UniCredit

Meeting real needs with concrete solutions.

Consolidated Interim Report
as at March 31, 2012

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

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

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

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

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

Consolidated Interim Report as at March 31, 2012

Financing the excitement of UEFA EURO 2012™.

Bank Pekao participated in acquisition of financing of three UEFA EURO 2012™ stadiums: Stadion Narodowy in Warsaw, the Poznań Stadium and Stadium in Gdańsk. From an architectural standpoint, the Stadium in Gdańsk is considered the most impressive construction of UEFA EURO 2012™. This year for UEFA EURO 2012™ Bank Pekao has also financed other infrastructures, such as highways, regional airports and public transportation. As the official slogan states "simple emotions are sometimes not enough", Bank Pekao has really become part of EURO UEFA 2012™ as a National Sponsor.
This is another way to be close to local communities and a concrete sign of trust in the future of the country.

Stadium in Gdańsk

Contents

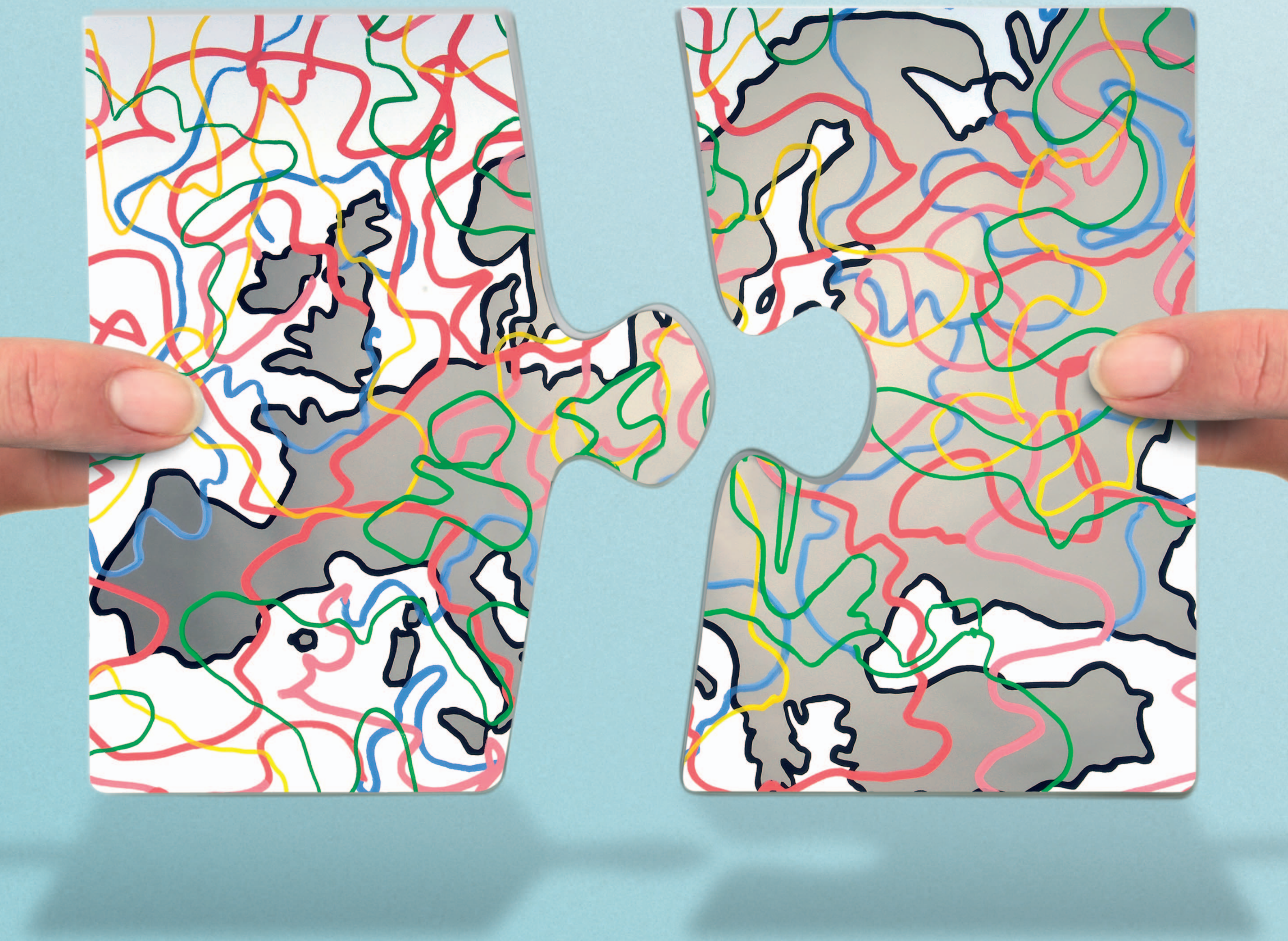
Notes

The following conventional symbols have been used in the tables:

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

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

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

Introduction

Board of Directors, Board of Statutory Auditors and External Auditors

	Board of Directors
Dieter Rampl	**Chairman**
Luigi Castelletti	**Deputy Vice Chairman**
Farhat Omar Bengdara Vincenzo Calandra Buonaura Fabrizio Palenzona	**Vice Chairmen**
Federico Ghizzoni	**CEO**
Giovanni Belluzzi Manfred Bischoff Donato Fontanesi Francesco Giacomin Helga Jung Friedrich Kadrnoska Marianna Li Calzi Luigi Maramotti Antonio Maria Marocco 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**

Chairman Dieter Rampl and Director Theodor Waigel handed in their resignations with effect from April 19, 2012.
Deputy Vice Chairman Luigi Castelletti handed in his resignation with effect from May 7, 2012.
Director Helga Jung was co-opted by the Board of Directors on January 31, 2012.
Director Carlo Pesenti handed in his resignation with effect from January 31, 2012.

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

Prefatory Note to the Consolidated Interim Report

General aspects

This Consolidated Interim Report as at **March 31, 2012** has been prepared in consolidated form as dictated by Article 154-*ter* of the Consolidated Finance Act introduced by Legislative Decree No. 195/07 to implement EU Directive 204/109/EC concerning periodic reporting, and it has been prepared in accordance with international accounting standards (IAS/IFRS) as described in the Further Information at the end of this document.

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

Any discrepancies between data disclosed in the Consolidated Interim Report are solely due to the effect of rounding.

Preparation criteria

The structure of this report references quarterly reports from previous periods with condensed reclassified tables for the balance sheet and income statement.

Consolidated Interim Report is accompanied by the following details:

- Highlights;
- Condensed Accounts;
- Quarterly Figures;
- Segment Reporting (Summary);
- How the UniCredit group has grown;
- UniCredit Share;

as well as:

- Group Results;
- Results by Business Segment;
- Other Information;
- Subsequent Events and Outlook;
- Further Information;
- Declaration by the Nominated Official in charge of drawing up Company Accounts.

Please note that, starting from Q1 2012:

- mark-up embedded in trading transactions sale price, negotiated by some Group's entities, are booked in "Net trading, hedging and fair value income" (before booked in "Net fees and commisions"); previous periods have been reclassified.
- Group has reviewed, as mandated by IAS/IFRS, the useful life of tangible and intangible assets. The analysis revealed the necessity to prolong the useful life of some assets (mainly hardware and internally generate software) in order to better reflect the way in which they are used within the Group. Starting from 1 January 2012, the amortization of these assets is performed in accordance with the new estimates of useful life.

With reference to some securitization transactions, following the UniCredit S.p.A. downgrade by Fitch and Standard & Poor's, it was necessary:

- in some cases, to transfer the Account Bank role from UniCredit S.p.A. to other eligible institutions;
- in other cases, to deposit with eligible counterparties adequate amounts to guarantee the fact that UniCredit S.p.A. maintained the roles of Account Bank and Swap Counterparty.

In both cases, UniCredit Bank AG - London Branch is among the eligible counterparties.

Therefore, pending a regulatory check, the consolidated accounts as at March 31, 2012 include €2.8 billion as "Loans and receivables with customers" vis-à-vis the SPVs related to such securitization transactions and €2.4 billion of "Deposits from customers" related to the amounts deposited by such SPVs with UniCredit Bank AG - London Branch.

Scope of Consolidation

There were no significant changes in the scope of consolidation in Q1 2012. Where necessary figures have been restated on a like-for-like basis.

Since December 31, 2011, 4 fully consolidated subsidiaries were newly included and 5 no longer included following absorption or disposal - a decrease of 1 company and a new total of 759 subsidiaries at March 31, 2012. Proportionally consolidated subsidiaries are 30, unchanged from December 31, 2011. One company before consolidated at equity method was, in Q1 2012, fully consolidated: at March 31, 2012 the new total for associates consolidated at equity method was 56.

Non-current assets and disposal groups held for sale

The main assets classified under IFRS 5 as non-current assets and disposal groups held for sale in the balance sheet at March 31, 2012 were:
- Business Oil of Italpetroli group;
- some properties held by UniCredit Bank AG and its subsidiaries.

Segment Reporting (Summary)

Segment reporting is presented and commented on the basis of the organizational structure currently used in management reporting of Group results, which consists of the following business segments:
- F&SME Network Italy;
- F&SME Network Germany;
- F&SME Network Austria;
- F&SME Network Poland;
- F&SME Factories;
- Corporate & Investment Banking (CIB);
- Private Banking;
- Asset Management;
- Central Eastern Europe (CEE);
- Group Corporate Center (including Global Banking Services, Corporate Centre, inter-segment adjustments and consolidation adjustments not attributable to individual segments).

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

Reclassified Financial Assets

EC Regulation 1004 dated October 15, 2008 transposed the changes made to IAS 39 and IFRS 7 "Reclassification of financial assets" by the IASB. These changes applied as from July 1, 2008 and allow, after initial recognition, the reclassification of certain "held for trading" and "available for sale" financial assets.

The following may be reclassified:

- "Held for trading" and "available for sale" financial assets which would have complied with the IFRS definition of loans and receivables (if they had not been recognized as "held for trading" and "available for sale" financial assets on initial recognition), provided that the entity has the intention and ability to hold them for the foreseeable future or to maturity.
- "Only in rare circumstances" held for trading financial assets failed to satisfy the loans and receivables definition on initial recognition and § 2 of the above Regulation noted that "the current financial crisis is considered one of such rare circumstances that may justify the use of this option (sc. Reclassification) by the entity".

A portion of financial instruments held for trading and available for sale were reclassified between H2 2008 and H1 2009, as the rare circumstance of the financial crisis had been recognized in respect of assets held for trading.

The following table (which is broken down by type of underlying asset and portfolio) provides the book value and fair value as at March 31, 2012 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.

No further reclassifications have occurred since H2 2009.

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

INSTRUMENTS TYPE	ACCOUNTING PORTFOLIO BEFORE RECLASSIFICATION	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION	CARRYING AMOUNT AS AT 03.31.2012	FAIR VALUE AS AT 03.31.2012	INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAXES)		INCOME/EXPENSE RECOGNIZED DURING THE PERIOD (BEFORE TAXES)	
					FROM MEASUREMENT	OTHER	FROM MEASUREMENT	OTHER
A. Debt securities			**8,548,541**	**7,794,880**	**192,217**	**95,623**	**2,849**	**83,912**
	Held for trading	Available for sale	10,416	10,416	451	175	451	196
	Held for trading	Held to maturity	195,939	205,813	(2,382)	1,212	-	1,152
	Held for trading	Loans to Banks	2,525,704	2,566,903	62,791	25,989	-	25,494
	Held for trading	Loans to Customers	5,624,439	4,876,966	142,365	66,201	2,398	55,081
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	192,043	134,782	(11,008)	2,046	-	1,989
B. Equity instruments			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
C. Loans			**372,687**	**397,264**	**2,848**	**8,225**	**-**	**9,562**
	Held for trading	Available for sale	-	-	-	-	-	-
	Held for trading	Held to maturity	-	-	-	-	-	-
	Held for trading	Loans to Banks	118,384	122,271	2,552	4,916	-	5,553
	Held for trading	Loans to Customers	254,303	274,993	296	3,309	-	4,009
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	-	-	-	-	-	-
D. Units in investment funds			**-**	**-**	**-**	**-**	**-**	
	Held for trading	Available for sale	-	-	-	-	-	-
Total			**8,921,228**	**8,192,144**	**195,065**	**103,848**	**2,849**	**93,474**

Debt securities reclassified in the loan with customers portfolio include structured credit products for an amount of 4,439 million at March 31, 2012.

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.

Consolidated Interim Report

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

Highlights

Income Statement

(€ million)

	Q1 2012	Q1 2011	CHANGE
Operating income	7,104	6,928	+ 2.5%
of which: - net interest	*3,790*	*3,884*	*- 2.4%*
- dividends and other income from equity investments	*54*	*117*	*- 53.4%*
- net fees and commissions	*1,997*	*2,118*	*- 5.7%*
Operating costs	(3,839)	(3,858)	- 0.5%
Operating profit	3,265	3,070	+ 6.4%
Profit (loss) before tax	1,875	1,486	+ 26.2%
Net profit (loss) attributable to the Group	**914**	**810**	**+ 12.8%**

Balance Sheet

(€ million)

	AMOUNTS AS AT 03.31.2012	AMOUNTS AS AT 12.31.2011	CHANGE
Total assets	933,063	926,769	+ 0.7%
Financial assets held for trading	119,109	130,985	- 9.1%
Loans and receivables with customers	553,658	559,553	- 1.1%
of which: - impaired loans	*42,330*	*40,184*	*+ 5.3%*
Financial liabilities held for trading	117,050	123,286	- 5.1%
Deposits from customers and debt securities in issue	570,472	561,370	+ 1.6%
of which: - deposits from customers	*406,232*	*398,379*	*+ 2.0%*
- securities in issue	*164,240*	*162,990*	*+ 0.8%*
Shareholders' Equity	**61,865**	**51,479**	**+ 20.2%**

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

Staff and Branches

	AS AT 03.31.2012	AS AT 12.31.2011	CHANGE
Employees[1]	159,283	160,360	- 1,077
Employees (subsidiaries are consolidated proportionately)	149,011	150,240	- 1,229
Branches[2]	9,466	9,496	- 30
of which: - Italy	*4,391*	*4,400*	*- 9*
- Other countries	*5,075*	*5,096*	*- 21*

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

Profitability Ratios

	Q1		
	2012	2011	CHANGE
EPS[1] (€)	0.79	1.70	- 0.91
Cost/income ratio	54.0%	55.7%	- 1.6
EVA[2] (€ million)	(402)	(187)	- 215

1. Annualized figure. Q1 2012 for EPS calculation net profit of €914 million was deducted of €48 million due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the Cashes transaction. EPS for the first quarter 2011 has been restated following the reverse share split operation executed on December 27, 2011.
2. Economic Value Added, equal to the difference between NOPAT (net operating profit after taxes) and the cost of capital.

Risk Ratios

	AS AT	
	03.31.2012	12.31.2011
Net non-performing loans to customers / Loans to customers	3.35%	3.24%
Net impaired loans to customers / Loans to customers	7.65%	7.18%

Capital Ratios

	AS AT	
	03.31.2012	12.31.2011
Capital for regulatory purposes (€ million)	61,646	56,973
Total risk weighted assets (€ million)	455,486	460,395
Core Tier 1 Ratio	**10.31%**	**8.40%**
Total regulatory capital/Total risk-weighted assets	**13.53%**	**12.37%**

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

Ratings

	SHORT-TERM DEBT	MEDIUM AND LONG-TERM	OUTLOOK	STANDALONE RATING
Fitch Ratings	F2	A-	NEGATIVE	a-
Moody's Investors Service	P-1	A2	UNDER REVIEW	C-
Standard & Poor's	A-2	BBB+	NEGATIVE	a-

Condensed Accounts

Consolidated Balance Sheet

(€ million)

ASSETS	AMOUNTS AS AT 03.31.2012	AMOUNTS AS AT 12.31.2011	CHANGE AMOUNT	CHANGE PERCENT
Cash and cash balances	9,244	9,728	- 484	- 5.0%
Financial assets held for trading	119,109	130,985	- 11,877	- 9.1%
Loans and receivables with banks	75,458	56,365	19,093	+ 33.9%
Loans and receivables with customers	553,658	559,553	- 5,895	- 1.1%
Financial investments	103,337	99,364	3,974	+ 4.0%
Hedging instruments	19,537	18,069	1,468	+ 8.1%
Property, plant and equipment	12,214	12,198	15	+ 0.1%
Goodwill	11,664	11,567	96	+ 0.8%
Other intangible assets	4,056	4,118	- 62	- 1.5%
Tax assets	13,649	14,346	- 697	- 4.9%
Non-current assets and disposal groups classified as held for sale	329	345	- 16	- 4.7%
Other assets	10,808	10,130	678	+ 6.7%
Total assets	**933,063**	**926,769**	**6,294**	**+ 0.7%**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 03.31.2012	AMOUNTS AS AT 12.31.2011	CHANGE AMOUNT	CHANGE PERCENT
Deposits from banks	124,876	131,807	- 6,931	- 5.3%
Deposits from customers	406,232	398,379	7,852	+ 2.0%
Debt securities in issue	164,240	162,990	1,250	+ 0.8%
Financial liabilities held for trading	117,050	123,286	- 6,236	- 5.1%
Financial liabilities designated at fair value	857	786	71	+ 9.0%
Hedging instruments	18,307	18,050	257	+ 1.4%
Provisions for risks and charges	8,370	8,496	- 126	- 1.5%
Tax liabilities	6,465	6,210	255	+ 4.1%
Liabilities included in disposal groups classified as held for sale	107	252	- 146	- 57.7%
Other liabilities	21,152	21,715	- 563	- 2.6%
Minorities	3,542	3,318	224	+ 6.8%
Group Shareholders' Equity:	61,865	51,479	10,386	+ 20.2%
- Capital and reserves	*61,115*	*62,417*	*- 1,301*	*- 2.1%*
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	*(164)*	*(1,731)*	*1,567*	*- 90.5%*
- Net profit (loss)	*914*	*(9,206)*	*10,120*	*n.s.*
Total liabilities and Shareholders' Equity	**933,063**	**926,769**	**6,294**	**+ 0.7%**

Consolidated Income Statement

(€ million)

	Q1		CHANGE		
	2012	2011	€M	PERCENT	ADJUSTED [1]
Net interest	3,790	3,884	- 94	- 2.4%	- 1.3%
Dividends and other income from equity investments	54	117	- 62	- 53.4%	- 53.5%
Net fees and commissions	1,997	2,118	- 121	- 5.7%	- 4.9%
Net trading, hedging and fair value income	1,232	750	483	+ 64.4%	+ 64.7%
Net other expenses/income	30	59	- 30	- 50.0%	- 50.6%
OPERATING INCOME	**7,104**	**6,928**	**176**	**+ 2.5%**	**+ 3.5%**
Payroll costs	(2,309)	(2,333)	24	- 1.0%	- 0.3%
Other administrative expenses	(1,376)	(1,345)	- 31	+ 2.3%	+ 3.2%
Recovery of expenses	109	104	5	+ 5.2%	+ 5.2%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(263)	(284)	21	- 7.5%	- 6.5%
Operating costs	**(3,839)**	**(3,858)**	**19**	**- 0.5%**	**+ 0.3%**
OPERATING PROFIT (LOSS)	**3,265**	**3,070**	**195**	**+ 6.4%**	**+ 7.4%**
Net write-downs on loans and provisions for guarantees and commitments	(1,398)	(1,504)	105	- 7.0%	- 6.7%
NET OPERATING PROFIT (LOSS)	**1,867**	**1,566**	**300**	**+ 19.2%**	**+ 20.9%**
Provisions for risks and charges	(16)	(161)	145	- 90.3%	- 89.6%
Integration costs	(5)	(3)	- 2	+ 54.2%	+ 54.8%
Net income from investments	29	84	- 55	-65.3%	-64.3%
PROFIT (LOSS) BEFORE TAX	**1,875**	**1,486**	**389**	**+ 26.2%**	**+ 28.0%**
Income tax for the period	(746)	(555)	- 191	+ 34.5%	+ 35.4%
NET PROFIT (LOSS)	**1,129**	**932**	**197**	**+ 21.2%**	**+ 23.6%**
Profit (Loss) from non-current assets held for sale, after tax	-	-	-	-	-
PROFIT (LOSS) FOR THE PERIOD	**1,129**	**932**	**197**	**+ 21.2%**	**+ 23.6%**
Minorities	(98)	(107)	8	- 8.0%	- 4.2%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**1,031**	**825**	**206**	**+ 25.0%**	**+ 27.1%**
Purchase Price Allocation effect	(117)	(15)	- 102	n.s.	n.s.
Goodwill impairment	-	-	-	n.s.	n.s.
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**914**	**810**	**104**	**12.8%**	**15.0%**

Notes:

1. Changes at constant foreign exchange rates and perimeter.

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

Quarterly Figures

Consolidated Balance Sheet

(€ million)

ASSETS	AMOUNTS AS AT 03.31.2012	AMOUNTS AS AT 12.31.2011	09.30.2011	06.30.2011	03.31.2011
Cash and cash balances	9,244	9,728	5,566	6,596	5,982
Financial assets held for trading	119,109	130,985	140,008	107,203	106,400
Loans and receivables with banks	75,458	56,365	72,474	71,544	67,319
Loans and receivables with customers	553,658	559,553	562,447	561,792	558,825
Financial investments	103,337	99,364	96,886	97,352	96,373
Hedging instruments	19,537	18,069	18,626	10,718	9,828
Property, plant and equipment	12,214	12,198	12,288	12,345	12,629
Goodwill	11,664	11,567	11,529	20,244	20,293
Other intangible assets	4,056	4,118	4,034	5,007	5,061
Tax assets	13,649	14,346	13,519	12,329	12,797
Non-current assets and disposal groups classified as held for sale	329	345	376	798	726
Other assets	10,808	10,130	12,544	12,845	14,744
Total assets	**933,063**	**926,769**	**950,296**	**918,772**	**910,977**

(€ million)

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

Consolidated Income Statement

(€ million)

	2012	2011			
	Q1	Q4	Q3	Q2	Q1
Net interest	3,790	3,816	3,831	3,903	3,884
Dividends and other income from equity investments	54	47	91	126	117
Net fees and commissions	1,997	1,989	1,948	2,042	2,118
Net trading, hedging and fair value income	1,232	255	(229)	344	750
Net other expenses/income	30	(13)	85	39	59
OPERATING INCOME	**7,104**	**6,092**	**5,725**	**6,455**	**6,928**
Payroll costs	(2,309)	(2,177)	(2,357)	(2,342)	(2,333)
Other administrative expenses	(1,376)	(1,488)	(1,391)	(1,418)	(1,345)
Recovery of expenses	109	164	143	113	104
Amortisation, depreciation and impairment losses on intangible and tangible assets	(263)	(298)	(275)	(279)	(284)
Operating costs	**(3,839)**	**(3,799)**	**(3,879)**	**(3,925)**	**(3,858)**
OPERATING PROFIT (LOSS)	**3,265**	**2,294**	**1,846**	**2,530**	**3,070**
Net write-downs of loans and provisions for guarantees and commitments	(1,398)	(1,492)	(1,848)	(1,181)	(1,504)
NET OPERATING PROFIT (LOSS)	**1,867**	**801**	**(2)**	**1,349**	**1,566**
Provisions for risks and charges	(16)	(48)	(266)	(244)	(161)
Integration costs	(5)	(90)	(174)	(3)	(3)
Net income from investments	29	(123)	(612)	(15)	84
PROFIT (LOSS) BEFORE TAX	**1,875**	**541**	**(1,054)**	**1,087**	**1,486**
Income tax for the period	(746)	(248)	(149)	(463)	(555)
NET PROFIT (LOSS)	**1,129**	**292**	**(1,203)**	**624**	**932**
Profit (Loss) from non-current assets held for sale, after tax	-	-	-	-	-
PROFIT (LOSS) FOR THE PERIOD	**1,129**	**292**	**(1,203)**	**624**	**932**
Minorities	(98)	(78)	(81)	(99)	(107)
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**1,031**	**214**	**(1,284)**	**525**	**825**
Purchase Price Allocation effect	(117)	(92)	(687)	(14)	(15)
Goodwill impairment	-	(8)	(8,669)	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**914**	**114**	**(10,641)**	**511**	**810**

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

Segment Reporting (Summary)

Key figures by business segment

(€ million)

	F&SME NETWORK ITALY	F&SME NETWORK GERMANY	F&SME NETWORK AUSTRIA	F&SME NETWORK POLAND	F&SME FACTORIES	CORPORATE & INVESTMENT BANKING	PRIVATE BANKING	ASSET MANAGEMENT	CENTRAL EASTERN EUROPE	GROUP CORPORATE CENTER[1]	CONSOLIDATED GROUP TOTAL
Income statement											
OPERATING INCOME											
1Q 2012	1,639	357	273	273	496	1,997	238	168	1,132	531	7,104
1Q 2011	*1,556*	*405*	*281*	*282*	*476*	*2,317*	*226*	*206*	*1,160*	*18*	*6,928*
OPERATING COSTS											
1Q 2012	(1,070)	(371)	(221)	(166)	(214)	(678)	(141)	(109)	(547)	(322)	(3,839)
1Q 2011	*(1,122)*	*(361)*	*(211)*	*(175)*	*(216)*	*(689)*	*(143)*	*(117)*	*(537)*	*(287)*	*(3,858)*
OPERATING PROFIT											
1Q 2012	569	(14)	52	107	282	1,318	97	59	585	209	3,265
1Q 2011	*434*	*44*	*70*	*107*	*260*	*1,628*	*83*	*89*	*623*	*(269)*	*3,070*
PROFIT BEFORE TAX											
1Q 2012	96	(6)	19	95	141	859	92	57	363	160	1,875
1Q 2011	*(108)*	*24*	*16*	*83*	*109*	*1,201*	*82*	*89*	*349*	*(358)*	*1,486*
Balance Sheet											
LOANS TO CUSTOMERS											
as at March 31, 2012	122,851	42,512	20,432	9,968	55,051	212,803	8,054	-	71,025	10,961	553,658
as at March 31, 2011	*126,077*	*45,832*	*21,089*	*8,885*	*53,881*	*222,227*	*7,179*	-	*65,462*	*8,192*	*558,825*
DEPOSITS FROM CUSTOMERS AND DEBT SECURITIES IN ISSUE											
as at March 31, 2012	129,616	47,147	26,596	13,403	15,566	138,164	36,501	-	60,840	102,639	570,472
as at March 31, 2011	*119,491*	*44,587*	*25,310*	*12,972*	*14,995*	*159,244*	*33,352*	-	*54,994*	*117,424*	*582,369*
TOTAL RISK WEIGHTED ASSETS											
as at March 31, 2012	55,897	15,751	10,693	8,629	48,128	186,233	4,835	1,847	83,827	39,646	455,486
as at March 31, 2011	*51,434*	*13,889*	*11,656*	*8,038*	*46,221*	*188,088*	*4,623*	*1,804*	*78,431*	*39,543*	*443,727*
EVA											
1Q 2012	(143)	(43)	(16)	32	(45)	11	48	32	27	(303)	(402)
1Q 2011	*(220)*	*(7)*	*(17)*	*30*	*(12)*	*412*	*44*	*55*	*73*	*(545)*	*(187)*
Cost/income ratio											
1Q 2012	65.3%	103.9%	80.8%	60.8%	43.2%	34.0%	59.3%	64.7%	48.3%	60.6%	54.0%
1Q 2011	*72.1%*	*89.0%*	*75.2%*	*62.1%*	*45.4%*	*29.7%*	*63.3%*	*56.8%*	*46.3%*	*n.s.*	*55.7%*
Employees[2]											
as at March 31, 2012	30,178	7,596	3,896	13,862	6,155	9,153	3,023	1,919	51,068	32,433	159,283
as at March 31, 2011	*30,570*	*7,498*	*3,737*	*14,268*	*5,991*	*9,651*	*3,000*	*1,940*	*51,591*	*32,433*	*160,679*

Notes:

Figures were recasted, where necessary, on a like-to-like basis to consider changes in scope of business segments and computation rules.
1. Global Banking Services, Corporate Centre, inter-segment adjustments and consolidation adjustments not attributable to individual segments.
2."Full Time Equivalent". These figures include all the employees of subsidiaries consolidated proportionately, such as Koç Financial Services.

How the UniCredit Group has grown

UniCredit S.p.A. (formerly Unicredito Italiano S.p.A.) and the Group of companies with the same name which the latter heads up came about as a result of the merger, in October 1998, between the Credito Italiano S.p.A., founded in 1870 under the name of Banca di Genova, and Unicredito S.p.A., the latter the holding company which held the controlling equity investments in Banca CRT, CRV and Cassamarca. As a result of this merger, the Credito Italiano Group and the Unicredito Group pooled the strength of their respective products and the complementary nature of the geographic coverage for the purpose of more effectively competing on the banking and financial services markets both in Italy and in Europe, thereby creating the UniCredit group. Since its creation, the Group has continued to expand in Italy and in Eastern European countries, both via buy-outs and via systematic growth, also consolidating its roles in sectors of important significance outside Europe, such as the asset management sector in the USA.

This expansion was characterized, particularly:

- by the merger with the HVB Group, achieved by means of a public exchange offer furthered by UniCredit on August 26, 2005 so as to take over control of HVB and the companies it headed up. Following this offer, finalized during 2005, UniCredit in fact acquired a holding of 93.93% in HVB's share capital (UniCredit has now 100% of the shares, after the acquisition of minority interest concluded on September 15, 2008 - so-called "squeeze-out" - in accordance with German regulations);
- by the merger with the Capitalia Group, achieved by means of merger through incorporation of Capitalia within UniCredit, which became effective as from October 1, 2007.

Group Figures 2002 - 2012

	IAS/IFRS									ITALIAN GAAP		
	Q1 2012	2011	2010	2009	2008	2007	2006	2005	2004	2004	2003	2002
Income Statement (€ million)												
Operating income	7,104	25,200	26,347	27,572	26,866	25,893	23,464	11,024	10,203	10,375	10,465	10,099
Operating costs	(3,839)	(15,460)	(15,483)	(15,324)	(16,692)	(14,081)	(13,258)	(6,045)	(5,701)	(5,941)	(5,703)	(5,483)
Operating profit (loss)	3,265	9,740	10,864	12,248	10,174	11,812	10,206	4,979	4,502	4,434	4,762	4,616
Profit (loss) before income tax	1,875	2,060	2,517	3,300	5,458	9,355	8,210	4,068	3,238	2,988	3,257	2,924
Net profit (loss) for the period	1,129	644	1,876	2,291	4,831	6,678	6,128	2,731	2,239	2,300	2,090	1,962
Net profit (loss) attributable to the Group	914	(9,206)	1,323	1,702	4,012	5,961	5,448	2,470	2,069	2,131	1,961	1,801
Balance sheet (€ million)												
Total assets	933,063	926,769	929,488	928,760	1,045,612	1,021,758	823,284	787,284	260,909	265,855	238,256	213,349
Loans and receivables to customers	553,658	559,553	555,653	564,986	612,480	574,206	441,320	425,277	139,723	144,438	126,709	113,824
of which: non-performing loans	*18,545*	*18,118*	*16,344*	*12,692*	*10,464*	*9,932*	*6,812*	*6,861*	*2,621*	*2,621*	*2,373*	*2,104*
Deposits from customers and debt securities in issue	570,472	561,370	583,239	596,396	591,290	630,533	495,255	462,226	155,079	156,923	135,274	126,745
Shareholders' Equity	61,865	51,479	64,224	59,689	54,999	57,724	38,468	35,199	14,373	14,036	13,013	12,261
Profitability ratios (%)												
Operating profit (loss) / Total assets	0.35	1.05	1.17	1.32	0.97	1.16	1.24	0.63	1.73	1.67	2.00	2.16
Cost/income ratio	54.0	61.4	58.8	55.6	62.1	54.4	56.5	54.8	55.9	57.3	54.5	54.3

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

UniCredit Share

Share Information

	Q1 2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Share price (€)											
- maximum	4.570	13.105	2.336	2.769	5.697	7.646	6.727	5.864	4.421	4.425	5.255
- minimum	2.362	4.225	1.512	0.634	1.539	5.131	5.564	4.082	3.805	3.144	3.173
- average	3.807	8.573	1.931	1.902	3.768	6.541	6.161	4.596	4.083	3.959	4.273
- end of period	3.786	4.225	1.570	2.358	1.728	5.659	6.654	5.819	4.225	4.303	3.808
Number of outstanding shares (million)											
- at period end[1]	5,789	1,930	19,297.6	16,779.3	13,368.1	13,278.4	10,351,3	10,303.6	6,249.7	6,316.3	6,296.1
- shares cum dividend	5,693	1,833	18,330.5	18,329.5	13,372.7	13,195.3	10,357.9	10,342.3	6,338.0	6,316.3	6,296.1
of which: savings shares	*2.42*	*2.42*	*24.2*	*24.2*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*
- average[1]	4,516	1,930	19,101.8	16,637.8	13,204.6	11,071.6	10,345.2	6,730.3	6,303.6	-	-
Dividend											
- total dividends (€ million)			550	550	(*)	3,431	2,486	2,276	1,282	1,080	995
- dividend per ordinary share			0.030	0.030	(*)	0.260	0.240	0.220	0.205	0.171	0.158
- dividend per savings share			0.045	0.045	(*)	0.275	0.255	0.235	0.220	0.186	0.173

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

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

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

In 2011 the following operations were carried out the €2.5 billion free capital increase, through the allocation to capital of an equivalent amount transferred from the "Issue-premium reserve" and the reverse stock split of ordinary and savings shares based on a ratio of 1 new ordinary or savings share for every 10 existing ordinary or savings shares.
In the first quarter of 2012 was fully subscribed the capital increase of €7.5 billion egual to a number of shares issued of 3,859,602,938.

Earnings Ratios

	IAS/IFRS									ITALIAN GAAP		
	Q1 2012	2011	2010	2009	2008	2007	2006	2005	2004	2004	2003	2002
Shareholders' Equity (€ million)	61,865	51,479	64,224	59,689	54,999	57,690	38,468	35,199	14,373	14,036	13,013	12,261
Group portion of Net profit (loss) (€ million)	914	- 9,206	1,323	1,702	4,012	5,901	5,448	2,470	2,069	2,131	1,961	1,801
Net worth per share (€)	10.69	26.67	3.33	3.56	4.11	4.34	3.72	3.42	2.30	2.21	2.06	1.95
Price/ Book value	0.35	0.16	0.47	0.66	0.42	1.30	1.79	1.70	1.84	1.91	2.09	1.96
Earnings per share[1] (€)	0.79	- 5.12	0.06	0.10	0.30	0.53	0.53	0.37	0.33	0.34	0.31	0.29
Payout ratio (%)	-	-	41.6	32.3	(*)	58.1	45.6	92.1		60.2	55.1	55.2
Dividend yield on average price per ordinary share (%)	-	-	1.55	1.58	(*)	3.97	3.90	4.79		5.02	4.32	3.70

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

1. Annualized figures.

(*) 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").
The 2008 EPS figure published in the consolidated report as at December 31, 2008 was €0.30 and has now been amended to €0.26 due to the increase in the number of shares following the capital increase (IAS 33 § 28). For the purposes of calculating 2009 EPS, net profit for the period of €1,702 million was changed to €1,571 million due to disbursements made in connection with the foreseen use of treasury shares agreed under the 'cashes' transaction, and charged to equity. For the purposes of calculating 2010 EPS, net profit for the period of 1,323 million was changed to 1,167million due to disbursements made in connection with the foreseen use of treasury shares agreed under the 'cashes' transaction, and charged to equity; net losses for 2011, 9,206 million, was changed to 9,378 million.
Q1 2012 for EPS calculation net profit of €914 million was deducted of €48 million due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the Cashes transaction.

Group Results

Macroeconomic situation, banking and financial markets

International situation

USA/Eurozone

Following the significant slowdown in the second half of 2011, the world economy showed signs of stabilization in the first quarter of 2012 in a climate of improving conditions in the capital markets. Various factors contributed to weakening financial tensions, among them actions and policies undertaken by countries and institutions in the Euro area to deal with the sovereign debt crisis (including actions taken by the ECB to support liquidity, the second aid plan for Greece, the increase in resources aimed at the Euro area "firewall", and a commitment by the countries deemed most vulnerable to continue working towards fiscal consolidation and structural reforms), better than expected data in the United States, and an environment in the emerging countries that continues to support global growth, though there were signs of a slowdown in China. The short-term outlook, however, continues to point to significant risks such as a rise in oil prices linked to tensions in the Middle East and a heightened debt crisis in the Euro area. As for the United States, Gross Domestic Product showed robust growth already in the last quarter of 2011, posting an annualized rate of 3%. However, the most outstanding aspect of the first quarter of 2012 was the sharp improvement in the labor market that caused the unemployment rate to fall to its lowest level in three years (8.2%). Headline inflation continued to decline reaching 2.7% in March, while the core component persistently remained at 2.3%. The Federal Reserve maintained the Fed funds rate steady at between 0.0% and 0.25% and indicated that it intends to keep the Fed funds unchanged at least through the end of 2014. As for the Euro area, following the 0.3% decline in the fourth quarter of 2011, the latest growth indicators point to a stabilization of economic activity at low levels in the first quarter of 2012, owing to decreasing tensions in the capital markets and the global recovery. Inflation was more persistent than expected and has remained at 2.7% since December, partly as a result of higher oil prices and factors of a temporary nature. In this environment the European Central Bank maintained the benchmark rate at 1.0% and in February carried out the second, long-term, three-year refinancing transaction aimed at providing liquidity to the banking sector, though the Bank emphasized the need for governments to undertake the necessary structural reforms to boost growth.

Banking and financial markets

The slowdown in lending activity in the Euro area continued in the first quarter of 2012, with bank loans to the private sector showing a further decline that led to an annualized growth of 0.7% reaching the lowest level since June 2010. Among the Group's three reference countries, in Italy the slowdown trend continued to accelerate, with loans to the private sector (households and businesses) that grew by just 1.2% year-on-year in February (compared with 3.6% in December 2011).
The slowdown concerned loans to households and, to a larger extent, loans to businesses. In contrast, both in Germany and Austria loans to the private sector continued to fare better. In Germany, in particular, there was a modest, though consistent, recovery in loans to households (both home loans and consumer loans), with a growth rate year-on-year higher than 1% in February. The banking industry's deposit base was also particularly weak in Italy, with a significant decline in current account deposits (by nearly 6.0% y/y in February), while in Austria and Germany bank deposits from customers in the first months of 2012 bore out the healthy growth rate recorded at the end of last year. With regard to bank interest rates, lending rates declined slightly in all the Group's three reference countries, leading to a gradual decrease in the bank spread (difference between the average lending rate and the average deposit rate). The decrease was more marked in Italy given the continuing, rising trend in interest rates on deposits. On the equity markets front, the first quarter of the year was marked by a weakening risk aversion towards the Euro area's major countries and a healthy recovery in equity market performance, with growth rising over 15% compared with the end of last year for the Austrian and German stock exchanges, and a 6% rise for the Italian stock exchange.

CEE Countries

Q1 was a mixed quarter for Central and Eastern Europe, characterized by an improvement in capital flows but also some signs, albeit not surprising and following a better than expected 4Q 2011, of a slowdown in economic activity. Improved EMU dynamics brought positive spillover effects to CEE, allowing a number of governments to front load their financing. However there were also signs of a slowdown in industrial production, e.g. Poland, Russia, capturing at least in part weaker external dynamics. Focusing on country specifics, Turkey's wide current account deficit finally began to show improvement, while in Russia the confirmation of PM Putin's election to President removes near term political uncertainty at a time when the economy is benefitting from higher oil prices. Some of the weaker economies in the region continue to struggle, however, in particular Hungary and Ukraine.

Group Results (Continued)

Main results and performance for the period

Introduction

In the first three months of 2012 the **Net profit attributable to the group** was €914 million increasing €104 million (or 12.8% at current ex-rates and 15% at constant exchange rates and businesses) over the first quarter of 2011.
The **Net operating profit** was €1,867 million, up by €300 million or 19.2% over the same period of 2011.
The increase in net operating profit is largely due to the Operating income increased by €176 million or 2.5% over the first quarter of 2011.
Almost unchanged **Operating expenses**, which totaled €3,839 million down by 0.5% compared to first quarter 2011.
Finally, the **Net write downs on loans and provision for guarantees and commitments** amounted to €1,398 million, down by €105 million or 7.0% compared to the first quarter of 2011.

Operating income

The **Operating income** amounted in the first quarter of 2012 to €7,104 million up by 2.5% at current ex rate (or 3.5% at constant exchange rates and businesses), over the same period last year.
This increase is mainly given by the good performance of the **Net trading, hedging and fair value income** increased by €483 million or 64.4% over the same period of last year, driven by a favorable financial market conditions in the first part of the year, particularly on government securities of the peripheral countries, and the positive contribution from buy back of some bonds.

Net interest amounted to €3,790 million in the first quarter 2011, down from the same period 2011 by 2.4% (or 1.3% at constant exchange rates and businesses) but stable over the previous quarter (-0.7%). Weighed on the dynamic evolution of market rates, with the decrease of the average 3-month Euribor by 5 basis points over the same period in 2011, while on a quarterly basis the decrease amounted to 46 basis points (from 1.50% to 1.04%). In addition, an increase of the cost of funding, which reflects the increased country risk, and contraction in the volume of loans to customers, a decrease of 0.9% on an annual basis, with different trends between the markets of Western Europe, which shows a reduction of stock everywhere, and countries of the CEE Region, up to 11.8% at constant exchange rates driven by Poland, Turkey, Russia and Serbia.

Dividends and other income from equity investments amounted to €54 million (down by €62 million compared to first quarter of 2011).

Net fees and commission amounted to €1.997 million, down from the same period of 2011 (down by 5.7% at current ex rates, or 4.9% at constant exchange rates and businesses) but slightly up over the previous quarter (up by 0.4%). The dynamic of the investment services commissions had the main impact, as an increase of 6.8% on a quarterly basis, shows a decline of 19% on annual basis penalized by the unfavorable financial market conditions.
This negative trend only in part offset by the positive trend in financial services up by 12% y/y, while the transactional component is in slight decline (3.5%) compared to first quarter 2011.

As already mentioned, the operating income is driven by **Net trading, hedging and fair value income** that in the first quarter of 2012 was €1,232 million up by €483 million (or +64.4%) compared to the same period previous year. This growth is primarily promoted by the offer of repurchase of some bonds, which generated a gross gain of €697 million. Regarding the contribution of the Markets Division, the results of the first quarter are broadly in line with last year.

Finally, the **Net other expenses/ income** (€30 million) was down by €30 million compared to first quarter 2011.

Operating income

(€ million)

	2011 Q1	2011 Q4	2012 Q1	CHANGE % ON Q1 2011	CHANGE % ON Q4 2011
Net interest	3,884	3,816	3,790	- 2.4%	- 0.7%
Dividends and other income from equity investments	117	47	54	- 53.4%	+ 16.9%
Net fees and commissions	2,118	1,989	1,997	- 5.7%	+ 0.4%
Net trading, hedging and fair value income	750	255	1,232	+ 64.4%	n.s.
Net other expenses/income	59	(13)	30	- 50.0%	n.s.
Operating income	**6,928**	**6,092**	**7,104**	**+ 2.5%**	**+ 16.6%**

Operating costs

Operating costs in the first quarter totaled €3,839 million, with a slight increase both compared to the same quarter of 2011 (up by 0.3% at constant exchange rates and businesses), and up by 0.4% (at constant exchange rates) compared to the previous quarter.

Payroll costs amounted to €2,309 million, with a decrease of 1% compared to the first quarter of 2011. The trend in the quarter is principally influenced by the reduction of Employees number (in full time equivalent terms) by 1,396 y/y. All the Regions contributed to this downward trend except Germany that registered a growth by 475 employees mostly owed to HVB Profil consolidation.

Other administrative expenses totaled in the first quarter of 2012 €1,376 million, an increase of 2.3% compared with the same quarter of 2011 (or 3.2% at constant exchange rates and businesses). The increase in cost is due in particular to the Consulting expenses (up by 15.2% y/y at constant exchange rates but decreasing compared to the previous quarter), credit recovery (up by 7.8% y/y) and IT (up by 2.0% y/y). On the other hand a decrease in advertising and marketing (down by 7.0%) and expenses related to personnel (down by 9.6%)

Write downs of tangible and intangible assets amounted to €263 million, showing a decrease both compared to the same quarter of 2011 (down by 7.5%) and compared to previous quarter (down by 12%). The decrease is mainly due to the extension of the useful life of IT investments; according to IAS/IFRS, the Group has reviewed the useful life of tangible and intangible assets, and the analysis has revealed the need to lengthen the useful life of some of them in order to better reflect the usage within the Group.

Operating costs

(€ million)

	2011 Q1	2011 Q4	2012 Q1	CHANGE % ON Q1 2011	CHANGE % ON Q4 2011
Payroll costs	(2,333)	(2,177)	(2,309)	- 1.0%	+ 6.1%
Other administrative expenses	(1,345)	(1,488)	(1,376)	+ 2.3%	- 7.5%
Recovery of expenses	104	164	109	+ 5.2%	- 33.7%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(284)	(298)	(263)	- 7.5%	- 12.0%
Operating costs	**(3,858)**	**(3,799)**	**(3,839)**	**- 0.5%**	**+ 1.0%**

Group Results (Continued)

Main results and performance for the period (Continued)

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

Net write-downs for loans and provisions for guarantees and commitments amounted to €1,398 million in the first quarter of 2012 with a decrease of €105 million (or 7.0%) compared to the same quarter of 2011.
The good performance is driven by Germany (down by 28.7% y/y), pushed by stock reduction in non performing loans and by CEE Countries (down by 20.1% y/y), mainly Russia (down by 52.6%, or -53.1% at constant exchange rates).

Loans to customers - asset quality

(€ million)

	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	IMPAIRED LOANS	PERFORMING LOANS	TOTAL CUSTOMERS LOANS
As at 03.31.2012							
Face value	43,206	19,027	7,527	5,542	**75,302**	514,046	**589,348**
as a percentage of total loans	*7.33%*	*3.23%*	*1.28%*	*0.94%*	***12.78%***	*87.22%*	
Writedowns	24,661	5,720	1,870	721	**32,972**	2,718	**35,690**
as a percentage of face value	*57.1%*	*30.1%*	*24.8%*	*13.0%*	***43.8%***	*0.5%*	
Carrying value	18,545	13,307	5,657	4,821	**42,330**	511,328	**553,658**
as a percentage of total loans	*3.35%*	*2.40%*	*1.02%*	*0.87%*	***7.65%***	*92.35%*	
As at 12.31.2011							
Face value	42,245	18,735	7,250	4,301	**72,531**	522,279	**594,810**
as a percentage of total loans	*7.10%*	*3.15%*	*1.22%*	*0.72%*	***12.19%***	*87.81%*	
Writedowns	24,127	5,704	1,856	660	**32,347**	2,910	**35,257**
as a percentage of face value	*57.1%*	*30.4%*	*25.6%*	*15.3%*	***44.6%***	*0.6%*	
Carrying value	18,118	13,031	5,394	3,641	**40,184**	519,369	**559,553**
as a percentage of total loans	*3.24%*	*2.33%*	*0.96%*	*0.65%*	***7.18%***	*92.82%*	

In Q1 2012 past-due/impaired loans included certain types of exposure which at 31 December 2011 benefited from a temporary or permanent 180-day default trigger.
Loans that benefited from the temporary waiver (i.e. loans to resident firms or firms registered in Italy) fall under Bank of Italy rules that came into force on 1 January 2012; those that benefited from the permanent waiver (i.e. retail loans and loans to public-sector entities resident or registered in Italy) under the Financial Stability Board's recommendations, to which the Group has adhered.

Net operating profit

Net operating profit of first quarter of 2012 totaled €1,875 million.

Provision for Risk and charges amounted to -€16 million, showing a strong decrease compared to -€161 million registered in the same quarter of 2011 (down by 90.3%).

Integration costs for the period totaled -€5 million, mainly related to the time value effect of the previous period provisions.

Finally, **Net income from investments** totaled €29 million, down by €55 million compared to the same period in 2011, which booked profit related to the transfer of AFS bonds.

Profit before tax by business segment

(€ million)

	OPERATING INCOME	OPERATING EXPENSES	PROFIT (LOSS) AND NET WRITE DOWNS ON LOANS	NET OPERATING PROFIT	PROFIT BEFORE TAX 2011 Q1	PROFIT BEFORE TAX 2012 Q1
F&SME Network Italy	1,639	(1,070)	(468)	102	(108)	96
F&SME Network Germany	357	(371)	(10)	(24)	24	(6)
F&SME Network Austria	273	(221)	(33)	19	16	19
F&SME Network Polond	273	(166)	(12)	95	83	95
F&SME Factories	496	(214)	(138)	144	109	141
Corporate & Investment Banking	1,997	(678)	(492)	827	1,201	859
Private Banking	238	(141)	(1)	96	82	92
Asset Management	168	(109)	-	59	89	57
Central Eastern Europe	1,132	(547)	(219)	366	349	363
Group Corporate Center	531	(322)	(25)	184	(358)	160
Total Group	**7,104**	**(3,839)**	**(1,398)**	**1,867**	**1,486**	**1,875**

Profit (loss) attributable to the Group

Profit (loss) for the period amounted to €1,129 million (up by 21.2% compared to the same quarter of 2011) influenced by income taxes by €746 million. Tax rate at 39.8% shows an increase by 2.5% compared to the first quarter of 2011.
This increase is mainly due to the higher profit generated in Italy (where the taxation impact is higher than in other countries of the Group).

Minority interests amounted to -€98 million, improving by €8 million compared to first quarter of 2011.

Purchase Price Allocation totaled -€117 million, down by €102 million compared to the same quarter of 2011. This deterioration is related to the higher value attributed to the acquisition of HVB, where the positive effect from the component allocated to liabilities comes to an end, while the part related to the assets continues to produce negative effects.

As a result of all these elements the Group obtained **net profit** of €914 million, with an increase of €104 million (up by 12.8%) compared to the same period in 2011.

Profit (loss) attributable to the Group

(€ million)

	2011 Q1	2011 Q4	2012 Q1	CHANGE % ON Q1 2011	CHANGE % ON Q4 2011
Operating expeses	**6,928**	**6,092**	**7,104**	**+ 2.5%**	**+ 16.6%**
Operating expeses	(3,858)	(3,799)	(3,839)	- 0.5%	1.0%
Operating profit (loss)	**3,070**	**2,294**	**3,265**	**6.4%**	**42.4%**
Net write-downs of loans and provisions for guarantees and commitments	(1,504)	(1,492)	(1,398)	- 7.0%	-6.3%
Net operating profit (loss)	**1,566**	**801**	**1,867**	**19.2%**	**132.9%**
Provision for risk and charges	(161)	(48)	(16)	- 90.3%	- 67.5%
Integration costs	(3)	(90)	(5)	54.2%	- 94.4%
Net income from investment	84	(123)	29	- 65.3%	n.s
Profit (loss) before taxes	**1,486**	**541**	**1,875**	**26.2%**	**246.9%**
Income tax for the period	(555)	(248)	(746)	34.5%	200.5%
Profit (loss) for the period	**932**	**292**	**1,129**	**21.2%**	**286.5%**
Minorities	(107)	(78)	(98)	-8.0%	25.7%
Net profit (loss) attributable to the Group before PPA	**825**	**214**	**1,031**	**25.0%**	**n.s.**
Purchase Price Allocation effects	(15)	(92)	(117)	n.s.	26.9%
Goodwill impairment	-	(8)	-	n.s.	n.s.
Net profit (loss) attributable to the Group	**810**	**114**	**914**	**12.8%**	**n.s.**

Group Results (Continued)

Capital and Value Management

Principles of value creation and disciplined capital allocation

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

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

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

Capital Ratios

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

The Core Tier 1 Ratio[1] at March 2012 was 10.31%.
The Tier 1 Ratio and Total Capital Ratio, respectively, were 10.85% and 13.53%.
With respect to December 31st 2011, the improvement of Core Tier 1 is mainly due to the increase of share capital of 7.5 billion and to the Q1 profit.

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

Capital Ratios (€ million)

	AS AT	
	03.31.2012	12.31.2011
Total Capital	61,646	56,973
Tier 1 Capital	49,429	42,917
Core Tier 1 Capital	46,952	38,691
Total RWA	455,486	460,395
Total Capital Ratio	**13.53%**	**12.37%**
Tier 1 Ratio	**10.85%**	**9.32%**
Core Tier 1 Ratio	**10.31%**	**8.40%**

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

Shareholders' Equity attributable to the Group

The **Shareholders' Equity of the Group,** including the profit of the period (€914 million), amounted to €61,865 million at March 31, 2012, compared to €51,479 million at December 31, 2011.

The following table shows the main changes that occurred in Q1 2012.

Shareholders' Equity attributable to the Group (€ million)

Shareholders' Equity as at December 31, 2011	**51,479**
Capital increase (net of capitalized costs)	7,353
Disbursements related to Cashes transaction *("canoni di usufrutto")*	(46)
Dividend payment	-
Forex translation reserve	525
Change in afs / cash-flow hedge reserve	1,567
Others	73
Net profit (loss) for the period	914
Shareholders' Equity as at March 31, 2012	**61,865**

Information on Risks

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

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

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

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

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

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

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

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

- perimeter definition and risk identification;
- risk profile measurement;
- risk appetite[2] setting and capital allocation; and
- monitoring and reporting.

2. Risk Appetite can be defined as the variability in results, on both short and long term, which an organization and its senior executives are prepared to accept in support of a stated strategy.
The main purpose of UCG's risk appetite is to ensure that the business develops within the risk tolerance set by the BoD in respect of national and international regulations. The aim is not to prevent risk taking, but to pursue the execution of UCG's strategy consistently with the risk tolerance set by the BoD.

Group Results (Continued)

Information on Risks (Continued)

Capital adequacy is assessed considering the balance between the assumed risks, both Pillar I and Pillar II, and the available capital. With respect to Pillar II, the relevant metric is the Risk Taking Capacity, which is the ratio between available capital (Available Financial Resources - AFR) and Internal Capital.
Internal Capital is the capital set aside as a buffer against the potential losses inherent in the Group's business activities and it takes into consideration all risk types identified by the Group as quantified in terms of Economic Capital in line with Pillar II requirements (credit, market, operational, business, financial investment and real estate risks including the effects of diversification between risk types ('interdiversification') and within each portfolio type ('intradiversification') and a prudential cushion against the model risk and the variability of the economic cycle).

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

The risk appetite framework is based on three dimensions:
- Capital adequacy;
- Profitability and risks;
- Liquidity and funding.

The risk appetite is approved by Board of Directors and is regularly monitored and reported, at least quarterly, to the relevant committees.
In addition, the Company is required to draft a yearly consolidated report on capital adequacy in accordance with Bank of Italy guidelines and including an overview of the main Group companies.

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

Also, regarding Pillar II, during the year a monitoring and reporting activity was set up and finalized on credit concentration risk, analyzing credit overdrafts with respect to concentration limits based on economic capital absorption, consistent with Risk Appetite targets. In order to streamline the management of these overdrafts, both Risk Management and Business Functions are involved.

Furthermore, in order to keep the credit concentration risk under control, the underwriting credit process towards large exposures has been strengthened at Group level through the revision of the process for issuing of a non-binding opinion by the Parent Company.

Credit stress test model has been implemented on a specific IT platform in order to support both Legal Entities and Parent Company functions for simulating stress test exercises on credit risk.

In 2011 the methodological innovations completed for Parent Company at the end of the previous year in the Credit Portfolio Model (CPM) have been made available to the main legal entities of the Group in Italy, Germany and Austria. In the first quarter of 2012 the application has been used in production across the Group and principles, rules, methodological and procedural standards for the calculation of economic capital for credit risk according Basel II Pillar II have been revised.
On their role of sub-holding the main legal entities in Germany and Austria can run analysis on the portfolios belonging to their perimeters, also on behalf of the smaller legal entities.
In order to allow different consolidation views, the tool provides a differentiated treatment of infragroup exposures, with proper netting where it is needed.
Besides an innovation in the functionalities of the CPM tool, the CPM Roll Out project unified the Group methodologies on credit portfolio analysis, making available to the main legal entities across the Group the same tool, methodology and parameterization previously available at Parent Company level.
The roll out has been the outcome of a collaboration effort among the credit risk management functions in the Parent Company, Germany and Austria and the internal IT provider UBIS.
The resulting homogeneity in the portfolio analysis methodologies allow a comparison of risk return profiles of the portfolios and as a consequence can be used to steer the business areas.

During last months, credit monitoring activities performed by the Group Risk Management function have been further reinforced. These activities focus on the analysis of the main drivers and parameters of credit risk EAD (exposure at default), EL (expected loss), migration, cost of risk etc., in order to promptly initiate any counter-measures on portfolios, sub-portfolios or individual counterparties. The timely identification and consistent management of exposures with increased risk allow to intervene at a phase preceding potential default, when there is still the capability for repayment and, subsequently, to put in place the appropriate corrective initiatives.

Within the One4C re-organization path and in order to assure a closer proximity to territory and to customers, the "Italy Turnaround Project" has been launched and it provided for a re-organization of business support structures in Italy with an impact on GRM steering and control roles through the re-definition of the Territorial Hubs.

Regarding operational risk, UniCredit has developed an internal model for measuring the capital requirement (AMA).
The measurement of operational risk relies on internal loss data, external loss data (consortium and public data), hypothetical loss data stemming from scenario analyses and risk indicators.
An allocation mechanism identifies individual Group entities' capital requirements reflecting their operational risk exposure.

The AMA approach has been formally approved by the Supervisory Authority in 2008 and it has already rolled out in the main relevant Group Entities.

Concerning reputational risk, UniCredit has defined over the last years an approach for the identification, analysis and management of the reputational risk stemming from banking activities.
This approach resulted in 2010 in the approval by the Board of UniCredit of the Group Reputational Risk Governance Guidelines that delineate a set of principles and rules for the measurement and control of reputational risk; these are currently being implemented in the Group Entities.
During 2011 particular attention was given to "tax havens" and non-cooperative jurisdictions by issuing, in collaboration with Tax Affairs, a Group Policy describing the rules and principles for the management of new activities in these territories.

As far as Market Risk is concerned, VaR daily reporting is now a consolidated process along with its backtesting (based on the new harmonized internal model).
At the same time, Parent Company and local Market Risk functions have intensified portfolios' risk monitoring activities, with particular reference to Investment Banking, through the definition of Limits and Warning Levels.
In particular, the following concepts have been activated: VaR Limits and VaR Warning Levels at all levels of the portfolio tree, and Granular Risks Limits concerning various risk factors (interest rates, exchange rates, index and stock prices, credit spreads etc.) at sub-portfolio/desk level.
Loss Warning Levels and Stress Test Warning Levels have also been defined.
At last starting from December 2011 in compliance with Basel 2.5 provisions additional limits have been set to apply on SVaR, IRC and CRM measures on the Trading Book.

As far as liquidity risk is concerned, this quarter is characterized by the ample liquidity provided by the ECB via the 3 years Long Term Refinancing Operations. As a cautionary measure also UniCredit participated in the 3 years LTRO. This Liquidity support resulted in lower yields for government bonds issued by the peripheral countries. UniCredit used this opportunity to issue a Senior bond in the Debt Capital market. To further strengthen its position, UniCredit also issued Senior Bonds backed by a guarantee of the Italian Republic. At the end of the first quarter the tension was rising again and the outlook is uncertain.
In the examined quarter, Liquidity Risk Management focused on the Quantitative Impact Study, QIS, for the new Basel III liquidity ratios.
In 2013 European Banks will need to report the LCR monthly.
In 2015 the Supervisory authorities will require banks have an LCR above 100%.

The following are some specific risk factors linked, in particular, with market liquidity, interest rate fluctuations, exchange rates, and the performance of financial markets that are affected by the current global financial conditions and which the Group results depend upon in varying measure.
Constant monitoring and management of these risk factors makes it possible to continue to follow the going-concern principle in preparing the interim report on operations.

Interest-Rate Risk

Group's results are affected by interest rate trends and fluctuations in Europe as well as in the other markets where the Group operates. In particular, the results of banking and lending transactions depend also on proper management of interest rate exposure's sensitivity. Conditions of markets' low liquidity may weaken the ability to implement suitable and timely hedging strategies of the overall interest rate risk profile which could have significant impacts on the group financial position and operating profit.

Group Results (Continued)

Information on Risks (Continued)

Currency Risk

A significant portion of Group business is carried out in currencies other than Euro, predominantly those of CEE countries and the US dollar. The Group is therefore exposed to risks linked with fluctuations in exchange rates and in local money markets. Since the financial statement and interim report are denominated in Euro, the necessary currency conversions are accomplished in accordance with applicable accounting standards. Any change in exchange rates may therefore affect the Group's overall performance.

Financial Risk

Group results depend significantly on financial markets. Specifically, volatility and the performance of financial markets affect:

(i) inflows of assets under management and administration, and thus earned selling commissions;
(ii) management commissions, due to lower asset volume (direct effect) and redemptions caused by unsatisfactory performance (indirect effect);
(iii) the Markets unit's (in the Investment Bank) trading profits, specifically on sales and brokerage of financial instruments;
(iv) the overall results of the banking and trading books.

Information on Sovereign Exposures

With reference to the Group's sovereign exposures[3] as at March 31, 2012, the book value of sovereign debt securities amounted to €93,525 million, of which about 92% concentrated in eight countries; Italy, with €41,259 million, represents 44% of the total. For each one of the eight countries, the table below shows the book value of the exposures broken down by portfolio.

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

Breakdown of Sovereign Debt Securities by Country and Portfolio

(€ '000)

COUNTRY / PORTFOLIO	AMOUNTS AS AT 03.31.2012 BOOK VALUE
- Italy	**41,259,004**
financial assets/liabilities held for trading (net exposures[1])	5,582,472
financial assets at fair value through profit or loss	147,501
available for sale financial assets	32,058,272
loans and receivables	229,755
held to maturity investments	3,241,005
- Germany	**23,916,723**
financial assets/liabilities held for trading (net exposures[1])	1,416,025
financial assets at fair value through profit or loss	20,229,034
available for sale financial assets	204,576
loans and receivables	2,064,045
held to maturity investments	3,044
- Poland	**8,305,040**
financial assets/liabilities held for trading (net exposures[1])	304,135
financial assets at fair value through profit or loss	-
available for sale financial assets	6,111,723
loans and receivables	796,711
held to maturity investments	1,092,471
- Austria	**3,482,362**
financial assets/liabilities held for trading (net exposures[1])	62,795
financial assets at fair value through profit or loss	19,913
available for sale financial assets	3,210,619
loans and receivables	-
held to maturity investments	189,035
- Turkey [2]	**3,210,973**
financial assets/liabilities held for trading (net exposures[1])	106,882
financial assets at fair value through profit or loss	-
available for sale financial assets	1,063,429
loans and receivables	-
held to maturity investments	2,040,662
- Czech Republic	**2,256,994**
financial assets/liabilities held for trading (net exposures[1])	656,325
financial assets at fair value through profit or loss	4,369
available for sale financial assets	1,595,891
loans and receivables	-
held to maturity investments	409
- Spain	**1,965,121**
financial assets/liabilities held for trading (net exposures[1])	20,998
financial assets at fair value through profit or loss	342,992
available for sale financial assets	1,584,466
loans and receivables	-
held to maturity investments	16,666
- Hungary	**1,331,172**
financial assets/liabilities held for trading (net exposures[1])	64,333
financial assets at fair value through profit or loss	-
available for sale financial assets	1,219,837
loans and receivables	28,843
held to maturity investments	18,159
Total on-balance sheet exposures	**85,727,389**

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

The remaining 8% of the total of sovereign debt securities, amounting to €7,798 million with reference to the book values, is divided into 43 countries, among which the US (€634 million), Ireland (€53 million) and Portugal (€54 million).

These exposures were not subject to impairment at March 31, 2012, with the exception of those towards Greece. With reference to the latter exposures, we remind that on February 21, 2012, the Greek Republic and the public sector (EU Member States and the International Monetary Fund-IMF) reached a mutual agreement which provided for an offer to swap old Greek bonds with new financial instruments. More specifically, these instruments consist of (i) European Financial Stability Facility (EFSF) notes with a face value of 15% of the exchanged bonds, (ii) new Greek government bonds with maturities between 10 and 30 years and a face value of 31.5% of the exchanged bonds and (iii) GDP-linked securities.

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

The participation in Greece's bond swap offer and the subsequent evolution of the resulting bonds' market price have entailed an overall loss in the consolidated Income Statement of €15 million.

The book amount of Greece exposure totals €54 million (of which €28 million under financial assets held for trading and those at fair value through profit or loss).
The exposures arising from Credit Derivatives contracts are almost balanced.

In addition to the exposures to sovereign debt securities, loans[4] given to central and local governments and governmental bodies must be taken into account.

The table below shows the total amount as at March 31, 2012 of loans given to countries towards which the overall exposure exceeds €150 million, representing more than 97% of the total.

Breakdown of Sovereign Loans by Country (€ '000)

COUNTRY	AMOUNTS AS AT 03.31.2012 BOOK VALUE
- Germany[(1)]	10,888,567
- Italy	7,184,991
- Austria[(2)]	5,553,644
- Croatia	2,089,031
- Poland	1,824,723
- Indonesia	582,150
- Slovenia	388,639
- Hungary	250,777
- Serbia	202,947
Total on-balance sheet exposures	**28,965,469**

(1) of which 1,562,465 in financial assets held for trading and those at fair value through profit or loss.
(2) of which 238,507 in financial assets at fair value through profit or loss.

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

4. Tax items are not included.

Results by Business Segment

Family & Small Medium Enterprise (F&SME)

F&SME Network Italy

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

Income Statement, Key Ratios and Indicators

(€ million)

F&SME NETWORK ITALY	2011 Q1	2011 Q4	2012 Q1	CHANGE % ON Q1 2011	CHANGE % ON Q4 2011
Operating income	1,556	1,605	1,639	+ 5.3%	+ 2.1%
Operating costs	(1,122)	(1,039)	(1,070)	- 4.6%	+ 3.0%
Net write-downs on loans	(521)	(482)	(468)	- 10.3%	- 2.9%
Net operating profit	(87)	85	102	- 216.6%	+ 19.5%
Profit before tax	(108)	62	96	- 188.4%	+ 53.1%
Loans to customers (eop)	126,077	124,510	122,851	-2.6%	-1.3%
Customer deposits (incl. Securities in issue - eop)	119,491	128,467	129,616	+ 8.5%	+ 0.9%
Total RWA Eop	51,434	57,039	55,897	+ 8.7%	-2.0%
EVA (€ million)	(220)	(140)	(143)	- 34.7%	+ 2.7%
Absorbed Capital (€ million)	4,103	5,022	5,799	+ 41.3%	+ 15.5%
RARORAC	21.42%	11.12%	9.89%	n.s.	122bp
Cost/Income	+ 72.1%	+ 64.7%	+ 65.3%	n.s.	57bp
Cost of Risk	1.66%	1.53%	1.51%	- 14bp	- 1bp
Full Time Equivalent (eop)	30,570	30,096	30,178	- 1.3%	+ 0.3%

The F&SME Network Italy closed the first quarter 2012 with an **operating income** of €1,639 million, up by 5.3% over the first quarter 2011. This trend was due to an increase in net interest margin, as a combination of maintaining the average volume of deposits (decline of sight deposits offset by term deposits and repos) and increase of liquidity spreads on sight deposits.
The decrease on fees is due to the contraction of upfront fees on sales of investments products, only partially offset by increased fees on loans. Compared with the previous quarter, operating income increased by 2.1%. This increase is due to the resilience of interest rates to customers, which offset the decline in euribor in the first quarter 2012, and to an increase in fees.

The **operating costs** amounted €1,070 million, down by 4.6% over the previous year thanks to savings on other administrative expenses and on structural staff expenses, linked to the reduction of **FTEs** (-392 y/y). Compared to the previous quarter, however, the operating costs were up by 3% primarily due to relevant one-off savings in the fourth quarter of 2011 related to other administrative expenses. HR costs are slightly decreasing.

The increase in revenues had a positive effect on **cost/income** that in March 2012 showed a value of 65.3%, lower than the value of March 2011 (72.1%).

Net write-downs on loans amounted to €468 million, representing an improvement over the first quarter 2011 (-10.3%) and over the previous quarter (-2.9%) thanks to lower new flows to default on private customer portfolio. The cost of risk, at the end of March 2012, was 151 bps, down by 14 basis points compared to the value recorded in March 2011.

The F&SME Network Italy closed the first quarter 2012 with a **profit before taxes** of €96 million, sharply increasing over the previous year and over the previous quarter.

As at March 31, 2012 the volume of **loans to customers** was €122,851 million, representing a decline of 2.6% compared to March 2011, due to the declining stock of mortgages. **Customer deposits** (including securities in issue) totaled €129,616 million, an increase of 8.5% from March 2011. **Risk weighted assets** amounted at €55,897 million, an increase of 8.7% over the same period of previous year. This growth, despite a reduction of loan volumes, is due to the introduction of a new rating model and to the recalibration of the model calculation (RIC and RISB).

F&SME Network Germany

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

Income Statement, Key Ratios and Indicators

(€ million)

F&SME NETWORK GERMANY	2011 Q1	2011 Q4	2012 Q1	CHANGE % ON Q1 2011	CHANGE % ON Q4 2011
Operating income	405	376	357	- 11.8%	- 5.0%
Operating costs	(361)	(370)	(371)	+ 3.0%	+ 0.2%
Net write-downs on loans	(20)	11	(10)	- 48.3%	- 193.0%
Net operating profit	25	17	(24)	- 198.7%	- 246.7%
Profit before tax	24	(22)	(6)	- 126.8%	- 71.2%
Loans to customers (eop)	45,832	43,040	42,512	- 7.2%	- 1.2%
Customer deposits (incl. Securities in issue - eop)	44,587	49,337	47,147	+ 5.7%	- 4.4%
Total RWA Eop	13,889	14,699	15,751	+ 13.4%	+ 7.2%
EVA (€ million)	(7)	(33)	(43)	n.s.	+ 30.1%
Absorbed Capital (€ million)	986	1,192	1,393	+ 41.2%	+ 16.9%
RARORAC	2.87%	11.07%	12.33%	n.s.	- 125bp
Cost/Income	+ 89.0%	+ 98.5%	+ 103.9%	n.s.	540bp
Cost of Risk	0.17%	0.10%	0.10%	- 8bp	20bp
Full Time Equivalent (eop)	7,498	7,521	7,596	+ 1.3%	+ 1.0%

In the first quarter 2012 F&SME Network Germany reported an **operating income** of €357 million, down 11.8% compared to the very positive first quarter 2011, mainly due to negative spreads on deposits in the course of development of market rates.
The lending margin continued to decline due to decreasing lending volumes whereas commissions decrease is related to the very positive result in 2011. Due to the persistent uncertainty on the financial markets, most customers became cautious regarding investments and prefer short term products. Compared to the last quarter of 2011, F&SME Germany increased fees, but could not offset the impact on spreads of deposits due to the sharply decreased market rates.

Operating costs totaled €371 million, a slight increase of 3.0%. The bulk of the increase was due to a change in cost allocation methodology (e.g. CRO and CFO). Payroll costs increased due to higher FTE in the Network and to higher allocations for pension funds. Other administrative direct costs stayed stable thanks to strict cost discipline.

Despite the stable cost situation, the **cost/income** worsened compared to previous quarter by 540 bps 103.9%.

Net write-downs on loans (€10 million) halved compared to the first quarter 2011, because of the positive development of the German economy. The various initiatives implemented in the loan portfolio in 2011 (e.g. recalibration of the rating and the respective LGD of private and SME customers) led to a sharp decrease in general impairment losses. The low level of new provisions and an increased number of releases of existing provisions led to very low cost of risk (10bps) and showed a further decline from the first quarter of 2011 (-8 bps). The last quarter was positively influenced by time value-impacts.

F&SME Network Germany reported in the first quarter of 2012 a **result before taxes** of €-6 million, mainly due to the decreasing trend of spreads for deposits.

F&SME Network Germany ended the first quarter 2012 with a volume of **loans to customers** of €42,512 million, down by 7.2% compared to the first quarter of the previous year. **Customer deposits** (including securities in issue) amounted to €47,147 (+5.7% y/y). **Risk weighted assets** were up (due to higher operational risks) at €15,751 with an increase of 13.4%.

Results by Business Segment (Continued)

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

F&SME Network Austria

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

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

Income Statement, Key Ratios and Indicators

(€ million)

F&SME NETWORK AUSTRIA	2011 Q1	2011 Q4	2012 Q1	CHANGE % ON Q1 2011	CHANGE % ON Q4 2011
Operating income	281	283	273	- 2.9%	- 3.5%
Operating costs	(211)	(240)	(221)	+ 4.4%	- 8.0%
Net write-downs on loans	(55)	(3)	(33)	- 39.7%	n.s.
Net operating profit	15	40	19	+ 30.1%	- 52.6%
Profit before tax	16	38	19	+ 22.3%	- 48.7%
Loans to customers (eop)	21,089	21,130	20,432	- 3.1%	- 3.3%
Customer deposits (incl. Securities in issue - eop)	25,310	25,860	26,596	+ 5.1%	+ 2.8%
Total RWA Eop	11,656	10,913	10,693	- 8.3%	- 2.0%
EVA (€ million)	(17)	9	(16)	- 0.7%	- 274.1%
Absorbed Capital (€ million)	1,120	666	1,068	- 4.7%	+ 60.4%
RARORAC	- 5.93%	+ 5.69%	- 6.18%	- 25bp	n.s.
Cost/Income	+ 75.2%	+ 84.8%	+ 80.8%	566bp	- 399bp
Cost of Risk	1.02%	0.05%	0.64%	- 38bp	59bp
Full Time Equivalent (eop)	3,737	3,937	3,896	+ 4.3%	- 1.0%

During the first quarter of 2012, F&SME Network Austria recorded an **operating income** of €273 million, slightly down (-2.9%) compared to the same period in 2011. The decrease is due to a lower fee income (mainly lower upfront fees for new sales of mutual funds following the highly volatile market development) and is only partially offset by an improvement of net interest income (positive spread and volume effect on the deposits).

Operating costs stood at €221 million, an increase by 4.4% from the first quarter of 2011. This increase is mainly related to HR-costs (e.g. wagedrift). Despite inflation, other administrative expenses show only a slight increase versus the first quarter of 2011 thanks to strict cost discipline.

The cost increase in the first quarter period had a negative effect on the **cost/income**, which at the end of March chalked up a 566 bps increase over the same period in the previous year to 80.8%.

The **net write-downs on loans** totaled €33 million, sharply down from the first quarter of 2011 (-39.7%), due to good portfolio performance (e.g. consumer loans). The **cost of risk** at the end of March 2012 posted a value of 0.64%, a 38 bps drop from the first quarter of 2011 due to a decrease in impairment losses.

The F&SME Network Austria ended the first quarter with a **profit before tax** of €19 million, a sharp increase (+22.3%) compared to the first quarter of 2011, mainly due to the reduction of impairment losses on loans.

As of March 31, 2012, the volume of **loans to customers** stood at €20,432 million, lower by 3.1% compared to March 2011. **Customer deposits** volume (including securities in issue) totalled €26,596 million, significantly higher than in March 2011 (+5.1%). **Risk weighted assets** came in at €10,693 million, a significant drop of 8.3% from March 2011, above all due to a reduction of the overall loans volume (incl. FX-effect) and adjustments of the PD- model.

F&SME Network Poland

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

Income Statement, Key Ratios and Indicators

(€ million)

F&SME NETWORK POLAND	2011 Q1	2011 Q4	2012 Q1	CHANGE % ON Q1 2011	CHANGE % ON Q4 2011
Operating income	282	268	273	- 3.5%	+ 1.6%
Operating costs	(175)	(157)	(166)	- 5.6%	+ 5.5%
Net write-downs on loans	(24)	(16)	(12)	- 48.3%	- 20.8%
Net operating profit	83	96	95	+ 13.7%	- 1.2%
Profit before tax	83	96	95	+ 13.7%	- 1.0%
Loans to customers (eop)	8,885	9,149	9,968	+ 12.2%	+ 9.0%
Customer deposits (incl. Securities in issue - eop)	12,972	12,260	13,403	+ 3.3%	+ 9.3%
Total RWA Eop	8,038	8,184	8,629	+ 7.3%	+ 5.4%
EVA (€ million)	30	35	32	+ 7.9%	- 9.5%
Absorbed Capital (€ million)	378	388	447	+ 18.2%	+ 15.2%
RARORAC	31.27%	36.32%	28.55%	- 272bp	n.s.
Cost/Income	+ 62.1%	+ 58.5%	+ 60.8%	- 133bp	225bp
Cost of Risk	1.08%	0.69%	0.52%	- 57bp	- 17bp
Full Time Equivalent (eop)	14,268	13,988	13,862	- 2.8%	- 0.9%

In the first quarter of 2012 F&SME Network Poland reported an **operating income** of €273 million, lower by 3.5% comparing to the first quarter 2011. Key driver is net interest income, which increased comparing to the first quarter of 2011 supported by the growth of lending and deposit volumes.

Operating costs, in the first quarter of 2012 stood at €166 million decreasing by 5.6% comparing to the first quarter 2011 thanks to increased efficiency and reduction of non-HR costs (for example postage costs). Growth of revenues and strict control of costs had a positive effect on the **cost/income**, which in first quarter 2012 amounted to 60.8% (an improvement of 133 bps comparing to the first quarter of 2011).

The improvement of the cost efficiency is supported by the further development of electronic banking system functionalities. The number of individuals with an access to electronic banking Pekao24 increased in the last 12 months by 13.8%. The number of business client with the access to electronic banking system PekaoFIRMA24 increased in the last year by 13.9%.

Net write-downs on loans totaled to €12 million, which showed a clear improvement trend compared to the first quarter of the previous year thanks to the improvement of defaults rates on retail loan portfolio.

The F&SME Network Poland ended first quarter 2012 with **profit before taxes** of €95 million, with a 13.7% increase comparing to the first quarter 2011 primarily due to a positive trend in net interest income and improvement in costs and risk provisions.

In the first quarter 2012 **loans to customers** volume was of €9,968 million, which increased by 12.2% comparing to the first quarter 2011. The F&SME Network Poland improved its competitive position in the retail market both in cash loans and mortgage loans.

As at March 31, 2012 **customer deposits** (including securities in issue) stood at €13,403 million, growing by +3.3% compared to same quarter of previous 2011. In the first quarter of 2012, to further support development in deposits and investment products, "Premium Personal Banking" was launched. A new service, dedicated to affluent clients, characterized by personal financial planning using professional tool and high quality of service.

Risk weighted assets came in at €8,629 million, an increase of 7.3% from March 2011 and of 5.4% from previous quarter.

Results by Business Segment (Continued)

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

F&SME Factories

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

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

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

Income Statement, Key Ratios and Indicators

(€ million)

F&SME NETWORK FACTORIES	2011 Q1	2011 Q4	2012 Q1	CHANGE % ON Q1 2011	CHANGE % ON Q4 2011
Operating income	476	551	496	+ 4.2%	- 10.1%
Operating costs	(216)	(210)	(214)	- 0.8%	+ 1.7%
Net write-downs on loans	(148)	(196)	(138)	- 6.4%	- 29.5%
Net operating profit	112	145	144	+ 28.0%	- 0.9%
Profit before tax	109	127	141	+ 28.9%	+ 10.4%
Loans to customers (eop)	53,881	56,380	55,051	+ 2.2%	- 2.4%
Customer deposits (incl. Securities in issue - eop)	14,995	15,093	15,566	+ 3.8%	+ 3.1%
Total RWA Eop	46,221	48,074	48,128	+ 4.1%	+ 0.1%
EVA (€ million)	(12)	(5)	(45)	+ 269.3%	n.s.
Absorbed Capital (€ million)	3,186	3,268	4,340	+ 36.2%	+ 32.8%
RARORAC	- 1.52%	- 0.55%	- 4.12%	- 260bp	- 357bp
Cost/Income	+ 45.4%	+ 38.2%	+ 43.2%	- 220bp	499bp
Cost of Risk	1.09%	1.42%	0.99%	- 10bp	- 43bp
Full Time Equivalent (eop)	5,991	6,179	6,155	+ 2.7%	- 0.4%

The F&SME Factories closed the first quarter of 2012 with an **operating income** of €496 million, up by 4.2% over the first quarter of 2011. This trend is due to increasing net interest margin, mainly thanks to spread effect and increasing volumes on deposits of asset gathering. Fees are stable thanks to the growth in consumer finance for lower distribution costs that offset the slight decline in fees related in asset gathering. Compared to the previous quarter the operating income was down by 10.1%, mainly because of leasing net interest margin decrease due to the rising cost of borrowing, especially in Italy. Furthermore, such comparison was also affected by some exceptional operations in Leasing (forfaiting in Germany and sales of spv in Austria).

Operating costs amounted to €214 million, slightly down over the first quarter 2011 (-0.8%) due to savings in other administrative expenses. The structural HR costs remain stable, despite an increase in the number of FTEs (+164 y/y) related to the companies development plans, confirming the policy of cost efficiency. Compared to the previous quarter, costs have increased slightly by 1.7%, mainly in asset gathering other administrative expenses for development commercial initiatives.

The increase in revenues had a positive impact on **cost/income** in March 2012, recording a value of 43.2%, sharply from the value of the first quarter 2011 (-220 bps).

The **net write-downs on loans** amounted to €138 million, with an improvement compared to first quarter of 2011 (-6.4%) thanks to lower new flows to default in consumer credit portfolio. The cost of risk in 2012 is 99 basis points, down by 10 basis points compared to the value recorded in the first quarter of 2011. The decline of net write-downs on loan is even more evident compared to the previous quarter (-29,5%) with a positive effect on reducing the cost of risk (-43 basis points).

The F&SME Factories closed the first quarter of 2012 with a **profit before taxes** of €141 million, increasing comparing to the first quarter of the previous year (28.9%) and compared to the previous quarter (10.4%).

In late March 2012 **loans to customers** amounted to €55,051 million, with an increase of 2.2% compared to March 2011, largely attributable to volumes of factoring. Compared to the end of December, however, loans to customers recorded a decline attributable to factoring, but related to a seasonality of this business that has a peak of customer exposure at the end of the year. **Customer deposits** (including securities in issue) amounted to €15,566 million, an increase of 3.8% from the first quarter of 2011, thanks to strong performance of asset gathering. **Risk weighted assets** stood at €48,128 million, an increase of 4.1% over the same period of previous year.
The growth is due to the leasing and factoring.

Results by Business Segment (CONTINUED)

Corporate & Investment Banking (CIB)

Introduction

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

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

Income Statement, Key Ratios and Indicators

(€ million)

CORPORATE & INVESTMENT BANKING	2011 Q1	2011 Q4	2012 Q1	CHANGE % ON Q1 2011	CHANGE % ON Q4 2011
Operating income	2,317	1,544	1,997	- 13.8%	+ 29.3%
Operating costs	(689)	(679)	(678)	- 1.5%	- 0.1%
Net write-downs on loans	(436)	(468)	(492)	+ 12.9%	+ 5.0%
Net operating profit	1,192	397	827	- 30.7%	+ 108.2%
Profit before tax	1,201	257	859	- 28.5%	+ 234.4%
Loans to customers (eop)	222,227	216,775	212,803	- 4.2%	- 1.8%
Customer deposits (incl. Securities in issue - eop)	159,244	127,868	138,164	- 13.2%	+ 8.1%
Total RWA Eop	188,088	195,010	186,233	- 1.0%	- 4.5%
EVA (€ million)	412	(201)	11	- 97.3%	- 105.5%
Absorbed Capital (€ million)	14,074	14,637	17,635	+ 25.3%	+ 20.5%
RARORAC	+ 11.71%	- 5.50%	+ 0.25%	n.s.	575bp
Cost/Income	+ 29.7%	+ 44.0%	+ 34.0%	424bp	n.s.
Cost of Risk	0.80%	0.86%	0.92%	12bp	6bp
Full Time Equivalent (eop)	9,651	9,394	9,153	- 5.2%	- 2.6%

The Corporate & Investment Banking division ended first quarter 2012 with a **net profit** of €580 million, down from 2011 (-€243 million y/y), though an improvement on the fourth quarter of 2011 (+€395 million q/q).

Operating income was €1,997 million, down by 13.8% y/y, reflecting a macroeconomic environment still under pressure. **Net interest income** at March 2012 was €1,198 million, down -€60 million y/y driven primarily by the unfavorable rise in funding costs and in spite of improved performance in trade-related interests and rates operations. **Dividends and other income from equity investments** also fell (-€52 million y/y) as they benefited in first quarter 2011 from special contribution from private equity funds in Germany and subsidiaries in Austria. **Net commission and fees** record a decrease (-2.8% y/y) due to general reduction in client activity in financial markets. **Trading income** at March 2012 was €366 million, down by -36.9% y/y, on the back of a more volatile market environment as compared to previous year.
The quarterly trend, on the other hand, showed growth in operating income by 29.3% q/q driven primarily by **trading income** (+€368 million q/q).

Operating costs at March 2012 were €678 million, down (-1.5% y/y) compared to 2011 thanks primarily to decrease in **payroll costs** (-1.7% y/y) following to a noticeably decrease in FTEs (-498 y/y).
Compared with the fourth quarter of 2011, on the other hand, operating costs remain substantially unchanged.

At March 2012, **net writedowns on loans and provisions** totaled €492 million, a deterioration from 2011 levels (+12.9% y/y) due to a less favorable credit environment in Italy.

The quarterly trend was also negative with **net write-downs on loans and provisions,** up €23 million q/q.
Net operating profit at March 2012 was €827 million, down compared to 2011 (-30.7% y/y), mainly impacted by reduction in revenues. Opposite dynamic is to be recorded in the quarterly trend (+€429 million q/q) thanks to a more robust revenues generation.

As of March 31, 2012 **loans to customers** recorded volumes down by 4.2% compared to 2011 as a results of a slowdown in commercial lending operations mainly in Italy. Similar dynamic in quarterly trend with volumes down -1.8% q/q.

Deposits from customers (including securities) were down by 13.2% compared to March 2011, reflecting the change in the less favorable deposits market; an increase instead for quarterly trend (+8.1% q/q).

Risk weighted assets were down compared to 2011 levels (-1%) reflecting a visible reduction mainly on credit risk, and in spite of the increase in market risk component due to implementation of Basel 2.5 directives. Quarterly trend was also positive (-4.5% q/q).

EVA as of March 2012 was €11 million, down compared to 2011 (-€401 million y/y) following a slowdown in operating profitability and a simultaneous rise in cost of capital. The trend was positive, however, quarter-on-quarter (+€212 million q/q).
At March 2012, the **cost/income ratio** was 34% up from 2011 (+424bp q/q), but a net improvement on the quarterly trend (-999bp q/q).

The **cost of risk** for 2012 was 0.92%, up by 12bp compared to 2011 and 6bp compared to previous quarter.
The **FTE** (Full Time Equivalent) trend fell by 5.2% compared to March 2011 following whether the exit of Medio Credito Centrale from the scope of consolidation or a general restructuring plan; same dynamic to be noticed in quarterly trend (-2.6% q/q).

Results by Business Segment (Continued)

Private Banking

Introduction

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

Income Statement, Key Ratios and Indicators

(€ million)

PRIVATE BANKING	2011 Q1	2011 Q4	2012 Q1	CHANGE % ON Q1 2011	CHANGE % ON Q4 2011
Operating income	226	226	238	+ 5.2%	+ 5.2%
Operating costs	(143)	(141)	(141)	- 1.3%	+ 0.2%
Net write-downs on loans	(1)	(1)	(1)	+ 144.6%	+ 41.3%
Net operating profit	82	84	96	+ 15.8%	+ 13.2%
Profit before tax	82	52	92	+ 12.0%	+ 75.5%
Loans to customers Eop	7,179	7,897	8,054	+ 12.2%	+ 2.0%
Customer deposits (incl. Securities in issue) Eop	33,352	35,020	36,501	+ 9.4%	+ 4.2%
Total RWA Eop	4,623	4,902	4,835	+ 4.6%	- 1.4%
EVA (€ million)	44	22	48	+ 8.1%	+ 119.4%
Absorbed Capital (€ million)	407	440	442	+ 8.7%	+ 0.4%
RARORAC	+ 43.29%	+ 19.69%	+ 43.02%	- 27bp	n.s.
Cost/Income	+ 63.3%	+ 62.3%	+ 59.3%	- 396bp	- 297bp
Full Time Equivalent (eop)	3,000	3,017	3,023	+ 0.8%	+ 0.2%

The **total financial assets under management and administration** by the Division were €150.7 billion as of March 31, 2012, up by 5.8% compared to December 31, 2011.
Net of extraordinary items[5], at the end of first quarter 2012 financial assets were slightly above €120 billion, increasing by €5 billion (+4.4%) from the beginning of the year.
Such growth is mainly attributable to a positive performance effect of €4.6 billion, thanks to financial market rally in the first two months of the year, only partially offset by the drop in the last weeks of March.
Net inflows of ordinary assets of the quarter were positive by €0.4 billion, driven by relevant inflows on deposits (+€1.4 billion); outflows, instead, were recorded both on asset under management (-€0.3 billion) and on asset under administration (-€0.7 billion).

In terms of economic performance, **net operating profit** for the Private Banking Division as of March 31, 2012 was €96 million, up by 15.8% y/y and by 13.2% on fourth quarter 2011.

Revenues of €238 million were up by 5.2% both y/y and q/q, driven by the good trend of **net interest** (+29.4% y/y and +6.9% q/q), thanks to higher contribution from deposit business, particularly in Italy.
Net commissions went down y/y (-4.5%), but improving (+6.7%) on the previous quarter, mainly thanks to the sharp recovery of sale fees.

Return on ordinary financial assets (ROA), as of March 31, 2012, was equal to 81 bp, an increase compared to the 74 bp in the same period of 2011 as well as to 78 bp of the previous quarter.

Operating costs amounted to €141 million, in line with previous quarter, but decreasing (-1.3%) compared to the first quarter 2011. Moderate rise recorded on staff expenses (+1% y/y), while the increase of other administrative expenses (+7.1% y/y) was attributable to higher tax charges on securities accounts in Italy, that were fully offset by expenses recovery; actually, total operating costs excluding payroll costs fell by 3.9% y/y, as a result of effective expenditure containment actions.
Marked improvement on **cost/income ratio**, that as of March 31, 2012 stood at 59.3% compared to 63.3% in the same period of 2011.

Profit before taxes was €92 million, with a sharp increase both on March 31, 2011 (+12%) and on fourth quarter 2011 (+75.5%), the latter affected by relevant provisions for risks and charges in Germany and Italy due to claims and lawsuits.

An overview on the **operating results of the business lines** spotlights a sharp growth of the net operating profit in Italy (+58.4% y/y) and Austria (+20% y/y); slowdown, instead, in Germany[6] (-41.4% y/y) and Poland (-47.3% y/y).

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

Asset Management

Introduction

Asset Management operates under the Pioneer Investments brand, the asset management company within the UniCredit Group specializing in the management of customer investments worldwide.
The Business Line, a partner of many leading international financial institutions, offers investors a broad range of financial solutions, including mutual funds, assets under administration and portfolios for institutional investors.

Pioneer Investments started an organic growth strategic plan which will further enhance the quality of Pioneer Investments' product offering while maintaining focus on delivering an outstanding level of client service.
Furthermore, its relationship with UniCredit was reviewed through a distribution agreement that sets specific requirements in terms of performance and quality of service provided by Pioneer.

Income Statement, Key Ratios and Indicators

(€ million)

ASSET MANAGEMENT	2011 Q1	2011 Q4	2012 Q1	CHANGE % ON Q1 2011	CHANGE % ON Q4 2011
Operating income	206	174	168	- 18.4%	- 3.6%
Operating costs	(117)	(118)	(109)	- 7.1%	- 8.2%
Net write-downs on loans	-	-	-	n.s.	n.s.
Net operating profit	89	56	59	- 33.2%	+ 6.3%
Profit before tax	89	36	57	- 35.6%	+ 57.8%
EVA (€ million)	55	27	32	- 42.5%	+ 18.3%
Absorbed Capital (€ million)	302	306	302	- 0.2%	- 1.3%
RARORAC	+ 73.05%	+ 35.07%	+ 42.05%	n.s.	n.s.
Cost/Income	56.8%	67.9%	64.7%	n.s.	- 328bp
Full Time Equivalent (eop)	1,940	1,949	1,919	- 1.1%	- 1.6%

In the first quarter of 2012 Asset Management reported operating profit of €59 million, up 6.3% over the fourth quarter of 2011.

Operating income stood at €168 million, down €6 million (-3.6%) compared to the previous quarter.

Such a decrease is primarily attributable to lower **net commissions** (-€7 million) as a result of lower AuM.

In the first quarter of 2012 **operating costs** significantly fell compared to the previous quarter (€9 million or -8.2%), of which €5 million due to lower payroll costs and €5 million for lower administrative expenses.

Compared to the data of the first quarter of the previous year, **operating profit** for the first quarter of 2012 was significantly down (-€30 million or -33.2%).

Such a decrease is essentially attributable to lower net commissions (-€34 million) mainly as a consequence of lower AuM (-€22 billion or 12.5%) partially offset by a decrease in operating costs (-€8 million).

Because of the above factors, in the first quarter of the current period **profit before tax** totaled €57 million, down €32 million (-35.6%) compared to the first quarter 2011.

The Business Line's results are reflected in the following value indicators: **EVA** was €32 million in the first quarter of 2012 compared to €27 million in the fourth quarter of the previous year (+18.3%); the **cost/income ratio** stood at 64.7% in the first quarter 2012, having improved relative to the fourth quarter of 2011 thanks to cost containment initiatives implemented in the current year.

At the end of March 2012, Asset Management had 1,919 employees, a decrease of 30 **"Full Time Equivalent" (FTE)** units compared to the end of December 2011, primarily due to the restructuring plans implemented in the current year.

Assets under management as of March 31, 2012 totaled €156 billion, down 3.61% since the beginning of the year.
The decrease is impacted by restructuring initiatives transferring assets from AuM to AuA and to UCG (total impact -€11.0 billion) starting from 1st January.
Net of this extraordinary effect AuM at the end of March increased by 3.4% since the beginning of the year, mainly driven by positive market effect.

Results by Business Segment (Continued)

Central Eastern Europe (CEE)

Introduction

UniCredit is a market leader in Central and Eastern Europe, where it has a broad network of about 3,900 branches. Its regional footprint is diverse and includes a direct presence in 19 countries. The Group's market position in CEE provides local banks with substantial competitive advantages. This includes the sharing of best practices, significant economies of scale, access to international markets and strong brand recognition. Moreover, the diversified portfolio in this region enables modular growth and increased market penetration for UniCredit's global product lines.

Income Statement, Key Ratios and Indicators

(€ million)

CENTRAL EASTERN EUROPE	2011 Q1	2011 Q4	2012 Q1	CHANGE % ON Q1 2011	CHANGE % ON Q4 2011
Operating income	1,160	1,189	1,132	- 2.4%	- 4.8%
Operating costs	(537)	(571)	(547)	+ 1.9%	- 4.2%
Net write-downs on loans	(274)	(296)	(219)	- 20.1%	- 26.1%
Net operating profit	349	322	366	+ 4.9%	+ 13.8%
Profit before tax	349	324	363	+ 4.0%	+ 12.1%
Loans to customers (eop)	65,462	70,352	71,025	+ 8.5%	+ 1.0%
Customer deposits (incl. Securities in issue - eop)	54,994	60,830	60,840	+ 10.6%	+ 0.0%
Total RWA Eop	78,431	84,184	83,827	+ 6.9%	- 0.4%
EVA (€ million)	73	24	27	- 63.4%	+ 10.8%
Absorbed Capital (€ million)	6,487	6,770	7,730	+ 19.2%	+ 14.2%
RARORAC	+ 4.50%	+ 1.42%	+ 1.38%	- 312bp	- 4bp
Cost/Income	+ 46.3%	+ 48.0%	+ 48.3%	203bp	28bp
Cost of Risk	1.66%	1.72%	1.24%	- 43bp	- 48bp
Full Time Equivalent (eop)	51,591	51,517	51,068	- 1.0%	- 0.9%

The CEE Division closed the Q1 2012 with a **profit before tax** of €363 million, representing a significant increase over both the Q4 2011 (+12.1%) and over the Q1 2011 (+4%). At constant exchanges rates the increase of the prior quarter amounts to 6%, over the comparable first quarter to 7%.

Operating income amounted to €1.132 million in Q1 2012, up by 0.3% over the Q1 2011 (at constant rates). The decrease over the Q4 2011 (-7% at constant rates) is driven by higher dividends received in the last quarter of the past year and to higher fee income primarily from year-end account maintenance fees, as well as some reduction of the trading result in Q1 2012. Net interest income at €797.6 million was practically unchanged versus the prior quarter, in line with the overall very stable development of the business volume in the first quarter of 2012.

Operating costs decreased by 6% over the prior quarter at constant rates to €546.7 million as a result of both the ongoing tight cost control and the traditionally higher cost basis at year-end. The 5% increase over Q1 2011 was driven by the network expansion in select countries, primarily in Turkey and the Czech Republic.

Net write-down on loans amounted to €219 million in Q1 2012, representing a significant reduction of 27% at constant rates over the prior quarter and of 19% versus Q1 2011, reflecting the improvement in the general risk environment. The decrease versus the last quarter was further accentuated by the fact that provisions booked last year in anticipation of the Early Repayment Program for foreign currency borrowers in Hungary had to be reclassified this year to other operating expense/income when clients exercised their options and the costs were therefore actually incurred by our Hungarian subsidiary.

Net operating profit thus reached €366 million in Q1 2012, up by 9% over the Q4 2011 and by 8.5% over the Q1 2011.

Loans to customers (net of provisions) stood at €71 billion at the end of the first quarter which, at constant rates, represents a slight reduction versus the year-end 2011. This also includes the effect of the Early Repayment Program in Hungary. **Customer deposits** (including securities issued) at €61 billion decreased by 2% as some large corporate deposits placed at year-end matured. Compared to the first quarter of the previous year both customer loans and deposits show healthy growth rates of 11% and 13%, respectively.

At the end of the first quarter the division employed a **staff** of 51,068 **FTE** (full-time equivalents) across the whole region. This represents a reduction of 449 FTE versus the year-end 2011 which is principally due to further reorganizational activities in the Ukraine and Kazakhstan, counterbalanced by staff increases in select countries to support the ongoing business and network expansion.

Other information

Rationalization of Group operations and other corporate transactions

In keeping with its own organizational and business model, the Group implemented several projects designed to rationalize and reorganize operations run in-house and by some subsidiaries for the purpose of also achieving higher synergies and cost reductions.

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

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

The following should be noted with regard to the reorganization of operations and units in the Global Banking Services area of foreign businesses:

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

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

In this role the company will ensure a global vision for external and domestic customers' requests in terms of priorities and opportunities and will maximize the effectiveness of investments by combining the technologies and tools being used.

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

In this context, an initiative aimed at rationalizing support services for Human Resources (HR) processes was developed with Hewlett Packard (HP). The initiative calls for setting up a company specialized in the provision of HR administrative services on behalf of Group companies and signing a multi-year agreement with the newly established company for the provision of such services. On May 1, the plan was finalized by contributing to the new company, named ES Share Service Center SpA (ES SSC), the business unit responsible for managing the HR operating services that used to be performed by UCBP and owned by UBIS, following the merger of UCBP itself. Following the contribution, UBIS came to hold 49% of ES SSC, with HP holding 51%.

Family Office Project: establishment of a dedicated consultancy (SIM)

The "Private - Ultra High Net Worth Individuals" market segment (i.e. individuals with more than 10 million in investable assets) is strategic for the Group given their income potential and higher asset growth rates. In this context, UniCredit decided to launch the Family Office project which calls for the establishment of a consultancy (SIM) dedicated to the needs "business families" belonging to the above-mentioned segment.

The new consultancy (established in September 2011 and named Cordusio Sim Advisory & Family Office), which last April received the Consob's authorization to operate, will be the entity within the Group dedicated to providing consultancy services focused on investment and integrated financial solutions (e.g. account aggregation/consolidation, integrated planning, business advisory and governance services for family businesses), based on the customer portfolio existing with the Group entities and third-party brokers, and asset protection.

The consultancy is wholly owned by Cordusio Fiduciaria in order to capture both the synergies deriving from its decade-long expertise and consolidated brand, and to optimize processes, reduce costs and improve business efficiency.

Other information (Continued)

Rationalization of Group operations and other corporate transactions (Continued)

Merger of Pioneer Alternative Investment Management SGRpA into Pioneer Investment Management SGRpA

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

The transaction, which is subject to approval by the Bank of Italy, should be finalized by the third quarter of 2012.

Merger of Family Credit Network S.p.A.

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

The transaction, which is subject to approval by the Bank of Italy, should be finalized in the second half of this year.

Certifications and other communications

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

a) according to the "Procedures for transactions with related parties", adopted by UniCredit S.p.A.'s Board of Directors on November 9, 2010 and published on the website www.unicreditgroup.eu, in Q1 2012 the Bank's *Presidio Unico* received no reports of transactions of greater significance;
b) in Q1 2012, no transactions with related parties as defined by Article 2427, paragraph 22-bis of the Civil Code were conducted, under different conditions from normal market conditions materially affecting the Group's financial and economic situation;
c) in Q1 2012, there were no changes or developments in the individual transactions with related parties already described in the latest annual report that had a material effect on the Group's financial position or results during the reference period.

Capital Strengthening

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

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

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

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

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

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

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

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On March 27, 2012, the Board of Directors has resolved the issue of the UniCredit ordinary shares promised under the already approved Group Key Resources Plan, following the verification of the achievement of the performance targets set in the Plan. To that effect, the Board of Directors confirmed its approval for a free increase in share capital for an amount of €276,700.57 corresponding to nr. 84,023 ordinary shares.

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

Subsequent Events and Outlook

Subsequent Events

After March 31, 2012, the reference date of this Consolidated Interim Report, no significant events occurred such that the situation given in the report would be liable to change.

It should be noted that on May 1st 2012, effective date, the business unit responsible for HR operating services, formerly owned by UBIS, has been transferred, as a contribution of going concern, to ES SSC. More details are available in the paragraph "Rationalization of Group operations and other corporate transactions".

Outlook

European countries are facing a phase of economic slowdown due, among other things, to protracted tensions on financial markets and the recessionary effects of fiscal consolidation measures.

In a context of generalized economic slowdown, significant differences across European countries are likely persist.
The Italian economy is expected to contract in 2012, also as a result of relatively harsher austerity measures. Positive growth rates, albeit significantly lower than 2011 levels, are instead foreseen for Austria, Germany and the great majority of the CEE countries where the Group operates.

On top of fiscal consolidation measures, further initiatives (such as the creation of the EFSF, the agreement of the Fiscal Compact, the extraordinary ECB liquidity support and the strengthening of bank's capital ratios) have been implemented to ease tensions on capital markets and, namely, restore investors' confidence debt issued by European Sovereign issuers and banks. Such measures have all contributed to normalize markets in the first few months of 2012. However, since the second half of March tensions on markets have resurfaced as a result of mounting political uncertainty and of emerging discussions about the opportunity to complement fiscal austerity with growth enhancing measures.

The recent results of polls held in some key European countries should reduce political uncertainty. Furthermore, a better balance between fiscal consolidation and growth could lead to a shorter economic slowdown which, in turn, could have positive implications for banking intermediation.

Following the completion of the capital increase, the UniCredit group continues move along the guidelines set in its 2011-15 Strategic Plan.

Among other actions foreseen by the Strategic Plan, those referred to cost containment and rationalization and further strengthening of the liquidity position of the Group are already yielding significant results.

Even if UniCredit geographical and business diversification is likely to mitigate its effects, the slowdown of the economy cycle is likely to negatively affect cost of risk. Expected macroeconomic developments, consistent with a subdued outlook for volumes growth, and the eventual persistence of tensions on financial markets could continue to keep revenues under pressure. To offset such adverse trend, UniCredit will continue to target selective growth in CEE countries where the Group sees the best conditions for an improvement of the profitability.

Rome - May 10, 2012

The Board of Directors

Vice Chairman
VINCENZO CALANDRA BUONAURA

CEO
FEDERICO GHIZZONI

Further information

The Consolidated Interim Report as at March 31, 2012, which is presented in reclassified or condensed form, was prepared under IFRS.

For consolidation purposes, the Accounts as at March 31, 2012 of the Parent Company and subsidiaries were used and were properly reclassified and adjusted to take into account consolidation requirements, and modified as necessary to bring them into line with Group accounting principles.

In those cases in which the accounts did not fully reflect the reporting of items on an accruals basis, such as certain administrative expenses, the accounting figure was supplemented by estimates based on the budget.

All intercompany balance sheet and operating figures of a material amount were eliminated. All unreconciled amounts were posted to other assets or liabilities or to net other income/expenses, if not related to interests or commissions.

This Consolidated Interim Report is not audited by the External Auditors.

Declaration by the Nominated Official in charge of drawing up Company Accounts

The undersigned Marina Natale, in her capacity as the Nominated Official in charge of drawing up UniCredit SpA's company accounts

DECLARES

as prescribed by § 154 bis, 2 of the "Testo Unico della Finanza" (the "Single Financial Services Act") that the Consolidated Interim Report at March 31, 2012 agrees with the documentary records, ledgers and accounting data.

Rome - May 10, 2012

Nominated Official in charge
of drawing up Company Accounts

MARINA NATALE

Sorter pages: UniCredit
Creative concept: Marco Ferri

Design, Graphic development and Composition:
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