset:	non performing	special purpose loan	non performing	special purpose loan
Closing date:	07.21.1999		04.20.2000	
Nominal Value of disposal portfolio:	2,689,000,000 €	94,000,000 €	2,425,000,000 €	98,000,000 €
Guarantees issued by the Bank:	Redemption of mezzanine securities C1 and C2 in issue		Redemption of mezzanine securities in issue	
Guarantees issued by Third Parties:	-		-	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	All securities issued outstanding as at 12.31.2011 are retained by UniCredit S.p.A.		All securities issued outstanding as at 12.31.2011 are retained by UniCredit S.p.A.	
Rating Agencies:	Moody's / Duff & Phelps / Fitch			
Amount of CDS or other supersenior risk transferred:	-		-	
Amount and Conditions of tranching:				
. ISIN	XS0099839887	XS0099847633	XS0110624409	XS0110624151
. Type of security	Senior	Mezzanine	Senior	Senior
. Class	A	B	A	B
. Rating	-	Aaa/A-/AAA	-	-
. Nominal value issued	620,000,000 €	155,000,000 €	650,000,000 €	200,000,000 €
. Nominal value at the end of accounting period	0 €	0 €	0 €	0 €
. ISIN	XS0099850934	XS0099856899	XS0110774808	XS0110770483
. Type of security	Mezzanine	Mezzanine	Mezzanine	Junior
. Class	C1	C2	C	D
. Rating	n.r.	n.r.	n.r.	n.r.
. Nominal value issued	206,500,000 €	210,700,000 €	355,000,000 €	414,378,178 €
. Nominal value at the end of accounting period	0 €	423,003,883 €	764,587,300 €	217,499,112 €
. ISIN	IT0003364228			
. Type of security	Junior			
. Class	D			
. Rating	n.r.			
. Nominal value issued	343,200,000 €			
. Nominal value at the end of accounting period	173,255,590 €			

NAME	TREVI FINANCE 3		ENTASI	
Type of securitisation:	Traditional		Traditional	
Originator:	Banca di Roma SpA 92.2%, Mediocredito Centrale SpA 5.2% Leasing Roma SpA 2.6%		Banca di Roma S.p.A	
Issuer:	Trevi Finance N. 3 Srl		Entasi Srl	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Finanziaria Internazionale securitization Group S.p.A. ABN AMRO, MCC S.p.A.		Capitalia S.p.A.	
Target transaction :	Funding		Funding	
Type of asset:	ordinary loans - mortgage loans		Collateralised bond obligation	
Quality of asset:	non performing	special purpose loan	Trevi Finance 3 classes C1 and C2 securities	
Closing date:	05.25.2001		06.28.2001	
Nominal Value of disposal portfolio:	2,745,000,000 €	102,000,000 €	320,000,000 €	
Guarantees issued by the Bank:	Redemption of mezzanine securities in issue		Commitment of UniCredit S.p.A. (formerly Capitalia S.p.A.) in case of events entitling to early redemption of securities in issue or to the repurchase of Trevi Finance 3 notes at a price sufficient to redeem Entasi securities. The same commitment applies if Trevi Finance 3 exercises the early redemption option of C1 securities.	
Guarantees issued by Third Parties:	-		-	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	The principal amount of the D-class security underwritten by the Bank is guaranteed up to its maturity by zero coupon Italian government bonds. The value of these collateral securities as at 12.31.2011 was € 191,077,842.37 The C1 and C2 classes were fully underwritten by the Bank and then restructured for their disposal. These securities were sold (for a nominal amount of €320 milllion) to Entasi Srl, which placed them in the market with institutional investors.		As at 12.31.2011 the portfolio of UniCredit S.p.A. (former Capitalia S.p.A.) includes ENTASI securities with a face value of € 110,087,000.	
Rating Agencies:	Moody's / S&P / Fitch		Moody's	
Amount of CDS or other supersenior risk transferred:	-		-	
Amount and Conditions of tranching:			ENTASI Series 2001-1	ENTASI Series 2001-2
. ISIN	XS0130116568	XS0130117020	IT0003142996	IT0003143028
. Type of security	Senior	Mezzanine	Senior	Senior
. Class	A	B	Serie 1	Serie 2
. Rating	Aaa/AAA/AAA	Aa1/AA/AA-	A1	A1
. Nominal value issued	600,000,000 €	150,000,000 €	160,000,000 €	160,000,000 €
. Nominal value at the end of accounting period	0 €	0 €	160,000,000 €	160,000,000 €
. ISIN	XS0130117459	XS0130117616		
. Type of security	Mezzanine	Mezzanine		
. Class	C1	C2		
. Rating	-	-		
. Nominal value issued	160,000,000 €	160,000,000 €		
. Nominal value at the end of accounting period	360,020,081 €	353,727,938 €		
. ISIN	IT0003355911			
. Type of security	Junior			
. Class	D			
. Rating	n.r.			
. Nominal value issued	448,166,000 €			
. Nominal value at the end of accounting period	448,166,000 €			

Part E - Risks and Hedging Policies (Continued)

STRATEGIES, PROCESSES AND GOALS:	The goals of the transaction were largely to finance portfolios, diversify sources of funding and improve asset quality.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The securitization portfolio is monitored on an ongoing basis by the servicing company and is recorded in quarterly reports with a breakdown of security status and the trend of repayments.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	Reporting produced by servicing companies on the monitoring of portfolio collections is forwarded to senior management and the board of directors.
HEDGING POLICIES:	Special purpose vehicles enter into IRS contracts in order to hedge rate risk related to the structure of underlying securities.
OPERATING RESULTS:	The results achieved up to the present are broadly in line with expectations; payments received from the portfolio acquired ensured punctual and full payment to security holders and other parties to the transaction.

NAME	CAESAR FINANCE	
Type of securitisation:	Traditional	
Originator:	Banca di Roma S.p.A.	
Issuer:	Caesar Finance S.A.	
Servicer:	Bank of New York	
Arranger:	Donaldson, Lufkin & Jenrette	
Target transaction:	Funding	
Type of asset:	Collateralised bond obligation	
Quality of asset:	performing	
Closing date:	5.11.1999	
Nominal Value of disposal portfolio:	360,329,000 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	Fitch / Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	XS0103928452	XS0103929773
. Type of security	Senior	Junior
. Class	A	B
. Rating	AAA/Aaa	n.r.
. Nominal value issued	270,000,000 €	90,329,000 €
. Nominal value at the end of accounting period	0 €	69,585,487 €

ORIGINATOR: UniCredit S.p.A. (ex UniCredit Family Financing Bank S.p.A.)

Transactions previous periods

NAME	CORDUSIO RMBS UCFIN - SERIE 2009	
Type of securitisation:	Traditional	
Originator:	UniCredit Family Financing Bank S.p.A.	
Issuer:	Cordusio RMBS - UCFin S.r.l	
Servicer:	UniCredit S.p.A.	
Arranger:	Bayerische Hypo und- Vereinsbank, AG London Branch	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	Performing	
Closing date:	08.11.09	
Nominal Value of disposal portfolio:	3,499,600,824 €	
Net amount of preexinting writedown/writebacks:	3,499,600,824 €	
Disposal Profit & Loss realized:	-	
Portfolio disposal price:	3,499,600,824 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted the SPV, with respect to this transaction, two subordinated loans amounting to €122.5 million (at the end of 2011 the principal amount repaid was €1.87 million) and €7 million. On January 4, 2011 UniCredit S.p.A. - London Branch granted a new subordinated loan amounting to €173.7 million.	
Other relevant information:	Self-securitization	
Rating Agencies:	Moody's / Fitch	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004520489	IT0004520513
. Type of security	Senior	Junior
. Class	A	B
. Rating	Aaa/AAA	n.r.
. Nominal value issued	3,279,000,000 €	220,600,824 €
. Nominal value at the end of accounting period	2,271,570,861 €	220,600,824 €

Part E - Risks and Hedging Policies (Continued)

NAME	CORDUSIO RMBS SECURITISATION - SERIE 2008	
Type of securitisation:	Traditional	
Originator:	UniCredit Banca per la Casa S.p.A.	
Issuer:	Cordusio RMBS Securitisation S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	Bayerische Hypo und- Vereinsbank, AG London Branch	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	11.13.2008	
Nominal Value of disposal portfolio:	23,789,098,370 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted three subordinated loan of 730 million euro, 150 million euro and 40 million euro. On January 4th, 2011 UniCredit S.p.A. - London branch has granted a new subordinated loan of 1,109 million euro.	
Other relevant information:	Self-securitization	
Rating Agencies:	Moody's / Fitch (till 01.19.2012) / DBRS (from 12.23.2011)	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004431208	IT0004431281
. Type of security	Senior	Junior
. Class	A	B
. Rating	Aaa/AAA/AAA	n.r.
. Nominal value issued	22,250,000,000 €	1,539,098,370 €
. Nominal value at the end of accounting period	14,336,627,300 €	1,539,098,370 €

NAME	CORDUSIO RMBS UCFIN - SERIE 2006 (EX CORDUSIO RMBS 3 - UBCASA 1)	
Type of securitisation:	Traditional	
Originator:	UniCredit Banca per la Casa S.p.A.	
Issuer:	Cordusio RMBS UCFin S.r.l. (ex Cordusio RMBS 3 - UBCasa 1 S.r.l.)	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Banca Mobiliare S.p.A.	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	11.20.2006	
Nominal Value of disposal portfolio:	2,495,969,425 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 14.976 million euro, at the end of accounting period amount of tranche capital is equal to 0.651 million euro.	
Other relevant information:	-	
Rating Agencies:	Fitch /Moody's / Standard & Poor's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004144884	IT0004144892
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	-	AAA/Aaa/AA+ from 01.23.2012
. Nominal value issued	600,000,000 €	1,735,000,000 €
. Nominal value at the end of accounting period	0 €	965,996,297 €
. ISIN	IT0004144900	IT0004144934
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	AA/Aa1/AA	A+/A1/A+
. Nominal value issued	75,000,000 €	25,000,000 €
. Nominal value at the end of accounting period	75,000,000 €	25,000,000 €
. ISIN	IT0004144959	IT0004144967
. Type of security	Mezzanine	Junior
. Class	D	E
. Rating	BBB+/Baa2/BBB+	n.r.
. Nominal value issued	48,000,000 €	12,969,425 €
. Nominal value at the end of accounting period	48,000,000 €	12,969,425 €

Part E - Risks and Hedging Policies (Continued)

ORIGINATOR: UniCredit S.p.A. (ex UniCredit Family Financing Bank S.p.A., ex UniCredit Banca S.p.A.)

NAME	CORDUSIO RMBS SECURITISATION - SERIE 2007		CORDUSIO RMBS SECURITISATION - SERIE 2006 (EX CORDUSIO RMBS 2)		CORDUSIO RMBS	
Type of securitisation:	Traditional		Traditional		Traditional	
Originator:	UniCredit Banca S.p.A.		UniCredit Banca S.p.A.		UniCredit Banca S.p.A.	
Issuer:	Cordusio RMBS Securitisation S.r.l.		Cordusio RMBS Securitisation S.r.l. (ex Cordusio RMBS 2 S.r.l.)		Cordusio RMBS S.r.l.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Bayerische Hypo und Vereinsbank AG, London Branch		UniCredit Banca Mobiliare S.p.A		Euro Capital Structures Ltd	
Target transaction:	Funding / Counterbalancing capacity		Funding / Counterbalancing capacity		Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans		Private Mortgage Loans		Private Mortgage Loans	
Quality of Asset:	performing		performing		performing	
Closing date:	05.24.2007		07.10.06		05.06.05	
Nominal Value of disposal portfolio:	3,908,102,838 €		2,544,388,351 €		2,990,089,151 €	
Guarantees issued by the Bank:	-		-		-	
Guarantees issued by Third Parties:	-		-		-	
Bank Lines of Credit:	-		-		-	
Third Parties Lines of Credit:	-		-		-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 6.086 million euro. At the end of accounting period that amount si fully reimbursed.		UniCredit S.p.A. has granted SPV a subordinated loan of 6.361 million euro. At the end of accounting period that amount is fully reimbursed.		UniCredit S.p.A. has granted SPV a subordinated loan of 6.127 million euro. At the end of accounting period tha amount is fully reimbursed.	
Other relevant information:	-		-		-	
Rating Agencies:	Fitch /Moody's / Standard & Poor's		Fitch /Moody's / Standard & Poor's		Fitch /Moody's /Standard & Poor's	
Amount of CDS or other supersenior risk transferred:	-		-		-	
Amount and Conditions of tranching:						
. ISIN	IT0004231210	IT0004231236	IT0004087158	IT0004087174	IT0003844930	IT0003844948
. Type of security	Senior	Senior	Senior	Senior	Senior	Senior
. Class	A1	A2	A1	A2	A1	A2
. Rating	-	AAA/Aaa/AA+ from 01.23.2012	-	AAA/Aaa/AA+ from 01.23.2012	-	AAA/Aaa/AA+ from 01.23.2012
. Nominal value issued	703,500,000 €	2,227,600,000 €	500,000,000 €	1,892,000,000 €	750,000,000 €	2,060,000,000 €
. Nominal value at the end of accounting period	0 €	1,054,575,467 €	0 €	879,447,386 €	0 €	646,639,768 €
. ISIN	IT0004231244	IT0004231285	IT0004087182	IT0004087190	IT0003844955	IT0003844963
. Type of security	Senior	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine
. Class	A3	B	B	C	B	C
. Rating	AAA/Aaa/AA+ from 01/23/2012	AA/Aa1/AA	AA/Aa1/AA	BBB+/Baa2/BBB	AA+/Aa1/AAA-	BBB/Baa1/BBB
. Nominal value issued	738,600,000 €	71,100,000 €	45,700,000 €	96,000,000 €	52,000,000 €	119,200,000 €
. Nominal value at the end of accounting period	738,600,000 €	71,100,000 €	45,700,000 €	96,000,000 €	52,000,000 €	119,200,000 €
. ISIN	IT0004231293	IT0004231301	IT0004087216		IT0003844971	
. Type of security	Mezzanine	Mezzanine	Junior		Junior	
. Class	C	D	D		D	
. Rating	A/A1/A	BBB-/Baa2/BBB	n.r.		n.r.	
. Nominal value issued	43,800,000 €	102,000,000 €	10,688,351 €		8,889,150 €	
. Nominal value at the end of accounting period	43,800,000 €	102,000,000 €	10,688,351 €		8,889,150 €	
. ISIN	IT0004231319	IT0004231327				
. Type of security	Mezzanine	Junior				
. Class	E	F				
. Rating	CCC/Ba2/BB	n,r,				
. Nominal value issued	19,500,000 €	2,002,838 €				
. Nominal value at the end of accounting period	19,500,000 €	2,002,838 €				

ORIGINATOR: UniCredit S.p.A. (ex UniCredit Family Financing Bank S.p.A., ex BIPOP - Carire S.p.A.)

NAME	BIPCA CORDUSIO RMBS	
Type of securitisation:	Traditional	
Originator:	Bipop - Carire S.p.A.	
Issuer:	Capital Mortgage Srl	
Servicer:	UniCredit S.p.A.	
Arranger:	Bipop - Carire S.p.A.	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	12.19.2007	
Nominal Value of disposal portfolio:	951,664,009 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 9.514 million euro. At the end of accounting period the amount of capital tranche is equal to 8.014 million euro.	
Other relevant information :	All securities issued outstanding as at 12.31.2010 are retained by UniCredit S.p.A.	
Rating Agencies:	S & P / Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004302730	IT0004302748
. Type of security	Senior	Senior
. Class	A1	A 2
. Rating	AA+ from 01/23/2012 / Aaa	AA+ from 01/23/2012 / Aaa
. Nominal value issued	666,300,000 €	185,500,000 €
. Nominal value at the end of accounting period	334,408,108 €	185,500,000 €
. ISIN	IT0004302755	IT0004302763
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	AA+/Aa3	A+/A2
. Nominal value issued	61,800,000 €	14,300,000 €
. Nominal value at the end of accounting period	61,800,000 €	14,300,000 €
. ISIN	IT0004302797	IT0004302854
. Type of security	Mezzanine	Mezzanine
. Class	D	E
. Rating	BBB/Baa1	BB/Baa2
. Nominal value issued	18,000,000 €	5,500,000 €
. Nominal value at the end of accounting period	18,000,000 €	5,500,000 €
. ISIN	IT0004302912	
. Type of security	Junior	
. Class	F	
. Rating	n.r.	
. Nominal value issued	250,000 €	
. Nominal value at the end of accounting period	250,000 €	

Part E - Risks and Hedging Policies (Continued)

ORIGINATOR: UniCredit S.p.A. (ex UniCredit Family Financing Bank S.p.A., ex Banca di Roma S.p.A.)

NAME	CAPITAL MORTGAGE 2007 - 1	
Type of securitisation:	Traditional	
Originator:	Banca di Roma S.p.A.	
Issuer:	Capital Mortgage S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	05.16.2007	
Nominal Value of disposal portfolio:	2,183,087,875 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 37.19 million euro (as Equity).	
Other relevant information:	Tranching based on an original assets portfolio € 2,479.4 million, reduced to € 2,183.1 million due to checks after closing date.	
Rating Agencies:	S & P / Moody's / Fitch	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004222532	IT0004222540
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	AA+ from 01/23/2012 / Aa1/AA	AA+ from 01/23/2012 / Aa1/AA
. Nominal value issued	1,736,000,000 €	644,000,000 €
. Nominal value at the end of accounting period	566,203,691 €	644,000,000 €
. ISIN	IT0004222557	IT0004222565
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	AA/A3-/BB	CCC/B1/CCC
. Nominal value issued	74,000,000 €	25,350,000 €
. Nominal value at the end of accounting period	74,000,000 €	23,350,000 €

ORIGINATOR: UniCredit S.p.A. (ex UniCredit Family Financing Bank S.p.A., ex FinecoBank S.p.A.)

NAME	F-E MORTGAGES 2005		F-E MORTGAGES SERIES 1-2003		HELICONUS	
Type of securitisation:	Traditional		Traditional		Traditional	
Originator:	FinecoBank S.p.A.		FinecoBank S.p.A.		FinecoBank S.p.A.	
Issuer:	F-E Mortgages S.r.l.		F-E Mortgages S.r.l.		Heliconus S.r.l	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Capitalia S.p.A.		Capitalia S.p.A.		Capitalia S.p.A.	
Target transaction:	Funding / Counterbalancing capacity		Funding / Counterbalancing capacity		Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans		Private Mortgage Loans		Private Mortgage Loans	
Quality of Asset:	in bonis		in bonis		in bonis	
Closing date:	04.08.05		11.28.2003		11.08.02	
Nominal Value of disposal portfolio:	1,028,683,779 €		748,630,649 €		408,790,215 €	
Guarantees issued by the Bank:	-		-		-	
Guarantees issued by Third Parties:	-		-		-	
Bank Lines of Credit:	-		UniCredit S.p.A. for € 20 million (jointly with The Royal Bank of Scotland Milan Branch).		UniCredit S.p.A. for € 10.220 million.	
Third Parties Lines of Credit:	-		-		-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 15.431 million euro (as Equity).		-		-	
Other relevant information:	-		-		-	
Rating Agencies:	S & P / Moody's / Fitch		S & P / Moody's / Fitch		S & P / Moody's / Fitch	
Amount of CDS or other supersenior risk transferred:	-		-		-	
Amount and Conditions of tranching:						
. ISIN	IT0003830418	IT0003830426	IT0003575039	IT0003575070	IT0003383855	IT0003383871
. Type of security	Senior	Mezzanine	Senior	Mezzanine	Senior	Mezzanine
. Class	A	B	A	B	A	B
. Rating	AA+ from 01/23/2012 / Aaa/AAA	AAA+ from 01/23/2012 / A1/A+	AA+ from 01/23/2012 / Aaa/AAA	AA+/A1/A	AA+ from 01/23/2012 / Aaa/AAA	-- /A2/A+
. Nominal value issued	951,600,000 €	41,100,000 €	682,000,000 €	48,000,000 €	369,000,000 €	30,800,000 €
. Nominal value at the end of accounting period	266,582,651 €	41,100,000 €	160,405,820 €	48,000,000 €	85,018,002 €	30,800,000 €
. ISIN	IT0003830434		IT0003575088	IT0003575096	IT0003383939	
. Type of security	Mezzanine		Mezzanine	Junior	Junior	
. Class	C		C	D	C	
. Rating	BBB+/Baa2/BBB-		A-/Baa2/BBB-	n.r.	n.r.	
. Nominal value issued	36,000,000 €		11,000,000 €	7,630,000 €	8,990,200 €	
. Nominal value at the end of accounting period	36,000,000 €		11,000,000 €	7,630,000 €	8,990,200 €	

Part E - Risks and Hedging Policies (Continued)

QUANTITATIVE INFORMATION

C.1.1 - Exposure resulting from securitisation transactions broken down by quality of underlying assets

QUALITY OF UNDERLYING ASSETS / EXPOSURES	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**160,818**	**1,559,294**	**2,860,717**	**750,378**	**1,055,856**	**747,929**
a) Impaired	-	-	2,735,767	639,269	838,921	222,176
b) Other	160,818	1,559,294	124,950	111,109	216,935	525,753
B. With third-party underlying assets:	**5,764,850**	**4,728,666**	**35,800**	**28,921**	**18,844**	**10,637**
a) Impaired	-	-	-	-	-	-
b) Other	5,764,850	4,728,666	35,800	28,921	18,844	10,637

continued - C.1.1 Exposure resulting from securitisation transactions broken down by quality of underlying assets

QUALITY OF UNDERLYING ASSETS / EXPOSURES	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**-**	**-**	**713,651**	**-**	**-**	**-**
a) Impaired	-	-	713,651	-	-	-
b) Other	-	-	-	-	-	-
B. With third-party underlying assets:	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-

continued - C.1.1 Exposure resulting from securitisation transactions broken down by quality of underlying assets

QUALITY OF UNDERLYING ASSETS / EXPOSURES	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**-**	**-**	**-**	**-**	**30,220**	**30,220**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	30,220	30,220
B. With third-party underlying assets:	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-

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

TYPE OF SECURITISED ASSETS / EXPOSURE	AMOUNTS AS AT 12.31.2012					
	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A. Totally derecognised	**109,301**	**-**	**639,269**	**-101,228**	**275,871**	**-**
A.1 CLO/CBO OTHERS	**109,301**	**-**	**-**	**-**	**53,695**	**-**
A.1 1 Caesar Finance	-	-	-	-	53,695	-
A.1 2 Entasi	109,301	-	-	-	-	-
A.2 OTHERS	**-**	**-**	**639,269**	**-101,228**	**222,176**	**-**
A.2 1 Trevi Finance	-	-	226,826	-55,110	-	-
A.2 2 Trevi Finance 2	-	-	155,375	-46,118	-	-
A.2 3 Trevi Finance 3	-	-	257,068	-	222,176	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Non-derecognised	**1,449,992**	**-**	**111,108**	**-**	**472,056**	**122**
C.1 RMBS Prime	**1,408,591**	**-**	**111,108**	**-**	**471,983**	**122**
C.1. 1 BIPCA Cordusio RMBS	519,936	-	99,608	-	20,892	897
C.1. 2 Capital Mortgage 2007 - 1	83,003	-	-	-	152,210	12,579
C.1. 3 Cordusio RMBS	51,686	-	1,000	-	13,422	-984
C.1. 4 Cordusio RMBS UCFin - Serie 2006	163,865	-	-	-	83,849	-864
C.1. 5 Cordusio RMBS Securitisation - Serie 2006	168,901	-	10,500	-	21,354	-3,674
C.1. 6 Cordusio RMBS Securitisation - Serie 2007	408,607	-	-	-	60,685	-6,418
C.1. 7 F-E Mortgages 2003	2,354	-	-	-	36,079	-462
C.1. 8 F-E Mortgages 2005	5,619	-	-	-	62,333	-889
C.1. 9 Heliconus	4,620	-	-	-	21,159	-63
C.2 CLO/SME	**41,401**	**-**	**-**	**-**	**73**	**-**
C.2. Unionfidi	41,401	-	-	-	73	-

Part E - Risks and Hedging Policies (Continued)

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

TYPE OF SECURITISED ASSETS / EXPOSURE	AMOUNTS AS AT 12.31.2012					
	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A. Totally derecognised	**-**	**-**	**-**	**-**	**-**	**-**
A.1 CLO/CBO OTHERS	**-**	**-**	**-**	**-**	**-**	**-**
A.1 1 Caesar Finance	-	-	-	-	-	-
A.1 2 Entasi	-	-	-	-	-	-
A.2 OTHERS	**-**	**-**	**-**	**-**	**-**	**-**
A.2 1 Trevi Finance	-	-	-	-	-	-
A.2 2 Trevi Finance 2	-	-	-	-	-	-
A.2 3 Trevi Finance 3	-	-	-	-	-	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Non-derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C.1 RMBS Prime	**-**	**-**	**-**	**-**	**-**	**-**
C.1. 1 BIPCA Cordusio RMBS	-	-	-	-	-	-
C.1. 2 Capital Mortgage 2007 - 1	-	-	-	-	-	-
C.1. 3 Cordusio RMBS	-	-	-	-	-	-
C.1. 4 Cordusio RMBS UCFin - Serie 2006	-	-	-	-	-	
C.1. 5 Cordusio RMBS Securitisation - Serie 2006	-	-	-	-	-	-
C.1. 6 Cordusio RMBS Securitisation - Serie 2007	-	-	-	-	-	-
C.1. 7 F-E Mortgages 2003	-	-	-	-	-	-
C.1. 8 F-E Mortgages 2005	-	-	-	-	-	-
C.1. 9 Heliconus	-	-	-	-	-	-
C.2 CLO/SME	**-**	**-**	**-**	**-**	**-**	**-**
C.2. Unionfidi	-	-	-	-	-	-

continued C.1.2 - Exposure resulting from the main “in-house” securitisation transactions broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS / EXPOSURE	AMOUNTS AS AT 12.31.2012					
	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A. Totally derecognised	**-**	**-**	**-**	**-**	**-**	**-**
A.1 CLO/CBO OTHERS	**-**	**-**	**-**	**-**	**-**	**-**
A.1 1 Caesar Finance	-	-	-	-	-	-
A.1 2 Entasi	-	-	-	-	-	-
A.2 OTHERS	**-**	**-**	**-**	**-**	**-**	**-**
A.2 1 Trevi Finance	-	-	-	-	-	-
A.2 2 Trevi Finance 2	-	-	-	-	-	-
A.2 3 Trevi Finance 3	-	-	-	-	-	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Non-derecognised	**-**	**-**	**-**	**-**	**30,220**	**-**
C.1 RMBS Prime	**-**	**-**	**-**	**-**	**30,220**	**-**
C.1. 1 BIPCA Cordusio RMBS	-	-	-	-	-	-
C.1. 2 Capital Mortgage 2007 - 1	-	-	-	-	-	-
C.1. 3 Cordusio RMBS	-	-	-	-	-	-
C.1. 4 Cordusio RMBS UCFin - Serie 2006	-	-	-	-	-	-
C.1. 5 Cordusio RMBS Securitisation - Serie 2006	-	-	-	-	-	-
C.1. 6 Cordusio RMBS Securitisation - Serie 2007	-	-	-	-	-	-
C.1. 7 F-E Mortgages 2003	-	-	-	-	20,000	-
C.1. 8 F-E Mortgages 2005	-	-	-	-	-	-
C.1. 9 Heliconus	-	-	-	-	10,220	-
C.2 CLO/SME	**-**	**-**	**-**	**-**	**-**	**-**
C.2. Unionfidi	-	-	-	-	-	-

Part E - Risks and Hedging Policies (Continued)

C.1.3 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure (*)

TYPE OF SECURITISED ASSETS / EXPOSURE	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A.01 AUGUSTO CL. A2 - 1 em. (^)						
- Public works and mortgage loans	-	-	-	-	4.045	-
A.02 DIOCLEZIANO CL. A2 (^)						
- Public works and mortgage loans	9,531	-	-	-	-	-
A.03 EUROCONNECT ISSUER SME 2007						
- Corporate Loans	-	-	5,722	-	-	-
A.04 F-E GOLD CL. A2						
- Car / Equipments / Real Estate leasing	18,365	-	-	-	-	-
A.05 F-E RED CL. A						
- Car / Equipments / Real Estate leasing	955,917	-	-	-	-	-
A.06 GELDILUX TS 2007 CL. A						
- Private loans	159,114	-	-	-	-	-
A.07 LOCAT SV - Serie 2011						
- Car / Equipments / Real Estate leasing	3,507,728	-	-	-	-	-
A.08 LOCAT SV - Serie 2006						
- Car / Equipments / Real Estate leasing	48,768	-	4,909	-	-	-
A.09 LOCAT Securitization Vehicle 2						
- Car / Equipments / Real Estate leasing	14,435	-	-	-	5,617	-
A.10 LOCAT SV Serie 2005						
- Car / Equipments / Real Estate leasing	10,688	-	17,048	-	-	-
A.11 OTHER 4 EXPOSURES		-	1,241	-	974	-

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

continued C.1.3 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure (*)

	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS / EXPOSURE	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A.01 AUGUSTO CL. A2 - 1 em. (^)						
- Public works and mortgage loans	-	-	-	-	-	-
A.02 DIOCLEZIANO CL. A2 (^)						
- Public works and mortgage loans	-	-	-	-	-	-
A.03 EUROCONNECT ISSUER SME 2007						
- Corporate Loans	-	-	-	-	-	-
A.04 F-E GOLD CL. A2						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.05 F-E RED CL. A						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.06 GELDILUX TS 2007 CL. A						
- Private loans	-	-	-	-	-	-
A.07 LOCAT SV - Serie 2011						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.08 LOCAT SV - Serie 2006						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.09 LOCAT Securitization Vehicle 2						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.10 LOCAT SV Serie 2005						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.11 OTHER 4 EXPOSURES		-	-	-	-	-

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

Part E - Risks and Hedging Policies (Continued)

continued C.1.3 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure (*)

TYPE OF SECURITISED ASSETS / EXPOSURE	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A.01 AUGUSTO CL. A2 - 1 em. (^)						
- Public works and mortgage loans	-	-	-	-	-	-
A.02 DIOCLEZIANO CL. A2 (^)						
- Public works and mortgage loans	-	-	-	-	-	-
A.03 EUROCONNECT ISSUER SME 2007						
- Corporate Loans	-	-	-	-	-	-
A.04 F-E GOLD CL. A2						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.05 F-E RED CL. A						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.06 GELDILUX TS 2007 CL. A						
- Private loans	-	-	-	-	-	-
A.07 LOCAT SV - Serie 2011						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.08 LOCAT SV - Serie 2006						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.09 LOCAT Securitization Vehicle 2						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.10 LOCAT SV Serie 2005						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.11 OTHER 4 EXPOSURES		-	-	-	-	-

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

C.1.4 Exposure resulting from securitisation transactions broken down by portfolio and type

EXPOSURE / PORTFOLIO	TRADING	DESIGNATED AT FAIR VALUE	AVAILABLE FOR SALE	HELD-TO-MATURITY	LOANS	12.31.2011 TOTAL	12.31.2010 TOTAL
1. Balance-sheet exposures	**-**	**-**	**6,963**	**-**	**5,785,701**	**5,792,664**	**3,293,022**
- Senior	-	-	-	-	4,837,966	4,837,966	2,228,174
- Mezzanine	-	-	6,963	-	661,227	668,190	788,059
- Junior	-	-	-	-	286,508	286,508	276,789
2. Off-balance-sheet exposures	**-**	**-**	**-**	**-**	**-**	**-**	**129,854**
- Senior	-	-	-	-	-	-	-
- Mezzanine	-	-	-	-	-	-	129,854
- Junior	-	-	-	-	-	-	-

C.1.5 Securitised assets underlying junior securities or other forms of credit support

ASSET/SECURITIES	AMOUNT TRADITIONAL	AMOUNT SYNTHETIC
A. Own underlying assets:	**8,236,844**	**2,144**
A.1 Totally derecognised	**975,881**	**X**
1. Non-performing loans	730,277	X
2. Doubtful loans	-	X
3. Restructured exposures	-	X
4. Past-due exposures	-	X
5. Other assets	245,604	X
A.2 Partially derecognised	**-**	**X**
1. Non-performing loans	-	X
2. Doubtful loans	-	X
3. Restructured exposures	-	X
4. Past-due exposures	-	X
5. Other assets	-	X
A.3 Non-derecognised	**7,260,963**	**2,144**
1. Non-performing loans	155,016	-
2. Doubtful loans	128,393	-
3. Restructured exposures	-	-
4. Past-due exposures	11,106	-
5. Other assets	6,966,448	2,144
B. Third party underlying assets:	**8,023**	**-**
B.1 Non-performing loans	86	-
B.2 Doubtful loans	462	-
B.3 Restructured exposures	-	-
B.4 Past-due exposures	-	-
B.5 Other assets	7,475	-

C.1.6 Stakes in special purpose vehicles

NAME	HEADQUARTERS	STAKE %
Augusto S.r.L.	Milan - Via Pontaccio, 10	5%
Colombo S.r.L.	Milan - Via Pontaccio, 10	5%
Diocleziano S.r.L	Milan - Via Pontaccio, 10	5%
Entasi S.r.l.	Rome - Largo Chigi 5	100%
Eurofinance 2000 S.r.l.	Rome - Largo Chigi 5	100%
Trevi Finance S.p.A.	Conegliano (TV) - via Vittorio Alfieri, 1	60%
Trevi Finance n. 2 S.p.A.	Conegliano (TV) - via Vittorio Alfieri, 1	60%
Trevi Finance n. 3 S.r.l.	Conegliano (TV) - via Vittorio Alfieri, 1	60%

Part E - Risks and Hedging Policies (Continued)

C.1.7 Servicer activities – Collections of securitised loans and redemptions of securities issued by the special purpose vehicle

		SECURITISED ASSETS (YEAR END FIGURES)		LOANS COLLECTED DURING THE YEAR		PERCENTAGE OF SECURITIES REDEEMED (YEAR END FIGURES)					
						SENIOR		MEZZANINE		JUNIOR	
SERVICER	SPECIAL PURPOSE VEHICLE	IMPAIRED	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS
UniCredit S.p.A.	Capital Mortgage S.r.L.	119,283	1,909,649	5,361	251,132	-	46.47%	-	-	-	-
	Cordusio RMBS S.r.L.	15,302	809,734	1,921	247,741	-	76.99%	-	-	-	-
	Cordusio RMBS Securitisation S.r.L.	83,121	3,028,725	6,166	557,039	-	63.67%	-	-	-	-
	Cordusio RMBS UCFin S.r.L.	49,748	1,117,506	4,157	200,650	-	58.63%	-	-	-	-
	F-E Mortgage S.r.L.	45,462	590,333	5,390	100,062	-	70.04%	-	-	-	-
	Heliconus S.r.L.	6,323	126,215	1,297	23,161	-	76.96%	-	-	-	-
	Trevi Finance S.p.A.	270,234	-	32,970	-	100.00%	-	-	-	-	-
	Trevi Finance n. 2 S.p.A.	175,613	-	35,660	-	100.00%	-	-	-	-	-
	Trevi Finance n. 3 s.p.A.	284,430	191,078	35,550	-	100.00%	-	-	68.08%	-	-
	Entasi S.r.L.	-	708,642	-	7,480	-	-	-	-	-	-

C.2 Sales Transactions

C.2.1 Financial assets sold and not derecognised

	FINANCIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS			AVAILABLE FOR SALE FINANCIAL ASSETS			HELD-TO-MATURITY INVESTMENTS		
TYPE / PORTFOLIO	A	B	C	A	B	C	A	B	C	A	B	C
A. Balance-sheet assets	**1,301,707**	**-**	**-**	**-**	**-**	**-**	**14,038,925**	**-**	**-**	**2,778,936**	**-**	**-**
1. Debt securities	1,301,707	-	-	-	-	-	14,038,925	-	-	2,778,936	-	-
2. Equity securities	-	-	-	-	-	-	-	-	-	X	X	X
3. UCIS	-	-	-	-	-	-	-	-	-	X	X	X
4. Loans	-	-	-	-	-	-	-	-	-	-	-	-
B. Derivatives	**-**	**-**	**-**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-
Total 12.31.2011	**1,301,707**	**-**	**-**	**-**	**-**	**-**	**14,038,925**	**-**	**-**	**2,778,936**	**-**	**-**
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-
Total 12.31.2010	**814,278**	**-**	**-**	**-**	**-**	**-**	**1,421,946**	**-**	**-**	**1,278,567**	**-**	**-**

continued C.2.1 Financial assets sold and not derecognised (continued)

	LOANS AND RECEIVABLES WITH BANKS			LOANS AND RECEIVABLES WITH CUSTOMERS			TOTAL	
TYPE / PORTFOLIO	A	B	C	A	B	C	12.31.2011	12.31.2010
A. Balance-sheet assets	**4,495,986**	**-**	**-**	**7,260,965**	**-**	**-**	**29,876,519**	**30,076,577**
1. Debt securities	4,495,986	-	-	-	-	-	22,615,554	21,035,551
2. Equity securities	X	X	X	X	X	X	-	-
3. UCIS	X	X	X	X	X	X	-	-
4. Loans	-	-	-	7,260,965	-	-	7,260,965	9,041,025
B. Derivatives	**X**	**X**	**X**	**X**	**X**	**X**	**-**	**-**
of which impaired	-	-	-	-	-	-	-	-
Total 12.31.2011	**4,495,986**	**-**	**-**	**7,260,965**	**-**	**-**	**29,876,519**	**-**
of which impaired	-	-	-	*294,517*	-	-	*294,517*	-
Total 12.31.2010	**9,525,364**	**-**	**-**	**-**	**-**	**-**	**-**	**13,040,155**

LEGEND:
A = Financial assets sold and fully recognised (carrying value).
B = Financial assets sold and partially recognised (carrying value).
C = Financial assets sold and partially recognised (total value).

Loans (A.4) are assets sold and not derecognized under securitizations (see A.3 table C.1.5).
Debt securities (A.1) are underlyings of repos.

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

LIABILITIES / ASSET PORTFOLIOS	FINANCIAL ASSETS HEDL FOR TRADING	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	AVAILABLE FOR SALE FINANCIAL ASSETS	HELD-TO-MATURITY INVESTMENTS	LOANS AND RECEIVABLES WITH BANKS	LOANS AND RECEIVABLES WITH CUSTOMERS	TOTAL
1. Deposits from customers	**1,163,711**	**-**	**12,550,636**	**2,484,337**	**4,019,359**	**5,909,718**	**26,127,761**
a) relating to fully recognised assets	1,163,711	-	12,550,636	2,484,337	4,019,359	5,909,718	26,127,761
b) relating to partially recognised assets	-	-	-	-	-	-	-
2. Deposits from Banks	**128,851**	**-**	**1,389,664**	**275,077**	**445,042**	**-**	**2,238,634**
a) relating to fully recognised assets	128,851	-	1,389,664	275,077	445,042	-	2,238,634
b) relating to partially recognised assets	-	-	-	-	-	-	-
Total 12.31.2011	**1,292,562**	**-**	**13,940,300**	**2,759,414**	**4,464,401**	**5,909,718**	**28,366,395**
Total 12.31.2010	**3,465,248**		**12,956,952**	**3,350,106**	**1,242,772**	**6,839,285**	**27,854,363**

C.3 Covered Bond Transactions

QUALITATIVE INFORMATION

In 2008 UniCredit S.p.A. initiated a Covered Bond (OBG or Obbligazioni Bancarie Garantite) Program with residential mortgage loans as the underlying assets, in line with Banca d'Italia instructions dated May 17, as amended on March 24, 2010, the MEF decree dated December 14, 2006 and 2007 Law 130/99.

Under this program:
- UniCredit S.p.A. is issuer and also acts as transferor of suitable assets and servicer;
- UniCredit BpC Mortgage s.r.l. (a special purpose vehicle set up within the banking group as expressly authorized by Banca d'Italia) is guarantor of the OBG holders, within the limits of the cover pool and;
- The auditing firm Mazars & Guerard S.p.A. is Asset Monitor.

The Bank's main aims in issuing OBGs are to diversify its funding sources and fund at competitive rates. As with the securitizations, the difficulties in the markets made it advisable to use securitization as a means of increasing the Group's counterbalancing capacity by retaining part of the securities issued by the vehicle.

An integral feature of OBG Program management is maintaining a balance between the characteristics of the assets sold and the issues. This is necessary to maintain the efficacy of the guarantee given by the SPV to the bondholders.

Given the complexity of the transaction, a system of first- and second-level controls and procedures has been set up, as required by Banca d'Italia instructions, to identify units, functions, duties and responsibilities, and specific policies have been issued to this end. The policies were as approved by the competent committees, the Statutory Auditors and the Board of Directors of UniCredit S.p.A..

As required by Banca d'Italia instructions on controls:
a) UniCredit's Risk Management function is charged with the management of the issuer's risks and checks:
   - the quality, suitability and integrity of the assets sold to guarantee the OBGs;
   - that the maximum ratio of OBGs issued to assets sold to guarantee them is adhered to;
   - that limits on sales and supplementary sales procedures are followed;
   - the effectiveness and adequacy of the hedges provided by any derivatives contracts entered into in relation to the Program and;
   - the trend in the balance between the cash flow arising from the cover pool and that absorbed by the OBGs in issue.
b) the Asset Monitor is an outside independent entity charged with checking at least annually the regularity of the transactions and the integrity of the guarantee to the bondholders.
c) UniCredit's internal audit department is responsible for a complete audit (to be conducted at least once a year of the adequacy of the controls performed.
d) the results of the audits performed by the Asset Monitor and the issuer's internal audit department are submitted to the governing bodies.

At December 2011 fifteen covered bond tranches had been issued for a total amount of €11,531 million, of which €2,300 million within UniCredit S.p.A..

It should also be noted that, in order to create counterbalancing capacity, at the end of January 2012 UniCredit S.p.A. initiated a new Covered Bonds (OBG or *Obbligazioni Bancarie Garantite)* program ("New OBG Program"), without specific ratings and having residential mortgage loans, commercial mortgage loans and loans to or guaranteed by public administrations as underlyings. The contractual and supervisory structure and the counterparties of this program are modeled on the pre-existing program, with the exception of references to Ratings Agencies and the use of a new Special Purpose Vehicle, UniCredit OBG S.r.l..
Under this new OBG Program, in January 2012 a first sale of residential mortgages to private individuals for an amount of about €8,100 million and a related issue of covered bonds for a maximum total of €7,000 million, entirely retained within UniCredit S.p.A., took place.

Part E - Risks and Hedging Policies (Continued)

NAME	COVERED BOND (OBBLIGAZIONI BANCARIE GARANTITE)
Originator:	UniCredit S.p.A. (ex UniCredit Family Financing Bank S.p.A.)
Issuer:	UniCredit S.p.A.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank AG, London Branch
Target transaction:	Funding
Type of asset:	Private Mortgage loans
Quality of Asset:	performing
Book value of the underlying assets at the end of accounting period:	13.982.265.720 €
Covered Bonds issued at the end of accounting period:	11.531.000.000 €
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV two subordinated loans of total 11,511,305,803.70 euro.
Rating Agencies:	S & P - Moody's - Fitch
Rating:	AA+ (from 01.31.2012) / Aa2 (from 02.23.2012) / AA+ (from 02.08.2012)

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 December 31, 2011.

Altogether, the book value of Sovereign Exposures represented by “debt securities” as of December 31, 2011 was 24,547 million, of which nearly 96% in connection with Italy.

This exposure is shown in the table below:

Breakdown of Sovereign Debt Securities by Country and Portfolio

(€ ‘000)

	AMOUNTS AS AT 12.31.2011		
COUNTRY / PORTFOLIO	NOMINAL VALUE	BOOK VALUE	FAIR VALUE
- Italy	**24,570,536**	**23,678,800**	**23,256,253**
financial assets/liabilities held for trading (net exposures[1])	1,595,022	1,578,045	1,578,045
financial assets at fair value through profit or loss	1,096	924	924
available for sale financial assets	19,411,819	18,558,072	18,558,072
loans and receivables	233,605	235,683	177,991
held to maturity investments	3,328,994	3,306,076	2,941,221

(1) including exposures in Credit Derivatives.

The remaining 4% of total Sovereign Exposures to debt securities, equal to. 868 million, still in connection with the relative book value as of December 31, 2011, is spread over 12 countries, of which 542 million to Poland and 228 million to the Czech Republic. Note that there are no Sovereign Exposures to Greece.

Said exposures have not been subject to impairment as of December 31, 2011, 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 12.31.2011				
	FINANCIAL ASSETS AT FAIR VALUE	AVAILABLE FOR SALE FINANCIAL ASSETS	LOANS	HELD TO MATURITY INVESTMENTS	TOTAL
Book value	1,579,497	19,401,751	259,429	3,306,076	24,546,753
% Portfolio	13.27%	79.64%	0.10%	73.56%	8.26%

1. Sovereign Exposures means debt obligations issued by central and local governments, and government bodies as well as loans granted to them. For purposes of the current risk exposure any positions held through ABSs are excluded.

"Financing"[2] 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)

	AMOUNTS AS AT 12.31.2011
COUNTRY	BOOK VALUE
- Italy	6,044,528
- Russia	4
- Saudi Arabia	2
- Morocco	1
- England	1,649
Total on-balance sheet exposures	**6,046,184**

For more details on the analysis of sensitivity to credit spreads and the outcome of stress tests, please see the *"Greece default", "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.

Information on Structured Credit Products and OTC Derivatives

The deterioration of US subprime loans was one of the main causes of the financial markets crisis, which started in the 2007 second half.

This deterioration caused a general widening of credit spreads and a gradual transformation of the securitized credits market into an illiquid market characterized by forced sales.

Given this situation the market's need for information on the exposures held by banks increased with structured credit products being traded directly or through SPVs.

This need was advocated also by several international and Italian organisms and regulators (viz., the Financial Stability Board, the CEBS – Committee of European Banking Supervisors, Banca d'Italia and CONSOB) which asked banks to increase their disclosure based on a proposal deriving from the analysis of the best practices on disclosure and reporting.

Starting with its Consolidated First Half 2008 Report, the UniCredit Group therefore provided this information, which has been updated to December 31, 2011 in Part (E) of the Notes to the Consolidated Accounts, which please see for details.

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

The Company does not hold either other exposures towards SPEs in addition to those reported in the section mentioned above or financial instruments having as underlying US residential mortgages, either prime, subprime or Alt-A.

Information on OTC derivatives with Customers follows.

OTC Trading Derivatives with Customers

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

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

2. Excluding tax items.

Part E - Risks and Hedging Policies (Continued)

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

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

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

This business with non-institutional clients does not entail the use of margin calls, whereas with institutional counterparties (dealt with by the CIB Division) recourse may be made to credit risk mitigation techniques, for example “netting” and/or collateral agreements.
In addition to the information given in chapter 18 Other Information - Fair Value of Part A) Accounting Policies, it should be noted that write-downs and write-backs of derivatives to take account of counterparty risk are determined in line with the procedure used to assess other credit exposure, specifically:

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

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

To make the distinction between customers and banking counterparties, the definition contained in Banca d’Italia Circular No. 262 as firstly updated on November 18, 2009 (which was used for the preparation of the accounts) was used as a reference.

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

The balance of item 20 “Financial assets held for trading” with regard to derivative contracts totaled €9,901 million (with a notional value of €151,315 million) including €5,538 million with customers. The notional value of derivatives with customers amounted to €56,283 million including €50,815 million in plain vanilla (with a fair value of €5,185 million) and €5,468 million in structured derivatives (with a fair value of €353 million). The notional value of derivatives with banking counterparties totaled €95,032 million (fair value of €4,363 million) including €1,755 million related to structured derivatives (fair value of €54 million).

The balance of item 40 “Financial liabilities held for trading” of the consolidated accounts with regard to derivative contracts totaled €10,292 million (with a notional value of €269,029 million) including €3,263 million with customers. The notional value of derivatives with customers amounted to €73,164 million including €71,106 million in plain vanilla (with a fair value of €3,208 million) and €2,058 million in structured derivatives (with a fair value of €54 million). The notional value of derivatives with banking counterparties totaled €195,865 million (fair value of €7,029 million) including €5,776 million related to structured derivatives (fair value of €387 million).

D. Credit Risk Measurement Models

Financial year 2011 shows an expected loss on the credit risk perimeter of 0.72% of total Bank credit exposure. This trend is mitigated by the exposures which migrate to default and therefore do not enter in the calculation of expected loss. Besides since risk measurement systems tend to be anti-cyclical, this may result in a smaller elasticity to the swift changes of the macroeconomic scenario. As of 31 December 2011, the Bank economic capital on the credit portfolio totaled 3.71% of total Bank credit exposures.

Section 2 - Market risks

Generally speaking, banks' market risks are due to price fluctuations or other market risk factors affecting the value of positions on its own books, both the trading book and the banking book, i.e. those arising from business operations and strategic investment decisions. UniCredit Group's market risk management includes, therefore, all activities relating to cash and capital structure management, both in the Parent and in the individual Group companies.

The Parent monitors risk positions at the Group level. The individual Group companies, UniCredit S.p.A. included, monitor their own risk positions, within the scope of their specific responsibilities, in line with UniCredit Group supervision policies.

The individual companies produce detailed reports on business trends and related risks on a daily basis, forwarding market risk documentation to the Parent company.

The Parent's Group Market Risk unit is responsible for aggregating this information and producing information on overall market risks.

Organizational Structure

The Parent's Board of Directors lays down strategic guidelines for taking on market risks by calculating capital allocation for the Parent company and its subsidiaries, depending on propensity for risk and value creation objectives in proportion to risks assumed.

The Parent's Risks Committee provides advice and recommendations in respect of decisions taken by the Chief Executive Officer and in drawing up proposals made by the Chief Executive Officer to the Board of Directors with regard to the following:

- the Group's risk appetite, including capitalization objectives, capital allocation criteria, risk-taking capacity, cost of equity and dividends policy, as well as internal capital limits;
- general strategies for the optimization of risks, general guidelines and general policies for Group risk management;
- internal models for measuring all types of risks to calculate regulatory capital;
- structure of limits by type of risk;
- strategic policies and funding plans.

Similarly, it decides on the following:

- the definition of guidelines relative to Group financial policies (asset and liability management strategies, including the Group-wide duration profile);
- the allocation of risk to the Business Units and to the Entities (UniCredit S.p.A. included), specific risk-related guidelines and strategies and consequently setting of limits for achieving objectives in terms of risk appetite and limits by type of risk;
- methods for the measurement and control of the Group's aggregate risks (deriving from the aggregation of individual types of risk);
- guidelines, policies and strategies for real estate risk, financial investment risk and business risk;
- intervention plans in the event of critical aspects shown in the initial validation reports and over time;
- topics involving the implementation of Basel 2 standards, as well as the respective project and process activities.

The Risk Committee comprises the following members: the Chief Executive (Chair of the Committee), the Deputy General Managers, the Chief Risk Officer (chairs the Committee in the absence of the Chief Executive) and the Chief Financial Officer, the Legal &Compliance Officer, the CEE Division Program Officer, and the Human Resources Officer. The Head of the Group Internal Audit Department also attends meetings of the Risk Committee, but is not entitled to vote.

In June 2009, the Board of Directors approved the Group Risk Management reorganization guidelines, with the following objectives:

- improvement of directing, coordinating and control activities for some aggregate risks (so-called "Portfolio Risk"), through dedicated responsibility centers ("Portfolio Risk Managers") focusing and specializing entirely on the abovementioned risks, from a Group and cross-divisional standpoint;
- maintaining consistency with the Group business model, ensuring clear specialization and focus - from a purely transactional point of view - of specific centers of responsibility on risks originating with the Group functions assigned to assume risk, at the same time keeping these "centers of responsibility" ("Transactional Risk Managers") completely independent from the functions assigned to assume risk (e.g. Business Units, Cash Management functions, Asset Management, and CEE Countries).

With reference to Market Risk in particular, the "Markets t Risks department and the Balance Sheet & Liquidity Risk Department were created with the aim of supervising and managing the overall profile for market risk and Group balance sheet and cash management by setting all the respective strategies, methodologies and limits (as described below).

Part E - Risks and Hedging Policies (Continued)

The aforesaid departments interface in turn and cooperates for market risk monitoring purposes with the so-called "Transactional" level functions responsible for all risks (market, but also credit and operational risk) originating with the relevant Strategic Business Areas (SBAs)/Divisions (CIB&PB, Retail, Treasury, Asset Management and CEE).

The same departments are in charge of measuring, managing market risk specifically for UniCredit S.p.A..

As part of the market risk reorganization described above, the structure of the Committees responsible for market risk was reviewed. This structure has three levels:
- First-level Committees;
  - Group Risk Committee;
- Second-level Committees;
  - Group MarketRisk Committee;
  - Group Asset&Liabilities Committee;
- Third-level Committees;
  - Group Transactional Markets Committee.

In general, the Parent company proposes limits and investment policies for the Group and its entities, including UniCredit S.p.A., in harmony with the capital allocation process when the annual budget is drawn up.

In addition, the Parent's Asset and Liability Management unit, in coordination with other regional liquidity centers, manages strategic and operational ALM, with the objective of ensuring a balanced asset position and the operating and financial sustainability of the Group's growth policies on the loans market, optimizing the Group's exchange rate, interest rate and liquidity risk.

In 2011, the Group continued to develop and expand existing models with the aim of achieving increasing accuracy in the representation of the Group's risk profiles for portfolios of complex financial products.

The control of market risks for the Group is under responsibility of the "Balance Sheet Risks Control" of UniCredit S.p.A Risks Management Unit. Responsibilities include:
- proposing to the competent bodies the limits for managing the balance sheet risks for UniCredit S.p.A.;
- monitoring the respect of balance sheet risk limits for UniCredit S.p.A.;
- proposing corrective actions in order to maintain UniCredit S.p.A .risk profile within the risk appetite framework approved by the Board of Directors.

Internal Model for Price, Interest Rate and Exchange Rate Risk of the Regulatory Trading Book

Within the organizational context described above, the policy implemented by the UniCredit Group within the scope of market risk management - and so, specifically, in managing interest rate risk - is aimed at the gradual adoption and use of common principles, rules and processes in terms of appetite for risk, ceiling calculations, model development, pricing and risk model scrutiny.

Group Market Risks Departments specifically required to ensure that principles, rules and processes are in line with industry best practice and consistent with standards and uses in the various countries in which they are applied.

The main tool used to measure market risk on trading positions is Value at Risk (VaR), calculated using the Historical simulation method (new IMOD).

The Historical simulation method provides for the daily revaluation of positions on the basis of trends in market prices over an appropriate observation period. The empirical distribution of profits/losses deriving there from is analyzed to determine the effect of extreme market movements on the portfolios. The distribution value at the percentile corresponding to the fixed confidence interval represents the VaR measurement. The parameters used to calculate the VaR are as follows: 99% confidence interval; 1 day time horizon; daily update of time series; observation period of 500 days. Use of a 1-day time-horizon makes it possible to make an immediate comparison between profits/losses realized.

New IMOD is in use for risk steering purposes, while no recourse is made to the internal model for calculating capital requirements regarding trading positions.

Trading portfolios are subject to Stress Tests according to a wide range of scenarios for managerial reporting, which are described in paragraph 2.9 below.

As for internal scenario analysis policies and procedures (i.e. "stress testing"), these procedures have been entrusted to the individual legal entities. Overall, however, a set of scenarios common to the Group as a whole, is applied to all positions in order to check on a monthly basis the potential impact that their occurrence could have on the global trading portfolio.

Shown below are the VaR data on the market risk for the trading book in UniCredit Spa.

For UniCredit S.p.A., exposure to market risk in the trading book is not very volatile and residual compared to banking book.

Risk on trading book December 30, 2011

Daily VaR on Trading Book

(€ million)

		2011			2010
	12.30.2011	AVERAGE	MAX	MIN	AVERAGE
UniCredit S.p.A.*	2.0	2.3	3.9	1.1	2.6

* For managerial purpose only.

2.1 Interest Rate Risk - Regulatory trading book

QUALITATIVE INFORMATION

A. General information

Interest rate risk arises from financial positions taken by specialist desks holding assigned market risk limits within certain levels of discretion. Apart from use of internal models in calculating capital requirements on market risks, risk positions are monitored and subject to limits assigned to the portfolios on the base of managerial responsabilities and not purely on regulatory criteria.

B. Risk Management Processes and Measurement Methods

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer also to introduction on internal models.

2.2 Interest Rate and Price Risk - Banking Book

Price Risk

QUALITATIVE INFORMATION

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

Interest rate risk consists of changes in interest rates that are reflected in:
• interest income sources, and thus, the bank's earnings (cash flow risk);
• the net present value of assets and liabilities, due to their impact on the present value of future cash flows (fair value risk).

The Group measures and monitors this risk within the framework of a banking book interest rate risk policy that establishes consistent methodologies and models and limits or thresholds to focus on with regard to the sensitivity of net interest income and the Group's economic value.

Interest rate risk has an impact on all owned positions resulting from business operations and strategic investment decisions (banking book). At December 31, 2011, the sensitivity of interest income to an immediate and parallel shift of +100bps was1million (and - 17 millions for a shift of -100bps).

The sensitivity of the economic value of shareholders' equity to an immediate and parallel change in interest rates ("parallel shift") of +200 bp was € 327 millions at December 31, 2011.

The above managerial figures include modeled sensitivity estimates for assets and liabilities with well not defined maturities, such as sight and savings deposits.

Part E - Risks and Hedging Policies (Continued)

The main sources of interest rate risk can be classified as follows:
- repricing risk - the risk resulting from timing mismatches in maturities and the repricing of the bank's assets and liabilities; the main features of this risk are:
  - yield curve risk - risk resulting from exposure of the bank's positions to changes in the slope and shape of the yield curve;
  - basis risk - risk resulting from the imperfect correlation in lending and borrowing interest rate changes for different instruments that may also show similar repricing characteristics;
- optionality risk – risk resulting from implicit or explicit options in the Group's banking book positions.

Some limits have been set out, in the above described organization, to reflect a risk propensity consistent with strategic guidelines issued by the Board of Directors. These limits are defined in terms of VaR (calculated using the methodology described above in relation to the trading portfolio), Sensitivity or Gap Repricing.

UniCredit S.p.A., like each of the Group's banks or companies, assumes responsibility for managing exposure to interest rate risk within its specified limits. Both micro- and macro-hedging transactions are carried out for this purpose.

At the consolidated level, Group HQ's Asset Liability Management Unit takes the following measures:
- It performs operating sensitivity analysis in order to measure any changes in the value of shareholders' equity based on parallel shocks to rate levels for all time buckets along the curve;
- Using static gap analysis (i.e., assuming that positions remain constant during the period), it performs an impact simulation on interest income for the current period by taking into account different elasticity assumptions for demand items;
- It analyses interest income using dynamic simulation of shocks to market interest rates;
- It develops methods and models for better reporting of the interest rate risk of items with no contractual maturity date (i.e., demand items).

Group Risk Management performs second-level controls on the above mentioned analyses.

The Group Balance Sheet & Liquidity Riskdepartment sets interest rate risk limits using VaR methodologies and verifies compliance with these limits on a daily basis.

B. Fair value hedging operations
Hedging strategies aimed at complying with interest rate risk limits for the banking portfolio are carried out with listed or unlisted derivative contracts, and the latter, which are commonly interest rate swaps, are the type of contracts used the most.

Macro-hedging is generally used, meaning hedges related to the amounts of cash contained in asset or liability portfolios. Under certain circumstances, the impact of micro-hedges related to securities issued or individual financial assets are recognized (especially when they are classified in the available-for-sale portfolio).

C. Cash flow hedging operations
In certain instances, cash flow hedging strategies are also used as an alternative to fair value hedging strategies in order to stabilize income statement profits in the current and future years. Macro-hedging strategies are mainly used and they may also refer to the interest rate risk of the core portion of financial assets “on demand.”

QUANTITATIVE INFORMATION

1. Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities

	AMOUNTS AS AT 12.31.2011							
TYPE / RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Balance-sheet assets	**85,676,814**	**115,371,896**	**23,197,078**	**18,805,095**	**40,505,560**	**17,148,091**	**12,742,742**	**-**
1.1 Debt securities	21	11,761,872	7,086,513	9,300,207	9,741,251	4,900,821	2,019,886	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	21	11,761,872	7,086,513	9,300,207	9,741,251	4,900,821	2,019,886	-
1.2 Loans to banks	1,414,880	14,953,534	1,328,375	302,980	59,561	1,771	-	-
1.3 Loans to customers	84,261,913	88,656,490	14,782,190	9,201,908	30,704,748	12,245,499	10,722,856	-
- Current accounts	34,072,346	1,151,989	466,064	1,147,300	2,631,720	1,513,886	501,177	-
- Other loans	50,189,567	87,504,501	14,316,126	8,054,608	28,073,028	10,731,613	10,221,679	-
- With prepayment option	*36,211,055*	*39,508,262*	*8,545,861*	*3,921,684*	*15,670,918*	*6,714,932*	*8,731,464*	-
- Other	*13,978,512*	*47,996,239*	*5,770,265*	*4,132,924*	*12,402,110*	*4,016,681*	*1,490,215*	-
2. Balance-sheet liabilities	**130,867,260**	**132,915,601**	**18,294,871**	**15,184,559**	**25,446,863**	**8,880,459**	**3,726,917**	**-**
2.1 Deposits from customers	116,448,645	27,038,253	3,265,211	2,119,741	1,156,717	242,988	367,738	-
- Current accounts	105,647,026	260,514	-	8,939	-	-	-	-
- Other loans	10,801,619	26,777,739	3,265,211	2,110,802	1,156,717	242,988	367,738	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	*10,801,619*	*26,777,739*	*3,265,211*	*2,110,802*	*1,156,717*	*242,988*	*367,738*	-
2.2 Deposits from banks	11,614,843	45,085,316	2,391,708	2,103,170	555,382	1,296,741	287,739	-
- Current accounts	2,319,468	-	-	-	-	-	-	-
- Other loans	9,295,375	45,085,316	2,391,708	2,103,170	555,382	1,296,741	287,739	-
2.3 Debt securities in issue	2,774,427	60,792,032	12,637,952	10,961,648	23,734,764	7,340,730	3,071,440	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	2,774,427	60,792,032	12,637,952	10,961,648	23,734,764	7,340,730	3,071,440	-
2.4 Other liabilities	29,345	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	29,345	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Phisically settled financial derivatives								
- Option								
+ Long positions	-	-	-	8,116	-	-	-	-
+ Short positions	-	-	-	8,116	-	-	-	-
- Other derivatives								
+ Long positions	-	-	718,913	14,581	1,749,823	289,791	-	-
+ Short positions	-	-	717,904	17,241	2,015,255	296,755	-	-
3.2 Cash settled financial derivatives								
- Options								
+ Long positions	-	280,308	31,862	12,351	117,741	16,250	41,000	-
+ Short positions	-	68,738	31,862	12,353	137,000	86,250	163,310	-
- Other derivatives								
+ Long positions	1,468,959	158,765,398	16,114,635	13,846,218	69,867,252	21,384,209	6,510,713	-
+ Short positions	2,867,509	184,607,342	20,471,894	10,285,997	48,463,153	13,458,329	8,029,416	-

Part E - Risks and Hedging Policies (Continued)

1.1 Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities - Currency: *Euro*

	AMOUNTS AS AT 12.31.2011							
TYPE / RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Balance-sheet assets	**85,142,408**	**110,902,153**	**21,788,759**	**18,336,137**	**40,057,103**	**17,111,052**	**12,676,761**	**-**
1.1 Debt securities	21	11,738,238	7,083,205	9,264,980	9,519,606	4,891,039	1,971,310	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	21	11,738,238	7,083,205	9,264,980	9,519,606	4,891,039	1,971,310	-
1.2 Loans to banks	1,099,593	13,597,087	1,008,439	93,181	58,538	1,771	-	-
1.3 Loans to customers	84,042,794	85,566,828	13,697,115	8,977,976	30,478,959	12,218,242	10,705,451	-
- Current accounts	33,962,682	1,115,022	466,051	1,147,258	2,631,547	1,513,782	501,176	-
- Other loans	50,080,112	84,451,806	13,231,064	7,830,718	27,847,412	10,704,460	10,204,275	-
- With prepayment option	*36,126,044*	*39,457,419*	*8,536,603*	*3,918,354*	*15,637,865*	*6,714,932*	*8,731,464*	-
- Other	*13,954,068*	*44,994,387*	*4,694,461*	*3,912,364*	*12,209,547*	*3,989,528*	*1,472,811*	-
2. Balance-sheet liabilities	**128,712,114**	**128,582,435**	**17,716,940**	**15,009,786**	**24,371,652**	**7,565,592**	**3,726,917**	**-**
2.1 Deposits from customers	115,409,547	26,816,409	3,252,320	2,116,781	797,564	242,988	367,738	-
- Current accounts	104,610,686	211,874	-	6,494	-	-	-	-
- Other loans	10,798,861	26,604,535	3,252,320	2,110,287	797,564	242,988	367,738	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	*10,798,861*	*26,604,535*	*3,252,320*	*2,110,287*	*797,564*	*242,988*	*367,738*	-
2.2 Deposits from banks	10,498,795	41,391,603	2,254,462	1,931,357	555,382	1,977	287,739	-
- Current accounts	2,081,226	-	-	-	-	-	-	-
- Other loans	8,417,569	41,391,603	2,254,462	1,931,357	555,382	1,977	287,739	-
2.3 Debt securities in issue	2,774,427	60,374,423	12,210,158	10,961,648	23,018,706	7,320,627	3,071,440	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	2,774,427	60,374,423	12,210,158	10,961,648	23,018,706	7,320,627	3,071,440	-
2.4 Other liabilities	29,345	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	29,345	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Phisically settled financial derivatives								
- Option								
+ Long positions	-	-	-	3,872	-	-	-	-
+ Short positions	-	-	-	3,872	-	-	-	-
- Other derivatives								
+ Long positions	-	-	389,857	-	85,685	8,475	-	-
+ Short positions	-	-	257,941	17,241	1,929,104	288,253	-	-
3.2 Cash settled financial derivatives								
- Options								
+ Long positions	-	252,915	15,626	5,758	117,741	16,250	41,000	-
+ Short positions	-	41,344	15,626	5,760	137,000	86,250	163,310	-
- Other derivatives								
+ Long positions	1,468,959	155,597,083	15,724,151	13,605,753	68,239,717	20,523,250	6,510,713	-
+ Short positions	2,867,509	182,008,964	20,011,744	10,179,627	48,180,656	13,433,562	8,023,390	-

1.2 Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities - Currency: ***USD***

TYPE / RESIDUAL MATURITY	AMOUNTS AS AT 12.31.2011							
	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Balance-sheet assets	**234,620**	**3,531,947**	**1,228,978**	**310,470**	**433,723**	**36,589**	**65,981**	**-**
1.1 Debt securities	-	1,684	3,308	35,220	221,642	9,783	48,576	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	1,684	3,308	35,220	221,642	9,783	48,576	-
1.2 Loans to banks	39,863	1,138,454	317,567	209,086	1,023	-	-	-
1.3 Loans to customers	194,757	2,391,809	908,103	66,164	211,058	26,806	17,405	-
- Current accounts	107,059	36,930	10	16	59	26	1	-
- Other loans	87,698	2,354,879	908,093	66,148	210,999	26,780	17,404	-
- With prepayment option	*75,333*	*34,083*	*9,215*	*3,293*	*32,587*	-	-	-
- Other	*12,365*	*2,320,796*	*898,878*	*62,855*	*178,412*	*26,780*	*17,404*	-
2. Balance-sheet liabilities	**1,811,701**	**3,597,164**	**53,565**	**2,830**	**143,695**	**1,043,357**	**-**	**-**
2.1 Deposits from customers	893,516	180,002	10,564	515	-	-	-	-
- Current accounts	893,516	48,454	-	-	-	-	-	-
- Other loans	-	131,548	10,564	515	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	*131,548*	*10,564*	*515*	-	-	-	-
2.2 Deposits from banks	918,185	3,333,514	43,001	2,315	-	1,043,357	-	-
- Current accounts	95,212	-	-	-	-	-	-	-
- Other loans	822,973	3,333,514	43,001	2,315	-	1,043,357	-	-
2.3 Debt securities in issue	-	83,648	-	-	143,695	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	83,648	-	-	143,695	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Phisically settled financial derivatives								
- Option								
+ Long positions	-	-	-	4,244	-	-	-	-
+ Short positions	-	-	-	4,244	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	139,318	-	-	-
+ Short positions	-	-	130,907	-	50,236	8,501	-	-
3.2 Cash settled financial derivatives								
- Options								
+ Long positions	-	27,394	16,236	6,593	-	-	-	-
+ Short positions	-	27,394	16,236	6,593	-	-	-	-
- Other derivatives								
+ Long positions	-	2,651,261	38,635	99,760	144,052	579,643	-	-
+ Short positions	-	2,316,746	130,907	98,885	246,582	24,767	6,026	-

Part E - Risks and Hedging Policies (Continued)

1.3 Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities - Currency: - Other currencies

	AMOUNTS AS AT 12.31.2011							
TYPE / RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Balance-sheet assets	**299,784**	**937,796**	**179,340**	**158,488**	**14,734**	**452**	**-**	**-**
1.1 Debt securities	-	21,950	-	6	3	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	21,950	-	6	3	-	-	-
1.2 Loans to banks	275,423	217,993	2,369	714	-	-	-	-
1.3 Loans to customers	24,361	697,853	176,971	157,768	14,731	452	-	-
- Current accounts	2,605	37	3	26	114	78	-	-
- Other loans	21,756	697,816	176,968	157,742	14,617	374	-	-
- With prepayment option	*9,678*	*16,760*	*42*	*37*	*466*	-	-	-
- Other	*12,078*	*681,056*	*176,926*	*157,705*	*14,151*	*374*	-	-
2. Balance-sheet liabilities	**343,445**	**736,003**	**524,366**	**171,943**	**931,515**	**271,510**	**-**	**-**
2.1 Deposits from customers	145,582	41,843	2,328	2,445	359,152	-	-	-
- Current accounts	142,824	186	-	2,445	-	-	-	-
- Other loans	2,758	41,657	2,328	-	359,152	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	*2,758*	*41,657*	*2,328*	-	*359,152*	-	-	-
2.2 Deposits from banks	197,863	360,198	94,244	169,498	-	251,407	-	-
- Current accounts	143,030	-	-	-	-	-	-	-
- Other loans	54,833	360,198	94,244	169,498	-	251,407	-	-
2.3 Debt securities in issue	-	333,962	427,794	-	572,363	20,103	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	333,962	427,794	-	572,363	20,103	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Phisically settled financial derivatives								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	329,056	14,581	1,524,819	281,316	-	-
+ Short positions	-	-	329,056	-	35,915	-	-	-
3.2 Cash settled financial derivatives								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	517,054	351,850	140,706	1,483,483	281,316	-	-
+ Short positions	-	281,632	329,244	7,485	35,915	-	-	-

Price Risk

QUALITATIVE INFORMATION

A. General Aspects, Price Risk Management Processes And Measurement Methods
Banking Book price risk primarily originates from equity interests held by UniCredit S.p.A. as a stable investment, as well as units in mutual investment funds not included in the trading book in so far as they are also held as a stable investment.

In the whole aggregated banking and trading book portfolio assessment of UniCredit S.p.A. this kind of risk is also considered.

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer to introduction on internal models.

2.3 Exchange Rate Risk

QUALITATIVE INFORMATION

A. General Aspects, Exchange Rate Risk Management Processes and Measurement Methods
Exchange risk originates from currency trading activities, for both trading and banking book, performed through the negotiation of the various market instruments is constantly monitored and measured by using internal models developed by group companies.

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

QUANTITATIVE INFORMATION

1.Distribution by currency of assets and liabilities and derivatives

	AMOUNTS AS AT 12.31.2011					
	CURRENCIES					
ITEMS	USD	GBP	YEN	CHF	CNY	OTHER CURRENCIES
A. Financial assets	**6,525,955**	**304,151**	**369,635**	**346,008**	**365,056**	**212,616**
A.1 Debt securities	320,604	21,959	-	-	-	-
A.2 Equity securities	87,360	24	-	706	-	-
A.3 Loans to banks	2,153,713	80,485	99,790	172,164	17,256	138,354
A.4 Loans to customers	3,964,258	201,683	269,845	173,138	347,800	74,262
A.5 Other financial assets	20	-	-	-	-	-
B. Other assets	**127,065**	**36,330**	**1,914**	**5,639**	**18,835**	**8,657**
C. Financial liabilities	**6,702,019**	**1,877,587**	**354,316**	**117,735**	**304,564**	**299,286**
C.1 Deposits from banks	5,319,728	308,999	197,060	77,041	292,322	177,275
C.2 Deposits from customers	1,155,877	461,201	7,814	27,132	12,242	70,919
C.3 Debt securities in issue	226,414	1,107,387	149,442	13,562	-	51,092
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**441,396**	**101,600**	**1,390**	**4,167**	**13,837**	**8,375**
E. Financial derivatives						
- Options						
- Long positions	*1,053,917*	*129,969*	*3,007*	*17,165*	*183,081*	*29,435*
- Short positions	*1,053,917*	*129,969*	*3,007*	*17,165*	*183,081*	*29,435*
- Other						
- Long positions	*21,809,515*	*2,778,853*	*1,269,072*	*1,217,178*	*-*	*732,570*
- Short positions	*21,577,654*	*1,158,565*	*1,282,649*	*1,481,399*	*48,566*	*647,856*
Total assets	**29,516,452**	**3,249,303**	**1,643,628**	**1,585,990**	**566,972**	**983,278**
Total liabilities	**29,774,986**	**3,267,721**	**1,641,362**	**1,620,466**	**550,048**	**984,952**
Difference (+/-)	**(258,534)**	**(18,418)**	**2,266**	**(34,476)**	**16,924**	**(1,674)**

Part E - Risks and Hedging Policies (Continued)

Credit Spread Risk

QUALITATIVE INFORMATION

A. General Information
As described above, risk relating to credit spreads included in both trading book and banking book, originates from positions taken by UniCredit S.p.A. holding assigned market risk limits within certain levels of discretion.

B. Risk Management Processes and Measurement Methods
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer to introduction on internal models.

Credit spread sensitivity is calculated by assuming a worsening of creditworthiness seen in a parallel shift of +1bp in the credit spread curves.

These sensitivities are calculated both inclusively, assuming a parallel shift of all the credit spread curves, and in respect of specific rating classes and economic sectors.

Stress test
Stress tests complement the sensitivity analysis and VaR results in order to assess the potential risks in a different way. A stress test performs the evaluation of a portfolio under both simple scenarios (assuming change to single risk factors) and complex scenarios (assuming simultaneous changes in a number of risk factors).

What follows contains the description of complex scenarios, which combine changes in interest rate, price, exchange-rate and credit spread risk factors.

"Greece Default" Scenario
The Greece Default scenario was introduced at the beginning of 2010 as a consequence of the growing worries about the prospect of the current Greece crisis possibly forcing Greek sovereign debt to default.

As a consequence of Greece sovereign debt default, European Peripheral Countries' sovereign debt is expected to suffer the most vis-à-vis other EU countries. CEE countries and Turkey are assumed to be put under severe pressure. Flight to quality is foreseen especially towards Germany and US governement debts.

To account for the low liquidity in the market, the time horizon for this scenario was extended to cover a period of one quarter.
In terms of macro-economic variables, this scenario assumes:
- credit spreads are expected to deteriorate substantially across the board (rating/sector) with low credit ratings assumed to be hit the most;
- european stock markets to plunge (fall); this would combine with an increase in equity volatilities. US markets instead are expected to slightly gain;
- USD interest rate curve is expected to steepen while EUR interest rate curve is expected to flatten. In this scenario, an increase in interest rate volatilities is also assumed;
- USD is expected to appreciate, mostly against EUR.

Sovereign Debt Tension Scenario
In this scenario, introduced in June 2010 and updated in December 2011, we envisage the occurrence of an escalation of the sovereign debt crisis, with no systemic contagion.This is motivated by the fact that, while the setup of the European Financial Stabilization Fund and the liquidity injection by the ECB seem to have ruled out the possibility of an outright default, market tensions still persist. Such tensions may create a challenging environment at a time in which many European countries are consolidating their public finances. In such a scenario, the EMU sovereign debt crisis would have spillover effects on the US economy as well and the flight-to-quality would lead to a further bond rally on both sides of the Atlantic. In terms of financial market variables, this scenario assumes:
- credit spreads: higher risk aversion would imply a tightening of core issuers versus swap. Periphery would be under pressure: Italy spreads would widen further while Spanish bonds would be less under pressure; all credit spreads, in the corporate bond universe, would come under pressure;
- world stock markets to plunge (fall); this would combine with an increase in equity volatilities;
- USD and EUR interest rate curve are expected to flatten. In this scenario, an increase in interest rate volatilities is also assumed;
- USD is expected to appreciate, mostly against EUR; depreciation of CEE currencies against EUR.

Widespread Contagion Scenario
This scenario, introduced in December 2010 and updated in December 2011, assumes an escalation of the debt crisis towards a systemic level, with severe contagion spreading to Spain and Italy. Large-scale ECB government bond buying is not able to stop the widening of sovereign spreads, with the market increasingly focusing on the weakest points of the two countries – in Spain, the banking sector and the contingent liabilities for the government, in Italy the high level of the debt-to-GDP ratio in a context of modest potential growth.This would lead to severe disruption in the eurozone financial markets and a consequent massive tightening in financial conditions area-wide. Due to the important trade linkages between eurozone countries, the financial shock would be amplified and cause a deeper recession than the one envisaged under the risk scenario labeled as "Sovereign Tensions".

This scenario assumes, for the market variables, the following changes:
- ECB reacts lowering the refi rate by 50bp and EUR/USD mid/long term rates fall (flight-to-quality), thus determining a curve flattening, in response to the deteriorated growth and inflation outlook. GBP curve is expected to steepen, reflecting a negative perception by investors on the capabilities to achieve further consolidation in the fiscal side;
- on the FX front, the EUR-USD would be hit hard by the loss of confidence in the EMU, and the CHF would gain vs. most currencies as in times of risk aversion, the Swiss currency is always a popular asset. The Yen would similarly appreciate given the repricing in risk preferences; EUR-GBP may suffer as sterling may be perceived as a EMU hedge;
- increasing risk aversion will be a penalizing factor for risky assets, weighing on the performance of major Equity indices which also experience higher level of volatilities;
- as for Credit spreads, sovereigns experience a dramatic widening (especially PIIGS) with the exception of Germany and US (flight-to-quality); spreads of financials and corporates widen accordingly.

Emerging Markets Slowdown Scenario
This scenario, introduced in June 2011, covers the period 2011, 2012 and 2013. It assumes a shock coming from the real economy, namely a severe emerging economies slowdown in the growth rate starting in 2011 and intensifying during 2012. This negatively affects EMU GDP growth and, to a lesser extent, the US, where the weight of the manufacturing sector and trade openness is lower. As a result of weaker economic activity and lower oil prices, inflation would slow down. The combination of weaker GDP growth and lower inflation would lead to a considerable slowdown in the normalization of monetary policy rates.

In terms of macro-economic variables, this scenario assumes:
- credit spreads: as for European sovereign spreads the deteriorated is not severe compared to the Sovereign Tensions scenario because the shock should affect credit-risk premium only indirectly. The shock would reflect more on oil companies and on companies which are not included in the "iTraxx main". The widening of the iTraxx Financial Senior and Sub are also important;
- the shock has no impact on the Japanese yield curve. The impact on the US, EU and UK curves is that of a fall in yields which will bull flatten as the time bucket increases. This reflects the worsening growth outlook and the resulting more benign inflation outlook. The Euribor curve is the most reactive of the three as the risk aversion gives further support to Bunds;
- the performance of stock markets will lower and equity volatilities will increase;
- the EUR is expected to depreciate against the Us dollar, Japanese yen and Swiss franc (because of the demand for safe-havens) and to appreciate versus the others European currencies and Turkish lira.

Stress Test on trading book

Scenario

(€ million)

	2011			
12.30.2011	GREECE DEFAULT	SOVEREIGN DEBT TENSIONS	WIDESPREAD CONTAGION	EMERGING MARKET SLOWDOWN
UniCredit S.p.A.	-14	-17	-38	-11

Part E - Risks and Hedging Policies (CONTINUED)

2.4 DERIVATIVE INSTRUMENTS

A. FINANCIAL DERIVATIVES

A.1 Regulatory trading portfolio: end of period notional amounts

	AMOUNTS AS AT			
	12.31.2011		12.31.2010	
DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
1. Debt securities and interest rate indexes	**296,899,177**	**-**	**303,531,075**	**-**
a) Options	7,279,949	-	9,695,257	-
b) Swap	274,594,343	-	284,897,641	-
c) Forward	15,024,885	-	8,838,333	-
d) Futures	-	-	-	-
e) Others	-	-	99,844	-
2. Equity instruments and stock indexes	**531,166**	**-**	**1,142,663**	**-**
a) Options	526,579	-	1,140,975	-
b) Swap	-	-	-	-
c) Forward	4,587	-	1,688	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Gold and currencies	**45,311,159**	**-**	**37,835,238**	**-**
a) Options	2,632,197	-	1,332,434	-
b) Swap	939,528	-	749,317	-
c) Forward	41,739,434	-	35,753,487	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**56,727**	**-**	**17,464**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**
Total	**342,798,229**	**-**	**342,526,440**	**-**
Average amounts	**342,662,335**	**-**	**274,931,404**	**927,806**

A.2.1 Banking book: end of period notional amounts and average - Hedging derivatives

	AMOUNTS AS AT			
	12.31.2011		12.31.2010	
DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
1. Debt securities and interest rate indexes	**227,302,893**	**-**	**156,525,650**	**-**
a) Options	543,436	-	595,801	-
b) Swap	226,759,457	-	155,929,849	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity instruments and stock indexes	**13,000**	**-**	**13,000**	**-**
a) Options	13,000	-	13,000	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Gold and currencies	**3,259,338**	**-**	**12,085,890**	**-**
a) Options	-	-	-	-
b) Swap	2,892,385	-	3,007,035	-
c) Forward	366,953	-	9,078,855	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**
Total	**230,575,231**	**-**	**168,624,540**	**-**
Average amounts	**199,599,886**	**-**	**167,918,752**	**-**

A.2.2 Banking book: end of period notional amounts and average - Other derivatives

	AMOUNTS AS AT			
	12.31.2011		12.31.2010	
DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
1. Debt securities and interest rate indexes	**55,985,549**	**-**	**45,979,648**	**-**
a) Options	318,160	-	407,150	-
b) Swaps	55,667,389	-	45,572,498	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity instruments and stock indexes	**18,964,717**	**-**	**15,585,171**	**-**
a) Options	17,682,901	-	14,288,707	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	1,281,816	-	1,296,464	-
3. Gold and currencies	**2,585,599**	**-**	**16,043,092**	**-**
a) Options	145,726	-	219,970	-
b) Swap	84,173	-	966,375	-
c) Forwards	2,355,700	-	14,856,747	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
A.4 Commodities	**-**	**-**	**658**	**-**
A.5 Other underlyings	**-**	**-**	**-**	**-**
Total	**77,535,865**	**-**	**77,608,569**	**-**
Average amounts	**77,572,217**	**-**	**51,382,756**	**-**

A.3 Financial derivatives: gross positive fair value - breakdown by product

	POSITIVE FAIR VALUE			
	AMOUNTS AS AT			
	12.31.2011		12.31.2010	
TRANSACTION TYPES/UNDERLYINGS	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
A. Regulatory trading portfolio	**8,561,004**	**-**	**5,386,872**	**-**
a) Options	220,555	-	138,042	-
b) Interest rate swaps	7,334,447	-	4,652,994	-
c) Cross currency swap	95,794	-	103,505	-
d) Equity swaps	-	-	-	-
e) Forward	908,689	-	465,257	-
f) Futures	-	-	-	-
g) Others	1,519	-	27,074	-
B. Banking portfolio - Hedging derivatives	**5,427,902**	**-**	**3,199,907**	**-**
a) Options	2,475	-	9,034	-
b) Interest rate swaps	5,249,976	-	2,839,167	-
c) Cross currency swap	154,599	-	133,117	-
d) Equity swaps	-	-	218,589	-
e) Forward	20,852	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking portfolio - Other derivatives	**1,270,773**	**-**	**964,128**	**-**
a) Options	186,526	-	157,447	-
b) Interest rate swaps	1,000,183	-	697,422	-
c) Cross currency swap	9,501	-	21,599	-
d) Equity swaps	-	-	-	-
e) Forward	74,563	-	67,678	-
f) Futures	-	-	-	-
g) Others	-	-	19,982	-
Total	**15,259,679**	**-**	**9,550,907**	**-**

Part E - Risks and Hedging Policies (Continued)

A.4 Financial derivates: gross negative fair value - breakdown by product

PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	NEGATIVE FAIR VALUE AMOUNTS AS AT 12.31.2011 OVER THE COUNTER	12.31.2011 CLEARING HOUSE	12.31.2010 OVER THE COUNTER	12.31.2010 CLEARING HOUSE
A. Regulatory trading portfolio	**8,756,379**	**-**	**5,518,547**	**-**
a) Options	229,693	-	150,129	-
b) Interest rate swaps	7,514,025	-	4,792,569	-
c) Cross currency swap	102,404	-	109,477	-
d) Equity swaps	-	-	-	-
e) Forward	908,672	-	439,283	-
f) Futures	-	-	-	-
g) Others	1,585	-	27,089	-
B. Banking portfolio - Hedging derivatives	**5,091,078**	**-**	**3,576,863**	**-**
a) Options	44,994	-	7,948	-
b) Interest rate swaps	4,966,655	-	3,210,332	-
c) Cross currency swap	75,155	-	304,121	-
d) Equity swaps	-	-	-	-
e) Forward	4,274	-	54,462	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking portfolio - Other derivatives	**1,436,368**	**-**	**1,274,662**	**-**
a) Options	197,537	-	157,447	-
b) Interest rate swaps	1,170,351	-	806,574	-
c) Cross currency swap	4,505	-	128,033	-
d) Equity swaps	-	-	-	-
e) Forward	45,815	-	106,152	-
f) Futures	-	-	76,456	-
g) Others	18,160	-	-	-
Total	**15,283,825**	**-**	**10,370,072**	**-**

A.5 OTC Financial derivatives: regulatory trading portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreement

CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2011 GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1) Debt securities and interest rate indexes							
- notional amount	788	1,719,875	195,049,320	75,098,250	-	24,287,717	743,229
- positive fair value	-	103,070	2,188,197	3,619,074	-	1,506,932	2,738
- negative fair value	-	4,637	4,746,274	2,744,181	-	102,562	-
- future exposure	-	21,293	1,207,002	795,910	-	169,631	107
2) Equity instruments and stock indexes							
- notional amount	-	-	184,237	-	7,544	156,501	182,883
- positive fair value	-	-	14,034	-	-	59,403	2,531
- negative fair value	-	-	65,839	-	220	10,507	5,329
- future exposure	-	-	13,406	-	453	11,390	14,349
3) Gold and currencies							
- notional amount	-	-	41,184,672	234,139	-	3,887,441	4,905
- positive fair value	-	-	901,643	82,477	-	77,806	187
- negative fair value	-	-	963,960	515	-	109,233	141
- future exposure	-	-	445,946	13,481	-	73,069	47
4) Other instruments							
- notional amount	-	-	28,362	-	-	28,362	2
- positive fair value	-	-	1,730	-	-	1,179	2
- negative fair value	-	-	1,835	-	-	1,144	2
- future exposure	-	-	2,836	-	-	2,836	-

A.7 OTC Financial derivatives: banking portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreements

	AMOUNTS AS AT 12.31.2011						
CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1) Debt securities and interest rate indexes							
- notional amount	-	-	268,394,207	13,420,162	-	-	1,474,073
- positive fair value	-	-	6,182,053	76,184	-	-	-
- negative fair value	-	-	5,972,962	122,392	-	-	92,167
- future exposure	-	-	1,693,710	84,415	-	-	4,407
2) Equity instruments and stock indexes							
- notional amount	-	-	10,302,162	124	-	50,005	8,625,426
- positive fair value	-	-	177,372	-	-	570	7
- negative fair value	-	-	19,327	-	-	-	187,875
- future exposure	-	-	821,807	12	-	4,002	682,720
3) Gold and currencies							
- notional amount	-	-	5,750,811	-	-	21,262	72,863
- positive fair value	-	-	262,108	-	-	380	-
- negative fair value	-	-	129,664	-	-	85	2,974
- future exposure	-	-	118,015	-	-	-	729
4) Other instruments							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.9 OTC financial derivatives - residual life: notional amounts

UNDERLYING/RESIDUAL MATURITY	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEAR	OVER 5 YEAR	TOTAL
A. Regulatory trading portfolio	**135,680,457**	**89,305,587**	**117,812,184**	**342,798,228**
A.1 Financial derivative contracts on debt securities and interest rates	92,007,803	87,941,405	116,949,969	296,899,177
A.2 Financial derivative contracts on equity securities and stock indexes	144,758	386,407	-	531,165
A.3 Financial derivative contracts on exchange rates and gold	43,471,169	977,775	862,215	45,311,159
A.4 Financial derivative contracts on other values	56,727	-	-	56,727
B. Banking portfolio	**79,662,078**	**151,475,070**	**76,973,947**	**308,111,095**
B.1 Financial derivative contracts on debt securities and interest rates	71,589,296	139,263,289	72,435,857	283,288,442
B.2 Financial derivative contracts on equity securities and stock indexes	4,539,509	10,196,846	4,241,362	18,977,717
B.3 Financial derivative contracts on exchange rates and gold	3,533,273	2,014,935	296,728	5,844,936
B.4 Financial derivative contracts on other values	-	-	-	-
Total as at 12.31.2011	**215,342,535**	**240,780,657**	**194,786,131**	**650,909,323**
Total as at 12.31.2010	**224,337,599**	**187,969,232**	**176,452,719**	**588,759,550**

Part E - Risks and Hedging Policies (Continued)

B. CREDIT DERIVATIVES

B.1 Credit derivatives: end of period notional amounts and average

TRANSACTION CATEGORIES	REGULATORY TRADING PORTFOLIO: WITH A SINGLE COUNTERPARTY	REGULATORY TRADING PORTFOLIO: WITH MORE THAN ONE COUNTERPARTY (BASKET)	BANKING PORTFOLIO: WITH A SINGLE COUNTERPARTY	BANKING PORTFOLIO: WITH MORE THAN ONE COUNTERPARTY (BASKET)
1. Protection buyer's contracts				
a) Credit default products	-	-	-	-
b) Credit spread products	-	-	-	-
c) Total rate of return swap	-	-	-	-
d) Other	-	-	5,000	-
Total as at 12.31.2011	**-**	**-**	**5,000**	**-**
Average amounts	**-**	**-**	**2,706**	**134,848**
Total as at 12.31.2010	**-**	**-**	**412**	**269,695**
2. Protection seller's contracts				
a) Credit default products	-	-	5,000	-
b) Credit spread products	-	-	-	-
c) Total rate of return swap	-	-	-	-
d) Other	-	-	-	-
Total as at 12.31.2011	**-**	**-**	**5,000**	**-**
Average amounts	**-**	**-**	**2,706**	**-**
Total as at 12.31.2010	**-**	**-**	**412**	**-**

B.2 Credit derivatives:gross positive fair value - breakdown by product

PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	POSITIVE FAIR VALUE AMOUNTS AS AT 12.31.2011	12.31.2010
A. Regulatory trading portfolio	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
B. Banking portfolio	**293**	**545**
a) Credit default products	293	545
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
Total	**293**	**545**

B.3 Credit derivatives:gross negative fair value - breakdown by product

PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	NEGATIVE FAIR VALUE AMOUNTS AS AT 12.31.2011	12.31.2010
A. Regulatory trading portfolio	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
B. Banking portfolio	**293**	**545**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	293	545
Total	**293**	**545**

B.4 OTC Credit derivatives:gross FV (positive and negative) by counterpart - contracts not in netting agreement

CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	AMOUNTS AT 12.31.2011 GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
Regulatory trading portfolio							
1) Protection purchase							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
2) Protection sale							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
Banking portfolio							
1) Protection purchase							
- notional amount	-	-	-	-	-	-	5,000
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	293
2) Protection sale							
- notional amount	-	-	5,000	-	-	-	-
- positive fair value	-	-	293	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

B.6. Credit derivatives residual life: notional amount

UNDERLYING / RESIDUAL MATURITY	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A. Regulatory trading portfolio	**-**	**-**	**-**	**-**
A.1 Credit derivatives with "qualified reference obligation"	-	-	-	-
A.2 Credit derivatives with "not qualified reference obligation"	-	-	-	-
B. Banking portfolio	**-**	**10,000**	**-**	**10,000**
B.1 Credit derivatives with "qualified reference obligation"	-	10,000	-	10,000
B.2 Credit derivatives with "not qualified reference obligation"	-	-	-	-
Total 12.31.2011	**-**	**10,000**	**-**	**10,000**
Total 12.31.2010	**-**	**824**	**269,695**	**270,519**

C. FINANCIAL AND CREDIT DERIVATIVES

No data to be disclosed in this section.

Part E - Risks and Hedging Policies (Continued)

Section 3 - Liquidity risks

QUALITATIVE INFORMATION

Liquidity risk is defined as the risk that the Bank may find itself unable to fulfil 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, defines policies and metrics to ensure a sound liquidity position.

The Group is organized on a managerial perspective, according to the concept of the Liquidity Centres.

The Liquidity Centres are Legal Entities that act in their responsibility as liquidity hub. They are in charge:
- of the liquidity management and concentration process of liquidity flows of the Legal Entities falling within their perimeter of responsibility;
- of the funding optimization carried out on the relevant local markets and are responsible to coordinate the access to short term and medium long term markets of the legal entities belonging to their perimeter;
- finally, of the implementation of the Group's liquidity rules at local level in line with Group's Governance Guideline and Policy and with local regulations.

A particularly important role is played by the Parent Company, as a "supervisory and overarching liquidity centre" with its role of steering, coordinating, and controlling all the aspects regarding liquidity for the whole Group. UniCredit S.p.A., moreover, acts as the Liquidity Centre Italy, therefore manages and runs in an integral manner the liquidity risk of all the other legal entities belonging to 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: 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 Group's Legal Entities, 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 transforming short, medium and long-term maturities. This is implemented in accordance with legal and regulatory framework and internal rules and policies, through management models.
Such models are subject to analyses carried out by Risk Management, to ensure that they comply with the metrics and the objectives of the 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 ratios: e.g. loan to deposit, leverage). 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 metrics

The Group's Liquidity Framework, to which UniCredit S.p..A. is alligned, is based upon the Liquidity Risk Mismatch Model which is 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.

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, thereby protecting the Bank from risks related to the transformation of maturity.

Short term liquidity management

Consolidated 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 Group's Risk Appetite Framework. At the same time, a sensitivity analysis is performed aimed to verify the impact of 1 and 2 bln 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 Group's Risk Appetite Framework. The maintenance of an adequate ratio between medium to long-term liabilities and assets aims to avoid pressures on short-term sources, whether present or future.

The standard measures taken for such purposes are the following:

1. 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);
2. the financing of growth through strategic funding activities, setting the most appropriate maturities (Yearly Funding Plan);
3. 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.

For Liquidity Centre Italy and its perimeter, Risk management calculates Liquidity Stress test according to the approved Group rules.

Part E - Risks and Hedging Policies (Continued)

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. can 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 by assessing the impact on an institution's financial condition of a move in one particular risk factor, the source of the shock not being identified, whereas scenario tests tend to consider the impact of simultaneous moves in a number of risk factors, based on a hypothetical, well defined and consistent stress scenario.

Liquidity scenarios

At macro level the Bank identifies three basic different classes of potential liquidity crisis:
1. 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.;
2. specific to the Bank, or part of it: 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;
3. 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 calculated 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 for UniCredit S.p.A. 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, while the Liquidity Centres coordinate the access of the Legal Entities falling within their perimeter. Planning Finance and Administration (PFA) function can access the markets for medium and long term funding, in order to increase its self-sufficiency, exploit market opportunities and functional specialization, safeguarding the optimization of cost of funds of the Bank.

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 governance model that can be activated effectively in case of crisis according to an approved procedure has to be defined. In order to be able to proceed timely, a set of mitigating actions have to 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.

Part E - Risks and Hedging Policies (Continued)

QUANTITATIVE INFORMATION

1.Time breakdown by contractual residual maturity of financial assets and liabilities

	AMOUNTS AS AT 12.31.2011									
ITEMS/MATURITIES	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Balance sheet assets	**52,746,283**	**10,404,963**	**11,351,373**	**23,812,638**	**19,572,181**	**17,159,317**	**21,369,652**	**82,660,275**	**84,394,801**	**654,610**
A.1 Government securities	2,378	37	7	11,601	3,125,281	4,316,766	4,589,693	6,658,434	4,985,999	-
A.2 Other debt securities	1,138	1,164	3,243	47,257	349,830	110,241	378,740	13,292,982	9,263,170	4,203
A.3 Units in investment funds	764,156	-	-	-	-	-	-	-	-	-
A.4 Loans	51,978,611	10,403,762	11,348,123	23,753,780	16,097,070	12,732,310	16,401,219	62,708,859	70,145,632	650,407
- Banks	1,416,910	2,808,581	928,850	7,414,426	2,158,717	1,193,974	363,857	432,360	757,168	647,330
- Customers	50,561,701	7,595,181	10,419,273	16,339,354	13,938,353	11,538,336	16,037,362	62,276,499	69,388,464	3,077
Balance sheet liabilities	**116,796,441**	**21,204,864**	**5,927,751**	**18,298,314**	**15,752,699**	**16,001,478**	**22,386,380**	**80,573,736**	**43,458,622**	**-**
B.1 Deposits and current accounts	116,056,006	4,566,849	876,989	3,293,489	2,958,614	2,714,430	3,503,244	1,149,578	501,870	-
- Banks	11,244,231	3,887,164	823,714	2,145,043	2,119,389	1,579,785	1,367,898	525,000	-	-
- Customers	104,811,775	679,685	53,275	1,148,446	839,225	1,134,645	2,135,346	624,578	501,870	-
B.2 Debt securities	232,499	806,339	948,247	1,591,560	4,608,300	11,028,756	14,157,956	59,252,578	32,747,250	-
B.3 Other liabilities	507,936	15,831,676	4,102,515	13,413,265	8,185,785	2,258,292	4,725,180	20,171,580	10,209,502	-
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	84,845	10,725,116	8,585,503	4,715,798	13,796,064	7,831,705	4,063,878	10,011,693	5,980,573	14,296
- Short positions	84,619	18,604,411	8,667,617	8,649,062	13,441,803	7,506,742	3,908,837	5,019,715	1,611,486	11,485
C.2 Cash settled financial derivatives										
- Long positions	7,678,380	19,961	34,053	174,533	673,322	903,223	1,009,811	-	-	-
- Short positions	7,592,911	14,342	26,797	204,784	875,412	790,526	1,111,368	-	-	-
C.3 Deposit to be received										
- Long positions	6,979,904	5,620,872	-	-	-	-	-	-	-	-
- Short positions	-	10,361,788	8,700	-	1,309,211	907,577	13,499	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	1,818,961	3,517,284	11,133	6,973,613	2,262,231	1,475,364	4,351,560	6,834,666	4,584,756	661,329
- Short positions	22,707,239	2,817,404	-	6,300,000	-	-	-	5,000	-	661,255
C.5 Written guarantees	27,193	-	46	15,584	13,660	3,693	34,602	28,198	26,807	-

1.1 Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: *Euro*

	AMOUNTS AS AT 12.31.2011									
ITEMS/MATURITIES	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Balance sheet assets	**52,219,093**	**9,152,103**	**11,291,786**	**22,857,911**	**17,962,943**	**15,970,018**	**20,585,171**	**82,099,341**	**83,653,286**	**654,610**
A.1 Government securities	2,378	37	7	11,601	3,125,281	4,316,766	4,589,693	6,657,974	4,964,373	-
A.2 Other debt securities	1,132	1,164	3,243	47,257	349,830	110,241	343,519	13,068,494	9,199,362	4,203
A.3 Units in investment funds	679,753	-	-	-	-	-	-	-	-	-
A.4 Loans	51,535,830	9,150,902	11,288,536	22,799,053	14,487,832	11,543,011	15,651,959	62,372,873	69,489,551	650,407
- Banks	1,104,248	2,291,167	925,877	7,366,263	1,951,039	875,123	151,852	431,339	177,525	647,330
- Customers	50,431,582	6,859,735	10,362,659	15,432,790	12,536,793	10,667,888	15,500,107	61,941,534	69,312,026	3,077
Balance sheet liabilities	**114,671,806**	**20,877,693**	**5,726,422**	**17,103,501**	**13,877,048**	**15,850,423**	**22,195,737**	**79,712,318**	**40,724,010**	**-**
B.1 Deposits and current accounts	114,175,366	4,239,678	682,238	2,168,389	2,692,951	2,563,375	3,326,353	1,149,578	500,944	-
- Banks	10,387,591	3,677,221	636,686	1,050,731	1,927,314	1,443,669	1,196,797	525,000	-	-
- Customers	103,787,775	562,457	45,552	1,117,658	765,637	1,119,706	2,129,556	624,578	500,944	-
B.2 Debt securities	232,499	806,339	941,669	1,521,847	4,544,026	11,028,756	14,144,204	58,398,124	32,141,143	-
B.3 Other liabilities	263,941	15,831,676	4,102,515	13,413,265	6,640,071	2,258,292	4,725,180	20,164,616	8,081,923	-
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	30,677	5,539,323	5,553,566	3,840,385	6,620,461	3,347,550	681,665	5,683,482	3,068,081	9,011
- Short positions	53,599	13,396,729	2,865,608	4,204,761	6,257,897	3,878,436	2,575,956	2,393,059	728,922	4,338
C.2 Cash settled financial derivatives										
- Long positions	7,482,021	19,961	20,519	174,051	673,051	885,201	991,044	-	-	-
- Short positions	7,397,169	14,342	25,282	200,748	874,538	788,135	1,104,187	-	-	-
C.3 Deposit to be received										
- Long positions	6,872,942	5,495,157	-	-	-	-	-	-	-	-
- Short positions	-	10,216,520	8,700	-	1,224,196	905,183	13,499	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	1,620,474	2,633,701	4,072	6,816,176	2,050,606	978,759	4,015,918	6,356,699	4,429,668	661,002
- Short positions	20,801,072	1,800,000	-	6,300,000	-	-	-	5,000	-	661,002
C.5 Written guarantees	24,657	-	46	15,584	13,660	3,652	33,594	28,159	18,657	-

Part E - Risks and Hedging Policies (Continued)

1.2 Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: *USD*

	AMOUNTS AS AT 12.31.2011									
ITEMS/MATURITIES	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Balance sheet assets	**235,914**	**1,160,198**	**37,199**	**708,269**	**1,060,988**	**1,007,010**	**623,342**	**535,324**	**704,148**	**-**
A.1 Government securities	-	-	-	-	-	-	-	457	21,626	-
A.2 Other debt securities	-	-	-	-	-	-	35,220	224,488	40,291	-
A.3 Units in investment funds	84,403	-	-	-	-	-	-	-	-	-
A.4 Loans	151,511	1,160,198	37,199	708,269	1,060,988	1,007,010	588,122	310,379	642,231	-
- Banks	35,235	506,712	2,967	19,593	29,264	316,484	211,291	1,021	579,643	-
- Customers	116,276	653,486	34,232	688,676	1,031,724	690,526	376,831	309,358	62,588	-
Balance sheet liabilities	**1,801,156**	**290,402**	**88,420**	**980,309**	**1,708,320**	**55,096**	**4,315**	**217,056**	**1,507,619**	**-**
B.1 Deposits and current accounts	1,559,635	290,402	88,420	980,309	151,404	55,096	4,315	-	547	-
- Banks	676,663	178,533	88,250	973,023	84,007	42,855	2,311	-	-	-
- Customers	882,972	111,869	170	7,286	67,397	12,241	2,004	-	547	-
B.2 Debt securities	-	-	-	-	11,201	-	-	217,056	-	-
B.3 Other liabilities	241,521	-	-	-	1,545,715	-	-	-	1,507,072	-
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	54,114	4,752,714	2,994,602	314,648	5,902,365	3,179,146	2,036,239	585,286	453,075	1,993
- Short positions	30,965	4,209,189	4,908,544	3,152,496	6,633,908	2,672,892	885,350	2,367,118	736,189	7,137
C.2 Cash settled financial derivatives										
- Long positions	189,549	-	13,534	481	271	18,022	18,767	-	-	-
- Short positions	188,932	-	1,514	4,036	874	2,392	7,181	-	-	-
C.3 Deposit to be received										
- Long positions	104,568	92,743	-	-	-	-	-	-	-	-
- Short positions	-	112,296	-	-	85,014	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	122,749	875,799	6,869	80,991	209,550	487,657	260,736	399,165	76,838	271
- Short positions	1,525,716	994,710	-	-	-	-	-	-	-	197
C.5 Written guarantees	953	-	-	-	-	-	1,007	-	8,149	-

1.3 Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: *Other currencies*

	AMOUNTS AS AT 12.31.2011									
ITEMS/MATURITIES	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Balance sheet assets	**291,276**	**92,662**	**22,388**	**246,458**	**548,250**	**182,289**	**161,137**	**25,610**	**37,367**	**-**
A.1 Government securities	-	-	-	-	-	-	-	3	-	-
A.2 Other debt securities	6	-	-	-	-	-	-	-	23,517	-
A.3 Units in investment funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	291,270	92,662	22,388	246,458	548,250	182,289	161,137	25,607	13,850	-
- Banks	277,426	10,702	6	28,571	178,414	2,367	714	-	-	-
- Customers	13,844	81,960	22,382	217,887	369,836	179,922	160,423	25,607	13,850	-
Balance sheet liabilities	**323,478**	**36,770**	**112,909**	**214,505**	**167,330**	**95,959**	**186,329**	**644,362**	**1,226,993**	**-**
B.1 Deposits and current accounts	321,004	36,770	106,331	144,792	114,258	95,959	172,577	-	378	-
- Banks	179,977	31,410	98,778	121,290	108,067	93,261	168,791	-	-	-
- Customers	141,027	5,360	7,553	23,502	6,191	2,698	3,786	-	378	-
B.2 Debt securities	-	-	6,578	69,713	53,072	-	13,752	637,398	606,107	-
B.3 Other liabilities	2,474	-	-	-	-	-	-	6,964	620,508	-
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	55	433,079	37,335	560,765	1,273,239	1,305,009	1,345,974	3,742,926	2,459,417	3,291
- Short positions	55	998,493	893,465	1,291,806	549,998	955,414	447,531	259,538	146,375	9
C.2 Cash settled financial derivatives										
- Long positions	6,810	-	-	-	-	-	-	-	-	-
- Short positions	6,810	-	-	-	-	-	-	-	-	-
C.3 Deposit to be received										
- Long positions	2,394	32,973	-	-	-	-	-	-	-	-
- Short positions	-	32,973	-	-	-	2,394	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	75,738	7,784	192	76,447	2,075	8,948	74,906	78,803	78,251	56
- Short positions	380,451	22,694	-	-	-	-	-	-	-	56
C.5 Written guarantees	1,583	-	-	-	-	42	-	39	-	-

The Bank has originated self-securitization transactions in which it has acquired all the liabilities issued by the SPVs (the so-called self-securitizations).

At December 31, 2011 underlying assets amounted to € 31,043,104. Information on these transactions is provided in paragraph C.1 - Securitization transactions in the above Section 1 - Credit Risk.

Part E - Risks and Hedging Policies (Continued)

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.
- 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 above mentioned 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 assessement.

Part E - Risks and Hedging Policies (Continued)

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	56.1%
Executions	28.7%
Employment practices	4.8%
Internal fraud	5.0%
IT systems	0.1%
External fraud	5.0%
Asset damages	0.3%
Total	**100.0%**

In 2011, 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.

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 €606.0 million as at December 31, 2011. 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.

Part E - Risks and Hedging Policies (Continued)

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

Proceedings in the United States

Purported Class Actions

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

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

The amended "Herald" complaint claimed on behalf of investors in Herald Fund SPC-Herald USA Segregated Portfolio One and/or Herald (Lux) on 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 USD2.0 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.

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.

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 USD19.6 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, and oral argument on that application took place on October 5 2011. Certain claims brought by the SIPA Trustee which were not addressed in the motion to dismiss remain pending.

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 USD262 million plus additional unquantified damages, as well as interest and costs.

Civil proceedings have been initiated in Austria by numerous investors related to Madoff's fraud in which BA, among others, was name. In one proceeding, Pioneer Investments Austria GmbH (PIA) has also been named as a defendant. In a separate proceeding, PAI and "BA Worldwide Limited" have been named as defendants (in addition to BA). 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. Two interim judgments were handed down in favour of the plaintiffs against BA. In one of those cases the claim has since been withdrawn and in the other case BA has appealed the interim judgment.

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.

A criminal investigation is ongoing in Austria in relation to the Madoff case. This investigation, which includes BA as well as other persons, was 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 with BMIS. These complaints allege, amongst other things, that BA breached provisions of the Austrian Investment Fund Act as prospectus controller of Primeo. This investigation is still at an early stage and no indictments have been issued.

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.

A Chilean investor in synthetic debt securities connected to Primeo has filed a complaint with the Chilean prosecutor. The case is at an investigative phase only. No indictments have been issued. Written questions have been addressed to seven employees or former employees of UniCredit S.p.A. or its affiliates.

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

Part E - Risks and Hedging Policies (Continued)

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

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

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

Proceedings Related to and Arising out of the Purchase of HVB by UniCredit - Damages Claims
On 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. The claims have not been formally removed as yet and a decision will be taken by HVB on next steps.

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.

Qui Tam Complaint Against Vanderbilt LLC and other UniCredit Group Companies

On 14 July 2008, claimants Frank **Foy** and his wife filed a complaint on behalf of the State of New Mexico **("Qui Tam Statute")** seeking recovery of false claims for payment made upon the State in relation to certain investments made by the New Mexico Educational Retirement Board **("ERB")** and the State of New Mexico Investment Council **("SIC")** in Vanderbilt Financial LLC **("VF")**, an indirect UniCredit S.p.A. investee company. The complaint states that Frank Foy was the Chief Investment Officer of ERB and that he submitted his resignation in March 2008.

The claimants have standing to sue on behalf of the State of New Mexico under the State qui tam statute, the New Mexico Fraud Against Taxpayers Act **("FATA")** and seek compensation for damages in an amount of USD360 million. The claimants assert that the Vanderbilt VF defendants (see below) and the other defendants persuaded ERB and SIC to invest USD 90 million in Vanderbilt products (i) by knowingly providing false information on the nature and risk level of the VF investment and (ii) by guaranteeing improper contributions to the Governor of the State of New Mexico, Bill Richardson, and other State officials, to convince them to make the investment. In addition to the entire initial investment of USD 90 million (as consequential damages), Foy requests an additional USD30 million for loss of profit.

Defendants include - inter alia - the following:
- Pioneer Investment Management USA Inc. ("PIM US"), a wholly owned subsidiary of PGAM;
- Vanderbilt Capital Advisors, LLC ("VCA"), a wholly-owned indirect subsidiary of PIM US;
- Vanderbilt Financial, LLC ("VF"), a special purpose vehicle in which PIM US has an 8 per cent. holding (VF has since been liquidated);
- PGAM, a wholly owned subsidiary of UniCredit S.p.A.;
- UniCredit S.p.A.;
- various directors and officers of VCA, VF and PIM US;
- law firms, external auditors, investment banks and State of New Mexico officials.

At present, an assessment on the economic impact that may result from the proceedings is premature and thus no provisions have been made.

The complaint was originally served on the American companies, including VCA, PIM US (both part of UniCredit Group) and VF, and the natural persons called as defendants. On 24 September 2009 UniCredit S.p.A. and on 17 December 2009 PGAM were also served.

All the defendants filed motions to dismiss on procedural and substantive grounds.

On 8 March 2010, the Foys filed a purported amended complaint seeking to add one additional claimant, several additional defendants, and over 50 additional claims. Foy also sought to put in issue other Vanderbilt CDOs in which the State of New Mexico public funds invested and which increased the claimed losses from USD90 million to USD 243.5 million. The defendants have challenged whether the amended complaint was properly filed, and on 26 March 2010, the court ruled that it will not consider the amended complaint, and the defendants need not respond to it, until after the court has addressed the previously submitted motions to dismiss the original complaint.

On 28 April 2010, Judge Pfeffer issued an order dismissing all of the claims brought by the original complaint. The Judge had already expressed concerns that retroactive application of the New Mexico Qui Tam Statute **("FATA")** would violate prohibitions against constitutional ex post facto protections, and this was the basis for his ruling dismissing all the FATA claims. The Judge also dismissed Foy's claims under the state Unfair Practices Act **("UPA")** on grounds that claims were based on securities transactions not within the scope of the protections offered by the UPA.

In May 2010, Foy filed a package of seven motions requesting Judge Pfeffer to reconsider the dismissal on various grounds and, alternatively, requesting him to certify the legal question regarding the retroactive application of FATA for an interlocutory appeal to the New Mexico State Appeals Court. The Vanderbilt defendants and the other defendants filed oppositions to all of these motions, and asked the Court to strike the amended complaint and dispose of the entire case. On 2 September 2010, Judge Pfeffer issued his decisions. He certified the legal question for interlocutory appeal, but ordered the claimant to strip the amended complaint of all allegations that were inconsistent with his rulings that FATA could not be applied retroactively and that no claims survived under the UPA.

Foy filed a request for interlocutory review with the New Mexico Court of Appeals on 16 September 2010 and the revisions to the amended complaint with the lower court on 17 September 2010. The defendants opposed the request for interlocutory appeal. On October 21st, the New Mexico Court of Appeals refused Foy's request for an interlocutory appeal.

Part E - Risks and Hedging Policies (Continued)

On February 7, 2011, the court ruled that Foy could proceed with the amended complaint to the extent it challenged conduct occurring after FATA's effective date. On March 31, 2011, all of the Group defendants filed motions to dismiss the remaining claims, and the individual defendants, PGAM and UniCredit S.p.A. also filed renewed motions to dismiss based on lack of personal jurisdiction.

On May 6 2011, the Attorney General of the State of New Mexico exercised its right to intervene in a qui tam case brought under FATA and moved to dismiss all of the claims in the Foy litigation alleging that the SIC had made investments following improper contributions to state officials the "pay to play" claims. Foy opposed the AG's action. The Group defendants took no position on the AG's motion, which, even if successful, would leave intact most of the surviving claims against them. Judge Pfeffer ruled in the Attorney General's favour and an order granting partial dismissal was issued.

On or around August 30, 2011, a related development occurred in a second lawsuit brought by Foy under FATA against a different group of financial services companies, Foy v. Austin Capital Management **("Austin").** The Austin court had followed Judge Pfeffer in refusing to apply FATA retroactively, but while the NM Court of Appeals had refused to review that decision in Foy, it agreed to hear the issue on appeal in Austin. A decision is not expected for many months, but when issued, it will apply to Foy as well.

On October 4 2011, Judge Pfeffer issued a series of identical orders deferring decision on the various defendants' personal jurisdiction motions and permitting discovery to go forward on facts relevant to those motions. The parties have begun discussions aimed at clarifying the scope and timing of permitted discovery.

In January 2010, a purported class or derivative action entitled Donna J. Hill vs. Vanderbilt Capital Advisors, LLC, was filed in the state court in Santa Fe, New Mexico. the lead claimant, a beneficiary of the New Mexico Educational Retirement Fund (the **"Fund"**), seeks to recover on behalf of the Fund or its plan participants the money that the Fund lost on its investment in Vanderbilt Financial, LLC **("VF").**

In February 2010, a parallel case by another plan participant, entitled Michael J. Hammes vs. Vanderbilt Capital Advisors, LLC, was filed in the same court making virtually identical allegations. The Hill and Hammes cases make factual allegations similar to those asserted in the Foy case, but they bring their claims under common law theories of fraud, breach of fiduciary duty (against the Educational Retirement Board **("ERB")** members), and aiding and abetting breaches of duty by those board members.

The Hill and Hammes cases originally named VCA, VF, PIM US and various current or former officers and directors of VCA, VF and/or PIM, several current or former ERB board members and other parties unconnected to Vanderbilt. Neither PGAM nor UniCredit were named as defendants in these cases. In February 2010, the Hill case was removed by one of the ERB board member defendants to the United States District Court for the District of New Mexico. Subsequently, the deadline for defendants to respond was indefinitely extended in the Hammes case by agreement of the parties. Hammes remains in state court. In addition, the Hill claimants' agreed to dismiss from the case, without prejudice (so reinstatement is possible), PIM US and the individual officers named as defendants. Neither the Hill nor Hammes complaint specifies the amount of damages claimed, but the total invested by the ERB in VF was USD 40 million; moreover this amount is subsumed within the damages claimed in the Foy lawsuit. On 31 August 2010 the Vanderbilt defendants filed a motion to dismiss all of the claims in Hill. Claimants opposed the motion, and a hearing was held in New Mexico federal district court on 29 October 2010. Some months later, plaintiffs informed the court that the ERB Board had met and determined not to enter the case.

After requesting and obtaining updates from the Vanderbilt defendants regarding the progress in Foy, on September 30, 2011, the Hill court issued a lengthy opinion dismissing the federal court case for lack of subject matter jurisdiction and remanding it to New Mexico state court. The opinion contains a detailed, negative commentary on the plaintiffs' standing to bring suit, but does not rule on the issue.

The Hill plaintiffs are appealing the lower court's decision. Their brief is due in late February 2012.

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, following the implementation of the One4C project,now merged into 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 April 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 S.r.l, 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. In November 2011 proceedings resumed with respect to the claim for Euro 68.9 million (Euro 80.5 million).

Acquisition of Cerruti Holding Company S.p.A. by Fin.Part S.p.A.
At the beginning of August 2008, the Trustee in Bankruptcy of Fin.Part S.p.A. (Fin.Part) brought a civil action against UniCredit S.p.A., UniCredit Banca S.p.A. (now UniCredit S.p.A.), UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.) and one other bank not belonging to the UniCredit group for contractual and tortious liability. Fin.Part's claim against each of the defendant banks, jointly and severally or alternatively, each to the extent applicable, is for damage allegedly suffered by Fin.Part and its creditors as a result of the acquisition of Cerruti Holding Company S.p.A. (Cerruti) by Fin Part.

The claimant alleges that the financial obligations arising out of the Cerruti acquisition financing brought about Fin Part's bankruptcy and that the banks therefore acted unlawfully.

The claim is for €211 million plus all fees, commissions and interest earned in connection with the allegedly unlawful activities.

On 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's incomes 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 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 where joined, the conclusions were filed and the Courts named an expert witness.

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.

Part E - Risks and Hedging Policies (CONTINUED)

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 by UniCredit S.p.A. 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. The case is now pending before the German Federal Supreme Court (Bundesgerichtshof). A final judgment 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 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.

This expert, employing six different methods, determined that adequate compensation would have been in a range from an amount lower than that actually paid by UniCredit and an amount that is Euro 10 per share higher than that amount. UniCredit, considering the nature of the valuation methods employed, still believes that the amount paid to the minority shareholders was adequate. Nevertheless, it is not possible to predict how the Gremium will decide upon concluding its investigation.

Should the parties fail to reach an agreement, the Commercial Court will issue a decision, which could result in UniCredit 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 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, together with the individuals involved, to pay the extraordinary administration €200 million as provisional payment. The reasons for the Court's decision are yet to be released. An appeal will be considered once the reasons are known.

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.

Part E - Risks and Hedging Policies (Continued)

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.

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 the motions, rejected the request to join filed by CODACONS and dismissed the two class actions. In July 2011, the CODACONS appealed both decisions in the Court of Appeal of Rome. The next hearing, for discussions, is set for the beginning of 2012.

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 S.p.A. and its group companies. Due to the current uncertainty, it is impossible to assess the full impact of such challenges on the Group.

RELEVANT EVENTS OCCURRED AFTER 12.31.2011

Madoff

Purported Class Actions

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 the Kohn case on February 21, 2012, the District Court, at the request of UniCredit S.p.A., BA, PGAM and Alessandro Profumo (former CEO of UniCredit S.p.A.), 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.

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.

In the HSBC case, 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.

Proceedings Outside the United States

In Austria a further interim judgment which partly granted the claim made against BA was handed down. This interim judgment will be appealed by BA.

The one remaining lawsuit which had been brought in Germany against UniCredit Bank AG regarding synthetic debt securities issued by UniCredit Bank AG and connected to Primeo was rejected in its entirety by the Munich Regional Court. A new lawsuit has since been commenced against UniCredit Bank AG. This new lawsuit also relates to the synthetic debt securities issued by UniCredit Bank AG that are connected to Primeo.

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

D. Tax disputes

The 2010 Financial Statements give an account of some assessment notices related to structured finance transactions carried out in 2004 and 2005.

These notices were given to UniCredit S.p.A. on its own behalf and in its capacity as the holding company of Capitalia S.p.A., UniCredit Banca S.p.A., Banco di Sicilia S.p.A. and UniCredit Banca di Roma S.p.A..

As reported in the 2010 Financial Statement, 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 totally 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 remanded for trial. The hearing before the preliminary investigations judge has been scheduled for May 22, 2012.

In March 2011 the Italian Tax Police (Guardia di Finanza) started a tax assessment of 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.

With respect to the transactions other than “Brontos”, after careful examination of all available information and any costs/opportunities, UniCredit S.p.A. has deemed it appropriate:

- to contest all the assessment notices UniCredit Banca was served with related to financial year 2004, worth €136 million (IRES - Corporate Income Tax - and IRAP - Regional Tax on Productive Activities); since the risk has been deemed ‘possible’, no provisions have been made;
- to make, in May 2011, a tax settlement proposal with regard to financial year 2005 and pay a total of €106 million (of which €27 million were sanctions and interests);

Part E - Risks and Hedging Policies (Continued)

- to settle, on December 6, 2011, its back tax liability in relation to the tax audit reports served by the Italian Tax Police (Guardia di Finanza) on June 21, 2011 with respect to financial year 2006. The sum paid, €85 million (of which €18 million were sanctions and interests), was entirely covered by a specific provision made in financial year 2011;
- to make an adequate provision for financial year 2007, consistent with the amounts paid to settle back tax liabilities related to financial years 2005 and 2006 and/or taking account of any other relevant circumstances.

With reference to the so-called "Brontos" transactions, UniCredit contested the tax audit reports by filing defense briefs at the competent offices of the Revenue Agency during the month of August 2011. Having said that, since the potential risk arising from this dispute is significant, it was deemed appropriate to make an adequate tax provision.

ADDITIONAL CURRENTLY PENDING TAX MATTERS

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 assessment notices 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 the transaction prices.
The company has appealed to the competent local tax commissions against these notices.
Believing that the risk represented by these liabilities is remote and only potential, UniCredit decided not to make a provision.

Società Petrolifera Gioia Tauro

On 11 November 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 22 July 2011.
Società Petrolifera Gioia Tauro has appealed to the Court of Cassation (Supreme Court) and is awaiting the Court's decision.
It is believed that the two appeals to the Supreme Court will overturn the judgments of the Regional Tax Commission in Catanzaro. For this reason no provision has been made in these Accounts.
In November 2011 the Tax Agency presented Società Petrolifera Gioia Tauro with two demands for payment of a total of €8,612,100 following the judgments of the Regional Tax Commission in Catanzaro. In March 2012, Equitalia seized the property of Società Petrolifera Gioia Tauro by means of a writ of attachment of March 7, 2012.

Part F - Shareholders' Equity

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

Section 1 - Shareholders' Equity

A. QUALITATIVE INFORMATION

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

- planning and budgeting processes:
  - proposals 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 risks capital instruments and hybrid instruments most suitable for achieving the 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

Further information about Shareholders' equity of UniCredit S.p.A. are represented in Part B - Section 14 - Shareholders' equity - Items 130,150,160,170,180,190 and 200.

B.1 Company Shareholders' Equity: breakdown

ITEMS/VALUES	12.31.2011	12.31.2010
1. Share capital	**12,148,463**	**9,648,791**
2. Share premium reserve	**36,823,215**	**39,322,433**
3. Reserves	**7,622,872**	**7,663,632**
- from profits	1,587,962	1,362,821
a) legal	1,517,514	1,439,181
b) statutory	1,195,845	1,144,946
c) treasury shares	-	-
d) other	(1,125,397)	(1,221,306)
- other *	6,034,910	6,300,811
4. Equity instruments	**-**	**-**
5. Treasury shares	**(2,440)**	**(2,440)**
6. Revaluation reserves	**(594,137)**	**355,375**
- Available-fo-sale financial assets	(1,262,106)	(164,379)
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash flow hedges	390,949	242,734
- 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)	**(6,348,649)**	**783,343**
Total	**49,649,324**	**57,771,134**

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

B.2 Revaluation reserves for available-for-sale assets: breakdown

ASSETS/VALUES	12.31.2011			12.31.2010		
	POSITIVE RESERVE	NEGATIVE RESERVE	TOTAL	POSITIVE RESERVE	NEGATIVE RESERVE	TOTAL
1. Debt securities	38,126	(1,444,591)	(1,406,465)	12,015	(334,987)	(322,972)
3. Equity securities	133,960	(1,841)	132,119	156,642	(1,514)	155,128
3. Units in investment funds	13,506	(1,266)	12,240	4,382	(917)	3,465
4. Loans	-	-	-	-	-	-
Total	**185,592**	**(1,447,698)**	**(1,262,106)**	**173,039**	**(337,418)**	**(164,379)**

Part F - Shareholders' Equity (Continued)

B.3 Revaluation reserves for available-for-sale assets: annual changes

	12.31.2011				
	DEBT SECURITIES	EQUITY SECURITIES	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
1. Opening balance	**(322,972)**	**155,128**	**3,465**	**-**	**(164,379)**
2. Positive changes	**136,814**	**15,382**	**11,336**	**-**	**163,532**
2.1 Fair value increases	106,272	10,755	10,419	-	127,446
2.2 Reclassification through profit or loss of negative provision	23,110	21	917	-	24,048
- due to impairment	-	21	917	-	938
- following disposal	23,110	-	-	-	23,110
2.3 Other changes	7,432	4,606	-	-	12,038
3. Negative changes	**1,220,307**	**38,391**	**2,561**	**-**	**1,261,259**
3.1 Fair value reductions	1,217,349	21,849	1,278	-	1,240,476
3.2 Impairment losses	108	2,726	367	-	3,201
3.3 Reclassification through profit or loss of positive allowances:following disposal	2,439	11,041	880	-	14,360
3.4 Other changes	411	2,775	36	-	3,222
4. Closing balance	**(1,406,465)**	**132,119**	**12,240**	**-**	**(1,262,106)**

Section 2 - Shareholders' Equity and Regulatory Banking Ratios

2.1 Capital for regulatory purposes

A. QUALITATIVE INFORMATION

The tables below provide the main contractual details of innovative instruments included, together with capital and reserves, in Tier 1, Tier 2 and Tier 3 Capital.

1. Tier 1 Capital

Breakdown of subordinated instruments

MATURITY	CURRENCY	INTEREST RATES	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	TOTAL CAPITAL 12.31.2011 (€/000)
Innovative capital instruments					
1) Perpetual	EURO	4.028% p.a. for the first 10 years then 3-month euribor + 176 bps	CALL 10.27.15	750,000,000	750,000
2) Perpetual	GBP	5.396% p.a. for the first 10 years then sterling libor 3m + 176 bps	CALL 10.27.15	300,000,000	359,152
3) Perpetual	GBP	8.6125% p.a.	CALL 06.27.18	210,000,000	251,407
4) Perpetual	EURO	8.145% p.a. act/act for the first 10 years then 3-month euribor + 665 bps	CALL 12.10.19	250,000,000	250,000
5) Perpetual	EURO	9.375% p.a. act/act for the first 10 years then 3-month euribor + 749 bps	CALL 07.21.20	500,000,000	496,393
Total innovative capital instruments (Tier I)					**2,106,952**

2. Tier 2 Capital

Breakdown of subordinated instruments

MATURITY	CURRENCY	INTEREST RATE	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	CONTRIBUTION TO REGULATORY CAPITAL AS AT 12.31.2011 (€/000)
Hybrid capitalisation instruments					
1) 02.28.2012	EURO	6.10%	-	500,000,000	499,951
2) 02.01.2016	EURO	3.95%	-	900,000,000	897,707
3) 02.01.2016	GBP	5.00%	-	450,000,000	537,744
4) 06.05.2018	EURO	6.70%	-	1,000,000,000	996,624
5) 06.25.2018	EURO	6-month euribor + 1.70% p.a.	-	125,000,000	125,000
Total hybrid capitalisation instruments (Upper Tier II)					**3,057,026**
Subordinated loans					
1) 06.30.2015	EURO	Year 1: gross fixed interest rate 3% p.a. Year 2: variable coupon equal to 75% of the 10-year annual swap rate	CALL 06.30.10	320,000,000	267,180
2) 03.30.2016	EURO	Gross fixed interest rate: 3.50% p.a. Year 2: variable coupon equal to 75% of 10-Y annual swap rate	CALL 03.30.11	170,000,000	148,811
3) 03.30.2016	EURO	Gross fixed interest rate: 4.00% p.a. Year 2: variable coupon equal to 65% of 10-Y annual swap rate	CALL 03.30.11	230,000,000	193,613
4) 09.26.2017	EURO	5.75% p.a.	-	1,000,000,000	996,506
5) 10.30.2017	EURO	5.45% p.a.	-	10,000,000	10,000
6) 10.30.2017	EURO	5.45% p.a.	-	10,000,000	10,000
7) 11.13.2017	EURO	5.54% p.a.	-	10,000,000	10,000
8) 11.27.2017	EURO	5.70% p.a.	-	500,000	500
9) 11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
10) 11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
11) 11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
12) 11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
13) 11.27.2017	EURO	5.70% p.a.	-	20,000,000	20,000
14) 11.27.2017	EURO	5.70% p.a.	-	20,000,000	20,000
15) 11.27.2017	EURO	5.70% p.a.	-	20,000,000	20,000
16) 11.27.2017	EURO	5.70% p.a.	-	40,000,000	40,000
17) 12.04.2017	EURO	EUR_CMS(10Y). calculated on the basis of a formula as set out in the regulations	-	170,750,000	170,750
18) 12.11.2017	EURO	EUR_10Y_CMS. calculated on the basis of a formula as set out in the regulations	-	100,000,000	100,000
19) 12.28.2017	EURO	3-month euribor for years 1-5 3-month euribor + 0.50% for years 6-10	CALL 12.28.12	1,111,572,000	1,096,217
20) 10.16.2018	GBP	6.375% p.a. until 10.15.2013 3-month Libor + 1.38% from 10.16.2013 to maturity	CALL 10.16.13	350,000,000	418,540
21) 09.22.2019	EURO	4.5% p.a. act/act for years 1-10 3-month euribor + 95 bps p.a. for years 11-15	CALL 09.22.14	500,000,000	498,939
22) 01.30.2018	EURO	5.74% p.a.	-	10,000,000	9,988
23) 01.30.2018	EURO	5.74% p.a.	-	10,000,000	9,988
24) 03.03.2023	EURO	6.04% p.a.	-	125,000,000	124,907
25) 03.31.2018	EURO	3-month euribor +0.75% for years 1-5 3-month euribor + 1.35% for years 6-10	CALL 03.31.13	1,340,575,000	1,314,979
26) 04.10.2018	EURO	EUR_10Y_CMS vs. 6m euribor fixed in advance	-	15,000,000	15,000
27) 04.24.2018	EURO	EUR_10Y_CMS. calculated on the basis of a formula as set out in the regulations	-	100,000,000	100,000
28) 01.13.2017	USD	3-month libor +39 b.p.s.	CALL 01.13.12	600,000,000	463,714
29) 01.13.2017	USD	5.634% p.a.	CALL 01.13.12	600,000,000	463,714
30) 01.31.2017	USD	6.05% p.a.	-	750,000,000	579,643
31) 03.31.2019	GBP	9.3725% p.a.	CALL 03.31.14	125,000,000	149,647
32) 04.25.2022	EURO	5.05% p.a.	-	50,000,000	50,000
33) 04.26.2020	EURO	4.75% p.a.	-	50,000,000	49,596

Part F - Shareholders' Equity (Continued)

Breakdown of subordinated instruments (continued)

MATURITY	CURRENCY	INTEREST RATE	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	CONTRIBUTION TO REGULATORY CAPITAL AS AT 12.31.2011 (€/000)
34) 05.31.2020	EURO	3.00% p.a. for year 1			
		3.25% p.a. for year 2			
		3.50% p.a. for year 3			
		3.75% p.a. for year 4			
		4.00% p.a. for year 5			
		4.40% p.a. for year 6			
		4.70% p.a. for year 7			
		5.07% p.a. for year 8			
		5.40% p.a. for year 9			
		6.00% p.a. for year 10	-	332,927,000	332,828
35) 06.14.2017	EURO	3.00% p.a. for year 1			
		3.25% p.a. for year 2			
		3.50% p.a. for year 3			
		3.80% p.a. for year 4			
		4.10% p.a. for year 5			
		4.40% p.a. for year 6			
		4.70% p.a. for year 7	-	326,634,000	326,625
36) 06.14.2020	EURO	5.16% p.a.	-	50,000,000	50,000
37) 04.21.2021	EURO	5% p.a.	-	50,000,000	50,000
38) 06.07.2017	EURO	3 month euribor +0.50% p.a. for years 1-5			
		3 month euribor +1.10% p.a. for years 6-10	-	100,000,000	100,000
39) 03.30.2017	EURO	3 month euribor +0.30% p.a.	-	130,000,000	130,000
40) 03.31.2018	EURO	5% p.a. for years 1 - 2			
		3 month euribor +1.00% p.a.	CALL. 03.31.2014	464,169,000	464,169
41) 03.31.2018	EURO	4.10% p.a. for year 1			
		4.30% p.a. for year 2			
		4.50% p.a. for year 3			
		4.70% p.a. for year 4			
		4.90% p.a. for year 5			
		5.05% p.a. for year 6			
		5.10% p.a. for year 7	CALL. 03.31.2014	758,580,000	758,220
42) 04.19.2021	EURO	6.125% p.a.	-	750,000,000	744,211
43) 06.30.2018	EURO	3 month euribor +1.00% p.a.	-	393,513,000	393,499
44) 07.21.2018	EURO	3 month euribor +2.6370% p.a.	-	10,000,000	10,000
45) 07.05.2018	EURO	3 month euribor +2.50% p.a.	-	20,000,000	19,966
46) 08.19.2018	EURO	4.40% p.a. for year 1			
		4.60% p.a. for year 2			
		4.80% p.a. for year 3			
		5.00% p.a. for year 4			
		5.30% p.a. for year 5			
		5.65% p.a. for year 6			
		6.00% p.a. for year 7	CALL. 08.19.2014	157,016,000	157,011
47) 10.31.2018	EURO	5.60% p.a. for year 1			
		5.90% p.a. for year 2			
		6.10% p.a. for year 3			
		6.30% p.a. for year 4			
		6.50% p.a. for year 5			
		6.80% p.a. for year 6			
		7.20% p.a. for year 7	CALL. 10.31.2014	414,273,000	414,258
48) 01.31.2019	EURO	euribor 3 mesi + 6.2208% p.a.	-	517,521,000	517,435
Total subordinated loans - Lower Tier II					**11,840,454**
Total					**14,897,480**

3. Tier 3 Capital

As at December 31, 2011, there are not subordinated loans Tier 3.

B. QUANTITATIVE INFORMATION

Solvency filters

	12.31.2011	12.31.2010
A. Tier 1 before solvency filters	**49,509,314**	**51,206,900**
B. Tier 1 solvency filters	(111,415)	(641,612)
B.1 Positive IAS/IFRS solvency filters	-	-
B.2 Negative IAS/IFRS solvency filters	(111,415)	(641,612)
C. Tier 1 after solvency filters (A+B)	**49,397,899**	**50,565,288**
D. Deductions from tier 1	**2,510,976**	**2,436,037**
E. Total TIER 1 (C - D)	**46,886,923**	**48,129,251**
F. Tier 2 before solvency filters	**15,866,654**	**15,149,233**
G. Tier 2 solvency filters	(53,015)	(54,463)
G.1 Positive IAS/IFRS solvency filters	-	-
G.2 Negative IAS/IFRS solvency filters	(53,015)	(54,463)
H. Tier 2 after solvency filters (F+G)	**15,813,639**	**15,094,770**
I. Deductions from tier 2	**2,510,976**	**2,436,037**
L. Total TIER 2 (H - I)	**13,302,663**	**12,658,733**
M. Deductions from tier 1 e tier 2	**782,669**	**842,539**
N. Total capital (E+L-M)	**59,406,917**	**59,945,445**
O. TIER 3	**-**	**-**
P. Total capital + TIER 3 (N+ O)	**59,406,917**	**59,945,445**

2.2 Capital adequacy

A. QUALITATIVE INFORMATION

Regarding Qualitative Information, please refer to Consolidated Notes to the Accounts.

B. QUANTITATIVE INFORMATION

	12.31.2011		12.31.2010	
CATEGORIES/ITEMS	NON WEIGHED AMOUNTS	WEIGHED AMOUNTS / REQUIREMENTS	NON WEIGHED AMOUNTS	WEIGHED AMOUNTS / REQUIREMENTS
A. RISK ASSETS				
A.1 Credit and counterparty risk	**466,189,373**	**204,059,025**	**460,274,543**	**200,227,344**
1. Standardized approach	235,062,600	110,958,575	242,984,794	116,980,884
2. IRB approaches	225,458,987	91,889,788	213,689,437	81,796,438
2.1 Fundation	-	-	-	-
2.1 Advanced	225,458,987	91,889,788	213,689,437	81,796,438
3. Securization	5,667,786	1,210,662	3,600,312	1,450,022
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk		**16,324,722**		**16,018,187**
B.2 Market Risk		**207,146**		**124,190**
1. Standardized approach		207,146		124,190
2. Internal models		-		-
3. Concentration risk		-		-
B.3 Operational risk		**1,248,300**		**1,342,185**
1. Basic indicator approach (BIA)		17,727		18,286
2. Traditional standardized approach (TSA)		-		-
3. Advanced measurement approach (AMA)		1,230,573		1,323,899
B.4 Other capital requirements		**-**		**-**
B.5 Other calculation items		**-4,445,042**		**-4,371,141**
B.6 Total capital requirements		**13,335,126**		**13,113,421**
C. RISK ASSETS AND CAPITAL RATIOS				
C1. Weighed risk assets		**166,689,079**		**163,917,780**
C2. Tier 1 / Weighed risk assets (Tier 1 capital ratio)		**28.13%**		**29.36%**
C3. Regulatory capital included Tier 3 / Weighed risk assets (Total capital ratio)		**35.64%**		**36.57%**

Part G - Business Combinations

Part G - Business Combinations

Section 1 - Business Combinations Completed in 2011

1.1 Business combinations

Business combinations with counterparties outside the Group are performed using the "purchase method" as required by IFRS 3 ("Business Combinations") as noted to in part A.2 concerning the main balance-sheet items.

In August 2011, UniCredit acquired control of Compagnia Italpetroli S.p.A. through the acquisition of an additional 51% of the company, bringing its stake to 100%. The acquisition was part of a larger operation that involves the sale of A.S. Roma S.p.A. by Compagnia Italpetroli to Neep Roma Holding S.p.A., a company in turn 40%-owned by UniCredit S.p.A. (for more information, see the Report on Operations - "Other information" section).
The lack of plans and the intention to liquidate the investment in Compagnia Italpetroli resulted in its write-off as of September 30, 2011.

As concerns company reorganization operations between companies belonging to the same Group ("Business Combinations Under Common Control"), in 2011 UniCredit implemented the following projects:

- on January 1, 2011 the merger through incorporation of the subsidiary Aspra Finance S.p.A. into UniCredit Credit Management Bank S.p.A. ("UCCMB"), a bank also controlled by UniCredit, took effect. The purpose of the operation was to rationalize the non-performing loans business ("NPLs") by folding it into UCCMB which then became the Group bank for the central management of irregular loans. By so doing it was possible to standardize the management and operating policies of irregular loans, optimize the risk cost management activity and to streamline related administrative activities such as the centralized management of legal expenses;
- In 2010 was decided to start of a project aimed at streamlining and internalizing the business support activities of the so-called Monetica (which include processes concerning the issuing of credit and debit cards, acquiring POS and ATMs, management of electronic payment services for Corporate and Government and e-ticketing). The executive phase was completed, with accounting and tax effect starting January 1, 2011, with the acquisition, by the subsidiary Quercia Software of the business lines "Card Payment Solutions" of UniCredit S.p.A., "Global Operations Line Cards" and "Country Operations Line Cards" Italy of UniCredit Business Partner S.C.p.A. and "Monetica" of UniCredit Global Information Services S.C.p.A.;
- On January 1, 2011, UniCredit acquired from the subsidiary UniCredit Audit S.C.p.A. the business line "Audit Methodologies & Monitoring" and "Specialized Audit Center," an acquisition signed on December 16, 2010 and which entailed the transfer of 43 resources and connected asset items;
- At the end of 2010, UniCredit had already approved the start of the reorganization project of the instrumental structures and companies of Group Global Banking Services ("GBS") (for more information, see the Report on Operations - "Other information" section). From a corporate perspective it was planned to create an individual company, identified as UniCredit Global Information Services (UGIS) in which to concentrate the provision of services instrumental to the bank business and to the Group in Italy and abroad, also through branches and operating companies.

  The organizational and operational realization was broken down into two phases of which:
  - a first phase, dedicated to the consolidation of the entities and operating companies in Italy, and to the streamlining and coordination of the Information and Communication Technology (ICT), Back Office and Middle Office, Real Estate, Security and Global Sourcing activities in Germany and Austria. This phase with reference to Italy in operations taking effect in 2011 and 2012, was implemented in the current year, through:
    - the buy-back by UniCredit (last May) of the shares held by UniCredit Bank Austria AG and UniCredit Bank AG (the latter maintained a marginal share in consideration of the presence of its branch operating in Italy) in UniCredit Business Partner (UCBP) (28.8% and 18.1%, respectively) and in UGIS (10% and 24.7%, respectively);
    - the incorporation into UGIS of Quercia Software (effective June 1, 2011);
  - a second phase, to be presumably realized by the first half of 2012, dedicated to the completion of the overall plan of the additional activities performed abroad.
- during the first half of 2011, the IRFIS - Mediocredito della Sicilia S.p.A. reorganization project aimed at transforming it into a financial company was completed and to the subsequent acquisition, completed in January 2012, by the Region of Sicily of the entire controlling share held by UniCredit in IRFIS. In particular:
  - effective June 1, 2011 UniCredit acquired the business line consisting of the banking business of IRFIS;
  - on the same date, the transformation of IRFIS into a financial company pursuant to Art. 107 of the TUB (Consolidated Banking Act) also took effect, with a resulting change in the company name to IRFIS - Finanziaria per lo Sviluppo della Sicilia S.p.A. (for short, IRFIS - FinSicilia S.p.A.) and, consequently, in the corporate purpose.

Section 2 - Business Combinations Completed after December 31, 2011

Regarding transactions completed after the end of the year, it as to be pointed out:

- in light of the changed market environment and as a result of the new organizational model after the completion of the ONE4C project, UniCredit, in order to guarantee a faster and more effective response and thus to increase the commercial efficacy of the relationship with private customers, considered it appropriate to follow all the activity concerning the portfolio management service, also performing the activities provided by Pioneer Investment Management SGR (PIM), that range from selecting financial instruments in which to invest the portfolios under management to sending periodic reports about the management service performed to customers.

In order to achieve this goal, under the operations aspect, there was a partial spin-off of the PIM Private Asset Management line of business to UniCredit.

The operation, authorized by Bank of Italy, and approved by the bodies of PIM and UniCredit in July and August 2011, took effect on January 1, 2012;

- with legal effect as from January 1, 2012 the actions planned for the first phase of the plan of operations for the GBS project were completed, and more specifically:
  - the acquisition by UniCredit of UCBP's periodic reporting to Regulatory Bodies activities (the "Regulatory Report Business Line");
  - the acquisition by UCBP of UniCredit's Operations activities, including the administrative and accounting Back Office, relative to consumer credit products and salary-backed loans (the "Operations Business Line");
  - the incorporation of UCBP into UGIS, later renamed UniCredit Business Integrated Solutions (UBIS for short) consistent with the new mission assigned;
  - the incorporation in UniCredit S.p.A. of UniCredit Real Estate (URE) and Medioinvest S.r.l.;
  - the assignment to UGIS - after the completion of the above incorporations - of the UniCredit S.p.A. business lines named "ICT, Security, Global Sourcing and Operations" and "Servizi Generali Immobiliari" (General Real Estate Services).

Part H - Related-Party Transactions

Part H - Related-Party Transactions (amounts in thousands of €)

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.

Details of key management personnel's remuneration and of related-party transactions are given below, pursuant to IAS 24. Key management personnel are persons having authority and responsibility for planning, directing, and controlling UniCredit's activities, directly or indirectly.
Key management personnel include the Chief Executive Officer and the other members of the Board of Directors, the Standing Auditors, the General Manager and the other members of UniCredit's Executive Management Committee, as well as the Head of Internal Audit, in office in 2011.

1. Details of Top Managers' Compensation

Total compensation paid to Directors and top managers in 2011 is given below pursuant to IAS 24 and to the circular no. 262 issued by Banca d'Italia on 22 December 2005 (and updated on 18 November 2009) requiring that also the Statutory Auditors' compensation be included.

Remuneration paid to key management personnel (including directors)

	2011	2010
a) short-term employee benefits	21,906	26,517
b) post-retirement benefits	1,896	2,270
of which: under defined benefit plans	-	-
of which: under defined contribution plans	*1,896*	*2,270*
c) other long-term benefits	33	49
d) termination benefits	-	51,165
e) share-based payments	5,760	7,776
Total	**29,595**	**87,777**

Compensation paid to Directors (€ 8,066), Statutory Auditors (€ 588), General Manager (€ 2,105) and other Managers with strategic responsibility (€ 7,639), as shown in the Annual compensation report enclosed in the 2012 Group compensation Policy, and € 11,197 thousand relating to other costs borne in 2011 (the company share of social security contributions, allocations to severance pay funds and share-based payments using UniCredit and its subsidiaries' equity instruments).

The year on year cost reduction is primarily linked to the fact that, in 2011, no severances have been paid to Key Management Personnel in consideration of the termination of employment relationships. The reduction is also fostered by the zeroing - for the Chief Executive Officer and General Manager - and a very severe decrease for the other Executives with Strategic Responsibilities, of the amounts payable under the 2011 Group Incentive System, as well as of the costs linked to equity based incentive systems.

2. Related-Party transactions

The Company's well-established operating policy is to consistently comply with principles of transparency and material accuracy and to follow fair procedures in conducting related-party transactions in line with the legal and regulatory provisions applicable from time to time.

In particular UniCredit, as a listed issuer, has adopted the "Related-party transactions procedures" that are designed to define preliminary and conclusive rules with respect to transactions initiated by UniCredit, including those conducted through subsidiaries, with related parties, and the manner in which information is disclosed to management and the market. In accordance with the "Regulations on related-party transactions" issued by Italy's CONSOB Resolution 17221 of March 12, 2010 (as amended/supplemented), the aforementioned Procedures, which can be found on UniCredit's website (www.unicreditgroup.eu), identify the following requirements:
- independence of UniCredit's Directors who may be asked to express their opinions on related-party transactions;
- scope of UniCredit's related parties;
- major related-party transactions;
- instances of exemption and exclusion utilized by UniCredit;
- the manner in which related-party transactions are started and approved, even when they are initiated by Italian or foreign subsidiaries;
- the manner and timing information on related-party transactions is conveyed to Independent Directors as well as Administration and Regulatory Bodies;
- transparency obligations towards Management, Regulatory Authorities and the market.

Notwithstanding compliance with the rule referred to in Article 2391 of the Italian Civil Code concerning Directors' interests, the provision in Article 136 of Legislative Decree 385/93 (Consolidated Banking and Lending Act) must also be applied to the Company. In accordance with the Consolidated Banking and Lending Act, corporate representatives (or the companies which are majority-owned by them or where they perform administrative, governing and controlling functions as well as related subsidiaries or controlling companies) may take on obligations towards the bank they manage, run or control or other companies belonging to the same Banking Group where financing transactions are involved, only subject to a unanimous decision by the concerned bank's or company's administration body that is passed by a vote in favor by all members of the controlling body and, where applicable, with the Parent Company's approval. To that end, the aforesaid members are required to disclose persons with whom relationships may take root that would give rise to the type of material obligation provided for by Article 136 of Legislative Decree 385/93 (intervening individuals or legal entities and/or other persons involved with them).

It must be pointed out that during the reference period no related-party transaction that would qualify as major according to the *"Related-party transactions procedures"* referred to earlier was carried out. In 2011 transactions were carried out within the group and/or generally with Italian and foreign related parties that fall within the ordinary course of business and related financial activity; as a rule, they were performed on the same terms and conditions as those applied to transactions entered into with independent third parties. All intra-group transactions were carried out based on assessments of mutual economic benefit, and the applicable terms and conditions were established in accordance with fair dealing criteria, with a view to the common goal of creating value for the entire UniCredit Group. The same principle was applied to intra-group services, as well as the principle of charging on a minimal basis for these services, solely with a view to recovering the respective production costs.

For purposes of financial disclosure, the new wording of IAS 24 applies as from January 1, 2011 in accordance with the Commission Regulation (EU) 632/2010 of July 19, 2010. The new wording simplifies and further explains the definition of related party as well as the principles aimed at correctly identifying the mutual relationship with the entity preparing the financial statements. Moreover, the new wording explains that the purpose of the disclosure must be, among other things, transactions entered into with subsidiaries of affiliated companies and subsidiaries of joint ventures.

The new IAS 24 also introduces the disclosure requirement with respect to commitments between the entity preparing the financial statements and its related parties, and dispenses from the disclosure obligation the subsidiaries or those under significant influence by a public entity.

The accompanying prospectus describes the additional information required by IAS 24 as of December 31, 2011, and in particular: the amount of the transactions, the amount of outstanding balances, including commitments, provisions for doubtful loans related to the amount of outstanding balances, loss reported during the financial year relating to bad debts or doubtful loans due by related parties, broken down into the different types of related parties.

Part H - Related-Party Transactions (Continued)

	AMOUNTS AS AT 12.31.2011				
	SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES
Financial assets held for trading	3,459,591	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Avalaible-for-sale-financial assets	-	-	-	-	-
Held -to-maturity investments	-	-	-	-	-
Loans and receivables with banks	22,576,601	247,657	20,087	-	1,284,306
Loans and receivables with customers	27,236,643	460,815	848,715	2,808	41,934
Other assets	168,787	603	35,956	-	5,675
Total assets	**53,441,622**	**709,075**	**904,758**	**2,808**	**1,331,915**
Deposits from banks	21,394,093	33,105	1,711	-	8,229
Deposits from customers	2,328,527	3,587	296,206	4,794	81,546
Securities and financial liabilities	32,887,994	-	-	-	10,041
Other liabilities	582,881	-	593	1	20,629
Total liabilities	**57,193,495**	**36,692**	**298,510**	**4,795**	**120,445**
Guarantees issued and commitments	**27,821,921**	**1,441,631**	**91,939**	**-**	**26,348**

With regard to the aforesaid transactions and separately by types of related parties, details are also provided on the impact of income statement items.

	2011				
	SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES
Interest income and similar revenues	1,332,512	30,250	211,343	40	26,424
Interest expenses and similar chages	(1,054,160)	(48)	(1,972)	(106)	(7,428)
Fee and commission income	479,496	2,439	453,640	240	39,795
Fee and commission expenses	(67,732)	(21)	(10,275)	(11)	(489)
Gains and losses on financial assets and liabilities held for trading	(1,371,044)	-	-	-	114
Fair value adjustments in hedge accounting	611,437	-	-	-	-
Staff expenses	9,503	1,749	568	-	6
Other administrative expenses	(1,733,931)	(1,172)	(13,423)	-	106
Other operating expenses	(548)	(68)	-	-	-
Other operating income	23,622	1,286	1,404	-	7
Net write-downs of loans and provisions for guarantees and commitments	(81,256)	1,267	(89,897)	-	(3,641)
Total	**(1,852,101)**	**35,682**	**551,388**	**163**	**54,894**

Note that the “Top management” category refers to UniCredit’s “executives with strategic responsibilities,” i.e. those persons holding powers and responsibility - directly and indirectly - for planning, running and monitoring UniCredit’s operations (this means 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 reference period).

On the other hand, the category “Other related parties” includes data concerning:
- close family members of executives with strategic responsibilities (that is, relatives who could be expected to influence, or be influenced by, the party involved);
- companies controlled (also jointly) by “executives with strategic responsibilities” or their close family members;
- post-employment benefit plans for employees of the UniCredit Group.

Not all related parties identified by IAS 24 are subject to the provisions of CONSOB’s Regulations on “Provisions on related-party transactions” (as referred to in Resolutions 17221 and 17389 of 2010, which draw inspiration from the definition of related party mentioned in the previous version of IAS 24 effective as of the entry into force of said Regulations).

To be specific, below are several considerations related to particularly significant transactions with related parties:
- UniCredit S.p.A. granted UniCredit Bank AG securities, supported by a guarantee, representing equity investments in foreign subsidiaries belonging to the Group which resulted in financial exposure totalling €7.05 billion.
- Mediobanca S.p.A. (“Mediobanca”) - Relations with Mediobanca include transactions involving the ordinary performance of operating and financial activities.

UniCredit S.p.A. subscribed with Mediobanca a thirty-year usufruct agreement related to UniCredit shares, on which basis Mediobanca recoveyed, in change of an amount (posted as reduction to shareholders' equity), voting rights to UniCredit as well as the right to receive dividends on UniCredit shares from Mediobanca. These shares were subscribed to in January 2009 as part of the capital increase approved by UniCredit in November 2008, and were simultaneously used to support the issue of convertible securities called "CASHES".

Following the resolutions of the extraordinary shareholders' meeting of UniCredit S.p.A. in December 2011, the number of shares underlying the usufruct agreement and the formula for calculating payments to provide remuneration to Mediobanca were adjusted to reflect (i) the grouping of UniCredit shares, and (ii) the free capital increase in December 2011 carried out by allocating share premium reserves recorded in January 2009 to capital.

As a part of the "CASHES" transaction, Mediobanca also acts as custodian bank for shares issued by UniCredit.

Since the requirements making it necessary to perform the impairment test were met, measures were taken to determine the value in use of the stake in Mediobanca using the procedures described in Part A of the Explanatory Notes. The value in use determined in this manner was less than the carrying value of the stake concerned, resulting in a write-down of €500 million in 2011.

In addition, Mediobanca participated in the underwriting syndicate as the joint global coordinator for the capital increase finalised by UniCredit S.p.A. in January 2012, and provided support in the placement of newly issued shares.

- Compagnia Italpetroli S.p.A. ("Italpetroli") - As also indicated in Part G of the Explanatory Notes, in August 2011 the Group acquired a controlling interest in Italpetroli by acquiring a further 51% of share capital, bringing its stake to 100%. The lack of plans and intention to liquidate the investment resulted in the total write-down of the equity investment.

  On 31 December 2011 the exposure to the Italpetroli Group mainly consisted of loan exposure (net of the specific write-down provision) and the related operating impact.

  In this regard, it should be noted that in 2011 UniCredit completed two transactions to waive the loan (about €114 million) to Italpetroli in order to allow the company to comply with capital limits set by the Italian Civil Code. The waived loans had already been fully written down.

  - NEEP Roma Holding S.p.A. ("NEEP") - NEEP, in which UniCredit holds a 40% stake, assumed control over the companies that formerly were a part of the Media division of the Italpetroli Group (A.S. Roma S.p.A., ASR Real Estate S.r.l. and Brand Management S.r.l.).

  Credit facilities and loans were provided to NEEP and its subsidiaries. To be specific, the loans provided to NEEP were in the form of "shareholder loans", giving NEEP the option to convert these to equity instruments. The return on these loans is based on the company's earnings.

  - As more fully described in the "Report on Operations - Other Transactions Involving Subsidiaries and Associates", as a result of agreements entered into with Premafin Finanziaria S.p.A. ("Premafin"), in July 2011 UniCredit exercised the options acquired from Premafin and subscribed to newly issued shares of Fondiaria-SAI S.p.A. (Fonsai), bringing its stake to 6.6% of post-increase share capital. The total investment was €170 million including €161 million allocated to the equity investment and €9 million as the initial value of the right to receive a future payment from Premafin as a function of movements in the market price for Fonsai. Pursuant to existing shareholders' agreements, the equity investment was classified under equity investments subject to significant influence.

    Since the requirements making it necessary to perform the impairment test were met, measures were taken to determine the value in use of the stake in Fonsai using the procedures described in Part A of the Explanatory Notes. The value in use determined in this manner was less than the carrying value of the stake concerned, resulting in a write-down of €111 million in 2011.

    The group has lending relationships with Fonsai and its subsidiaries in amounts that are not insignificant.

    On 22 March 2011 Salvatore Ligresti resigned as a member of the Board of Directors of UniCredit, and thus, starting on that date, the relationships with Salvatore Ligresti and his close family members and companies owned by them are no longer considered a part of related-party transactions, even though their amount is not insignificant.

- With respect to fee and commission income, there are agreements to distribute insurance products to the following associates:
  1. Aviva S.p.A.;
  2. CNP UniCredit Vita S.p.A.;
  3. Creditras Assicurazioni S.p.A.;
  4. Creditras Vita S.p.A..

- Relationships with other related parties include the relationships with pension funds for UniCredit employees. These are external funds in that they have their own legal personality. These transactions are completed under conditions similar to those applied to transactions completed with independent third parties, and nearly all of them are in the form of the transactions included in Deposits from customers and reported in tables on 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 Payment**;
- **Cash Settled Share Based Payment**[1].

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

The second category includes synthetic "Share Appreciation Rights" linked to the share-value and performance results of some Group-Companies[2].

1.2 MEASUREMENT MODEL

1.2.1 Stock Options and Performance Stock Options

The Hull and White Evaluation Model has been adopted to measure the economic value of Stock Options.
This model is based on a trinomial tree price distribution using the Boyle's algorithm and estimates the early exercise probability on the basis of a deterministic model connected to:
- reaching a Market Share Value equals to an exercise price multiple (M);
- probability of beneficiaries' early exit (E) after the end of the Vesting Period.

The following table shows the measurements and parameters used in relation to the *Performance Stock Options* granted in 2011.

Measurement of Performance Stock Options 2011

	PERFORMANCE STOCK OPTIONS 2011
Exercise Price [€][1]	18.07
UniCredit Share Market Price [€][1]	18.07
Date of granting Board resolution (Grant Date)	22-mar-2011
Vesting Period Start-Date	1-gen-2011
Vesting Period End-Date	31-dec-2013
Expiry Date	31-dec-2020
Exercise price - Multiple **(M)**	1.5
Post Vesting Exit-Rate **(E)**	3.73%
Dividend Yield	2.583%
Volatility	42.755%
Risk Free Rate	3.314%
Performance Stock Options' Fair Value per unit @ Grant Date [€]	**6.019**

1. The data was adjusted after regrouping operation.

Parameters are calculated as follows:
- **Exit Rate:** annual percentage of Stock Options forfeited due to termination;
- **Dividend Yield:** next four years average dividend-yield;

1. Linked to the economic value of instruments representing a subsidiary's Shareholders' Equity.
2. Pioneer Global Asset Management at the end of 2010.

- **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.

The following table shows the measurements and parameters used in relation to the Performance Shares granted in 2011.

Measurement of Performance Share 2011

	PERFORMANCE SHARE 2011
Date of granting Board resolution (Grant Date)	22-Mar-2011
Vesting Period Start-Date	1-Jan-2011
Vesting Period End-Date	31-Dec-2013
UniCredit Share Market Price [€][1]	18.07
Economic Value of Vesting conditions [€]	-1.272
Performance Shares' Fair Value per unit @ Grant Date [€]	**16.798**

1. The data was adjusted after regrouping operation.

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.
The following tables show the measurements and parameters used in relation to Discount Shares and Matching Shares (or rights to receive them) connected to the "Employee Share Ownership Plan" approved in 2010.

Measurement of Discount Shares ESOP 2010

	DISCOUNT SHARES
Date of Discount Shares delivery to Group employees	10-Jan-2012
Vesting Period Start-Date	1-Jan-2011
Vesting Period End-Date	31-Dec-2011
Discount Shares' Fair Value per unit [€]	11.687

Measurement of Matching Shares ESOP 2010

	MATCHING SHARES
Date of Matching Shares (or related rights) delivery to Group employees	10-Jan-2012
Vesting Period Start-Date	1-Jan-2012
Vesting Period End-Date	31-Dec-2014
Matching Shares' (or related rights) Fair Value per unit [€]	11.687

Within the limits of the "Employee Share Ownership Plan" approved in 2010:
- all Profit and Loss and Net Equity effects related to Discount Shares had been booked during 2011 (except adjustments, according to Plan Rules, that will be booked during 2012);
- during the three-year period 2012-2014 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 goals achievement 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.

Part I - Share-based Payments (Continued)

B. Quantitative information

1. Annual changes

UniCredit Stock Options and Performance Stock Options

ITEMS/NUMBER OF OPTIONS AND EXERCISE PRICE	YEAR 2011[1]			YEAR 2010[1]		
	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE [€]	AVERAGE MATURITY	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE [€]	AVERAGE MATURITY
A. Outstanding at beginning of period	**20,721,208**	**40.540**	**Jul-2016**	**23,296,896**	**40.820**	**Jun-2017**
B. Increases	**8,422,936**			**-**		
B.1 New issues	8,422,936	18.07		-		
B.2 Other	-			-		
C. Decreases	**4,450,573**			**2,575,688**		
C.1 Forfeited	685,978	31.082		2,491,121	43.212	
C.2 Exercised	-			-		
C.3 Expired	3,764,595	32.390		84,567	38.923	
C.4 Other	-			-		
D. Outstanding at end of period	**24,693,571**	**34.380**	**May-2019**	**20,721,208**	**40.540**	**May-2017**
E. Vested Options at end of period	**9,473,467**	**47.469**	**Sep-2018**	**10,830,657**	**39.332**	**Jul-2016**

1. The information related to Number of options and Average exercise price had been modified for:
- as the free capital increase resolved by the UniCredit Annual General Meeting on April 29, 2009 ("scrip dividend"), implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0.88730816;
- as the capital increase resolved by the UniCredit Extraordinary Shareholder Meeting on November 16,2009 and finalized on February 24, 2010, implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0,95476659.

Furthermore the information related to 2010 and 2011 were adjusted following the reverse shares split operation.

Other UniCredit equity instruments: Performance Shares and Restricted Shares

ITEMS/NUMBER OF OTHER EQUITY INSTRUMENTS AND EXERCISE PRICE	YEAR 2011[1]			YEAR 2010[1]		
	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE [€]	AVERAGE MATURITY	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE [€]	AVERAGE MATURITY
A. Outstanding at beginning of period	**2,321,157**	**-**	**Sep-2011**	**3,507,488**	**-**	**Apr-2011**
B. Increases	**4,066,803**			**156,328**		
B.1 New issues	4,066,803			156,328		
B.2 Other	-			-		
C. Decreases	**847,753**			**1,342,659**		
C.1 Forfeited	755,891			1,247,315		
C.2 Exercised [2]	90,877			95,344		
C.3 Expired	-			-		
C.4 Other[3]	985			-		
D. Outstanding at end of period [4]	**5,540,207**	**-**	**May-2013**	**2,321,157**	**-**	**Sep-2011**
E. Vested instruments at end of period	**162,538**			**6,489,931**		

1. The information related to 2010 and 2011 were adjusted following the reverse share split operation on December 27, 2011;
2. As far as concern 2011 movement, the average market price at the exercise date is equal to € 1.756;
3. This movement represent the adjustment due to the reverse share split operation executed at December 27, 2011.
4. UniCredit undertakes to grant, conditional upon achieving performance targets set in the Strategic Plan, 5,540,207 ordinary shares at the end of 2011 (2,321,157 ordinary shares at the end of 2010).

According to ESOP 2010 Plan Rules, in January 2012 had been delivered to Group Participants:
- 37,105 Discount Shares related to services rendered during 2011;
- 127,649 Matching Shares and 32,764 rights to receive them; these shares (or rights) are subject to a three-year vesting during the period 2012-2014.

The said above UniCredit free ordinary shares had been acquired on the market.

2. Other information

Employee Share Ownership Plan 2011 (Let's Share 2011)

In April 2011 the Ordinary Shareholders' Meeting approved the "UniCredit Group Employee Share Ownership Plan 2011" ("Let's Share 2011") that offers to eligible Group employees the opportunity to purchase UniCredit ordinary shares at favourable conditions, starting from January 2012, in order to reinforce employees' sense of belonging and commitment to achieve the corporate goals.

Let's Share 2011 was launched on October 27, 2011 in 13 countries across the Group (Austria, Bulgaria, Czech Republic, Germany, Hungary, Italy, Poland, Romania, Serbia, UK, Slovakia, Luxemburg and Hong Kong) with a participation rate of about 2.77% of the eligible employees.

Let's Share 2011 is a broad based share plan under which:

- during the **"Enrolment Period"** (from January 2012 to December 2012) the Participants can buy UniCredit ordinary shares ("Investment Shares") by means of monthly or one-off contributions (via one to three installments in March, May and/or October 2012) taken from their Current Account. In case, during this Enrolment Period, a Participant leaves the Plan, he/she will lose the right to receive any free ordinary shares at the end of the Enrolment Period;
- at the end of the Enrolment Period (January 2013), each Participant will receive one Free Share every three shares purchased; the Free Shares will be locked up for three years. The Participant will lose the entitlement to the Free Share if, during the three-year holding period, he/she will no longer be an employee of a UniCredit Group Company unless the employment has been terminated for one of the specific reasons stated in the Rules of the Plan. In some countries, for fiscal reasons, it will not be possible to grant the Free Shares at the end of the Enrolment Period: in that case an alternative structure is offered that provides to the Participants of those countries the right to receive the Free Shares at the end of the Holding Period ("Alternative Structure");
- during the **"Holding Period"** (from January 2013 to January 2016), the Participants can sell the Investment Shares purchased at any moment, but they will lose the corresponding Free Shares (or right to receive them).

The Free Shares are qualified as "Equity Settled Share-based Payments" as Participants, according to Plan's Rules, will receive UniCredit Equity Instruments as consideration for the services rendered to the legal entity where they are employed. The fair value will be measured at the end of the Enrolment Period according to the weighted average price paid by Participants to acquire the Investment Shares on the market. All Profit and Loss and Net Equity effects related to Let's Share 2011 will be booked during the four-year period 2012-2015.

Let's Share 2011 has not been produced any effect on 2011 Financial Statement.

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

	2011		2010	
	TOTAL	VESTED PLANS[1]	TOTAL	VESTED PLANS
(Costs) / Revenues	**(20,886)**		**3,129**	
- connected to Equity Settled Plans[2]	*(20,886)*		*3,129*	
- connected to Cash Settled Plans[3]	-		-	
Debts for Cash Settled Plans	**-**	**-**	**948**	**948**
- of which Intrinsic Value		-		*151*

1. All vested plans were expired at 31st December 2011;
2. The significant increase is principally due to new plans' granted during 2011;
3. Partly included in "payroll - other staff" in keeping with the recognition of other monetary charges connected to the remuneration of services provided by beneficiaries. The revenues recognized in 2011 arise from the decrease of liabilities related to synthetic cash settled "Share Appreciation Rights" linked to the share-value and performance results of some Group-Companies.

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 (Amounts in million of €)

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

Balance Sheet

	AMOUNTS AS AT		SEE NOTES TO THE ACCOUNTS
	12.31.2011	12.31.2010	
Assets			Part B - Assets
Cash and cash balances = *item 10*	5,753	2,152	Table 1.1
Financial assets held for trading = *item 20*	11,480	10,128	Table 2.1
Loans and receivables with banks = *item 60*	29,634	33,806	Table 6.1
Loans and receivables with customers = *item 70*	256,251	253,102	Table 7.1
Financial investments	89,950	87,451	
30. Financial assets at fair value through profit or loss	*423*	*435*	Table 3.1
40. Available-for-sale financial assets	*24,363*	*21,174*	Table 4.1
50. Held-to maturity invstments	*4,494*	*3,899*	Table 5.1
100. Investments in associates and joint ventures	*60,670*	*61,943*	Table 10.2
Hedging instruments	7,158	5,089	
80. Hedging derivatives	*5,431*	*3,203*	*Table 8.1*
90. Changes in fair value of portfolio hedged items	*1,727*	*1,886*	*Table 9.1*
Property, plant and equipment = *item 110*	246	281	Table 11.1
Goodwill = *item 120 - intangible assets net of which: goodwill*	2,812	7,707	Table 12.1
Other intangible assets = *item 120 - Intangible assets net of goodwill*	29	33	Table 12.1
Tax assets = *item 130*	8,048	6,954	
Non-current assets and disposal groups classified as held for sale = *item 140*	7	22	Table 14.1
Other assets = *item 150*	5,654	8,655	Table 15.1
Total assets	**417,022**	**415,380**	

Balance Sheet

	AMOUNTS AS AT		SEE NOTES TO THE ACCOUNTS
	12.31.2011	12.31.2010	
Liabilities and shareholders' equity			Part B - Liabilities
Deposits from banks = *item 10*	63,335	49,024	Table 1.1
Deposits from customers and debt securities in issue	273,166	281,694	
20. Deposits from customers	*151,853*	*158,154*	Table 2.1
30. Debt securities in issue	*121,313*	*123,540*	Table 3.1
Financial liabilities held for trading = *item 40*	10,292	6,875	Table 4.1
Financial liabilities at fair value through profit or loss = *item 50*	-	51	Table 5.1
Hedging instruments	7,759	4,946	
60. Hedging derivatives	*5,091*	*3,580*	Table 6.1
70. Changes in fair value of portfolio hedged items	*2,668*	*1,366*	Table 7.1
Provisions for risks and charges = *item 120*	1,882	1,782	Table 12.1
Tax liabilities = *item 80*	626	495	
Liabilities included in disposal group classifid as held for sale = *item 90*	-	-	
Other liabilities	10,313	12,743	
100. Other liabilities	*9,337*	*11,698*	Table 10.1
110. Provision for employee severance pay	*976*	*1,045*	Table 11.1
Shareholders' equity	49,649	57,770	Part F - Shareholders' Equity
- Capital and reserves	56,869	56,909	
130. Revaluation reserves, of which: Special revaluation laws	*277*	*277*	Table B.1
160. Reserves	*7,623*	*7,663*	
170. Share premium	*36,823*	*39,322*	
180. Issued capital	*12,148*	*9,649*	Table B.1
190. Treasury shares	*-2*	*-2*	Table B.1
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	-871	78	
130. Revaluation reserves, of which: Available-for-sale financial assets	*-1,262*	*-165*	Table B.1
130. Revaluation reserves, of which: Cash-flow hedges	*391*	*243*	Table B.1
- Net profit = *item 200*	-6,349	783	
Total liabilities and shareholders' equity	**417,022**	**415,380**	

Reconciliation of Condensed Account to Mandatory Reporting Schedule (Continued)

Income Statement

	YEAR		SEE NOTES TO THE ACCOUNTS
	2011	2010	
			Part C)
Net interest = *item 30. Net interest margin*	4,704	5,043	*Tables* 1.1 and 1.4
Dividends and other income from equity investments	2,274	2,786	
70. Dividend income and similar revenue	*2,274*	*2,786*	*Table 3.1*
less: dividends from held for trading equity investmens included in item 70	-	-	*Table 3.1*
Net fees and commissions = item 60	3,406	3,313	*Tables* 2.1 and 2.3
Net trading, hedging and fair value income	164	-193	
80. Gains and losses on financial assets and liabilities held for trading	*-187*	*-272*	*Table 4.1*
+ dividends from held for trading equity investments included in item 70	-	-	*Table 3.1*
90. Fair value adjustments in hedge accounting	*323*	-	*Table 5.1*
100. Gains and losses on disposal of: d) financial liabilities	*26*	*73*	*Table 6.1*
110. Gains and losses on financial assets and liabilities at fair value through profit or loss	*2*	*6*	*Table 7.1*
Net other expenses/income	-104	36	
190. Other net operating income	*316*	*300*	*Tables 13.1 and 13.2*
+ gains and losses on disposal / repurchase on loans and receivablese - not impaired position (from item 100)	*-4*	*111*	
less: Other operating income - of which: recovery of costs	*-416*	*-375*	*Table 13.2*
OPERATING INCOME	**10,444**	**10,985**	
Payroll costs	-3,552	-3,634	
150. Administrative costs - a) staff expenses	*-3,665*	*-3,815*	*Table 9.1*
less: integration costs	*113*	*181*	
Other administrative expenses	-3,017	-3,027	
150. Administrative costs - b) other administrative expenses	*-3,017*	*-3,041*	*Table 9.5*
less: integration costs	-	*14*	
Recovery of expenses = item 190. Other net operating income			
- of which: Operating income - recovery of costs	*416*	*375*	*Table 13.2*
Amortisation, depreciation and impairment losses on intangible and tangible assets	-77	-83	
170. Impairment/Write-backs on property, plant and equipment	*-73*	*-78*	*Table 11.1*
180. Impairment/Write-backs on intangible assets	*-4*	*-5*	*Table 11.2*
Operating costs	**-6,230**	**-6,369**	
OPERATING PROFIT (LOSS)	**4,214**	**4,616**	
Net impairment losses on loans and provisions for guarantees and commitments	-3,966	-3,774	
100. Gains and losses on disposal of a) loans	*-16*	*102*	*Table 6.1*
less: gains and losses on disposal / repurchase on loans and receivablese - not impaired position (from item 100)	*4*	*-111*	
130. Impairment losses on a) loans	*-3,843*	*-3,687*	*Table 8.1*
130. Impairment losses on			
d) other financial assets	*-111*	*-78*	*Table 8.4*
NET OPERATING PROFIT (LOSS)	**248**	**842**	
Net provisions for risks and charges	*-304*	*-236*	
160. Net provisions for risks and charges	*-304*	*-237*	*Table 10.1*
less: integration costs	-	*1*	
Integration costs	**-113**	**-196**	
Net income from investments	-1,366	-3	
100. Gains and losses on disposal of b) available-for-sale financial assets	*88*	*71*	*Table 6.1*
130. Impairment losses on:			
b) available-for-sale financial assets	*-90*	*-72*	*Table 8.2*
210. Profit (loss) of associates - of which: Write-backs (write-downs) of equity investments	*-1,431*	*-27*	*Table 14.1*
210. Profit (loss) of associates - of which: gains (losses) on disposal of equity investments	*54*	*26*	*Table 14.1*
240. Gains and losses on disposal of investments	*13*	*-1*	*Table 17.1*
PROFIT (LOSS) BEFORE TAX	**-1,535**	**407**	
Income tax for the period = item 260. Tax expense (income) related to profit or loss from continuing operations	80	376	Table 18.1
Impairement of goodwill = item 230	-4,894	-	Table 16.1
NET PROFIT (LOSS) FOR THE YEAR	**-6,349**	**783**	

Disclosure of fees paid to the Auditing Firm and to entities belonging to its network for financial year 2011

(pursuant to article 149-duodecies, CONSOB Regulation no. 11971/99, as supplemented)

Disclosure of External Auditors' Fees - UniCredit S.p.A. - Financial Year 2011 - KPMG network					
As prescribed by §149-duodecies of the Consob Issuers Regulation, the following table gives fees paid in 2010 for audit services rendered by KPMG SpA and firms in its network.					
	SERVICE PROVIDER	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE			
EXTERNAL AUDITING	NAME OF AUDITING FIRM	COMPANY NAME	DESCRIPTION OF SERVICE		FEES (€'000)[1]
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Audit of Company and Consolidated Accounts and First Half Report, accounting checks and foreign branches [2]		4,502
Auditing Firm Total					**4,502**
External Auditing Total					**4,502**
	SERVICE PROVIDER	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE			
CHECKING FOR THE PURPOSES OF OTHER OPINIONS	NAME OF AUDITING FIRM	COMPANY NAME	DESCRIPTION OF SERVICE		FEES (€'000)[1]
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Issuing comfort letters concerning bond issues and capital increase, report on forecast data included in the prospectus relating to capital increase, limited accounting audit of the temporary consolidated accounts as at 30 September 2011, audit of the sustainability report, signing the Italian tax declaration forms (Modello Unico, Modello 770 S/O and Modello Consolidato Nazionale), as well as of the lending transactions report, report on the value of Fondo Capital Italia S.A. and Fondo Pioneer CIM shares, monitoring over the servicing report of the securitisation transactions, and audit procedures on transferred assets and credits.		6,673
Auditing Firm Total					6,673
Network Auditing Firm(s)					-
Network Auditing Firm(s) Total					-
Data Checking Total					**6,673**
	SERVICE PROVIDER	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE			
OTHER NON-AUDITING SERVICES	NAME OF THE AUDITING FIRM	COMPANY NAME	DESCRIPTION OF SERVICE	TYPE	FEES (€'000)[1]
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Checking the English and German translation of the Company and Consolidated Accounts, First Half Report and Third Quarter Report, as well as supporting the development of an approach as regards human rights.	Checking	134
Auditing Firm Total					**134**
Network Auditing Firm(s)					-
Network Auditing Firm(s) Total					**-**
Other Non-Auditing Services Total					**134**
Grand Total					**11,309**

1. Net of VAT and out-of-pocket expenses
2. Contract authorized by the Resolution of the Shareholders' Meeting of 10 May 2007 for a total amount of € 770,000. Following the absorption of former Capitalia entities and the following business combinations, a further contract implying a total cost of €320,000 was authorized by a Board Resolution dated 12 February 2009. Following the ONE4C merger, a further contract implying a total cost of € 3,294,000 (plus ISTAT indexation, amounting to € 118,368) was authorized by a resolution of the Shareholders' Meeting dated 29 April 2011.

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

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2011	NO. OF MEMBERS AS AT 12.31.2011	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Pension Fund for the employees of Cassa di Risparmio di Trieste Collections Division" Registration no. 9081	**92**	-	Defined benefit		
Opening balance as at 12.31.2010				**4,605**	
Provisions for the year:					
- interest cost				212	–
- actuarial (gains)/losses recognised in the year				-	
Benefits paid in the year				459	
Balance as at 12.31.2011				**4,358**	
Present value of the liabilities				**4,701**	
Non-recognised actuarial (gains)/losses				**343**	
"Supplementary Pension Fund for employees of Cassa di Risparmio di Torino in liquidation" Registration no. 9084	**4**	-	Defined benefit		
Opening balance as at 12.31.2010				**266**	
Provisions for the year:					
- interest cost				14	–
- actuarial (gains)/losses recognised in the year				20	
Benefits paid in the year				21	
Balance as at 12.31.2011				**279**	
Present value of the liabilities				**368**	
Non-recognised actuarial (gains)/losses				**89**	
"Supplementary Pension Fund for the collection management staff of Cassa di Risparmio di Torino" Registration no. 9085	**147**	-	Defined benefit		
Opening balance as at 12.31.2010				**9,428**	
Provisions for the year:					
- interest cost				444	–
- actuarial (gains)/losses recognised in the year				-	
Benefits paid in the year				974	
Balance as at 12.31.2011				**8,898**	
Present value of the liabilities				**9,872**	
Non-recognised actuarial (gains)/losses				**974**	

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

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2011	NO. OF MEMBERS AS AT 12.31.2011	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary Company Pension Fund of the general obligatory insurance for the employees of the credit section of Cassa di Risparmio di Trento e Rovereto Spa, the Social Security Fund for employees of the agencies of the Tax Collections Service, and for the employees of the tax collection agency of Cassa di Risparmio di Trento e Rovereto Spa" Section A Registration no. 9131	428	-	Defined benefit		–
Opening balance as at 12.31.2010				**31,735**	
Provisions for the year:					
- interest cost				1,681	
- actuarial (gains)/losses recognised in the year				3,695	
Benefits paid in the year				4,204	
Balance as at 12.31.2011				**32,907**	
Present value of the liabilities				**38,854**	
Non-recognised actuarial (gains)/losses				**5,947**	
"Contract for Pensions and Social Security for Staff belonging to the Management/Senior Management, Officers, Managers, Employees, Subordinate employee and Auxiliary staff categories of Cariverona Banca Spa" Registration no. 9013	887	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2010				**60,863**	
Provisions for the year:					
- interest cost				3,166	
- actuarial (gains)/losses recognised in the year				5,871	
Benefits paid in the year				7,839	
Balance as at 12.31.2011				**62,061**	
Present value of the liabilities				**71,822**	
Non-recognised actuarial (gains)/losses				**9,761**	

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

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

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2011	NO. OF MEMBERS AS AT 12.31.2011	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary pension fund of the obligatory insurance, invalidity, widows and survivors insurance (managed by the INPS) of the Cassa di Risparmio di Ancona" (absorbed on 1/10/89 by Cariverona Banca Spa) - Registration no. 9033	41	1	Defined benefit		–
Opening balance as at 12.31.2010				**2,597**	
Provisions for the year:					
- interest cost				126	
- actuarial (gains)/losses recognised in the year				69	
Benefits paid in the year				341	
Employees contributions				5	
Balance as at 12.31.2011				**2,456**	
Present value of the liabilities				**2,860**	
Non-recognised actuarial (gains)/losses				**404**	
"Pension fund for employees, clerks and auxiliary workers of Banca Cuneese Lamberti Meinardi & C. - Cuneo" (absorbed on 1/8/92 by Cariverona Banca Spa) - Registration no. 9012	34	5 (*)	Defined benefit		Payable by the Company on the basis of the technical accounts Payable by Employees: 1%
Opening balance as at 12.31.2010				**3,802**	
Provisions for the year:					
- interest cost				203	
- actuarial (gains)/losses recognised in the year				60	
Current service cost (gross)				10	
Benefits paid in the year				355	
Employees contributions				2	
Balance as at 12.31.2011				**3,722**	
Present value of the liabilities				**4,422**	
Non-recognised actuarial gains/losses				**700**	
(*) of which:2 deferred benefit					
"Pension fund for the employees of the former Credito Fondiario delle Venezie Spa" Registration no. 9067	9	-	Defined benefit		–
Opening balance as at 12.31.2010				**1,197**	
Provisions for the year:					
- interest cost				62	
- actuarial (gains)/losses recognised in the year				85	
Benefits paid in the year				112	
Balance as at 12.31.2011				**1,232**	
Present value of the liabilities				**1,378**	
Non-recognised actuarial (gains)/losses				**146**	

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

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2011	NO. OF MEMBERS AS AT 12.31.2011	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Agreement for the regulation of the social security benefits of the employees of the Istituto Federale delle Casse di Risparmio delle Venezie Spa" - Registration no. 9068	59	-	Defined benefit		
Opening balance as at 12.31.2010				**3,986**	
Provisions for the year:					
- interest cost				218	–
- actuarial (gains)/losses recognised in the year				602	
Benefits paid in the year				539	
Balance as at 12.31.2011				**4,267**	
Present value of the liabilities				**4,857**	
Non-recognised actuarial (gains)/losses				**590**	
"Internal Company Fund (FIA) of the former Credito Romagnolo" + CIP former Banca del Friuli - Registration no. 9151	1.125	-	Defined benefit		
Opening balance as at 12.31.2010				**91,752**	
Provisions for the year:					
- interest cost				4,617	
- actuarial (gains)/losses recognised in the year				4,916	–
Benefits paid in the year				11,533	
Balance as at 12.31.2011				**89,752**	
Present value of the liabilities				**103,610**	
(*) of which: Actual value of the obligation stipulated by the Agreement dated 31.1.1990 item 18				-	
Non-recognised actuarial (gains)/losses				**13,858**	
"Supplementary Pension Fund for the employees of the former Carimonte Banca Spa" - Registration no. 9147	142	-	Defined benefit		
Opening balance as at 12.31.2010				**11,160**	
Provisions for the year:					
- interest cost				553	
- actuarial (gains)/losses recognised in the year				400	–
Benefits paid in the year				1,109	
Balance as at 12.31.2011				**11,004**	
Present value of the liabilities				**12,210**	
Non-recognised actuarial (gains)/losses				**1,206**	

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

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

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2011	NO. OF MEMBERS AS AT 12.31.2011	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Fund for the employees of Magazzini Generali" Registration no. 9148	3	-	Defined benefit		–
Opening balance as at 12.31.2010				**104**	
Provisions for the year:					
- interest cost				5	
- actuarial (gains)/losses recognised in the year				10	
Benefits paid in the year				12	
Balance as at 12.31.2011				**107**	
Present value of the liabilities				**122**	
Non-recognised actuarial (gains)/losses				**15**	
"Supplementary retirement benefits in favour of the members of the General Management of Credito Italiano who retired between 1 January 1963 and 30 September 1989 attributed to UniCredito Italiano" - Registration no. 9029	14	-	Defined benefit		–
Opening balance as at 12.31.2010				**9,347**	
Provisions for the year:					
- interest cost				439	
- actuarial (gains)/losses recognised in the year				-	
Benefits paid in the year				1,094	
Balance as at 12.31.2011				**8,692**	
Present value of the liabilities				**9,782**	
Non-recognised actuarial (gains)/losses				**1,090**	
"Company Social Security Fund supplementing INPS benefits. Additional--benefit reserve accounts for employees of former Banca dell'Umbria 1462 S.p.A." included the Tax Collection Service SORIT - Registration no. 9021 and no. 9020	128	-	Defined benefit		–
Opening balance as at 12.31.2010				**10,314**	
Provisions for the year:					
- interest cost				490	
- actuarial (gains)/losses recognised in the year				-	
Benefits paid in the year				1,037	
Balance as at 12.31.2011				**9,767**	
Present value of the liabilities				**11,492**	
Non-recognised actuarial (gains)/losses				**1,725**	

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

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2011	NO. OF MEMBERS AS AT 12.31.2011	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Social Security Fund supplementing INPS benefits of Cassa Risparmio Carpi SpA Defined-benefit reserve account for former employees" - Registration no. 9022	**56**	-	Defined benefit		–
Opening balance as at 12.31.2010				**3,615**	
Provisions for the year:					
- interest cost				153	
- actuarial (gains)/losses recognised in the year				-	
Benefits paid in the year				407	
Balance as at 12.31.2011				**3,361**	
Present value of the liabilities				**3,560**	
Non-recognised actuarial (gains)/losses				**199**	
"Pension fund for the employees of former UniCredit Banca Mediocredito" - Registration no. 9127	**36**	-	Defined benefit		–
Opening balance as at 12.31.2010				**2,423**	
Provisions for the year:					
- interest cost				120	
- actuarial (gains)/losses recognised in the year				142	
Benefits paid in the year				409	
Balance as at 12.31.2011				**2,276**	
Present value of the liabilities				**2,836**	
Non-recognised actuarial (gains)/losses				**560**	
Pension fund for the employees of Capitalia Head Office (former Banco di S.Spirito, former Banco di Roma and former Cassa di Risparmio di Roma)" - Registration no. 9165	**103**	**36 (*)**	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2010				**76,930**	
Provisions for the year:					
- interest cost				3,975	
- actuarial (gains)/losses recognised in the year				653	
Current service cost (gross)				210	
Benefits paid in the year				8,077	
Balance as at 12.31.2011				**73,691**	
Present value of the liabilities				**90,586**	
Non-recognised actuarial (gains)/losses				**16,895**	

(*) of which: 25 deferred benefit.

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

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

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2011	NO. OF MEMBERS AS AT 12.31.2011	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
Statement post-employment benefits and pensions for staff of the Cassa di Risparmio di Roma - Registration no. 9096	1,444	285 (*)	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2010				**149,638**	
Provisions for the year:					
- Current service cost				306	
- interest cost				6,508	
Amounts arising from plan reduction or termination				179	
Benefits paid in the year				14,085	
Amount paid out following transfer external Group Fund				123	
Amount paid out following transfer to the external Fund				2,814	
Balance as at 12.31.2011				**139,609**	
Present value of the liabilities				**145,934**	
Non-recognised actuarial (gains)/losses				**6,325**	
(*) of which:152 deferred benefit					
Statement of "Post-employment benefit for staff of Banco di Sicilia" - Registration no. 9161	3,020	223 (*)	Defined benefit		Payable by the Company on the basis of the technical accounts Payable by employees: Senior Management:0,8% Management (3rd and 4th grade) :0,6% Management (1st and 2nd grade) :0,30% Other Staff: 0,15%
Opening balance as at 12.31.2010				**151,243**	
Provisions for the year:					
- interest cost				6,970	
- actuarial (gains)/losses recognised in the year				-	
Benefits paid in the year				9,827	
Employees contributions				20	
Balance as at 12.31.2011				**148,406**	
Present value of the liabilities				**166,213**	
Non-recognised actuarial (gains)/losses				**17,807**	
(*) of which: 46 deferred benefit					
Statement of the "FIP former Sicilcassa - supplementary pension fund for staff of Cassa Centrale di Risparmio V.E. per le province siciliane" - Registration no. 9063	2,736	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2010				**71,994**	
Provisions for the year:					
- interest cost				3,631	
- actuarial (gains)/losses recognised in the year				4,730	
Benefits paid in the year				9,223	
Balance as at 12.31.2011				**71,132**	
Present value of the liabilities				**82,906**	
Non-recognised actuarial (gains)/losses				**11,774**	

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

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2011	NO. OF MEMBERS AS AT 12.31.2011	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
Statement of the "Pension fund for employees of the former Banca di Roma - London Branch	27	161 (*)	**Defined benefit**		
Opening balance as at 12.31.2010				**2,407**	
Provisions for the year:					
- interest cost				2,006	
- performance of plan assets				-1,943	
- actuarial (gains)/losses recognised in the year				96	
Benefits paid in the year				471	–
Exchange rate effect				70	
Balance as at 12.31.2011				**2,165**	
Present value of the liabilities				**52,063**	
Present value of plan assets				**47,176**	
Present value of the liabilities, not funded by plan assets				**4,887**	
Non-recognised actuarial (gains)/losses				**2,722**	

(*) of which:161 deferred benefit

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2011	NO. OF MEMBERS AS AT 12.31.2011	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Pension fund for the employees of the London Branch" (ex Credito Italiano)	14	85 (*)	Defined benefit		
Opening balance as at 12.31.2010				**2,068**	
Provisions for the year:					
- Corrent service cost (gross)				260	
- interest cost				912	
- performance of plan assets				-676	
- actuarial (gains)/losses recognised in the year				22	–
Benefits paid in the year				668	
Exchange rate effects				63	
Balance as at 12.31.2011				**1,981**	
Present value of the liabilities				**20,063**	
Present value of plan assets				**13,821**	
Present value of the liabilities, not funded by plan assets				**6,242**	
Non-recognised actuarial gains/losses				**4,261**	

(*) of which: 79 deferred benefit.

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

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

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2011	ACTIVE MEMBERS AS AT 12.31.2011	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary Pension Fund of the general obligatory insurance for the employees of the credit section of Cassa di Risparmio di Trento e Rovereto Spa, the Social Security Fund for the employees of the tax collection agencies of the Tax Collection Service and for the employees of the tax collection agency of Cassa di Risparmio di Trento e Rovereto Spa" Sections B e C - Registration no. 9131	-	549 (**)	Defined contribution - individual capitalisation		Payable by the Company for employees ante*: min. 2% max 14.35% for employees post*: min. 2% - max 2.35% + empl. sever. pay + average monthly Euribor rate on equity
Opening balance as at 12.31.2010				**42,221**	
Decreases:				**2,746**	
Capital paid out in the year				2,746	
Increases;				**3,189**	Payable by employees: by employees ante 0.50% by employees post 2%
Performance of liquid assets net of operating costs and replacement tax				327	
Other changes:					
- contributions paid by employees and the Company (1)				2,418	
- contributions paid by other Group Companies (1)				444	
Balance as at 12.31.2011				**42,664**	
FUND ASSETS					–
Liquid assets				42,305	
Items to be settled				359	
Total assets				**42,664**	

(1) includes employee severance pay.
* ante/post employees: those who joined the complementary social security fund before/after 28.4.1993, when Legislative Decree 124/93 came into force.
(**) of which: 1 deferred benefit.

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

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2011	ACTIVE MEMBERS AS AT 12.31.2011	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Pension Fund supplementing INPS benefits. Defined-contribution account of former Banca dell'Umbria 1462 S.p.A." - Registration no. 9021	-	2	Defined contribution		Employees "ante": (*) - payable by the employee 0.25% with the option to contribute also the employee severance pay - payable by the Company: from 2% to 6.28% Employees "post": (*) - payable by the employee min. 0.25% + sever. pay - payable by the Company: 2%
Opening balance as at 12.31.2010				**450**	
Decreases:				**271**	
Capital paid out in the year				271	
Increases:				**12**	
Performance of liquid assets net of operating costs and replacement tax				4	
Other changes:					
- contributions paid by other Group Companies (1)				8	
Balance as at 12.31.2011				**191**	
FUND ASSETS					–
Liquid assets				190	
Items to be settled				1	
Total assets				**191**	

(1) includes employee severance pay.
* ante/post employees: those who joined the supplementary social security fund before/after 28.4.1993, when Legislative Decree 124/93 came into force.

"Company Social Security Fund supplementing INPS benefits. Defined-contribution account - (cost of living) of former Banca dell'Umbria 1462 S.p.A." - Registration no. 9021			Defined contribution		–
Opening balance as at 12.31.2010				**206**	
Provisions for the year				-	
Balance as at 12.31.2011				**206**	

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

Company pension funds

The final effects of the company agreement with respect to the Pension Fund, formerly CRR, made themselves felt in 2011 and led to enrollment rates that by far exceeded any expectations.

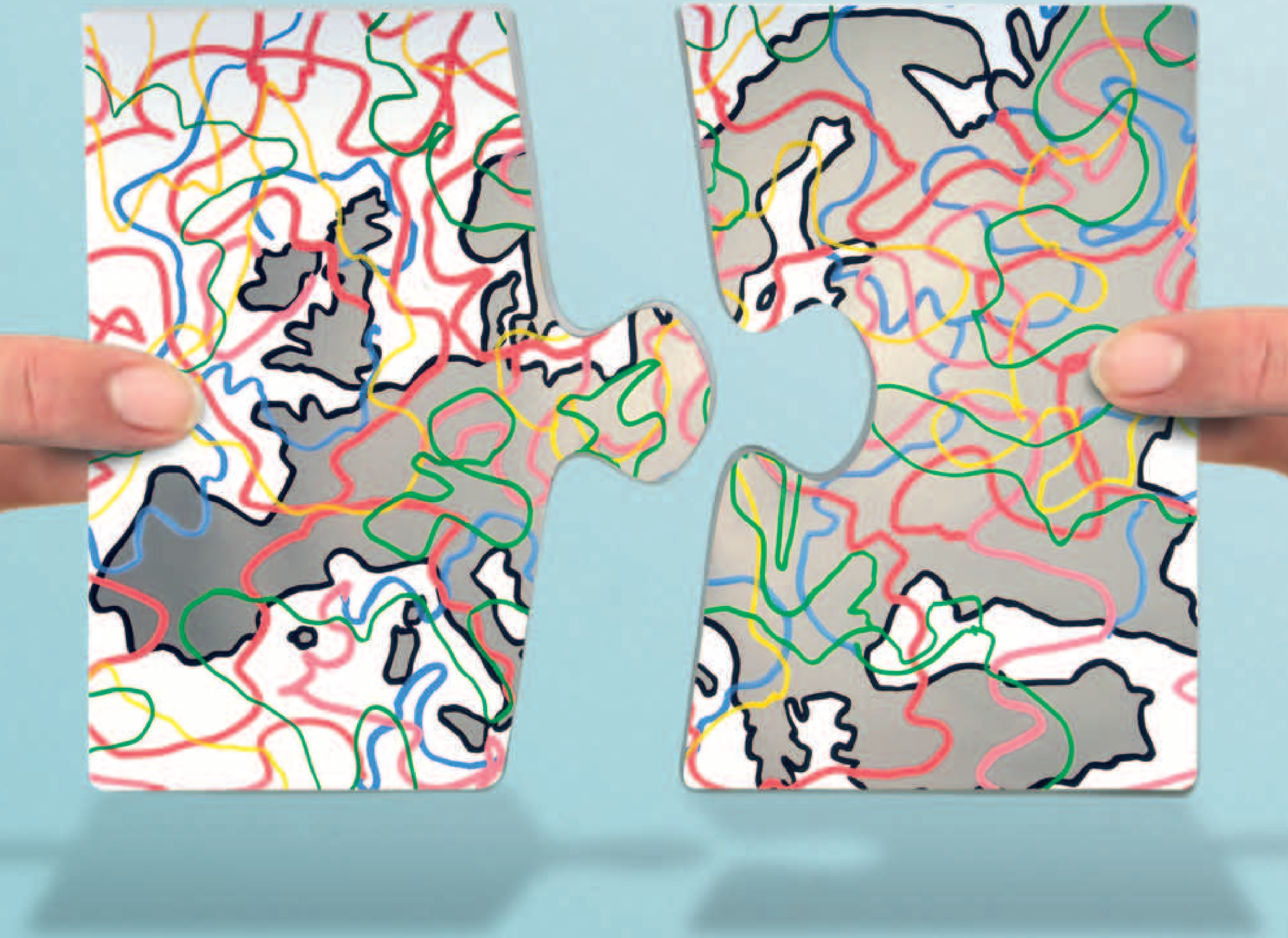
With the latest public sector pension plan reform being introduced at the end of 2011, its positive effects will be spread throughout 2012, particularly in relation to the higher retirement age and, therefore, to the resulting postponement of the expenses to be covered by the Pension Funds, considering the longer work years for those enrolled in the plans but not yet in retirement.

Follow the weighted averages of the main financial and actuarial assumptions made.

	12.31.2011
Discount rate	4.66%
Projected rate of return on plan assets	4.57%
Projected compensation increase rate	3.04%
Future increases in pensions	1.88%
Projected inflation rate	2.08%
Mortality rate (*)	IPS55

(*) applicable only to plans in Italy.

An umbrella covering countries in Central and Eastern Europe.



Many Austrian companies have subsidiaries in other European countries that do not always engage in cross-border treasury operations. When new funding is needed, especially during the start-up phase of a business, local regulations that must be addressed can often present major obstacles to success. UniCredit has created the Umbrella Facility, a flexible and user-friendly credit facility based on the parent company's credit rating, that can be accessed in most Central and Eastern European countries. Bank Austria coordinates every phase of negotiation, acting as the single point of contact between the client and UniCredit's banks across the region.
A simple way to help companies focus on their business, leaving the bank to manage their financials.

Michelangelo Pistoletto - Embrace Differences - Serigraphy on Thermodeth Mirror 2005 - 2006
UniCredit Art Collection - © Michelangelo Pistoletto - Courtesy Cittadellarte - Pistoletto Foundation - Details

Certification

Annual financial statements certification pursuant to Article 81-ter of Consob Regulation no. 11971/99, 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., taking into consideration Art. 154-bis, (subparagraph 3 and 4) of Italian Legislative Decree February 24, 1998 n. 58, do hereby certify:
   - the adequacy in relation to the Legal Entity features and
   - the actual application;

   of the administrative and accounting procedures employed to draw up 2011 Annual Financial Statements.

2. The adequacy of administrative and accounting procedures employed to draw up 2011 Annual Financial Statements has been evaluated applying a model defined by UniCredit S.p.A., coherent with *"Internal Control - Integrated Framework (CoSO)"* and *"Control Objective for IT and Related Technologies (Cobit),"* which represent international commonly accepted standards for the internal control system.

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

   3.1 the 2011 Annual 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 19 July 2002;

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

   c) are suitable to provide a fair and correct representation of the situation of the assets and liabilities, the economic and financial situation of the issuer;

   3.2 the Report on Operations shall contain a reliable analysis of the trend and operating results as well as whole situation of the issuer, together with a description of the main risks and uncertainties they are exposed.

Milan, March 27, 2012

Federico Ghizzoni

Marina Natale

Sponsoring a great orchestra for a great cause.

The Great Orchestra of Christmas Charity, WOSP, is one of Poland's most famous charitable foundations. Donations collected by WOSP the whole year long are used to purchase medical equipments for sick children. Orchestra's public fund raises activity peaks at the day of the Final, when WOSP organizes different events: concerts, games, happenings across Poland, and world-wide. It is a long term commitment lasting now 14 years. And always, Bank Pekao not only donates considerable amount, but furthermore, over a thousand of Pekao employees volunteers at the day of the Final, and many, many more make personal donations to this good cause. Bank Pekao is finding concrete ways to help those in need.

20th Finale of the WOSP in the TV Studio, Bank Pekao colleagues are counting money collected by WOSP volunteers

Reports and Resolutions

Report of the Board of Statutory Auditors

Report of the Board of Statutory Auditors

English translation of the Italian original document

UNICREDIT S.p.A.

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS IN GENERAL MEETING (PURSUANT TO § 153.1 LAW 58/98 AND § 2429.3 CIVIL CODE)

To the Shareholders:

Under § 153 Law 58/1998 (the Consolidated Finance Act known as the "TUF") and § 2429.2 Civil Code, the Board of Statutory Auditors is required to report to the Shareholders in General Meeting on its oversight activities during the year and on any omissions or censurable facts that were found. The Board of Statutory Auditors is also entitled to make remarks and proposals in respect of the Accounts, their approval and all matters within its competence.

In 2011 the Board of Statutory Auditors carried out its statutory duties as required by the Civil Code, Law 385/1993 (the Consolidated Banking Act, known as the "TUB"), Law 58/1998 (the Consolidated Finance Act known as the "TUF") and Law 39/2010 (Consolidated Audit Act), the Company's By-Laws and the regulations issued by public authorities vested with supervisory and control functions, also taking into consideration the standards of conduct recommended by the *Consiglio Nazionale dei Dottori Commercialisti* e degli *Esperti Contabili* (National Board of Certified Public Accountants).

Given the foregoing, this report provides the information required by Consob Communication 1025664 dated April 6, 2001, as amended and supplemented.

Appointment of the Board of Statutory Auditors

This Board of Statutory Auditors was appointed by the Shareholders in General Meeting on April 22, 2010. Its members are Maurizio Lauri (Chairman), Cesare Bisoni, Vincenzo Nicastro, Michele Rutigliano and Marco Venturuzzo.

Activity of the Board of Statutory Auditors

During the year the Board of Statutory Auditors carried out its supervisory activity by holding 43 meetings, each lasting 5 hours on average, as well as attending 14 meetings of the Board of Directors and 11 meetings of the Internal Control & Risk Committee.

At the Board of Directors' meetings, at which the most important business, financial and capital transactions carried out by the Company or by its subsidiaries were discussed, the Board of Statutory Auditors received the information detailed in § 150.1 TUF.

Based on the information acquired through its oversight, the Board of Statutory Auditors noted no transactions performed not in compliance with the principles of proper management, or resolved and carried out not in accordance with the law and the Company's By-Laws, or not in the Company's interest, or not in accordance with Shareholders' resolutions, or manifestly imprudent or reckless, or lacking the necessary information where Directors' interests were involved, or prejudicial to the Company's equity.

Significant Transactions

The most significant transactions are described in the Directors Report on Operations.

On 14 November 2011 the Board of Directors approved the new strategic plan to 2015, which was presented to the financial community on the same day.

On 4 January 2012 the Board of Directors approved the final terms of a rights issue under § 2441 paras. 1, 2, and 3 Civil Code.

On 28 February 2012 the Board of Directors approved the proposal to the Shareholders in Extraordinary General Meeting of the changes to §§ 20, 29 and 30 of the By-Laws, as described in the Directors' report submitted to you.

Untypical or Unusual Transactions

The Directors Report on Operations, as well as information submitted to the Board of Directors or received from the Directors, the Company's management, the subsidiaries' Statutory Auditors, and the External Auditors, revealed no untypical or unusual transactions, including intercompany or related-party transactions.

Intercompany and Related-Party Transactions

In compliance with the Consob's resolution 17221 dated March 12, 2010 entitled "Regulation of Related-Party Transactions" (the "Regulation") as amended by Resolution 17389 dated 23 June 2010, on November 9, 2010 the Board of Directors – on the basis of a unanimous opinion of its Related-Party Transactions Sub-Committee - adopted "Procedures for the management of related-party transactions" (the "Procedures").

The Procedures adopted by your Company are in line with the principles of the Regulation; they came into force on 1 January 2011, were published on the Company website and implemented in the Group by issuing process rules for the management of related-party transactions with which Group companies are required to comply to ensure application of the principles laid down.

Translation of the Italian original

The Procedures require *inter alia* that the Company should annually assess their fitness for purpose and update them where necessary to take account of any changes in the shareholder structure or relevant legislation, as well as their effectiveness as evinced in practice.

On 31 January 2012 the Board of Directors, on the basis of the favourable opinion of its Related-Party Transactions Sub-Committee, assessed the Procedures as being compliant with the Regulation. The Board of Directors, in light of the experience of the first year in which the Procedures had been applied and of the manner in which they had been applied, also approved certain changes to the Procedures, effective 1 March 2012, in consideration of the rules issued by the Bank of Italy in December 2011 regarding "banks' and banking groups' risks and conflicts of interest in respect of related parties", which will become effective in December 2012.

In line with § 13.5 of the Regulation, the Procedures require that transactions coming under § 136 TUB should be approved as per the rules on the obligations of bank directors and officers. The minutes of the Related-Party Transactions Sub-Committee show that it received the required information from the competent function of the bank.

Oversight pursuant to the Consolidated Audit Act

The Consolidated Audit Act requires the Board of Statutory Auditors (which the Act defines as the "Internal Control and Audit Committee") to oversee: (i) the financial information process; (ii) the effectiveness of the internal control system, internal audit and risk management; (iii) the annual statutory audit of the Company and Consolidated Accounts; and (iv) the independence of the external auditors, specifically when they provide non-audit services.

We report that the Company Accounts and the Consolidated Accounts of the UniCredit Group have been drawn up in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and adopted by the European Union, in force at 31 December 2011, the instructions issued in implementation of § 9 Law 38/2005, and those contained in Bank of Italy Circular 262 dated 22 December 2005 as amended and supplemented.

The Directors Report on Operations lists the main risks and uncertainties and provides the outlook for the foreseeable future.

The Board of Statutory Auditors has seen the reports of the External Auditors KPMG S.p.A., whose activity supplements the general framework of the control functions required by the regulations in respect of financial information. These reports, which were issued pursuant to Law 39/2010 on 18 April 2012, stated that the Company Accounts and the Consolidated Accounts at December 31, 2011 were compliant with the International Financial Reporting Standards adopted by the European Union and the instructions issued in implementation of § 9 Law 38/2005, and therefore, that they had been drawn up clearly and gave a true and fair picture of the capital and financial situation and of the profit and cash flow generated in the financial year ended 31 December 2011. In addition, the External Auditors were of the opinion that the Directors Report on Operations and the information presented in the Report on Corporate Governance pursuant to § 123 bis para. 1 c), d), f), l) and m) and para. 2 b) Law 58/1998 were consistent with the Accounts.

The Board of Statutory Auditors regularly met with the External Auditors as required by § 150.3 TUF for a two-way exchange of information. They informed the Board of Statutory Auditors of no censurable actions or facts or irregularities which would have required to be reported under § 155.2 TUF.

The Board of Statutory Auditors has examined the report required by § 19 Law 39/2010 issued by the External Auditors on 18 April 2012, which noted neither any significant audit adjustments nor any significant criticalities in the internal control system in respect of the financial information process.

The Board of Statutory Auditors requested and obtained from the Chief Financial Officer a document analysing the valuations made for the purposes of the interim report dated 30 September 2011, specifically the valuation of equity interests, impairment testing, loan loss provisioning, deferred tax asset determination and the valuation of litigation and tax risks.

The Board of Statutory Auditors requested and obtained from the External Auditors a document analysing its audit procedures in respect of the short-form consolidated report dated 30 September 2011 with regard to the above matters. On 22 November 2011 the External Auditors issued their report on the limited audit of the interim Consolidated Accounts, according to which no elements had emerged which might have led them to believe that the Accounts examined had not been drawn up, in all significant respects, in accordance with the interim financial information standard (IAS 34) adopted by the European Union.

The Board of Directors – as recommended *inter alia* by the joint Bank of Italy/ Consob /ISVAP document #4 dated 3 March 2010 – autonomously and in advance of the approval of the Accounts approved an impairment testing procedure which complied with IAS 36.

The notes to the Accounts detail the impairment tests carried out and their results.

Translation of the Italian original

Report of the Board of Statutory Auditors (Continued)

English translation of the Italian original document

Oversight of the Independence of the External Auditors

The Board of Statutory Auditors examined the report on the independence of the External Auditors pursuant to § 17 Law 39/2010 and found no situations prejudicial to their independence or causes of incompatibility as per §§ 10 and 17 of Law 39/2010 or its implementation instructions.

As expressly declared by the External Auditors, the Board of Statutory Auditors notes that in 2011 the latter received fees for the following non-audit services in addition to its engagements for the audit of the Company and Consolidated Accounts and the First Half Report and for checking that the books of account were correctly kept and that the business operations were accurately recognized in accounting entries:
- Issuance of “comfort letters” regarding bond issues in the European market, for a fee of €469,000;
- Issuance of “comfort letters” regarding the rights issue, for a fee of €1,800,000;
- Issuance of a report on the forecasts included in the prospectus, for a fee of €3,000,000;
- Limited audit of the short-form interim consolidated report as at 30 September 2011, for a fee of €760,000;
- Reviewing the English version of the First Half Company and Consolidated Reports as at 30 June 2011, of the Company and Consolidated Financial Statements as at 31 December 2011, and of the German version of the Company and Consolidated Financial Statements as at 31 December 2011, for a fee of €57,296;
- Limited audit of the Sustainability Report of the UniCredit Group as at December 31, 2011, for a fee of €331,000;
- Support for the development of the issue of human rights, for a fee of €77,000;
- Signing the Unified Tax Return, the 770 Simplified and Standard Tax Return, the 2011 Domestic Tax Consolidation Return and the 2011 Credit and Finance report, for a fee of €77,025;
- Preparation of the report on the value of the Capital Italia S.A. investment fund units as at December 31, 2011, for a fee of €10,050;
- Preparation of the report on the value of the Pioneer CIM investment fund units as at December 31, 2011, for a fee of €12,524;
- Checking of the quarterly statements made in 2011 by UniCredit S.p.A. as servicer of securitisations, for a fee of €149,567;
- Checking the assets sold by UniCredit S.p.A. under the OBG (covered bond) programme in 2011, for a fee of €50,000;
- Checking requested by UniCredit S.p.A. of the assets sold under the Consumer One securitisation in 2011, for a fee of €15,000.

As expressly declared by the External Auditors, the Board of Statutory Auditors notes that in 2011 no other mandates were given to firms within the KPMG network by UniCredit S.p.A..

Oversight of the Financial Information Process

The Board of Statutory Auditors examined the internal regulations on the financial information process which enables the officer charged with drawing up accounting and corporate documents (the *“Dirigente preposto”*), appointed under Law 262/2005, and the CEO to make their attestations as per § 154-bis of Law 58/1998.

The administrative and accounting procedures for the compilation of the Company and Consolidated Accounts and all other financial information were set up by the *Dirigente preposto* who, together with the CEO, attests that they are fit for purpose and actually applied.

The Board of Statutory Auditors met the Dirigente preposto on several occasions. The latter reported no particular deficiencies in the operational and control processes such as to impair the judgment that the administrative and accounting procedures are fit for purpose and properly applied to produce a true and fair picture of the business in terms of profitability, capital and finance in line with international accounting standards.

However, the report compiled by the Dirigente preposto under Law 262/2005, at the end of the campaign of attestation of the Company and Consolidated Accounts as at 31 December 2011, noted areas in need of improvement. Certain risks concerning self-assessment, the strengthening of the professionalism needed to efficiently manage the attestation process, the revision of certain processes, especially the credit process, were in need of attention in order to overcome criticalities currently managed by offsetting actions, as well as the updating of some procedures to bring them into line with the activity actually performed by the process owner.

The Dirigente preposto and the CEO reported on and signed the attestations for the Company and Consolidated Accounts as at 31 December 2011 as required by §81-ter Consob Regulation 11971 dated 14 May 1999 as amended and supplemented which refers to § 154-bis of Law 59/1998.

In regular meetings for the exchange of information, as in its report pursuant to § 19 Law 39/2010, the External Auditors reported no significant criticalities in the internal control system with regard to the financial information system.

The Board of Statutory Auditors also examined the report of Internal Audit on “Compliance with Law 262/2005 – the Group model for the attestation by the Dirigente preposto”, issued on 15 December 2011 and rated “satisfactory”.

The Board of Statutory Auditors, in light of the information received and the documents it examined, having recommended that the corrective measures that were scheduled in order to deal with identified deficiencies be promptly implemented, judges the process of formation of financial information to be adequate.

Translation of the Italian original

Oversight of the Fitness for Purpose of the Internal Control System

The Board of Statutory Auditors, while noting the Board of Directors' positive assessment of the fitness for purpose and actual functioning of the internal control system in its Corporate Governance Report, examined Internal Audit's Annual Report for 2011 submitted to the Board of Directors on 27 March 2012 by the Chairman of the Internal Control and Risk Committee.

On the basis of the audits performed in 2011, according to an internal audit plan based on a risk analysis, the functionality of the internal control system Groupwide was assessed by Internal Audit as "still satisfactory" overall, while that of UniCredit S.p.A. was assessed as "just satisfactory" overall. The report points up certain areas requiring improvement due to the partial ineffectiveness of first- and second-level controls of compliance risk and the credit process in particular, caused not least by the lack of organisational stability due to the numerous large-scale structural changes made in 2011.

The One4C project placed the main processes under stress as well as the related operating mechanisms, which have still to be harmonised, strengthened and where possible simplified. Strengthening the overall effectiveness of the internal control system will require disciplined execution of the planned corrective measures and punctual meeting of deadlines.

This report also pointed up a continuing critical situation of the internal control system of UniCredit Leasing S.p.A..

The Board of Statutory Auditors examined the 2011 Report on first-level controls within the competence of the Country Chairman Italy.
The report noted no criticalities requiring mention in this Report, though there were situations that required corrective measures.

The Board of Statutory Auditors examined the 2011 report of the supervisory body (Surveillance Committee) on the implementation of the organisational and managerial model adopted by UniCredit S.p.A. pursuant to Law 231/2001. This report showed that checks of sensitive processes revealed no breaches of regulations that could be a risk or constitute criminal acts, but there were in some cases anomalies and areas needing improvement in processes and existing controls, especially in the operational processes for the management of subsidised loan management and subsidised lending, for which the necessary corrective measures are underway.

Information exchanged with the External Auditors indicated significant criticalities in the internal control system of UniCredit Bank AG.

On the basis of the documentation examined and the information received during our supervisory duties, situations requiring remediation were revealed, but the Board of Statutory Auditors found no critical situations or facts which could lead to an adverse assessment of the overall internal control system. This assessment is given taking into account the integration and internal control system change initiatives underway, which aim to increase the effectiveness and efficiency of the system.

Oversight of the Fitness for Purpose of the Risk Management System

With regard to compliance risk, the Board of Statutory Auditors examined the report of the Compliance function, presented to the Board of Directors on 16 December 2011, on the progress of the project aimed at overcoming certain criticalities inherent in the effectiveness and efficiency of the function, and the complete implementation of the Compliance Road Map containing the Group compliance model.

This action plan spans 30 months and was declared to be more or less on schedule by Compliance, so much so that no increase in the duration of the programme is currently envisaged. Compliance also performed an assessment of residual compliance risk, to which the Company is exposed pending completion of the Compliance Road Map, and no critical risk was identified for most of the regulatory areas covered. In certain situations the definition of mitigation factors had been necessary to reduce residual risk to an 'acceptable' level.

The Board of Statutory Auditors also examined the report of Internal Audit on the Compliance Road Map issued in October 2011 and submitted to the Board of Directors on 16 December 2011. The audit results were reached with the assistance of external consultants. Internal Audit judged the plan to be more or less complete, feasible and - provided that IT and HR are able to provide proper support and that certain delays identified by the audit are dealt with promptly - reasonably effective.

The Board of Statutory Auditors considers that on-time completion of the Compliance Road Map is essential for an opinion confirming that Compliance is fully fit for purpose to be possible.

Special attention must be paid to the completeness, functionality and fitness for purpose of AML controls, with continuous assessment of the effectiveness of existing procedures and their functioning in light of the objective of customer due diligence ("KYC") proper recording and storage of information and prompt suspicious transaction reporting, not least with regard to timely training of staff.

Equally important is the implementation of remediation to remove certain criticalities concerning compliance with transparency and 'anti-usury' regulations, as well as on-time completion of the project to ensure compliance with the MiFID rules and the instruction received from the Regulator.

Translation of the Italian original

Report of the Board of Statutory Auditors (Continued)

English translation of the Italian original document

The Board of Statutory Auditors examined the annual report of Internal Validation on operational risk management, control and measurement systems, together with Internal Audit's annual report on operational risk, both dated February 2012. These reports confirm the fitness for purpose of the operational risk management, control and measurement system and its compliance with minimum regulatory requirements, but they identify material improvements needed, for which an action plan with a September 2012 deadline has been drawn up.

The Board of Statutory Auditors examined the report of Internal Validation on the credit risk management, control and measurement system together with Internal Audit's annual report on credit risk, both dated March 2012. Internal Validation found that the systems were broadly compliant with minimum regulatory requirements, while pointing up areas needing improvement, specifically the lack of a single central entity responsible for the credit process, which made it hard to remedy certain process weaknesses. Internal Audit's report indicated that current systems - while overall compliant with minimum regulatory requirements - were not entirely fit for purpose due to delays in the maintenance of the systems in use. Corrective measures are underway to ensure the on-going reliability of the credit risk performance monitoring models.

Oversight of the Fitness for Purpose of Internal Audit

The Board of Statutory Auditors noted that Internal Audit had initiated a Quality Assurance Review of its internal auditing activities in order to ascertain whether they are in line with current best practice, to assess the efficiency and effectiveness of its activity and identify any areas requiring improvement.

Oversight of the Fitness for Purpose of the Organisational Structure

The Board of Statutory Auditors examined an assessment of the fitness for purpose of UniCredit S.p.A.'s organisational structure, which had been requested to Group Organization & Logistics and was issued on 9 March 2012.

This document notes the organisational guidelines approved in their updated version by the Board of Directors on 31 January 2012 and shows that there is a structured system of delegated powers, which are exercised in line with organisational roles and processes, procedures designed to ensure that staff have the necessary skills to perform their allotted function and internal instructions for the performance of all managerial functions. However, the document notes that it is necessary to speed up decision-making processes, clarify areas of responsibility and increase credit risk controls.

The document notes that it is necessary to better define the cooperation model between the Chief Risk Officer and the Chief Financial Officer in respect of liquidity, risk weighted assets and loan loss provisions, to strengthen certain contract and loan security management processes and to redesign the problem loan management process.

On the basis of the documents examined and the information gathered while performing its duties, the Board of Statutory Auditors considers the organisational structure to be fit for purpose overall. This assessment is given taking into account the current measures underway to simplify the organisational structure, not least through a revision of the managerial and functional responsibilities for the key Parent-subsidiary processes.

Remuneration Policies

Given the instructions of the Regulator on remuneration and incentive systems the Board of Statutory Auditors checked the correctness of the remuneration policies and practice followed by the Company and their compliance with the regulatory framework.

The Board of Statutory Auditors examined the 2012 report prepared by the Board of Directors as required by the Bank of Italy regulation dated 30 March 2011 covering "remuneration policies and practice in banks and banking groups", pursuant to § 84-quater of the Issuers Regulation as recently amended by Consob resolution 18049 dated 23 December 2011 and § 114-bis Law 58/1998.

The Board of Statutory Auditors also examined the documentation prepared by Human Resources in April 2012, which stated that UniCredit's remuneration system was compliant with the most recent domestic and international regulatory requirements, in light of an opinion also provided by an external advisor.

With regard to the 2011 incentive system, the Board of Statutory Auditors noted that the Board of Directors' Remuneration Committee - having obtained specific legal opinions on this subject - authorised the payment of the deferred compensation of previous years, following the neutralisation of goodwill and other asset impairment in the results of the Group for the purposes of the calculation of the "zero factor".
The Committee used its power of modifying the variable incentive system in extraordinary circumstances impacting the Group, the Company or its market of operation, to change the variable incentive system for the executives of the Group.

The Board of Statutory Auditors' Additional Activity and Information Requested by Consob

In the performance of its duties, as prescribed by § 2403 Civil Code and § 149 of the TUF as follows:
- It exercised oversight in respect of the implementation of the corporate governance rules contained in the codes of conduct to which the Company publicly declares its adherence. UniCredit S.p.A. adheres to the Corporate Governance Code promoted by Borsa Italiana S.p.A. and has implemented the rules it contains. Pursuant to § 123-bis TUF the Company has drawn up its annual report on corporate governance and its shareholder structure, including information regarding (i) the corporate governance practices followed by the Company over and above

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legal and regulatory requirements, (ii) the main characteristics of its risk management and internal control systems in respect of the financial information process, including Consolidated reports, (iii) the workings of the Shareholders' Meeting, the powers of the Meeting, the rights of shareholders and how they are exercised, and (iv) the composition and functioning of the management and control bodies, as well as the other information required by § 123-bis TUF.

- It exercised oversight in respect of the fitness for purpose of the instructions given to subsidiaries pursuant to § 114.2 Law 58/1998. The Board of Statutory Auditors notes that UniCredit S.p.A., as Parent, is required to give directives to its subsidiaries as part of its duty to coordinate and steer them under current regulations. The Board of Statutory Auditors examined the 2011 report of Internal Audit, which evinced that the Parent's steering, control and coordination of its subsidiaries were only effective in part, referring specifically to the ICAAP (Internal Capital Adequacy Assessment Process), liquidity risk management, prudential data reporting to the regulators, funds transfer pricing and special purpose vehicle management. The Board of Statutory Auditors notes that it is the duty of the relevant corporate functions to steer subsidiaries towards full adoption and implementation of all Group policies.
- The Board of Statutory Auditors exchanged information with its counterparts in Group companies in respect of their management and control systems and the performance of their businesses, as required by § 151.2 Law 58/1998 and the Bank of Italy's supervisory directives and received no communications of findings to be reported in this Report. Certain areas requiring attention were indicated by the Statutory Auditors of Cordusio Fiduciaria S.p.A.; these are currently being dealt with by the Company's management.
- It exercised oversight through inspections of regional offices. No notable anomalies were found, though there were certain areas requiring attention, viz. operational and compliance controls, for which corrective action is underway.
- It examined the annual customer claims report, which contained no noteworthy problems.
- In compliance with supervisory directives, specifically the required checks of branches operating outside Italy, it inspected the Company's London and New York branches. These branches' operations contained some areas requiring improvement, specifically the internal controls over investment banking business, but the Board of Statutory Auditors noted the timely corrective action taken by the Corporate and Investment Banking Division.
- The Board of Statutory Auditors notes that your Company was inspected by the Bank of Italy, resulting in some critical findings of certain areas viz. in management, organization and control, as well as compliance. Prompted by the Board of Statutory Auditors among others, your Company is identifying corrective measures involving specific projects to be completed within the time frame indicated by the regulator.
- The Board of Statutory Auditors notes that your Company was inspected by the taxation authorities, which resulted in the issuance of a number of assessments relating to transactions involving financial instruments alleged to have produced an improper tax gain.
- The Board of Statutory Auditors received a complaint pursuant to § 2408 Civil Code from shareholder Francesco Santoro who notified it of certain alleged irregularities in a letter dated 9 August 2011.
  1. Irregularities alleged to have been committed by UniCredit Credit Management Bank in loan recoveries. The Board of Statutory Auditors, on the basis of documents supplied by the competent corporate functions, found that at the end of 2010 payment demands were sent to borrowers and guarantors of non-performing loans contained in the former Trevi Finance and former Aspra Finance portfolios. Only a very small number of these demands generated complaints, dealt with by UniCredit Credit Management Bank with no charges to its profit and loss account.
  2. An alleged irregularity concerning the payment of €20 million to Mr Geronzi as a career bonus. The Board of Statutory Auditors refers you to the statements made by the former General Manager of Capitalia to the Shareholders' Meeting held on 30 July 2007 and the CEO of UniCredit S.p.A. to the Shareholders' Meeting held on 29 April 2010.
  3. An alleged irregularity concerning the swap of certificates of deposit guaranteed by Government securities for bonds. The Board of Statutory Auditors, on the basis of checks made by the competent departments, received confirmation of the bank's non-involvement in the events complained of by the shareholder and that its operations were in line with the agreements signed with its customers.
  4. An irregularity concerning alleged failure to initiate bankruptcy proceedings against a company which owned real estate and had debts to the bank. The Board of Statutory Auditors, on the basis of its checks, received a confirmation that there was no outstanding non-performing loan to the company indicated by the shareholder. The bank's offices assumed that the shareholder was referring to another non-performing loan to the owner of the properties specified and confirmed that several proceedings had been undertaken to repossess all the borrower's assets, who had in any case been declared bankrupt.
  5. An alleged irregularity concerning certain disputes with the shareholders of Acque e Terme, Bognasco. The Board of Statutory Auditors, on the basis of documents acquired, received confirmation that these were situations relating to disputes pending settlement, in respect of which the bank was confident of a favourable judgment by the courts.

- The Board of Statutory Auditors received no other complaints under § 2408 Civil Code and no petitions.
- In 2011 the Board of Statutory Auditors was called on to give its opinion on the following matters:
  1. Compliance with the requirements for continuous use of the advanced internal system for the management of market, credit and operational risk, for the determination of regulatory capital.
  2. The compliance of the issue of obbligazioni bancarie garantite (covered bonds) with the law, the issuers regulation and regulatory directives, as well as an assessment of the impact of these transactions on the bank's economic and financial stability.
  3. Information on the status of the management of loans against one-fifth of income to Italian borrowers.
  4. Compliance functions.
  5. Responses to inspection reports issued by the regulator.

Translation of the Italian original

Report of the Board of Statutory Auditors (Continued)

English translation of the Italian original document

The Board of Statutory Auditors notes in respect of the corporate bodies that:
- The term of office of the Board of Directors expires on approval of the Accounts as at 31 December 2011.
- The Board of Directors has resolved that its size, composition and functioning are fit for purpose and thus fulfilled the request of the Bank of Italy in its letter protocol n. 23078/12 dated January 11, 2012.
- The Board of Statutory Auditors has verified - as required by the Corporate Governance Code issued by Borsa Italiana - that its members possess the same requisites of independence required for Directors under the Code.
- It has found that the criteria and procedures establishing the requisites of independence adopted by the Board of Directors for the annual assessment of the independence of its members were correctly applied.
- It has verified that transactions undertaken with persons having administrative, managerial or control functions were always conducted in compliance with § 136 TUB and regulatory requirements.
- It has verified that - in compliance with the requirements of § 36 of the Market Regulation approved by Consob resolution 16191/2007 - subsidiaries incorporated and regulated by the laws of countries not belonging to the European Union properly transmit their profit, equity and finance data to the management of the Company for the purposes of the Consolidated Accounts.
- On approval of the Accounts as at 31 December 2012 the appointment of the External Auditors KPMG S.p.A. will expire and cannot be renewed. To give the new External Auditors the time needed to consolidate their knowledge of the specific features and complexity of the Group, the selection of the new External Auditors was initiated well in advance of the date of expiry of KPMG's mandate. The Board of Statutory Auditors - in compliance with §13.1 Law 39/2010 - asked a number of firms to make their best offer in order to present the most suitable firm to the Shareholders in General Meeting. The Board of Statutory Auditors then examined and assessed the proposals received and unanimously decided to submit the appointment of the new auditing firm chosen by the selection process to the Shareholders in General Meeting by means of a separate grounded proposal, to which you are referred.

The oversight of the Board of Statutory Auditors revealed no censurable actions, omissions or irregularities requiring to be noted in this Report.

The Board of Statutory Auditors does not believe that it is necessary to exercise the option of making proposals to the Shareholders' Meeting pursuant to § 153 second paragraph DL 58/1998.

Having regard to the foregoing, the Board of Statutory Auditors, having examined the reports drawn up by the External Auditors KPMG S.p.A., having noted the joint attestation made by the Chief Executive Officer and the Dirigente preposto, within its competence finds that there is no impediment to the approval of the Company Accounts as at 31 December 2011 submitted by the Board of Directors.

Rome, 18 April 2012

On behalf of the Board of Statutory Auditors
The Chairman
Maurizio Lauri

Translation of the Italian original

Report of the External Auditors

KPMG

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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
UniCredit S.p.A.

1 We have audited the separate financial statements of UniCredit S.p.A. as at and for the year ended 31 December 2011, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 4 April 2011 for our opinion on the prior year separate financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the separate financial statements of UniCredit S.p.A. as at and for the year ended 31 December 2011 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of UniCredit S.p.A. as at 31 December 2011, the results of its operations and its cash flows for the year then ended.

4 The directors of UniCredit S.p.A. are responsible for the preparation of a report on operations and a report on the corporate governance and shareholding structure, published in the "Governance" section of UniCredit S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the

report on the corporate governance and shareholding structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure are consistent with the separate financial statements of UniCredit S.p.A. as at and for the year ended 31 December 2011.

Milan, 18 April 2012

KPMG S.p.A.

(signed on the original)

Roberto Fabbri
Director of Audit

Resolutions passed at the Shareholders’ Meeting

Resolutions passed at the Shareholders' Meeting

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The emissions connected to the printing and distribution of the 2011 UniCredit S.p.A. Report and Accounts, 2011 Consolidated Report and Accounts and 2011 Sustainability Report, have been compensated with the support of Officinae Verdi, through Gold Standard credits gained through the development of a Landfill Gas Capture project in China. The Gold Standard is supported by WWF because it is the most rigorous certification standard globally for carbon offset projects.

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