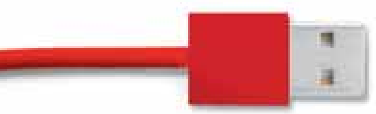
Clear answers for real benefits.

UniCredit S.p.A.
2012 Reports and Accounts



Customer testimonials are the common thread of this year's annual report to illustrate the concrete solutions we provide every day. These true stories were told first-hand and collected by the colleagues who worked with them to offer real benefits.

Each story lends an authentic voice to how we are having a positive impact on our stakeholders. We are making a difference by recognizing everyday challenges and opportunities, and by contributing to the economic, social and cultural well-being of the communities we serve.

This report's creative concept reflects our commitment by displaying two pieces that fit together. This represents the union between the real-life needs of our clients and the practical solutions that we offer.

Above all, we believe that being a commercial bank means engaging in meaningful dialogue with those with whom we come into contact.
This enables us to provide simple, quick and effective responses that perfectly meet customer needs.

Inside you will find some of these stories. We hope the next one will be yours.

UniCredit S.p.A.
2012 Reports and Accounts

RECHARGING

Supporting enterprise with concrete actions
UniCredit International

"I own a small business that produces equipment for recycling precious metals. After winning a bid for a project with the Indian government last year, we were in need of a qualified partner to manage our complex operations abroad. UniCredit believed in us and our work, providing us with the initial warranty request, a letter of credit and the loans we needed. Thanks to their support, we successfully completed the project."

Paolo Balestri, Balestri impianti,
customer of UniCredit in Italy

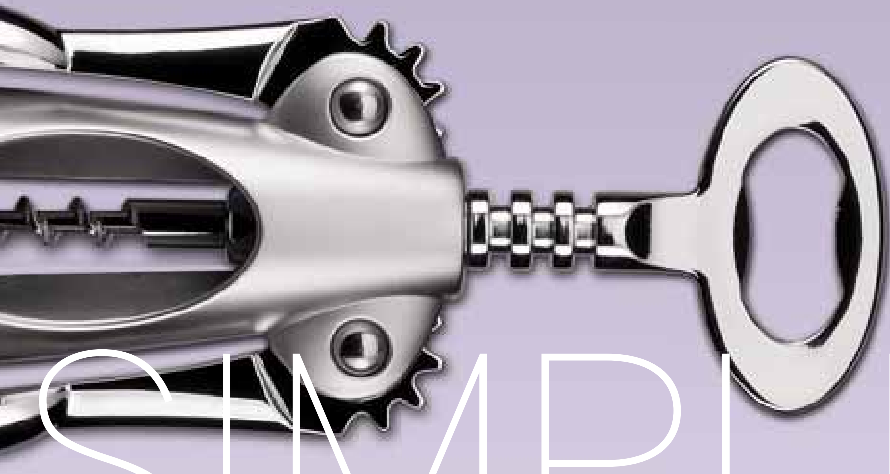
Contents

Notes

The following conventional symbols have been used in the tables:

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

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



SIMPLICITY

Home loans made easy

“Zagrebačka Banka helped me to resolve my personal and professional financing challenges. I previously worked in Zagreb, where I lived in a rented apartment. When I found another job in my hometown of Split, the bank helped me to secure a state-subsidized loan that allowed me to move back and buy a house. My personal banker was highly skilled and engaged, and my loan application was processed quickly and approved immediately.”

Goran Dlaka, customer of Zagrebačka Banka in Croatia

Introduction

PROTECTION

Supporting communities in critical times

"After one of our town's largest employers closed its doors, our local communities went through a very tough time. UniCredit worked closely with government officials on an innovative initiative that helped those who had lost their jobs, like me, gain prompt access to unemployment benefits. The bank quickly facilitated funding for entitlements, protecting families from collapse."

Franco F., customer of UniCredit in Italy

Board of Directors, Board of Statutory Auditors and External Auditors (as at December 31, 2012)

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

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

Board of Statutory Auditors

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

(*) Vice Chairman Khadem Abdualla Al Qubaisi handed in his resignation with effect from October 3, 2012.
On October 18, 2012 the Board of Directors appointed Director Luca Cordero di Montezemolo Vice Chairman and co-opted Mr. Mohamed Ali Al Fahim.
Director Antonio Maria Marocco handed in his resignation with effect from December 3, 2012.
On December 18, 2012 the Board of Directors co-opted Prof. Giovanni Quaglia.
Director Friedrich Kadrnoska handed in his resignation with effect from the term of Shareholders' meeting scheduled for May, 11 2013.

UniCredit S.p.A.
Registered office: Via Alessandro Specchi 16, 00186 Rome
Central management office: Piazza Cordusio - 20123 Milan
Share capital: €19,654,856,199.43 fully paid in
Bank entered in the Register of Banks and Parent Company of the UniCredit Banking Group
Banking Group Register: Cod. 02008.1.
Cod. ABI 02008.1.
Registered in the Rome Trade and Companies Register, Fiscal Code and VAT No. 00348170101.
Member of the Interbank Deposit Protection Fund.

Chairman's message to the Shareholders

GIUSEPPE VITA
Chairman

"The steps we have taken to build a simpler, stronger bank will ensure a bright future for our Group."

Dear Shareholders,

First, I would like to thank you for the honor you have bestowed upon me by appointing me Chairman of UniCredit SpA. When I assumed my position in May of 2012, I knew that UniCredit was greatly esteemed as a strong European bank. Since then, my respect for this important institution has only deepened.

During my first few months as chairman, I visited many of our offices and branches across Europe, where I sat down and spoke with our talented people at all levels of the organization. I also met with the main regulatory and supervisory authorities in the different countries where UniCredit works.

These visits left me with a lasting impression of the influential role UniCredit plays in Europe and of the important opportunities we have in key countries. They strengthened my conviction that a brilliant future awaits our Group.

I am pleased to report on the new make-up of our Board of Directors. The changes to our Board membership, made last May, resulted in new appointments to our four Board Committees, namely Corporate Governance, HR and Nomination; Internal Controls & Risks; Permanent Strategic; and Remuneration.

These Committees actively engaged in many of our Group's important decisions throughout the year, most notably, the implementation of Project GOLD. In many respects, this project is the new foundation of UniCredit's future. It simplifies our structure by empowering countries with greater responsibility while clarifying roles at the Group level. It allows our commercial networks to move closer to customers and be quicker to markets. And it makes banking at UniCredit simpler and more efficient, so we can better serve the real needs of our customers.

Although uncertainty continues to linger in parts of the European economy, it has been gratifying for all of us to follow our bank's positive share performance on the stock exchange. This restored market confidence combined with our good results allow us to propose resuming a dividend in 2012. I see these developments as clear signs that our Group is moving in the right direction and that Europe's economic horizon is growing brighter.

As I look to that horizon, I see the need for stronger European integration. Yes, we have a common currency, but can we say that we have achieved a truly common Europe? I believe that much still remains to be done before we can answer that question in the affirmative. Until then, I continue to observe the progressive fragmentation of European financial markets along national lines, which prevents monetary policies and cross-border banks from functioning the way they must.

Moving forward, I believe that greater political integration is essential if we are to build a stronger, more effective European Union – individual countries cannot succeed alone. Only an integrated and sovereign Europe can be an influential player in today's competitive global economy.

The elections in Italy and Germany this year will bring long political campaigns in Europe and elsewhere in the world to a close. It is our hope that EU leaders will refocus their attention on working together to develop reforms that continue to restore market confidence and economic growth in Europe.

UniCredit stands as a champion of a European Union that remains true to its vision and takes the steps needed to preserve its unity.

A strong Europe needs strong European financial institutions like UniCredit. And thanks to the hard work of our people and our management, in 2012 we strengthened our capital and liquidity positions, we reduced our funding gap and we increased our deposits. The steps we have taken to build a simpler, stronger bank will ensure a bright future for our Group.

Sincerely,

Giuseppe Vita
Chairman

CEO's Letter to the Shareholders

"2012 was the year in which we took action to secure our future as a rock-solid European commercial bank."

FEDERICO GHIZZONI
Chief Executive Officer

Dear Shareholders:

2012 was a difficult year for the European economy, and UniCredit was not immune. Nevertheless, I believe it will be remembered as the turning point for our Group. For it was the year in which we took action to secure our future as a rock-solid European commercial bank.

We secured our capital position in 2012, and simplified operations, reduced costs, strengthened our risk management culture, and introduced innovative products and new initiatives, to lead the way to a more productive and prosperous future.

We began the year by achieving the first target of our three-year strategic plan, which was to strengthen the foundations of our Group through the reinforcement of our capital position. At the time, we were the only bank in Europe to carry out a successful capital increase.

We achieved a strong liquidity position in our countries, largely by reducing our commercial funding gap by more than €45 billion. This was accomplished, in part, by increasing our direct funding in Italy and other key markets.

We undertook a number of measures to improve revenues and simplify the Group structure. One key initiative was the redesign of our business model to move us closer to our customers.

The framework to accomplish this is Project Group Organization Leaner Design (GOLD). The initiative is our multi-year reorganization plan designed to assure that our Group becomes more efficient, less complex and more customer focused.

Project GOLD simplifies operations by empowering our countries with greater decision-making authority.
This permits us to work closer with clients and create better-tailored solutions. It allows us to be easier to deal with and provides a clearer chain of command. It enables our commercial networks to be quicker to markets. And it allows our countries to support local market development. One of the many ways we are doing this is by leveraging our expertise and networks to help customers internationalize their businesses. We first began this initiative in Italy and are expanding it to other countries in which we work.

We strengthened our internal control and risk management culture to simplify the way in which we do business, delivering greater clarity. And it will set the stage for increased profitability and more sustainable customer relationships.

Innovation remains a top priority for us. We are creating the products and services that our customers want and need. And we are developing new, more convenient channels through which they can bank with us. By offering customers the option to use their mobile phones, tablets or computers to manage their finances, we are becoming a simpler, more efficient bank. This in turn will help us to reduce costs and ensure our sustainability.

We are developing a more integrated approach to our annual reporting. Our goal is to deliver both our financials and non-financials in one publication, to be consistent with the sustainability component of our strategic plan.

As we implement our plan, we are seeing positive results. We increased our direct funding by more than €22 billion, posting good results in Germany and CEE with pre-tax profits totaling roughly €4.2 billion. Our CIB Division experienced real growth and raised its profile in debt capital markets. By becoming the lead manager in issuing more than €65 billion in euro-denominated bonds, our division is now ranked number two in Europe.

I am confident that the steps we have taken to build a simpler, stronger bank, have positioned us to achieve sustainable revenue and commercial growth in the coming year. We are well prepared to accomplish these objectives thanks to our exceptional people. Their hard work carried out in our 22 countries, combined with our innovative products, our cost discipline and our risk management culture all accrete to deliver a strong competitive advantage.

For all of these reasons, I am convinced that in 2013 we will continue to be successful in implementing our strategy and realizing our ambition to be one of the strongest banks in Europe.

Sincerely,

Federico Ghizzoni
Chief Executive Officer

Note on the Report and Financial Statements

General Matters

The UniCredit S.p.A. Financial Statements at December 31, 2012 were drafted in accordance with the IAS/IFRS international accounting standards, in compliance with the instructions of Banca d'Italia in circular 262 of December 22, 2005 (1st update - November 18, 2009). These instructions are binding for the financial statements and the methods of completion, as well as for the minimal content of Notes to the Financial Statements.

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

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

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

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

General principles for drafting the Directors' Report

The Directors' Report - as always present the need, both formally and in its contents, to ensure due clarity and true accurate representation - includes the information supplied in accordance with the criteria for drafting the summarized condensed accounts of the balance sheet and the income statement. Reconciliation with the compulsory elements is given in the annex to the Financial Statements in compliance with the requirements of Consob in notification no. 6064293 of July 28, 2006.

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

Balance sheet and income statement summary reclassification criteria

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

Balance sheet

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

Income Statement

- Dividends and other income excludes dividends from shares held for trading, classified together with the result of trading negotiations, hedging and assets and liabilities measured at fair value;
- the other income/expenses balance excludes the recovery of expenses classified as a separate item with the expetion of the so-called *"commissione di istruttoria veloce"* (CIV) which is classified among Net Commissions;
- the balance of other operating income and charges excludes the costs for leasehold improvements classified among Other administrative expenses;
- staff expenses, other administrative expenses, adjustments in value for tangible and intangible assets and provisions for risks and charges are presented net of integration costs relating to the reorganization operations following the integration of the Capitalia Group and the One4C "One for Clients" operation shown under the specific item;
- profits net of investments include profits/losses and adjustments/write-backs for financial assets available for sale and financial assets held until maturity, the net result of the measurement at fair value of tangible and intangible assets, as well as profits/losses for equity investments and disposal of investments.

Changes made to enable proper comparison

In order to be able to make a consistent comparison between the compared periods, the balance sheet and income statement presented in Directors' Report on operations related to year 2011, were "reconstructed" according to principles and methods analogous to those applied to the reporting of the extraordinary operations performed by UniCredit S.p.A. with tax and accounting effective starting from January 1, 2012: merger through incorporation of UniCredit Real Estate S.c.p.A., Medioinvest S.r.l. and Family Credit Network S.p.A., partial spin-off of the business unit of Pioneer Investment Management SGRpA (PIM) and completion of the operations planned by the operating plan of the Global Banking Services project (GBS), illustrated below in the paragraph *"Rationalization of Group operations and other corporate transactions".*

In particular, we:

- derecognized reciprocal capital relationships between companies involved in corporate transactions and the corresponding economic effects;
- recognized the economic contributions of third parties to UniCredit arising from the carve-in transactions undertaken (which mainly relate to dividends received, rental income received from third parties and investment income from the sale of real estate);
- derecognized items related to activities centered in UniCredit Integrated Business Solution in the carve-out transactions concerning Securities (collateral management, money counting, transport of valuables to support the bank's branches), IT and Back Office governance structures and Procurement (purchases management for the Group), mainly related to staff costs and administrative expenses;
- recognized the fixed assets of UniCredit Real Estate, the corresponding depreciation and reclassification entries relating to tangible assets, and the economic effects of the corresponding leasehold improvements identified in UniCredit's financial statements;
- derecognized of the values of the merged shareholdings and recognized the corresponding reserve for the remaining outstandings from the merger;
- recognized the goodwill contributed by segregated accounts of Pioneer Investment Management SGRpA.

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

UTILITY

Helping artisans recraft their business

“I’ve been a craftsman for many years and I am very satisfied with my relationship with Zagrebačka Banka. I believe the bank recognizes the economic potential of craftsmanship. They helped me to expand my activities and to adapt my business model to meet EU conditions. This was done through a program that provided me with financial assistance, as well as consulting services so that I could make the best financing choices.”

Ivan Obad, President of the Chamber of Trades and Crafts Zagreb, customer of Zagrebačka Banka in Croatia

Directors' Report on operations

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

Highlights

Income Statements

(€ million)

	YEAR		CHANGE	
	2012	2011 RESTATED	IN TOTAL	%
Operating income	9,694	10,504	-810	-7.7%
of which: - net interest	*4,276*	*4,651*	*-375*	*-8.1%*
- dividends and other income from equity investments	*1,707*	*2,279*	*-572*	*-25.1%*
- net fees and commissions	*3,540*	*3,411*	*+129*	*+3.8%*
Operating costs	-5,849	-6,277	+428	-6.8%
Operating profit (Loss)	3,845	4,227	-382	-9.0%
Net write-downs of loans and provisions for guarantees and commitments	-6,966	-3,970	-2,996	+75.5%
Net operating profit (Loss)	-3,121	257	-3,378	n.s.
Profit before tax	-3,352	-1,493	-1,859	+124.5%
Impairment of goodwill	-	-4,894	+4,894	-100.0%
Net Profit (Loss)	**-220**	**-6,324**	**+6,104**	**-96.5%**

Balance Sheet

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2012	12.31.2011 RESTATED	IN TOTAL	%
Total assets	431,279	417,389	+13,890	+3.3%
Financial assets held for trading	10,536	11,480	-944	-8.2%
Loans and receivables with customers	260,850	255,031	+5,819	+2.3%
of which: - impaired loans	*24,603*	*20,846*	*+3,757*	*+18.0%*
Financial liabilities held for trading	10,078	10,292	-214	-2.1%
Deposits from customers and debt securities in issue	279,347	273,012	+6,335	2.3%
of which: - deposits from customers	*151,925*	*151,699*	*+226*	*+0.1%*
- securities in issue	*127,422*	*121,313*	*+6,109*	*+5.0%*
Shareholders' net equity	57,989	49,833	+8,156	+16.4%

Staff and Branches

	AS AT		CHANGE	
	12.31.2012	12.31.2011	IN TOTAL	%
Emoloyees	43,984	45,217	-1,233	-2.7%
Branches	4,283	4,383	-100	-2.3%
of which: - Italy	*4,276*	*4,377*	*-101*	*-2.3%*
- Other countries	*7*	*6*	*+1*	*+16.7%*

Profitability ratios

	YEAR		
	2012	2011 RESTATED	CHANGE
Net interest income / Operating income	44.1%	44.3%	-0.2%
Net fees and commissions / Other administative expenses net of recovery of expenses	149.1%	132.2%	+16.9%
Net fees and commissions / Operating costs	60.5%	54.3%	+6.2%
Operating profit (loss) / Operating income	39.7%	40.2%	+0.5%

Risk ratios

	AS AT		
	12.31.2012	12.31.2011 RESTATED	CHANGE
Net non-performing loans to customers / Loans to customers	3.4%	2.8%	+0.6%
Net impaired loans to customers / Loans to customers	9.4%	8.2%	+1.2%

Capital ratios

	AS AT		
	12.31.2012	12.31.2011	CHANGE
Capital for egulatory purposes (€ million)	63,927	59,407	+4.520
Total risk weighed assests (€ million)	153,262	166,689	-13.427
Tier 1 (%)	34,2%	28,1%	+6.1%
Total regulatory capital / Total risk-weighted assests (%)	41,7%	35,6%	+6.1%

Condensed Financial Accounts

Condensed Balance Sheet

(€ million)

	AMOUNTS AS AT			CHANGE ON RESTATED	
		12.31.2011			
	12.31.2012	HYSTORICAL	RESTATED	AMOUNT	PERCENT
Assets					
Cash and cash balances	2,214	5,753	5,753	-3,539	-61.5%
Financial assets held for trading	10,536	11,480	11,480	-944	-8.2%
Loans and receivables with banks	27,936	29,634	29,637	-1,701	-5.7%
Loans and receivable with customers	260,850	256,251	255,031	+5,819	+2.3%
Financial investments	94,647	89,950	88,854	+5,793	+6.5%
Hedging instruments	10,840	7,158	7,158	+3,682	+51.4%
Property, plant and equipment	2,755	246	2,871	-116	-4.0%
Goodwill	2,815	2,812	2,815	-	-
Other intangible assets	26	29	29	-3	-10.3%
Tax assets	12,243	8,048	8,126	+4,117	+50.7%
Non-current assets and disposal groups classified as held for sale	-	7	7	-7	-100.0%
Other assets	6,417	5,654	5,628	+789	+14.0%
Total assets	**431,279**	**417,022**	**417,389**	**+13,890**	**+3.3%**

	AMOUNTS AS AT			CHANGE ON RESTATED	
		12.31.2011			
	12.31.2012	HYSTORICAL	RESTATED	AMOUNT	PERCENT
Liability and shareholders' equity					
Deposits from banks	56,446	63,335	63,335	-6,889	-10.9%
Deposits from customers and debt securities in issue	279,347	273,166	273,012	+6,335	+2.3%
Financial liabilities held for trading	10,078	10,292	10,292	-214	-2.1%
Financial liabilities designated at fair value	-	-	-	-	-
Hedging instruments	11,936	7,759	7,759	+4,177	+53.8%
Provisions for risks and charges	1,767	1,882	1,887	-120	-6.4%
Tax liabilities	2,644	626	783	+1,861	+237.7%
Liabilities included in disposal groups classified as held for sale	-	-	-	-	-
Other liabilities	11,072	10,313	10,488	+584	+5.6%
Shareholders' equity:	57,989	49,649	49,833	+8,156	+16.4%
- capital and reserves	*58,085*	*56,869*	*56,751*	*+1,334*	*+2.4%*
- available-for-sale assets fair value reserve and cash-flow hedging reserve	*124*	*-871*	*-594*	*+718*	*-120.9%*
- net profit (loss)	*-220*	*-6,349*	*-6,324*	*+6,104*	*-96.5%*
Total liabilities and shareholders' equity	**431,279**	**417,022**	**417,389**	**+13,890**	**+3.3%**

Condensed Income Statement

(€ million)

	YEAR			CHANGE ON RESTATED	
		2011			
	2012	HISTORYCAL	RESTATED	AMOUNT	PERCENT
Net interest	4,276	4,704	4,651	-375	-8.1%
Dividends and other income from equity investments	1,707	2,274	2,279	-572	-25.1%
Net fees and commissions	3,540	3,406	3,411	+129	+3.8%
Net trading, hedging and fair value income	96	164	164	-68	-41.5%
Net other expenses/income	75	-104	-1	+76	n.s.
OPERATING INCOME	**9,694**	**10,444**	**10,504**	**-810**	**-7.7%**
Payroll costs	-3,306	-3,552	-3,528	+222	-6.3%
Other administrative expenses	-2,797	-3,017	-2,994	+197	-6.6%
Recovery of expenses	423	416	414	+9	+2.2%
Amortisation, depreciation and impairment losses on intangible and tangible assets	-169	-77	-169	-	-
Operating costs	**-5,849**	**-6,230**	**-6,277**	**+428**	**-6.8%**
OPERATING PROFIT (LOSS)	**3,845**	**4,214**	**4,227**	**-382**	**-9.0%**
Net write-downs of loans and provisions for guarantees and commitments	-6,966	-3,966	-3,970	-2,996	+75.5%
NET OPERATING PROFIT (LOSS)	**-3,121**	**248**	**257**	**-3,378**	**n.s.**
Net provisions for risks and charges	-169	-304	-306	+137	-44.8%
Integration costs	-109	-113	-112	+3	-2.7%
Net income (losses) from investments	47	-1,366	-1,332	+1,379	n.s.
PROFIT (LOSS) BEFORE TAX	**-3,352**	**-1,535**	**-1,493**	**-1,859**	**+124.5%**
Income tax for the year	3,132	80	63	+3,069	n.s.
Impairment of goodwill	-	-4,894	-4,894	+4,894	-100.0%
NET PROFIT (LOSS)	**-220**	**-6,349**	**-6,324**	**+6,104**	**-96.5%**

Condensed Financial Accounts (Continued)

Quarterly Figures

Amounts related to 2011 quarters have been restated with the rules previously mentioned (see Introduction - paragraph "Changes made to enable proper comparison").

Condensed Balance Sheet

(€ million)

	AMOUNTS AS AT				AMOUNTS AS AT			
	12.31.2012	09.30.2012	06.30.2012	03.31.2012	12.31.2011	09.30.2011	06.30.2011	03.31.2011
Assets								
Cash and cash balances	2,214	1,767	9,160	5,705	5,753	1,853	3,194	2,745
Financial assets held for trading	10,536	10,589	9,998	9,194	11,480	12,263	8,631	7,193
Loans and receivables with banks	27,936	27,318	23,841	22,644	29,637	40,762	35,024	35,551
Loans and receivable with customers	260,850	264,009	258,139	256,954	255,031	262,536	262,270	261,083
Financial investments	94,647	93,412	93,309	94,217	88,854	85,772	85,845	85,748
Hedging instruments	10,840	10,256	9,089	8,062	7,158	6,332	3,788	3,471
Property, plant and equipment	2,755	2,780	2,801	2,834	2,871	2,891	2,939	2,990
Goodwill	2,815	2,816	2,816	2,816	2,816	2,812	7,707	7,707
Other intangible assets	26	26	27	28	29	30	31	32
Tax assets	12,243	7,528	7,782	7,964	8,126	7,729	6,965	7,218
Non-current assets and disposal groups classified as held for sale	-	11	11	-	7	73	82	16
Other assets	6,417	7,574	8,052	5,988	5,627	7,898	8,372	10,137
Total assets	**431,279**	**428,086**	**425,025**	**416,406**	**417,389**	**430,951**	**424,848**	**423,891**

	AMOUNTS AS AT				AMOUNTS AS AT			
	12.31.2012	09.30.2012	06.30.2012	03.31.2012	12.31.2011	09.30.2011	06.30.2011	03.31.2011
Liability and shareholders' equity								
Deposits from banks	56,446	54,051	49,099	48,819	63,335	71,864	50,868	50,433
Deposits from customers and debt securities in issue	279,347	280,999	284,308	280,269	273,012	274,964	288,310	287,430
Financial liabilities held for trading	10,078	9,491	8,503	8,172	10,292	9,992	5,770	5,735
Financial liabilities designated at fair value	-	-	-	-	-	-	-	-
Hedging instruments	11,936	11,467	10,146	9,138	7,759	7,025	4,529	4,078
Provisions for risks and charges	1,767	1,830	1,833	1,831	1,887	1,926	1,807	1,778
Tax liabilities	2,644	700	789	826	783	557	386	811
Liabilities included in disposal group classified as held for sale	-	-	-	-	-	-	-	-
Other liabilities	11,072	11,188	12,181	9,841	10,488	14,040	14,881	16,075
Shareholders' equity:	57,989	58,360	58,166	57,510	49,833	50,583	58,297	57,551
- capital and reserves	*58,085*	*58,069*	*58,040*	*58,029*	*56,751*	*56,805*	*56,822*	*57,525*
- available-for-sale assets fair value reserve and cash-flow hedging reserve	*124*	*-213*	*-725*	*-155*	*-594*	*-240*	*422*	*400*
- net profit (loss)	*-220*	*504*	*851*	*-364*	*-6,324*	*-5,982*	*1,053*	*-374*
Total liabilities and shareholders' equity	**431,279**	**428,086**	**425,025**	**416,406**	**417,389**	**430,951**	**424,848**	**423,891**

Condensed Income Statement

(€ million)

	2012				2011			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	911	1,029	1,107	1,229	1,179	1,154	1,146	1,172
Dividends and other income from equity investments	13	2	1,548	144	25	11	2,200	43
Net fees and commissions	828	870	899	943	857	779	875	900
Net trading, hedging and fair value income	-199	296	255	-256	398	-197	-64	27
Net other expenses/income	20	55	4	-4	-12	13	-1	-1
OPERATING INCOME	**1,573**	**2,252**	**3,813**	**2,056**	**2,447**	**1,760**	**4,156**	**2,141**
Payroll costs	-752	-812	-863	-879	-826	-909	-895	-898
Other administrative expenses	-712	-663	-707	-715	-683	-776	-784	-751
Recovery of expenses	154	84	103	82	135	110	87	82
Amortisation, depreciation and impairment losses on intangible and tangible assets	-44	-42	-41	-42	-45	-42	-41	-41
Operating costs	**-1,354**	**-1,433**	**-1,508**	**-1,554**	**-1,419**	**-1,617**	**-1,633**	**-1,608**
OPERATING PROFIT (LOSS)	**219**	**819**	**2,305**	**502**	**1,028**	**143**	**2,523**	**533**
Net write-downs of loans and provisions for guarantees and commitments	-3,640	-1,179	-1,227	-920	-857	-1,310	-900	-903
NET OPERATING PROFIT (LOSS)	**-3,421**	**-360**	**1,078**	**-418**	**171**	**-1,167**	**1,623**	**-370**
Net provisions for risks and charges	-49	-53	-73	6	-91	-57	-111	-47
Intgration costs	-104	-2	-1	-2	-3	-103	-3	-3
Net income (losses) from investments	-60	1	80	26	-204	-1,074	-87	33
PROFIT (LOSS) BEFORE TAX	**-3,634**	**-414**	**1,084**	**-388**	**-127**	**-2,401**	**1,422**	**-387**
Income tax for the year	2,910	67	131	24	-215	260	5	13
Impairment of goodwill	-	-	-	-	-	-4,894	-	-
NET PROFIT (LOSS)	**-724**	**-347**	**1,215**	**-364**	**-342**	**-7,035**	**1,427**	**-374**

UniCredit Share

Share Information

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Share price (€) *											
- maximum	4,478	13,153	15,314	17,403	31,810	42,841	37,541	32,770	24,629	24,607	29,450
- minimum	2,286	4,222	9,820	4,037	8,403	28,485	30,968	22,592	21,303	17,387	17,554
- average	3,292	8,549	12,701	11,946	21,009	36,489	34,397	25,649	22,779	22,085	23,831
- end of period	3,706	4,228	10,196	14,731	9,737	31,687	37,049	32,457	23,602	23,881	21,259
Number of outstanding shares (million)											
- at period end[1]	5.789	1.930	19.297,6	16.779,3	13.368,1	13.278,4	10.351,3	10.303,6	6.249,7	6.316,3	6.296,1
- shares cum dividend	5.693	1.833	18.330,5	18.329,5	13.372,7	13.195,3	10.357,9	10.342,3	6.338,0	6.316,3	6.296,1
of which: savings shares	*2,42*	*2,42*	*24,2*	*24,2*	*21,7*	*21,7*	*21,7*	*21,7*	*21,7*	*21,7*	*21,7*
- average[1]	5.473	1.930	19.101,8	16.637,8	13.204,6	11.071,6	10.345,2	6.730,3	6.303,6	-	-
Dividend											
- total dividends (€ million)	512	(***)	550	550	(**)	3.431	2.486	2.276	1.282	1.080	995
- dividend per ordinary share	0,090	(***)	0,030	0,030	(**)	0,260	0,240	0.220	0,205	0,171	0,158
- dividend per savings share	0,090	(***)	0,045	0,045	(**)	0,275	0,255	0,235	0,220	0,186	0,173

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

(*) Following extraordinary corporate operations, which involve the detachment of rights, stock splitting or grouping, demerger operations and distribution of extraordinary dividends, the price of the shares can fluctuate so much that they are no longer comparable. Thus, the time series hereby published are adjusted accordingly to restore the continuity of historical price series.

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

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

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

In the first quarter of 2012 was fully subscribed the capital increase of €7.5 billion equal to a number of shares issued of 3,859.602.938.

Results of the period

Macroeconomic and banking scenario

International situation

USA/Eurozona

After showing signs of improvement in early 2012, the global economic recovery weakened in the second quarter due to increased tensions in financial markets tied to the sovereign debt crisis in the euro area and the slowdown in growth in some emerging countries. However, the measures taken in the summer by the European authorities, in particular by the European Central Bank (ECB), eliminated the risk of extreme scenarios for the euro area, thus contributing to a significant improvement in financial market sentiment. In addition, toward the end of the year a last-minute agreement was signed to avert the so-called "fiscal cliff" in the United States, eliminating a further risk to the global economy, and the first signs of recovery were seen in some of the major emerging economies such as China.

As for the euro area, 2012 began with reduced tensions tied to the debt crisis in financial markets, partly due to the two three-year liquidity injections (LTRO) of the European Central Bank. The second quarter, however, saw renewed tensions in the sovereign debt market and a further deterioration in growth prospects, also linked to a slowdown in global growth. In the summer, the ECB's announcement of a new plan for the purchase of government securities (Outright Monetary Transactions or OMT) that allows the central bank to intervene in the sovereign bond markets of the countries that make a formal request for help and commit to undertaking a series of agreed reforms, substantially reduced the risk of extreme scenarios for the euro area. This resulted in a significant easing of tensions in financial markets that continued until early 2013. In terms of growth, the gross domestic product contracted in all quarters of the year except for the first quarter, which was characterized by stagnation. The weakness of the economy in 2012 is linked to various factors such as tensions in financial markets, the general slowdown in the global economy, and the impact of fiscal consolidation in the countries on the eurozone's periphery. Although 2012 ended with a sharp contraction in gross domestic product, the latest indicators suggest a cyclical improvement as from the beginning of 2013. In December, an important step forward in ensuring economic and financial stability of the euro area was taken when the heads of state and government of the EU countries signed an agreement on banking supervision: as from March 1, 2014, the ECB will be responsible for overseeing all banks in the eurozone - and in the countries outside the eurozone that will join the EU - whose assets are worth at least €30 billion or represent no less than 20% of the country's GDP.

In the United States, the economy expanded by 2.2% in 2012 as against 1.8% in 2011. The quarterly growth rate, however, was highly variable, in particular in the second half of the year, when sustained growth in the third quarter (annualized rate of +3.1%) was followed by a slight contraction in the fourth quarter (-0.1%) which was caused solely by inventories, net exports, and government spending. Private domestic demand - private consumption expenditure and investment - accelerated in the fourth quarter. In line with the acceleration in private domestic spending, employment growth in the fourth quarter was much stronger than in the previous quarter. The weak growth in the fourth quarter is therefore not worrying. A significant boost to the economy came from the real estate market. Indeed, in 2012 activity in the construction sector and real estate prices fell to their lowest point and began to recover. The Federal Reserve, however, in the light of a worse than expected improvement in the labor market, decided to provide additional stimulus to the economy through the purchase of securities. At its September meeting, the Fed announced a new round of purchases of MBS (mortgage-backed securities) at a pace of $40 billion per month, while at the December meeting it announced that as from January 2013 it will buy an initial $45 billion of long-term Treasury bonds each month, thus bringing the total purchases of securities to $85 billion a month.

Banking and financial markets

At the end of 2012, the slowdown in bank lending to the private sector in the euro area seen during the year accelerated: in December it shrank by 0.7% year over year compared with a 1.0% increase in December 2011. The weakness of loans as a whole in the euro area is mainly due to a sharp contraction in loans to businesses, compared to marginally positive growth in loans to households. Lending to the private sector (households and businesses) remained weak in all the Group's three key countries, although the slowdown in 2012 was particularly marked in Italy, where loans to the private sector continued to contract until December. This decrease concerned principally loans to businesses, but also loans to households. In Germany, loans to the private sector (according to the ECB's monthly statistics) were still expanding at the end of 2012, but at a slower pace than at the end of 2011, due to a slight increase in loans to households that was accompanied by a slowdown in loans to businesses. In Austria, too, loans to the private sector (both to households and to businesses) were in a downtrend at the end of 2012, while continuing to show marginally positive growth rates. As for the banking sector's deposit base in the Group's three key countries, in the second part of 2012 bank deposits in Italy were on a steady upward trend, with current account deposits also showing improvement, while in Germany and Austria they remained resilient. With regard to bank interest rates, lending rates decreased during the year in all the Group's three key countries, with consequent reduction/stabilization of the bank spread (the difference between the average interest rate on loans and the average interest rate on deposits). As for stock markets, in the wake

Results of the period (Continued)

Macroeconomic and banking scenario (Continued)

of the normalization of financial markets following the European Central Bank's announcement of the OMT, in the second half of 2012 the volatility in financial markets continued to decrease and the solid performance of stock markets was confirmed. The German stock market showed the strongest recovery, with growth of about 30% year over year in 2012 compared to December 2011. The Austrian market ended the year with a rise of about 27% year over year, while the Italian stock market expanded by 8.0% year over year at the end of 2012.

CEE Countries

2012 saw a slowdown in growth across Central and Eastern Europe, in large part because the region had to work through collateral damage via a number of channels from EMU and the slowdown in trade more globally. There was differentiation across the region, with Russia and Turkey outperforming others on growth. We expect growth in 2013 to be better, recovering from 2.5% in 2012 to 2.9%, before reaching 3.4% in 2014. Poor foreign demand translated into a slump in industry and exports. Year-end 2012 was particularly weak on both fronts, with few exceptions (Russia). Some of this was concentrated in the transport sector as the production of vehicles slumped. A gradual regional recovery should transpire this year on the back of stronger global trade and a recovery in Germany. Domestic demand is also suffering because of poor sentiment, weak labor markets and sluggish credit extension. Russia and the Baltics are the outliers while in Turkey consumption weakened due to elevated inflation, financial market stresses at the beginning of 2012 and slowing, albeit still strong and positive, credit growth.
In the newer EU countries credit growth was forced significantly weaker, in part due to both supply and demand credit constraints. One clear positive is that inflation has peaked in many countries, allowing central banks to ease monetary policy in the face of the slowdown in activity. This easing in inflation was facilitated by currency appreciation, modest food price inflation and stable oil prices, which helped to lower energy inflation.
Meanwhile the region continued to enjoy strong foreign capital inflows, mostly in the form of foreign capital to sovereign and bank fixed income markets, helping avoid financing stresses in the face of lower growth. While FDI in 2012 eased in line with global demand, a number of the newer EU countries continue to make good use of EU structural funds, helping to support investment.
Fiscal performance remains solid in most cases. Public debt to GDP across the region averages less than 50% in CEE ex-CIS (Community of Independent States) and at just 13% of GDP in CIS. The widening in budget deficits last year was modest while in many cases much of the necessary consolidation measures to stabilize public debt have been passed. There are of course exceptions, with Hungary, Serbia, Ukraine and Croatia falling behind in their consolidation efforts.

Main Results and Performance for the Period

The income statement

Breakdown of Operating Profit

Net operating profit at December 31, 2012 totaled -3,121 million, down 3,378 million on the previous year. The figure was the result of an operating profit of 3,845 million (-382 million or -9% year on year) and net write-downs on loans of -6,966 million (-2,996 million or +75.5% year on year).

The drop in operating profit compared to December 31, 2011 was driven by lower operating income for the year (-810 million), which was only partially offset by lower operating costs (+428 million or -6.8%) achieved through cost-cutting initiatives targeting direct costs and intercompany costs.

Net Operating profit (loss)

(€ million)

	YEAR		CHANGE	
	2012	2011	AMOUNT	PERCENT
Operating income	9,694	10,504	- 810	- 7.7%
Operating costs	-5,849	-6,277	+ 428	- 6.8%
Operating profit (loss)	**3,845**	**4,227**	**- 382**	**- 9.0%**
Net writedowns of loans and provisions for guarantees and commitments	-6,966	-3,970	- 2,996	+ 75.5%
Net Operating profit (loss)	**-3,121**	**257**	**- 3,378**	**n.s.**

Net Operating profit (loss)

At December 31, 2012, operating income totaled 9,694 million, down 810 million on the previous year (-7.7%). The decrease was largely driven by lower dividends and other income from equity investments (-572 million), net interest income (-375 million), and net trading, hedging and fair value income (-68 million), all of which was only partially offset by higher net fees and commissions (+129 million) and the net balance of other income (+76 million).

Net interest income at December 31, 2012 fell to 4,276 million, from the 4,651 million recorded the previous year.

The decrease reflects the economic recession that continued to afflict the euro area, and which worsened in 2012 due to the sovereign debt crisis striking European countries, such as Italy, with high public debt. Despite an improvement in sentiment in international capital markets, especially starting from the second quarter, gross domestic product figures in Italy in 2012 showed no sign of a return to growth.

In this context, the net interest margin was adversely affected in particular by:

- the credit crunch on the medium/long-term capital market, resulting in higher funding costs for covering the 2012 Financial Plan. In spite of the situation, in the fourth quarter the Bank successfully raised 100% of its effective funding requirements for 2012 under the plan by focusing, among the various debt instruments, on the placement of bonds through its domestic network. The Bank also accomplished the objective of diversifying its funding sources through an issue program targeted at institutional investors in both the unsecured bonds and covered bonds (OBG) segments;
- the contraction in domestic demand for credit, despite the lending policies adopted by the Bank for its customers, demand for credit fell across the entire Italian banking industry, driven by lower overall domestic demand, especially by households.

Dividends recorded in 2012 came to 1,707 million, down 572 million versus the previous year. The difference was mainly driven by lower pay-outs from UniCredit Bank AG (-253 million), Pioneer Global AM S.p.A. (-251 million), and Bank Pekao SA (-68 million).

Net fees and commissions at December 31, 2012 totaled 3,540 million, up +129 million (+3.8%) versus the previous year. Higher fees and commissions on loans and on payment and collection services more than offset the decline in fees and commissions in the asset management, custody and administration segment, especially on insurance products.

The decline in net trading, hedging, and fair value income, year on year, was largely due to the impact of the Bank's credit rating on its net liability position towards Group companies in derivatives originating from the collateral agreement made in the first quarter of 2012 (resulting in the cancellation of the balance-sheet revaluation booked at December 31, 2011 and, consequently, in a variation of -650 million), and to higher charges connected with the agreement made with UniCredit Bank Austria for the transfer of the company CAIB to UniCredit Bank AG (-307 million). These effects were only partially offset by profit from the repurchase of UniCredit Bonds (+102 million on the "ordinary" repurchase of bonds, +595 million on the Hybrid BuyBack campaign, +76 million on the tender offer for Group ABS, and -57 million on the buy-back of bonds originally subscribed by Fineco in exchange for the resale to Fineco of Fineco bonds, recognized in the "net balance of other income"). Added to these there were the impact of the Repo buy-back conducted in June 2012 (+49 million), securitization transactions (Cordusio 5, +56 million), and the call spread option on UniCredit shares (+90 million).

The balance of other operating income and charges at December 31, 2012 was +75 million, up 76 million year on year. The figure was mainly driven in 2012 by: +57 million from the resale to Fineco of Fineco bonds subscribed by UniCredit (the figure offsets the -57 million booked to "Net trading, hedging, and fair value

Results of the period (Continued)

Main Results and Performance for the Period (Continued)

income"); -20.6 million in net extraordinary costs connected primarily with customer operations; +26.5 million in recovery for services providec to other group companies (relating to call center operations, management of arrears, front-office operations, rentals and outsourcing); +7.7 million in chargebacks for funded training courses; +16.1 million in non-Group rentals; -11.4 million for deposit insurance payouts for Banca Network Investimenti paid by the Interbank Deposit Guarantee Fund (FITD); +15.3 million in gains from Group Loans&Receivables securities; -4 million in losses on the early redemption of Loans&Receivables securities included in the Hybrid BuyBack campaign; and -8 million relating to losses on sale of loans with Group companies.

Operating Costs

Operating costs at December 31, 2012 totaled 5,849 million, showing a year-on-year decrease of 428 million (-6.8%).

Payroll costs, amounting to 3,306 million, dropped by around 222 million (-6.3%) versus the end of 2011. The decrease was largely due to lower headcount and extraordinary events in 2012 affecting variable costs. The headcount at December 31, 2012, measured in terms of Full Time Equivalent (FTE) staff, stood at 42,122, a drop of around 1,000 FTE staff compared to the previous year. The decrease was largely due to redundancies under the October 18, 2010 Protocol signed with the trade unions.

Other administrative expenses in 2012 totaled 2,797 million, down 197 million (-6.6%) compared to the previous year. The reduction was due to cost-cutting initiatives targeting direct costs and intercompany costs.

A total of 423 million in expenses was recovered, up by 9 million (+2.2%) year on year, mainly due to greater recoveries of legal expenses.

Amortization, depreciation and impairment losses on intangible and tangible assets totaled 169 million, showing substantially no change on the December 31, 2011 figure.

Net Impairment Losses on Loans

At December 31, 2012, net write-downs on loans and provisions for guarantees and commitments amounted to -6,966 million, showing a year-on-year increase of 76%. The cost of risk, measured as a ratio of average loans to customers, rose from 1.55% at December 31, 2011 to 2.69% at the end of 2012.

Net Operating profit

Net operating profit totaled a negative 3,121 million, down 3,378 million on the +257 million recorded for 2011. The item was adversely affected by net write-downs on loans and provisions for guarantees and commitments and by lower operating profit (-382 million).

Net Profit (Loss)

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

Net profit (loss)

(€ million)

	YEAR		CHANGE	
	2012	2011	AMOUNT	PERCENT
NET OPERATING PROFIT (LOSS)	**-3,121**	**257**	**- 3,378**	**n.s.**
Net provisions for risks and charges	-169	-306	+ 137	- 44.8%
Integration costs	-109	-112	+ 3	- 2.7%
Net income from investments	47	-1,332	+ 1,379	n.s.
PROFIT (LOSS) BEFORE TAX	**-3,352**	**-1,493**	**- 1,859**	**+ 124.5%**
Income tax for the year	3,132	63	+ 3,069	n.s.
Impairment of goodwill	-	-4,894	+ 4,894	- 100.0%
NET PROFIT (LOSS)	**-220**	**-6,324**	**+ 6,104**	**- 96.5%**

Provisions for Risks and Charges

Net provisions for risks and charges, totaling -169 million compared to -306 million in 2011, refer for the most part to tax and legal disputes.

Integration Costs

Integration costs, totaling -109 million, include additional provisions to cover extraordinary staff expenses connected with the Redundancy Plan agreed under the October 18, 2010 Memorandum. Due to the introduction of Monti-Fornero pension system reforms during the year, which extend the time before redundant personnel qualify for their retirement pensions, additional provisions were paid into the Redundancy Fund (-100 million). Integration costs also include the discounting of the fund itself (-9 million).

Compared to the previous year, the item shows a decrease of 3 million in costs.

Net Income from Investments

Net income from investments totaled +47 million, showing an increase of +1,379 million versus 2011.

In 2012 the item showed a capital gain from the sale of the London Stock Exchange equity investment (+109 million), along with write-downs on the Fondiaria - Sai (-48 million) and UniCredit Leasing (-59 million) investments, the latter supported by an expert, and profit from the sale of government bonds (+54 million).

Taxes on income

Income taxes for the year show a positive value of 3,132 million, representing a significant increase on the positive value of 63 million for 2011.

This increase is not related to current taxes, which came to negative values: -69.6 million for IRES tax and -244.8 million for IRAP tax. As a result, it was possible to recover an amount on the positive IRES tax corresponding to over 60% of the tax loss of the former Capitalia for a value of 155.1 million (the remaining amount is now 86.6 million).

The improvement is attributable to the exercise of option for the scheme of substitute tax of goodwill, trademarks and other intangible assets relating to the controlling interests recognized in the consolidated financial statements pursuant to Art. 15, paragraph 10, of Law Decree No. 185 of November 29, 2008 and Art. 23 of Law Decree 98 of December 29, 2011.
Goodwill was realigned for a total of 12,000 million with the recognition of deferred tax assets for a total of 3,304 million for IRES tax and 618.7 million for IRAP tax against the payment of substitute tax of 16% corresponding to 1,922 million to be made in the payment of the balance of taxes for year 2012. The deferred tax will generate benefits in terms of current taxes in 10 annual installments starting from the year 2018.

A benefit of 151.9 million was also recognized in relation to the reimbursement applications made pursuant to Art. 2, paragraph 1, of Law Decree No. 201 of December 6, 2011, relating to the recovery on IRES tax of the IRAP tax paid in relation to labour costs.

Lastly, please note that, pursuant to Art. 2, paragraphs 55 to 58, of Law Decree 29 No. 225 of December 29, 2010, since the Company closed the year 2011 with an accounting loss in the financial statements, the deferred tax assets recognized in previous years were converted, as required by law, into tax credits against value adjustments on receivables and goodwill totalling 588 million. This amount did not result in changes in the income statement.

Impairment of goodwill

Impairment test on Goodwill confirmed its value as at December 31, 2012 versus the adjustment made last year totaling 4,894 million.

Net profit (loss)

The year 2012 was closed recording a net loss of -220 million, which compares to the net loss of -6,324 million recorded at December 31, 2011. The improvement was mainly due to net write-downs on loans and provisions for guarantees and commitments, totalling -6,966 million.

Results of the period (Continued)

Main Results and Performance for the Period (Continued)

The Balance Sheet

Loans to Customers

As of December 31, 2012 loans to customers totalled €260,850 million, an increase of +€5,819 million compared to the end of 2011.

Loans and receivables with customers

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2012	12.31.2011	AMOUNT	PERCENT
Performing loans	201,351	221,267	-19,916	-9.0%
Impaired assets	24,603	20,846	+3,757	+18.0%
Repos	30,227	7,243	+22,984	+317.3%
Debt securities	4,669	5,675	-1,006	-17.7%
Total loans and receivables with customers	**260,850**	**255,031**	**+5,819**	**+2.3%**
of which:				
units operating in Italy	*258,968*	*252,547*	*+6,421*	*+2.5%*
units operating abroad	*1,882*	*2,484*	*-602*	*-24.2%*

This increase was due essentially to the operating units in Italy for +€6,421 million, while assets related to the operating units abroad decreased by -€602 million.

More specifically:
- performing loans decreased by -€19,916 million (-9.0% p.a.);
- impaired assets increased by +€3,757 million (+18.0% p.a.);
- repurchase agreements showed an increase of +€22,984 (+317.3% p.a.);
- conversely, debt securities decreased by - €1,006 million during the year (-17.7% p.a.).

"Performing loans" (€201,351 million at the end of 2012) included €6,467 million due from Special Purpose Vehicles (SPVs), attributable to liquidity which - following the downgrading by the rating agencies Fitch, Standard & Poor's and Moody's in 2012 - UniCredit S.p.A. had to transfer (based on the contractual documentation signed) to other banks still considered "eligible" (including a Group company) in favor of the SPVs granting loans as part of transactions originated by UniCredit S.p.A. in relation to securitizations and covered bond issue programs.

Impaired loans at the end of 2012 amounted to €24,603 million and stood at 9.4% of the total amount of loans to customers. The increase compared with the €20,846 million at the end of 2011 was due mainly to the business sector.

Reverse repos amounted to €30,227 million at the end of December 2012 (€7,243 million at the end of 2011), and primarily consisted of operations with Cassa di Compensazione e Garanzia.

Credit Quality

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

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

As of December 31, 2012, the face value of the impaired assets totaled €39,247 million (+25.3% on December 31, 2011), representing 14.2% of total nominal loans to customers, an increase from 11.7% as of December 31, 2011 (restated). At book value (net of specific write downs of €14,644 million, impaired loans stood at €24,603 million (€20,846 million as of December 31, 2011 restated), representing 9.4% of total credits (8.2% at the end of 2011 restated). Both the above indicators (especially the indicator of face value) show a deterioration in credit quality.

The continuation of the crisis which has affected the international economic system and, to a particular extent, the Italian system, and the resulting difficulties in debtors' ability to repay their exposures, also have repercussions on the successful performance of disbursed loans. Therefore, also in 2012, problem positions were carefully classified, as prudent, diligent assessments were made of debtors' situations and their creditworthiness, inevitably also considering the severity of the external environment. In this scenario, non-performing loans (at face value) reached 6.0% of the total of loans to Customers as of December 31, 2012 (4.9% at the end of 2011 restated), doubtful loans rose to

5.5% (4.4% at the end of 2011 restated) while restructured loans represented approximately 1.4% of the overall net worth of loans (1.2% at the end of 2011 restated).

The growth in past due impaired loans from €3,136 million at the end of 2011 (1.2% of total face value of loans) to €3,455 million as of December 31, 2012 (1.2% of total loans) is also due to the fact that as of December 31, 2012 past due impaired loans included types of exposures that up to December 31, 2011 had benefited from waiver of the temporary or permanent 180-day default trigger. Loans that benefited from the temporary waiver (i.e. loans to companies resident or registered in Italy) fall under Bank of Italy rules that came into force on January 1, 2012. Those that benefited from the permanent waiver (i.e. retail loans and loans to public-sector entities resident or registered in Italy) fall under the Bank of Italy rules that came into force on May 31, 2012.

The coverage ratio of impaired loans (specific write-downs to face value) stood at around 37.3% at the end of December 2012, a significant increase on the 33.4% at the end of December 2011. The worsening of the external economic situation and the intensification of the financial crisis are the main reasons that led to this increase, which affected almost all the doubtful categories, with a view to continued adequate prudence in assessing impaired loans.

Specifically, observing the progress of the coverage ratio as of December 31, 2011 to December 31, 2012:
- on non-performing loans, the coverage ratio rose from 44.7% to 47.3%;
- on doubtful loans, the coverage ratio rose from 32.4% to 35.9%;
- on restructured loans, the coverage ratio increased from 10.9% to 19.0%;
- on impaired past due exposures, the coverage ratio increased from 13.1% to 15.1%.

The changed credit quality profile described above also contributed to determining the overall coverage levels.

Performing loans, which amounted to €237,605 million in face value as of December 31, 2012 (€235,610 million as of December 31, 2011 restated) have been prudentially written down for a total of €1,358 million, also to include the so-called "ordinary risk".

The coverage ratio of 0.57%, slightly down on the 0.60% as of December 31, 2011, was affected by the changed composition of performing loans, which as of December 31, 2012 included the recognition of €6,467 million in liquidity due from Special Purpose Vehicles, transferred following UniCredit S.p.A.'s downgrading in 2012, which has been covered in the section "Loans to customers". Excluding the above amounts, the coverage ratio of performing loans is in line with the coverage ratio at the end of 2011.

Overall, therefore, total loans to Customers stood at €276,852 million, with value adjustments €16,002 million, taking the general level of coverage for loans to Customers to 5.8% (from 4.4% at December 31, 2011).

The summary tables below provide additional details:

Loans to customers asset quality

(€ million)

	NON-PERFORMING LOANS	DOUBFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	TOTAL IMPAIRED LOANS	PERFORMING LOANS	TOTAL CUST. LOANS
As at 12.31.2012							
Face value	16,758	15,280	3,754	3,455	39,247	237,605	276,852
as a percentage of total loans	*6.05%*	*5.52%*	*1.36%*	*1.25%*	*14.18%*	*85.82%*	
Writedowns	7,921	5,487	713	523	14,644	1,358	16,002
as a percentage of face value	*47.27%*	*35.91%*	*18.99%*	*15.14%*	*37.31%*	*0.57%*	
Carrying value	8,837	9,793	3,041	2,932	24,603	236,247	260,850
as a percentage of total loans	*3.39%*	*3.75%*	*1.17%*	*1.12%*	*9.43%*	*90.57%*	

Loans to customers asset quality

(€ million)

	NON-PERFORMING LOANS	DOUBFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	TOTAL IMPAIRED LOANS	PERFORMING LOANS	TOTAL CUST. LOANS
As at 12.31.2011 restated							
Face value	13,123	11,886	3,172	3,136	31,317	235,610	266,927
as a percentage of total loans	*4.92%*	*4.45%*	*1.19%*	*1.17%*	*11.73%*	*88.27%*	
Writedowns	5,865	3,850	345	411	10,471	1,425	11,896
as a percentage of face value	*44.69%*	*32.39%*	*10.88%*	*13.11%*	*33.44%*	*0.60%*	
Carrying value	7,258	8,036	2,827	2,725	20,846	234,185	255,031
as a percentage of total loans	*2.85%*	*3.15%*	*1.11%*	*1.07%*	*8.17%*	*91.83%*	

Results of the period (Continued)

Main Results and Performance for the Period (Continued)

Deposits from Customers and Debt Securities in Issue

Deposits from customers and debt securities in issue, totaling 279,347 million (+2.3%), recorded an increase of 6,335 million compared to the end of 2011 due to both operating units in Italy (+5,558 million) and operating units abroad (+777 million).

Deposits from customers and debt securities in issue

(€ million)

	AMOUNTS AS AT		CHANGE FROM RESTATED	
	12.31.2012	12.31.2011	AMOUNT	PERCENT
Deposits from customers	151,925	151,699	+226	+0.1%
Debt securities in issue	127,422	121,313	+6,109	+5.0%
Total deposits from customers and debt securities in issue	**279,347**	**273,012**	**+6,335**	**+2.3%**
of which:				
units operating in Italy	*273,806*	*268,248*	*+5,558*	*+2.1%*
units operating abroad	*5,541*	*4,764*	*+777*	*+16.3%*

The Deposits from customers are equal to 151,925 million increasing of + 226 million comparing to 2011.

More in detail:
- current accounts and demand deposits increased of +2,093 million;
- time deposits increased of +272 million;
- repurchase agreements with customers decreased of -313 million;
- other sources of funding decreased of -1,826 million.

Debts securities in issue, equal to 127,422 million, increase in 2012 of +6,109 million attributable, for the Italian operating units, to certificates of deposits, "buoni fruttiferi" and other debts securities (+7,654 million) against a reduction in bonds issues (-2,550 million) and, for the operating units abroad, to certificates of deposits (+1,005 million).

Financial Investments

Financial investments showed an increase of 5,793 million (+6.5%) resulting from the combination of the changes in financial assets available for sale (+7,210 million), in financial assets held to maturity (-1,146 million), in equity holdings (-221 million) and in financial assets measured at fair value (-50 million).

Financial Investments

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2012	12.31.2011	AMOUNT	PERCENT
Financial assets at fair value through profit or loss	373	423	-50	-11.8%
Available-for-sale financial assets	31,635	24,425	+7,210	+29.5%
of which: - equity investments	*840*	*900*	*-60*	*-6.7%*
- debt securities, equity instruments and investments funds units	*30,795*	*23,525*	*+7,270*	*+30.9%*
Held-to-maturity investments	3,348	4,494	-1,146	-25.5%
Equity investments	59,291	59,512	-221	-0.4%
Total financial investments	**94,647**	**88,854**	**+5,793**	**+6.5%**
of which:				
units operating in Italy	*94,284*	*87,631*	*+6,653*	*+7.6%*
units operating abroad	*363*	*1,223*	*-860*	*-70.3%*

More specifically:
- Available for sale financial assets included 30,795 million in debt and equity securities and UCITS units - posting an increase of +7,270 million primarily due to purchases of Italian government securities, net of redemption - and 840 million in equity investments. The equity interests included in this portfolio posted a decline of -60 million, owing in particular to (i) -158 million in the London Stock Exchange (LSE) disposal (of which 69 million to Reserve of valuation of Available for sale financial assets), (ii) the changes in fair value, charged to shareholders' equity - including a +48 million increase (of which 25 million in Gemina, 7 million in F2i - Fondi Italiani per le infrastrutture, 10 million in Risanamento) and a -3 million decrease, (iii) impairment loss adjustments, posted to the income statement in the amount of -14 million, (of which: -5 million CIS-Compagnia Investimenti e Sviluppo, 4 million Fondiaria-SAI, 2 million Eurofidi); (iv) the capital increase of Fondiaria-SAI for +61 million, reclassified from equity investments due to the loss of significant influence.

Following the aforementioned LSE disposal, a profit on sales of 109 million was posted to income statement;

- the value of equity investments equal to 59,291 million fell by -221 million owing to (i) the decline in the carrying value of the investment in Fineco Verwaltung (-164 million), following the capital decrease redemption, and in Pioneer Global Asset Management (-8 million), for the distribution of capital reserves as well as (ii) the acquisition of new shares in Fenice Holding (+67 million) and SMIA (+10 million), (iii) subscriptions in capital increase in Bluvacanze (+8 million), UniCredit Consumer Financing IFN SA (+3 million), (iv) to the sale of Sofipa (-14 million), (v) the impairment losses posted to income statement in the amount of -119 million (of which -59 million in UniCredit Leasing, -49 million in Fondiaria-SAI subsequently reclassified, as evidenced before, among financial assets available for sale, and -10 million in Bluvacanze).

Interbank Position

The Bank recorded, under its financial assets, a net interbank position at the end of 2012 of assets (27,936 million) and liabilities (56,446 million) equal to -28,510 million. Compared with the corresponding figures at the end of 2011 (equal to a net -33,698 million), the position recorded a decrease in net liabilities of 5,188 million due to lower loans and receivables with banks (-1,701 million) and lower deposits from banks (-6,889 million).

The changes described above both regarding operations and investments and lending to bank borrowers occurred in a market environment that was heavily penalized by the sovereign-debt crisis which in 2012 was experienced in some Eurozone countries considered at risk in terms of sustainability over the short and medium term of their own public finances.

Italy's sovereign credit standing and the credit standing of financial institutions resident in Italy deteriorated sharply in the first quarter of the year. Along with other Italian and European banking institutions, the Bank raised its share of long-term (three-year) loans from the European Central Bank, with respect to the maturities it customarily seeks at weekly refinancing auctions (e.g. one week). Thanks to higher deposits from customers and the full coverage of the Financial Plan in 2012, the Bank improved its liquidity standing and the maturity structure of the balance sheet.

In this context, the decline in loans and receivables with banks compared to 2011 (-1,701 million) was mainly driven by the decrease of -1,120 million in repo lending transactions with bank borrowers. This was largely due to a Bank policy of rebalancing the portfolio by type of counterparty, by stepping up transactions with institutional counterparties other than traditional banks on the collaterized money market.

With respect to deposits from banks, the -6,889 million decrease recorded by the Bank was driven primarily by the following factors:

- the substantial stability of term deposits, favored by the progressive recovery in confidence on euro money markets over the course of 2012;
- lower refinancing transactions with the European Central Bank (ECB), which dropped by -9,000 million, due to the decision not to renew short-term loans made in 2011 at auctions in the first quarter of 2012. The decrease in borrowing from the ECB was possible thanks to higher deposits raised via the Italian commercial network throughout 2012 and via distribution channels for the Bank's medium and long-term notes with institutional investors.

Interbank position

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2011	12.31.2010	AMOUNT	PERCENT
Loans and receivables with banks	**27,936**	**29,637**	**-1,701**	**-5.7%**
units operating in Italy	*27,791*	*29,277*	*-1,486*	*-5.1%*
units operating abroad	*145*	*360*	*-215*	*-59.7%*
Deposits from banks	**56,446**	**63,335**	**-6,889**	**-10.9%**
units operating in Italy	*54,772*	*61,620*	*-6,848*	*-11.1%*
units operating abroad	*1,674*	*1,715*	*-41*	*-2.4%*
NET INTERBANK POSITION	**-28,510**	**-33,698**	**+5,188**	**-15.4%**
units operating in Italy	*-26,981*	*-32,346*	*+5,365*	*-16.6%*
units operating abroad	*-1,529*	*-1,355*	*-174*	*+12.8%*

Results of the period (Continued)

Shareholders' equity and capital ratios

Shareholders' Equity

As at December 31, 2012, shareholders' equity was up to 57,989 million compared to 49,833 million of previous year end with an increase of +8,156 million.

The increase is mainly due to (i) the subscription of the capital increase (+7,499 million) approved by the Extraordinary Shareholders Meeting of December, 15, (ii) the variation of Valuation Reserves (+995 million), (iii) to adjusting of the reserve dedicated to long-term incentive plans of Group's staff (+67 million), (iv) the change to reserve of the expenses related to capital increase (-156 million), (v) the usufruct fees related to financial instruments (so-called "Cashes") involving almost all the shares subscribed by Mediobanca, during the corresponding capital increase (-46 million) related to last payment referring to 2011, (vi) to the loss of the period (-220 million).

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

Shareholders' equity

	AMOUNTS AS AT		CHANGE	
	12.31.2012	12.31.2011	AMOUNT	PERCENT
Share capital	19,648	12,148	+7,500	+61.7%
Share premium	32,878	36,823	-3,945	-10.7%
Reserves	5,284	7,782	-2,498	-32.1%
Reserves for special revaluation laws	277	277	-	-
Treasury shares	-2	-2	-	-
Total capital and reserves	***58,085***	***57,028***	***+1,057***	***+1.9%***
Revaluation reserves	124	-871	+995	-114.2%
Net profit or loss	-220	-6,324	+6,104	-96.5%
Total shareholders' equity	**57,989**	**49,833**	**+8,156**	**+16.4%**

Shareholders

The share capital, fully subscribed and paid up, totaled €19,647,948,525.10 divided into 5,789,536,030 with no face value, including 5,787,112,132 ordinary shares and 2,423,898 savings shares.

As at of December 31, 2012, according to analysis performed on data stemming from heterogeneous sources, as the content of the Register of Shareholders, documentation relating the equity shareholders' meeting of the Company, communications to CONSOB, public filings available on the market related to the last operating share capital increase:
- there were approximately 467,000 shareholders;
- resident shareholders held around 45% of the capital and foreign shareholders 55%;
- 84% of the ordinary share capital is held by legal entities, the remaining 16% by individuals.

Also as of that date, the main shareholders were:

Principal UniCredit shareholders

SHAREHOLDER	ORDINARY SHARES	% OWNED[1]
Aabar Luxembourg sarl	376,200,000	6.501%
PGFF Luxembourg S.a.r.l.	290,000,000	5.011%
Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona	204,508,472	3.534%
Carimonte Holding S.p.A.	174,363,205	3.013%
Capital Research and Management Company	158,097,471	2.732%
- of which on behalf of European Pacific Growth Fund: Right to vote for discreptional asset mangement	*127,901,060*	*2.210%*
Fondazione Cassa di Risparmio di Torino	145,099,006	2.507%
- which is lender for:	*52,852,343*	*0.913%*
Gruppo Allianz	116,650,786	2.016%
Delfin s.a.r.l.	116,005,000	2.005%
Gruppo Central Bank of Lybia	(*)	(*)

1. As a percentage of ordinary capital.
(*) The shareholding of 96,142,187 and the ownership percentage of 4.988% relate, pending any communications, to the amount of the share capital before the increase dated February 6, 2012.

Treasury Shares

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

Treasury shares

Number of ordinary shares as at 12.31.2012	47,600
% on capital stock	n.s.
Carrying value as at 12.31.2012 €	2,440,001

Regulatory capital and capital ratios

The Regulatory Capital stands at €63,927 million, with €52,422 million made up of tier 1 capital, compared with €59,407 million at December 31, 2011.

The capital ratio, given the ratio between the regulatory capital and the total risk weighted assets is 41.7%.

Organizational Model

Organizational structure

Project GOLD - Group Organization Leaner Design

In 2012 UniCredit implemented the GOLD (Group Organization Leaner Design) project approved by the Board of Directors (resolutions of July 10 and December 18, 2012). The main principles and guidelines of the GOLD project involve a series of changes to the Group's organizational model aimed at maximizing the clarity in the definition of the roles and responsibilities of the different functions in the Bank, to ensure greater proximity to customers and simplify its internal structure, as well as comprehension by external stakeholders.

The Project includes the definition of a business model that:
- assigns greater responsibility to the Countries/Local Banks, through increased autonomy and decision levers, in order to ensure greater proximity to the customer and faster decision-making processes (direct management of marketing activities and specific businesses, e.g. Consumer Finance);
- maintains and strengthens the "global" (CIB/ GBS) Divisions/ Functions, which allow the Group to maintain and increase its competitive advantage in terms of costs and expertise, while also refocusing the CIB Division on individually selected customers with high demand for Investment Banking products;
- confirms and strengthens the steering, coordination and control role of the Holding Company by (i) confirming the role of "global" oversight of the "control" competence lines (PF&A, Risk Management, Legal & Compliance) (ii) strengthening the focus on issues related to internal controls and (iii) the formulation of Global Topics/Processes that need to be governed at Group level through the issue/streamlining of the Global Rules[1] by the competent Holding Company functions.

The new organizational structure

The Chief Executive Officer, while maintaining overall responsibility for all the regional businesses (Italy, Germany, Austria, Poland and CEE) that report to him, carries out direct supervision for Italy and delegates the supervision of Austria, Poland and the CEE Division to the General Manager and of Germany to the Deputy General Manager responsible for the CIB division.

In addition to the above mandates, the General Manager is also assigned the following specific responsibilities for Group-wide matters/areas including:
- overseeing strategic marketing activities, primarily aimed at the dissemination of best practices and projects;
- assisting Chief Executive Officer in the management of the Internal Control System ("ICS System") in order to ensure its effective functioning, and actively supervising the system also through participation as the Chairman of the Internal Control Coordination Committee;
- promoting dialog and continuous relations, also through the competent functions, with the Group's Regulatory Authorities and self-regulatory organizations and coordinating the related key projects;
- managerial coordination of the Country Chairman Italy in selected key areas (progress of the development of the Italy/Multichannel Network, activities of the Territorial Boards and the Advisory Board Italy).

The role of CIB as a Global Division was confirmed, responsible for covering Italian multinational customers and a select group of Italian Large Corporate customers with high demand for investment banking products and Financial and Institutional Groups (FIG) customers. The GTB, F&A, and Markets Global Lines have also been confirmed, which also have P&L responsibility in the countries (to be implemented in accordance with the Group governance principles set out in the Group Managerial Golden Rules - GMGR).

In accordance with the principles of the "GOLD" project, aimed at giving greater responsibility and autonomy to the Countries/Local Banks, the role of Country Chairman Italy (reporting directly to the CEO) has been reorganized, with the CCI having been assigned responsibility, in addition to the current responsibility for the Network, for the marketing and product development resulting from the closure of the F&SME Division and the Private Banking Division.

As a result the CCI is responsible for all the coordination, monitoring and development of the "Individuals" segments (Mass Market, Personal Banking and Private Banking), the Small Business and Corporate segment (which incorporates the former Medium Enterprises segment) of the Italian perimeter, through a network structure organized into 7 Territorial Regions, as well as a Network Real Estate Office and a Network dedicated to the Private Banking segment.

Specifically, in terms of the scope of responsibility of the Country Chairman Italy, the reorganization of the sales network followed the following strategic guidelines:
- "Regions" have been created, which represent local hubs responsible for coverage of Retail, Small Business and Corporate Customers, organized based on geographical area, in order to favor ever-increasing commercial synergy between the various sales channels and customer segments. The Regions, in turn, are made up of Sales Areas which provide geographical and sales coverage of local Customers through Districts, Corporate Centers and a "local development network" to support the sales drive of the Areas.

1. Global Policies and Global Operational Instructions.

- The "Private Banking Italy Network" has been strengthened, with the creation of a unit dedicated to high-end Customers and family businesses and the streamlining of chain of command, by reallocating the "pure network" structures (Retail Units and Retail Branches) - in charge of geographical and sales coverage of their Customers - reporting directly to the "PB Network Departments".
- The placement of the Network Real Estate Department directly under the CCI, generally confirming the organizational structure of the ND, which has been geographically reorganized into 7 RE Areas - dedicated to geographical and sales coverage of their Customers - in line with the structure of the "Regions" and the "PB Italy Network"
- The Network dedicated to Investment Banking Customers has been removed from the scope of responsibility of the CCI and placed within the CIB Division.

Also reporting to the Chief Executive is the Chief Operating Officer ("COO"), a role that concentrates responsibility within a single position for all the management levers of the organizational, operating and service functions (including HR Management) such as ICT, Operations, Workout and Security. These functions are responsible for supporting sustainable growth of the Group business, also through the Group's Global Service Factory, guaranteeing the highest quality of services offered and optimizing the Group's cost structures and internal processes.

UniCredit's organizational model also provides for coordination and monitoring roles whose goal is to guide, monitor and coordinate, so far as their respective competence is concerned, the management of operations and related risks for the Group as a whole and the individual entities. These functions include:

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

Also reporting to the CEO are:

- Asset Management, responsible for developing asset management across all geographical areas, by guiding, coordinating and monitoring the growth of business operations globally;
- Public Affairs, responsible for developing relationships with institutional counterparts of interest with respect to the operations carried out by the Group and, in particular, providing support to the Group's top management for a proactive role in its relationship with (domestic, multilateral and European Community) institutions.

Organizational Model (Continued)

Company activities

The commercial network

Operating structure in Italy

In 2012, the territorial structure, created through the implementation of the "ONE4C" project in 2010, continued to focus on pre-existing customer segments, with one change that only involved the units of the CIB Division, leaving the other types of branch practically unchanged, as detailed below:
- network F&SME, which is geared towards individuals, households and small businesses, aimed at meeting their financial needs by offering them a complete range of products and services. The branches are organized into 805 districts, bringing the Bank closer to the local areas it operates in;
- network CIB, which focuses on the corporate and institutional customers segment with revenues of over 50 million (while customers below this threshold are included in the F&SME division);
- network IB, created from the splitting up of the Investment Banking Italy Network, formerly under the Country Chairman Italy (CCI), whose role is to cover the Italian multinational customers and a select group of Italian Large Corporate customers with high demand for investment banking products;
- network PB, which is geared towards medium-to-high net worth private customers and provides consultancy services and wealth management solutions using a 360-degree approach.

As of December 31, 2012, the distribution network in Italy consisted of 4,276 banking windows, which, as a result of the continuous processes of optimization and streamlining at local level, has been reduced by 101 branches (predominantly F&SME), particularly in Piedmont, Lombardy, Veneto and Lazio (59 units representing 58% of the total closures) where there was a greater need to streamline operations. More specifically, as of December 31, 2012, there were:
- 4,021 branches dedicated to covering the F&SME customer segment, a reduction on 90 units compared to 2011; the units, depending on the responsibilities attributed and the segments managed, are divided into Branches, Branch Offices, Separate Banking windows, Small Business Centers, Business Centers, and Development Centers;
- 81 branches dedicated to covering the CIB segment, a reduction of 14 units compared to 2011, with coverage streamlined in the most important industrial areas in the country; these units, depending on the activities carried out, are divided into Operating Branches, Corporate Areas and Detached Corporate Areas;
- 6 newly established branches specifically dedicated to Investment Banking, i.e. Italian Multinational and Large Corporate customers, in Milan (2), Rome (2), Turin and Bologna.
- 168 branches dedicated to covering the PB segment, a decrease of 3 compared to 2011, which, depending on the responsibilities attributed to them, are divided into Major Branches and Detached Branches.

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

Italian Branch Network

REGIONS	12.31.2012	%
- Piedmont	452	10.6%
- Valle d'Aosta	21	0.5%
- Lombardy	543	12.7%
- Liguria	90	2.1%
- Trentino Alto Adige	81	1.9%
- Veneto	546	12.8%
- Friuli Venezia Giulia	139	3.3%
- Emilia Romagna	542	12.7%
- Tuscany	179	4.2%
- Umbria	87	2.0%
- Marche	97	2.3%
- Lazio	551	12.9%
- Abruzzo	43	1.0%
- Molise	35	0.8%
- Campania	213	5.0%
- Puglia	151	3.5%
- Basilicata	10	0.2%
- Calabria	28	0.6%
- Sicily	411	9.6%
- Sardinia	57	1.3%
Total branches	**4,276**	**100.0%**

Another 51 "Foreign Trade Offices" operate in Italy, which are specialized units aimed at carrying out technical operations involving the foreign transactions area (documentary credits, documentary transactions, surety bonds and guarantees, import-export portfolio, gold).

Branches and representatives abroad

Following the issue of the authorization by the Chinese regulatory authorities in 2012, the Guangzhou Branch was opened and the Representative Office in the same city (Canton) was closed.

As a result, at the end of 2012, UniCredit S.p.A. had seven Branches abroad, plus a Permanent Establishment in Vienna and 5 Representative Offices.

Unicredit S.p.A. International Network

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

(*) Formerlly Branch of UniCredit Family Financing.

Resources

Personnel developments

At December 31, 2012, UniCredit S.p.A.'s headcount was 43,984 compared to 45,217 at December 31, 2011. The restructuring process, already begun in 2008 after the merger of the Capitalia Group, includes the streamlining of staff through the continued use of a Personnel Departure Incentive Plan, a solidarity fund for those entitled to pensions that has led to the departure of 899 employees in the year 2012. Also to be noted the sale of business unit to UniCredit Business Integrated Solutions, for 231 headcounts, for activities related to Global Banking Services (GBS), Information and Communication Technology (ICT) and Global Sourcing and Operations.

Category

	12.31.2012		12.31.2011		CHANGE	
	TOTAL	*OF WHICH: OUTSIDE ITALY*	TOTAL	*OF WHICH: OUTSIDE ITALY*	*IN TOTAL*	PERCENT
Senior Management	1,285	*24*	1,384	*34*	-99	-7.2%
Management - 3rd and 4th grade	8,199	*117*	8,362	*92*	-163	-1.9%
Management - 1st and 2nd grade	13,472	*62*	13,847	*45*	-375	-2.7%
Other Staff	21,028	*79*	21,624	*112*	-596	-2.8%
Total	**43,984**	***282***	**45,217**	***283***	**-1,233**	**-2.7%**
of which, Part-time staff	*5,089*	36	*4,701*	33	*+388*	*+8.3%*

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

Women make up 45% of personnel.

Breakdown by seniority

	12.31.2012		12.31.2011		CHANGE	
	NUMBER	PERCENT	NUMBER	PERCENT	AMOUNT	PERCENT
Up to 10	10,850	24.7%	13,096	29.0%	-2,246	-17.2%
From 11 to 20 years	10,406	23.7%	10,122	22.4%	+284	+2.8%
From 21 to 30 years	13,252	30.1%	13,361	29.5%	-109	-0.8%
Over 30	9,476	21.5%	8,638	19.1%	+838	+9.7%
Total	**43,984**	**100.0%**	**45,217**	**100.0%**	**-1,233**	**-2.7%**

Breakdown by age

	12.31.2012		12.31.2011		CHANGE	
	NUMBER	PERCENT	NUMBER	PERCENT	AMOUNT	PERCENT
Up to 30	1,823	4.1%	2,577	5.7%	-754	-29.3%
From 31 to 40 years	11,045	25.1%	11,856	26.2%	-811	-6.8%
From 41 to 50 years	15,789	35.9%	16,124	35.7%	-335	-2.1%
Over 50	15,327	34.9%	14,660	32.4%	+667	+4.5%
Total	**43,984**	**100.0%**	**45,217**	**100.0%**	**-1,233**	**-2.7%**

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

Other Information

Report on corporate governance and proprietary structures

Pursuant to Article 123-bis, paragraph 3 of Legislative Decree no. 58 of February 24, 1998, the Report on Corporate Governance and Proprietary Structures is available at the "Governance" section of the UniCredit site.
(http://www.unicreditgroup.eu).
For a description of the corporate governance structure ("Corporate Governance"), reference is made to the appropriate Chapter of the Report of the Consolidated Financial Statements.

Report on remuneration

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

Rationalization of Group operations and other corporate transactions

In accordance with its organizational and business model, the Group completed a number of projects to rationalize its perimeter and reorganize the operations of some of its subsidiaries also with the aim of achieving greater synergies and cost reductions.
In addition, some shareholdings considered no longer strategic were divested.

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 is fully described in the 2011 financial statements, has been completed as far the Italian businesses are concerned by finalizing the merger, effective from January 1, 2012, of UniCredit Real Estate ScpA into UniCredit S.p.A. and of UniCredit Business Partner ScpA into UniCredit Business Integrated Solutions ScpA (UBIS).

At the same time, UniCredit S.p.A. transferred its "General Real Estate Services" and "Information and Communication Technology, Security (ICT), Global Sourcing and Operations" business units to UBIS.

With respect to the foreign businesses, the reorganization of operations and units in the Global Banking Services area was achieved as follows:

- in Austria, through the merger of UniCredit Business Partner GmbH (a back-office, controlled by UBIS) into UniCredit Business Integrated Solutions Austria GmbH (an IT company of which UBIS acquired control from UniCredit Bank Austria AG), effective from February 1, 2012; in addition, in September UniCredit Bank Austria sold its subsidiary Domus Facility Management GmbH to the above-mentioned UniCredit Business Integrated Solutions Austria, into which it is expected to merge in the first quarter of 2013;
- in Germany, through the merger into a single company, UniCredit Global Business Services GmbH (wholly owned by UniCredit Bank AG), of all middle and back-office, procurement, and facility management operations, as well as some operating activities falling within the real estate facility management.

Following this reorganization, 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 ensures a global vision for external and domestic customers' requests in terms of priorities and opportunities and maximizes the effectiveness of investments by combining the technologies and the tools used.

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

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

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

With the aim of having a single asset management company in Italy, in January 2012 UniCredit launched a plan 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 and asset management service company). The new company resulting from the merger consolidates its position as the market leader by promoting the various types of funds and therefore providing customers with a wide range of products.

The merger, authorized by the Bank of Italy and approved by PAIM's and PIM's meetings in June, became effective on September 1, 2012.

Merger of Family Credit Network S.p.A. into UniCredit S.p.A.

In accordance with the organizational and business model, a plan was approved in March 2012 for the merger of Family Credit Network S.p.A. (FCN) into UniCredit S.p.A., as a result of which the Parent Company will directly grant "financing against salary-guaranteed loans" and loans through financial intermediaries/ financial agents/credit brokers.

After obtaining authorization from the Bank of Italy, the transaction was approved by the acquiree's meeting on July 31, 2012 and by the acquirer's Board of Directors on August 3, 2012 (pursuant to art. 2505 of the Civil Code). On October 16, 2012 the deed of merger relating to the above-mentioned plan was finally drawn up with effect from November 10, 2012.

Merger of UniCredit Audit S.C.p.A., UniManagement S.C.r.l., UniCredit Merchant S.p.A. and UniCredit Logistics S.r.l. into UniCredit S.p.A.

In July 2012 UniCredit carried on the reorganization of the Group's Italian businesses aimed at streamlining the Group structure, simplifying the governance and reducing costs by starting a project for the rationalization of certain activities carried out by some Italian subsidiaries through direct merger into UniCredit S.p.A.

Specifically, the project - which will be implemented by the first half of 2013 - calls for the merger into UniCredit S.p.A. of UniCredit Audit (which provides Audit services for Italian companies), UniManagement (which provides management training services for the Group), UniCredit Merchant (which manages certain minority investments and some investments of Principal Investments) and UniCredit Logistics (a company for the development of infrastructure and logistics services).

In this regard, after the approval of the respective Boards of Directors in July 2012, in December 2012 the project for the merger was approved by the acquirees' meetings and by the acquirer's Board of Directors (pursuant to art. 2505 of the Civil Code). On February 25, 2013 the deed of merger was drawn up with effect from March 1, 2013.
With respect to Italian subsidiaries, UniCredit approved the launch of the initiatives designed to:
- merge Fineco Leasing (specializing in real estate leasing) and Joinet (an e-commerce service company) into UniCredit Leasing and into I-Faber, respectively;
- liquidate Localmind (consulting company specializing in the distribution of the operating units of the Group's banks across the country).

These transactions are expected to be completed by the end of 2013.

Rationalization of the Group businesses in the CEE region

As part of the planned rationalization of the Group businesses in the CEE region, in November 2012 UniCredit approved a project for the merger of the subsidiary UniCredit Bank Slovakia a.s. (Slovakia) into the subsidiary in the Czech Republic (UniCredit Bank Czech Republic a.s.). The absorption - not yet approved by local authorities - is expected to be completed by the end of 2013 and as of 2014 will generate synergies in terms of efficiency, capital structure and liquidity management.

Other Information (Continued)

Rationalization of Group operations and other corporate transactions (Continued)

Other transactions involving shareholdings

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

The "Private - Ultra High Net Worth Individuals" (individuals with a disposable income exceeding €10 million) market segment is strategic for the Group in terms of highest profitability and asset growth rates. Against this backdrop, UniCredit decided to implement the Family Office project establishing a consultancy dedicated to the needs of the "business families" belonging to the above-mentioned segment.
The new consultancy - established in September 2011 and called Cordusio Sim Advisory & Family Office - is wholly owned by Cordusio Fiduciaria (which in turn is wholly owned by UniCredit) in order to capitalize on both the synergies generated by the expertise gained by Cordusio in ten years and the well-established brand as well as to optimize processes, reduce costs and improve the effectiveness of the activity.
The new consultancy, which received CONSOB's authorization to operate in April 2012, started operating in October 2012. More specifically, the company is the entity within the Group dedicated to the offering of consultancy services focusing on investment and integrated financial solutions (e.g. account aggregation/consolidation services, integrated planning, business advisory & governance of business families), i.e. advice on how to manage the portfolios of clients of the Group's entities and of third-party intermediaries, and on the asset protection.

Establishment of a Newco for the start-up of the "east" magazine

The magazine about geopolitics *"east"*, launched by UniCredit in 2004, has since been a well-known landmark in the field of specialized magazines dealing with EU issues and international relations.
Against this backdrop, and given the magazine's strategic importance to the Group, it was considered appropriate to establish a NewCo to help the Group cultivate relationships with Europe and the rest of the world through the promotion of a magazine, autonomous and independent, which gives the opportunity to have an influential voice in the international debate on the European integration process and the evolution of markets in the Near and the Far East.
In December 2012 the company EuropEye, owner of the "east" magazine, was established; it is controlled by UniCredit, which holds a 90% stake, and by The European Council for Foreign Relations and Far Out Films (each holding a 5% stake).

Sale of non-strategic shareholdings

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

Following the approval by the competent authorities, in December 2012 the stake held by UniCredit S.p.A. (100% of share capital) in Sofipa SGR S.p.A. was sold to Synergo 2 S.p.A., a newly established company owned by Cuneo e Associati S.p.A. and Mr Paolo Zapparoli, shareholders of Synergo S.p.A..

As part of this transaction, UniCredit S.p.A. subscribed for €50 million of shares in Sinergia II, the fund launched by Synergo SGR S.p.A. in 2011 targeting investments in medium-sized Italian enterprises, whose fundraising phase is nearing completion.

Sale of the stake held in London Stock Exchange Group Plc

The sale, via an accelerated bookbuild, of the entire stake worth €198.3 million in London Stock Exchange Group plc was closed in May 2012 (16.6 million ordinary shares representing 6.1% of share capital), resulting in a positive contribution to net disposal of approximately €109 million.

Sale of the oil business segment of Compagnia Italpetroli S.p.A.

On July 30, 2012 the agreement for the sale of the oil business segment of Compagnia Italpetroli S.p.A. was signed.

The transaction is expected to be completed by the first half of 2013.

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 in that date 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 outstanding 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 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 decreased from 19,274,251,710 to 1,927,425,171 and from 24,238,980 (after the cancellation of 3 shares) 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, were 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;
- the number of the new ordinary shares was set at a maximum of 3,859,602,938, 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, were 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.

* * *

On March 27, 2012, the Board of Directors voted in favor of 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 approved a free increase in share capital for an amount of €276,700.57 corresponding to 84,023 ordinary shares.

Furthermore, in execution of the Group Senior Executive Plan, the Board of Directors 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 targets set by the Board of Directors and subsequently verified at the end of the 4-year period of reference.

Other Information (Continued)

Review of internal composition of Shareholders' equity

As the UniCredit S.p.A. First Half Financial Report as at 30 June 2012 described, over the course of 2012 the Company undertook a survey of the internal composition of its equity, in order to verify the manner in which its system of reserves was organised, to ensure that this was consistent with the origin of those reserves and their characterisation under the legal framework.

The Company began that survey at the end of the fifteen-year period of expansion that had transformed UniCredit from a national bank to a pan-European banking group, a process of expansion and consolidation that culminated in a new strategy in November 2011 that would ensure the Group was appropriately positioned for the new macroeconomic and regulatory environment.
In connection therewith, the decision was made to conduct a survey of the Bank's equity in order to examine its composition, and if appropriate make reclassifications, combinations and divisions of the items that make up the equity.

Following that work, the results of which are set forth in the draft financial statements for the 2012 financial year, the Board of Directors has considered it desirable that it should in classifying the equity reserves apply a criterion that gives preference to the origin and economic nature of the items, and the events from which they derived (a substantive approach), rather than one that recognises as profit reserves only those components that derive from the non-utilisation of year end profits (a formal approach).

The substantive approach - obviously with the same level of shareholders' equity - provides information that is equally reliable compared to the previous approach, but is more significant because it reflects the characteristics, nature and effects of the transactions that generated the reserves, in accordance, among other things, with the Framework of the IAS/IFRS that give prevalence to substance over form.

Following application of this new approach, some reserves that last year were considered as capital and thus included among "Reserves - other" will now be classified as profit reserves, in that they were historically derived from capital gains made in previous financial years (and obviously, not by mere valuation), even if not yet realised outside the Group, or from profits that were realised but never distributed by companies of the Group that were subsequently merged into UniCredit S.p.A..

More specifically, the most important of the reserves affected by the reclassification may be placed in three broad categories, as follows:

1) cancellation surpluses (avanzi da annullamento), which is to say those reserves that arose under mergers of subsidiaries into UniCredit S.p.A., generated mainly from previous year undistributed profits, this amount in aggregate to € 560 million;
2) reserves that arose under contributions of business divisions that UniCredit S.p.A. made to other companies of the Group, by directly taking to equity increases in the value of the equity interests in the acquirer that were received by the acquiree. Those increases emerged under business combinations of entities under common control that were "transformation model" transactions - these amount in aggregate to € 3,818 million (since these reserves comprise profit that has merely been recognised and not realised, they are not distributable); and
3) reserves that arose under infragroup transfers of business divisions, under which UniCredit S.p.A. or the acquiree received payment greater than the carrying value of the asset thus transferred - these amount in aggregate to € 8 million.

During the survey, there has been detected the presence of a number of "negative reserves" alternatively classified as a decrease of the profit reserves or the other reserves in the shareholders' equity statement.

These items - which related, for example, to differences that arose upon the transition to IAS/IFRS (what are known as first-time adoption reserves), or to capital losses that occurred upon sales of treasury shares - are set out in the Company's balance sheet (see the specific table included under the "Composition of the equity in relation to availability and distributability"), and have been met, on a provisional basis, out of available equity reserves, pending their ultimate elimination by resolution of the shareholders' meeting.

In relation to these items of negative reserves, it is believed that their reclassification into the profit or capital reserves would not be possible because the "negative reserves" would cause an erosion of the Company's equity as a whole. The total value of these reserves, regardless of their origin, would have an effect on the availability/distributability of the positive items of the equity.

For that reason, the Board of Directors has considered more coherent representing these negative reserves altogether as a negative item under "Reserves - other".

Following the application of that approach, "negative reserves" that were previously included under "Reserves - from profits" have been restated under "Reserves - other" for an amount equal to € 2,703 million.

In connection with the aforementioned survey and reclassification of reserves, the Board of Directors has also considered that three more measures should be submitted for approval by shareholders, under their consideration of the 2012 financial statements.

Review of internal composition of Shareholders' equity (Continued)

All three of the measures are intended to achieve a more efficient organisation of the Company's system of reserves.

Those additional interventions on the Company's equity - bringing the Legal Reserve to the minimum at which it is considered complete under article 2430 of the Civil Code, the making-up of the "negative reserves", and the reallocation of the loss from the previous financial year - are described in a report from the Board of Directors, which is being published and made available to shareholders in accordance with applicable statutory and regulatory provisions.

Bank of Italy review of provisioning

In December 2012 the Bank of Italy initiated a review of company policies and practices on the provisioning for loans. This review, which took place in January and February 2013, was targeted at the major Italian banks with the aim of verifying the effective implementation of company policies in the determination of the valuations of impaired loans. Specifically, the examinations conducted on UniCredit S.p.A. involved the policies established for the determination of write downs and the valuations adopted on a sample of non performing loans.

The examination, which included a direct exchange with the company functions, also necessitated a number of valuation adjustments, which were promptly incorporated into the 2012 Financial Statements at the end of the review, as well as operating procedures, which will be implemented during 2013.

Other Information (Continued)

Transactions with Group Companies

The table below shows the assets, liabilities, guarantees and commitments outstanding as at December 31, 2012, in respect of direct and indirect subsidiaries, companies subject to joint control, companies subject to significant influence and other related parties.

(€ million)

	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS
Subsidiaries	46,971	52,511	21,311
Joint Venture	26	9	1,738
Associates	312	361	94
Other related parties	432	1,169	416

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

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

a) according to the "Procedures for transactions with related parties", adopted by UniCredit S.p.A.'s Board of Directors on November 9, 2010 and published on the website www.unicreditgroup.eu, in 2012 the Bank's Presidio Unico received no reports of transactions of greater significance;
b) in 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 Bank's financial and economic situation;
c) in 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 Bank's financial position or results during the reference period.

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

Information on Risks

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

Information on the time limits for convening the ordinary Shareholders' Meeting

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

Subsequent Events and Outlook

Subsequent Events

In January 2013, UniCredit S.p.A. reduced its stake in Bank Pekao S.A. from 59.2% to 50.1% by selling 9.1% via an accelerated bookbuild open to institutional investors only.

Upon the sale, which yielded approximately €890 million, a gross capital gain of about €216 million.

On March 1, 2013, effective as January 1, 2013, the subsidiaries UniCredit Audit S.C.p.A., UniManagement S.C.r.l., UniCredit Merchant S.p.A., UniCredit Logistics S.r.l., were merged into UniCredit S.p.A..

On March 15, 2013, the Board of Directors executed the “Group Key Resources Plan” and the “2011 Group Executive Incentive System” approved by the Shareholders’ Meeting in April 2011, by resolving the issue of UniCredit ordinary shares, following the verification of the achievement of the performance targets set in the Plans.
To that effect, the Board of Directors confirmed its approval for a free increase in share capital for an amount of € 6,907,674.33 corresponding to nr. 2,097,587 ordinary shares.

On March 18, 2013, the Rating Agency Fitch Ratings aligned UniCredit SpA’s ratings with that of the recently downgraded sovereign Italy (‘BBB+’ long- and ‘F2’ short-term Issuer Default Rating).
The Viability (= standalone) rating has been revised to ‘bbb+’ from ‘a-’. As a consequence outstanding debt ratings have also been lowered. The negative outlook is unchanged.

Subsequent Events and Outlook (Continued)

Outlook

After some signs of improvement at the beginning of 2012, from the second quarter onwards, the worldwide economic recovery became weaker, sharpening the financial markets tensions due to the Euro Area sovereign debt crisis and the weakening of growth dynamics in some emerging Countries. Anyway, from summer onwards, the European Central Bank (ECB), strongly reduced the risk of extreme scenarios for the Euro Area, contributing to a clear loosening of the financial markets tensions. Moreover, toward year-end, the agreement that avoided the so called "fiscal cliff" in the United States was also approved and the first recovery signals in some of the main emerging economies such as China were observed.

In the Euro Area, 2012 ended with a marginal contraction of the economic activity, whilst the recession has been particularly strict in Italy due to the domestic demand crash. The unfavorable macroeconomic environment caused a particularly weak dynamic of the household loans. Let drop 2012, in 2013 a gradual recovery is expected, fed by a fiscal consolidation less severe, a progressive improvement of the household loans conditions, especially in Italy, and, overall, by a gradual acceleration of the worldwide commerce.

In Italy the recession has been felt particularly strongly for various reasons. Firstly, the Italian economy, like the other European economies, has suffered from the global economic slowdown. In addition, the major fiscal policy measures that the government had to implement from November 2011, to comply with the agreements with the European institutions and to re-establish the faith of the markets, severely affected growth performance. The year 2012 ended with a sharp reduction (more than 2%) in GDP, which will continue to fall - albeit to a lesser degree - also in 2013. However, at the moment it seems that, towards the end of the year, the real economy could start to grow again - albeit to a very small extent - thanks to the global recovery that is taking hold.

ECB cut the reference and deposits rates by 25 basis points, in July, leading them to 0.75% and 0% respectively, besides during the September meeting the ECB announced a new buying plan of government securities (OMT) that allows the Central Bank to intervene on the government securities market of those Countries which would submit a formal request, signing a commitment to undertake a series of predetermined structural reforms.

Despite risks of renewed tensions on financial markets are still enduring, the ECB support, together with the positive outcomes of the interventions aimed at strengthen the capital position of European banks, would allow the system as a whole to progressively normalize the credit intermediation activity.

Despite the global economy slowdown trend, in 2012 UniCredit Group showed a good resilience in Gross Operating Profit, stemming from revenues overall stability (also thanks to the buy-back of bonds issued by the Group) and costs reduction. The negative macroeconomic slump, especially in Italy, on the other hand, still produces a deterioration of the asset quality, which translates into a high level of loan loss provisions, also determined by the Group's decision to adopt an extremely prudential policy on the depreciation of the credit positions at risk. The capital and liquidity positions were further strengthened, in line with predefined targets.

This year, Group results will continue to be affected by the international macroeconomic environment. Although the measures adopted by the European Authorities (ECB in particular) contained the pressures on the sovereign debt, the Italian economic perspectives still remain uncertain. This will continue to disadvantage the Group's income statement, both on revenues and on loan loss provisions. Further benefits are expected to come from the simplification of the organizational structure already approved by the Board of Directors last year and put into operation during January 2013.

Milan, March 15, 2013

BOARD OF DIRECTORS

Chairman
GIUSEPPE VITA

CEO
FEDERICO GHIZZONI

A bank account that's always within a reach

FREEDOM

The Pekao24Mobile app is user-friendly, quick and efficient. It's particularly handy when it comes to managing my account, such as checking my balance, following specific transactions and managing transfers or deposits. And its wheel-type interface is modern, eye-catching and very functional. I would say the app meets all my needs.

Daniel Lipski, customer of Bank Pekao in Poland

Proposal to the Shareholders' Meeting

Proposal to the Shareholders' Meeting

For the proposals to the Shareholders' Meeting refer to the specific Board of Directors' reports in relation to:
- bringing of the Legal Reserve up to 20% of the Share Capital;
- reallocation of the Loss for the year 2011;
- making-up of negative items of shareholders' equity;
- making-up of the Loss for the year 2012;
- distribution to shareholders.

PLANNING

Customer care that crosses national boundaries

“UniCredit Bank Hungary’s products and services have had a strong impact on our business. And their representatives always demonstrate a keen interest in meeting our needs – delivering solutions with a high level of flexibility and professionalism. Their tailored solutions are priced appropriately and applied quickly and easily to our business. UniCredit’s presence throughout numerous countries also makes the bank a reliable partner in internationalizing our business.”

Carlo Innocenti, CEO of Serioplast,
customer of UniCredit Bank in Hungary

Company Accounts and Annexes

Notes

The following conventional symbols have been used in the tables:

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

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

Company Accounts

Company Accounts

Balance Sheet

(€)

ASSETS	12.31.2012	12.31.2011
10. Cash and cash balances	2,213,411,731	5,753,362,899
20. Financial assets held for trading	10,535,934,104	11,479,809,068
30. Financial assets at fair value through profit or loss	372,924,418	422,545,894
40. Available-for-sale financial assets	31,634,694,651	24,363,038,537
50. Held-to-maturity investments	3,348,434,583	4,494,393,748
60. Loans and receivables with banks	27,936,364,815	29,633,365,966
70. Loans and receivables with customers	260,849,918,715	256,251,001,648
80. Hedging derivatives	8,047,016,211	5,431,237,568
90. Changes in fair value of portfolio hedged financial assets (+/-)	2,793,128,389	1,726,362,422
100. Equity investments	59,290,567,171	60,670,292,207
110. Property, plant and equipment	2,755,345,090	245,930,440
120. Intangible assets:	2,841,291,277	2,841,099,437
of which:		
- goodwill	*2,815,450,828*	*2,812,432,260*
130. Tax assets:	12,243,194,433	8,047,724,666
a) current tax assets	*539,375,980*	*653,889,074*
b) deferred tax assets	*11,703,818,453*	*7,393,835,592*
out of which for purposes of L. 214/2011	*9,375,536,037*	*5,187,293,295*
140. Non-current assets and disposal groups classified as held for sale	-	7,114,710
150. Other assets	6,416,420,757	5,654,229,713
Total assets	**431,278,646,345**	**417,021,508,923**

LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2012	12.31.2011
10. Deposits from banks	56,445,526,140	63,334,898,748
20. Deposits from customers	151,925,086,278	151,853,394,505
30. Debt securities in issue	127,421,548,170	121,312,993,678
40. Financial liabilities held for trading	10,077,830,522	10,291,723,301
60. Hedging derivatives	7,946,477,395	5,091,077,410
70. Changes in fair value of portfolio hedged financial liabilities (+/-)	3,989,757,252	2,667,871,422
80. Tax liabilities:	2,644,251,630	626,064,164
a) current tax liabilities	*2,103,198,351*	*295,445,241*
b) deferred tax liabilities	*541,053,279*	*330,618,923*
100. Other liabilities	10,134,970,984	9,336,850,002
110. Provision for employee severance pay	936,916,996	975,329,226
120. Provisions for risks and charges:	1,767,011,787	1,881,981,172
a) post-retirement benefit obligations	*701,069,413*	*725,182,992*
b) other provisions	*1,065,942,374*	*1,156,798,180*
130. Revaluation reserves	401,087,406	(594,136,872)
160. Reserves	5,284,519,052	7,622,872,289
170. Share premium	32,877,937,677	36,823,215,098
180. Share capital	19,647,948,525	12,148,463,316
190. Treasury shares (-)	(2,440,001)	(2,440,001)
200. Net Profit or Loss (+/-)	(219,783,468)	(6,348,648,535)
Total liabilities and shareholders' equity	**431,278,646,345**	**417,021,508,923**

Income Statement

(€)

ITEMS	12.31.2012	12.31.2011
10. Interest income and similar revenues	10,658,027,934	10,772,616,786
20. Interest expense and similar charges	(6,382,274,229)	(6,068,339,681)
30. Net interest margin	**4,275,753,705**	**4,704,277,105**
40. Fee and commission income	3,839,250,228	3,803,677,538
50. Fee and commission expense	(348,262,170)	(397,453,192)
60. Net fees and commissions	**3,490,988,058**	**3,406,224,346**
70. Dividend income and similar revenue	1,706,633,693	2,274,241,514
80. Gains and losses on financial assets and liabilities held for trading	(345,615,054)	(187,074,427)
90. Fair value adjustments in hedge accounting	(341,513,817)	322,803,201
100. Gains and losses on disposal of:	987,083,344	98,080,264
a) loans	*42,404,656*	*(15,891,649)*
b) available-for-sale financial assets	*163,606,659*	*88,299,486*
c) held-to-maturity investments	*(1)*	-
d) financial liabilities	*781,072,030*	*25,672,427*
110. Gains and losses on financial assets/liabilities at fair value through profit or loss	2,007,975	2,112,061
120. Operating income	**9,775,337,904**	**10,620,664,064**
130. Impairment losses on:	(6,972,594,174)	(4,044,984,922)
a) loans	*(6,677,044,977)*	*(3,843,453,990)*
b) available-for-sale financial assets	*(23,290,321)*	*(90,210,066)*
c) held-to-maturity investments	-	-
d) other financial assets	*(272,258,876)*	*(111,320,866)*
140. Net profit from financial assets	**2,802,743,730**	**6,575,679,142**
150. Administrative costs:	(6,171,276,373)	(6,681,575,534)
a) staff expenses	*(3,414,975,298)*	*(3,664,864,540)*
b) other administrative expenses	*(2,756,301,075)*	*(3,016,710,994)*
160. Provisions for risks and charges	(169,065,734)	(303,723,093)
170. Impairment/write-backs on property, plant and equipment	(166,985,066)	(72,290,622)
180. Impairment/write-backs on intangible assets	(3,336,568)	(4,201,240)
190. Other net operating income	448,311,975	316,040,321
200. Operating costs	**(6,062,351,766)**	**(6,745,750,168)**
210. Profit (loss) of associates	(107,746,804)	(1,377,441,725)
230. Impairment of goodwill	-	(4,894,075,000)
240. Gain and losses on disposal of investments	16,200,759	12,798,660
250. Total profit or loss before tax from continuing operations	**(3,351,154,081)**	**(6,428,789,091)**
260. Tax expense (income) related to profit or loss from continuing operations	3,131,370,613	80,140,556
270. Total profit or loss after tax from continuing operations	**(219,783,468)**	**(6,348,648,535)**
290. Net Profit or Loss for the year	**(219,783,468)**	**(6,348,648,535)**

Statement of comprehensive income

(€)

	12.31.2012	12.31.2011
10. Net Profit or Loss for the period	**(219,783,468)**	**(6,348,648,535)**
Other comprehensive income after tax		
20. Available-for-sale financial assets	894,299,231	(1,097,727,183)
30. Property, plant and equipment	-	-
40. Intangible assets	-	-
50. Hedges of foreign invstments	-	-
60. Cash flow hedges	100,925,047	148,215,254
70. Exchange differences	-	-
80. Non-current assets classified held for sale	-	-
90. Actuarial gains (losses) on definited benefit plans	-	-
100. Changes in valuation reserve pertaining to equity method investments:	-	-
110. Total of other comprehensive income after tax	**995,224,278**	**(949,511,929)**
120. Comprehensive income (Item 10+110)	**775,440,810**	**(7,298,160,464)**

Company Accounts (Continued)

Statement of changes in shareholders' equity as at 12.31.2012

(€)

	BALANCE AS AT 12.31.2011	CHANGE IN OPENING BALANCE	BALANCE AS AT 1.1.2012	ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE PERIOD								SHAREHOLDERS' EQUITY AS AT 12.31.2012
							SHAREHOLDERS' EQUITY TRANSACTIONS							
				RESERVES	DIVIDENDS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS	OTHER COMPREHENSIVE INCOME STATEMENT AS AT 12.31.2012	
Share capital:	12,148,463,316	-	12,148,463,316	-	-	-	7,499,485,209	-	-	-	-	-	-	19,647,948,525
a) ordinary shares	12,133,204,797	-	12,133,204,797	-	-	-	7,506,517,745	-	-	-	-	-	-	19,639,722,542
b) other shares	15,258,519	-	15,258,519	-	-	-	(7,032,536)	-	-	-	-	-	-	8,225,983
Share premium	36,823,215,098	-	36,823,215,098	(3,945,277,421)	-	-	-	-	-	-	-	-	-	32,877,937,677
Reserves:	7,622,872,289	-	7,622,872,289	(2,403,371,114)	-	137,530,347	(139,906,524)	-	-	-	-	67,394,054	-	5,284,519,052
a) from profits	8,682,084,746	-	8,682,084,746	(2,390,599,892)	-	169,905,552	(276,701)	-	-	-	-	-	-	6,461,113,705
b) other	(1,059,212,457)	-	(1,059,212,457)	(12,771,222)	-	(32,375,205)	(139,629,823)	-	-	-	-	67,394,054	-	(1,176,594,653)
Revaluation reserves	(594,136,872)	-	(594,136,872)	-	-	-	-	-	-	-	-	-	995,224,278	401,087,406
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(2,440,001)	-	(2,440,001)	-	-	-	-	-	-	-	-	-	-	(2,440,001)
Net Profit (Loss) for the year	(6,348,648,535)	-	(6,348,648,535)	6,348,648,535		-	-	-	-	-	-	-	(219,783,468)	(219,783,468)
Shareholders' equity	49,649,325,295	-	49,649,325,295	-	-	137,530,347	7,359,578,685	-	-	-	-	67,394,054	775,440,810	57,989,269,191

The amounts as at 12.31.2011 include the effects of the reclassification on the opening balances as at 01.01.2011 detailed in the "Statement of changes in shareholders' equity as at 12.31.2011"

Statement of changes in shareholders' equity as at 12.31.2011

(€)

				ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE PERIOD								
							SHAREHOLDERS' EQUITY TRANSACTIONS							
	BALANCE AS AT 12.31.2010	CHANGE IN OPENING BALANCE	BALANCE AS AT 1.1.2011	RESERVES	DIVIDENDS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS	OTHER COMPREHENSIVE INCOME STATEMENT AS AT 12.31.2011	SHAREHOLDERS' EQUITY AS AT 12.31.2011
Share capital:	9,648,790,962	-	9,648,790,962	-	-	-	2,499,672,354	-	-	-	-	-	-	12,148,463,316
a) ordinary shares	9,636,671,470	-	9,636,671,470	-	-	-	2,496,533,327	-	-	-	-	-	-	12,133,204,797
b) other shares	12,119,492	-	12,119,492	-	-	-	3,139,027	-	-	-	-	-	-	15,258,519
Share premium	39,322,433,067	-	39,322,433,067	-	-	-	(2,499,217,969)	-	-	-	-	-	-	36,823,215,098
Reserves:	7,663,632,152	-	7,663,632,152	225,233,045	-	(319,261,297)	(4,160,574)	-	-	-	-	57,428,963	-	7,622,872,289
a) from profits	1,362,820,941	7,094,050,229	8,456,871,170	225,233,045	-	434,916	(454,385)	-	-	-	-	-	-	8,682,084,746
b) other	6,300,811,211	(7,094,050,229)	(793,239,018)	-	-	(319,696,213)	(3,706,189)	-	-	-	-	57,428,963	-	(1,059,212,457)
Revaluation reserves	355,375,057	-	355,375,057	-	-	-	-	-	-	-	-	-	(949,511,929)	(594,136,872)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(2,440,001)	-	(2,440,001)	-	-	-	-	-	-	-	-	-	-	(2,440,001)
Net Profit (Loss) for the year	783,343,149	-	783,343,149	(225,233,045)	(558,110,104)	-	-	-	-	-	-	-	(6,348,648,535)	(6,348,648,535)
Shareholders' equity	57,771,134,386	-	57,771,134,386	-	(558,110,104)	(319,261,297)	(3,706,189)	-	-	-	-	57,428,963	(7,298,160,464)	49,649,325,295

The amount of €7,094 million stated under "Change in opening balance" refers to the reclassification of positive reserves and the restatement of negative reserves following a general review of shareholders' equity items that resulted in:

i) the reclassification of €4,391 million in positive profit reserves from "Other reserves" to "Reserves from allocation of profit from previous year";

ii) the restatement of €2,703 million in negative reserves from "Reserves from allocation of profit from previous year" to "Other reserves".

The changes during the period were reviewed of the aforementioned reclassification.

Company Accounts (Continued)

Cash Flow Statement - Indirect Method

(€)

		12.31.2012	12.31.2011
A.	**OPERATING ACTIVITIES**		
1.	**Operations**	**3,727,816,699**	**2,584,932,514**
	- profit (loss) for the period (+/-)	-219,783,468	-6,348,648,535
	- capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities at fair value through profit and loss (+/-)	323,788,624	166,536,054
	- capital gains/losses on hedging transactions (+/-)	341,513,817	-322,803,200
	- net write-offs/write-backs due to impairment (+/-)	7,398,731,179	9,500,647,658
	- net write-offs/write-backs on tangible and intangible assets (+/-)	170,321,634	76,491,862
	- provisions and other income/expenses (+/-)	137,564,941	237,318,767
	- tax not paid (+/-)	-3,384,791,867	-594,257,125
	- other adjustements	-1,039,528,161	-130,352,967
2.	**Liquidity generated/absorbed by financial assets**	**-17,863,968,729**	**-4,319,535,609**
	- financial assets held for trading	1,611,594,928	1,637,339,215
	- financial assets at fair value through profit and loss	51,942,438	-747,900
	- available-for-sale financial assets	-5,312,115,042	-4,040,827,212
	- loans and receivables with banks	1,806,030,641	4,169,056,157
	- loans and receivables with customers	-11,604,460,458	-7,015,544,648
	- other assets	-4,416,961,236	931,188,779
3.	**Liquidity generated/absorbed by financial liabilities**	**389,381,629**	**4,667,442,280**
	- deposits from banks	-8,209,559,787	13,786,419,688
	- deposits from customers	70,782,062	-6,300,298,258
	- debt securities in issue	6,108,554,492	-2,227,018,424
	- financial liabilities held for trading	-1,207,722,329	275,257,775
	- financial liabilities designated at fair value through profit or loss	-	-50,943,151
	- other liabilities	3,627,327,191	-815,975,350
	Net liquidity generated/absorbed by operating activities	**-13,746,770,401**	**2,932,839,185**
B.	**INVESTING ACTIVITIES**		
1.	**Liquidity generated by:**	**3,405,547,481**	**3,255,054,286**
	- sales of equity investments	209,171,623	278,808,467
	- collected dividends on equity investments	1,672,688,280	2,235,545,379
	- sales of financial assets held to maturity	1,472,318,159	717,930,472
	- sales of property, plant and equipment	51,369,416	22,729,520
	- sales of intangible assets	-	39,448
	- disposal of businesses	3	1,000
2.	**Liquidity absorbed by:**	**-507,418,188**	**-1,719,535,419**
	- purchases of equity investments	-96,503,258	-369,059,505
	- purchases of financial assets held to maturity	-329,935,479	-1,295,255,871
	- purchases of tangible assets	-80,798,083	-47,005,424
	- purchases of intangible assets	-181,367	-188,070
	- purchase of businesses	-1	-8,026,549
	Net liquidity generated/absorbed by investing actvities	**2,898,129,293**	**1,535,518,867**
C.	**FINANCING ACTIVITIES**		
	- issue/purchase of treasury shares	7,359,578,685	-3,706,189
	- issue/purchase of equity instruments	-	-
	- distribution of dividends and other purposes	-46,530,056	-880,034,883
	Net liquidity generated/absorbed by financing actvities	**7,313,048,629**	**-883,741,072**
	NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	**-3,535,592,479**	**3,584,616,980**

LEGEND:
(+) generated;
(-) absorbed

Reconciliation

(€)

ITEMS	12.31.2012	12.31.2011
Cash and cash equivalents at the beginning of the year	**5,753,362,899**	**2,151,657,623**
Net liquidity generated/absorbed during the period	-3,535,592,479	3,584,616,980
Cash and cash equivalents: effect of exchange differences	-4,358,689	17,088,296
Cash and cash equivalents at the end of the period	**2,213,411,731**	**5,753,362,899**

LEGEND:
(+) generated;
(-) absorbed

Notes to the Accounts

Part A - Accounting Policies

Part A - Accounting Policies

A.1 - General

Section 1 - Statement of compliance with IFRS

These Accounts have been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB), including the interpretation documents issued by the SIC and the IFRIC, and endorsed by the European Commission up to December 31, 2012, pursuant EU Regulation 1606/2002, which was incorporated into Italian legislation through the Legislative Decree 38 of February 28, 2005 (see Section 4 - Other matters).

They are an integral part of the Annual Financial Statements as required by art. 154-ter, paragraph 1 of the Single Finance Act (TUF, Legislative Decree no 58 of February 24,1998).

In its circular 262 of December 22, 2005 (first amendment of November 18, 2009 and further amendments issued through subsequent circular letters) the Bank of Italy - whose powers regarding the accounts of banks and regulated financial companies, previously established under Legislative Decree 87/92, were confirmed in the above mentioned Legislative Decree 58/98 - laid down the formats for the financial statements and explanatory notes used to prepare these Accounts.

Section 2 - Preparation criteria

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

The following documents have been used to interpret and support the application of IFRS, even though they have not all been endorsed by the European Commission:
- Framework for the Preparation and Presentation of Financial Statements issued by the IASB in 2010;
- Implementation Guidance, Basis for Conclusions, IFRICs and any other documents prepared by the IASB or International Financial Reporting Interpretations Committee (IFRIC) supplementing the IFRS;
- Interpretative documents on the application of IFRS in Italy prepared by the Organismo Italiano di Contabilità (OIC) and Associazione Bancaria Italiana (ABI);
- ESMA (European Securities and Markets Authority) and Consob documents on the application of specific IFRS provisions.

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

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

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

As noted in the Report on Operations these Accounts have been prepared on the assumption that the business is a going concern in accordance with IAS 1, as there is no uncertainty as to the Company's ability to continue its business operations.
The measurement criteria adopted are therefore consistent with this assumption and with the principles of accrual based accounting, the relevance and materiality of accounting information, and the prevalence of economic substance over legal form. These criteria have not changed with respect to the previous year.

Risk and uncertainty related to the use of estimates

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

Estimated figures have been used for the recognition of some of the largest value-based items in the Accounts at December 31, 2012, as required by the accounting standards and regulations described above.

These estimates are largely based on calculations of future recoverability of the values recognized in the accounts according to the rules laid down in current legislation and have been made on the assumption of a going concern, i.e. without contemplating the possibility of the forced sale of the estimated items.

The processes adopted support the carrying values at December 31, 2012. Valuation is particularly complex given the continuing uncertainty of the macroeconomic and the domestic (and global) market situation, characterized by both significant volatility in the financial parameters defined for the valuation process and signs of deterioration in credit quality.

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

Estimates and assumptions are regularly reviewed. Any changes resulting from these reviews are recognized in the period in which the review was carried out, provided the change only concerns that period. If the revision concerns both current and future periods it is recognized accordingly in both current and future periods.
Uncertainty affecting estimates is generally inherent in the determination of:
- fair value of financial instruments not listed in active markets;
- loans and receivables, investments and, in general, any other financial asset/liability;
- severance pay (Italy) and other employee benefits;
- provisions for risks and charges and contingent assets;
- goodwill and other intangibile assets;
- assets and liabilities related to insurance contracts;
- deferred tax assets.

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

Section 3 - Subsequent events

No significant events have occurred after the balance sheet date that would make it necessary to change any of the information given in the Accounts as at December 31, 2012.

Further details and information are represented in the Report on Operations.

Section 4 - Other matters

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

On January 4, 2012, the launch of the pre-emptive offer of ordinary shares (no par value) to the existing holders of ordinary or savings shares at a subscription price of Euro 1.943 per share, at the subscription ratio of 2 new ordinary shares for each 1 ordinary and/or savings share held, implied the issue of new ordinary shares for an aggregate amount of Euro 7,499,208,508.53; as a result, the Company's share capital increased to Euro 19,647,671,824.53.

***

In 2012, the following principles and accounting interpretations came into force:
- Amendments to IFRS 7 - Financial Instruments: Disclosures - Transfers of Financial Assets (EU Regulation 1205/2011). These amendments require the disclosure of more information in the Annual Reports about financial assets transferred, but not derecognized, and on continuing involvement. They therefore do not have any impact on the figures in the balance sheet and income statement. The Bank of Italy incorporated these amendments through its circular letter that amended the above-mentioned Circular 262.

The European Commission also endorsed the following accounting principles that have become effective for reporting periods beginning on or after January 1, 2013:
- Amendment to IAS 1 - Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (EU Regulation 475/2012);
- Amendments to IAS 12 - Deferred tax: Recovery of Underlying Assets (EU Regulation 1255/2012);
- Amendment to IAS 19 - Employee Benefits (EU Regulation 475/2012).

  The amended IAS 19 will be applicable for reporting periods starting on or after January 1, 2013. The main amendments to IAS 19 introduced by the above-mentioned Regulation principally affect the treatment of "post employees benefits", specifically:
  - the elimination of the "corridor method"; as a consequence, the actuarial gains/losses resulting from the valuation of the obligation shall be immediately recognized in balance sheet and accounted for as a contra item to revaluation reserves;
  - revaluation reserve changes must be disclosed in "Other Comprehensive Income";

Part A - Accounting Policies (CONTINUED)

- the replacement of "interest cost" and "expected return on plan assets" concepts, with "net interest" concept;
- the request for more detailed and extended disclosures in the appropriate table of the Notes to the Accounts. More specifically, a sensitivity analysis of the Defined Benefit Obligation shall be provided every time key actuarial assumptions change, describing the methods and assumptions used.

For more qualitative and quantitative information, see Part B - Section 12.3 Pensions and other post-retirement defined-benefit obligations.

- Amendments to IFRS1 - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (EU Regulation 1255/2012);
- Amendments to IFRS 7 - Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (EU Regulation 1256/2012);
- IFRS 13 - Fair value measurement (EU Regulation 1255/2012). The concept of fair value remains unchanged, but specific guidelines have been introduced concerning its determination, and additional disclosure will be required starting from 2013;
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine (EU Regulation 1255/2012).

The European Commission endorsed the following accounting principles and interpretations that will be applicable for reporting periods beginning on or after January 1, 2014:
- Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities (EU Regulation 1256/2012);
- IAS 27 revised - Separate Financial Statements (EU Regulation 1254/2012);
- IAS 28 revised - Investments in Associates and Joint Ventures (EU Regulation 1254/2012);
- IFRS 10 - Consolidated Financial Statement (EU Regulation 1254/2012);
- IFRS 11 - Joint Arrangements (EU Regulation 1254/2012);
- IFRS 12 - Disclosure of Interests in Other Entities (EU Regulation 1255/2012).

At December 31, 2012 the IASB issued the following standards, amendments, interpretations or revisions:
- Improvements to IFRSs (2009-2011) (May 2012);
- Amendments to IFRS1 - Government Loans (March 2012);
- IFRS 9 - Financial Instruments (November 2009) and subsequent amendments (amendments to IFRS 9 and IFRS 7 - Mandatory Effective Date and Transition - December 2011);
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) (June 2012);
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (October 2012).

However, the application to these principles by UniCredit S.p.A is subject to their transposition by the European Commission.

Lastly, it should be noted that for the purpose of calculating the regulatory capital, since June 30, 2010 UniCredit S.p.A. has exercised the option (granted by the Bank of Italy by order of May 18, 2010) to deduct all capital gain and losses arising out of changes in fair value recognized after December 31, 2009 in revaluation reserves for debt securities issued by the Central Administrations of EU Countries and held as "financial assets available for sale".

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

The Parent Company Accounts were approved by the Board of Directors meeting of March 15, 2013, which authorized their publication.

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

A.2 - The Main Items of the Accounts

1 - Financial Assets held for trading (HfT)

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

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:
- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable usually called the 'underlying' provided that in case of non-financial variable, this is not specific of one of the parties;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

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

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

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

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

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

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments, financial assets held for trading or financial assets at fair value through profit or loss. These assets are held for an indefinite period of time and can meet the need to ensure liquidity and face changes in interest rates, exchange rates and prices.

AfS financial assets are money market instruments, other debt instruments or equity instruments; they include shares held as minority stakes where these do not constitute controlling, or joint control, or associate interests.

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

Interest-bearing instruments are recognized at amortized cost using the effective interest method.

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

The fair value changes recorded in item 130. "Revaluation reserves" are reported in the Statement of Comprehensive Income.

With reference to revaluation reserves arising from debt instruments issued by governments of EU member countries, on May 18, 2010 the Bank of Italy recognized, for the purposes of the calculation of regulatory capital (prudential filters), the possibility of completely neutralizing capital gains and losses arising in the revaluation reserves after 31 December 2009 ("symmetric" approach). UniCredit adopted this method starting from the regulatory capital calculation made in June 2010 and thereby replaced the "asymmetric" approach previously in use.

Equity instruments (shares) not listed in an active market and whose fair value cannot be reliably determined are valued at cost.
If there is objective evidence of an impairment loss on an available-for-sale financial asset, the cumulative loss that had been recognized directly in equity item 130."Revaluation reserves", is removed from equity and recognized in profit or loss under item 130.b) "Impairment losses (b) Available for sale financial assets".

Part A - Accounting Policies (Continued)

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

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

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

If however the fall in the fair value of the instrument is over 20% but less than or equal to 50% or continues for no less than 9 but no longer than 18 months, UniCredit reviews further income and market indicators. If the results of the review are such as to prejudice the recovery of the amount originally invested, a lasting loss of value is recognized.

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

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

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

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

3 - Held to Maturity Investments (HtM)

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

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

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

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

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

Held-to-maturity investments cannot be hedged for other than the credit/non performance risk.

4 - Loans and Receivables

Loans and Advances

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

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

After initial recognition at fair value, which is usually the price paid including transaction costs and income directly attributable to the acquisition or issuance of the financial asset (even if not yet paid), a loan or receivable is measured at amortized cost, which can be adjusted to take account of any write-downs/write-backs resulting from the valuation process.

A gain or loss on loans and receivables is recognized in profit or loss:
- when a loan or receivable is derecognized: in item 100. a) "Gains (losses) on disposal";

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part A - Accounting Policies (Continued)

According to the Bank of Italy regulations, impaired loans and receivables are classified into the following categories:

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

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

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

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

  Restructured exposures can be reclassified under unimpaired loans only after two years have passed from the date of signing of the restructuring agreement and a resolution has been adopted by the competent corporate bodies declaring that the debtor's full solvency has been restored and that there are no outstanding balances on all existing lines of credit.

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

  Please see Section A.3 below for the method used to calculate the fair value of shares arising from these transactions. Any negative differences between the value of the loans and the fair value of the shares are taken to profit and loss as write-downs.
- **Past-due loans** - total exposure to any borrower not included in the other categories, which at the balance-sheet date has expired facilities or unauthorized overdrafts that are more than 90 days past due and meet the requirements set out by supervisory regulations (ref. Bank of Italy's Circular No. 263 of December 27, 2006 "New regulations for the prudential supervision of banks") for their classification under the "past due exposures" category (TSA banks) or under the "defaulted exposures" category (IRB banks).

  Total exposure is recognized in this category if, at the balance-sheet date,
  either
  - the expired or unauthorized borrowing;

  or
  - the average daily amount of expired or unauthorised borrowings during the last preceding quarter is equal to or exceeds 5% of total exposure.

  Overdue exposures are usually valued at a flat rate on a historical or stochastic basis by applying where available the risk rating referred to Loss Given Default (LGD) under Basel 2.

Collective assessment is used for groups of loans to which latent impairment can be attributed, according to the method described below, inter alia on the basis of the risk factors used under Basel 2.

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

The methods used combine Basel 2 recommendations and IFRS. The latter exclude future loan losses, not yet sustained, but include losses already sustained even if they were not manifest at the date of measurement, on the basis of past experience of losses on assets with a similar risk profile to the assets being measured.

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

The portfolio valuation is the product of the risk factors derived from the parameters used under Basel 2 requirements, with a one-year time horizon, and the above loss confirmation periods expressed as part of a year and diversified according to asset class on the basis of the characteristics and development level of the credit processes.

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

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

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

Loan Securitizations

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

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

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

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

Guarantees, etc.

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

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

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

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

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

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

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

Any financial asset may be designated, in accordance with the provisions of IAS 39 as a financial instrument measured at fair value through profit and loss on initial recognition, except for the following:
• investments in equity instruments for which there is no price quoted in active markets and whose fair value cannot be reliably determined;
• derivatives.

FIaFV includes financial assets:
(i) not belonging to regulatory trading book, whose risk is:
  • connected with debt positions measured at fair value (see also item 15 "Financial liabilities at fair value through profit and loss");
  • and managed by the use of derivatives not treatable as accounting hedges.
(ii) represented by hybrid (combined) instruments containing embedded derivatives that otherwise should have been separated from the host contract.

FIaFV are accounted for in a similar manner to "HfT financial assets" (see Section 1), however gains and losses, whether realized or unrealized, are recognized in item 110. "Gains (losses) on financial assets and liabilities measured at fair value".

Part A - Accounting Policies (Continued)

6 - Hedge Accounting

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

- fair value hedge: a hedge of the exposure to changes in fair value of a recognized asset or liability, or an identifiable portion of such an asset or liability;
- cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction which could affect profit or loss in future periods;
- hedge of a net investment in a foreign entity, whose operations are presented in a currency other than euro.

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

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

A hedge is regarded as highly effective if, at the inception of the hedge and in subsequent periods, it is determined prospectively to remain highly effective, and the retrospectively verified that the hedge ratio (ie. the changes in fair value of hedged items and hedging instruments) is within a range of 80-125 per cent. The hedge is assessed on an ongoing basis and thus must prospectively remain highly effective throughout the financial reporting periods for which the hedge has been designated.

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

In addition, the hedging relationship ceases when the hedging instrument expires or is sold, terminated or exercised; the hedged item is sold, expires or is repaid; or it is no longer highly probable that the forecast transaction will occur.

Hedging instuments are so designated when identifiable with an ultimate counterparty outside the Group.

Hedging derivatives are measured at fair value. Specifically:

1. **Fair Value Hedging** - an effective fair value hedge is accounted for as follows: the gain or loss from remeasuring the hedging instrument at fair value is recognized through profit or loss in item 90. "Fair value adjustments in hedge accounting"; the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized through profit or loss in the same item. If the hedging relationship is terminated for reasons other than the sale of the hedged item, the difference between the carrying amount of the hedged item on termination of the hedging and the carrying amount it would have had if the hedge had never existed, is recognized through profit or loss in interest receivable or payable over the residual life of the original hedge, in the case of interest-bearing instruments; if the financial instrument does not bear interest, the difference is recognized in profit or loss under item 90. "Fair value adjustments in hedge accounting" at once. If the hedged item is sold or repaid, the portion of fair value which is still unamortised is at once recognized through profit or loss in the item 100. "Gains (losses) on disposal or repurchase";

2. **Cash Flow Hedging** - hedging instruments are valued at fair value. Change in the fair value of a hedging instrument that is considered effective is recognized in equity item 130. "Revaluation reserves". The ineffective portion of the gain or loss is recognized through profit or loss in item 90 "Fair value adjustments in hedge accounting". If a cash flow hedge is determined to be no longer effective or the hedging relationship is terminated, the cumulative gain or loss on the hedging instrument that remains recognized in "Revaluation reserves" from the period when the hedge was effective remains separately recognized in "Revaluation reserves" until the forecast hedged transaction occurs or is determined to be no longer possible; in the latter case gains or losses are transferred through profit or loss to 90 "Fair value adjustments in hedge accounting". The fair value changes recorded in item 130. "Revaluation reserves" are also disclosed in the Statement of Comprehensive Income.

3. **Hedging a Net Investment in a Foreign entity** - hedges of a net investment in a foreign entity are accounted for similarly to cash flow hedges:
   The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognized directly in equity is recognized through profit or loss on disposal of the foreign entity. The fair value changes recorded in item 130. "Revaluation reserves" are also disclosed in the Statement of Comprehensive Income.
   The ineffective portion of the gain or loss is recognized through profit or loss in item 90. "Fair value adjustments in hedge accounting".

4. **Macro-hedged financial assets (liabilities)** - IAS 39 allows a fair-value item hedged against interest rate fluctuations to be not only a single asset or liability but also a monetary position contained in a number of financial assets or liabilities (or parts of them); accordingly, a group of derivatives can be used to offset fair-value fluctuations in hedged items due to changes in market rates. Macro hedging may not be used for net positions resulting from the offsetting of assets and liabilities. As for fair value micro hedging, macro hedging is considered highly effective if, at the inception of the hedge and in subsequent periods, changes in the fair value attributable to the hedged position are offset by changes in fair value of the hedging instrument and if the hedge ratio is retrospectively assessed falling within the range of 80-125 per cent. Net changes - gains or losses - in the fair value of the macro-hedged assets and liabilities attributable to the hedged risk are recognized in asset item 90. and liability item 70. respectively and offset the profit and loss item 90. "Fair value adjustments in hedge accounting ".

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

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

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

7 - Equity Investments

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

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

The following are the types of equity investment:

Subsidiaries

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

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

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.
Investments in subsidiaries, associates and joint ventures are measured at cost.
The purchase price of an equity investment is the sum of:
- the fair value, at the date of acquisition, of the assets sold, liabilities assumed and equity instruments issued by the purchaser in exchange for control of the investee;

and
- any cost directly attributable to the acquisition.

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

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

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

Equity investments considered strategic investments not covered by the above definitions and not recognized in item 140. "Non-current assets and disposal groups held for sale" or item 100. "Liabilities associated with assets held for sale" (see Section 10), are classified as available for sale financial assets or financial assets measured at fair value, and treated accordingly (see Sections 2 and 5).

Associates

An associate is a company over which the investor has significant influence and which are not subsidiaries or joint ventures.

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

Part A - Accounting Policies (CONTINUED)

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

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

8 - Property, Plant and Equipment

The item includes:
- land;
- buildings;
- furniture and fixtures;
- plant and machinery;
- other machinery and equipment;

and is divided between:
- assets used in the business;
- assets held as investments.

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

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

Property, plant and equipment also include leasehold improvements relating to assets which can be separately identified. They are classified according to the specific sub-items relating to the asset type (e.g. plants). Leasehold improvements are usually borne in order to make leased premises fit for the expected use.
Improvements and additional expenses relating to property, plant and equipment identifiable but not separable are recognized in item 150. "Other assets".

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

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

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

Other expenses borne at a later time (e.g. normal maintenance costs) are recognized in the year they are incurred in profit and loss items:
- 150.b) "Other administrative expenses", if they refer to assets used in the business;

or
- 190. "Other net operating income", if they refer to property held for investment.

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

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

Residual useful life is usually assessed as follows:

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

An item with an indefinite useful life is not depreciated. Land and buildings are recognized separately, even if acquired together. Land is not depreciated since it usually has an indefinite useful life.

Buildings, conversely, have a finite useful life and are therefore subject to depreciation.

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

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

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

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

9 - Intangible Assets

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

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

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

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

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

An intangible asset with a finite life is subject to straight-line amortisation over its estimated useful life.
Residual useful life is usually assessed as follows:

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

Intangible assets with an indefinite life are not amortized.

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

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

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

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

Goodwill

In accordance with IFRS3, goodwill is the excess of the cost of a business combination over the net fair value of the assets and liabilities acquired at the acquisition date.

Part A - Accounting Policies (Continued)

Goodwill arising from the acquisition of subsidiaries and joint ventures (consolidated proportionately) is recognized as an intangible asset, whereas goodwill arising from the acquisition of associates is included in the carrying amount of the investments in associates.

At a subsequent financial reporting date, goodwill is recognized net of any cumulative impairment losses and is not amortised.
Goodwill is tested for impairment annually, as for other intangible assets with an indefinite life.

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

10 - Non-current Assets Held for Sale

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

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

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

11 - Current and Deferred Tax

Tax assets and tax liabilities are recognized in the Balance Sheet respectively in item 130. of assets (“Tax assets”) and item 80. of liabilities (“Tax liabilities”).
In compliance with the “Balance sheet liability method”, current and deferred tax items are:
- current tax assets, i.e. amount of tax paid in excess of income tax due in accordance with local tax regulations;
- current tax liabilities, i.e. amounts of corporate tax due in accordance with local tax regulations;
- deferred tax assets, i.e. amounts of income tax recoverable in future fiscal years and attributable to:
  - deductible temporary differences;
  - the carryforward of unused tax losses;
  - the carryforward of unused tax credits;
- deferred tax liabilities, i.e. the amounts of income tax due in future fiscal years in respect of taxable temporary differences.

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

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

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

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

Current and deferred taxes are recognized in profit and loss item 260 “Tax expense (income) related to profit or loss from continuing operations”, except for tax referred to items that in the same or in another fiscal year are credited or charged directly to equity, such as those relating to gains or losses on available-for-sale financial assets and those relating to changes in the fair value of cash flow hedging instruments, whose changes in value are recognized, net of tax, directly in the Statement of Comprehensive Income - Valuation reserves.
IRES is determined on the basis of the “consolidato fiscale” rules pursuant to LD 344/03; UniCredit S.p.A. opted to apply tax consolidation of the Group’s Italian entities for the three-year period 2010-2012 (see also Part B of these Notes - Section 13.7 - Further Information).

12 - Provisions for Risks and Charges

Retirement Payments and Similar Obligations

Retirement provisions - i.e. provisions for employee benefits payable after the completion of employment - are defined as contribution plans or defined-benefit plans according to the economic nature of the plan.

In detail:

- Defined-benefit plans provide a series of benefits depending on factors such as age, years of service and compensation policies. Under this type of plan actuarial and investment risks are borne by the company.
- Defined-contribution plans are plans under which the company makes fixed contributions. Benefits are the result of the amount of contributions paid and return on contributions invested. The employer bears no actuarial and/or investment risks connected with this type of plans as it has no legal or implicit obligation to make further contributions, should the plan not be sufficient to provide benefit to all employes.

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

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

The amount recognized as a liability in item 120. "Provisions for risks and charges" - (a) Post retirement benefit obligations is the present value of the obligation at the Balance Sheet Date, less the fair value of plan assets (if any) out of which the obligations are to be settled directly deducted any actuarial gains or losses not recognized in the Accounts under the 'corridor' method, which permits non-recognition of actuarial gains or losses when they do not exceed the greater of (i) 10% of the present value of the obligation before deducting plan assets or (ii) 10% of the fair value of any plan assets less any social security costs relating to benefits already provided but not yet recognized, less the fair value at the date of the balance sheet of the assets of the plan and due to settle the obligations directly.

The discount rate used to present-value obligations (whether financed or not) relating to benefits to be provided after retirement varies according to the country where the liabilities are allocated and is determined on the basis of market yield at the Balance Sheet Date of prime issuers' bonds with an average life in keeping with that of the relevant liability.

Other Provisions

Provisions for risks and charges are recognized when:

- the entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;

and

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

The amounts recognized as provisions are the best estimate of the expenditure required to settle the present obligation. The risks and uncertainties that inevitably surround the relevant events and circumstances are taken into account in reaching the best estimate of a provision.

Where the effect of the time value of money is significant (generally when payment is to be made more than 18 months from recognition), the amount of the provision should be the present value of the best estimate of the cost required to settle the obligation. The discount rate used reflects the current market assessments.

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

Provisions are used only for expenses for which they were originally recognized.

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

"Other provisions" also include obligations relating to benefits due to agents, specifically supplementary customer portfolio payments, merit payments, contractual payments and payments under non-competition agreements, which are measured as per defined benefit plans; accordingly these obligations are calculated using the unit credit projection method (see above under Retirement Payments and Similar Obligations).
In certain cases, provisions for risks and charges (e.g. charges relating to fiscal issues and related to staff) have been classified under their own Profit and Loss to better reflect their nature.

Part A - Accounting Policies (Continued)

13 - Liabilities and Securities in Issue

The items "Deposits from banks", "Deposits from customers" and "Debt Securities in issue" are used for all forms of third-party funding other than trading liabilities or those valued at fair value through profit and loss.

These financial liabilities are recognized on the settlement date principle initially at fair value, which is normally the consideration received less transaction costs directly attributable to the financial liability. Subsequently these instruments are measured at amortised cost using the effective interest method.

Hybrid debt instruments relating to equity instruments, foreign exchange, credit instruments or indexes, are treated as structured instruments. The embedded derivative is separated from the host contract and recognized as a derivative, provided that separation requirements are met, and recognized at fair value. Any subsequent changes in fair value are recognized in profit and loss item 80. "Gains (losses) on financial assets and liabilities held for trading".

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

Instruments convertible into treasury shares imply recognition, at the issuing date, of a financial liability and of the equity part recognized in item 150 "Equity instruments", any time contractual terms provide for physical delivery settlement.

The equity part is initially measured at the residual value, i.e., the overall value of the instrument less the separately determined value of a financial liability with no conversion clause and the same cash flow.

The financial liability is initially recognized at amortised cost using the effective interest method.

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

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

14 - Financial Liabilities Held for Trading

Financial liabilities held for trading include:
- derivatives that are not designated as hedging instruments;
- obligations to deliver financial assets borrowed by a short seller (i.e. an entity that sells financial assets it does not yet own);
- financial liabilities issued with an intention to repurchase them in the near term;
- financial liabilities that are part of a portfolio of financial instruments considered as a unit and for which there is evidence of a recent pattern of trading.

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

15 - Financial Liabilities at Fair Value through Profit and Loss

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

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

This category may also include financial liabilities represented by hybrid (combined) instruments containing embedded derivatives that otherwise should have been separated from the host contract.

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

16 - Foreign Currency Transactions

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

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

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

Exchange rate differences arising on a monetary item that forms part of an entity's net investment in a foreign operation whose assets are located or managed in a country or currency other than the euro are initially recognized in the entity's equity, and recognized in profit or loss on disposal of the net investment.

Non-monetary assets and liabilities recognized at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated at the closing rate. In this case the exchange differences are recognized:
- in profit and loss if the financial asset is HfT;
- in revaluation reserves if the financial asset is AfS.

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

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

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

17 - Other Information

Business Combinations

A business combination is a transaction through which an entity obtains control of a business segment, thus bringing together different businesses into one reporting entity.

A business combination may result in a Parent-subsidiary relationship in which the acquirer is the Parent and the acquiree a subsidiary of the acquirer. A business combination may involve the purchase of the net assets of another entity, in which case goodwill can arise, or the purchase of the equity of the other entity (mergers).

IFRS 3 requires that all business combinations concerning business divisions shall be accounted for by applying the purchase method, that involves the following steps:
- identifying an acquirer;
- measuring the cost of the business combination;

and
- allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities and contingent liabilities assumed.

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

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

A business combination may involve more than one exchange transaction; nevertheless, the cost of the business combination remains equal to the fair value of the amount paid at the acquisition date. This involves the revaluation at fair value - and the recognition of the effects in the Income Statement - of the equity investments previously held in the acquired entity.

The cost of a business combination is allocated by recognizing the assets, the liabilities and the identifiable contingent liabilities of the acquired company at their acquisition-date fair value. Exceptions to this principle are deferred income tax assets and liabilities, employee benefits, indemnification assets, reacquired rights, non-current assets held for sale, and share-based payment transactions that are subject to review in accordance with the principle applicable to them.

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

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

Part A - Accounting Policies (Continued)

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

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

Derecognition of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

Repo Transactions

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

These transactions can only be offset if, and only if, they are carried out with the same counterparty and provided that such offset is provided for in the underlying contracts.
The same rules apply to securities lending transactions with the exception, starting from December 31, 2011, of the type of securities lending transactions collateralized by other securities or not collateralized, as specified by the Bank of Italy.

Counterparty risk related to such securities lending or borrowing transactions is shown under item "E. Other" of the tables of Part E - Section 1 - Credit risk - A.2.Internal and external ratings.

Treasury Shares
Changes in treasury shares are reported as a direct contra item to shareholders' equity, i.e. as a reduction to the latter in the amount of any purchases, and as an increase in the amount of any sales proceeds.

This entails that, if treasury shares are subsequently sold, the difference between the sale price and the related post-tax repurchase cost is recognized entirely as a contra item to shareholders' equity.

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

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

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

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

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

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

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

Costs relating to TFR are taken to income statement item 150.a) "Administrative costs: Staff expenses" and include (i) service cost for company with less than 50 employees, (ii) interest cost on the obligation already existing at the beginning of the year, (iii) yearly instalment for the excess of actuarial gains and losses according to "corridor" method and (iv) the accrued instalments for the year paid into the supplementary pension scheme or to the Treasury fund of INPS.

Actuarial gains (losses), i.e., the difference between the liabilities' carrying value and the present value of the obligation at the end of the period are recognized according to the 'corridor' method, i.e., only when they exceed 10% of the present value of the obligation at the period-end. Any surplus is taken to the income statement and amortized over the residual working life of the employees who are members of the plan, as from the following financial year.

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

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

Part A - Accounting Policies (Continued)

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

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

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

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

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

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

RECOGNITION OF INCOME AND EXPENSES
Interest Income and Expense
Interest income and expense and similar income and expense items relate to monetary items - i.e., liquidity and debt financial instruments, held for trading measured at fair value through profit or loss or available for sale, HtM financial assets, loans and receivables, deposits, and securities in issue.

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

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

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

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

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

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

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

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

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

Commissions forming an integral part of the effective interest rate include loan drawdown fees or underwriting fees relating to a financial asset not designated at fair value, e.g., fees received as compensation for the assessment of the issuer's or borrower's financial situation, for valuation and registration of security, and generally for the completion of the transaction (management fees).

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

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

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

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

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

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

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

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

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

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

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

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

Formula-based approaches and statistical methods may be used to assess impairment losses on a group of financial assets. Models used incorporate

Part A - Accounting Policies (Continued)

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

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

Reversals of impairment losses

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

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

A.3 - Information on Fair Value

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

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

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

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

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

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

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

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

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

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

A.3.1 Transfers between Portfolios

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

In particular, the following may be reclassified:

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

The following tables (which are broken down by type of underlying asset and portfolio) provide the book value and fair value as at December 31, 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.

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

As a result the overall impact before taxes that would have been recognized in the income statement as of December 31, 2012, if these assets had not been reclassified, would have been a gain of €25,152 thousand, while the impact actually recognized was a gain of €3,096 thousand.

A.3.1.1. Reclassified financial assets: book value, fair value, and effects on overall profitability

					INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAXES)		INCOME/EXPENSE RECOGNIZED DURING THE PERIOD (BEFORE TAXES)	
INSTRUMENTS TYPE	ACCOUNTING PORTFOLIO BEFORE RECLASSIFICATION	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION	CARRYING AMOUNT AS AT 12.31.2012	FAIR VALUE AS AT 12.31.2012	FROM MEASUREMENT	OTHER	FROM MEASUREMENT	OTHER
Debt securities	Financial assets held for trading	Loans and receivables with banks	22,799	21,792	5,842	338	-	582
Debt securities	Financial assets held for trading	Loans and receivables with customers	2,218	2,265	21	76	-	140
Debt securities	Available-for-sale financial assets	Loans and receivables with customers	109,186	82,164	16,700	2,175	-	2,374
Total			**134,203**	**106,221**	**22,563**	**2,589**	**-**	**3,096**

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

No further reclassifications were made during 2012, therefore table A.3.1.2 "Reclassified financial assets: effects on comprehensive Income before reclassification" and information concerning item A.3.1.4 "Effective interest rate and cash flows expected from reclassified assets" are not provided.

A.3.1.3. Transfer of financial assets held for trading

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

The carrying amount as at December 31, 2012 is shown in table A.3.1.1.

Part A - Accounting Policies (Continued)

A.3.2 Fair Value Hierarchy

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

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

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

A.3.2.1. Accounting portfolios: division by level of fair value

FINANCIAL ASSETS/LIABILITIES CARRIED AT FAIR VALUE	12.31.2012			12.31.2011		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for Trading	985,021	9,370,898	180,015	1,578,111	9,583,495	318,203
2. Financial assets at fair value through P&L	1,028	4	371,892	925	6	421,615
3. Available for sale financial assets	28,956,230	1,574,708	1,103,757	20,205,940	3,141,976	1,015,123
4. Hedging derivative assets	-	8,047,016	-	-	5,431,237	-
Total	**29,942,279**	**18,992,626**	**1,655,664**	**21,784,976**	**18,156,714**	**1,754,941**
1. Financial liabilities held for Trading	567	9,623,543	453,721	1	9,941,200	350,522
2. Financial liabilities at fair value through P&L	-	-	-	-	-	-
3. Hedging derivative Liabilities	-	7,946,407	70	-	5,090,997	81
Total	**567**	**17,569,950**	**453,791**	**1**	**15,032,197**	**350,603**

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

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

	FINANCIAL ASSETS				
	HELD FOR TRADING	AT FAIR VALUE TROUGHT P&L	AVAILABLE FOR SALE	HEDGING DERIVATIVES	TOTAL
1. Opening balances	**318,203**	**421,615**	**1,015,123**	**-**	**1,754,941**
2. Increases	**409,709**	**2,221**	**219,994**	**-**	**631,924**
2.1 Purchases	42,194	-	198,407	-	240,601
2.2 Profits recognized in	310,778	2,221	15,090	-	328,089
2.2.1 Income Statement	310,778	2,221	401	-	313,400
- of which Unrealized gains	*92,740*	-	-	-	*92,740*
2.2.2 Equity	-	-	14,689	-	14,689
2.3 Transfer from other levels	-	-	4,088	-	4,088
2.4 Other increases	56,737	-	2,409		59,146
3. Decreases	**547,897**	**51,944**	**131,360**	**-**	**731,201**
3.1 Sales	249,340	50,000	49,031	-	348,371
3.2 Redemptions	12	-	13	-	25
3.3 Losses recognized in:	298,545	-	40,582	-	339,127
3.3.1 Income Statement:	298,545	-	17,367	-	315,912
- of which Unrealized losses	*287,573*	-	*10,317*	-	*297,890*
3.3.2 Equity	-	-	23,215	-	23,215
3.4 Transfer to other levels	-	-	38,309	-	38,309
3.5 Other decreases	-	1,944	3,425	-	5,369
4. Closing balances	**180,015**	**371,892**	**1,103,757**	**-**	**1,655,664**

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

	FINANCIAL LIABILITIES			
	HELD FOR TRADING	AT FAIR VALUE TROUGHT P&L	HEDGING DERIVATIVES	TOTAL
1. Opening balances	**350,522**	**-**	**81**	**350,603**
2. Increases	**633,775**	**-**	**-**	**633,775**
2.1 Issuance	239,637	-	-	239,637
2.2 Losses recognized in:	394,138	-	-	394,138
2.2.1 Income Statement	394,138	-	-	394,138
- of which Unrealized losses	*386,815*	-	-	*386,815*
2.2.2 Equity	-	-	-	-
2.3 Transfer from other levels	-	-	-	-
2.4 Other increases	-	-	-	-
3. Decreases	**530,576**	**-**	**11**	**530,587**
3.1 Redemptions	7,323	-	-	7,323
3.2 Purchases	-	-	-	-
3.3 Profits recognized in:	523,253	-	11	523,264
3.3.1 Income Statement	523,253	-	11	523,264
- of which Unrealized gains	*269,668*	-	*11*	*269,679*
3.3.2 Equity	-	-	-	-
3.4 Transfer to other levels	-	-	-	-
3.5 Other decreases	-	-	-	-
4. Closing balances	**453,721**	**-**	**70**	**453,791**

Part A - Accounting Policies (Continued)

A.3.3 Day One Profit/Loss

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

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

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

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

More specifically, the calculation of fair value adjustments to reflect model risk ensures that the fair value portion of these instruments relating to the use of subjective parameters is not recognized in the profit and loss account, but changes the balance sheet value of these instruments.

Recognition of this portion in the profit and loss account is then made only when objective parameters are applied and therefore the adjustments are derecognized.

The balance of value adjustments to reflect model risk changed from € 18,700 thousand at December 31, 2011 to € 31,882 thousand at December 31, 2012.

Part B - Balance Sheet

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

Assets

Section 1 - Cash and cash balances - Item 10

1.1 Cash and cash balances: breakdown

	AMOUNTS AS AT	
	12.31.2012	12.31.2011
a) Cash	1,784,754	1,745,043
b) Demand deposits with Central banks	428,658	4,008,320
Total	**2,213,412**	**5,753,363**

The item “Demand deposits with Central banks” decreased due to a different technical use of liquidity.

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading: product breakdown

	AMOUNTS AS AT					
	12.31.2012			12.31.2011		
ITEM/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A) Financial assets (non-derivatives)						
1. Debt securities	**984,469**	**473**	**3**	**1,578,096**	**529**	**2**
1.1 structured securities	1	5	-	-	6	-
1.2 other debt securities	984,468	468	3	1,578,096	523	2
2. Equity instruments	**23**	**-**	**-**	**14**	**-**	**-**
3. Units in investment funds	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 reverse repos	-	-	-	-	-	-
4.2 other	-	-	-	-	-	-
Total (A)	**984,492**	**473**	**3**	**1,578,110**	**529**	**2**
B) Derivative instruments						
1. Financial derivatives	**529**	**9,370,425**	**179,905**	**1**	**9,582,966**	**317,908**
1.1 trading	529	9,098,244	105,871	1	8,489,572	140,529
1.2 related to fair value option	-	-	-	-	-	-
1.3 other	-	272,181	74,034	-	1,093,394	177,379
2. Credit derivatives	**-**	**-**	**107**	**-**	**-**	**293**
2.1 trading	-	-	-	-	-	-
2.2 related to fair value option	-	-	-	-	-	-
2.3 other	-	-	107	-	-	293
Total (B)	**529**	**9,370,425**	**180,012**	**1**	**9,582,966**	**318,201**
Total (A+B)	**985,021**	**9,370,898**	**180,015**	**1,578,111**	**9,583,495**	**318,203**
Total Level 1, Level 2 e Level 3			**10,535,934**			**11,479,809**

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

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

ITEMS/VALUES	AMOUNTS AS AT 12.31.2012	AMOUNTS AS AT 12.31.2011
A. Financial assets (non-derivatives)		
1. Debt securities	**984,945**	**1,578,627**
a) Governments and Central Banks	984,797	1,578,503
b) Other public-sector entities	-	-
c) Banks	143	120
d) Other issuers	5	4
2. Equity instruments	**23**	**14**
a) Banks	-	-
b) Other issuers:	23	14
- *insurance companies*	-	-
- *financial companies*	-	-
- *non-financial companies*	*23*	*14*
- *other*	-	-
3. Units in investment funds	**-**	**-**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other issuers	-	-
Total A	**984,968**	**1,578,641**
B. Derivative instruments		
a) Banks		
- fair value	*4,502,335*	*4,362,852*
b) Customers		
- fair value	*5,048,631*	*5,538,316*
Total B	**9,550,966**	**9,901,168**
Total (A+B)	**10,535,934**	**11,479,809**

2.3 Financial assets held for trading: annual changes

	CHANGES IN 2012				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS ININVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**1,578,627**	**14**	**-**	**-**	**1,578,641**
B. Increases	**9,820,296**	**94,353**	**22,986**	**-**	**9,937,635**
B.1 Purchases	9,761,694	94,162	22,951	-	9,878,807
B.2 Positive changes in fair value	1,016	4	-	-	1,020
B.3 Other changes	57,586	187	35	-	57,808
C. Decreases	**10,413,978**	**94,344**	**22,986**	**-**	**10,531,308**
C.1 Sales	10,405,378	87,436	22,986	-	10,515,800
C.2 Redemptions	78	-	-	-	78
C.3 Negative changes in fair value	1,107	-	-	-	1,107
C.4 Tranfers to other portfolios	-	-	-	-	-
C.5 Other changes	7,415	6,908	-	-	14,323
D. Closing balance	**984,945**	**23**	**-**	**-**	**984,968**

Part B - Balance Sheet - Assets (CONTINUED)

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

3.1 Financial assets at fair value through profit or loss: product breakdown

ITEMS/VALUES	AMOUNTS AS AT					
	12.31.2012			12.31.2011		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**1,028**	**4**	**-**	**925**	**6**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	1,028	4	-	925	6	-
2. Equity instruments	**-**	**-**	**35,430**	**-**	**-**	**35,430**
3. Units in investment funds	**-**	**-**	**336,462**	**-**	**-**	**386,185**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**1,028**	**4**	**371,892**	**925**	**6**	**421,615**
Cost	***1,028***	***4***	***346,506***	***909***	***6***	***432,868***
Total Level 1, Level 2 and Level 3			372,924			422,546

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

ITEMS/VALUE	AMOUNTS AS AT	
	12.31.2012	12.31.2011
1. Debt securities	**1,032**	**931**
a) Governments and central banks	1,028	927
b) Other public-sector entities	-	-
c) Banks	4	4
d) Other issuers	-	-
2. Equity instruments	**35,430**	**35,430**
a) Banks	-	-
b) Other issuers:	35,430	35,430
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	*35,430*	*35,430*
- other	-	-
3. Units in investment funds	**336,462**	**386,185**
4. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**372,924**	**422,546**

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

	CHANGES IN 2012				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**931**	**35,430**	**386,185**	**-**	**422,546**
B. Increases	**124**	**-**	**2,221**	**-**	**2,345**
B.1 Purchases	-	-	-	-	-
B.2 Positive changes in fair value	100	-	2,221	-	2,321
B.3 Other increases	24	-	-	-	24
C. Decreases	**23**	**-**	**51,944**	**-**	**51,967**
C.1 Sales	-	-	50,000	-	50,000
C.2 Redemptions	1	-	-	-	1
C.3 Negative changes in fair value	-	-	-	-	-
C.4 Other decreases	22	-	1,944	-	1,966
D. Closing balance	**1,032**	**35,430**	**336,462**	**-**	**372,924**

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

4.1 Available-for-sale financial assets: product breakdown

	AMOUNTS AS AT					
	12.31.2012			12.31.2011		
ITEMS/VALUE	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A) Financial assets (non-derivatives)	**28,705,925**	**1,488,129**	**24,598**	**19,889,066**	**3,140,350**	**38,170**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	28,705,925	1,488,129	24,598	19,889,066	3,140,350	38,170
2. Equity instruments	**244,692**	**30,745**	**595,804**	**308,047**	**1,626**	**607,809**
2.1 Measured at fair value	244,692	30,745	307,356	308,047	1,626	319,813
2.2 Carried at cost	-	-	288,448	-	-	287,996
3. Units in investment funds	**5,613**	**55,834**	**483,355**	**8,827**	**-**	**369,144**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**28,956,230**	**1,574,708**	**1,103,757**	**20,205,940**	**3,141,976**	**1,015,123**
Total Level 1, Level 2 and Level 3			**31,634,695**			**24,363,039**

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

During 2012 Government Bonds strategic investments have been increased, as also stated in the following tables.

Among "Equity instruments" carried at cost is comprised the equity investment in Banca d'Italia for 284,511 thousand euro.

Among "Debt securities" are included not significant amounts, comparison to the overall, of Spanish government and bank bonds.

Part B - Balance Sheet - Assets (Continued)

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

ITEMS/VALUE	AMOUNTS AS AT 12.31.2012	AMOUNTS AS AT 12.31.2011
1. Debt securities	**30,218,652**	**23,067,586**
a) Governments and central banks	25,878,777	19,401,745
b) Other public-sector entities	-	-
c) Banks	3,480,148	2,421,265
d) Other issuers	859,727	1,244,576
2. Equity instruments	**871,241**	**917,482**
a) Banks	502,160	501,489
b) Other issuers:	369,081	415,993
- insurance companies	*62,068*	*4,412*
- financial companies	*126,877*	*279,601*
- non-financial companies	*180,136*	*131,980*
- other	-	-
3. Units in investment funds	**544,802**	**377,971**
4. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**31,634,695**	**24,363,039**

Equity instruments issued by borrowers with exposures classified as non-performing or doubtful are equal to 30,745 thousand euro.

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

ITEMS/VALUES	AMOUNTS AS AT 12.31.2012	AMOUNTS AS AT 12.31.2011
1. Financial assets subject to micro-hedging of fair value	**28,924,975**	**22,332,628**
a) interest rate risk	28,924,975	22,332,628
b) price risk	-	-
c) currency risk	-	-
d) credit risk	-	-
e) multiple risks	-	-
2. Financial assets subject to micro-hedging of cash flows	**-**	**-**
a) interest rate risk	-	-
b) currency risk	-	-
c) other	-	-
Total	**28,924,975**	**22,332,628**

4.4 Available-for-sale financial assets: annual changes

	CHANGES IN 2012				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**23,067,586**	**917,482**	**377,971**	**-**	**24,363,039**
B. Increases	**22,602,588**	**246,291**	**203,305**	**-**	**23,052,184**
B.1 Purchases	19,436,339	69,849	196,124	-	19,702,312
B.2 Positive changes in fair value	1,931,221	61,687	7,071	-	1,999,979
B.3 Write-backs	-	-	-	-	-
- through profit or loss	-	*X*	-	-	-
- in equity	-	-	-	-	-
B.4 Transfers from other portfolios	-	-	-	-	-
B.5 Other changes	1,235,028	114,755	110	-	1,349,893
C. Decreases	**15,451,522**	**292,532**	**36,474**	**-**	**15,780,528**
C.1 Sales	12,564,459	200,758	9,467	-	12,774,684
C.2 Redemptions	1,978,923	-	4,647	-	1,983,570
C.3 Negative changes in fair value	2,117	2,833	14,624	-	19,574
C.4 Impairment	992	14,710	7,588	-	23,290
- through profit or loss	*992*	*14,710*	*7,588*	-	*23,290*
- in equity	-	-	-	-	-
C.5 Transfers to other portfolios	-	-	-	-	-
C.6 Other changes	905,031	74,231	148	-	979,410
D. Closing balance	**30,218,652**	**871,241**	**544,802**	**-**	**31,634,695**

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

5.1 Held-to-maturity investments: product breakdown

	AMOUNTS AS AT							
	12.31.2012				12.31.2011			
		FAIR VALUE				FAIR VALUE		
	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3
A) Financial assets (non-derivatives)	**3,348,435**	**2,231,473**	**670,072**	**329,935**	**4,494,394**	**1,665,949**	**1,276,180**	**1,188,318**
- Structured securities	-	-	-	-	-	-	-	-
- Other securities	3,348,435	2,231,473	670,072	329,935	4,494,394	1,665,949	1,276,180	1,188,318
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3,348,435**	**2,231,473**	**670,072**	**329,935**	**4,494,394**	**1,665,949**	**1,276,180**	**1,188,318**
Total Level 1, Level 2 and Level 3				**3,231,480**				**4,130,447**

The amount of level 2 Fair Value at December 31, 2012 refers to a single item listed on an active market that was classified in that level in consideration of the number of days estimated to be necessary for its liquidation ("time to sell").

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

	AMOUNTS AS AT	
TYPE OPERATIONS/VALUES	12.31.2012	12.31.2011
1. Debt securities	**3,348,435**	**4,494,394**
a) Governments and central banks	3,018,461	3,306,076
b) Other public-sector entities	-	-
c) Banks	329,974	1,188,318
d) Other issuers	-	-
2. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**3,348,435**	**4,494,394**

Part B - Balance Sheet - Assets (Continued)

5.4 Held-to-maturity investments: annual changes

	CHANGES IN 2012		
	DEBT SECURITIES	LOANS	TOTAL
A. Opening balance	**4,494,394**	**-**	**4,494,394**
B. Increases	**428,974**	**-**	**428,974**
B.1 Purchases	329,936	-	329,936
B.2 Write-backs	-	-	-
B.3 Transfers from other portfolios	-	-	-
B.4 Other changes	99,038	-	99,038
C. Decreases	**1,574,933**	**-**	**1,574,933**
C.1 Sales	-	-	-
C.2 Redemptions	1,472,318	-	1,472,318
C.3 Write-downs	-	-	-
C.4 Transfers to other portfolios	-	-	-
C.5 Other changes	102,615	-	102,615
D. Closing balance	**3,348,435**	**-**	**3,348,435**

Section 6 - Loans and receivables with banks - Item 60

6.1 Loans and receivables with banks: product breakdown

	AMOUNTS AS AT	
TYPE OF TRANSACTIONS/VALUES	12.31.2012	12.31.2011
A. Loans to central banks	**5,002,609**	**649,487**
1. Time deposits	-	1,649
2. Compulsory reserves	5,002,474	647,330
3. Reverse repos	-	-
4. Other	135	508
B. Loans to banks	**22,933,756**	**28,983,879**
1. Current accounts and demand deposits	6,633,557	2,083,466
2. Time deposits	1,050,760	8,957,162
3. Other loans	5,126,886	6,370,986
3.1 Reverse repos	*3,815,231*	*4,292,472*
3.2 Financial leases	-	-
3.3 Other	*1,311,655*	*2,078,514*
4. Debt securities	10,122,553	11,572,265
4.1 Structured	-	-
4.2 Other	*10,122,553*	*11,572,265*
Total	**27,936,365**	**29,633,366**
Total fair value	***27,708,839***	***28,623,186***

Total impaired assets	**30,434**	**4,246**

The item “Compulsory reserves” increased due to a different technical use of liquidity.

Section 7 - Loans and receivables with customers - Item 70

7.1 Loans and receivables with customers: product breakdown

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT					
	12.31.2012			12.31.2011		
	PERFORMING	IMPAIRED		PERFORMING	IMPAIRED	
		PURCHASED	OTHERS		PURCHASED	OTHERS
1. Current accounts	33,750,434	24,329	6,162,556	36,540,632	26,521	5,404,618
2. Reverse Repos	30,226,930	-	-	7,243,371	-	-
3. Mortgages	87,868,966	-	11,687,830	98,038,064	-	10,383,990
4. Credit cards and personal loans, including wage assignement loans	8,544,635	42	471,133	8,415,419	80	344,984
5. Finance leases	-	-	-	-	-	-
6. Factoring	481,160	-	83,499	486,755	-	55,289
7. Other loans	70,705,742	81,487	6,092,279	79,005,266	122,438	4,508,179
8. Debt securities	4,668,897	-	-	5,675,396	-	-
8.1 Structured securities	-	-	-	-	-	-
8.2 Other debt securities	*4,668,897*	-	-	*5,675,396*	-	-
Total carrying amount	**236,246,764**	**105,858**	**24,497,297**	**235,404,903**	**149,039**	**20,697,060**
Total fair value	***246,198,760***	***105,858***	***24,497,297***	***245,644,382***	***149,039***	***20,697,060***

Total carrying amount Performing and Impaired	**260,849,918**	**256,251,002**

"Reverse Repos" increased of €22,984 million mainly due to the activity with Cassa di Compensazione e Garanzia.

Sub-items 7. "Other loans" and 8.2 "Other Debt Securities" include respectively €357 million and €360 milion arising from the "Trevi Finance","Trevi Finance 2" and "Trevi Finance 3" securitization transactions, in respect of which the underlying assets were not re-recognized in the accounts, at the date of application of international accounting standards for the faculty introduced by IFRS 1 applicable since the transactions were performed before January 1, 2002.

An Italian Government bond partly guarantees these securities for €203 million.

The assets underlying these securitization transactions are non-performing loans, whose carrying amount was € 504 million at December 31, 2012, as against a face value of € 3,824 million.

It should be noted that lending transactions collateralized by securities or not collateralized were classified under "off-balance sheet" exposures of table A.1.6 of Part E - Section 1 - Credit Risk. See also the section "Other Information" of Part B in accordance with the current Bank of Italy regulation.

Part B - Balance Sheet - Assets (Continued)

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

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT					
	12.31.2012			12.31.2011		
	PERFORMING	IMPAIRED		PERFORMING	IMPAIRED	
		PURCHASED	OTHERS		PURCHASED	OTHERS
1. Debt securities	**4,668,898**	**-**	**-**	**5,675,396**	**-**	**-**
a) Governments	97,522	-	-	104,896	-	-
b) Other public-sector entities	144,319	-	-	154,533	-	-
c) Other issuers	4,427,057	-	-	5,415,967	-	-
- non-financial companies	*127,199*	-	-	*159,324*	-	-
- financial companies	*4,240,850*	-	-	*5,197,629*	-	-
- insurance companies	*59,008*	-	-	*59,014*	-	-
- other	-	-	-	-	-	-
2. Loans to	**231,577,866**	**105,858**	**24,497,297**	**229,729,507**	**149,039**	**20,697,060**
a) Governments	1,629,624	-	949	1,263,609	-	703
b) Other public-sector entities	4,657,562	-	115,499	4,664,103	-	116,121
c) Other entities	225,290,680	105,858	24,380,849	223,801,795	149,039	20,580,236
- non-financial companies	*90,317,431*	*97,264*	*18,681,026*	*110,933,374*	*137,276*	*15,553,292*
- financial companies	*67,600,495*	*104*	*389,730*	*40,968,552*	*3,481*	*234,699*
- Insurance companies	*70,409*	-	*553*	*117,076*	-	*925*
- other	*67,302,345*	*8,490*	*5,309,540*	*71,782,793*	*8,282*	*4,791,320*
Total	**236,246,764**	**105,858**	**24,497,297**	**235,404,903**	**149,039**	**20,697,060**

Total Performing and Impaired	**260,849,919**	**256,251,002**

Section 8 - Hedging derivatives - Item 80

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

	AMOUNTS AS AT							
	12.31.2012				12.31.2011			
	FAIR VALUE			NOTIONAL PAMOUNT	FAIR VALUE			NOTIONAL PAMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**-**	**8,047,016**	**-**	**190,671,634**	**-**	**5,431,237**	**-**	**120,989,468**
1) Fair value	-	7,034,126	-	177,545,277	-	4,606,805	-	105,681,480
2) Cash flows	-	1,012,890	-	13,126,357	-	824,432	-	15,307,988
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**8,047,016**	**-**	**190,671,634**	**-**	**5,431,237**	**-**	**120,989,468**

Total Level1, Level 2 and Level 3	**8,047,016**		**5,431,237**	

8.2 Hedging derivatives: breakdown by hedged assets and risk

	AMOUNTS AS AT 12.31.2012								
	FAIR VALUE					CASH-FLOW HEDGES			TOTAL NET INVESTMENTS ON FOREIGN INVESTMENTS
	MICRO-HEDGE					MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	
TRANSACTIONS TYPE OF HEDGES	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS				
1. Available-for-sale financial assets	1,190	-	-	-	-	X	-	X	X
2. Loans and receivables	-	-	-	X	-	X	-	X	X
3. Held-to-maturity investments	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	2,390,134	X	924,718	X
5. Other investments	-	-	-	-	-	X	-	X	-
Total assets	**1,190**	**-**	**-**	**-**	**-**	**2,390,134**	**-**	**924,718**	**-**
1. Financial liabilities	-	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	4,642,802	X	88,172	X
Total liabilities	**-**	**-**	**-**	**X**	**-**	**4,642,802**	**-**	**88,172**	**X**
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

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

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

	AMOUNTS AS AT	
CHANGES TO HEDGED ASSETS/VALUES	12.31.2012	12.31.2011
1. Positive changes	**4,809,277**	**2,722,001**
1.1 of specific portfolios:	-	-
a) loans and receivables	-	-
b) available-for-sale financial assets	-	-
1.2 overall	4,809,277	2,722,001
2. Negative changes	**(2,016,149)**	**(995,639)**
2.1 of specific portfolios:	-	-
a) loans and receivables	-	-
b) available-for-sale financial assets	-	-
2.2 overall	(2,016,149)	(995,639)
Total	**2,793,128**	**1,726,362**

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

	AMOUNTS AS AT	
	12.31.2012	12.31.2011
1. Loans and receivables	-	-
2. Available-for-sale financial assets	-	-
3. Portfolio	34,150,150	14,942,446
Total	**34,150,150**	**14,942,446**

Part B - Balance Sheet - Assets (Continued)

Section 10 - Equity investments - Item 100

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

	NAME	MAIN OFFICE	EQUITY % (*)	VOTING RIGHTS
A. Subsidiaries				
1.	Bank Pekao S.A.	Warsaw	59.22% (A)	
2.	Box 2004 S.p.A. (in liquidazione)	Rome	100.00%	
3.	Centurione 2007 S.r.l. (in liquidazione)	Milan	100.00%	
4.	Compagnia Italpetroli S.p.A.	Rome	100.00%	
5.	Cordusio Società Fiduciaria per Azioni	Milan	100.00%	
6.	Crivelli S.r.l.	Milan	100.00%	
7.	Dom Inwestycyjny Xelion Sp. Z.o.o. (già Xelion Doradcy Finansowi Sp.zo.o.)	Warsaw	50.00%	
8.	Entasi S.r.l.	Roma	100.00%	
9.	Eurofinance 2000 S.r.l.	Rome	100.00%	
10.	Europeye S.r.l.	Roma	90.00% (B)	
11.	Fineco Leasing S.p.A.	Brescia	100.00%	
12.	Fineco Verwaltung AG (in liquidation)	Munich	100.00%	
13.	FinecoBank S.p.A.	Milan	100.00%	
14.	I-Faber Società per Azioni	Milan	65.32%	
15.	IPSE 2000 S.p.A. (in liquidazione)	Rome	50.00%	
16.	Island Finance (ICR4) S.r.l. (in liquidazione)	Rome	100.00%	
17.	Island Finance 2 (ICR7) S.r.l. (in liquidazione)	Rome	100.00%	
18.	Localmind S.p.A.	Milan	95.76%	
19.	Pioneer Global Asset Management S.p.A.	Milan	100.00%	
20.	Sicilia Convention Bureau S.r.l.	Catania	100.00%	
21.	Sofigere Société par Actions Simplifiée	Paris	100.00%	
22.	Trevi Finance N. 2 S.p.A.	Conegliano (TV)	60.00%	
23.	Trevi Finance N. 3 S.r.l.	Conegliano (TV)	60.00%	
24.	Trevi Finance S.p.A.	Conegliano (TV)	60.00%	
25.	Trieste Adriatic Maritime Initiatives S.r.l.	Trieste	34.10%	
26.	UniCredit Audit Società consortile per azioni	Milan	99.94% (C)	
27.	UniCredit Bank AG	Munich	100.00%	
28.	UniCredit Bank Austria AG	Wien	99.99%	
29.	UniCredit Bank D.D.	Mostar	3.27% (D)	3.28%
30.	UniCredit Bank Ireland P.l.c.	Dublin	100.00%	
31.	UniCredit BPC Mortgage S.r.l.	Verona	60.00%	
32.	UniCredit Bulbank A.D.	Sofia	.. (E)	
33.	UniCredit Business Integrated Solutions Società consortile per azioni (già UniCredit Global Information Services Società consortile per azioni)	Milan	100.000% (F)	
34.	UniCredit Consumer Financing AD	Sofia	50.10% (G,H)	
35.	UniCredit Consumer Financing IFN S.A.	Bucarest	53.94% (I,J)	
36.	UniCredit Credit Management Bank S.p.A.	Verona	97.81% (K)	100.00%
37.	UniCredit Delaware Inc.	Dover (Delaware)	100.00%	
38.	Unicredit Factoring S.p.A.	Milan	100.00%	
39.	UniCredit International Bank (Luxembourg) S.A.	Luxembourg	100.00%	
40.	UniCredit Leasing S.p.A.	Bologna	68.99% (L)	
41.	UniCredit Logistics S.r.l.	Verona	100.00% (M)	
42.	UniCredit Merchant S.p.A.	Rome	100.00% (N)	
43.	UniCredit OBG S.r.l.	Verona	60.00%	
44.	UniCredit (U.K.) Trust Services Ltd	London	100.00%	
45.	UniCredito Italiano Funding LLC III	Wilmington (Delaware)	100.00%	
46.	UniCredito Italiano Funding LLC IV	Wilmington (Delaware)	100.00%	
47.	Unimanagement Scrl	Turin	99.99% (O)	

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

NAME	MAIN OFFICE	EQUITY % (*)	VOTING RIGHTS
B. Joint ventures			
1. EuroTLX SIM S.p.A.	Milan	50.00%	
C. Companies under significant influence			
1. Aviva S.p.A.	Milan	49.00%	
2. Bluvacanze s.p.A:	Milan	42.85%	
3. CNP UniCredit Vita S.p.A.	Milan	38.80%	
4. Creditras Assicurazioni S.p.A.	Milan	50.00%	
5. Creditras Vita S.p.A.	Milan	50.00%	
6. Europrogetti & Finanza S.p.a. in liquidazione	Rome	39.79%	
7. Fenice Holding S.p.A.	Calenzano (FI)	25.91%	
8. Fidia - Fondo Interbancario d'Investimento Azionario SGR S.p.A.	Milan	50.00%	
9. G.B.S. General Broker Service S.p.A.	Rome	20.00%	
10. Incontra Assicurazioni S.p.A.	Milan	49.00%	
11. Istituto per l'Edilizia Economica e Popolare di Catania S.p.A. (in liquidazione)	Catania	20.00%	
12. Mediobanca - Banca di Credito Finanziario S.p.A.	Milan	8.66%	
13. Neep Roma Holding S.p.A.	Rome	40.00%	
14. Officinae Verdi Società per azioni	Rome	33.00%	
15. Profingest	Bologna	48.50%	
16. SIA S.p.A. (già SIA-SSB S.p.A.)	Milan	24.07%	
17. SMIA S.p.A.	Roma	26.38%	
18. Sviluppo Globale GEIE	Rome	33.33%	

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

(A) Following the sale on January 30, 2013 of 9.12% of the share capital UniCredit S.p.A. currently owns 50.10%.

(B) The Company was formed in December 2012.

(C) The Company was incorporated by UniCredit S.p.A. on March 1, 2013 following the purchase by the latter of the overall interests (0.06%) held by various Group companies.

(D) An additional 89.98% is held directly and indirectly by UniCredit Bank Austria AG (89.97% with voting rights).

(E) An additional 96.53% is held by UniCredit Bank Austria AG.

(F) A fractional share is held by various Group companies.

(G) The remaining share of 49.90% is held by UniCredit Bulbank A.D.

(H) The company has been wholly owned by UniCredit Bulbank A.D. since January 2, 2013.

(I) The remaining share of 46.06% is held indirectly by UniCredit Bank Austria AG.

(J) UniCredit has held 49.90% since January 3, 2013. The remaining share of 50.10% is held indirectly by UniCredit Bank Austria AG.

(K) The subsidiary holds 175,000 treasury shares equal to 2.19% of capital stock.

(L) The remaining share of 31.01% is held by UniCredit Bank Austria AG.

(M) The Company was incorporated by UniCredit S.p.A. on March 1, 2013.

(N) The Company was incorporated by UniCredit S.p.A. on March 1, 2013.

(O) The Company was incorporated by UniCredit S.p.A. on March 1, 2013 following the purchase by the latter of the interest (0.01%) held by UniCredit Business Integrated Solutions SCpA.

(P) The company was formed in August 2012.

Part B - Balance Sheet - Assets (Continued)

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

NAME	TOTAL ASSETS	TOTAL REVENUES	NET PROFIT (LOSS) *	SHAREHOLDERS' EQUITY	CARRYING VALUE	FAIR VALUE
A. Subsidiaries						
1. Bank Pekao S.A.	36,146,798	2,823,188	721,197	5,623,893	4,394,141	X
2. Box 2004 S.p.A. (in liquidazione)	7,363	164	-1,826	5,284	7,110	X
3. Centurione 2007 S.r.l. (in liquidazione)	13,062	..	-99	-8,282	..	X
4. Compagnia Italpetroli S.p.A.	181,877	22,736	-18,100	-7,374	..	X
5. Cordusio Società Fiduciaria per Azioni	18,653	15,758	1,760	8,358	4,827	X
6. Crivelli S.r.l.	48,301	3,080	607	14,819	27,501	X
7. Dom Inwestycyjny Xelion Sp.z.o.o. (già Xelion Doradcy Finansowi Sp.zo.o.)	6,232	9,657	349	2,973	940	X
8. Entasi S.r.l.	175	133	..	11	10	X
9. Eurofinance 2000 S.r.l.	141	132	-11	20	31	X
10. Europeye S.r.l.	..	..	..	100	90	X
11. Fineco Leasing S.p.A.	5,617,838	170,132	-21,248	158,815	135,973	X
12. Fineco Verwaltung AG (in liquidation)	5,986	248	1,925	5,627	3,703	X
13. FinecoBank S.p.A.	18,292,470	810,488	125,467	444,061	1,082,837	X
14. I-Faber Società per Azioni	22,402	16,251	447	13,995	9,700	X
15. IPSE 2000 S.p.A. (in liquidazione)	24,472	3	-54	24,308	9,933	X
16. Island Finance (ICR4) S.r.l. (in liquidazione)	224	38	22	156	..	X
17. Island Finance 2 (ICR7) S.r.l. (in liquidazione)	383	60	130	151	..	X
18. Localmind S.p.A.	2,899	335	98	2,810	1,712	X
19. Pioneer Global Asset Management S.p.A.	2,124,895	234,773	194,968	2,073,934	2,274,237	X
20. Sicilia Convention Bureau S.r.l.	207	225	-485	21	119	X
21. Sofigere Société par Actions Simplifiée	8,684	887	-128	-30	..	X
22. Trevi Finance N. 2 S.p.A.	204	177	..	154	74	X
23. Trevi Finance N. 3 S.r.l.	227	191	..	171	93	X
24. Trevi Finance S.p.A.	166	178	..	114	51	X
25. Trieste Adriatic Maritime Initiatives S.r.l.	4,341	1	-121	4,305	1,752	X
26. UniCredit Audit Società consortile per azioni	31,387	38,700	1,971	6,584	2,227	X
27. UniCredit Bank AG	335,017,000	10,074,000	1,462,000	20,815,000	19,189,465	X
28. UniCredit Bank Austria AG	123,097,716	4,465,411	100	14,248,837	23,706,115	X
29. UniCredit Bank D.D.	1,923,409	131,983	27,329	267,677	1,496	X
30. UniCredit Bank Ireland P.l.c.	27,154,500	701,984	82,447	1,765,246	1,716,489	X
31. UniCredit BPC Mortgage S.r.l.	115	188	..	12	7	X
32. UniCredit Bulbank A.D.	6,472,304	450,142	108,649	1,089,461	25	X
33. UniCredit Business Integrated Solutions Società consortile per azioni (formerly UniCredit Global Information Services Società consortile per azioni)	1,730,866	2,373,720	14,192	487,338	352,947	X
34. UniCredit Consumer Financing AD	129,419	27,063	10,870	29,043	10,054	X
35. UniCredit Consumer Financing IFN S.A.	273,202	32,466	1,776	22,949	17,040	X
36. UniCredit Credit Management Bank S.p.A.	3,749,302	163,795	22,505	3,355,688	3,335,928	X
37. UniCredit Delaware Inc.	200	,,	-44	176	20	X
38. Unicredit Factoring S.p.A.	8,910,436	335,080	60,841	308,063	119,393	X
39. UniCredit International Bank (Luxembourg) S.A.	3,031,065	164,637	6,295	243,244	221,797	X
40. UniCredit Leasing S.p.A.	19,736,628	1,185,679	-93,108	1,547,685	841,406	X
41. UniCredit Logistics S.r.l.	204	9	-405	195	193	X
42. UniCredit Merchant S.p.A.	391,354	7,689	2,032	390,693	367,743	X
43. UniCredit OBG S.r.l.	107	194	..	12	9	X
44. UniCredit (U.K.) Trust Services Ltd	341	287	3	274	275	X
45. UniCredito Italiano Funding LLC III	267,179	24,134	3,159	5,054	1	X
46. UniCredito Italiano Funding LLC IV	63,938	13,501	1,374	2,278	1	X
47. Unimanagement Scrl	7,424	10,083	193	557	110	X

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

NAME	TOTAL ASSETS	TOTAL REVENUES	NET PROFIT (LOSS) *	SHAREHOLDERS' EQUITY	CARRYING VALUE	FAIR VALUE
B. Joint ventures						
1. EuroTLX SIM S.p.A.	11,938	14,405	2,266	8,669	3,477	X
C. Companies under significant influence						
1. Aviva S.p.A. (B)	10,264,323	1,311,006	37,236	581,275	295,075	
2. Bluvacanze S.p.A. (C)	127,341	133,762	-53,356	47,675	1,924	
3. CNP UniCredit Vita S.p.A. (B)	11,665,794	1,526,394	73,921	454,793	234,120	
4. Creditras Assicurazioni S.p.A. (B)	253,052	34,482	9,623	27,652	7,225	
5. Creditras Vita S.p.A. (B)	17,087,969	2,448,418	78,256	433,819	194,023	
6. Europrogetti & Finanza S.p.a. in liquidazione (C)	6,852	2,051	-3,378	-12,298	..	
7. Fenice Holding S.p.A. (D)	..	..	..	256,829	66,550	
8. Fidia - Fondo Interbancario d'Investimento Azionario SGR S.p.A. (ora in liquidazione) (E)	4,815	175	-851	3,409	1,704	
9. G.B.S. General Broker Service S.p.A. (F)	23,064	10,958	41	1,676	270	
10. Incontra Assicurazioni S.p.A. (B)	148,027	6,017	304	14,063	5,202	
11. Istituto per l'Edilizia Economica e Popolare di Catania S.p.A. (in liquidazione) (C)	3,570	45	24	3,549	..	
12. Mediobanca - Banca di Credito Finanziario S.p.A. (G)	71,149,800	1,215,400	-21,200	4,654,300	559,325	347,050
13. Neep Roma Holding S.p.A. (F)	130,173	..	-705	-585	48	
14. Officinae Verdi Società per azioni (C)	824	4	-271	640	548	
15. Profingest	1,553	65	50	201	..	
16. SIA S.p.A. (B)	275,735	147,148	19,497	171,701	73,503	
17. SMIA S.p.A. (C)	22,151	4,671	1,220	18,812	9,998	
18. Sviluppo Globale GEIE	3,231	875	32	287	..	
					59,290,567	

* Amount included in Shareholders' Equity (see next column).
(A) The figure refers to the initial capital contribution because the company was formed in December 2012.
(B) Figures from the half year report at June 30, 2012.
(C) Figures from annual report at December 31, 2011.
(D) The figure refers to the initial capital contribution because the company was formed in August 2012.
(E) Figures from the balance sheet at September 30, 2012.
(F) Figures from annual report at June 30, 2012.
(G) Figures from the half year report at December 31, 2012.

The equity in Fenice Holding S.p.A., accounted among the companies under significant influence, was acquired following to operations of restructured loans (debt to equity) completed close to the year end.

The equity interest in Mediobanca - Banca di Credito Finanziario S.p.A. is classified under companies subject to significant by virtue of UniCredit S.p.A.'s right, resulting from its participation in the Shareholders' Agreement, to be represented by its officers in the Board of Directors and therefore to also participate in determining the company's financial and operating policies.

In the table above the figures for each affiliate were taken from the 2012 financial statements or from the 2012 draft financial statements approved by the responsible corporate bodies; in the absence of such financial statements, the figures were taken from the last approved financial statements or financial position. For foreign companies the amounts are converted at the end of year exchange rate.

The investments are individually tested for impairment in accordance with the provisions of IAS 36. When the conditions provided for therein apply, their recovery value is determined, understood as the greater of their "fair value" and "value in use" (the latter determined by discounting the cash flows at a rate that takes account of the current market rates and the specific risks of the asset or using other commonly accepted valuation criteria and methods suitable for the correct valuation of the investment). If the recovery value is less than the carrying amount, the latter is consequently reduced by allocating the corresponding impairment loss to the Income Statement.

On the basis of the above, at December 31, 2012 there were some write-downs, of which he most significant were:
- the subsidiaries UniCredit Leasing S.p.A. by 59,102 thousand euros, UniCredit Logistic S.r.l. by 409 thousand euros, and Sicilia Convention Bureau S.r.l. by 461 thousand euros;
- the associate BluVacanze S.p.A by 9,700 thousand euros.

Part B - Balance Sheet - Assets (Continued)

10.3 Investments in associates and joint ventures: annual changes

	CHANGES IN	
	2012	2011
A. Opening balance	**60,670,292**	**61,942,810**
B. Increases	**193,591**	**3,723,656**
B.1 Purchases	117,507	369,059
of which: business combinations	*27,501*	*30,000*
B.2 Write-backs	36	1,234
B.3 Revaluation	-	-
B.4 Other changes	76,048	3,353,363
C. Decreases	**1,573,316**	**4,996,174**
C.1 Sales	1,365,931	140,348
of which: business combinations	*1,193,926*	-
C.2 Write-downs	119,632	1,431,333
C.3 Other changes	87,753	3,424,493
D. Closing balance	**59,290,567**	**60,670,292**
E. Total revaluation	**-**	**-**
F. Total write-downs	**1,567,069**	**1,613,217**

Sub-items B.4 Other changes (increases) and C.3 Other changes (decreases) take into account the effects of business combinations which, in 2011, led to significant changes in the carrying amount of the associates involved. However, these changes did not impact the balance of item 100 Investments in associates and joint ventures, as they concerned inter-company transactions.

In relation to write-downs of 2012, refer to the comment of table 14.1 "Section 14 - Profit (Loss) of associates - Item 210" of Part C - Income Statement.

The item "of which: business combination" of B.1 Purchases and C.1 Sales mainly derives from the merger of UniCredit Real Estate S.p.A.

10.4 Commitments relating to equity investments in subsidiaries

At December 31, 2012 it is noted that:

- the commitment to make a capital contribution of €1.5 million to the subsidiary UniCredit Consumer Financing IFN S.A. to support its development plan;
- the commitment to make a capital contribution of €0.8 million to the subsidiary EuropEye S.r.l. (incorporated in December 2012) to support its start-up phase; this capital contribution was paid to the subsidiary in full in January 2013;
- the commitment to make a capital contribution of €0.3 million to the subsidiary Sicilia Convention Bureau S.r.l. to cover losses arising in the next two years; of this amount, €0.1 million has already been paid to the subsidiary in January 2013;
- the commitment to set up a subsidiary in Brazil to support the activities of the UniCredit Representative Office in Saõ Paulo, as part of the reorganization of the Group's international network. The new company will have a capital base of 0.2 million.

10.6 Commitments to equity interests in companies under significant influence

At December 31, 2012, there was a commitment to provide Neep Roma Holding S.p.A. (40% affiliate that holds, among other things, 78.04% of A.S. Roma S.p.A.) with the resources necessary to recapitalize its subsidiary A.S. Roma S.p.A. with a total charge of 12 million.

Section 11 - Property, plant and equipment - Item 110

The comparison with the previous year amount reflects, in particular, the merger with UniCredit Real Estate S.p.A..

11.1 Property, plant and equipment assets: breakdown of assets carried at cost

ASSETS/VALUES	AMOUNTS AS AT 12.31.2012	12.31.2011
A. Assets for operational use		
1.1 owned	1,916,853	244,066
a) land	834,147	-
b) buildings	755,962	3,305
c) office furniture and fittings	34,425	39,150
d) elettronic systems	150,161	112,746
e) other	142,158	88,865
1.2 leased	3,310	-
a) land	1,084	-
b) buildings	2,226	-
c) office furniture and fittings	-	-
d) elettronic systems	-	-
e) other	-	-
Total A	1,920,163	244,066
B. Held-for-investment assets		
2.1 owned	835,182	1,864
a) land	389,610	5
b) buildings	445,572	1,859
2.2 leased	-	-
a) land	-	-
b) buildings	-	-
Total B	835,182	1,864
Total (A+B)	2,755,345	245,930

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

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

Part B - Balance Sheet - Assets (Continued)

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

	CHANGES IN 2012					
	LAND	BUILDINGS	OFFICE FUNITURE AND FITTINGS	ELECTRONIC SYSTEMS	OTHER	TOTAL
A. Gross opening balance	**-**	**3,751**	**652,381**	**997,351**	**376,942**	**2,030,425**
A.1 Total net reduction in value	-	(446)	(613,231)	(884,605)	(288,077)	(1,786,359)
A.2 Net opening balance	-	3,305	39,150	112,746	88,865	244,066
B. Increases	**835,231**	**799,422**	**2,657**	**101,998**	**100,770**	**1,840,078**
B.1 Purchases	835,132	766,604	2,609	101,979	17,398	1,723,722
of which: business combinations	*835,132*	*766,604*	*587*	*73,586*	*42*	*1,675,951*
B.2 Capitalised expenditure on improvements	-	29,150	-	-	-	29,150
B.3 Write-backs	-	-	-	-	-	-
B.4 Increase in fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
B.5 Positive Exchange differences	-	-	-	-	-	-
B.6 Transfer from properties held for investment	99	287	-	-	-	386
B.7 Other changes	-	3,381	48	19	83,372	86,820
C. Reductions	**-**	**44,539**	**7,382**	**64,583**	**47,477**	**163,981**
C.1 Disposals	-	6,122	553	6,683	201	13,559
C.2 Depreciation	-	35,065	6,782	56,536	46,141	144,524
C.3 Impairment losses:	-	1,262	11	1,264	299	2,836
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	*1,262*	*11*	*1,264*	*299*	*2,836*
C.4 Reductions of fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
C.5 Negative exchange differences	-	11	-	3	-	14
C.6 Transfers to:	-	-	-	-	-	-
a) property, plant and equipment held for investment	-	-	-	-	-	-
b) assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	2,079	36	97	836	3,048
D. Net final balance	**835,231**	**758,188**	**34,425**	**150,161**	**142,158**	**1,920,163**
D.1 Total net reduction in value	-	(441,026)	(619,995)	(1,018,067)	(395,895)	(2,474,983)
D.2 Gross closing balance	**835,231**	**1,199,214**	**654,420**	**1,168,228**	**538,053**	**4,395,146**
E. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

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

	CHANGES IN 2012		
	LAND	BUILDINGS	TOTAL
A. Opening balances	**5**	**1,859**	**1,864**
B. Increases	**415,009**	**481,252**	**896,261**
B.1 Purchases	*411,434*	*461,678*	*873,112*
of which business combinations	*411,434*	*461,678*	*873,112*
B.2 Capitalised expenditure on improvements	-	3,811	3,811
B.3 Increases in fair value	-	-	-
B.4 Write backs	-	-	-
B.5 Positive exchange differences	-	-	-
B.6 Transfer from properties used in the business	-	-	-
B.7 Other changes	3,575	15,763	19,338
C. Reductions	**25,404**	**37,539**	**62,943**
C.1 Disposals	25,305	15,147	40,452
C.2 Depreciation	-	18,696	18,696
C.3 Reductions in fair value	-	-	-
C.4 Impairment losses	-	929	929
C.5 Negative exchange differences	-	-	-
C.6 Transfers to:	99	287	386
a) Properties used in the business	*99*	*287*	*386*
b) Non current assets classified as held for sale	-	-	-
C.7 Other changes	-	2,480	2,480
D. Closing balances	**389,610**	**445,572**	**835,182**
E. Measured at fair value	***520,581***	***768,713***	***1,289,294***

The fair value has been determined on the basis of an estimate made by an expert with recognized and relevant professional qualifications and with experience in localization and the type of real estate investment object of the valuation.

These are properties leased to group companies or third parties.

The “of which: business combinations” of item B.1 Purchases in the previous tables 11.3 and 11.4, relates, as already mentioned, to the merger through incorporation of UniCredit Real Estate S.p.A..

Section 12 - Intangible assets - Item 120

12.1 Intangible assets: breakdown

	AMOUNTS AS AT			
	12.31.2012		12.31.2011	
ASSETS/VALUES	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**X**	**2,815,451**	**X**	**2,812,432**
A.2 Other intangible assets	**25,840**	**-**	**28,667**	**-**
A.2.1 Assets carried at cost:	25,840	-	28,667	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	*25,840*	-	*28,667*	-
A.2.2 Assets valued at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**25,840**	**2,815,451**	**28,667**	**2,812,432**
Total finite and indefinite life		**2,841,291**		**2,841,099**

Goodwill increased by €3,019 thousand as a result of the spin-off of Pioneer Investment Management SGRpA related to private asset management line of business, executed last January, 1 2012.

The calculation of the value in use for the purposes of the impairment test on goodwill is done by using the Discounted Cash Flow or DCF model related to the commercial activity of the bank to which the goodwill refers to. These cash flows are determined by subtracting from net income the

Part B - Balance Sheet - Assets (Continued)

annual capital requirement generated by the change in the weighted assets for risk. This capital requirement is determined by considering the long-term capitalization to be achieved.

The Discounted Cash Flow model used, consistent with what occurs at the consolidated level, is based on three stages:
- first period from 2013 to 2017,
  - budget for 2013 approved by the Board of Directors on January 29, 2013;
  - financial projections based on the new macro and banking scenario for the period 2014-2017 approved by the Board of Directors on March 15, 2013;
- intermediate period from 2018 to 2022, for which the projections of the financial flows are extrapolated by applying beginning in the last explicit estimate period (2017) rates of growth decreasing to the terminal value;
- "terminal value" determined from the cash flow expected for 2022, representing the capacity of the CGUs to generate additional future financial flows. Based on the method adopted, Terminal Value is calculated as the value of a perpetual yield estimated on the basis of a normalized flow economically sustainable and consistent with long-term flow rate (so-called "g") constant or decreasing as required by IAS/IFRS accounting principles.

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

The value in use thus determined is compared with the book value and, if this latter is lower, it is adjusted to an amount equal to the difference recorded, obviously up to the amount of goodwill itself.

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

The impairment test confirmed the value of the goodwill recorded at December 31, 2012.

12.2 Intangible assets: annual changes

	CHANGES IN 2012					
		OTHER INTANGIBLE ASSETS				
		GENERATED INTERNALLY		OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross Opening Balance	**7,706,507**	**-**	**-**	**267,038**	**-**	**7,973,545**
A.1 Net reductions	(4,894,075)	-	-	(238,371)	-	(5,132,446)
A.2 Net opening balance	**2,812,432**	**-**	**-**	**28,667**	**-**	**2,841,099**
B. Increases	**3,019**	**-**	**-**	**607**	**-**	**3,626**
B.1 Purchases	3,019	-	-	607	-	3,626
B.2 Increases in intangible assets generated internally	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Increase in fair value	-	-	-	-	-	-
- in equity	*X*	-	-	-	-	-
- through profit or loss	*X*	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Reductions	**-**	**-**	**-**	**3,434**	**-**	**3,434**
C.1 Disposals	-	-	-	44	-	44
C.2 Write-downs	-	-	-	3,337	-	3,337
- amortization	X	-	-	3,337	-	3,337
- write-downs	-	-	-	-	-	-
+ in equity	*X*	-	-	-	-	-
+ through profit or loss	-	-	-	-	-	-
C.3 Reduction in fair value	-	-	-	-	-	-
- in equity	*X*	-	-	-	-	-
- through profit or loss	*X*	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	9	-	9
C.6 Other changes	-	-	-	44	-	44
D. Net Closing Balance	**2,815,451**	**-**	**-**	**25,840**	**-**	**2,841,291**
D.1 Total net write-down	(4,894,075)	-	-	(243,506)	-	(5,137,581)
E. Closing balance	**7,709,526**	**-**	**-**	**269,346**	**-**	**7,978,872**
F. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

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

13.1 Deferred tax assets: breakdown

	AMOUNTS AS AT	
	12.31.2012	12.31.2011
Deferred tax assets related to:		
Assets/liabilities held for trading	-	-
Other financial instruments	408,690	794,595
Hedging derivatives / changes in fair value of portfolio hedged items	45,359	62,390
Investments in associates and joint ventures	3,922,971	4,408
Property, plant and equipment / Intangible assets	2,333,045	2,555,476
Provisions	494,042	401,256
Write-downs on loans	4,162,805	3,034,179
Other assets / liabilities	-	111,727
Loans and receivables with banks and customers	163,431	183,720
Tax losses carried forward	86,651	243,173
Other	86,824	2,912
Total	**11,703,818**	**7,393,836**

13.2 Deferred tax liabilities: breakdown

	AMOUNTS AS AT	
	12.31.2012	12.31.2011
Deferred tax liabilities related to:		
Loans and receivables with banks and customers	-	-
Assets/liabilities held for trading	-	-
Hedging derivatives / changes in fair value of portfolio hedged items	286,969	255,383
Investments in associates and joint ventures	7,094	7,019
Other financial instruments	84,955	25,488
Property, plant and equipment / intangible assets	161,925	42,481
Other assets / liabilities	-	-
Deposits from banks and customers	-	-
Other	110	248
Total	**541,053**	**330,619**

Deferred tax assets were booked as balancing entries to current tax payable during the year. The item was also affected by the application of special legal provisions, resulting in:

- the payment of a 16% substitute tax, totaling €1,922 million, to realign the value of goodwill, trademarks and other intangible assets connected with controlling interests booked in the consolidated financial statements as per article 15(10) of law decree 185 of 29 November 2008 and article 23 of law decree 98 of 29 December 2011, calculated on a tax basis of about €12,000 million; the realignment resulted in the recognition of new deferred tax assets, totaling €3,304 million in corporate income tax (IRES), and €618.7 million in regional production tax (IRAP). The deferred tax will generate benefits in terms of lower current taxes over 10 installments starting from the year 2018;
- the mandatory conversion into tax credits, since the financial statements for 2011 showed a loss for the year, pursuant to article 2(55-58) of law decree 225 of 29 December 2010, of prepaid taxes recorded in past years in relation to €588 million in impairment of loans and goodwill; as a result, reversals of the deferred tax assets due to be recognized in 2012 and in part of 2013 were canceled.

With regard to routine entries for the year, an extra €1,462.2 million in deferred tax assets were booked in relation to the impairment of loans to customers, to be deducted over a period of 18 years.

Part B - Balance Sheet - Assets (Continued)

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

	CHANGES IN	
	2012	2011
1. Opening balance	**6,514,027**	**5,718,503**
2. Increases	**5,628,577**	**1,413,939**
2.1 Deferred tax assets arising during the year	5,551,402	1,351,629
a) relating to previous years	*11,246*	*366,848*
b) due to change in accounting policies	-	-
c) write-backs	-	-
d) other	*5,540,156*	*984,781*
2.2 New taxes or increases in tax rates	-	62,094
2.3 Other increases	77,175	216
of which: business combinations	*74,242*	-
3. Decreases	**961,969**	**618,415**
3.1 Deferred tax assets derecognised during the year	373,583	615,412
a) reversals of temporary differences	*373,583*	*585,412*
b) write-downs of non-recoverable items	-	*30,000*
c) change in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	588,386	3,003
a) conversion onto tax credit under L. 214/2011	*588,386*	-
b) other decreases	-	*3,003*
4. Final amount	**11,180,635**	**6,514,027**

13.3.1 Deferred tax assets (L. 214/2011): annual changes (balancing P&L)

	CHANGES IN	
	2012	2011
1. Opening balance	**5,187,293**	**4,490,147**
2. Increases	**4,777,106**	**988,145**
3. Decreases	**588,863**	**290,999**
3.1 Reversal	477	290,999
3.2 Conversion into tax credit:	588,386	-
a) due to loss positions arising from Profit and Loss	588,386	-
b) due to tax losses	-	-
3.1 Other decreases	-	-
4. Final amount	**9,375,536**	**5,187,293**

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

	CHANGES IN	
	2012	2011
1. Opening balance	**45,737**	**60,369**
2. Increases	**153,202**	**5,189**
2.1 Deferred tax liabilities arising during the year	14,221	4,815
a) relating to previous years	*6,412*	*2,714*
b) due to change in accounting policies	-	-
c) other	*7,809*	*2,101*
2.2 New taxes or increases in tax rates	-	374
2.3 Other increases	138,981	-
of which: business combinations	*138,866*	-
3. Decreases	**34,237**	**19,821**
3.1 Deferred tax liabilities derecognised during the year	34,237	19,821
a) reversals of temporary differences	*34,237*	*19,821*
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Final amount	**164,702**	**45,737**

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

	CHANGES IN	
	2012	2011
1. Opening balance	**879,809**	**333,331**
2. Increases	**68,121**	**565,522**
2.1 Deferred tax assets arising during the year	68,121	547,189
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	*68,121*	*547,189*
2.2 New taxes or increase in tax rates	-	18,333
2.3 Other increases of which: business combinations	-	-
3. Decreases	**424,747**	**19,044**
3.1 Deferred tax assets derecognised during the year	421,671	11,458
a) reversals of temporary differences	*34,674*	*11,458*
b) writedowns of non-recoverable items	-	-
c) due to change in accounting policies	-	-
d) other	*386,997*	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	3,076	7,586
4. Final amount	**523,183**	**879,809**

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

	CHANGES IN	
	2012	2011
1. Opening balance	**284,882**	**195,259**
2. Increases	**110,353**	**98,906**
2.1 Deferred tax liabilities arising during the year	106,516	88,429
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	*106,516*	*88,429*
2.2 New taxes or increase in tax rates	-	7,189
2.3 Other increases of which: business combinations	3,837	3,288
3. Decreases	**18,883**	**9,283**
3.1 Deferred tax liabilities derecognised during the year	17,477	4,458
a) reversal of temporary differences	*17,477*	*4,458*
b) due to change in accounting policies	-	-
c) Other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	1,407	4,825
4. Final amount	**376,353**	**284,882**

Part B - Balance Sheet - Assets (Continued)

13.7 Other information

National Tax Consolidation System

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

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

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

It should be noted that at the end of the 2012 financial year the option was exercised to apply the national tax consolidation system to the following companies:
UniCredit Factoring - Milan
Pioneer Global Asset Management - Milan
Pioneer Investment Management - Milan
Fineco Bank - Milan
UniCredit Leasing - Bologna
UniCredit Credit Management Bank - Verona
Fineco Leasing - Brescia
I-Faber - Milan
Cordusio Fiduciaria - Milan
UniCredit Business Integrated Solutions - Milan
UniCredit Audit - Milan
UniManagement - Turin

Fewer companies were included in the scope of consolidation compared to 2011, due to:
- the decision not to renew the option on UniCredit Merchant - Rome upon its expiry after three years;
- the incorporation of UniCredit Real Estate into the parent company, and the incorporation of Pioneer Alternative Investment Management into Pioneer Investment Management;
- the incorporation of UniCredit Global Information Services with UniCredit Business Partner; the business name of the resulting company has been changed to UniCredit Business Integrated Solutions.

Deferred tax assets due to tax losses carried forward

Deferred tax assets due to tax losses carried forward have been recognized in the individual financial statements in relation to the tax loss of the merged company Capitalia. This loss, which cannot be used within the tax consolidation under the applicable regulations, was partially used in 2012 against the taxable income of individual financial (pursuant to Article 84.1 of the TUIR) for an amount equal to €155.5 million and with a residual amount of €86.6 million. In addition, there are tax losses carried forward totaling €1,801 million in the Vienna Permanent Establishment and the New York Foreign Branch for start-up costs of these Branches or other overhead costs. These are tax losses that can only be used with taxable income of the individual Branch for taxes due in their country of origin (Austria and the United States) . Since there are no expectations of sufficient taxable incomes for these entities, in accordance with IAS 12, they have not been recognized as deferred tax assets.

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

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

	AMOUNTS AS AT	
	12.31.2012	12.31.2011
A. Individual assets		
A.1 Financial assets	-	-
A.2 Equity investments	-	7,115
A.3 Property, Plant and Equipment	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total A	**-**	**7,115**
B. Asset groups classified as held for sale		
B.1 Financial assets held for trading	-	-
B.2 Financial assets at fair value through profit or loss	-	-
B.3 Available for sale financial assets	-	-
B.4 Held to maturity investments	-	-
B.5 Loans and receivables with banks	-	-
B.6 Loans and receivables with customers	-	-
B.7 Equity investments	-	-
B.8 Property, Plant and Equipment	-	-
B.9 Intangible assets	-	-
B.10 Other assets	-	-
Total B	**-**	**-**
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total C	**-**	**-**
D. Liabilities included in disposal groups classified as held for sale		
D.1 Deposits from banks	-	-
D.2 Deposits from customers	-	-
D.3 Debt securities in issue	-	-
D.4 Financial liabilities held for trading	-	-
D.5 Financial liabilities at fair value through profit or loss	-	-
D.6 Provisions	-	-
D.7 Other liabilities	-	-
Total D	**-**	**-**

The results shown above, as at December, 31 2011, under “Non-current assets and disposals groups held for sale and associate liabilities” relate to a stake held in IRFIS - *Finanziaria per lo sviluppo della Sicilia S.p.A.* (share equal to approximately 76.3%), that was sold in January 2012.

There are no “Non-current assets disposals groups classified as held for sale” as at December, 12 2012.

Part B - Balance Sheet - Assets (Continued)

Section 15 - Other assets - Item 150

15.1 Other assets: breakdown

ITEMS/VALUE	AMOUNTS AS AT 12.31.2012	AMOUNTS AS AT 12.31.2011
Accrued income other capitalised income	340,605	225,607
Cash and other valuables held by cashier:	464,968	443,116
- current account cheques being settled, drawn on third parties	*447,781*	*421,324*
- current account cheques payablee by group banks, cleared and in the process of being debited	*956*	*3,401*
- money orders, bank drafts and equivalent securities	*16,231*	*18,391*
- coupons, securities due on demand, revenue stamps and miscellaneous valuables	-	-
Interest and charges to be debited to:	871	1,597
- customers	*871*	*1,597*
- banks	-	-
Items in transit between branches not yet allocated to destination accounts	202,616	32,972
Items in processing	212,058	832,127
Items deemed definitive but non-attributable to other items:	2,625,887	1,362,902
- securities and coupons to be settled	*60,014*	*12,183*
- other transactions	*2,565,873*	*1,350,719*
Adjustments for unpaid bills and notes	13,230	264,579
Tax items other than those included in item 130	1,946,102	1,779,447
of which: Group VAT credit	*314,357*	*317,030*
Loans in respect of share based payments:	75,581	56,661
- loans to subsidiaries in respect of equity settled share based payments	*70,449*	*56,647*
- loans to subsidiaries in respect of cash settled share based payments	*5,132*	*14*
Other items:	534,503	655,222
- leasehold improvements (on non-separable assets)	*87,451*	*184,407*
- items related to accidents and disputes pending (valued at their estimated realization amount)	*290,977*	*308,554*
- other items	*156,075*	*162,261*
Total	**6,416,421**	**5,654,230**

In accordance with the provision of the Technical Memo issued by the Bank of Italy on August 8, 2012, an analysis was conducted aimed at identifying entries whose realization depends on the occurrence, or not, of future uncertain events not fully under the Bank's control.

The analysis identified the presence of such assets, whose amount was not significant compared to the balance of the item, and which have been kept in the balance sheet in consideration of the fact that, since the Bank has not waived its credit claims, their elimination could be detrimental if, during judicial proceedings, this were to result in the failure to recognize the credits or the undermining of the Bank's ability to enforce its entitlement to the credits. In any event, all the positions are covered by adequate provisions for risks and charges.

Part B - Balance Sheet

Liabilities

Section 1 - Deposits from banks - Item 10

1.1 Deposits from banks: product breakdown

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2012	AMOUNTS AS AT 12.31.2011
1. Deposits from central banks	**19,275,947**	**30,168,893**
2. Deposits from banks	**37,169,579**	**33,166,006**
2.1 Current accounts and demand deposits	14,642,784	10,584,438
2.2 Time deposits	13,516,453	11,218,946
2.3 Loans	9,009,706	11,360,642
2.3.1 repos	*2,731,769*	*1,570,128*
2.3.2 other	*6,277,937*	*9,790,514*
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Other liabilities	636	1,980
Total	**56,445,526**	**63,334,899**
Fair value	***56,445,526***	***63,334,899***

The decrease in deposits from central banks is due to the reduction of ECB,s refinancing operations.

1.2 Breakdown of item 10 "Deposits from banks": subordinated debt
Part F - Shareholders' Equity of the Notes to the Accounts includes the list of all subordinated debt instruments. Subordinated debt recognized in the item "Deposits from banks" amounts to €727,030 thousand.

Section 2 - Deposits from customers - Item 20

2.1 Deposits from customers: product breakdown

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2012	AMOUNTS AS AT 12.31.2011
1. Current accounts and demand deposits	107,284,379	105,345,524
2. Time deposits	6,660,391	6,388,070
3. Loans	32,228,429	32,814,115
3.1 repos	*29,922,240*	*30,234,960*
3.2 other	*2,306,189*	*2,579,155*
4. Liabilities in respect of commitments to repurchase treasury shares	-	-
5. Other liabilities	5,751,887	7,305,686
Total	**151,925,086**	**151,853,395**
Fair Value	***151,086,359***	***151,853,395***

2.2 Breakdown of item 20 "Deposits from customers": subordinated debt
This item includes subordinated debt in the amount of €493,523 thousand.

Part B - Balance Sheet - Liabilities (CONTINUED)

Section 3 - Debt securities in issue - Item 30

3.1 Debt securities in issue: product breakdown

TYPE OF SECURITIES/ VALUES	AMOUNTS AS AT							
	12.31.2012				12.31.2011			
	BALANCE SHEET VALUE	FAIR VALUE			BALANCE SHEET VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Listed securities								
1. Bonds	104,991,952	37,345,138	67,101,454	106	107,542,107	4,138,141	89,915,357	99
1.1 structured	3,281,744	-	3,339,107	-	6,921,637	-	6,787,489	-
1.2 other	101,710,208	37,345,138	63,762,347	106	100,620,470	4,138,141	83,127,868	99
2. Other securities	22,429,596	-	1,756,660	20,651,438	13,770,887	168,714	4,413,775	8,907,335
2.1 structured	507,985	-	513,003	-	641,092	-	588,681	-
2.2 other	21,921,611	-	1,243,657	20,651,438	13,129,795	168,714	3,825,094	8,907,335
Total	**127,421,548**	**37,345,138**	**68,858,114**	**20,651,544**	**121,312,994**	**4,306,855**	**94,329,132**	**8,907,434**
Total Level 1, Level 2 and Level 3				**126,854,796**				**107,543,421**

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

This item includes subordinated securities in the amount of €13,510,322 thousand.
During 2012, the Bank favored the issue of unstructured bonds, increasing the amount of "Level 1" instruments.

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

Within two issue programs of the year 2008 and 2012, UniCredit S.p.A. issued 33 tranches of OBG (guaranteed covered bonds) with a nominal value of 28.221 billion euro of which 17.9 billion were bought in by UniCredit S.p.A..

Section 4 - Financial liabilities held for trading - Item 40

4.1 Financial liabilities held for trading: product breakdown

TYPE OF TRANSACTIONS/ VALUES	AMOUNTS AS AT									
	12.31.2012					12.31.2011				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial liabilities										
1. Deposits from banks	-	-	-	-	-	-	-	-	-	-
2. Deposits from customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivative instruments										
1. Financial derivatives	X	567	9,623,543	453,614	X	X	1	9,941,200	350,230	X
1.1 Trading	X	567	9,311,545	49,926	X	X	1	8,711,920	143,141	X
1.2 Related to fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	311,998	403,688	X	X	-	1,229,280	207,089	X
2. Credit derivatives	X	-	-	107	X	X	-	-	292	X
2.1 Trading derivatives	X	-	-	-	X	X	-	-	-	X
2.2 Related to fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	107	X	X	-	-	292	X
Total B	**X**	**567**	**9,623,543**	**453,721**	**X**	**X**	**1**	**9,941,200**	**350,522**	**X**
Total A+B	**-**	**567**	**9,623,543**	**453,721**	**X**	**-**	**1**	**9,941,200**	**350,522**	**X**
Total Level 1, Level 2 and Level 3				**10,077,831**					**10,291,723**	

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

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

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

No data to be disclosed in this section.

Section 6 - Hedging derivatives - Item 60

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

	AMOUNTS AS AT							
	12.31.2012				12.31.2011			
	FAIR VALUE			NOTIONAL PAMOUNT	FAIR VALUE			NOTIONAL PAMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**-**	**7,946,407**	**70**	**136,494,830**	**-**	**5,090,997**	**81**	**109,620,541**
1) Fair value	-	7,705,319	70	130,068,387	-	4,813,142	81	101,221,013
2) Cash flows	-	241,088	-	6,426,443	-	277,855	-	8,399,528
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**7,946,407**	**70**	**136,494,830**	**-**	**5,090,997**	**81**	**109,620,541**
Total Level 1, Level 2 and Level 3			**7,946,477**				**5,091,078**	

6.2 Hedging derivatives: breakdown by hedged items and risk type

	AMOUNTS AS AT 12.31.2012								
	FAIR VALUE						CASH FLOW		
	MICRO-HEDGE								
TRANSACTIONS/ HEDGE TYPES	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	FOREIGN INVESTMENTS
1. Available for sale financial assets	1,958,959	-	-	-	-	X	-	X	X
2. Loans and receivables	-	-	-	X	-	X	-	X	X
3. Held to maturity investments	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	4,734,874	X	83,709	X
5. Others	-	-	-	-	-	X	-	X	-
Total assets	**1,958,959**	**-**	**-**	**-**	**-**	**4,734,874**	**-**	**83,709**	**-**
1. Financial liabilities	-	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	1,011,556	X	157,379	X
Total liabilities	**-**	**-**	**-**	**X**	**-**	**1,011,556**	**-**	**157,379**	**X**
1. Higly probable transactions (CFH)	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

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

7.1 Changes to macro-hedged financial liabilities

	AMOUNTS AS AT	
CHANGES TO MACRO-HEDGED LIABILITIES	12.31.2012	12.31.2011
1. Positive changes to financial liabilities	4,389,371	3,246,750
2. Negative changes to financial liabilities	(399,614)	(578,878)
Total	**3,989,757**	**2,667,872**

Part B - Balance Sheet - Liabilities (Continued)

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

HEDGED LIABILITIES	AMOUNTS AS AT 12.31.2012	12.31.2011
1. Deposits	-	-
2. Debt securities in issue	-	-
3. Portfolio	73,899,356	74,881,187
Total	**73,899,356**	**74,881,187**

Section 8 - Tax liabilities - Item 80

See Section 13 of assets.

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

See Section 14 of assets.

Section 10 - Other liabilities - Item 100

10.1 Other liabilities: breakdown

ITEMS/VALUE	AMOUNTS AS AT 12.31.2012	12.31.2011
Liabilities for financial guarantees issued	22,046	1,919
Impairment: of financial guarantees issued, of credit derivatives, of irrevocable commitments to distribute funds	1,038,846	766,587
Obligations for irrevocable commitments to distribute funds	-	-
Accrued expenses other than those to be capitalized for the financial liabilities concerned	63,808	73,926
Liabilities in respect of share based payments	5,132	-
Other liabilities due to employees	1,033,882	1,184,198
Items in transit between branches and not yet allocated to destination accounts	200,027	213,428
Available amounts to be paid to others	1,763,118	1,441,421
Items in processing	553,158	1,387,943
Entries related to securities transactions	86,979	-
Items deemed definitive but not attributable to other lines:	2,498,712	2,143,670
- accounts payable - suppliers	*374,028*	*419,648*
- other entries	*2,124,684*	*1,724,022*
- of which: Group Vat debt to subsidiaries	*314,357*	*317,030*
Liabilities for miscellaneous entries related to tax collection service	22	22
Adjustments for unpaid portfolio entries	495,971	-
Tax items different from those included in item 80	1,477,127	860,354
Other entries	896,143	1,263,382
Total Other Liabilities	**10,134,971**	**9,336,850**

The item “Impairment: of financial guarantees issued, of credit derivatives, of irrevocable commitments to distribute funds” includes €891 million (€714 million at December 31, 2011) relating to the impairment of the guarantee issued in the context of the securitization transaction “Trevi Finance 3”.

This commitment aims at guaranteeing the redemption of class C mezzanine securities issued by the vehicle company as part of the securitization.

These securities are zero-coupon bonds with a maturity value (August 16, 2016) of €1,012.8 million and a carrying value of €770 million in the vehicle company’s financial statements as at December 31, 2012.

The liability recognized at the balance sheet date corresponds to the present value of the guarantee, discounted at the interest rate that reflects the specific risks connected to this liability.

Section 11 - Provision for employee severance pay - Item 110

11.1 Provision for employee severance pay: annual changes

	CHANGES IN	
	2012	2011
A. Opening balance	**975,329**	**1,044,857**
B. Increases	**54,398**	**53,476**
B.1 Provisions for the year	40,916	46,595
B.2 Other increases	13,482	6,881
of which: business combinations	*11,042*	*2,677*
C. Reductions	**92,810**	**123,004**
C.1 Severance payments	76,955	120,130
C.2 Other decreases	15,855	2,874
of which: business combinations	*14,085*	*203*
D. Closing balance	**936,917**	**975,329**

For what refers the entering into force of the amendments to IAS 19 (IAS 19R) refer to paragraph 12.3 Provisions for defined-benefit company pensions.

11.2 Other information

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

Annual weighted average assumptions

	12.31.2012	12.31.2011
Discount rate	3.30%	4.50%
Expected return on plan assets	-	-
Rate of salary increase	-	-
Price inflation	2.00%	2.00%

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

	AMOUNTS AS AT	
	12.31.2012	12.31.2011
Defined Benefit obligations	1,032,479	939,309
Fair value of plane assets	-	-
	1,032,479	939,309
Unrecognised net actuarial los / (gain)	(95,562)	36,020
Balance sheet (Provision) or Prepayement	**936,917**	**975,329**

Section 12 - Provisions for risks and charges - Item 120

12.1 Provisions for risks and charges: breakdown

	AMOUNTS AS AT	
ITEMS/VALUES	12.31.2012	12.31.2011
1. Pensions and other post retiremen benefit obligations	**701,069**	**725,183**
2. Other provisions for risks and charges	**1,065,943**	**1,156,798**
2.1 Legal disputes	712,771	735,826
2.2 Staff expenses	76,560	99,793
2.3 Other	276,612	321,179
Total	**1,767,012**	**1,881,981**

Part B - Balance Sheet - Liabilities (Continued)

12.2 Provisions for risks and charges: annual changes

	CHANGES IN 2012		
ITEMS/VALUES	PENSIONS AND POST-RETIREMENT BENEFIT OBLIGATIONS	OTHER PROVISIONS	TOTAL
A. Opening balance	**725,183**	**1,156,798**	**1,881,981**
B. Increases	**53,149**	**161,239**	**214,388**
B.1 Provisions for th year (*)	15,327	124,645	139,972
B.2 Changes due to the passage of time	35,116	12,688	47,804
B.3 Differences due to discount-rate changes	-	16,257	16,257
B.4 Other increases	2,706	7,649	10,355
C. Decreases	**77,263**	**252,094**	**329,357**
C.1 Use during th year	77,263	234,365	311,628
C.2 Diffrences due to discount-rate changes	-	1,374	1,374
C.3 Other decreases	-	16,355	16,355
D. Closing balance (**)	**701,069**	**1,065,943**	**1,767,012**

(*) The amount of Pension and post-retirement benefit obligations includes tax and operating costs for € 11 thousand concerning definited-contribution funds and includes as well Bank's contribution equal to € 1,428 thousand.
Other provisions are disclosed net of allocations of € 11,850 thousand for a guarantee issued to UniCredit Credit Management Bank S.p.A. (former Aspra Finance), following the sale of non-performing loans recognised in Other liabilities, but include € 5,000thousand attributed to the item 150. Administrative Costs. a) staff expenses.
(**) Of which: Definited-benefit pension funds in the amount of € 658,943 thousand.

12.3 Provisions for defined-benefit company pensions

1. Description of the funds

In respect of Pensions and other post-retirement benefit obligations, the Annexes provide details of Fund movements and include statements of changes in funds with segregated assets pursuant to article 2117 of the Italian Civil Code, as well as explanatory notes thereto.
Allocations to funds other than those with segregated assets are indiscriminately invested in asset items. Therefore, it is not possible to provide any statement of these funds.
In relation to the methodology for defined-benefits plans present value determination, refer to paragraph 12 - Provisions for Risks and Charges of Part A - Accounting Policies.
With particular reference to discount rate, it should be noted that, in order to increase its representativeness on medium- and long-term maturities, the basket contains some “investment grade” bonds whose rating is lower than AA, for which an adjustment is made in order to express an “AA equivalent” yield.
In addition, statistical/econometric methods commonly used are applied to extrapolate the yields expressed by the basket of securities for maturities greater than 30 years.
As of January 1, 2013, following the entry into force of the amendments to IAS 19 (‘IAS 19R’), the elimination of the “corridor” method will result in an impact on the Group’s net equity related to the recognition in the “revaluation reserves” of actuarial gains or losses not previously recognized in line with this “method”.
According to estimates, the overall impact (including the “Provision for employee severance pay”) for company as at January 1, 2013 will result in a reduction in the equity revaluation reserves of approximately €210 million, after tax and assuming the full taxability of these components (€289 million before tax).

2. CHANGES IN PROVISIONS	12.31.2012	12.31.2011
Opening net defined-benefit obligations	**682,122**	**701,474**
Service cost	760	786
Cost of definited plans relating to previous employment	-	-
Finance cost	35,115	33,886
Actuarial gains (losses) recognised in the year	13,026	21,371
Gains (losses) on curtlaiments	-	179
Benefit paid	(73,642)	(72,797)
Other increases	1,562	163
Other reductions	-	(2,940)
Closing net defined-benefit obligations	**658,943**	**682,122**

3. CHANGES TO PLAN ASSETS AND OTHER INFORMATION	12.31.2012	12.31.2011
Opening fair value of plan assets	**60,997**	**54,073**
Expected return	880	2,521
Actuarial gains (losses)	713	2,288
Contribution paid by employer	2,041	1,114
Benefit paid	(9,606)	(844)
Other increases	(38,626)	-
Other reductions	1,720	1,845
Closing current value of plan assets	**18,119**	**60,997**

MAIN CATEGORIES OF PLAN ASSETS BY TYPE	12.31.2012	12.31.2011
1. Equities	6,510	7,946
2. Bonds	8,025	7,209
3. Property	-	-
4. Other assets	3,584	45,842
5. Investment funds	-	-
Total	**18,119**	**60,997**

4. RECONCILIATIONS OF PRESENT VALUES OF PROVISIONS TO PRESENT VALUE OF PLAN ASSETS AND TO ASSETS AND LIABILITIES RECOGNIZED IN THE BALANCE SHEET	12.31.2012 DEFINED BENEFIT PENSION PLANS	12.31.2011 DEFINED BENEFIT PENSION PLANS
Present value of funded defined benefit obligations	29,125	72,126
Present value of unfunded defined benefit obligations	825,909	768,385
Present value of plan assets	(18,119)	(60,997)
sub-total	**836,915**	**779,514**
Unrecognized actuarial gains (losses)	(177,972)	(97,392)
Net liability	**658,943**	**682,122**

RETURN ON PLAN ASSETS	12.31.2012	12.31.2011
Actuarial return on plan assets	880	2,521
Actuarial gain (loss) on plan assets	713	2,288
Actuarial return on plan assets	**1,593**	**4,809**

5. PRINCIPAL ACTUARIAL ASSUMPTIONS	12.31.2012	12.31.2011
Discount rate	3.12%	4.66%
Expected return on plan assets	4.64%	4.57%
Rate of increase in future compensation and vested rights	3.03%	3.04%
Rate of increase in pension obligations	1.77%	1.88%
Expected inflation rate	2.02%	2.08%

6. COMPARATIVE DATA: TOTAL DEFINED-BENEFIT OBLIGATIONS	12.31.2012	12.31.2011
Present value of defined-benefit obligations	855,034	840,511
Plan assets	(18,119)	(60,997)
Plan surplus/(deficit)	836,915	779,514
Unrecognized actuarial gains (losses)	(177,972)	(97,392)
Net liability	**658,943**	**682,122**

Part B - Balance Sheet - Liabilities (Continued)

12.4 Provisions for risks and charges - other provisions - other

	AMOUNTS AS AT	
	12.31.2012	12.31.2011
2.3 Other provisions for risks and charges - other		
- Out-of-court settlements, accidents and other claims	29,224	24,524
- Tax disputes	15,432	53,956
- Guarantees and other risks connected with equity investment disposals	18,457	24,063
- Other	213,499	218,636
Total	**276,612**	**321,179**

Section 13 - Redeemable shares - Item 140

No data to be disclosed in this section.

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

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

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

	12.31.2012		12.31.2011	
	ISSUED SHARES	UNDERWRITTEN SHARES	ISSUED SHARES	UNDERWRITTEN SHARES
A. Share Capital				
A.1 ordinary shares	19,639,723	-	12,133,205	-
- related to "usufrutto" contract	328,362	-	609,085	-
- other	19,311,361	-	11,524,120	-
A.2 savings shares	8,226	-	15,258	-
Total A	**19,647,949**	**-**	**12,148,463**	**-**
B. Treasury Shares				
B.1 ordinary shares	(2,440)	-	(2,440)	-
B.2 savings shares	-	-	-	-
Total (B)	**(2,440)**	**-**	**(2,440)**	**-**

In 2012 Share Capital - which at December 31, 2011 was represented by 1,927,425,171 ordinary shares and 2,423,898 saving shares, both category with no per-share nominal value - was subject to the changes described in detail in the Report on Operations in the chapter Other information - Capital Strengthening.

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

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

The Share Capital is represented by 5,787,112,132 ordinary shares and by 2,423,898 saving shares.

At the end of 2012 the number of Treasury shares outstanding was equal to 47,600 ordinary shares, unchanged from the end of 2011, since no transactions occurred during the financial year.

Pursuant to a resolution passed by the Ordinary Shareholders' Meeting on May 11, 2012 steps were taken to replenish the 2011 loss with Share premiums in the amount of 3,945,277 thousands euro and Reserves in the amount of 2,403,372 thousands euros.

14.2 Capital Stock - number of shares: annual changes

ITEMS/TYPES	CHANGES IN 2012 ORDINARY	OTHERS (SAVING)	TOTAL
A. Issued shares as at the beginning of the year	**1,927,425,171**	**2,423,898**	**1,929,849,069**
- fully paid	1,927,425,171	2,423,898	1,929,849,069
- related to "usufrutto" contract	96,756,406	-	96,756,406
- other	1,830,668,765	2,423,898	1,833,092,663
- not fully paid	-	-	-
A.1 Treasury shares (-)	(47,600)	-	(47,600)
A.2 Shares outstandind: opening balance	1,927,377,571	2,423,898	1,929,801,469
B. Increases	**3,859,686,961**	**-**	**3,859,686,961**
B.1 New issues	3,859,686,961	-	3,859,686,961
- against payment	3,859,602,938	-	3,859,602,938
- business combinations	-	-	-
- bonds converted	-	-	-
- warrants exercised	-	-	-
- other	*3,859,602,938*	-	*3,859,602,938*
- free	84,023	-	84,023
- to employees	*84,023*	-	*84,023*
- to Directors	-	-	-
- other	-	-	-
B.2 Sales of treasury shares	-	-	-
B.3 Other changes	-	-	-
C. Decreases	**-**	**-**	**-**
C.1 Cancellation	-	-	-
C.2 Purchase of treasury shares	-	-	-
C.3 Business tranferred	-	-	-
C.4 Other changes	-	-	-
D. Shares outstanding: closing balance	**5,787,064,532**	**2,423,898**	**5,789,488,430**
D.1 Treasury Shares (+)	47,600	-	47,600
D.2 Shares outstanding as at the end of the year	5,787,112,132	2,423,898	5,789,536,030
- fully paid	5,787,112,132	2,423,898	5,789,536,030
- related to "usufrutto" contract [1]	96,756,406	-	96,756,406
- other	5,690,355,726	-	5,690,355,726
- not fully paid	-	-	-

1. The usufruct agreement relative to the 96,756,406 shares (issued in the context of the January 2009 capital increase) provides for Euribor-linked discretionary payments contingent on the payment of dividends on ordinary and/or savings shares. On these shares the voting right cannot be exercised.

14.3 Capital: other information

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

Part B - Balance Sheet - Liabilities (CONTINUED)

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

	AMOUNTS AS AT	
	12.31.2012	12.31.2011
Legal Reserve	1,517,514	1,517,514
Statutory Reserve	-	1,195,845
Other Reserves	4,943,600	5,968,726
Total	**6,461,114**	**8,682,085**

The item "Other reserves - from profits" includes the results of the review of the internal composition of the equity as described in detail in the paragraph "Review of internal composition of Shareholders' equity" of the Directors' Report on operations.

The restatements with effect on opening balance 1.1.2011 regards the following reserves:

a) Positive reserves reclassified as profit reserves for euro 4,391,051 thousand euro relating to:
- cancellation surpluses reserve (avanzo da annullamento) that arose under merger of subsidiary (former UBM) generated from profit reserves not distributed, 559,949 thousand euro;
- reserve resulting from the transfer to group companies of the business unit consisting of the banking activities conducted in Central and Eastern Europe, the transaction led to the direct allocation, to the value of the interest in the transferee company received in exchange, of the higher book value that emerged of € 3,818,209 thousand;
- reserves from surplus that arose under intercompany transfers of business divisions, 7,905 thousand euro;
- other reserve 4,988 thousand euro.

b) Negative reserves reclassified as other reserves (-2,702,999 thousand euro):
- FTA reserves (related to changeover to IFRS) -2,097,846 thousand euro;
- Reserves arising out of sale of treasury shares -585,530 thousand euro;
- Other profit reserves -19,623 thousand euro.

The profit reserves amounts as at 12.31.2011 includes the effects of the new approach on the annual changes which involved the reclassification of reserves deriving from intercompany sales 72 thousand euro.

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

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

ITEMS	AMOUNT	PERMITTED USES (*)	AVAILABLE PORTION	SUMMARY OF USE IN THE THREE PREVIOUS FISCAL YEARS TO COVER LOSSES	OTHER REASONS
Share capital	**19,647,949**	**-**	**-**		
Share premium	**32,877,938**	**A, B, C (1) (2)**	**32,877,938**	**3,945,277**	
Reserves:	**5,284,519**				
legal reserve	1,517,514	B (3)	1,517,514		
reserve for treasury shares or interests	2,440	-	-		
statutory reserves	-	A, B, C (4)	-	1,195,845	646,250 (15)
reserves arising out of share swaps	511,210	A, B, C	511,210		
reserves arising out of transfer of assets	477,090	A, B, C (5)	477,090		
reserves arising out of split-offs	15,672	A, B, C	15,672		
reserves related to the medium-term incentive programme for Group staff	143,089	- (6)	-		1,220 (16)
reserve related to equity-settled plans	333,038	-	-		
reserve related to business combinations (IFRS 3)	2,118,624	A, B (7)	2,118,624		
reserve related to business combinations within the Group	4,555,648	A, B, C (8)	4,555,648		
reserve for allocating profits tio Shareholders through the issuance of new free shares	-	- (9)	-	1,193,962	
reserve pursuant to art. 6, paragraph 2 Lgislative Decree 38/2005	5,723	B (10)	5,723		
Other reserves	37,244	A, B, C (11)	37,244	13,564	
Negative components of Shareholders' equity	(4,432,773)	(12)	(4,432,773)		
Revaluation reserves	**401,087**				
monetary equalisation reserve under L. 576/75	4,087	A, B, C (13)	4,087		
monetary revaluation reserve under L.72/83	84,658	A, B, C (13)	84,658		
asset revaluation reserve under L. 408/90	28,965	A, B, C (13)	28,965		
property revaluation reserve under L. 413/91	159,310	A, B, C (13)	159,310		
Available-for-sale financial assets	(367,807)	- (14)	-		
Cash-flow hedges	491,874	- (14)	-		
Total	**58,211,493**		**37,960,910**		
Portion not allowed in distribution (**)			**18,436,661**		
Remaining portion available for distribution (***)			**19,524,249**		

(*) A: for capital increase; B: to cover losses; C: distribution to shareholders

(**) Includes the part of Share premium equal to €2,412,076 thousand, non distributable according to art. 2431 of the Italian Civil Code until the Legal Reserve reach one-fifth of the share capital, as required by art. 2430 of the same Code.

(***) The distributable amount is net of negative items.

(1) Reserve utilized to cover €3,945,277 thousand in losses for the year 2011, as approved by resolution of May 11, 2012.

(2) The share premium exceeding the shareholders' equity of Capitalia in the business combination with the latter, equal to €8.564.500 thousand, is held to be non-distributable pending regulatory clarification.

(3) Available, to cover losses, only after the utilization of other reserves, except for the reserves of art. 6, paragraph 2, of the Legislative Decree n. 38/2005

(4) Reserve utilized to cover €1,195,845 thousand in losses for the year 2011, as approved by resolution of the shareholders on May 11, 2012.

(5) The amount includes €214,747 thousand in distributable reserves, in accordance with article 2445 of the Civil Code. If the reserve is utilized to cover losses, profits may not be distributed until the reserve is restored to its full amount or is reduced by the corresponding amount by resolution of the shareholders at an extraordinary meeting, without application of the provisions of the second and third paragraphs of article 2445 of the Civil Code.

(6) Allocation constraints to render the reserve available and distributable may be approved by the shareholders' meeting.

(7) The reserve refers to the premium by which the market value of UniCredit S.p.A. shares issued in the acquisition of HVB AG and BA AG (now named UCB AG and UC BA AG respectively) exceeded the estimated value measured as per article 2343 of the Civil Code; as such the reserve is held to be non-distributable for the same reasons cited in Note 2.

(8) The amount of €3,818,209 thousand, resulting from the transfer in 2007 to UniCredit Bank Austria AG (formerly Bank Austria Creditanstalt AG) of a business unit consisting of controlling interests in commercial banks domiciled in central-eastern Europe and related management and support operations, is held to be non-distributable because the transactions were not conducted with third parties.

(9) Reserve utilized to cover €1,193,962 thousand in losses for the year 2011, as approved by resolution of the shareholders on May 11, 2012.

(10) If this Reserve is used to cover losses, profits cannot be distributed until this Reserve has been replenished by allocating profits from future years.

(11) Other reserves include the reserve pursuant to Art. 19 of Legislative Decree 87/92 equal to €16 thousand, non-distributable.

(12) Negative items of shareholders' equity that affect the availability and distributability of positive reserves of the shareholders equity. The item also includes positive components related to changeover to IFRS (F.T.A.) art. 7 paragraph 7 Legislative Decree 38/2005.

(13) If these reserves are utilized to cover losses, profits may not be distributed until the reserve is restored to its full amount or is reduced by the corresponding amount by resolution of the shareholders at an extraordinary meeting, without application of the provisions of the second and third paragraphs of article 2445 of the Civil Code. If the reserve is not recognized under share capital, it may only be reduced by resolution adopted in application of the provisions of the second and third paragraphs of said article 2445 of the Italian Civil Code.

(14) The reserve is not available pursuant to article 6 of Legislative Decree 38/2005.

(15) Includes €550 million distributed to shareholders as dividends for 2009 and €96 million allocated in 2011 to a special reserve for medium-term staff incentives.

(16) For capital increase.

Part B - Balance Sheet

In detail the composition of Other negative components of Shareholders' equity:

ITEM	12.31.2012
Reserve related to business combinations within the Group	(436,959)
Reserve arising out of transfers of assets within the Group under art. 58 Banking law	(470,648)
FTA reserve (related to changeover to IFRS)	(2,097,846)
Reserve arising out of sale of trasury shares	(585,530)
Reserve for capital increase costs	(816,718)
ESOP share price reserve	(5,418)
Other reserves	(19,654)
Total	**(4,432,773)**

Other information

1. Guarantees given and commitments

	AMOUNTS AS AT	
TRANSACTIONS	12.31.2012	12.31.2011
1) Financial guarantees given to	**20,255,701**	**20,837,271**
a) Banks	5,767,790	8,574,551
b) Customers	14,487,911	12,262,720
2) Commercial guarantees given to	**15,474,303**	**15,428,382**
a) Banks	1,909,195	1,595,814
b) Customers	13,565,108	13,832,568
3) Other irrevocable commitments to disburse funds	**41,794,251**	**40,219,512**
a) banks:	10,338,829	17,298,201
i) usage certain	*1,300,677*	*17,091,672*
ii) usage uncertain	*9,038,152*	*206,529*
b) customers:	31,455,422	22,921,311
i) usage certain	*7,576,105*	*2,099,287*
ii) usage uncertain	*23,879,317*	*20,822,024*
4) Underlying obligations for credit derivatives: sales of protection	**5,000**	**5,000**
5) Assets used to guarantee others' obligations	**11,228**	**2,604**
6) Other commitments	**425,454**	**800,003**
Total	**77,965,937**	**77,292,772**

The variance in the item 3a) compared to 2011, is mainly due to treasury transactions with Group counterparts.

2. Assets used to guarantee own liabilities and commitments

	AMOUNTS AS AT	
PORTFOLIOS	12.31.2012	12.31.2011
1. Financial assets held for trading	594,396	1,499,188
2. Financial assets designated at fair value	1,025	924
3. Financial assets available for sale	13,656,942	19,044,523
4. Financial assets held to maturity	2,720,588	2,909,205
5. Loans and receivables with banks	2,269,835	4,806,083
6. Loans and receivables with customers	22,002,464	18,768,642
7. Property, plant and equipment	-	-
8. Equity investmets	-	11,616,504

The decrease in the “Financial assets available for sale” used to guarantee, derives from the lower use of these assets for repos agreements.
Deposits from banks include €18,670 million related to Bank of Italy's refinancing operations collateralized by securities nominal value €48,396 million. Of these, the securities not recognized on balance-sheet - since they represent repurchased or retained UniCredit S.p.A.'s financial liabilities - amount to nominal €40,969 million.

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

ASSETS BREAKDOWN	AMOUNTS AS AT 12.31.2012
Assets used to guarantee own liabilities and commitments	41,245,250
Assets underlying repurchased Italian Covered Bonds (Obbligazioni Bancarie Garantite)	23,173,023
Assets sold not derecognized (traditional securitizations)	7,074,185
Assets underlying reverse repo used to guarantee repo	21,771,503
Total on-balance sheet assets used to guarantee own liabilities and commitments	**93,263,961**

Security borrowing transactions collateralized by securities or not collateralized

	AMOUNTS AS ATL 12.31.2012			
	AMOUNTS OF THE SECURITIES BORROWED / TRANSACTION PURPOSE			
LENDER BREAKDOWN	GIVEN AS COLLATERAL IN OWN FUNDING TRANSACTIONS	SOLD	SOLD IN REPO TRANSACTIONS	OTHER PURPOSES
A. Banks	1,838,349	-		1,232,721
B. Financial companies	-	-	-	-
C. Insurance companies	-	-	-	-
D. Non-financial companies	-	-	-	-
E. Others	-	-	-	-
Total	**1,838,349**	**-**	**-**	**1,232,721**

3. Operating leasing

No data to be disclosed.

4. Asset management and trading on behalf of others

	AMOUNTS AS AT	
TYPE OF SERVICES	12.31.2012	12.31.2011
1. Management and trading on behalf of third parties		
a) Purchases	-	-
1. settled	-	-
2. to be settled	-	-
b) Sales	-	-
1. settled	-	-
2. to be settled	-	-
2. Segregated accounts		
a) Individual	6,166,098	-
b) Collective	-	-
3. Custody and administration of securities		
a) Third party securities on deposit: relating to depositary bank activities (excluding segregated accounts)	-	-
1. securities issued by th bank preparing the accounts	-	-
2. other securities	-	-
b) Third party securities held in deposit (excluding segregated accounts): other	168,775,316	159,449,944
1. securities issued by th bank preparing the accounts	*40,899,733*	*40,912,321*
2. other securities	*127,875,583*	*118,537,623*
c) Third party securities deposited with third parties	166,844,889	157,776,608
d) Proprietary securities deposited with third parties	62,232,426	60,249,634
4. Other	**8,458,172**	**7,662,697**

The amount in the “Segregated accounts” of 2012 is due to the partial spin-off of the business unit for private banking clients of Pioneer Investment Management SGR (PIM) in favor of UniCredit S.p.A..

Part C - Income Statement

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

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

1.1 Interest income and similar revenues: breakdown

ITEMS/TYPE	2012 DEBT SECURITIES	2012 LOANS	2012 OTHER TRANSACTIONS	2012 TOTAL	2011 TOTAL
1. Financial assets held for trading	39,719	-	12,283	52,002	68,364
2. Available-for-sale financial assets	859,990	-	-	859,990	542,423
3. Held-to-maturity investments	99,299	-	-	99,299	79,286
4. Loans and receivables with banks	232,219	158,751	25	390,995	483,706
5. Loans and receivables with customers	140,375	8,358,187	1,151	8,499,713	9,027,586
6. Financial assets at fair value through profit or loss	24	-	-	24	24
7. Hedging derivatives	X	X	737,794	737,794	553,225
8. Other assets	X	X	18,211	18,211	18,003
Total	**1,371,626**	**8,516,938**	**769,464**	**10,658,028**	**10,772,617**

The interest accrued during the year on positions classified at 12.31.2012 as "impaired" amount to €525,813 thousand.

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

ITEMS/VALUE	2012	2011
A. Positive differentials relating to hedging operations	4,092,581	3,174,566
B. Negative differentials relating to hedging operations	(3,354,787)	(2,621,341)
C. Net differentials (A - B)	**737,794**	**553,225**

1.3.1 Interest income from financial assets denominated in currency

ITEMS	2012	2011
a) Assets denominated in currency	167,172	136,489

1.4 Interest expense and similar charges: breakdown

ITEMS/TYPE	2012 DEBT SECURITIES	2012 LOANS	2012 OTHER TRANSACTIONS	2012 TOTAL	2011 TOTAL
1. Deposits from Central banks	(172,128)	X	-	(172,128)	(152,956)
2. Deposits from banks	(649,075)	X	-	(649,075)	(655,757)
3. Deposits from customers	(1,353,464)	X	-	(1,353,464)	(1,468,025)
4. Debt securities in issue	X	(4,207,251)	-	(4,207,251)	(3,703,136)
5. Financial liabilities held for trading	-	-	-	-	(86,957)
6. Financial liabilities at fair value through profit or loss	-	-	-	-	(182)
7. Other liabilities and funds	X	X	(356)	(356)	(1,327)
8. Hedging derivatives	X	X	-	-	-
Total	**(2,174,667)**	**(4,207,251)**	**(356)**	**(6,382,274)**	**(6,068,340)**

1.6.1 Interest expense on liabilities denominated in currency

ITEMS	2012	2011
a) Liabilities denominated in currency	(194,449)	(190,371)

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

The amounts of the portfolio management fees for 2012 are due to the partial spin-off of private asset management of Pioneer Investment Management SGR (PIM) in favor of UniCredit S.p.A..

2.1 Fee and commission income: breakdown

TYPE OF SERVICES/VALUES	2012	2011
a) guarantees given	**279,082**	**256,825**
b) credit derivatives	**-**	**250**
c) management, brokerage and consultancy services:	**1,194,853**	**1,279,645**
1. securities trading	51	254
2. currency trading	86,076	103,022
3. portfolio management	85,308	-
3.1. individual	*76,097*	-
3.2. collective	*9,211*	-
4. custody and administration of securities	15,014	18,286
5. custodian bank	-	-
6. placement of securities	459,325	401,487
7. reception and transmission of orders	111,769	113,722
8. advisory services	18,753	40,539
8.1 related to investments	*9,371*	*30,216*
8.2 related to financial structure	*9,382*	*10,323*
9. distribution of third party services	418,557	602,335
9.1 portfolio management	30,436	86,217
9.1.1. individual	*30,436*	*86,217*
9.1.2. collective	-	-
9.2. insurance products	374,856	498,180
9.3. other products	13,265	17,938
d) collection and payment services	**661,283**	**640,682**
e) securitization servicing	**49,407**	**37,912**
f) factoring	**-**	**-**
g) tax collection services	**-**	**-**
h) management of multilateral trading facilities	**-**	**-**
i) management of current accounts	**1,336,008**	**1,258,234**
j) other services	**318,617**	**330,129**
Total	**3,839,250**	**3,803,677**

2.2 Fee and commission income by distribution channel

CHANNELS/SECTORS	2012	2011
a) through Group bank branches	**962,862**	**1,003,667**
1. portfolio management	85,308	-
2. placement of securities	458,997	401,332
3. others' products and services	418,557	602,335
b) off-site	**328**	**155**
1. portfolio management	-	-
2. placement of securities	328	155
3. others' products and services	-	-
c) other distribution channels	**-**	**-**
1. portfolio management	-	-
2. placement of securities	-	-
3. others' products and services	-	-
Total	**963,190**	**1,003,822**

Part C - Income Statement (Continued)

2.3 Fee and commission expense: breakdown

TYPE OF SERVICES/VALUES	2012	2011
a) guarantees received	**(36,796)**	**(25,061)**
b) credit derivatives	**(9,235)**	**(84,599)**
c) management, brokerage and consultancy services:	**(78,828)**	**(66,454)**
1. trading financial instruments	(4,980)	(916)
2. currency trading	(856)	(2,356)
3. portfolio management:	(15,071)	-
3.1. own portfolio	*(15,071)*	-
3.2. third party portfolio	-	-
4. custody and administration of securities	(45,193)	(50,217)
5. placement of financial instruments	(37)	(376)
6. off-site distribution of financial instruments, products and services	(12,691)	(12,589)
d) collection and payment services	**(124,655)**	**(119,223)**
e) other services	**(98,748)**	**(102,116)**
Total	**(348,262)**	**(397,453)**

Commissions on credit derivatives decreased due to the fact the some portfolios reached their expiry date.

Section 3 - Dividend income and similar revenue - Item 70

3.1 Dividend income and similar revenue: breakdown

ITEMS/REVENUES	2012		2011	
	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS
A. Financial assets held for trading	15	-	-	-
B. Available for sale financial assets	25,568	8,359	35,639	3,044
C. Financial assets at fair value thought profit or loss	4	-	14	-
D. Investments	1,672,688	X	2,235,545	X
Total	**1,698,275**	**8,359**	**2,271,198**	**3,044**

	2012	2011
Total dividends and income from units in investments funds	**1,706,634**	**2,274,242**

Provided below is the breakdown of dividends on equity investments collected during 2011 and 2012.

Breakdown of dividends by shareholding

	2012	2011
UniCredit Bank AG	1,016,674	1,270,001
Pioneer Global Asset Management S.p.A.	206,113	456,747
Bank Pekao S.A.	198,791	267,095
UniCredit Bank Ireland P.l.c.	133,000	85,000
FinecoBank S.p.A.	59,075	48,502
UniCredit Credit Management Bank S.p.A.	38,751	-
UniCredit International Bank (Luxembourg) S.A.	5,681	1,873
UniCredit Consumer Financing AD	4,696	3,288
Creditras Assicurazioni S.p.A.	4,125	5,850
Mediobanca - Banca di Credito Finanziario S.p.A.	3,727	12,670
Fineco Verwaltung AG (in liquidation)	1,002	6,028
Cordusio Società Fiduciaria per Azioni	1,000	7,000
Localmind S.p.A.	51	25
UniCredit Bulbank A.D.	2	3
UniCredit Mediocredito Centrale S.p.A.	-	35,353
Banca Agricola Commerciale della R.S.M. S.p.A.	-	26,384
Società Gestione per il Realizzo S.p.A. (in liqudation)	-	7,246
I-Faber Società per Azioni	-	1,108
Creditras Vita S.p.A.	-	1,000
Box 2004 S.p.A. (in liquidation)	-	337
Quercia Software S.p.A. (ora UBIS)	-	35
Total	**1,672,688**	**2,235,545**

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

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

	2012				
TRANSACTIONS/P&L ITEMS	UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets held for trading	**1,020**	**18,088**	**(1,107)**	**(11,744)**	**6,257**
1.1 Debt securities	1,016	17,866	(1,107)	(4,836)	12,939
1.2 Equity instruments	4	187	-	(6,908)	(6,717)
1.3 Units in investment funds	-	35	-	-	35
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Deposits	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**(139,748)**
4. Derivatives	**667,807**	**1,811,350**	**(993,829)**	**(1,848,143)**	**(212,124)**
4.1 Financial derivatives:	667,807	1,811,323	(993,829)	(1,848,143)	(212,151)
- on debt securities and interest rates	*662,718*	*1,638,212*	*(676,633)*	*(1,667,617)*	*(43,320)*
- on equity securities and share indices	*481*	*164,596*	*(312,588)*	*(172,658)*	*(320,169)*
- on currency and gold	*X*	*X*	*X*	*X*	*150,691*
- other	4,608	8,515	(4,608)	(7,868)	647
4.2 Credit derivatives	-	27	-	-	27
Total	**668,827**	**1,829,438**	**(994,936)**	**(1,859,887)**	**(345,615)**

The item 4.1 Financial derivatives on equity securities and share indices includes 323 million coming from the Compensation Agreement signed between UniCredit Bank AG, UniCredit S.p.A. and Bank Austria (now UniCredit Bank Austria AG) under ReboRa agreement.
Fort further detail refer to part H) Related-Party Transactions.

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

5.1 Fair value adjustments in hedge accounting: breakdown

PROFIT COMPONENT/VALUES	2012	2011
A. Gains on:		
A.1 Fair value hedging instruments	3,097,598	2,327,429
A.2 Hedged asset items (in fair value)	2,515,351	1,687,808
A.3 Hedged liability items (in fair value)	287	61,036
A.4 Cash-flow hedging derivatives	-	-
A.5 Assets and liabilities denominated in currency	174	-
Total gains on hedging activities	**5,613,410**	**4,076,273**
B. Losses on:		
B.1 Fair value hedging instruments	(2,896,637)	(1,472,726)
B.2 Hedged asset items (in fair value)	(1,497,434)	(883,170)
B.3 Hedged liability items (in fair value)	(1,557,581)	(1,394,147)
B.4 Cash-flow hedging derivatives	(3,256)	(3,427)
B.5 Assets and liabilities denominated in currency	(16)	-
Total losses on hedging activities	**(5,954,924)**	**(3,753,470)**
C. Net hedging result	**(341,514)**	**322,803**

In 2011 the net hedging result included the positive adjustment at market value of not collateralized derivatives with the German subsidiary UniCredit Bank AG (adjustment equal to 326,000 thousands euro) attributable to creditworthiness of UniCredit S.p.A. These derivatives have been collateralized at the beginning of 2012 through the subscription of a credit support annex contract at market conditions without any payout and with collateral exchange.
In the first quarter of 2012, due to this contract, the accounting value of these derivatives showed a negative adjustment of 324,149 thousands euro accounted in the same profit and loss item.
The net hedging for the year 2012 also reflected, for the first time, -€ 14,227 thousand resulting from an OIS adjustment in the valuation of the derivatives to take account of the presence of guarantees.

Part C - Income Statement (Continued)

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

6.1 Gains and losses on disposals/repurchases: breakdown

ITEMS /P&L ITEMS	2012 GAINS	2012 LOSSES	2012 NET PROFIT	2011 GAINS	2011 LOSSES	2011 NET PROFIT
Financial assets						
1. Loans and receivables with banks	57,990	(2,669)	55,321	14	-	14
2. Loans and receivables with customers	24,883	(37,800)	(12,917)	878	(16,784)	(15,906)
3. Available-for-sale financial assets	283,664	(120,057)	163,607	102,369	(14,069)	88,300
3.1 Debt securities	173,834	(119,994)	53,840	28,850	(14,069)	14,781
3.2 Equity instruments	109,720	-	109,720	72,194	-	72,194
3.3 Units in investment funds	110	(63)	47	1,325	-	1,325
3.4 Loans	-	-	-	-	-	-
4. Held-to-maturity investments	-	-	-	-	-	-
Total assets	366,537	(160,526)	206,011	103,261	(30,853)	72,408
Financial liabilities						
1. Deposits with banks	48,993	-	48,993	-	-	-
2. Deposits with customers	574	(183)	391	-	-	-
3. Debt securities in issue	808,027	(76,339)	731,688	32,433	(6,761)	25,672
Total liabilities	857,594	(76,522)	781,072	32,433	(6,761)	25,672
Total financial assets and liabilities			987,083			98,080

The gains realized during the year are mainly related to repurchase of the UniCredit's bonds of which 611,934 thousands euro coming from the repurchase of subordinated issues (carried out in February 2012 and subsequent tranches) and 75,468 thousands euro from the ABS repurchase realized last September.

The gain on disposal of available for sale equity instruments relates to the sale of the interest in London Stock Exchange.
The gain realized from the sale of loans to banks resulted from the sale of some bond instruments classified under the portfolio "Loans to Banks".
The gains on deposits from banks result from the early termination of a repo.

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

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

TRANSACTIONS/P&L ITEMS	2012 UNREALIZED PROFITS	2012 REALIZED PROFITS	2012 UNREALIZED LOSSES	2012 REALIZED LOSSES	2012 NET PROFIT
1. Financial assets	2,321	-	-	(313)	2,008
1.1 Debt securities	100	-	-	-	100
1.2 Equity securities	-	-	-	-	-
1.3 Units in investment funds	2,221	-	-	(313)	1,908
1.4 Loans	-	-	-	-	-
2. Financial liabilities	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Deposits from banks	-	-	-	-	-
2.3 Deposits from customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currency: exchange differences	X	X	X	X	-
4. Credit and financial derivatives	-	-	-	-	-
Total	2,321	-	-	(313)	2,008

Section 8 - Impairment losses - Item 130

8.1 Impairment losses on loans and receivables: breakdown

TRANSACTIONS/P&L ITEMS	2012								2011 TOTAL
	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC			SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	
A. Loans and receivables with banks	(34)	(296)	(2,235)	-	3,862	-	2,952	4,249	(9,007)
- Loans	(34)	(296)	(2,235)	-	3,862	-	2,952	4,249	(9,007)
- Debt securities	-	-	-	-	-	-	-	-	-
B. Loans and receivables with customers	(1,275,799)	(6,021,439)	(731,774)	282,857	659,954	-	404,907	(6,681,294)	(3,834,447)
Impaired related to purchase agreements	(6,629)	(28,608)	X	1,729	5,254	-	X	(28,254)	(3,388)
- Loans	(6,629)	(28,608)	X	1,729	5,254	-	X	(28,254)	(3,388)
- Debt securities	-	-	X	-	-	-	X	-	-
Others	(1,269,170)	(5,992,831)	(731,774)	281,128	654,700	-	404,907	(6,653,040)	(3,831,059)
- Loans	(1,269,170)	(5,990,380)	(731,774)	281,128	654,700	-	404,907	(6,650,589)	(3,783,317)
- Debt securities	-	(2,451)	-	-	-	-	-	(2,451)	(47,742)
C. Total	**(1,275,833)**	**(6,021,735)**	**(734,009)**	**282,857**	**663,816**	**-**	**407,859**	**(6,677,045)**	**(3,843,454)**

8.2 Impairment losses on available for sale financial assets: breakdown

TRANSACTIONS/P&L ITEMS	2012					2011 TOTAL
	WRITE-DOWNS		WRITE-BACKS			
	SPECIFIC		SPECIFIC			
	WRITE-OFFS	OTHER	INTEREST	OTHER	TOTAL	
A. Debt securities	-	(992)	-	-	(992)	(997)
B. Equity instruments	-	(14,710)	X	X	(14,710)	(78,815)
C. Units in investment funds	-	(7,588)	X	-	(7,588)	(10,398)
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	**-**	**(23,290)**	**-**	**-**	**(23,290)**	**(90,210)**

8.4 Impairment losses on other financial transactions: breakdown

TRANSACTIONS/P&L ITEMS	2012								2011 TOTAL
	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC			SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	
A. Guarantees given	-	(21,133)	(271,483)	-	10,150	-	10,207	(272,259)	(111,321)
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	-	-	-	-	-
E. Total	**-**	**(21,133)**	**(271,483)**	**-**	**10,150**	**-**	**10,207**	**(272,259)**	**(111,321)**

Part C - Income Statement (CONTINUED)

Section 9 - Administrative costs - Item 150

9.1 Payroll: breakdown

TYPE OF EXPENSES/SECTORS	2012	2011
1) Employees	**(3,414,220)**	**(3,648,839)**
a) wages and salaries	(2,172,292)	(2,324,795)
b) social charges	(575,056)	(628,708)
c) severance pay	(125,630)	(156,587)
d) social security costs	-	-
e) allocation to employee severance pay provision	(45,535)	(50,945)
f) provision for retirement payments and similar provisions:	(50,443)	(58,121)
- defined contribution	*(1,543)*	*(1,899)*
- defined benefit	*(48,900)*	*(56,222)*
g) payments to external pension funds:	(121,025)	(102,951)
- defined contribution	*(118,752)*	*(102,925)*
- defined benefit	*(2,273)*	*(26)*
h) costs related to share-based payments	(32,629)	(20,886)
i) other employee benefits	(291,610)	(305,846)
2) Other staff in activity	**(6,160)**	**(13,145)**
3) Directors and Statutory Auditors	**(6,798)**	**(7,107)**
4) Early retirement costs	**-**	**-**
5) Recoveries of payments for second employees to other companies	**51,785**	**53,198**
6) Refund of expensives for employees seconded to the company	**(39,582)**	**(48,971)**
Total	**(3,414,975)**	**(3,664,864)**

9.2 Average number of employees by category

	2012	2011
Employees:	**41,680**	**42,702**
a) Senior managers	1,196	1,267
b) Managers	21,132	21,477
c) Remaining employees staff	19,352	19,958
Other Staff	**502**	**604**
Total	**42,182**	**43,306**

9.3 Defined benefit company pension funds: total cost

	2012	2011
Current service cost	(759)	(786)
Interest cost	(35,989)	(36,505)
Expected return on plan assets	874	2,619
Net actuarial gain/loss recognized in year	(13,026)	(21,371)
Past service cost	-	-
Gains/losses on curtailments and settlements	-	(179)
Total	**(48,900)**	**(56,222)**

9.4 Other employee benefits

	2012	2011
- Seniority premiums	(53,559)	(36,045)
- Leaving incentives	(109,175)	(119,303)
- Other	(128,876)	(150,498)
Total	**(291,610)**	**(305,846)**

Leaving incentives, totaling 109 million, include additional provisions to cover extraordinary staff expenses connected with Redundancy Plan agreed under the October,18 2010 Memorandum. Due to the introduction of Monti-Fornero pension systems reforms during the year, which extend the time before redundant personnel qualify for retirement pensions, additional provisions were paid into the Redundancy Fund (100 million). Leaving incentives also include the discounting of the fund itself (9 million).

9.5 Other administrative expenses: breakdown

TYPE OF EXPENSES/SECTORS	2012	2011
1) Indirect taxes and duties	**(361,001)**	**(341,385)**
2) Misceilaneous costs and expenses	**(2,395,300)**	**(2,675,326)**
a) advertising marketing and communication	**(122,840)**	**(148,484)**
b) expenses related to credit risk	**(228,908)**	**(195,325)**
c) expenses related to personnel	**(109,065)**	**(132,394)**
d) Information & Communication Technology expenses	**(682,163)**	**(749,376)**
Lease of ICT equipment and software	(18,388)	(18,394)
Software expenses: lease and maintenance	(5,973)	(5,421)
ICT communication systems	(7,297)	(8,378)
ICT services: external personnel/outsourced services	(632,362)	(699,663)
Financial information providers	(18,143)	(17,520)
e) consulting and professionals services	**(122,302)**	**(185,094)**
Consulting	(82,529)	(106,560)
Legal aexpenses	(39,773)	(78,534)
f) real estate expenses	**(580,211)**	**(700,259)**
Premises rentals	(353,683)	(500,534)
Utilities	(74,367)	(107,022)
Other real estate expenses	(152,161)	(92,703)
g) other functioning costs	**(549,811)**	**(564,394)**
Surveillance and security services	(69,729)	(27,645)
Printing and stationery	(11,795)	(14,049)
Postage and transport of documents	(44,138)	(60,037)
Administrative and logistic services	(346,421)	(362,347)
Insurance	(37,983)	(35,053)
Association dues and fees	(14,196)	(18,057)
Other administrative expences - Other	(25,549)	(47,206)
Total (1+2)	**(2,756,301)**	**(3,016,711)**

Section 10 - Provisions for risks and charges - Item 160

10.1 Net provisions for risks and charges: breakdown

	2012			
ITEMS/COMPONENTS	PROVISIONS	REALLOCATION SURPLUS	TOTAL	2011 TOTAL
1. Other provisions				
1.1 legal disputes	(198,589)	81,236	(117,353)	(112,451)
1.2 staff costs	-	-	-	-
1.3 other	(79,596)	27,883	(51,713)	(191,272)
Total	**(278,185)**	**109,119**	**(169,066)**	**(303,723)**

Section 11 - Impairments/write-backs on property, plant and equipment - Item 170

11.1 Impairment on property, plant and equipment: breakdown

	2012			
ASSETS/P&L ITEMS	DEPRECIATION	IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT
A. Property, plant and equipment				
A.1 Owned	**(163,131)**	**(3,765)**	**-**	**(166,896)**
- used in the business	(144,435)	(2,836)	-	(147,271)
- held for investment	(18,696)	(929)	-	(19,625)
A.2 Finance lease	**(89)**	**-**	**-**	**(89)**
- used in the business	(89)	-	-	(89)
- held for investment	-	-	-	-
Total	**(163,220)**	**(3,765)**	**-**	**(166,985)**

Part C - Income Statement (Continued)

Section 12 - Impairments/write-backs on intangible assets - Item 180

12.1 Impairment on intangible assets: breakdown

ASSETS/P&L ITEMS	2012 AMORTISATION	2012 IMPAIRMENT LOSSES	2012 WRITE-BACKS	2012 NET PROFIT
A. Intangible assets				
A.1 Owned	**(3,337)**	**-**	**-**	**(3,337)**
- generated internally by the company	-	-	-	-
- other	(3,337)	-	-	(3,337)
A.2 Finance leases	**-**	**-**	**-**	**-**
Total	**(3,337)**	**-**	**-**	**(3,337)**

Section 13 - Other net operating income - Item 190

13.1 Other operating expense: breakdown

TYPE OF EXPENSE/VALUES	2012	2011
Impairment losses on leasehold improvements (on non-separable assets)	(40,680)	(72,116)
Other	(87,369)	(84,481)
Total	**(128,049)**	**(156,597)**

13.2 Other operating income: breakdown

TYPE OF REVENUE/VALUES	2012	2011
Recovery of costs	472,962	415,898
Revenues for administrative services	10,533	8,750
Rentals	34,138	-
Other Revenues	58,728	47,989
Total	**576,361**	**472,637**

The amount of rentals income in 2012 derives from the merger of UniCredit Real Estate S.p.A..

Section 14 - Profit (Loss) of associates - Item 210

14.1 Profit (Loss) of associates: breakdown

P&L ITEMS/SECTORS	2012	2011
A. Income	**15,336**	**54,840**
1. Revaluations	-	-
2. Gains on disposal	15,300	53,606
3. Writebacks	36	1,234
4. Other gains	-	-
B. Expense	**(123,083)**	**(1,432,282)**
1. Writedowns	-	-
2. Impairment losses	(123,083)	(1,432,282)
3. Losses on disposal	-	-
4. Other expenses	-	-
Net profit	**(107,747)**	**(1,377,442)**

Gain on disposal include those deriving from the liquidation of Società di Gestione per il realizzo S.p.A. (14,352 thousands euro) and from the sale of IRFIS (classified under “Non-current assets and group of assets held for sale” in 2011) for 948 thousands euro.

Value adjustment for impairment include: write-downs of the subsidiaries UniCredit Leasing S.p.A. for 59,102 thousands euro, UniCredit Logistics S.r.l. for 409 thousands euro, Sicilia Convention Bureau S.r.l. for 460 thousands euro, and the write-downs of affiliates FonSai S.p.A. (48,838 thousands euro), Bluvacanze S.p.A. (9,700 thousands euro), and the value adjustment of SOFIPA Sgr S.p.A. (3,451 thousands euro), investment classified during 2012 under “Non –current assets and groups of assets held for sale. The aforementioned value adjustments derive from the alignment of the book value to the use value except for UniCredit Leasing for which the recoverable value is stated equal to fair value (net of costs of sale) which is higher than the use value.

Section 15 - Net gains (losses) on property, plant and equipment and intangible assets measured at fair value - Item 220

No data to be disclosed in this section.

Section 16 - Impairment of goodwill - Item 230

16.1 Impairment of goodwill: breakdowns

COMPONENTS	2012	2011
Impairment of goodwill	-	(4,894,075)

Impairment test on goodwill confirmed its book value as at December 31, 2012 compared to the impaired amount accounted last year for 4,894 million.

Section 17 - Gains (losses) on disposal of investments - Item 240

17.1 Gains and losses on disposal of investments: breakdown

P&L ITEMS	2012	2011
A. Property	**13,764**	**14,013**
- Gains on disposal	13,916	14,013
- Losses on disposal	(152)	-
B. Other assets	**2,437**	**(1,214)**
- Gains on disposal	3,234	102
- Losses on disposal	(797)	(1,316)
Net gains (losses)	**16,201**	**12,799**

Section 18 - Tax expense (income) related to profit or loss from continuing operations - Item 260

18.1 Tax expense (income) related to profit or loss from continuing operations: breakdown

P&L ITEMS/SECTORS	2012	2011
1. Current tax (-)	(2,277,759)	(335,397)
2. Adjustment to current tax of prior years (+/-)	211,295	(397,406)
3. Reduction of current tax for the year (+)	-	-
3. bis Reduction of current tax assets for tax credits - law n. 214/2011 (+)	588,386	-
4. Changes to deferred tax assets (+/-)	4,589,433	798,311
5. Changes to deferred tax liabilities (+/-)	20,016	14,632
6. Tax expense for the year(+/-)	**3,131,371**	**80,140**

Part C - Income Statement (Continued)

18.2 Reconciliation of theoretical tax charge to actual tax charge

	2012	2011
Total profit or loss before tax from continuing operations (item 250)	**(3,351,154)**	**(6,428,789)**
Theoretical tax rate	27,5%	27,5%
Theoretical computed taxes on income	**921,567**	**1,767,917**
1. Different tax rates	-	-
2. Non-taxable income - permanent differences	590,437	656,173
3. Non-deductible expenses - permanent differences	(281,526)	(1,930,876)
4. Different fiscal laws/IRAP	(310,067)	(244,707)
a) IRAP (italian companies)	(269,250)	(244,707)
b) other taxes (foreign companies)	(40,817)	-
5. Prior years and changes in tax rates	210,433	(415,848)
a) effects on current taxes	211,295	(415,848)
- tax loss carryforward/unused tax credit	-	-
- other effects of previous periods	*211,295*	*(415,848)*
b) effects on deferred taxes	(862)	-
- changes in tax rates	-	-
- new taxes incurred (+) previous taxes revocation (-)	-	-
- true-ups/ adjustments of the calculated deferred taxes	*(862)*	-
6. Valuation adjustments and recognition of deferred taxes	3,922,957	308,793
a) deferred tax assets write-down	-	-
b) deferred tax assets recognition	3,922,957	186,000
c) deferred tax assets non recognition	-	-
d) deferred taxes non-recognition according to IAS 12.39 and 12.44	-	-
e) other	-	122,793
7. Amortization of goodwill	-	-
8. Non-taxable foreign income	-	-
9. Other differences	(1,922,430)	(61,312)
Recognized taxes on income	**3,131,371**	**80,140**

Income taxes are recognized in accordance with the provisions of IAS 12. The tax charge consists of current and deferred taxes, mainly determined in accordance with the current provisions on IRES and IRAP tax, and separate taxation “for transparency” of CFCs.

IRES tax is calculated by making certain upward or downward adjustments to the profit for the year to determine the taxable income. These tax adjustments are made, as required by the provisions of the Italian Income Tax Code (TUIR), in relation to the non-deductibility of certain expenses or the non-taxability of certain income.

The tax rate applied to the taxable income is 27.5%.
The above-mentioned tax adjustments may be “permanent” or “temporary”.
The “permanent” adjustments relate to expenses/revenues that are totally or partially non-deductible/non-taxable.
The “temporary” adjustments, on the other hand, relate to expenses or income whose deductibility or taxability is deferred to future tax periods, until the occurrence of particular events or spread in equal amounts over a predefined number of years.

The presence of “temporary” adjustments leads to the recognition of deferred tax assets (for income to be deducted) or deferred tax liabilities (for expenses to be taxed).

The purpose of the recognition of deferred tax assets and liabilities is to reconcile the different tax period established by the TUIR and the accounting period in the financial statements disclosure.

For IRES tax purposes – subject to an option to be applied for from the Italian Revenue Agency – the tax can be paid at the level of national tax consolidation rather than on an individual basis.

All the Italian companies for which there is a relationship of control can adhere to the tax consolidation, which enables the payment of tax on a single taxable amount consisting of the algebraic sum of the taxable amounts of the individual companies adhering to the consolidation.
The tax rate is 27.5%.

Also within the IRES tax, a separate taxation “for transparency” has been established for tax incomes, recalculated in accordance with the provisions of the TUIR, of the direct and indirect foreign subsidiaries resident in tax havens (referred to as CFCs or Controlled Foreign Companies). The tax rate is 27.5%.

The IRAP tax, on the other hand, is a tax on production, linked to the algebraic sum of the accounting items identified by Legislative Decree 446/97, to which clearly identified upward and downward adjustments (different to those for IRES tax) are to be made. To mitigate the impact of the non-deductibility by principle of the cost of labor, a specific deduction has been established, known as the “tax wedge”.
This tax is applied on a regional basis. A national rate of 4.65% has been established, to which each Region can independently add an increase of 0.92%, up to a theoretical rate of 5.57% (plus an additional 0.15% for Regions with a health budget deficit).
The tax is calculated by apportioning the overall value of production among the various regions where the productive activities are carried out (for banks the apportionment is made on the basis of the regional distribution of the deposits) and applying the respective regional rate to the individual portions identified.

The income taxes for the year 2012, recognized by the Parent Company, show a positive value of €3,132 million, representing a significant increase over the positive value of €80 million for 2011.

This increase is not related to current taxes, which came to negative values: -€69.6 million for IRES tax and -€244.8 million for IRAP tax. As a result, it was possible to recover an amount on the positive IRES tax corresponding to over 60% of the tax loss of the former Capitalia for a value of €155.1 million (the remainder is now € 86.6 million).

The improvement is attributable to the exercise of the option for the scheme of substitute tax of goodwill, trademarks and other intangible assets relating to the controlling interests recognized in the consolidated financial statements pursuant to Article 15, paragraph 10, of Law Decree No. 185 of November 29, 2008 and Article 23 of Law Decree 98 of December 29, 2011. Goodwill was exempted for a total of €12,000 million with the recognition of deferred tax assets for a total of €3,304 million for IRES tax and €618.7 million for IRAP tax against the payment of substitute tax of 16% corresponding to €1,922 million to be made in the payment of the balance of taxes for the year 2012. The deferred tax will generate benefits in terms of lower current taxes over 10 annual installments starting from the year 2018.

A benefit of €151.9 million was also recognized in relation to the reimbursement applications made pursuant to Article 2, paragraph 1, of Law Decree No. 201 of December 6, 2011, relating to the recovery on IRES tax of the IRAP tax paid in relation to labor costs.

Lastly, please note that, pursuant to Article 2, paragraphs 55 to 58, of Law Decree No. 225 of December 29, 2010, since the Company closed the year 2011 with an accounting loss in the financial statements, the deferred tax assets recognized in previous years were converted, as required by law, into tax credits against value adjustments on receivables and goodwill totaling €588 million. This amount did not impact the income statement.

Section 19 - Gains (Losses) on groups of assets held for sale, net of tax - Item 280

No data to be disclosed in this section.

Section 20 - Other information

No information to be disclosed in this section.

Section 21 - Earnings per share

Earnings per share

	2012	2011
Net profit (loss) (thousands of euros) (1)	(265,578)	(6,520,903)
Average number of outstanding shares (2)	5,376,198,213	1,833,025,145
Average number of potential dilutive shares	10,738,661	692,981
Average number of diluted shares	5,386,936,874	1,833,718,126
Annualized Earning (Loss) per Share €	**(0.049)**	**(3.560)**
Annualized Diluted Earning (Loss) per Share €	**(0.049)**	**(3.560)**
Earning (Loss) per share €	**(0.049)**	**(3.557)**
Diluted Earning (Loss) per share €	**(0.049)**	**(3.556)**

1. €45,795 thousand was added to 2012 net losses of €219,783 thousand due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the ‘cashes’ transaction (€172.254 thousands was added to 2011 net losses).
2. Net of the average number of treasury shares and of further 96,756,406 shares held under a contract of usufruct. The number of 2011 shares were adjusted following the reverse share split operation executed on December 27, 2011. The average number of shares must be adequate retrospectively for all periods presented (IAS 33, § 64).

Part D - Comprehensive Income

Part D - Comprehensive Income (amounts in thousands of €)

Other comprehensive income statement

ITEM	BEFORE TAX EFFECTS	TAX EFFECTS	AFTER TAX EFFECTS
10. Net Profit or Loss for the year	**X**	**X**	**(219,783)**
Other comprehensive income before tax			
20. Available-for-sale financial assets	**1,350,025**	**(455,726)**	**894,299**
a) fair value changes	1,364,520	(435,427)	929,093
b) reclassifications through profit or loss	(17,316)	(17,198)	(34,514)
- due to impairment	153	4	157
- following disposal	(17,469)	(17,202)	(34,671)
c) other variations	2,821	(3,101)	(280)
30. Property, plant and equipment	**-**	**-**	**-**
40. Intangible assets	**-**	**-**	**-**
50. Hedges of foreign investments:	**-**		**-**
a) fair value changes	-	-	-
b) reclassifications through profit or loss	-	-	-
c) other variations	-	-	-
60. Cash flow hedges:	**149,542**	**(48,617)**	**100,925**
a) fair value changes	149,542	(49,259)	100,283
b) reclassifications through profit or loss	-	-	-
c) other variations	-	642	642
70. Exchange differences:	**-**	**-**	**-**
a) fair value changes	-	-	-
b) reclassifications through profit or loss	-	-	-
c) other variations	-	-	-
80. Non-current assets classified held for sale	**-**	**-**	**-**
a) fair value changes	-	-	-
b) reclassifications through profit or loss	-	-	-
c) other variations	-	-	-
90. Actuarial gains (losses) on definited benefit plans	**-**	**-**	**-**
100. Changes in valuation reserve pertaining to equity method investments:	-	-	-
a) fair value changes	-	-	-
b) reclassifications through profit or loss	-	-	-
- due to impairment	-	-	-
- following disposal	-	-	-
c) other variations	-	-	-
110. Other comprehensive income after tax	**1,499,567**	**(504,343)**	**995,224**
120. Comprehensive income (Item 10+110)			**775,441**

Part E - Risks and Hedging Policies

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

Risk Management within UniCredit S.p.A.

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

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

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

Section 1 - Credit risks

QUALITATIVE INFORMATION

1. General aspects

With reference to the risks management model, the governance was streamlined according to the one4C project in order to achieve higher levels of efficiency and ensure a strong control on risk related topics. The "CRo Italy" function was assigned all the credit and risk management responsibilities for UniCredit S.p.A as well as the overall Italian perimeter and the managerial coordination of the relevant risk management functions in the Italian Legal Entities of the Group.

In addition, credit risk organizational structures and processes were revised in 2012 in order to get aligned with regulatory requirements and improve the Group efficiency. The new organizational structure for credit risk, operational since January 14, 2013, is described in the next section with specific reference to structures and responsibilities.

During the first quarter of 2012 the Group Credit Risk Strategies were released, consistent with the Group "risk appetite" and Pillar II metrics. Also in accordance with Pillar II, concentration risk was updated in respect of single name concentration risk (soocalled Bulk Risk) and at industry level. In addition, in order to further improve the process and methodologies to be used in the development of credit risk strategies and stress tests on credit risk, the relevant internal regulations were updated.

UniCredit SpA continues its intense effort to extend Basel 2 principles to the entire perimeter. With specific reference to credit risk, it is currently authorized to use internal estimates for PD, LGD and EAD parameters for its own loan portfolio (Sovereigns, Banks, Multinational Enterprises and Global Project Finance transactions) and for loan portfolios such as corporate and retail exposures. With regard to the EAD parameter, pending approval for the use of internal models, the parameters defined according to the Foundation approach are currently used, with the exception of Private Mortgage Loans for which an internal EAD model is already being used for regulatory purposes.

The stress testing activities on credit risk, consistent with the requirements of the Regulators, have been performed on the basis of a common scenario internationally defined. The exercise was carried out following the guidelines of the European Banking Authority (EBA) in coordination with the Bank of Italy and other national Regulators involved, the European Systemic Risk Board (ESRB), the European Central Bank (ECB) and the European Commission. The impacts of the simulation have been evaluated both in terms of income, considering the impacts on provisions and profit / loss of the year, both at balance sheet level where the impacts on minimum capital requirements (Pillar I) have been considered. During the year a project was carried out to implement the stress test calculation engine on the Group's IT platform, the completion of which will result in an integrated IT solution applicable to the Group and the main legal entities.

In the course of 2012 the control activity for the identification of major business groups o those with an exposure exceeding two percent of the consolidated regulatory capital (Top Group) o became operational and was carried out by a special dedicated unit within Risk Management. The activity focused on the definition and periodic review of the "Top Group", which includes both industrial and financial groups. Special support initiatives were also organized by providing methodological and technical assistance aimed at facilitating the above activity in respect of groups not directly supervised by that unit.

Within the scope of the Italian business, we further strengthened the processes and procedures supporting loan disbursement, monitoring and debt collection: a single application was released at Group level though which all business groups, both local and global, can be mapped; the general database was supplemented with information on companies provided by external providers concerning adverse events, insolvency proceedings, protests and bankruptcies. A new tool was also released for credit risk monitoring of the Large Corporate segment.

In order to improve our assessment of real estate companies new rating models were introduced, targeted to these types of counterparties. In September 2012 we introduced a new rating model for mortgage loans granted to retail customers. Rating models were adjusted consistent with the new definition of default at 90 days.

To complete the process of simplification and control of the loan supply chain, the Italian loan disbursement and monitoring units (Credit operations Italy) were streamlined by setting up 7 local units each responsible for the entire local portfolio (Corporate, SME Corporate and Individuals).
• Loan monitoring after disbursement was improved by:
• defining specific controls on medium to longoterm mortgage loans to corporate and retail customers;
• releasing new features for the management of contractual covenants;
increasing control on loans backed by mutual guarantee institutions or counter guaranteed by public funds. With regard to the management of guarantees, control on legal validity was further strengthened.

In order to continue providing adequate support to the economy the range of financing provided to exporting companies was expanded (also through agreements with Sace). We also provided support to the areas affected by the earthquake in May 2012, both by participating in the initiatives promoted by ministerial decrees and through the Group own initiatives.

2. Credit Risk Management Policy

2.1 organization

The credit risk organization in UniCredit S.p.A. breaks down into two levels:
• functions with responsibilities at Group level;
• functions with responsibilities at Country level.

The functions with responsibilities at Group level are:
- the Group Credit Risk department which, inter alia, is responsible for:
  • defining the Group regulations on credit risk;
  • defining credit strategies and limits;
  • carry out stress tests and portfolio analysis;
  • monitor the concentration of credit risk through dedicated limits;
  • preparing the reports needed for monitoring the trend of the loan portfolio;
  • monitoring the loan portfolio, by assessing its overall quality and managing the quality of riskier asset buckets;
- the Group Credit Transactions department which o inter alia o is responsible for the evaluation, monitoring and supervision of Large Credit Transactions, through the following activities:
  • evaluating credit proposals to be submitted to the "Group Transactional Credit Committee" and/or the "Group Credit Committee" and formulating expert opinions to be submitted to these committees;
  • within its delegated powers, deciding or issuing nonobinding credit opinions (NBCo) in respect of credit proposals for Financial Institutions, Banks and Sovereigns (FIBS) and Special Products (e.g. ABS, Securitization, etc.);
  • acting as Group competence team, issuing expert advice on credit proposals submitted by the Legal Entities in relation to structured finance (LPAC[1] and Special Products) and FIBS transactions;
  • monitoring FIBS counterparties, the companies in the CIB portfolio, Structured Finance transactions and DebtotooEquity positions arising in the course of restructuring activities;
  • coordinating and guiding restructuring and workout activities carried out by the Group Legal Entities on the basis of defined areas/ thresholds;

1. Acquisition & Leveraged Finance, Project Finance, Aircraft Finance, Commodities Finance.

Part E - Risks and Hedging Policies (Continued)

- the Group Risks Control department which, among other activities, is responsible for:
  - ensuring the development, management and continuous evolution of models, rating tools, credit risk measurement tools for the overall portfolio and credit risk methodologies;
  - coordinating the implementation of the Basel regulation on credit risk and ensuring the relevant disclosure to corporate governance Bodies and Supervisory Authorities;
  - Group level validation of the methodologies for measuring credit risk, the relevant processes and the IT and data quality components, in order to verify their compliance with regulatory requirements and internal standards;
  - assigning the rating to certain types of relevant counterparties (Top Banking and Top Corporate);
  - deciding, within its delegated powers, or submitting proposals to the relevant decisionomaking Bodies for rating override in respect of Group Wide rating systems.

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

In UniCredit S.p.A., these functions are carried out by the organizational units under "CRo Italy", reporting to "Group CRo" and specifically:
- the "Risk Management Italy" department responsible o among other activities o for the governance and control of credit risk within the "Country Chairman Italy" area of responsibility (including Consumer Finance products). With respect to credit risk, the department consists of the following units:
  - the Credit Risks Portfolio Analytics department which, inter alia, is responsible for:
    - monitoring and predicting the risk composition of the loan portfolio in terms of credit quality, cost of risk, RWA and capital requirement for UniCredit S.p.A. group and for preparing the required reporting;
  - the Credit Policies & Products Italy department which, inter alia, is responsible for:
    - defining the loan process/product rules relating to the disbursement, monitoring, restructuring and workout steps, for UniCredit S.p.A. group;
  - the Credit Risk Methodologies department which, inter alia, is responsible for:
    - defining and managing the methodologies on credit risk management. These methodologies refer to credit risk measurement models for all customer segments;
  - the Rating Desk Italy department which, inter alia, is responsible for:
    - deciding, within its delegated powers, or submitting proposals to the relevant bodies on rating override with respect to local rating systems for the measurement of credit risk of UniCredit S.p.A. business segments;
- the Central Credit Risk Underwriting department which, inter alia, is responsible for:
  - coordinating the activities of the 'Regional Industry Team Leaders';
  - ensuring that RIT decisionomaking activities are properly carried out;
  - coordinating and managing lending to UniCredit S.p.A. customers in relation to Consumer Finance products;
  - preliminary and administrative activities for transactions to be submitted to the Italian Transactional Credit Committee and the Italian Special & Transactional Credit Committee;

- the Territorial Credit Risk Underwriting department which, inter alia, is responsible for the following activities (excluding those that fall within the Central Credit Risk UW areas of responsibility):
  - management of lending to UniCredit S.p.A. customers;
  - management of lending falling within the area of responsibility of the Regional Industry team no. 6.

  It consists of the following structures:
  - RIT 6 Real Estate;
  - Local Credit HUB;

- the Loans Administration department which o inter aliao is responsible for the following activities:
  - monitoring administrative activities after the loan has been granted/disbursed;
  - management of subsidized loans;
  - lending and administrative activities relating to mutual guarantee institutions;
  - coordination and management of activities after disbursement of Mortgages by ensuring the quality and integrity of information assets and risk minimization; decisions on loan applications falling within its responsibility.

With respect to credit risk, the department consists of the following units:
  - Loan Administration Network;
  - Mortgages Loans Administration;
  - Subsidized Loans;
  - Mutual Guarantee Institutions & Public Guarantees;
  - Loan Admin Service & Support;
  - Analysis & Advisory Performing;
  - Documents certifications and preliminary analysis.

• the Special Credit & Credit Risk Monitoring Italy department which, inter alia, is responsible for:
  - monitoring trends in credit risk, in the recovery of pastodue and unpaid loans (including the classification as doubtful/nonoperforming loans within the granted authority) and ensuring the applicability and implementation of recovery strategies and actions;
  - oversight of activities aimed at reducing the cost of credit risk associated with irregular and problem loans;
  - making decisions, within its delegated powers, on positions under restructuring or workouts.

The department consists of the following structures:
• INC portfolio Italy which, with reference to corporate customers classified as non revoked doubtful loans, is in charge of the coordination and conduct of a credit strategy aimed at withdrawing from or restructuring the position;
• Special Credit Support & Administration Italy, responsible for supervising the cost of risk and for performing administrative and accounting activities within its own remit;
• Workout Italy, which is responsible for coordinating and conducting the management of workout positions with regard to customers with exposures below a certain threshold;
• Restructuring Italy, which, with respect to customers with exposures below a certain threshold, is responsible for coordinating and conducting the management of restructuring positions and monitoring compliance with the terms of the restructuring plan and any agreed covenants;
• Territorial Credit Risk Monitoring Italy, which is responsible for the coordination and management of credit monitoring through performance monitoring and the definition of corrective actions in coordination with the Central Credit Risk Monitoring Italy department;
• Central Credit Risk Monitoring Italy department which, through decisionomaking activities, is responsible for coordinating and directing monitoring activities carried out by the local structures, excluding retail customers; it is also responsible for the monitoring and centralized management of overdue payments relating to Private customers;
• Customer Recovery, which is responsible for managing and supporting monitoring and credit collection processes and for the classification as problem loans of customers in the Individuals, Small Business and Mid Enterprises segments;
• Special Credit Legal support, which is responsible for providing specialized/specific Legal support to the Special Credit units;
• Large / MNC Workout & NCP Management, which is responsible for coordinating and conducting the management of workout positions with an exposure above a specified threshold;
• Large & MNC Restructuring, which, with respect to customers with exposures above a certain threshold, is responsible for coordinating and conducting the management of restructuring positions and monitoring compliance with the terms of the restructuring plan and any agreed covenants.

In addition to that, with respect to credit risk specific committees are active:
• the “Group Credit Committee”, in charge of discussing and approving credit proposals within its responsibility, including “restructuring” and “workout” positions, relevant strategies and corrective actions to be taken (including classification of status when applicable) for “watchlist” positions, specific limits for transactions related to debt capital markets on Trading Book, single issuer exposure limits on Trading Book;
• the “Group Credit and CrossoBorder Risks Committee”, responsible for monitoring credit and crossoborder risks at Group level, for submitting credit and crossoborder risk strategies, policies, methodologies and limits to the “Group Risk Committee” o for either approval or information o as well as regular reporting on risk portfolio and profile in relation to the above risks;
• the “Group Transactional Credit Committee” which has decisionomaking functions, within its delegated authority (resolutions and / or nonobinding opinions to the Group Entities), and / or advisory functions on matters within the remit of Senior Bodies, with regard to credit proposals, including “restructuring” and “workout” positions; strategies and relevant corrective actions to be taken for “watchlist” files, specific limits for transactions related to debt capital markets, single issuer exposure limits on Trading book;
• the “Italian Transactional Credit Committee”, which has decisionomaking functions within its delegated powers and / or advisory functions for matters within the remit of Senior Bodies, is responsible, with regard to UniCredit S.p.A. counterparties, (excluding FIBS counterparties) for credit proposals (including “restructuring” and “workout” positions), the classification status of positions, strategies and corrective actions for “Watchlist” positions, transactions concerning pawn loans and issue of nonobinding opinions to the Italian Legal Entities of the Group;
• the “Group Rating Committee”, responsible for taking decisions and/or issuing nonobinding opinions to the Group Legal Entities on rating override proposals;
• the “Italian Special & Transactional Credit Committee”, which is responsible, within its delegated powers, for the evaluation and approval or, for positions within the remit of Senior Bodies, the issue of advisory opinions on restructuring and workout positions, as well as positions of customers managed by the “Special Credit Italy” department.

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

The main reasons for default lie in the borrower’s lacking the autonomous ability to service and repay the debt (due to a lack of liquidity, insolvency, etc.), as well as the occurrence of events that are unrelated to the debtor’s operating and financial condition, such as Country risk

Part E - Risks and Hedging Policies (Continued)

or the impact of operational risks. other banking operations, in addition to traditional lending and deposit activities, can expose UniCredit to other credit risks. For example, 'nonotraditional' credit risk may arise from:
- entering into derivative contracts;
- purchasing and selling securities, futures, currencies or commodities;
- holding thirdoparty securities.

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

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

Country risk

Country risk is defined as the risk of losses of exposures caused by events in a specific Country which may be under the control of the government but not under the control of a private enterprise or individuals. This may imply that the repayment of assets within a specific Country will be ultimately prevented by actions of the Country's government (e.g. transfer risk, expropriation risk, legal risk, tax risk, security risk, delivery risk) or by a deterioration of the economic and / or political environment (e.g. a sharp recession, currency and / or banking crisis, disaster, war, civil war, social unrest) of a Country. Country risk is managed by determining the appropriate maximum risk levels (country limits), that can be assumed by UniCredit S.p.A. visoàovis all counterparties (sovereigns, government entities, banks, financial institutions, corporate customers, small businesses, individuals, project finance, etc.) residing in or related to the Country, for crossoborder transactions (from the standpoint of the UniCredit S.p.A. providing the loan) in foreign currency (from the standpoint of the borrower); transaction in local currency will be included during 2012. In fact in 2012 automated procedures of collection of single transaction, identified according to defined characteristics (domestic vs. cross border; in local vs. foreign currency), will be implemented.

Country risk management processes are mainly concentrated at UniCredit S.p.A. in terms of both methodological aspects and the decisionomaking process, in order to ensure a uniform assessment and monitoring approach, particularly for the rating assignment o PD (probability of default) and LGD (loss given default) o as well as control of concentration risk.

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

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

Risk Exposures toward Greece, Portugal, Ireland, Spain and the CEE Countries are closely measured and monitored in terms of counterparty types o Individuals, Corporates, Banks & Financial Institutions, Sovereigns o as well as in terms of product categories o Loans, Bonds, CDS, Derivatives, and Guarantees. In this focused monitoring process, Risk Exposures include both "Domestic Risk" (if the Borrower is located in Italy) and "Cross Border Risk" (if the Borrower is located elsewhere).

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

With specific reference to the sovereign risk, direct counterparty risk to sovereigns is managed through the normal counterparty approval process. Limits and exposures to sovereigns o in both the trading and banking books o have been managed in a prudent way to ensure such limits/exposures are sized primarily by both regulatory and liquidity requirements of UniCredit S.p.A..

Through collateral arrangements, UniCredit S.p.A. has obtained eligible collateral to reduce exposures to oTC derivative counterparties; such collateral includes, in addition to cash, also government bonds issued by countries included in the "eligibility list" (the criteria are defined in the specific "Credit Policy"). This eligibility is however always subject to minimum external rating criteria, and ongoing daily price availability.
The rating threshold has therefore seen a reduction in the number of the eligible sovereign issuers from the original name specific eligibility list.

In this respect, however, the impact of the recent sovereign turmoil has been minimal, as in practice, well over 90% of the collateral posted and received under such agreements is cash.

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

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

2.2 Credit Risk Management, Measurement and Control

2.2.1 Reporting and Monitoring

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

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

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

With effect from January 14, 2013, reporting and monitoring activities are mainly carried out by two dedicated units of Group Risk Management called "Group Risk Reporting" and "Credit Risk Portfolio Analytics" within the "Group Credit Risks Department." The "Group Risk Reporting" unit is responsible for the consolidation at Group level of key risks reporting (credit, market, liquidity and operational risk) carried out using data and information provided by the dedicated structures of the Group Risk Management. The "Credit Risk Portfolio Analytics" unit is instead responsible for reporting the Group credit risk in terms of sectors and individual portfolios.

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

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

2.2.2 Governance and policies

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

In particular, Group Legal Entities are required to request the Group Risk Management functions of UniCredit S.p.A. a dedicated opinion before granting or reviewing credit lines to individual borrowers or economic groups, whenever they exceed defined thresholds, also with reference to the obligation of compliance with the credit risk concentration limits that have to be measured with respect to the regulatory capital.

In accordance with the role assigned to UniCredit S.p.A. under the Group governance, and specifically to the Group Risk Management function, the " General Group Credit Policies" relating to the Group lending activities define groupowide rules and principles for guiding, governing and standardizing credit risk assessment and management, in line with the regulatory requirements and Group best practice.

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

- policies on "Groupowide" issues, developed by UniCredit S.p.A. and addressed to all Entities. Some examples are the policies on FIBS customers (Financial Institutions, Banks and Sovereigns), on Country Limits, on Project Finance and Acquisition & Leveraged Finance transactions, on collateral management for oTC derivatives and Repo and securities lending business, on assessment, monitoring and management of underwriting risk limits for the syndicated loan, on "Commercial Real Estate Financing (CREF)" and on "Structured Trade and Export Finance (STEF)";

Part E - Risks and Hedging Policies (Continued)

- policies developed at the local level by individual Entities. Such documents provide detailed credit rules for specific regions, subsidiaries, etc., if required by local market peculiarities, and are applicable only within the specific Legal Entity perimeter.

At both Legal Entity and UniCredit S.p.A. (if necessary) level, the policies are further detailed through operative Instructions, describing specific rules and instructions for the dayobyoday activity.

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

2.2.3 Management and Measurement Methods

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

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

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

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

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

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

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

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

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

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

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

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

Value at Risk represents the threshold monetary loss overcome only with a given probability level (VaR at 1oα confidence level. UniCredit selected α=0.03% which corresponds to a 99.97% confidence level).

Economic Capital is derived from Value at Risk subtracting the expected loss and it is an input for determining Internal Capital set up to cover potential unexpected losses from risk factors.

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

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

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

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

The aim is to give evidence of the systems compliance, highlighting improvement areas as well as possible misalignments in the methodologies, which could limit the full comparability among the resulting risk measures.
The internal Credit VaR model is also subject to assessment in the context of Basel 2 o Pillar 2 validation.

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

Credit risk strategies aim to obtain a threefold goal:
- to define the optimal credit portfolio risk profile by minimizing the overall credit risk impact given the expected remuneration, starting from the risk appetite framework, in line with the Group's capital allocation and value creation criteria;
- to provide support to the competent functions and Divisions of UniCredit S.p.A. and the Legal Entities when the latter take measures to optimize the portfolio reshaping through strategic plans and business initiatives;
- to provide a set of guidelines and support when drafting the business and loan budget, in line with the Group's strategic vision.

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

Loan strategies are defined by using all available measurements related to credit risk. In particular, results from the "Credit VaR" model ensure a proper and conservative management of portfolio risk through the application of advanced methods and tools. In parallel a set of qualitative information, taking into account the different divisional / territorial characteristics, are incorporated and transformed in input variables for the credit portfolio optimization models.
Portfolio risk management pays special attention to credit risk concentration in light of its importance within total assets.

Such concentration risk, according to the "Basel II" definition, consists of a single exposure or of a group of correlated exposures with the potential to generate losses of such magnitude as to prejudice UniCredit S.p.A. ability to carry on its normal business.

In order to identify, manage, measure and monitor concentration risk, the UniCredit S.p.A.'s competent functions define and monitor credit limits to cover two different types of concentration risk:
- significant credit exposures to a single counterparty or to a set of economically connected counterparties ("bulk risk" for Multinationals, Financial Institutions and Banks);
- credit exposures to counterparties belonging to the same economic sector (sectorial risk).

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

Part E - Risks and Hedging Policies (Continued)

Stress test simulations are a comprehensive part of credit risk strategies definition. With stress test procedure it is possible to reoestimate some risk parameters like PD, Expected Loss, economic capital and RWA under the assumption of extreme but plausible macroeconomic and financial stressed scenario. Stressed parameters are used not only for regulatory purposes (Pillar I and Pillar II requirements), but also as managerial indicators about the portfolio vulnerability of single business lines, industries / regional areas, customer groups and other relevant clusters, conditioned to a downturn of economic cycle.

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

2.2.5 Acquisition of impaired loans

The Bank usually does not acquire impaired loans. The positions reported as such in the tables of the Notes to the Financial Statements in relation to item 70 “Loans to customers” are part of transactions involving the acquisition of larger loan portfolios, whose objectives cannot be classified among those relating to a specific acquisition of impaired positions.

2.3 Credit Risk Mitigation Techniques

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

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

In addition to the general guidelines on risk mitigation techniques, UniCredit S.p.A. has issued internal regulations, specifying processes, strategies and procedures for the management of collateral. In particular, these regulations detail the rules on the eligibility, valuation and management of collateral, ensuring that the guarantee is valid, legally enforceable and can be promptly recovered in accordance with the local legal system of each country.

UniCredit S.p.A. also performed assessment activities on the management of guarantees and compliance checks on risk mitigation techniques, in particular with respect to the application of internal rating systems, in order to verify that adequate documentation and formal procedures are in place for the use of risk mitigation techniques for the purpose of calculating regulatory capital.

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

Collaterals accepted in support of credit lines primarily include real estate, both residential and commercial, financial collateral (including cash deposits, debt securities, equities, and units of Undertakings for Collective Investment in Transferable Securities o UCITS). other types of collateral (pledged goods or pledged loans and life insurance policies) are less common. The Group also makes use of bilateral netting agreements for derivative transactions (by means of ISDA and CSA agreements), Repos and securities lending.

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

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

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

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

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

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

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

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

This activity is managed internally by specially qualified staff or externally through a mandate given to specialized companies or through the sale of nonoperforming assets to external companies.

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

In order to determine provisions, an exercise that is performed periodically or in any case if an event occurs during the file management, specialized units use an analytical approach to assess the loss projections for loans at default on the basis of the Group's accounting policies, which are consistent with the rules of IAS 39 and Basel II.

Impaired assets acquired
Impaired loans acquired are recognized under item 70 "Loans to customers" for 105,858.2 thousand euro as of December 31, 2012, down by 43,180.6 thousand euro (-29.0%) compared to December 31, 2011 (149,038.8 thousand euro).

These loans were acquired as part of the following transactions, all completed during 2011:
- the acquisition of a loan portfolio from Banca MB S.p.A. (total face value of 414,543 thousand euro for a price of 246,052 thousand euro, including impaired loans totaling a face value of 299,222.5 thousand euro for a price of 152,511.7 thousand euro). The loans deriving from the financing disbursed by Banca MB under administrative compulsory liquidation were acquired;
- the acquisition of a loan portfolio from Società oney S.p.A. (global face value of 21,143.0 thousand euro for a price of 19,041.0 thousand euro, including impaired loans totaling 148.1 thousand euro for a price of 121.1 thousand euro). The loans were acquired as part of the acquisition of a credit card portfolio from oney S.p.A.

In 2012, no impaired loans were acquired.

The above loans were measured in compliance with the measurement criteria used for all impaired loans to customers recognized in the Accounts.

Part E - Risks and Hedging Policies (Continued)

The table below shows the changes in "Impaired loans acquired " (face value, purchase price, carrying amount), broken down by single transaction:

Impaired assets acquired

	PURCHASE DATE		12.31.2011		12.31.2012		CHANGE IN TOTAL 2012 - 2011	
	NOMINAL VALUE	PURCHASE PRICE	NOMINAL VALUE	BOOK VALUE	NOMINAL VALUE	BOOK VALUE	NOMINAL VALUE	BOOK VALUE
Banca MB S.p.A.	299,222,5	152,511,7	255,476,3	148,959,1	215,112,5	105,816,1	-40,363,8	-43,143,0
Oney S.p.A.	148,1	121,1	141,2	79,7	107,9	42,1	-33,3	-37,6
Total	**299,370,6**	**152,632,8**	**255,617,5**	**149,038,8**	**215,220,4**	**105,858,2**	**-40,397,1**	**-43,180,6**

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

A.1 Impaired and performing loans: amounts, writedowns, changes, economic and geographical distribution
Part A.1 does not include equity instruments or UCITS shares.

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

PORTFOLIO/QUALITY	NON-PERFORMING LOANS	DOUBTFUL ASSETS	RESTRUCTURED EXPOSURES	PAST-DUE	OTHER ASSETS	TOTAL
1. Financial assets held for trading	14,397	196,650	10,348	81,637	10,232,878	10,535,910
2. Available-for-sale financial assets	-	3,324	-	-	30,215,328	30,218,652
3. Held-to-maturity financial instruments	-	-	-	-	3,348,435	3,348,435
4. Loans and receivables with banks	-	774	-	29,661	27,905,930	27,936,365
5. Loans and receivables with customers	8,836,630	9,792,655	3,041,147	2,932,724	236,246,763	260,849,919
6. Financial assets at fair value through profit or loss	-	-	-	-	1,031	1,031
7. Financial instruments classified as held for sale	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	8,047,016	8,047,016
Total 12.31.2012	**8,851,027**	**9,993,403**	**3,051,495**	**3,044,022**	**315,997,381**	**340,937,328**
Total 12.31.2011	**7,273,176**	**8,103,474**	**2,834,281**	**2,824,939**	**309,322,441**	**330,358,311**

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

	IMPAIRED ASSETS			PERFORMING			
PORTFOLIO/QUALITY	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	TOTAL (NET EXPOSURE)
1. Financial assets held for trading	396,263	93,231	303,032	X	X	10,232,878	10,535,910
2. Available-for-sale financial assets	4,317	993	3,324	30,215,328	-	30,215,328	30,218,652
3. Held-to-maturity financial instruments	-	-	-	3,348,435	-	3,348,435	3,348,435
4. Loans and receivables with banks	35,256	4,821	30,435	27,908,836	2,906	27,905,930	27,936,365
5. Loans and receivables with customers	39,247,107	14,643,951	24,603,156	237,605,131	1,358,368	236,246,763	260,849,919
6. Financial assets at fair value through profit or loss	-	-	-	X	X	1,031	1,031
7. Financial instruments classified as held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	8,047,016	8,047,016
Total 12.31.2012	**39,682,943**	**14,742,996**	**24,939,947**	**299,077,730**	**1,361,274**	**315,997,381**	**340,937,328**
Total 12.31.2011	**31,571,250**	**10,535,380**	**21,035,870**	**294,021,817**	**1,429,902**	**309,322,441**	**330,358,311**

As required by Banca d'Italia in its letter dated February 22, 2011 in the section "Bilancio e segnalazioni di vigilanza" (Accounts and supervisory reporting), the table below provides a breakdown of credit exposures being renegotiated, i.e. whose installment payment (both principal and interest) has been temporarily suspended in compliance with the general agreements entered by Banking Association or with regulations prevailing in Italy.

As at December 31, 2012 there are no such positions in the portfolios of financial assets other than loans to customers.

Customer Loans - Exposures renegotiated under collective agreements

PORTFOLIO/QUALITY	PERFORMING									TOTAL (NET EXPOSURE) 12.31.2012
	OTHER PERFORMING EXPOSURE			NOT IMPAIRED PAST DUE (1-90 DAYS)			NOT IMPAIRED PAST DUE (91-180 DAYS)			
	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	
5. Loans and receivables with customers	**228,762,467**	**1,147,734**	**227,614,733**	**5,240,704**	**107,501**	**5,133,203**	**3,601,959**	**103,132**	**3,498,827**	**236,246,763**
- Exposures renegotiated in application of collective agreements	2,602,386	4,801	2,597,585	110,550	984	109,566	189,476	3,042	186,434	2,893,585
- Other exposures	226,160,081	1,142,933	225,017,148	5,130,154	106,517	5,023,637	3,412,483	100,090	3,312,393	233,353,178

A.1.3. On - balance sheet and off- balance sheet credit exposure to banks: gross and net values

EXPOSURE TYPES / AMOUNTS	AMOUNTS AS AT 12.31.2012			
	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. Balance sheet exposure				
a) Non-performing loans	2,972	2,972	X	-
b) Doubtful loans	1,085	311	X	774
c) Restructured exposures	-	-	X	-
d) Past due	31,199	1,538	X	29,661
e) Other assets	31,719,104	X	2,906	31,716,198
Total A	**31,754,360**	**4,821**	**2,906**	**31,746,633**
B. Off-Balance sheet exposure				
a) Impaired	115	-	X	115
b) Other	42,698,669	X	-	42,698,669
Total B	**42,698,784**	**-**	**-**	**42,698,784**
Total (A+B)	**74,453,144**	**4,821**	**2,906**	**74,445,417**

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

Off-balance sheet exposure comprises guarantees given, commitments and derivatives regardless of each transaction's classification category.

The gross exposure of credit derivatives for which protection has been sold corresponds to (i) the sum of the face value and the positive fair value in respect of total rate of return swaps, (ii) to positive fair value in respect of credit spread swaps and (iii) to the notional value in respect of credit default products and credit linked notes.

A.1.4 Balance-sheet credit exposures with banks: gross change in impaired exposures

SOURCE/CATEGORIES	CHANGES IN 2012			
	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST DUE EXPOSURES
A. Opening balance - gross exposure	**6,249**	**1,817**	**-**	**6,682**
- of which: assets sold but not derecognised	-	-	-	-
B. Increases	**447**	**3,384**	**-**	**531,163**
B.1 transfers from performing loans	-	1,188	-	364,329
B.2 transfers from other impaired exposure categories	-	-	-	-
B.3 other increases	447	2,196	-	166,834
C. Reductions	**3,724**	**4,116**	**-**	**506,646**
C.1 transfers to performing loans	-	1,226	-	341,747
C.2 derecognised items	2,410	205	-	-
C.3 recoveries	-	2,685	-	-
C.4 sales proceeds	936	-	-	-
C.5 transfers to other impaired exposure categories	-	-	-	-
C.6 other reductions	378	-	-	164,899
D. Gross exposure closing balance	**2,972**	**1,085**	**-**	**31,199**
- of which: assets sold but not derecognised	-	-	-	-

Part E - Risks and Hedging Policies (Continued)

A.1.5 Balance-sheet credit exposures to banks: change in overall impairments

	CHANGES IN 2012			
SOURCE/CATEGORIES	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST DUE EXPOSURES
A. Opening gross writedowns	**6,249**	**593**	**-**	**3,660**
- of which: sold but not derecognised	-	-	-	-
B. Increases	**184**	**370**	**-**	**1,481**
B.1 writedowns	56	182	-	91
B.1 bis Losses on disposal	-	-	-	-
B.2 transfers from other impaired exposure	-	-	-	-
B.3 other increases	128	188	-	1,390
C. Reductions	**3,461**	**652**	**-**	**3,603**
C.1 write-backs from assessments	-	25	-	1,099
C.2 write-backs from recoveries	-	235	-	2,503
C.2 bis Gains on disposal	1,008	-	-	-
C.3 write-offs	2,410	205	-	-
C.4 transfers to other impaired exposure	-	-	-	-
C.5 other reductions	43	187	-	1
D. Final gross writedowns	**2,972**	**311**	**-**	**1,538**
- of which: sold but not derecognised	-	-	-	-

A.1.6. Balance sheet and off- balance sheet credit exposure to customers: gross and net values

	AMOUNTS AS AT 12.31.2012			
EXPOSURE TYPES / AMOUNTS	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. Balance sheet exposure				
a) Non-performing loans	16,758,103	7,921,473	X	8,836,630
b) Doubtful loans	15,283,862	5,487,883	X	9,795,979
c) Restructured exposures	3,754,156	713,009	X	3,041,147
d) Past due	3,455,303	522,579	X	2,932,724
e) Other assets	268,344,602	X	1,358,368	266,986,234
Total A	**307,596,026**	**14,644,944**	**1,358,368**	**291,592,714**
B. Off-balance sheet exposure				
a) Impaired	2,102,471	143,432	X	1,959,039
b) Other	64,934,334	X	988,742	63,945,592
Total B	**67,036,805**	**143,432**	**988,742**	**65,904,631**
Total (A+B)	**374,632,831**	**14,788,376**	**2,347,110**	**357,497,345**

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

Off-balance sheet exposure comprises guarantees given, commitments and derivatives regardless of each transaction's classification category.

The gross exposure of credit derivatives for which protection has been sold corresponds to (i) the sum of the face value and the positive fair value in respect of total rate of return swaps, (ii) to positive fair value in respect of credit spread swaps and (iii) to the notional value in respect of credit default products and credit linked notes.

A.1.7 Balance-sheet credit exposures to customers: gross change in impaired exposures

SOURCE/CATEGORIES	CHANGES IN 2012 NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST DUE EXPOSURES
A. Opening balance - gross exposure	**13,123,195**	**11,886,139**	**3,172,028**	**3,139,758**
- of which: sold but not derecognised	*248,553*	*179,603*	-	*13,038*
B. Increases	**7,599,239**	**13,301,809**	**3,281,564**	**11,475,611**
B.1 transfers from performing loans	314,096	5,432,194	974,261	9,019,490
B.2 transfers from other impaired exposure	5,924,317	5,893,394	887,317	606,214
B.3 other increases	1,360,826	1,976,221	1,419,986	1,849,907
of which: business combinations	*94,410*	*9,420*	-	*7,332*
C. Reductions	**3,964,331**	**9,904,086**	**2,699,436**	**11,160,066**
C.1 transfers to performing loans	6,238	791,220	87,125	4,104,067
C.2 derecognised items	2,620,165	230,629	156,589	-
C.3 recoveries	504,717	2,083,683	300	1,582
C.4 sales proceeds	17,348	4,276	6,569	-
C.5 transfers to other impaired exposure	84,139	6,770,679	589,102	5,867,322
C.6 other reductions	731,724	23,599	1,859,751	1,187,095
D. Closing balance-gross exposure	**16,758,103**	**15,283,862**	**3,754,156**	**3,455,303**
- of which: sold but not derecognised	*294,277*	*202,057*	-	*17,132*

A.1.8 Balance-sheet credit exposures to customers: changes in overall impairment

SOURCE/CATEGORIES	CHANGES IN 2012 NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST DUE EXPOSURES
A. Total opening writedowns	**5,865,220**	**3,850,224**	**345,015**	**410,474**
- of which: sold but not derecognised	*80,318*	*41,911*	-	*1,726*
B. Increases	**5,224,860**	**3,995,954**	**692,887**	**756,284**
B.1 writedowns	3,190,861	3,156,586	557,802	398,276
B.1 bis losses on disposal	10,481	10,595	-	-
B.2 transfers from other impaired exposure	1,604,588	462,053	100,331	65,203
B.3 other increases	418,930	366,720	34,754	292,805
of which: business combinations	*66,232*	*2,760*	-	*242*
C. Reductions	**3,168,607**	**2,358,295**	**324,893**	**644,179**
C.1 write-backs from assessments	358,304	119,013	24,558	6,738
C.2 write-backs from recoveries	153,484	201,312	41,684	37,717
C.2 bis gains on disposal	1,488	186	1,314	-
C.3 write-offs	2,620,165	230,629	156,589	-
C.4 transfers to other impaired exposure	20,734	1,680,281	98,046	433,114
C.5 other reductions	14,432	126,874	2,702	166,610
D. Final gross writedowns	**7,921,473**	**5,487,883**	**713,009**	**522,579**
- of which: sold but not derecognised	*101,891*	*54,606*	-	*2,096*

Part E - Risks and Hedging Policies (Continued)

A.2 Breakdown of exposures according to external and internal ratings

A.2.1 Balance Sheet and off-balance sheet credit exposure by external rating class (book values)

	AMOUNTS AS AT 12.31.2012							
	EXTERNAL RATING CLASSES							
EXPOSURES	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6	NO RATING	TOTAL
A. On-balance-sheet crdit exposures	**78,076**	**5,639,324**	**60,388,311**	**455,615**	**186,037**	**24,659,728**	**232,813,521**	**324,220,612**
B. Derivative contracts	**43,295**	**11,588,315**	**240,713**	**-**	**124,043**	**303,033**	**5,298,583**	**17,597,982**
B.1 Financial derivative contracts	43,295	11,588,208	240,713	-	124,043	303,033	5,298,583	17,597,875
B.2 Credit derivative contracts	-	107	-	-	-	-	-	107
C. Guarantees given	**154,504**	**2,172,207**	**7,306,662**	**1,188,012**	**267,009**	**515,385**	**24,126,226**	**35,730,005**
D. Other commitments to disburse funds	**22,650**	**8,208,514**	**5,956,607**	**880,031**	**67,191**	**1,149,285**	**25,934,816**	**42,219,094**
E. Other	**-**	**68,807**	**12,229,522**	**-**	**500,096**	**-**	**257,910**	**13,056,335**
Total	**298,525**	**27,677,167**	**86,121,815**	**2,523,658**	**1,144,376**	**26,627,431**	**288,431,056**	**432,824,028**

Impaired assets are included in “Class 6”.

Item A. On-Balance Sheet credit exposures includes € 881,264 thousands of units in investment funds.

In accordance with Bank of Italy instructions contained in its letter 46586 of January 15, 2013, starting from December 31, 2012 counterparty risk exposures relating to securities or commodities lending or borrowing transactions are to be recorded under item “E. Other”.

The table details on- and off-balance sheet credits granted to counterparties rated by external rating agencies, which provide brief assessments of the creditworthiness of different classes of borrowers such as Sovereigns, Banks, Public Entities, Insurance Companies and (usually large) Enterprises.

The table refers to classification of 262/2005 Bank of Italy Circular - 1 upgrade of November 18, 2009; then it provides for external ratings 6 classes of creditworthiness.

The above disclosure refers to Standard and Poor’s ratings, together with those of the other two large agencies, Moody’s and Fitch.
In the case when more than one agency rating is available, the most prudential rating is assigned.

The “Investment Grade” area (from class 1 to 3), particularly the first two sections (1 and 2), comprises nearly all externally rated exposures, since the corresponding counterparties are mainly banks.

Details of securitized exposures not derecognized for accounting purposes (but derecognized for prudential purposes) are provided below:

(€ millions)

SECURIZATION NAME	ORIGINATOR	ASSET CLASS	AMOUNTS AS AT 12.31.2012
Cordusio RMBS3 - UB CASA 1	UniCredit S.p.A.	RMBS	1,054
CORDUSIO RMBS	UniCredit S.p.A.	RMBS	664
CORDUSIO RMBS SECURISATION - SERIE 2006 (EX CORDUSIO RMBS2)	UniCredit S.p.A.	RMBS	884
CORDUSIO RMBS SECURISATION - SERIE 2007	UniCredit S.p.A.	RMBS	1,889
F-E Mortage 2003-1	UniCredit S.p.A.	RMBS	230
F-E Mortage 2005-1	UniCredit S.p.A.	RMBS	353
Heliconus	UniCredit S.p.A.	RMBS	120
CAPITAL MORTGAGE	UniCredit S.p.A.	RMBS	1,288
			6,482

A.2.2 Balance Sheet and off-balance sheet exposure by internal rating class (book values)

EXPOSURES	AMOUNTS AS AT 12.31.2012 INTERNAL RATING CLASSES 1	2	3	4	5	6
A. On-balance-sheet exposures	156,317	1,366,110	115,068,405	60,748,589	19,846,787	19,146,459
B. Derivative contracts	-	47,688	12,465,676	631,228	375,199	3,062,944
B.1 Financial derivative contracts	-	47,688	12,465,569	631,228	375,199	3,062,944
B.2 Credit derivative contracts	-	-	107	-	-	-
C. Guarantees given	2,428	1,024,334	8,492,998	7,171,993	4,102,491	1,585,870
D. Other commitments to disburse funds	2	1,255,257	17,462,987	3,564,082	1,026,399	1,130,439
E. Other	-	-	2,650,608	9,804,962	8	500,107
Total	158,747	3,693,389	156,140,674	81,920,854	25,350,884	25,425,819

continued: A.2.2 Balance Sheet and off-balance sheet exposure by internal rating class (book values)

EXPOSURES	AMOUNTS AS AT 12.31.2012 INTERNAL RATING CLASSES 7	8	9	IMPAIRED EXPOSURES	NO RATING	TOTAL
A. On-balance-sheet exposures	16,098,962	6,844,096	6,866,477	24,636,914	52,560,230	323,339,346
B. Derivative contracts	222,490	64,633	72,117	303,033	352,974	17,597,982
B.1 Financial derivative contracts	222,490	64,633	72,117	303,033	352,974	17,597,875
B.2 Credit derivative contracts	-	-	-	-	-	107
C. Guarantees given	973,756	424,194	215,931	507,336	11,228,674	35,730,005
D. Other commitments to disburse funds	487,393	635,178	253,441	1,148,785	15,255,131	42,219,094
E. Other	230	-	-	-	100,420	13,056,335
Total	17,782,831	7,968,101	7,407,966	26,596,068	79,497,429	431,942,762

INTERNAL CLASSES	PD RANGE
1	0.0000% <= PD <= 0.0036%
2	0.0036% < PD <= 0.0208%
3	0.0208% < PD <= 0.1185%
4	0.1185% < PD <= 0.5824%
5	0.5824% < PD <= 1.3693%
6	1.3693% < PD <= 3.2198%
7	3.2198% < PD <= 7.5710%
8	7.5710% < PD <= 17.8023%
9	17.8023% < PD

In accordance with Bank of Italy instructions contained in its letter 46586 of January 15, 2013, starting from December 31, 2012 counterparty risk exposures relating to securities or commodities lending or borrowing transactions are to be recorded under item “E. Other”.

The table contains on- and off-balance sheet exposures grouped according to the counterparties’ internal rating.

Ratings are assigned to individual counterparties using Group banks’ internally-developed models included in their credit risk management processes.

The internal models validated by the regulators are ‘Group-wide’ (e.g. for Banks, Multinationals and Sovereigns).

The different rating scales of these models are mapped in a single master-scale of 9 classes (illustrated in the table above, during the 2011 the Group Masterscale has been reviewed) based on Probability of Default (PD).

Part E - Risks and Hedging Policies (Continued)

A.3 Breakdown of secured exposures by type of guarantee

A.3.1 Secured credit exposures with banks

	AMOUNTS AS AT 12.31.2012														
		COLLATERALS (1)				GUARANTEES (2)									
		PROPERTY				CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)				
							GOVERNMENTS AND CENTRAL BANKS								
	NET EXPOSURES	MORTGAGES	FINANCE LEASES	SECURITIES	OTHER ASSETS	CREDIT LINK NOTES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	TOTAL (1)+(2)
1. Secured balance sheet credit exposures:															
1.1. totally secured	3,829,200	-	-	4,060,409	-	-	-	-	-	-	-	-	-	13,969	**4,074,378**
- of which impaired	*13,969*	-	-	-	-	-	-	-	-	-	-	-	-	*13,969*	**13,969**
1.2. partially secured	8,396	-	-	-	-	-	-	-	-	-	-	-	-	5,909	**5,909**
- of which impaired	8,396	-	-	-	-	-	-	-	-	-	-	-	-	5,909	**5,909**
2. Secured off balance sheet credit exposures:															
2.1. totally secured	53,035	-	-	-	53,035	-	-	-	-	-	-	-	-	-	**53,035**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2.2. partially secured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**

A.3.2 Secured credit exposures with customers

	AMOUNTS AS AT 12.31.2012														
		COLLATERALS (1)				GUARANTEES (2)									
		PROPERTY				CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)				
							GOVERNMENTS AND CENTRAL BANKS								
	NET EXPOSURES	MORTGAGES	FINANCE LEASES	SECURITIES	OTHER ASSETS	CREDIT LINK NOTES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	TOTAL (1)+(2)
1. Secured balance sheet credit exposures:															
1.1. totally secured	151,160,059	287,299,899	-	33,305,878	2,747,249	-	-	-	-	-	71,057	38,526	36,121	27,904,560	**351,403,290**
- of which impaired	*16,187,534*	*31,094,637*	-	*131,247*	*334,867*	-	-	-	-	-	*3,627*	*763*	*1,152*	*4,609,286*	**36,175,579**
1.2. partially secured	6,050,310	152,189	-	1,380,964	470,082	-	-	-	-	-	1,463	393	47,130	1,544,105	**3,596,326**
- of which impaired	1,723,698	77,302	-	459,195	87,966	-	-	-	-	-	16	2	6,348	553,392	**1,184,221**
2. Secured off balance sheet credit exposures:															
2.1. totally secured	7,754,752	6,228,267	-	136,514	248,001	-	-	-	-	-	-	-	249,462	3,523,917	**10,386,161**
- of which impaired	*1,016,167*	*1,662,386*	-	*1,291*	*12,694*	-	-	-	-	-	-	-	*59,189*	*194,209*	***1,929,769***
2.2. partially secured	1,584,661	9,602	-	67,286	203,431	-	-	-	-	-	-	-	123,890	550,580	**954,789**
- of which impaired	*42,776*	*3,503*	-	*296*	*6,046*	-	-	-	-	-	-	-	*1,266*	*13,246*	***24,357***

The amount shown in the “Amount of the Exposure”, in tables A.3.1. and A.3.2, column is the net exposure.

Classification of exposures as “totally secured” or “partially secured” is made by comparing the gross exposure with the amount of the contractually agreed security.

B. DISTRIBUTION AND CONCENTRATION OF LOANS

B.1 Distribution by segment of Balance Sheet and off-Balance Sheet credit exposure to customers (book value)

COUNTERPARTS/ EXPOSURES	GOVERNMENTS NET EXPOSURE	GOVERNMENTS SPECIFIC WRITE-DOWNS	GOVERNMENTS PORTFOLIO ADJUSTMENTS	OTHER PUBLIC ENTITIES NET EXPOSURE	OTHER PUBLIC ENTITIES SPECIFIC WRITE-DOWNS	OTHER PUBLIC ENTITIES PORTFOLIO ADJUSTMENTS	FINANCIAL COMPANIES NET EXPOSURE	FINANCIAL COMPANIES SPECIFIC WRITE-DOWNS	FINANCIAL COMPANIES PORTFOLIO ADJUSTMENTS
A. Cash exposure									
A.1 Non-performing loans	42	9	X	449	1,466	X	41,278	40,133	X
A.2 Doubtful loans	693	560	X	113,886	14,185	X	218,430	157,025	X
A.3 Restructured exposures	-	-	X	-	-	X	60,185	20,218	X
A.4 Impaired past-due exposures	214	84	X	1,164	522	X	69,942	23,832	X
A.5 Other exposures	31,610,208	X	996	4,801,881	X	29,611	72,566,675	X	321,451
Total A	**31,611,157**	**653**	**996**	**4,917,380**	**16,173**	**29,611**	**72,956,510**	**241,208**	**321,451**
B. Off-balance sheet exposures									
B.1 Non-performing Loans	-	-	X	-	-	X	-	2,320	X
B.2 Doubtful loans	-	-	X	18,665	-	X	91,755	726	X
B.3 Other impaired assets	-	-	X	3,385	993	X	12,848	321	X
B.4 Other exposures	3,485,143	X	141	8,427,530	X	2,325	18,669,403	X	890,957
Total B	**3,485,143**	**-**	**141**	**8,449,580**	**993**	**2,325**	**18,774,006**	**3,367**	**890,957**
Total 12.31.2012	**35,096,300**	**653**	**1,137**	**13,366,960**	**17,166**	**31,936**	**91,730,516**	**244,575**	**1,212,408**
Total 12.31.2011	**26,880,662**	**487**	**743**	**13,871,818**	**17,568**	**23,555**	**58,303,149**	**130,255**	**963,173**

continued B.1 Distribution by segment of Balance Sheet and off-Balance Sheet credit exposure to customers (book value)

COUNTERPARTS/ EXPOSURES	INSURANCE COMPANIES NET EXPOSURE	INSURANCE COMPANIES SPECIFIC WRITE-DOWNS	INSURANCE COMPANIES PORTFOLIO ADJUSTMENTS	NON-FINANCIAL COMPANIES NET EXPOSURE	NON-FINANCIAL COMPANIES SPECIFIC WRITE-DOWNS	NON-FINANCIAL COMPANIES PORTFOLIO ADJUSTMENTS	OTHER ENTITIES NET EXPOSURE	OTHER ENTITIES SPECIFIC WRITE-DOWNS	OTHER ENTITIES PORTFOLIO ADJUSTMENTS
A. Cash exposure									
A.1 Non-performing loans	550	550	X	5,878,158	4,853,877	X	2,916,154	3,025,438	X
A.2 Doubtful loans	-	-	X	7,506,843	4,161,140	X	1,956,126	1,154,974	X
A.3 Restructured exposures	-	-	X	2,978,630	692,760	X	2,332	30	X
A.4 Impaired past-due exposures	3	4	X	2,417,984	410,786	X	443,417	87,350	X
A.5 Other exposures	129,417	X	-	90,575,709	X	755,600	67,302,345	X	250,709
Total A	**129,970**	**554**	**-**	**109,357,324**	**10,118,563**	**755,600**	**72,620,374**	**4,267,792**	**250,709**
B. Off-balance sheet exposures									
B.1 Non-performing Loans	-	-	X	223,817	45,007	X	1,484	107	X
B.2 Doubtful loans	-	-	X	905,767	80,020	X	2,005	22	X
B.3 Other impaired assets	11	1	X	698,303	13,882	X	999	33	X
B.4 Other exposures	53,351	X	49	31,661,923	X	93,392	1,391,806	X	1,878
Total B	**53,362**	**1**	**49**	**33,489,810**	**138,909**	**93,392**	**1,396,294**	**162**	**1,878**
Total 12.31.2012	**183,332**	**555**	**49**	**142,847,134**	**10,257,472**	**848,992**	**74,016,668**	**4,267,954**	**252,587**
Total 12.31.2011	**221,101**	**486**	**5**	**160,192,534**	**7,188,192**	**860,249**	**78,349,120**	**3,227,108**	**304,407**

Part E - Risks and Hedging Policies (Continued)

B.2 Distribution of Balance Sheet and Off-Balance Sheet credit exposures to customers by geographic area (book value)

	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
EXPOSURES/ GEOGRAPHIC AREA	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. Balance sheet exposures										
A.1 Non-performing loans	8,805,554	7,823,291	18,932	69,191	976	5,109	50	2,105	11,119	21,778
A.2 Doubtful exposures	9,582,213	5,351,677	89,604	54,126	92,423	55,098	7,377	3,590	24,362	23,393
A.3 Restructured exposures	3,013,541	700,936	27,476	12,071	129	1	-	-	-	-
A.4 Impaired past due exposures	2,831,938	506,097	45,817	7,014	974	317	47,993	7,612	6,001	1,538
A.5 Other exposures	259,019,548	1,256,393	6,369,955	81,643	921,326	10,712	243,411	9,507	431,994	113
Total A	**283,252,794**	**15,638,394**	**6,551,784**	**224,045**	**1,015,828**	**71,237**	**298,831**	**22,814**	**473,476**	**46,822**
B. "Off-balance sheet" exposures										
B.1 Non-performing loans	225,301	42,434	-	-	-	-	-	5,000	-	-
B.2 Doubtful loans	866,869	50,176	39,593	1	111,730	30,591	-	-	-	-
B.3 Other impaired past due exposures	710,107	14,991	5,419	240	10	-	-	-	10	-
B.4 Other exposures	59,209,421	988,666	3,113,263	44	902,130	29	358,811	2	105,533	1
Total B	**61,011,698**	**1,096,267**	**3,158,275**	**285**	**1,013,870**	**30,620**	**358,811**	**5,002**	**105,543**	**1**
Total 12.31.2012	**344,264,492**	**16,734,661**	**9,710,059**	**224,330**	**2,029,698**	**101,857**	**657,642**	**27,816**	**579,019**	**46,823**
Total 12.31.2011	**321,831,692**	**12,357,929**	**11,747,937**	**225,461**	**2,736,201**	**90,198**	**987,704**	**19,658**	**514,851**	**22,982**

B.2 Distribution of Balance Sheet and Off-Balance Sheet credit exposures to customers by geographic area (book value) - Italy

	NORTH-WEST ITALY		NORTH-EAST ITALY		CENTRAL ITALY		SOUTH ITALY AND ISLANDS	
EXPOSURES/GEOGRAPHIC AREA	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. Balance sheet exposures								
A.1 Non-performing loans	2,856,476	2,309,355	2,032,840	1,518,489	2,224,217	1,991,745	1,692,021	2,003,702
A.2 Doubtful exposures	2,448,727	1,228,779	2,012,895	1,132,010	2,551,464	1,385,841	2,569,127	1,605,047
A.3 Restructured exposures	1,606,698	503,449	680,367	101,195	546,936	60,039	179,540	36,253
A.4 Impaired past due exposures	553,545	102,316	504,777	95,887	908,647	147,985	864,969	159,909
A.5 Other exposures	65,486,468	317,911	62,900,126	490,286	100,785,180	214,136	29,847,774	234,060
Total A	**72,951,914**	**4,461,810**	**68,131,005**	**3,337,867**	**107,016,444**	**3,799,746**	**35,153,431**	**4,038,971**
B. "Off-balance sheet" exposures								
B.1 Non-performing loans	21,111	3,354	35,710	4,337	157,854	21,223	10,626	13,520
B.2 Doubtful loans	221,111	9,330	251,815	8,880	268,656	23,156	125,287	8,810
B.3 Other impaired past due exposures	381,764	3,781	79,136	1,391	129,455	4,566	119,752	5,253
B.4 Other exposures	15,902,076	4,585	15,713,915	978,532	24,437,478	4,545	3,155,952	1,004
Total B	**16,526,062**	**21,050**	**16,080,576**	**993,140**	**24,993,443**	**53,490**	**3,411,617**	**28,588**
Total 12.31.2012	**89,477,976**	**4,482,860**	**84,211,581**	**4,331,007**	**132,009,887**	**3,853,236**	**38,565,048**	**4,067,559**
Total 12.31.2011	**109,670,466**	**3,175,398**	**69,362,736**	**3,158,754**	**100,244,813**	**3,134,340**	**42,553,677**	**2,889,437**

B.3 Distribution of Balance Sheet and Off-Balance Sheet credit exposures to banks by geographic area (book value)

EXPOSURES/ GEOGRAPHIC AREA	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. Balance sheet exposures										
A.1 Non-performing loans	-	-	-	-	-	2,972	-	-	-	-
A.2 Doubtful exposures	773	311	-	-	-	-	-	-	-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-	-	-
A.4 Impaired past due exposures	-	-	-	-	-	-	29,658	1,538	3	-
A.5 Other exposures	12,493,102	196	18,693,405	1,304	213,605	241	178,299	905	137,787	259
Total A	**12,493,875**	**507**	**18,693,405**	**1,304**	**213,605**	**3,213**	**207,957**	**2,443**	**137,790**	**259**
B. "Off-balance sheet" exposures										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Doubtful loans	115	-	-	-	-	-	-	-	-	-
B.3 Other impaired past due exposures	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	12,138,638	-	16,657,519	-	159,393	-	650,093	-	293,126	-
Total B	**12,138,753**	**-**	**16,657,519**	**-**	**159,393**	**-**	**650,093**	**-**	**293,126**	**-**
Total (A+B) 12.31.2012	**24,632,628**	**507**	**35,350,924**	**1,304**	**372,998**	**3,213**	**858,050**	**2,443**	**430,916**	**259**
Total (A+B) 12.31.201	**26,392,840**	**462**	**42,305,191**	**2,914**	**463,959**	**2,960**	**921,396**	**8,623**	**706,995**	**681**

B.3 Distribution of Balance Sheet and Off-Balance Sheet credit exposures to banks by geographic area (book value) - Italy

EXPOSURES/GEOGRAPHIC AREA	NORTH-WEST ITALY		NORTH-EAST ITALY		CENTRAL ITALY		SOUTH ITALY AND ISLANDS	
	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. Balance sheet exposures								
A.1 Non-performing loans	-	-	-	-	-	-	-	-
A.2 Doubtful exposures	-	-	-	-	773	311	-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-
A.4 Impaired past due exposures	-	-	-	-	-	-	-	-
A.5 Other exposures	9,245,959	138	65,213	5	3,178,607	51	3,323	2
Total A	**9,245,959**	**138**	**65,213**	**5**	**3,179,380**	**362**	**3,323**	**2**
B. "Off-balance sheet" exposures								
B.1 Non-performing loans	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	115	-	-	-
B.3 Other impaired past due exposures	-	-	-	-	-	-	-	-
B.4 Other exposures	11,792,356	-	48,126	-	296,603	-	1,553	-
Total B	**11,792,356**	**-**	**48,126**	**-**	**296,718**	**-**	**1,553**	**-**
Total 12.31.2012	**21,038,315**	**138**	**113,339**	**5**	**3,476,098**	**362**	**4,876**	**2**
Total 12.31.2011	**21,222,119**	**32**	**1,482,316**	**7**	**3,682,907**	**422**	**5,498**	**1**

B.4 Large exposures

	12.31.2012	12.31.2011
a) Book Value (€/000)	197,822,120	251,422,141
a.1) Weighted Value (€/000)	2,425,740	7,439,006
b) Number	2	4

Part E - Risks and Hedging Policies (Continued)

C. SECURISATION AND SALE TRANSACTIONS

C.1 SECURITISATION TRANSACTIONS

QUALITATIVE INFORMATION

No new securitization transactions were conducted in 2012, while the call options relating to the transactions Cordusio RMBS Securitisation - serie 2008 (Cordusio 5) and Cordusio RMBS UCFin - serie 2009 (Cordusio 6), both self-securitizations, were exercised by UniCredit S.p.A., which acquired the portfolios of the SPEs.

Details of the transactions - traditional and synthetic - carried out in previous financial years are set out in the following tables.

It should be noted that "self-securitizations" are not included in the quantitative tables of Part C, as required by regulations.
Part of the portfolio are:

- securitization transactions carried out in previous years by the Banks absorbed by UniCredit S.p.A. as part of the ONE4C project for a book value of €2,307.4 million as at December 31, 2012;
- securitization transactions acquired in 2007 from Capitalia S.p.A. (Trevi Finance, Trevi Finance 2, Trevi Finance 3, Entasi and Caesar Finance) for a book value of €879.1 million as at December 31, 2012;
- securities arising out of securitization transactions carried out by other Companies belonging to the UniCredit group, for a book value of €3,813.1 million as at December 31, 2012;
- Fonspa securitizations and some other third-party securitizations, for a book value of €12.3 million as at December 31, 2012.

Finally, it should be reminded that, following the downgrade of UniCredit S.p.A. by ratings agencies between the end of 2011 and the 2012, it became necessary to carry out an extraordinary review of all transactions, which involved both the transfer of the Account Bank roles and the payment to eligible counterparties of amounts available to guarantee the Account Bank and swap counterparty roles, pursuant to the contractual documentation of each transaction, as well as a revision of some trigger levels of the transactions aimed at bringing them into line with Moody's new criteria relating to the roles played in the securitizations.

TRADITIONAL OPERATIONS OF PERFORMING LOANS

STRATEGIES, PROCESSES AND GOALS:	The initiatives are a part of the Group's strategies, one of the objectives of which is to finance, at competitive rates (and in large amounts), the development of medium and long-term performing loan portfolios through the structuring of such portfolios and the resulting release of financial resources for new investments. The main advantages of the transactions can be summarized as follows: - improvement in the matching of asset maturities; - diversification of sources of financing; - broadening of investor base and resulting optimization of funding cost.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	UniCredit S.p.A. acts as "Servicer" for all transactions concerned. As per the agreements entered into with issuing companies (special purpose vehicles - SPV), servicing consists of performing, on behalf of these companies, administrative, collection and securitized loan collection activities as well as the management of any recovery procedures for impaired loans. Thus, as Servicer, UniCredit S.p.A. is charged with continually tracking cash flows from securitized loans and constantly monitoring their collection, with the assistance of third party companies of the Group (especially for the recovery of impaired loans. The company involved is UniCredit Credit Management Bank S.p.A., which operates as an assistant to the Servicer, governed by a special agreement). The Service provides the Special Purpose Vehicle (and other counterparties indicated in the servicing agreements) information on the activity performed by, periodically reports that indicate, among other things, the collection and transfer of the income stream sold, the amount of default positions and recoveries completed, overdue installments, etc., with all information broken down in relation to specific transactions. These reports (which are usually quarterly) are periodically checked (if contractually required) by an auditing firm.
ORGANIZATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	From a strategic point of view, the ABS & Covered Bond Unit established within the Group Finance Department is responsible for central coordination. In this context, ABS & Covered Bond unit also plays the role of proposer and provides support to the Bank's Divisions and to the individual Legal Entities in conducting transactions, cooperating with all the other departments (Planning & Control, Group Credit Treasury, Capital Management, Group Risk Management, etc..) in identifying the characteristics and the distinctive features of "true sale" securitizations of originally performing loans in order to achieve the targets set in the Group's Funding Plan, approved by the Board of Directors. Specific transactions are subject to prior approval by the competent departments of the Bank (during approval, among other things, the structure, costs and impacts in terms of liquidity and/or any capital relief are discussed and analyzed), and to final approval by the Board of Directors. The Bank has established a special coordination unit (Operative Securitization Management) within the Accounting Department. This unit has been tasked with the coordination and operational performance of the servicer-related duties, and to carry out these duties, it works in close cooperation with specific, qualified areas of the Bank (Group Risk Management, Legal & Compliance, etc.) and the Group (UniCredit Business Integrated Solutions S.C.p.A., UniCredit Credit Management Bank S.p.A., etc.). Operative Securitization Management also provides technical and operational support to network units. The information regarding the monitoring of collections and the performance of the securitized portfolio is periodically submitted to the Servicer's Board of Directors.
HEDGING POLICIES:	By agreement, securitized portfolios are protected from interest rate risk by means of the Special Purpose Vehicle entering into Interest Rate Swap (IRS) agreements to hedge a fixed-rate portfolio, and Basis Swaps to hedge an indexed rate portfolio. Both are executed with the Originator, UniCredit S.p.A. In connection with these swaps (with the exclusion of Impresa One and Consumer One transactions), related back-to-back swap contracts are entered into between UniCredit S.p.A. and UniCredit Bank AG - London Branch as the swap counterparty.
OPERATING RESULTS:	At the end of December 2012, the operating results related to existing securitization transactions essentially reflected the performance of underlying portfolios and the resulting cash flows, and obviously are affected by the amount of defaults and prepayments during the period, which, moreover, are in line with the performance seen in other assets of this kind that are not securitized. The exercise of the option to repurchase the underlying securitized portfolios (Optional Redemption) of the transactions "Cordusio RMBS Securitisation - serie 2008" and "Cordusio RMBS UCFin - serie 2009" did not result in further significant impacts on the Income Statement.

Part E - Risks and Hedging Policies (Continued)

ORIGINATOR: UniCredit S.p.A.

Transaction from previous period

NAME	CONSUMER ONE		IMPRESA ONE	
Type of securitisation:	Traditional		Traditional	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	Consumer ONE S.r.l.		Impresa ONE S.r.l.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit Bank AG, London Branch		UniCredit Bank AG, London Branch	
Target transaction:	Funding / Counterbalancing capacity		Funding / Counterbalancing capacity	
Type of asset:	Consumer Loans		CLO SME	
Quality of Asset:	Performing		Performing	
Closing date:	07.29.2011		10.21.2011	
Nominal Value of disposal portfolio:	4,193,357,976 €		9,290,300,919 €	
Guarantees issued by the Bank:	-		-	
Guarantees issued by Third Parties:	-		-	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	UniCredit S.p.A. - London Branch has granted the SPV two subordinated loans amounting to € 420 million (at the end of accounting period the principal amount repaid was 123,53 million) and € 5 million (at the end of accounting period the principal amount repaid was € 2 million). UniCredit S.p.A. - London Branch, in May 2012, ha granted a new subordinated loan amounting € 102.16 million (at the end of accounting period the principal amount repaid was € 2 million).		UniCredit S.p.A. - London Branch has granted the SPV, with respect to this transaction, two subordinated loans amounting to €232.3 million and €190 million.	
Other relevant information:	Self-securitisation		Self-securitisation	
Rating Agencies:	Moody's / DBRS		DBRS / Moody's. Standard & Poor's (till 07.24.2012)	
Amount of CDS or other supersenior risk transferred:			-	
Amount and Conditions of tranching:				
- ISIN	IT0004752116	IT0004751902	IT0004774433	IT0004774425
- Type of security	Senior	Junior	Senior	Mezzanine
- Class	A	B	A	B
- Rating	Aa2 / AAA	n.r.	AAA/A2/AA+ (Since 07.24.2012)	A/A2/ --
- Nominal value issued	2,956,200,000 €	1,236,943,620 €	5,156,100,000 €	1,207,700,000 €
- Nominal value at the end of accounting period	2,956,200,000 €	1,236,943,620 €	5,156,100,000 €	1,207,700,000 €
- ISIN			IT0004774441	IT0004774458
- Type of security			Mezzanine	Junior
- Class			C	D
- Rating			BBB/Baa1/ --	n.r.
- Nominal value issued			836,100,000 €	2,090,400,000 €
- Nominal value at the end of accounting period			836,100,000 €	2,090,400,000 €

The “Closing date” is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A.)

Transaction from previous period

NAME	CORDUSIO RMBS UCFIN - SERIE 2006 (EX CORDUSIO RMBS 3 - UBCASA 1)	
Type of securitisation:	Traditional	
Originator:	UniCredit Banca per la Casa S.p.A.	
Issuer:	Cordusio RMBS UCFin S.r.l. (ex Cordusio RMBS 3 - UBCasa 1 S.r.l.)	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Banca Mobiliare S.p.A.	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	11.16.2006	
Nominal Value of disposal portfolio:	2,495,969,425 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 14.976 million euro, at the end of accounting period that amount is fully reimboursed	
Other relevant information:	Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €160 million of funds into an eligible entity to maintain its role as an Account Bank and funds which at December 31, 2012 amounted to €78.35 million to maintain its role as a Swap Counterparty.	
Rating Agencies:	Fitch /Moody's / Standard & Poor's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
- ISIN	IT0004144884	IT0004144892
- Type of security	Senior	Senior
- Class	A1	A2
- Rating	-	AAA/A2/AA+
- Nominal value issued	600,000,000 €	1,735,000,000 €
- Nominal value at the end of accounting period	0 €	842,409,124 €
- ISIN	IT0004144900	IT0004144934
- Type of security	Mezzanine	Mezzanine
- Class	B	C
- Rating	AA/Aa2/AA	A+/A1/A+
- Nominal value issued	75,000,000 €	25,000,000 €
- Nominal value at the end of accounting period	75,000,000 €	25,000,000 €
- ISIN	IT0004144959	IT0004144967
- Type of security	Mezzanine	Junior
- Class	D	E
- Rating	BBB+/Baa2/BBB+	n.r.
- Nominal value issued	48,000,000 €	12,969,425 €
- Nominal value at the end of accounting period	48,000,000 €	12,969,425 €

The “Closing date” is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

Part E - Risks and Hedging Policies (Continued)

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A., formerly UniCredit Banca S.p.A.)

Transaction from previous period

NAME	CORDUSIO RMBS SECURITISATION - SERIE 2007		CORDUSIO RMBS SECURITISATION - SERIE 2006 (EX CORDUSIO RMBS 2)		CORDUSIO RMBS	
Type of securitisation:	Traditional		Traditional		Traditional	
Originator:	UniCredit Banca S.p.A.		UniCredit Banca S.p.A.		Unicredit Banca S.p.A.	
Issuer:	Cordusio RMBS Securitisation S.r.l.		Cordusio RMBS Securitisation S.r.l. (ex Cordusio RMBS 2 S.r.l.)		Cordusio RMBS S.r.l.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Bayerische Hypo und Vereinsbank AG, London Branch		UniCredit Banca Mobiliare S.p.A		Euro Capital Structures Ltd	
Target transaction:	Funding / Counterbalancing capacity		Funding / Counterbalancing capacity		Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans		Private Mortgage Loans		Private Mortgage Loans	
Quality of Asset:	performing		performing		performing	
Closing date:	05.22.2007		7.06.2006		5.05.2005	
Nominal Value of disposal portfolio:	3,908,102,838 €		2,544,388,351 €		2,990,089,151 €	
Guarantees issued by the Bank:	-		-		-	
Guarantees issued by Third Parties:	-		-		-	
Bank Lines of Credit:	-		-		-	
Third Parties Lines of Credit:	-		-		-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 6.253 million euro. At the end of accounting period that amount si fully reimboursed.		UniCredit S.p.A. has granted SPV a subordinated loan of 6.361 million euro. At the end of accounting period that amount is fully reimboursed.		UniCredit S.p.A. has granted SPV a subordinated loan of 6.127 million euro. At the end of accounting period tha amount is fully reimboursed.	
Other relevant information:	Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €236 million of funds into an eligible entity to maintain its role as an Account Bank and funds which at December 31, 2012 amounted to €135.79 million to maintain its role as a Swap Counterparty.		Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €170 million of funds into an eligible entity to maintain its role as an Account Bank and funds which at December 31, 2012 amounted to €69.51 million to maintain its role as a Swap Counterparty.		Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €176 million of funds into an eligible entity to maintain its role as an Account Bank and funds which at December 31, 2012 amounted to €54.45 million to maintain its role as a Swap Counterparty.	
Rating Agencies:	Fitch /Moody's / Standard & Poor's		Fitch /Moody's / Standard & Poor's		Fitch /Moody's /Standard & Poor's	
Amount of CDS or other supersenior risk transferred:	-		-		-	
Amount and Conditions of tranching:						
- ISIN	IT0004231210	IT0004231236	IT0004087158	IT0004087174	IT0003844930	IT0003844948
- Type of security	Senior	Senior	Senior	Senior	Senior	Senior
- Class	A1	A2	A1	A2	A1	A2
- Rating	-	AAA/A2/AA+	-	AAA/A2/AA+	-	AAA/A2/AA+
- Nominal value issued	703,500,000 €	2,227,600,000 €	500,000,000 €	1,892,000,000 €	750,000,000 €	2,060,000,000 €
- Nominal value at the end of accounting period	0 €	845,508,079 €	0 €	721,706,049 €	0 €	481,285,216 €
- ISIN	IT0004231244	IT0004231285	IT0004087182	IT0004087190	IT0003844955	IT0003844963
- Type of security	Senior	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine
- Class	A3	B	B	C	B	C
- Rating	AAA/A2/AA+	AA/Aa2/AA	AA/Aa2/AA	BBB+/Baa2/BBB	AA+/A2/AA+	BBB/Baa1/BBB
- Nominal value issued	738,600,000 €	71,100,000 €	45,700,000 €	96,000,000 €	52,000,000 €	119,200,000 €
- Nominal value at the end of accounting period	738,600,000 €	71,100,000 €	45,700,000 €	96,000,000 €	52,000,000 €	119,200,000 €
- ISIN	IT0004231293	IT0004231301	IT0004087216		IT0003844971	
- Type of security	Mezzanine	Mezzanine	Junior		Junior	
- Class	C	D	D		D	
- Rating	A/A1/A	BB/Baa2/BBB	n.r.		n.r.	
- Nominal value issued	43,800,000 €	102,000,000 €	10,688,351 €		8,889,150 €	
- Nominal value at the end of accounting period	43,800,000 €	102,000,000 €	10,688,351 €		8,889,150 €	
- ISIN	IT0004231319	IT0004231327				
- Type of security	Mezzanine	Junior				
- Class	E	F				
- Rating	CCC/Ba2/BB	n.r.				
- Nominal value issued	19,500,000 €	2,002,838 €				
- Nominal value at the end of accounting period	19,500,000 €	2,002,838 €				

The “Closing date” is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A., formerly Bipop-Carire S.p.A.)
Transaction from previous period

NAME	BIPCA CORDUSIO RMBS	
Type of securitisation:	Traditional	
Originator:	Bipop - Carire, Società per Azioni	
Issuer:	Capital Mortgage Srl	
Servicer:	UniCredit S.p.A	
Arranger:	Bayerische Hypo und Vereinsbank AG, London Branch	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	12.17.2007	
Nominal Value of disposal portfolio:	951,664,009 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 9.514 million euro. At the end of accounting period the amount of capital tranche is equal to 1.5 million euro.	
Other relevant information:	All securities issued outstanding from 12.31.2010 have been retained by UniCredit S.p.A. Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €59 million of funds into an eligible entity to maintain its role as an Account Bank and funds which at December 31, 2012 amounted to €82.46 million to maintain its role as a Swap Counterparty.	
Rating Agencies:	S & P / Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
- ISIN	IT0004302730	IT0004302748
- Type of security	Senior	Senior
- Class	A1	A 2
- Rating	AA+ /A2	AA+ / A2
- Nominal value issued	666,300,000 €	185,500,000 €
- Nominal value at the end of accounting period	282,268,400 €	185,500,000 €
- ISIN	IT0004302755	IT0004302763
- Type of security	Mezzanine	Mezzanine
- Class	B	C
- Rating	AA+/Aa3	A+/A2
- Nominal value issued	61,800,000 €	14,300,000 €
- Nominal value at the end of accounting period	61,800,000 €	14,300,000 €
- ISIN	IT0004302797	IT0004302854
- Type of security	Mezzanine	Mezzanine
- Class	D	E
- Rating	BBB/Baa1	BB/Baa2
- Nominal value issued	18,000,000 €	5,500,000 €
- Nominal value at the end of accounting period	18,000,000 €	5,500,000 €
- ISIN	IT0004302912	
- Type of security	Junior	
- Class	F	
- Rating	n.r.	
- Nominal value issued	250,000 €	
- Nominal value at the end of accounting period	250,000 €	

The “Closing date” is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

Part E - Risks and Hedging Policies (Continued)

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A., formerly Banca di Roma S.p.A.)
Transaction from previous period

NAME	CAPITAL MORTGAGE 2007 - 1	
Type of securitisation:	Traditional	
Originator:	Banca di Roma S.p.A.	
Issuer:	Capital Mortgage S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	Capitalia S.p.A.	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	05.14.2007	
Nominal Value of disposal portfolio:	2,183,087,875 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 37.19 million euro (as Equity).	
Other relevant information:	Tranching based on an original assets portfolio € 2,479.4 million, reduced to € 2,183.1 million due to checks after closing date. Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid funds into an eligible entity amounting to €238.583 million at December 31, 2012 to maintain its role as an Account Bank.	
Rating Agencies:	S & P / Moody's / Fitch	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
- ISIN	IT0004222532	IT0004222540
- Type of security	Senior	Senior
- Class	A1	A2
- Rating	AA+/ Aa2/AA	AA+/ Aa2/AA
- Nominal value issued	1,736,000,000 €	644,000,000 €
- Nominal value at the end of accounting period	449,564,629 €	644,000,000 €
- ISIN	IT0004222557	IT0004222565
- Type of security	Mezzanine	Junior
- Class	B	C
- Rating	AA/A3/B	CCC/Ca/CCC
- Nominal value issued	74,000,000 €	25,350,000 €
- Nominal value at the end of accounting period	74,000,000 €	23,350,000 €

The “Closing date” is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A., formerly FinecoBank S.p.A.)

Transaction from previous periods

NAME	F-E MORTGAGES 2005		F-E MORTGAGES SERIES 1-2003		HELICONUS	
Type of securitisation:	Traditional		Traditional		Traditional	
Originator:	FinecoBank S.p.A.		Fin-eco Banca ICQ S.p.A.		Fin-eco Banca ICQ S.p.A.	
Issuer:	F-E Mortgages S.r.l.		F-E Mortgages S.r.l.		Heliconus S.r.l	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	MCC S.p.A. - Group Capitalia		MCC S.p.A. - Group Capitalia		MCC S.p.A. - Group Capitalia	
Target transaction:	Funding / Counterbalancing capacity		Funding / Counterbalancing capacity		Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans		Private Mortgage Loans		Private Mortgage Loans	
Quality of Asset:	performing		performing		performing	
Closing date:	4.06.2005		11.27.2003		11-08-2002	
Nominal Value of disposal portfolio:	1,028,683,779 €		748,630,649 €		408,790,215 €	
Guarantees issued by the Bank:	-		-		-	
Guarantees issued by Third Parties:	-		-		-	
Bank Lines of Credit:	-		UniCredit S.p.A. for € 20 million (jointly with The Royal Bank of Scotland Milan Branch). At the end of accounting period the amopunt of line of credit is totally redeemed.		UniCredit S.p.A. for € 10.220 million. At the end of accounting period the amount of line of credit is totally redeemed.	
Third Parties Lines of Credit:	-		-		-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 15.431 million euro (as Equity). At the end of accounting period the amount of capital tranche reimboursed is 8.763 million.		-		-	
Other relevant information:	-		Following the downgrade of Royal Bank of Scotland Plc by Moody's, on August 3, 2012 UniCredit S.p.A. made a provision of €20 million for the SPV corresponding to the liquidity line.		Following its downgrade by Moody's, on January 12, 2012 UniCredit S.p.A. made a provision of €10.220 million for the SPV corresponding to the liquidity line.	
Rating Agencies:	S & P / Moody's / Fitch		S & P / Moody's / Fitch		S & P / Moody's / Fitch	
Amount of CDS or other supersenior risk transferred:	-		-		-	
Amount and Conditions of tranching:						
- ISIN	IT0003830418	IT0003830426	IT0003575039	IT0003575070	IT0003383855	IT0003383871
- Type of security	Senior	Mezzanine	Senior	Mezzanine	Senior	Mezzanine
- Class	A	B	A1	B	A	B
- Rating	AA+/ A2/AAA	AA+/ A2/A+	AA+/A2/AAA	AA+/A1/A	AA+/ A2/AAA	-- /A2/A+
- Nominal value issued	951,600,000 €	41,100,000 €	682,000,000 €	48,000,000 €	369,000,000 €	30,800,000 €
- Nominal value at the end of accounting period	236,894,349 €	39,237,640 €	133,453,180 €	48,000,000 €	71,280,132 €	30,800,000 €
- ISIN	IT0003830434		IT0003575088	IT0003575096	IT0003383939	
- Type of security	Junior		Mezzanine	Junior	Junior	
- Class	C		C	D	C	
- Rating	BBB+/Baa2/BBB-		A-/Baa2/BBB-	n.r.	n.r.	
- Nominal value issued	36,000,000 €		11,000,000 €	7,630,000 €	8,990,200 €	
- Nominal value at the end of accounting period	34,368,736 €		11,000,000 €	7,630,000 €	8,990,200 €	

The “Closing date” is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

Part E - Risks and Hedging Policies (CONTINUED)

TRADITIONAL OPERATIONS OF NON-PERFORMING LOANS

STRATEGIES, PROCESSES AND GOALS:	The goals of the transactions were largely to finance non-performing loan portfolios, diversify sources of funding, improve asset quality and enhance the portfolio with management focused on recovery transactions.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The securitization portfolio is monitored on an ongoing basis as a part of servicing activities and is recorded in quarterly reports with a breakdown of loan status and the trend of recoveries.
ORGANIZATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	Reporting related to the monitoring of portfolio collections takes the form of a report to senior management and the board of directors.
HEDGING POLICIES:	Special purpose vehicles enter into IRS and interest rate cap contracts in order to hedge structure-related risk and risk due to the difference between the variable-rate return for the securities issued and the return anticipated from recoveries from the portfolio acquired.
OPERATING RESULTS:	At year-end 2012 profits from existing transactions largely reflected the impact of cash flows from collections for the original defaulting loan portfolio. To be specific, collections for the year totaled € 86,35 million (€ 31.02 million for Trevi Finance, € 26.09 million for Trevi 2 and € 29.24 million for Trevi 3).

ORIGINATOR: UniCredit S.p.A. (formerly Capitalia S.p.A., formerly Banca di Roma S.p.A.)

Transaction from previous periods

NAME	TREVI FINANCE		TREVI FINANCE 2	
Type of securitisation:	Traditional		Traditional	
Originator:	Banca di Roma S.p.A		Banca di Roma SpA 89%, Mediocredito di Roma SpA 11%	
Issuer:	Trevi Finance S.p.A.		Trevi Finance N. 2 S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Finanziaria Internazionale securitization Group S.p.A., PARIBAS		Finanziaria Internazionale securitization Group S.p.A., BNP Paribas Group, Banca di Roma S.p.A.	
Target transaction:	Funding		Funding	
Type of asset:	ordinary loans – mortgage loans		ordinary loans – mortgage loans	
Quality of asset:	non performing	special purpose loan	non performing	special purpose loan
Closing date:	07.21.1999		04.20.2000	
Nominal Value of disposal portfolio:	2,689,000,000 €	94,000,000 €	2,425,000,000 €	98,000,000 €
Guarantees issued by the Bank:	Redemption of mezzanine securities C1 and C2 in issue		Redemption of mezzanine securities in issue	
Guarantees issued by Third Parties:	-		-	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	All securities issued outstanding as at 12.31.2011 are retained by UniCredit S.p.A.		All securities issued outstanding as at 12.31.2011 are retained by UniCredit S.p.A.	
Rating Agencies:	Moody's / Duff & Phelps / Fitch			
Amount of CDS or other supersenior risk transferred:	-		-	
Amount and Conditions of tranching:				
- ISIN	XS0099839887	XS0099847633	XS0110624409	XS0110624151
- Type of security	Senior	Mezzanine	Senior	Senior
- Class	A	B	A	B
- Rating	-	Aaa/A-/AAA	-	-
- Nominal value issued	620,000,000 €	155,000,000 €	650,000,000 €	200,000,000 €
- Nominal value at the end of accounting period	0 €	0 €	0 €	0 €
- ISIN	XS0099850934	XS0099856899	XS0110774808	XS0110770483
- Type of security	Mezzanine	Mezzanine	Mezzanine	Junior
- Class	C1	C2	C	D
- Rating	n.r.	n.r.	n.r.	n.r.
- Nominal value issued	206,500,000 €	210,700,000 €	355,000,000 €	414,378,178 €
- Nominal value at the end of accounting period	0 €	447,417,749 €	790,377,650 €	217,499,112 €
- ISIN	IT0003364228			
- Type of security	Junior			
- Class	D			
- Rating	n.r.			
- Nominal value issued	343,200,000 €			
- Nominal value at the end of accounting period	173,255,590 €			

NAME	TREVI FINANCE 3		ENTASI	
Type of securitisation:	Traditional		Traditional	
Originator:	Banca di Roma SpA 92.2%, Mediocredito Centrale SpA 5.2% Leasing Roma SpA 2.6%		Banca di Roma S.p.A	
Issuer:	Trevi Finance N. 3 Srl		Entasi Srl	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Finanziaria Internazionale securitization Group S.p.A. ABN AMRO, MCC S.p.A.		Capitalia S.p.A.	
Target transaction:	Funding		Funding	
Type of asset:	ordinary loans – mortgage loans		Collateralised bond obligation	
Quality of asset:	non performing	special purpose loan	Trevi Finance 3 classes C1 and C2 securities	
Closing date:	05.25.2001		06.28.2001	
Nominal Value of disposal portfolio:	2,745,000,000 €	102,000,000 €	320,000,000 €	
Guarantees issued by the Bank:	Redemption of mezzanine securities in issue		Commitment of UniCredit S.p.A. (formerly Capitalia S.p.A.) in case of events entitling to early redemption of securities in issue or to the repurchase of Trevi Finance 3 notes at a price sufficient to redeem Entasi securities. The same commitment applies if Trevi Finance 3 exercises the early redemption option of C1 securities.	
Guarantees issued by Third Parties:	-		-	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	The principal amount of the D-class security underwritten by the Bank is guaranteed up to its maturity by zero coupon Italian government bonds. The value of these collateral securities as at 12.31.2012 was € 202,609,369.11. The C1 and C2 classes were fully underwritten by the Bank and then restructured for their disposal. These securities were sold (for a nominal amount of €320 milllion) to Entasi Srl, which placed them in the market with institutional investors.		As at 12.31.2012 the portfolio of UniCredit S.p.A. (former Capitalia S.p.A.) includes ENTASI securities with a face value of € 110,087,000.	
Rating Agencies:	Moody's / S&P / Fitch		Moody's	
Amount of CDS or other supersenior risk transferred:	-		-	
Amount and Conditions of tranching:			ENTASI Series 2001-1	ENTASI Series 2001-2
- ISIN	XS0130116568	XS0130117020	IT0003142996	IT0003143028
- Type of security	Senior	Mezzanine	Senior	Senior
- Class	A	B	Serie 1	Serie 2
- Rating	Aaa/AAA/AAA	Aa1/AA/AA-	A1	A1
- Nominal value issued	600,000,000 €	150,000,000 €	160,000,000 €	160,000,000 €
- Nominal value at the end of accounting period	0 €	0 €	160,000,000 €	160,000,000 €
- ISIN	XS0130117459	XS0130117616		
- Type of security	Mezzanine	Mezzanine		
- Class	C1	C2		
- Rating	-	-		
- Nominal value issued	160,000,000 €	160,000,000 €		
- Nominal value at the end of accounting period	388,701,160 €	381,271,900 €		
- ISIN	IT0003355911			
- Type of security	Junior			
- Class	D			
- Rating	n.r.			
- Nominal value issued	448,166,000 €			
- Nominal value at the end of accounting period	448,166,000 €			

Part E - Risks and Hedging Policies (Continued)

STRATEGIES, PROCESSES AND GOALS:	The goals of the transaction were largely to finance portfolios, diversify sources of funding and improve asset quality.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The securitization portfolio is monitored on an ongoing basis by the servicing company and is recorded in quarterly reports with a breakdown of security status and the trend of repayments.
ORGANIZATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	Reporting produced by servicing companies on the monitoring of portfolio collections is forwarded to senior management and the board of directors.
HEDGING POLICIES:	Special purpose vehicles enter into IRS contracts in order to hedge rate risk related to the structure of underlying securities.
OPERATING RESULTS:	The results achieved up to the present are broadly in line with expectations; payments received from the portfolio acquired ensured punctual and full payment to security holders and other parties to the transaction.

NAME	CAESAR FINANCE	
Type of securitisation:	Traditional	
Originator:	Banca di Roma S.p.A.	
Issuer:	Caesar Finance S.A.	
Servicer:	Bank of New York	
Arranger:	Donaldson, Lufkin & Jenrette	
Target transaction:	Funding	
Type of asset:	Collateralised bond obligation	
Quality of asset:	performing	
Closing date:	11.05.1999	
Nominal Value of disposal portfolio:	360,329,000 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	Fitch / Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
- ISIN	XS0103928452	XS0103929773
- Type of security	Senior	Junior
- Class	A	B
- Rating	AAA/Aaa	n.r.
- Nominal value issued	270,000,000 €	90,329,000 €
- Nominal value at the end of accounting period	0 €	65,097,129 €

SYNTHETIC OPERATIONS

ORIGINATOR: UniCredit S.p.A.

Transaction from previous periods

NAME	UNIONFIDI	
Type of securitisation:	Tranche Covered	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Capital Relief and risk transfer for concentration risks	
Type of asset:	Highly diversified and granular pool of UniCredit's loans to corporates.	
Quality of Asset:	Performing	
Closing date:	07.15.2011	
Nominal Value of reference portfolio:	52,310,504 €	
Issue guarantees by the Bank:	-	
Issued guarantees bythird parties:	cash collateral Unionfidi	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach (*)	
Amount of CDS or other risk transferred:	-	
Amount and Condition of tranching:		
- ISIN	n.a	n.a
- Type of security	Senior	Junior
- Class	A	B
- Rating	n.r.	n.r.
- Reference Position	50,730,803 €	1,579,688 €
- Reference Position at the end of accounting period	26,025,055 €	2,300,656 €

(*) Synthetic securitizations carried out used the Supervisory Formula Approach as required by Italian Regulator (Bank of Italy - Circular 263/2006).
Where there is no eligible external rating, this approach requires the calculation of the regulatory capital requirement for each tranche of a securitization should use the following five elements:
1. The capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. The level of credit support of the tranche in question;
3. The thickness of the tranche;
4. The number of securitized assets;
5. Average LGD.

Using the Supervisory Formula Approach it is possible to calculate the amount of risk equivalent to the rating of a senior tranche, the remainder being subordinated and classified as junior.

Part E - Risks and Hedging Policies (Continued)

QUALITATIVE INFORMATION

C.1.1 - Exposure resulting from securitisation transactions broken down by quality of underlying assets

	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
QUALITY OF UNDERLYING ASSETS / EXPOSURES	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**160,818**	**1,717,075**	**2,165,107**	**717,791**	**1,078,101**	**780,008**
a) Impaired			2,040,157	484,141	838,921	233,118
b) Other	160,818	1,717,075	124,950	233,650	239,180	546,890
B. With third-party underlying assets:	**3,702,069**	**3,663,123**	**147,700**	**119,375**	**22,718**	**14,618**
a) Impaired	-	-	-	-	-	-
b) Other	3,702,069	3,663,123	147,700	119,375	22,718	14,618

In-house securitizations not involving derecognition of the assets are accounted for as retained risk, i.e. the difference between sold assets and the corresponding liabilities recognized under IAS 39.

C.1.1 - Exposure resulting from securitisation transactions broken down by quality of underlying assets - Continued

	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
QUALITY OF UNDERLYING ASSETS / EXPOSURES	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**-**	**-**	**890,834**	**-**	**-**	**-**
a) Impaired	-	-	890,834	-	-	-
b) Other	-	-	-	-	-	-
B. With third-party underlying assets:	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-

C.1.1 - Exposure resulting from securitisation transactions broken down by quality of underlying assets - Continued

	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
QUALITY OF UNDERLYING ASSETS / EXPOSURES	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**-**	**-**	**-**	**-**		
a) Impaired	-	-	-	-		
b) Other	-	-	-	-		
B. With third-party underlying assets:	**-**	**-**	**-**	**-**		
a) Impaired	-	-	-	-		
b) Other	-	-	-	-	-	-

C.1.2 - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS / EXPOSURE	AMOUNTS AS AT 12.31.2012					
	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A. Totally derecognised	**109,386**	**-**	**484,141**	**-91,238**	**285,533**	**-**
A.1 CLO/CBO OTHERS	**109,386**	**-**	**-**	**-**	**52,415**	**-**
A.1 1 Caesar Finance	-	-	-	-	52,415	-
A.1 2 Entasi	109,386	-	-	-	-	-
A.2 OTHERS	**-**	**-**	**484,141**	**-91,238**	**233,118**	**-**
A.2 1 Trevi Finance	-	-	175,004	-31,923	-	-
A.2 2 Trevi Finance 2	-	-	127,199	-2,451	-	-
A.2 3 Trevi Finance 3	-	-	181,938	-56,864	233,118	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Not-derecognised						
C.1 RMBS Prime	**1,581,663**	**-**	**233,650**	**-**	**492,176**	**-25,747**
C.1. 1 BIPCA Cordusio RMBS	467,768	-	99,600	-	25,052	-2,815
C.1. 2 Capital Mortgage 2007 - 1	146,748	-	-	-	158,069	-7,259
C.1. 3 Cordusio RMBS	103,278	-	28,250	-	13,500	-875
C.1. 4 Cordusio RMBS UCFin - Serie 2006	209,550	-	17,650	-	22,276	-1,544
C.1. 5 Cordusio RMBS Securitisation - Serie 2006	188,607	-	28,250	-	89,483	-4,982
C.1. 6 Cordusio RMBS Securitisation - Serie 2007	436,594	-	59,900	-	70,615	-6,090
C.1. 7 F-E Mortgages 2003	10,681	-	-	-	38,458	-705
C.1. 8 F-E Mortgages 2005	14,571	-	-	-	54,044	-1,253
C.1. 9 Heliconus	3,866	-	-	-	20,679	-224
C.2 CLO/SME	**26,025**	**-**	**-**	**-**	**2,301**	**-**
C.2. 1 Unionfidi	26,025	-	-	-	2,301	-

The carrying value is the net exposures shown in Table C.1.1. Writed-downs and write-backs, including depreciations and revaluations posted on the income statement or to reserves, refer to financial year 2012 only.

Part E - Risks and Hedging Policies (CONTINUED)

continued C.1.2 - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS / EXPOSURE	AMOUNTS AS AT 12.31.2012 GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A. Totally derecognised	**-**	**-**	**-**	**-177,182**	**-**	**-**
A.1 CLO/CBO OTHERS	**-**	**-**	**-**	**-**	**-**	**-**
A.1 1 Caesar Finance	-	-	-	-	-	-
A.1 2 Entasi	-	-	-	-	-	-
A.2 OTHERS	**-**	**-**	**-**	**-177,182**	**-**	**-**
A.2 1 Trevi Finance	-	-	-	-	-	-
A.2 2 Trevi Finance 2	-	-	-	-	-	-
A.2 3 Trevi Finance 3	-	-	-	-177,182	-	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Not-derecognised						
C.1 RMBS Prime	**-**	**-**	**-**	**-**	**-**	**-**
C.1. 1 BIPCA Cordusio RMBS	-	-	-	-	-	-
C.1. 2 Capital Mortgage 2007 - 1	-	-	-	-	-	-
C.1. 3 Cordusio RMBS	-	-	-	-	-	-
C.1. 4 Cordusio RMBS UCFin - Serie 2006	-	-	-	-	-	-
C.1. 5 Cordusio RMBS Securitisation - Serie 2006	-	-	-	-	-	-
C.1. 6 Cordusio RMBS Securitisation - Serie 2007	-	-	-	-	-	-
C.1. 7 F-E Mortgages 2003	-	-	-	-	-	-
C.1. 8 F-E Mortgages 2005	-	-	-	-	-	-
C.1. 9 Heliconus	-	-	-	-	-	-
C.2 CLO/SME	**-**	**-**	**-**	**-**	**-**	**-**
C.2. 1 Unionfidi	-	-	-	-	-	-

continued C.1.2 - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS / EXPOSURE	AMOUNTS AS AT 12.31.2012 CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A. Totally derecognised	**-**	**-**	**-**	**-**	**-**	**-**
A.1 CLO/CBO OTHERS	**-**	**-**	**-**	**-**	**-**	**-**
A.1 1 Caesar Finance	-	-	-	-	-	-
A.1 2 Entasi	-	-	-	-	-	-
A.2 OTHERS	**-**	**-**	**-**	**-**	**-**	**-**
A.2 1 Trevi Finance	-	-	-	-	-	-
A.2 2 Trevi Finance 2	-	-	-	-	-	-
A.2 3 Trevi Finance 3	-	-	-	-	-	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Not-derecognised						
C.1 RMBS Prime	**-**	**-**	**-**	**-**	**-**	**-**
C.1. 1 BIPCA Cordusio RMBS	-	-	-	-	-	-
C.1. 2 Capital Mortgage 2007 - 1	-	-	-	-	-	-
C.1. 3 Cordusio RMBS	-	-	-	-	-	-
C.1. 4 Cordusio RMBS UCFin - Serie 2006	-	-	-	-	-	-
C.1. 5 Cordusio RMBS Securitisation - Serie 2006	-	-	-	-	-	-
C.1. 6 Cordusio RMBS Securitisation - Serie 2007	-	-	-	-	-	-
C.1. 7 F-E Mortgages 2003	-	-	-	-	-	-
C.1. 8 F-E Mortgages 2005	-	-	-	-	-	-
C.1. 9 Heliconus	-	-	-	-	-	-
C.2 CLO/SME	**-**	**-**	**-**	**-**	**-**	**-**
C.2. 1 Unionfidi	-	-	-	-	-	-

C.1.3 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure (*)

TYPE OF SECURITISED ASSETS / EXPOSURE	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A.01 DIOCLEZIANO CL. A2 (^)						
- Public works and mortgage loans	5,736	-	-	-	-	-
A.02 EUROCONNECT ISSUER SME 2007						
- Corporate Loans	-	-	4,600	-	-	-
A.03 F-E GOLD CL. A2						
- Car / Equipments / Real Estate leasing	39,070	-	-	-	-	-
A.04 F-E RED CL. A						
- Car / Equipments / Real Estate leasing	601,503	-	-	-	-	-
A.05 LOCAT SV - Serie 2011						
- Car / Equipments / Real Estate leasing	2,982,065	-	-	-	-	-
A.06 LOCAT SV - Serie 2006						
- Car / Equipments / Real Estate leasing	30,158	-	67,348	-	-	-
A.07 LOCAT Securitization Vehicle 2						
- Car / Equipments / Real Estate leasing	14,435	-	-	-	11,140	-
A.08 LOCAT SV Serie 2005						
- Car / Equipments / Real Estate leasing	10,688	-	46,069	-	-	-
A.09 OTHER 6 EXPOSURES	4,591	-	1,358	-	3,479	-

(*) list of details for exposures over € 3 million.
(^) securitisation ex Fonspa.

Part E - Risks and Hedging Policies (Continued)

C.1.3 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure (*)

	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS / EXPOSURE	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A.01 DIOCLEZIANO CL. A2 (^)						
- Public works and mortgage loans	-	-	-	-	-	-
A.02 EUROCONNECT ISSUER SME 2007						
- Corporate Loans	-	-	-	-	-	-
A.03 F-E GOLD CL. A2						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.04 F-E RED CL. A						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.05 LOCAT SV - Serie 2011						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.06 LOCAT SV - Serie 2006						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.07 LOCAT Securitization Vehicle 2						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.08 LOCAT SV Serie 2005						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.09 OTHER 6 EXPOSURES	-	-	-	-	-	-

(*) list of details for exposures over € 3 million.
(^) securitisation ex Fonspa.

C.1.3 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure (*) - continued

TYPE OF SECURITISED ASSETS / EXPOSURE	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A.01 DIOCLEZIANO CL. A2 (^)						
- Public works and mortgage loans	-	-	-	-	-	-
A.02 EUROCONNECT ISSUER SME 2007						
- Corporate Loans	-	-	-	-	-	-
A.03 F-E GOLD CL. A2						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.04 F-E RED CL. A						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.05 LOCAT SV - Serie 2011						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.06 LOCAT SV - Serie 2006						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.07 LOCAT Securitization Vehicle 2						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.08 LOCAT SV Serie 2005						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.09 OTHER 6 EXPOSURES	-	-	-	-	-	-

(*) list of details for exposures over € 3 million.
(^) securitisation ex Fonspa.

C.1.4 Exposure resulting from securitisation transactions broken down by portfolio and type

EXPOSURE / PORTFOLIO	AMOUNTS AS AT 12.31.2012						12.31.2011
	TRADING	DESIGNATED AT FAIR VALUE	AVAILABLE FOR SALE	HELD-TO-MATURITY	LOANS	TOTAL	TOTAL
1. Balance-sheet exposures	**-**	**-**	**6,158**	**-**	**4,670,017**	**4,676,175**	**5,792,664**
- Senior	-	-	200	-	3,772,308	3,772,508	4,837,966
- Mezzanine	-	-	5,958	-	597,557	603,515	668,190
- Junior	-	-	-	-	300,152	300,152	286,508
2. Off-balance-sheet exposures	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Senior	-	-	-	-	-	-	-
- Mezzanine	-	-	-	-	-	-	-
- Junior	-	-	-	-	-	-	-

This table shows the carrying value only of exposures arising from in-house securitizations for which the assets sold have been derecognized as well as securitizations carried out by others.

Part E - Risks and Hedging Policies (Continued)

C.1.5 Securitised assets underlying junior securities or other forms of credit support

ASSET/SECURITIES	AMOUNT	
	TRADITIONAL	SYNTHETIC
A. Own underlying assets:	**7,831,075**	**1,622**
A.1 Totally derecognised	**756,890**	**X**
1. Non-performing loans	504,194	X
2. Doubtful loans	-	X
3. Restructured exposures	-	X
4. Past-due exposures	-	X
5. Other assets	252,696	X
A.2 Partially derecognised	**-**	**X**
1. Non-performing loans	-	X
2. Doubtful loans	-	X
3. Restructured exposures	-	X
4. Past-due exposures	-	X
5. Other assets	-	X
A.3 Non-derecognised	**7,074,185**	**1,622**
1. Non-performing loans	192,386	-
2. Doubtful loans	147,451	-
3. Restructured exposures	-	-
4. Past-due exposures	15,036	-
5. Other assets	6,719,312	1,622
B. Third party underlying assets:	**5,232**	**-**
B.1 Non-performing loans	4	-
B.2 Doubtful loans	529	-
B.3 Restructured exposures	-	-
B.4 Past-due exposures	-	-
B.5 Other assets	4,699	-

C.1.6 - Stakes in special purpose vehicles

NAME	HEADQUARTERS	STAKE %
Augusto S.r.l	Milan - via Pontaccio, 10	5%
Colombo S.r.l.	Milan - via Pontaccio, 10	5%
Diocleziano S.r.l.	Milan - via Pontaccio, 10	5%
Entasi S.r.l.	Rome - Via Barberini 47	100%
Eurofinance 2000 S.r.l.	Rome - Via Barberini 47	100%
Trevi Finance S.p.A.	Conegliano (TV) - via Vittorio Alfieri, 1	60%
Trevi Finance n. 2 S.p.A.	Conegliano (TV) - via Vittorio Alfieri, 1	60%
Trevi Finance n. 3 S.r.l.	Conegliano (TV) - via Vittorio Alfieri, 1	60%

C.1.7 Servicer activities - Collections of securitised loans and redemptions of securities issued by the special purpose vehicle

SERVICER	SPECIAL PURPOSE VEHICLE	SECURITISED ASSETS (YEAR END FIGURES)		LOANS COLLECTED DURING THE YEAR		PERCENTAGE OF SECURITIES REDEEMED (YEAR END FIGURES)					
						SENIOR		MEZZANINE		JUNIOR	
		IMPAIRED	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS
UniCredit S.p.A.	Capital Mortgage S.r.L.	130,535	1,749,533	4,282	174,905	-	51.69%	-	-	-	-
	Cordusio RMBS S.r.L.	17,993	646,123	4,124	184,273	-	82.87%	-	-	-	-
	Cordusio RMBS Securitisation S.r.L.	98,176	2,675,304	7,796	396,544	-	61.96%	-	-	-	-
	Cordusio RMBS UCFin S.r.L.	56,142	997,521	3,734	137,477	-	63.92%	-	-	-	-
	F-E Mortgage S.r.L.	45,860	537,171	5,215	62,554	-	77.33%	-	1.86%	-	3.74%
	Heliconus S.r.L.	6,167	113,659	1,137	14,876	-	80.68%	-	-	-	-
	Trevi Finance S.p.A.	175,052	-	31,027	-	100.00%	-	-	-	-	-
	Trevi Finance n. 2 S.p.A.	121,667	-	26,089	-	100.00%	-	-	-	-	-
	Trevi Finance n. 3 S.p.A.	207,475	214,802	29,238	-	100.00%	-	-	68.08%	-	-
	Entasi S.r.L.	-	764,460	-	6,419	-	-	-	-	-	-

C.2 Sales Transactions

C.2.1 Financial assets sold and not derecognised

TYPE / PORTFOLIO	AMOUNTS AS AT 12.31.2012											
	FINANCIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS			AVAILABLE FOR SALE FINANCIAL ASSETS			HELD-TO-MATURITY INVESTMENTS		
	A	B	C	A	B	C	A	B	C	A	B	C
A. Balance-sheet assets	**456,869**	**-**	**-**	**-**	**-**	**-**	**7,066,099**	**-**	**-**	**2,628,184**	**-**	**-**
1. Debt securities	456,869	-	-	-	-	-	7,066,099	-	-	2,628,184	-	-
2. Equity securities	-	-	-	-	-	-	-	-	-	X	X	X
3. Investment fund	-	-	-	-	-	-		-	-	X	X	X
4. Loans	-	-	-	-	-	-	-	-	-	-	-	-
B. Derivatives	**-**	**-**	**-**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
Total 12.31.2012	**456,869**	**-**	**-**	**-**	**-**	**-**	**7,066,099**	**-**	**-**	**2,628,184**	**-**	**-**
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-
Total 12.31.2011	1,301,707						14,038,925		-	2,778,936		
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-

continued C.2.1 Financial assets sold and not derecognised

TYPE / PORTFOLIO	AMOUNTS AS AT 12.31.2012						TOTAL	
	LOANS AND RECEIVABLES WITH BANKS			LOANS AND RECEIVABLES WITH CUSTOMERS				
	A	B	C	A	B	C	12.31.2012	12.31.2011
A. Balance-sheet assets	**913,741**	**-**	**-**	**7,074,185**	**-**	**-**	**18,139,078**	**29,876,519**
1. Debt securities	913,741	-	-	-	-	-	11,064,893	22,615,554
2. Equity securities	X	X	X	X	X	X	-	-
3. Investment fund	X	X	X	X	X	X	-	-
4. Loans	-	-	-	7,074,185	-	-	7,074,185	7,260,965
B. Derivatives	**X**	**X**	**X**	**X**	**X**	**X**	**-**	**-**
Total 12.31.2012	**913,741**	-	-	**7,074,185**	-	-	**18,139,078**	-
of which impaired	-	-	-	*354,873*	-	-	*354,873*	*X*
Total 12.31.2011	*4,495,986*			*7,260,965*		-	-	*29,876,519*
of which impaired	-	-	-	*294,517*	-	-	*X*	*294,517*

LEGEND:
A = Financial assets sold and fully recognised (carrying value)
B = Financial assets sold and partially recognised (carrying value)
C = Financial assets sold and partially recognised (total value)

Loans (A.4) are assets sold and not derecognized under securitizations (see A.3. Table C.1.5.)..
Debt securities (A.1.) are underlying REPO.

Part E - Risks and Hedging Policies (CONTINUED)

C.2.2 Banking Group - Financial liabilities relating to financial assets sold and not derecognised

LIABILITIES / ASSET PORTFOLIOS	AMOUNTS AS AT 12.31.2012						
	FINANCIAL ASSETS HEDL FOR TRADING	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	AVAILABLE FOR SALE FINANCIAL ASSETS	HELD-TO-MATURITY INVESTMENTS	LOANS AND RECEIVABLES WITH BANKS	LOANS AND RECEIVABLES WITH CUSTOMERS	TOTAL
1. Deposits from customers	**456,390**	**-**	**5,893,565**	**1,843,018**	**883,713**	**4,766,696**	**13,843,383**
a) relating to fully recognised assets	456,390	-	5,893,565	1,843,018	883,713	4,766,696	13,843,382
b) relating to partially recognised assets	-	-	-	-	-	-	-
2. Deposits from Banks	**-**	**-**	**1,079,489**	**781,060**	**-**	**-**	**1,860,549**
a) relating to fully recognised assets	-	-	1,079,489	781,060	-	-	1,860,549
b) relating to partially recognised assets	-	-	-	-	-	-	-
Total 12.31.2012	**456,390**	**-**	**6,973,054**	**2,624,078**	**883,713**	**4,766,696**	**15,703,931**
Total 12.31.2011	**1,292,562**		**13,940,300**	**2,759,414**	**4,464,401**	**5,909,718**	**28,366,395**

C.2.3 - Sales of assets not derecognised and associated financial liabilities with repayment only based on asset sold: fair value

TYPE/PORTFOLIOS	AMOUNTS AS AT 12.31.2012											
	FINACIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH			AVAILABLE-FOR-SALE FINANCIAL ASSETS			HELD-TO-MATURITY INVESTMENTS		
	A	B	C	A	B	C	A	B	C	A	B	C
A. On Balance Sheet Assets	**456,869**	**-**	**-**	**-**	**-**	**-**	**7,056,655**	**-**	**-**	**2,541,204**	**-**	**-**
1. Debt securities	456,869	-	-	-	-	-	7,056,655	-	-	2,541,204	-	-
2. Equity securities	-	-	-	-	-	-	-	-	-	X	X	X
3. UCIS	-	-	-	-	-	-	-	-	-	X	X	X
4. Loans	-	-	-	-	-	-	-	-	-	-	-	-
B. Derivatives	**-**	**-**	**-**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
Total assets	**456,869**			**-**			**7,056,655**			**2,541,204**		
C. Associated financial liabilities	**456,390**	**-**	**-**	**-**	**-**	**-**	**6,973,054**	**-**	**-**	**2,624,078**	**-**	**-**
1. Deposits from customers	456,390	-	-	-	-	-	5,893,565	-	-	1,843,018	-	-
2. Deposits from banks	-	-	-	-	-	-	1,079,489	-	-	781,060	-	-
3. Debt securities in issue	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	**456,390**	**-**	**-**	**-**	**-**	**-**	**6,973,054**	**-**	**-**	**2,624,078**	**-**	**-**
Total 12.31.2012	**479**	**-**	**-**	**-**	**-**	**-**	**83,601**	**-**	**-**	**-82,874**	**-**	**-**
Total 12.31.2011	**9,145**	**-**	**-**	**-**	**-**	**-**	**98,626**	**-**	**-**	**19,522**	**-**	**-**

C.2.3. - Sales of assets not derecognised and associated financial liabilities with repayment only based on asset sold: fair value - continued

TYPE/PORTFOLIOS	AMOUNTS AS AT 12.31.2012							
	LOANS AND RECEIVABLES WITH BANKS			LOANS AND RECEIVABLES WITH CUSTOMERS			TOTAL	
	A	B	C	A	B	C	12.31.2012	12.31.2011
A. On Balance Sheet Assets	**898,104**	**-**	**-**	**7,807,056**	**-**	**-**	**18,759,887**	**31,310,231**
1. Debt securities	898,104	-	-	-	-	-	10,952,831	22,615,554
2. Equity securities	X	X	X	X	X	X	-	-
3. UCIS	X	X	X	X	X	X	-	-
4. Loans	-	-	-	7,807,056	-	-	7,807,056	8,694,677
B. Derivatives	**X**	**X**	**X**	**X**	**X**	**X**	**-**	**-**
Total assets	**898,104**			**7,807,056**	**-**	**-**	**18,759,887**	**31,310,231**
C. Associated financial liabilities	**883,713**	**-**	**-**	**3,927,969**	**-**	**-**	**X**	**X**
1. Deposits from customers		-	-	3,927,969	-	-	X	X
2. Deposits from banks	883,713	-	-	-	-	-	X	X
3. Debt securities in issue	-	-	-	-	-	-	X	X
Total liabilities	**883,713**	**-**	**-**	**3,927,969**	**-**	**-**	**14,865,204**	**28,366,394**
Total 12.31.2012	**14,391**	**-**	**-**	**3,879,087**	**-**	**-**	**3,894,683**	**X**
Total 12.31.2011	**31,585**	**-**	**-**	**2,784,958**	**-**	**-**	**X**	**2,943,837**

LEGEND:
A = Financial assets sold and fully recognized;
B = Financial assets sold and partially recognized.

C.3 Covered Bond Transactions

QUALITATIVE INFORMATION

In 2008 Unicredit S.p.A. initiated a Covered Bond (OBG or Obbligazioni Bancarie Garantite) Program with residential mortgage loans as the underlying assets, in line with Banca d'Italia instructions dated May 17, as amended on March 24, 2010, the MEF decree dated December 14, 2006 and 2007 Law 130/99.

Under this program:
- UniCredit S.p.A. is issuer and also acts as transferor of suitable assets and servicer,
- UniCredit BpC Mortgage s.r.l. (a special purpose vehicle set up within the banking group as expressly authorized by Banca d'Italia) is guarantor of the OBG holders, within the limits of the cover pool and
- The auditing firm Mazars S.p.A. is Asset Monitor.

The Bank's main aims in issuing OBGs are to diversify its funding sources and fund at competitive rates. As with the securitizations, the difficulties in the markets made it advisable to use securitization as a means of increasing the Group's counterbalancing capacity by retaining part of the securities issued by the vehicle.

An integral feature of OBG Program management is maintaining a balance between the characteristics of the assets sold and the issues. This is necessary to maintain the efficacy of the guarantee given by the SPV to the bondholders.

Given the complexity of the transaction, a system of first- and second-level controls and procedures has been set up, as required by Banca d'Italia instructions, to identify units, functions, duties and responsibilities, and specific policies have been issued to this end. The policies were as approved by the competent committees, the Statutory Auditors and the Board of Directors of UniCredit S.p.A..

As required by Banca d'Italia instructions on controls:

a) UniCredit's Risk Management function is charged with the management of the issuer's risks and checks:
   - the quality, suitability and integrity of the assets sold to guarantee the OBGs;
   - that the maximum ratio of OBGs issued to assets sold to guarantee them is adhered to;
   - that limits on sales and supplementary sales procedures are followed;
   - the effectiveness and adequacy of the hedges provided by any derivatives contracts entered into in relation to the Program and;
   - the trend in the balance between the cash flow arising from the cover pool and that absorbed by the OBGs in issue.

b) The Asset Monitor is an outside independent entity charged with checking at least annually the regularity of the transactions and the integrity of the guarantee to the bondholders.

c) UniCredit's internal audit department is responsible for a complete audit (to be conducted at least once a year of the adequacy of the controls performed.

d) The results of the audits performed by the Asset Monitor and the issuer's internal audit department are submitted to the governing bodies.

Moreover, in order to create counterbalancing capacity, at the end of January 2012 UniCredit S.p.A. initiated a new Covered Bonds (OBG or Obbligazioni Bancarie Garantite) program ("New OBG Program"), without specific ratings and having residential mortgage loans and/or commercial mortgage loans and/or loans to or guaranteed by public administrations as underlyings. The contractual and supervisory structure and the counterparties of this program are modeled on the pre-existing program, with the exception of references to Ratings Agencies and the use of a new Special Purpose Vehicle, UniCredit OBG S.r.l..

Under this new OBG Program, in 2012 residential mortgages were sold to private individuals for about €18,250 million and commercial mortgages were sold to companies for about €3,500 million.

At December 31, 2012 the series of covered bonds issued under the two programs totaled 33 and were worth €28,221 million, of which €17,990 million was retained by UniCredit S.p.A..

Finally, it should be noted that, as part of the first OBG program, covered bonds worth €1,000 million were issued and placed on the market in January 2013.

Part E - Risks and Hedging Policies (Continued)

NAME	COVERED BOND (OBBLIGAZIONI BANCARIE GARANTITE)
Originator:	UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A.)
Issuer:	UniCredit S.p.A.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank AG, London Branch
Target transaction:	Funding
Type of asset:	Private Mortgage loans
Quality of Asset:	performing
Book value of the underlying assets at the end of accounting period:	20.234.313.375,39 €
Covered Bonds issued at the end of accounting period:	11.731.000.000 €
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loans of total 21,184,434,924.18 euro.
Rating Agencies:	S & P - Moody's - Fitch
Rating:	AA+ (from 01/31/2012) - A2 (from 7/13/2012) - A (from 12/24/2012)

NAME	COVERED BOND (OBBLIGAZIONI BANCARIE GARANTITE) II PROGRAM
Originator:	UniCredit S.p.A.
Issuer:	UniCredit S.p.A.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank AG, London Branch
Target transaction:	Funding
Type of asset:	Private Mortgage loans
Quality of Asset:	performing
Book value of the underlying assets at the end of accounting period:	20,585,736,442.38 €
Covered Bonds issued at the end of accounting period:	16,490,000,000 €
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loans of total 21,751,987,335.77 euro.

Information on forbearance loans

In compliance with ESMA document no. 2012/853 of December 20, 2012, regarding the information to be provided on forbearance loans in IFRS financial statements of financial institutions[2], the action to be taken for the problem loan portfolio, within the Group, is based on the following fundamental steps:

- prompt action. Through a solid and effective monitoring and reporting process, the early identification of possible credit quality deterioration allows the Group to promptly implement both the activities necessary for any forbearance measures and the restrictive management actions aimed at reducing risk in the early phases prior to the potential default. The objective of all activities aimed at potential forbearance measures is the early identification and consequent correct management of loans that have an increased credit risk, during the phase when the Bank has not yet implemented expropriation measures or other similar enforcement actions and the customer is still fully able to make repayment;
- proper assessment of impaired loans, in order to define the strategies/actions to be taken and the applicable default classification;
- initiating recovery procedures on the basis of the type and amount of exposure and the specific borrower involved;
- appropriate provisioning through profit and loss in line with the relevant recovery strategies and plans, as well as the type of exposure. Provisioning is carried out in line with the principles of IAS 39 and Basel II rules;
- accurate and regular reporting in order to monitor aggregate portfolio risk over time.

Each Legal Entity's classification of positions into the various default categories must comply with the legal and regulatory provisions issued by the local Regulatory Authorities.
Since UniCredit, in its role as Holding Company, is required to comply with instructions issued by the Italian Regulatory Authority, suitable measures are taken vis-à-vis the Group's foreign Legal Entities to link and align classifications that would otherwise not be consistent with the appropriate default categories.

The loans that are subject to changes due to the effect of forbearance practices, are classified under impaired loans when the conditions apply for their classification within the different categories of impaired loans.

2. According to the ESMA in question "Forbearance measures occur in situations in which the borrower is considered to be unable to meet the terms and conditions of the contract due to financial difficulties. Based on these difficulties, the issuer decides to modify the terms and conditions of the contract to allow the borrower sufficient ability to service the debt or refinance the contract, either totally or partially."

With specific reference to forbearance measures, a position is classified as a “Restructured Loan” in accordance with the Bank of Italy classification when the amendment agreement involves the rescheduling of the debt repayment, as well as renegotiated pricing at below-market interest rates, the conversion of part of a loan into shares and/or reduction of principal. Restructured loans are measured on an individual basis including discounted cost due to renegotiation of the interest rate at a rate lower than the original contractual rate;
Restructured loans may only be reclassified to performing loans after at least two years have elapsed from the date of signature of the restructuring agreement and only after the decision of the competent governing bodies on the return to full solvency of the borrower and on the lack of outstandings on all the lines of credit in place.

The accounting policies on valuations and provisioning for credit risk for loans subject to changes due to forbearance practices follow the general criterion, according to which, if there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The amount of the loss is recognized in the income statement item 130. “Impairment losses” and the asset’s carrying value is reduced.

Specifically, if the terms of a loan, receivable or held-to-maturity investment are renegotiated or otherwise modified because of financial difficulties of the borrower, this circumstance is considered as objective evidence of impairment pursuant to IAS 39.
For the items:
- impaired loans to customers classified under the category “restructured loans” refer to table A.1.1 Breakdown of financial assets by portfolio and credit quality of this section (Part E);
- loans to customers subject to forbearance measures under Collective Agreements, refer to table “Customers Loan – Exposures renegotiated under collective agreements” (in the same Part E).

Other transactions
With reference to the instructions in the Bank of Italy/Consob/IVASS document no. 6 of March 8, 2013 “Accounting treatment of long term structure repo transactions”, there are no transactions of this kind to report.

In addition, with reference to an investment of UniCredit S.p.A. in a debt security issued by the Italian Republic maturing on August 30, 2019 (ITALY 19EUR FRN), subscribed for during placement for a nominal amount of €750 million and with a book value of €726 million including accrued interest at December 31, 2012 (classified in the held-to-maturity portfolio in accordance with the economic purpose), a term repo (conducted in two stages) for a total nominal amount of €750 million, with a book value of liabilities of €761 million at December 31, 2012, was completed during the financial year.
At the same time, a 4.25% BTP maturing in September 2019 was purchased in a term reverse repo (conducted in 2 stages) for a total nominal value of €750 million and a book value of €761 million at December 31, 2012, with the economic purpose of obtaining the availability of more liquid securities (compared with the security ITALY 19EUR FRN) - with the same maturity and similar underlying risks - that can be therefore used more easily for refinancing operations.

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

Information on Sovereign Exposures
In accordance with CONSOB Notice DEM/11070007 of August 5, 2011 (which in turn refers to ESMA document 2011/266 of July 28, 2011) concerning information to be disclosed in the financial reports on exposures held by listed companies in debt securities and sovereign financing as well as the current trend in global markets, details are provided on Sovereign Exposures[3] held by the Group as of December 31, 2012.

Altogether, the book value of Sovereign Exposures represented by “debt securities” as of December 31, 2012 was 30,125 million, of which nearly 97% in connection with Italy.

3. Sovereign Exposures means debt obligations issued by central and local governments, and government bodies as well as loans granted to them. For purposes of the current risk exposure any positions held through ABSs are excluded.

Part E - Risks and Hedging Policies (Continued)

This exposure is shown in the table below:

Breakdown of Sovereign Debt Securities by Country and Portfolio

(€ '000)

COUNTRY / PORTFOLIO	AMOUNTS AS AT 12.31.2012		
	NOMINAL VALUE	BOOK VALUE	FAIR VALUE
- Italy	**28,381,676**	**29,154,271**	**29,011,144**
financial assets/liabilities held for trading (net exposures[1])	980,008	984,416	984,416
financial assets at fair value through profit or loss	1,096	1,025	1,025
available for sale financial assets	24,137,549	24,931,127	24,931,127
loans and receivables	218,029	219,242	197,926
held to maturity investments	3,044,994	3,018,461	2,896,650

(1) including exposures in Credit Derivatives.

The remaining 3% of total Sovereign Exposures to debt securities, equal to. 971 million, still in connection with the relative book value as of December 31, 2012, is spread over 12 countries, of which 581 million to Poland and 303 million to the Czech Republic; note that there are no Sovereign Exposures to Greece.

Said exposures have not been subject to impairment as of December 31, 2012, since there were no circumstances warranting it.
The table below ranks debt securities and their percentage share over their related total portfolio.

Breakdown of Sovereign Debt Securities by Portfolio

(€ '000)

	AMOUNTS AS AT 12.31.2012				
	FINANCIAL ASSETS AT FAIR VALUE	AVAILABLE FOR SALE FINANCIAL ASSTES	LOANS	HELD TO MATURITY INVESTMENTS	TOTAL
Book value	985,908	25,878,777	241,841	3,018,461	30,124,987
% Portfolio	9.04%	81.81%	0.09%	90.15%	9.82%

"Financing"[4] granted to central and local governments, and government entities must also be added to Sovereign Exposures in debt securities, as shown in the table below:

Breakdown of Sovereign Loans by Country

(€ '000)

COUNTRY	AMOUNTS AS AT 12.31.2012
	BOOK VALUE
- Italy	6,062,482
- Brazil	202,789
- Turkey	116,956
- United Arab Emirates	11,497
- Panama	9,869
- Indonesia	29
- Russia	4
- Malta	3
- Haiti	3
- Denmark	2
Total on-balance sheet exposures	**6,403,634**

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

Information on Structured Credit Products and OTC Derivatives

The deterioration of US subprime loans was one of the main causes of the financial markets crisis, which started in the 2007 second half. This deterioration caused a general widening of credit spreads and a gradual transformation of the securitized credits market into an illiquid market characterized by forced sales.

Given this situation the market's need for information on the exposures held by banks increased with structured credit products being traded directly or through SPVs.

This need was advocated also by several international and Italian organisms and regulators (viz., the Financial Stability Board, the CEBS -

4. Excluding tax items.

Committee of European Banking Supervisors, Banca d'Italia and CONSOB) which asked banks to increase their disclosure based on a proposal deriving from the analysis of the best practices on disclosure and reporting.

Starting with its Consolidated First Half 2008 Report, the UniCredit Group therefore provided this information, which has been updated to December 31, 2011 in Part (E) of the Notes to the Consolidated Accounts, which please see for details.

Please see Section C.1 above for information on the Company's activity as originator and investor in securitizations.

The Company does not hold either other exposures towards SPEs in addition to those reported in the section mentioned above or financial instruments having as underlying US residential mortgages, either prime, subprime or Alt-A.
Information on OTC derivatives with Customers follows.

OTC Trading Derivatives with Customers

The business model governing OTC derivatives trading with customers provides for centralization of market risk in the CIB Division, while credit risk is assumed by the Group company which, under the divisional or geographical segmentation model, manages the relevant customer's account.

The Group's operational model provides for customer trading derivatives business to be carried on, as part of each subsidiary's operational independence:
- by the commercial banks and divisions (Retail, F&SME, AM) that close transaction in OTC derivatives in order to provide non-institutional clients with products to manage currency, interest-rate and price risk. Under these transactions, the commercial banks transfer their market risks to the CIB Division by means of equal and opposite contracts, retaining only the relevant counterparty risk. The commercial banks also place or collect orders on behalf of others for investment products with embedded derivatives (e.g., structured bonds);
- by the CIB Division operating with large corporate and financial institutions, in respect of which it assumes and manages both market and counterparty risk;
- by CEE Banks, which transact business directly with their customers.

UniCredit Group trades OTC derivatives on a wide range of underlyings, e.g.: interest rates, currency rates, share prices and indexes, commodities (precious metals, base metals, petroleum and energy materials) and credit rights.

OTC derivatives offer considerable scope for personalization: new payoff profiles can be constructed by combining several OTC derivatives (for example, a plain vanilla IRS with one or more plain vanilla or exotic options). The risk and the complexity of the structures obtained in this manner depend on the respective characteristics of the components (reference parameters and indexation mechanisms) and the way in which they are combined.

Credit and market risk arising from OTC derivatives business is controlled by the Chief Risk Officer competence line (CRO) in the Parent and/or in the Division or subsidiary involved. This control is carried out by means of guidelines and policies covering risk management, measurement and control in terms of principles, rules and processes, as well as by setting VaR limits.

This business with non-institutional clients does not entail the use of margin calls, whereas with institutional counterparties (dealt with by the CIB Division) recourse may be made to credit risk mitigation (CRM) techniques, for example "netting" and/or collateral agreements.

In addition to the information given in chapter 18 Other Information – Fair Value of Part A) Accounting Policies, it should be noted that write-downs and write-backs of derivatives to take account of counterparty risk are determined in line with the procedure used to assess other credit exposure, specifically:
- performing exposure to non-institutional clients of the Italian commercial banks is valued in terms of PD (Probability of Default) and LGD (Loss Given Default), in order to obtain a value in terms of 'expected loss' to be used for items designated and measured at fair value;
- non-performing positions are valued in terms of estimated expected future cash flow according to specific indications of impairment (which are the basis for the calculation of the amount and timing of the cash flow).

Here follows the breakdown of balance-sheet asset item 20 "Financial assets held for trading" and of balance-sheet liability item 40 "Financial liability held for trading".

To make the distinction between customers and banking counterparties, the definition contained in Banca d'Italia Circular No. 262 as firstly updated on November 18, 2009 (which was used for the preparation of the accounts) was used as a reference.

Structured products were defined as derivative contracts that incorporate in the same instrument forms of contracts that generate exposure to several types of risk (with the exception of cross currency swaps) and/or leverage effects.
The balance of item 20 "Financial assets held for trading" with regard to derivative contracts totaled €9,551 million (with a notional value of €166,356 million) including €5,049 million with customers. The notional value of derivatives with customers amounted to €58,421 million including €53,816 million in plain vanilla (with a fair value of €4,693 million) and €4,605 million in structured derivatives (with a fair value of €356 million).

Part E - Risks and Hedging Policies (Continued)

The notional value of derivatives with banking counterparties totaled €107,935 million (fair value of €4,502 million) including €1,657 million related to structured derivatives (fair value of €35 million).

The balance of item 40 “Financial liabilities held for trading” of the consolidated accounts with regard to derivative contracts totaled €10,078 million (with a notional value of €192,033 million) including €3,049 million with customers. The notional value of derivatives with customers amounted to €48,384 million including €36,931 million in plain vanilla (with a fair value of €3,014 million) and €11,453 million in structured derivatives (with a fair value of €36 million). The notional value of derivatives with banking counterparties totaled €143,650 million (fair value of €7,028 million) including €18,799 million related to structured derivatives (fair value of €699 million).

D. Credit Risk Measurement Models

Financial year 2012 shows an expected loss on the credit risk perimeter of 0.87% of total Bank credit exposure. This trend is mitigated by the exposures which migrate to default and therefore do not enter in the calculation of expected loss. Besides since risk measurement systems tend to be anti-cyclical, this may result in a smaller elasticity to the swift changes of the macroeconomic scenario. As of 31 December 2012, the Bank economic capital on the credit portfolio total 7.6% of total Bank credit exposures, increasing with reference to last year figure because of Italy’s sovereign risk.

Section 2 - Market risks

Generally speaking, banks' market risks are due to price fluctuations or other market risk factors affecting the value of positions on its own books, both the trading book and the banking book, i.e. those arising from business operations and strategic investment decisions. UniCredit Group's market risk management includes, therefore, all activities relating to cash and capital structure management, both in the Parent and in the individual Group companies.

The Parent monitors risk positions at the Group level. The individual Group companies, Unicredit S.p.A. included, monitor their own risk positions, within the scope of their specific responsibilities, in line with UniCredit Group supervision policies.

The individual companies produce detailed reports on business trends and related market risks on a daily basis, forwarding market risk documentation to the Parent company.

The Parent's Group Market Risk unit is responsible for aggregating this information and producing information on overall market risks.

Organizational Structure

The Parent's Board of Directors lays down strategic guidelines for taking on market risks by calculating capital allocation for the Parent company and its subsidiaries, depending on propensity for risk and value creation objectives in proportion to risks assumed.

The Parent's Risks Committee provides advice and recommendations in respect of decisions taken by the Chief Executive Officer and in drawing up proposals made by the Chief Executive Officer to the Board of Directors with regard to the following:

- the Group's risk appetite, including capitalization objectives, capital allocation criteria, risk-taking capacity, cost of equity and dividends policy, as well as internal capital limits;
- general strategies for the optimization of risks, general guidelines and general policies for Group risk management;
- internal models for measuring all types of risks to calculate regulatory capital;
- structure of limits by type of risk;
- strategic policies and funding plans.

Similarly, it decides on the following:

- the definition of guidelines relative to Group financial policies (asset and liability management strategies, including the Group-wide duration profile);
- the allocation of risk to the Business Units and to the Entities (Unicredit S.p.A. included), specific risk-related guidelines and strategies and consequently setting of limits for achieving objectives in terms of risk appetite and limits by type of risk;
- methods for the measurement and control of the Group's aggregate risks (deriving from the aggregation of individual types of risk);
- guidelines, policies and strategies for real estate risk, financial investment risk and business risk;
- intervention plans in the event of critical aspects shown in the initial validation reports and over time;
- topics involving the implementation of Basel 2 standards, as well as the respective project and process activities.

The Risk Committee comprises the following members: the Chief Executive (Chair of the Committee), the Deputy General Managers, the Chief Risk Officer (chairs the Committee in the absence of the Chief Executive) and the Chief Financial Officer, the Legal &Compliance Officer, the CEE Division Program Officer, and the Human Resources Officer. The Head of the Group Internal Audit Department also attends meetings of the Risk Committee, but is not entitled to vote.

In June 2009, the Board of Directors approved the Group Risk Management reorganization guidelines, with the following objectives:

- improvement of directing, coordinating and control activities for some aggregate risks (so-called "Portfolio Risk"), through dedicated responsibility centers ("Portfolio Risk Managers") focusing and specializing entirely on the abovementioned risks, from a Group and cross-divisional standpoint;
- maintaining consistency with the Group business model, ensuring clear specialization and focus - from a purely transactional point of view - of specific centers of responsibility on risks originating with the Group functions assigned to assume risk, at the same time keeping these "centers of responsibility" ("Transactional Risk Managers") completely independent from the functions assigned to assume risk (e.g. Business Units, Cash Management functions, Asset Management, and EEC Countries).

With reference to Market Risk in particular, the "Markets Risks department and the Balance Sheet & Liquidity Risk Department were created with the aim of supervising and managing the overall profile for market risk and Group balance sheet and cash management by setting all the respective strategies, methodologies and limits (as described below).

The aforesaid departments interface in turn and cooperates for market risk monitoring purposes with the so-called "Transactional" level functions responsible for all risks (market, but also credit and operational risk) originating with the relevant Strategic Business Areas (SBAs)/Divisions (CIB&PB, Retail, Treasury, Asset Management and EEC).

The same departments are in charge of measuring, managing market risk specifically for Unicredit S.p.A..

Part E - Risks and Hedging Policies (Continued)

As part of the market risk reorganization described above, the structure of the Committees responsible for market risk was reviewed. This structure has three levels:

- First-level Committees;
  - Group Risk Committee.
- Second-level Committees;
  - Group Market Risk Committee;
  - Group Asset&Liabilities Committee.
- Third-level Committees;
  - Group Transactional Markets Committee.

In general, the Parent company proposes limits and investment policies for the Group and its entities, including Unicredit S.p.A., in harmony with the capital allocation process when the annual budget is drawn up.

In addition, the Parent's Asset and Liability Management unit, in coordination with other regional liquidity centers, manages strategic and operational ALM, with the objective of ensuring a balanced asset position and the operating and financial sustainability of the Group's growth policies on the loans market, optimizing the Group's exchange rate, interest rate and liquidity risk.

In 2011, the Group continued to develop and expand existing models with the aim of achieving increasing accuracy in the representation of the Group's risk profiles for portfolios of complex financial products.

The control of market risks for the Group is under responsibility of the "Balance Sheet Risks Control" of UniCredit S.p.A. Risks Management Unit. Responsibilities include:

- proposing to the competent bodies the limits for managing the balance sheet risks for Unicredit S.p.A.;
- monitoring the respect of balance sheet risk limits for Unicredit S.p.A.;
- proposing corrective actions in order to maintain Unicredit S.p.A .risk profile within the risk appetite framework approved by the Board of Directors.

Internal Model for Price, Interest Rate and Exchange Rate Risk of the Regulatory Trading Book

Within the organizational context described above, the policy implemented by the UniCredit Group within the scope of market risk management is aimed at the gradual adoption and use of common principles, rules and processes in terms of appetite for risk, ceiling calculations, model development, pricing and risk model scrutiny.

Group Market Risks Departments specifically required to ensure that principles, rules and processes are in line with industry best practice and consistent with standards and uses in the various countries in which they are applied.

The main tool used to measure market risk on trading positions is Value at Risk (VaR), calculated using the Historical simulation method (new IMOD).

The Historical simulation method provides for the daily revaluation of positions on the basis of trends in market prices over an appropriate observation period. The empirical distribution of profits/losses deriving there from is analyzed to determine the effect of extreme market movements on the portfolios. The distribution value at the percentile corresponding to the fixed confidence interval represents the VaR measurement. The parameters used to calculate the VaR are as follows: 99% confidence interval; 1 day time horizon; daily update of time series; observation period of 500 days. Use of a 1-day time-horizon makes it possible to make an immediate comparison between profits/losses realized.

New IMOD is in use for risk steering purposes, while no recourse is made to the internal model for calculating capital requirements regarding trading positions.

Trading portfolios are subject to Stress Tests according to a wide range of scenarios for managerial reporting, which are described in paragraph 2.9 below.

As for internal scenario analysis policies and procedures (i.e. "stress testing"), these procedures have been entrusted to the individual legal entities. Overall, however, a set of scenarios common to the Group as a whole, is applied to all positions in order to check on a monthly basis the potential impact that their occurrence could have on the global trading portfolio.

Shown below are the VaR data on the market risk for the trading book in Unicredit S.p.A..

For Unicredit S.p.A., exposure to market risk in the trading book is not very volatile and residual compared to banking book; within 2012 an increase in the market risk exposure has been observed due to UniCredit Group participation to the Unipol/FonSai capital increase and to the rights on equity securities underwriting.

Risk on trading book December 31, 2012

Daily VaR on Trading Book

(€ million)

	12.31.2012	2012 AVERAGE	2012 MAX	2012 MIN	2011 AVERAGE
UniCredit S.p.A.*	3.5	4.3	11.9	1.8	2.3

* For managerial purpose only.

2.1 Interest Rate Risk - Regulatory trading book

QUALITATIVE INFORMATION

A. General information

Interest rate risk arises from financial positions taken by specialist desks holding assigned market risk limits within certain levels of discretion. Apart from use of internal models in calculating capital requirements on market risks, risk positions are monitored and subject to limits assigned to the portfolios on the base of managerial responsabilities and not purely on regulatory criteria.

B. Risk Management Processes and Measurement Methods

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer also to introduction on internal models.

2.2 Interest Rate and Price Risk - Banking Book

Interest Rate Risk

QUALITATIVE INFORMATION

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

Interest rate risk consists of changes in interest rates that are reflected in:
- interest income sources, and thus, the bank's earnings (cash flow risk);
- the net present value of assets and liabilities, due to their impact on the present value of future cash flows (fair value risk).

The Group daily measures and monitors this risk within the framework of a banking book interest rate risk policy that establishes consistent methodologies and models and limits or thresholds to focus on with regard to the sensitivity of net interest income and the Group's economic value.

Interest rate risk has an impact on all owned positions resulting from business operations and strategic investment decisions (banking book).

At December 31, 2012, the sensitivity of interest income to an immediate and parallel shift of +100bps was -28.7million (and 29.8 million for a shift of -100bps).

The sensitivity of the economic value of shareholders' equity to an immediate and parallel change in interest rates ("parallel shift") of +200 bp was € 520.7 million at December 31, 2012.

The above managerial figures include modeled sensitivity estimates for assets and liabilities with well not defined maturities, such as sight and savings deposits.

The main sources of interest rate risk can be classified as follows:
- repricing risk - the risk resulting from timing mismatches in maturities and the repricing of the bank's assets and liabilities; the main features of this risk are:
  - yield curve risk - risk resulting from exposure of the bank's positions to changes in the slope and shape of the yield curve;
  - basis risk - risk resulting from the imperfect correlation in lending and borrowing interest rate changes for different instruments that may also show similar repricing characteristics;
- optionality risk – risk resulting from implicit or explicit options in the Group's banking book positions.

Part E - Risks and Hedging Policies (CONTINUED)

Some limits have been set out, in the above described organization, to reflect a risk propensity consistent with strategic guidelines issued by the Board of Directors. These limits are defined in terms of VaR (calculated using the methodology described above in relation to the trading portfolio), Sensitivity or Gap Repricing.

Unicredit S.p.A., like each of the Group's banks or companies, assumes responsibility for managing exposure to interest rate risk within its specified limits. Both micro- and macro-hedging transactions are carried out for this purpose.

At the consolidated level, Group HQ's Asset Liability Management Unit takes the following measures:
- It performs operating sensitivity analysis in order to measure any changes in the value of shareholders' equity based on parallel shocks to rate levels for all time buckets along the curve;
- Using static gap analysis (i.e., assuming that positions remain constant during the period), it performs an impact simulation on net interest income for the current period by taking into account different elasticity assumptions for demand items;
- It analyses interest income using dynamic simulation of shocks to market interest rates;
- It develops methods and models for better reporting of the interest rate risk of items with no contractual maturity date (i.e., demand items).

Group Risk Management performs second-level controls on the above mentioned analyses.

The Group Balance Sheet & Liquidity Risk department sets interest rate risk limits using VaR methodologies and verifies compliance with these limits on a daily basis.

B. Fair value hedging operations
Hedging strategies aimed at complying with interest rate risk limits for the banking portfolio are carried out with listed or unlisted derivative contracts, and the latter, which are commonly interest rate swaps, are the type of contracts used the most.

Macro-hedging is generally used, meaning hedges related to the amounts of cash contained in asset or liability portfolios. Under certain circumstances, the impact of micro-hedges related to securities issued or individual financial assets are recognized (especially when they are classified in the available-for-sale portfolio).

C. Cash flow hedging operations
In certain instances, cash flow hedging strategies are also used as an alternative to fair value hedging strategies in order to stabilize income statement profits in the current and future years. Macro-hedging strategies are mainly used and they may also refer to the interest rate risk of the core portion of financial assets "on demand."

QUANTITATIVE INFORMATION

1. Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities

	AMOUNTS AS AT 12.31.2012							
TYPE / RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Balance-sheet assets	**95,560,603**	**114,411,496**	**26,169,625**	**18,099,725**	**42,888,213**	**14,354,493**	**10,870,248**	**-**
1.1 Debt securities	188	10,017,819	6,484,783	6,670,602	19,161,936	4,647,184	1,377,057	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	188	10,017,819	6,484,783	6,670,602	19,161,936	4,647,184	1,377,057	-
1.2 Loans to banks	6,107,574	10,118,208	707,908	807,857	40,787	31,478	-	-
1.3 Loans to customers	89,452,841	94,275,469	18,976,934	10,621,266	23,685,490	9,675,831	9,493,191	-
- Current accounts	34,753,243	8,308	587,815	523,559	2,671,091	1,300,988	92,321	-
- Other loans	54,699,598	94,267,161	18,389,119	10,097,707	21,014,399	8,374,843	9,400,870	-
- With prepayment option	*37,608,800*	*40,876,494*	*11,150,590*	*2,855,502*	*10,651,253*	*5,597,903*	*7,514,026*	-
- Other	*17,090,798*	*53,390,667*	*7,238,529*	*7,242,205*	*10,363,146*	*2,776,940*	*1,886,844*	-
2. Balance-sheet liabilities	**150,356,086**	**105,111,764**	**15,891,134**	**13,271,323**	**34,671,913**	**13,425,472**	**2,285,830**	**-**
2.1 Deposits from customers	117,378,619	25,879,611	3,717,557	2,498,007	1,128,211	159,684	360,831	-
- Current accounts	108,378,457	61,745	-	8,697	-	-	-	-
- Other loans	9,000,162	25,817,866	3,717,557	2,489,310	1,128,211	159,684	360,831	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	*9,000,162*	*25,817,866*	*3,717,557*	*2,489,310*	*1,128,211*	*159,684*	*360,831*	-
2.2 Deposits from banks	32,538,620	18,682,550	1,828,451	2,094,125	1,105,833	78,270	117,677	-
- Current accounts	4,079,847	-	-	-	-	-	-	-
- Other loans	28,458,773	18,682,550	1,828,451	2,094,125	1,105,833	78,270	117,677	-
2.3 Debt securities in issue	414,919	60,549,603	10,345,126	8,679,191	32,437,869	13,187,518	1,807,322	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	414,919	60,549,603	10,345,126	8,679,191	32,437,869	13,187,518	1,807,322	-
2.4 Other liabilities	23,928	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	23,928	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Phisically settled financial derivatives								
- Option								
+ Long positions	-	-	200	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	37,443	65,663	456,082	3,718,162	298,770	-	-
+ Short positions	-	37,413	55,559	533,941	3,225,600	109,055	-	-
3.2 Cash settled financial derivatives								
- Options								
+ Long positions	-	-	-	27,700	791,828	598,676	443,309	-
+ Short positions	-	-	-	27,700	791,828	598,676	443,309	-
- Other derivatives								
+ Long positions	4,339,002	163,507,214	21,515,532	41,597,299	87,357,414	28,978,310	4,552,999	-
+ Short positions	7,727,301	193,937,348	36,765,723	23,737,296	65,742,642	14,469,955	8,798,092	-
4. Other off-balance sheet								
+ Long positions	19,548,655	8,137,365	1,541,479	2,325,047	4,168,830	10,873,970	193,542	-
+ Short positions	28,441,519	13,222,377	1,560,433	2,115,566	957,557	377,137	114,299	-

Part E - Risks and Hedging Policies (Continued)

1.1 Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities - Currency: *euro*

	AMOUNTS AS AT 12.31.2012							
TYPE / RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Balance-sheet assets	**92,476,995**	**111,159,218**	**25,342,781**	**17,937,833**	**42,691,057**	**14,278,358**	**10,820,787**	**-**
1.1 Debt securities	182	9,983,979	6,405,747	6,670,602	19,012,833	4,611,587	1,344,472	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	182	9,983,979	6,405,747	6,670,602	19,012,833	4,611,587	1,344,472	-
1.2 Loans to banks	3,471,288	9,216,338	687,276	806,677	39,595	31,478	-	-
1.3 Loans to customers	89,005,525	91,958,901	18,249,758	10,460,554	23,638,629	9,635,293	9,476,315	-
- Current accounts	34,633,215	8,308	586,077	523,072	2,669,920	1,299,586	92,320	-
- Other loans	54,372,310	91,950,593	17,663,681	9,937,482	20,968,709	8,335,707	9,383,995	-
- With prepayment option	*37,539,905*	*40,833,118*	*11,145,119*	*2,851,366*	*10,633,962*	*5,595,699*	*7,514,026*	-
- Other	*16,832,405*	*51,117,475*	*6,518,562*	*7,086,116*	*10,334,747*	*2,740,008*	*1,869,969*	-
2. Balance-sheet liabilities	**148,130,578**	**101,216,627**	**15,131,088**	**13,246,540**	**33,600,556**	**13,357,905**	**2,285,830**	**-**
2.1 Deposits from customers	116,343,692	25,810,580	3,716,918	2,494,838	1,067,315	159,684	360,831	-
- Current accounts	107,344,904	27,557	-	6,229	-	-	-	-
- Other loans	8,998,788	25,783,023	3,716,918	2,488,609	1,067,315	159,684	360,831	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	*8,998,788*	*25,783,023*	*3,716,918*	*2,488,609*	*1,067,315*	*159,684*	*360,831*	-
2.2 Deposits from banks	31,348,039	15,554,255	1,603,061	2,076,339	537,393	10,703	117,677	-
- Current accounts	3,843,019	-	-	-	-	-	-	-
- Other loans	27,505,020	15,554,255	1,603,061	2,076,339	537,393	10,703	117,677	-
2.3 Debt securities in issue	414,919	59,851,792	9,811,109	8,675,363	31,995,848	13,187,518	1,807,322	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	414,919	59,851,792	9,811,109	8,675,363	31,995,848	13,187,518	1,807,322	-
2.4 Other liabilities	23,928	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	23,928	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Phisically settled financial derivatives								
- Option								
+ Long positions	-	-	200	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	2,565,343	31,930	-	-
+ Short positions	-	37,413	55,559	533,941	712,204	77,954	-	-
3.2 Cash settled financial derivatives								
- Options								
+ Long positions	-	-	-	27,700	791,828	598,676	443,309	-
+ Short positions	-	-	-	27,700	791,828	598,676	443,309	-
- Other derivatives								
+ Long positions	4,339,002	162,028,216	21,190,064	41,029,627	85,563,551	28,711,471	4,552,999	-
+ Short positions	5,299,933	192,628,574	36,677,772	23,560,833	65,364,655	14,427,451	8,798,092	-
4. Other off-balance sheet								
+ Long positions	18,823,270	7,930,828	1,446,421	2,069,094	3,822,765	10,780,990	148,823	-
+ Short positions	27,484,725	12,640,392	1,543,907	2,024,545	954,811	259,514	114,299	-

1.1 Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities - Currency: *USD*

	AMOUNTS AS AT 12.31.2012							
TYPE / RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Balance-sheet assets	**2,880,110**	**2,646,624**	**774,263**	**128,632**	**189,665**	**75,780**	**49,459**	**-**
1.1 Debt securities	-	2,052	79,036	-	149,100	35,597	32,584	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	2,052	79,036	-	149,100	35,597	32,584	-
1.2 Loans to banks	2,458,168	834,065	20,632	1,180	1,192	-	-	-
1.3 Loans to customers	421,942	1,810,507	674,595	127,452	39,373	40,183	16,875	-
- Current accounts	115,801	-	1,738	486	1,165	1,398	-	-
- Other loans	306,141	1,810,507	672,857	126,966	38,208	38,785	16,875	-
- With prepayment option	*61,036*	*29,776*	*5,435*	*4,085*	*16,929*	*2,179*	-	-
- Other	*245,105*	*1,780,731*	*667,422*	*122,881*	*21,279*	*36,606*	*16,875*	-
2. Balance-sheet liabilities	**1,801,114**	**3,227,774**	**252,334**	**22,314**	**612,834**	**-**	**-**	**-**
2.1 Deposits from customers	859,101	54,953	329	701	-	-	-	-
- Current accounts	859,101	34,187	-	-	-	-	-	-
- Other loans	-	20,766	329	701	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	*20,766*	*329*	*701*	-	-	-	-
2.2 Deposits from banks	942,013	2,749,752	159,189	17,786	568,440	-	-	-
- Current accounts	102,628	-	-	-	-	-	-	-
- Other loans	839,385	2,749,752	159,189	17,786	568,440	-	-	-
2.3 Debt securities in issue	-	423,069	92,816	3,827	44,394	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	423,069	92,816	3,827	44,394	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Phisically settled financial derivatives								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	22,529	65,663	3,793	44,755	-	-	-
+ Short positions	-	-	-	-	2,476,675	31,101	-	-
3.2 Cash settled financial derivatives								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	1,297,869	260,476	139,249	689,524	-	-	-
+ Short positions	2,427,369	789,363	87,951	46,516	341,266	42,504	-	-
4. Other off-balance sheet								
+ Long positions	670,537	153,629	84,640	248,548	218,011	14,735	44,719	-
+ Short positions	699,179	517,051	8,209	90,127	2,630	117,623	-	-

Part E - Risks and Hedging Policies (Continued)

1.1 Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities - Currency: Other currencies

	AMOUNTS AS AT 12.31.2012							
TYPE / RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Balance-sheet assets	**203,496**	**605,652**	**52,581**	**33,260**	**7,491**	**354**	**-**	**-**
1.1 Debt securities	6	31,788	-	-	3	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	6	31,788	-	-	3	-	-	-
1.2 Loans to banks	178,117	67,805	-	-	-	-	-	-
1.3 Loans to customers	25,374	506,059	52,581	33,260	7,488	354	-	-
- Current accounts	4,227	-	-	1	6	3	-	-
- Other loans	21,147	506,059	52,581	33,259	7,482	351	-	-
- With prepayment option	*7,859*	*13,599*	*36*	*51*	*363*	*25*	-	-
- Other	*13,288*	*492,460*	*52,544*	*33,208*	*7,119*	*326*	-	-
2. Balance-sheet liabilities	**424,394**	**667,361**	**507,713**	**2,468**	**458,523**	**67,568**	**-**	**-**
2.1 Deposits from customers	175,827	14,077	310	2,468	60,896	-	-	-
- Current accounts	174,453	-	-	2,468	-	-	-	-
- Other loans	1,374	14,077	310	-	60,896	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	*1,374*	*14,077*	*310*	-	*60,896*	-	-	-
2.2 Deposits from banks	248,567	378,542	66,201	-	-	67,568	-	-
- Current accounts	134,200	-	-	-	-	-	-	-
- Other loans	114,367	378,542	66,201	-	-	67,568	-	-
2.3 Debt securities in issue	-	274,742	441,202	-	397,627	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	274,742	441,202	-	397,627	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Phisically settled financial derivatives								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	14,914	-	452,289	1,108,064	266,839	-	-
+ Short positions	-	-	-	-	36,722	-	-	-
3.2 Cash settled financial derivatives								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	181,129	64,992	428,423	1,104,339	266,839	-	-
+ Short positions	-	519,411	-	129,947	36,722	-	-	-
4. Other off-balance sheet								
+ Long positions	54,848	52,907	10,418	7,404	128,054	78,245	-	-
+ Short positions	257,615	64,935	8,317	894	116	-	-	-

Price Risk

QUALITATIVE INFORMATION

A. General Aspects, Price Risk Management Processes And Measurement Methods
Banking Book price risk primarily originates from equity interests held by Unicredit S.p.A. as a stable investment, as well as units in mutual investment funds not included in the trading book in so far as they are also held as a stable investment.

In the whole aggregated banking and trading book portfolio assessment of UniCredit S.p.A. this kind of risk is also considered.

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer to introduction on internal models.

2.3 Exchange Rate Risk

QUALITATIVE INFORMATION

A. General Aspects, Exchange Rate Risk Management Processes and Measurement Methods
Exchange risk originates from currency trading activities, for both trading and banking book, performed through the negotiation of the various market instruments is constantly monitored and measured by using internal models developed by group companies.

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

QUANTITATIVE INFORMATION

1.Distribution by currency of assets and liabilities and derivatives

	AMOUNTS AS AT 12.31.2012					
	CURRENCIES					
ITEMS	USD	GBP	YEN	CHF	CNY	OTHER CURRENCIES
A. Financial assets	**7,330,011**	**294,933**	**201,451**	**150,799**	**191,875**	**174,767**
A.1 Debt securities	303,253	31,797	-	-	-	-
A.2 Equity securities	82,962	26	-	712	-	-
A.3 Loans to banks	3,621,999	140,187	43,299	7,865	22,597	133,286
A.4 Loans to customers	3,321,777	122,923	158,152	142,222	169,278	41,481
A.5 Other financial assets	20	-	-	-	-	-
B. Other assets	**80,271**	**44,995**	**1,166**	**6,750**	**23,673**	**10,546**
C. Financial liabilities	**5,952,415**	**1,411,694**	**157,551**	**245,001**	**145,570**	**245,239**
C.1 Deposits from banks	4,427,670	246,828	46,656	196,268	138,582	132,304
C.2 Deposits from customers	965,486	227,485	5,362	41,720	6,988	74,202
C.3 Debt securities in issue	559,259	937,381	105,533	7,013	-	38,733
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**410,324**	**114,230**	**899**	**3,139**	**16,800**	**9,737**
E. Financial derivatives						
- Options						
- Long positions	*958,609*	*125,060*	*18,292*	*2,402*	*72,771*	*21,282*
- Short positions	*958,609*	*125,060*	*18,292*	*2,402*	*72,771*	*21,282*
- Other						
- Long positions	*31,129,775*	*20,677,612*	*9,147,841*	*3,702,658*	*-*	*415,594*
- Short positions	*32,601,524*	*18,900,713*	*9,193,424*	*3,651,941*	*55,504*	*348,790*
Total assets	**39,498,666**	**21,142,600**	**9,368,750**	**3,862,609**	**288,319**	**622,189**
Total liabilities	**39,922,872**	**20,551,697**	**9,370,166**	**3,902,483**	**290,645**	**625,048**
Difference (+/-)	**(424,206)**	**590,903**	**(1,416)**	**(39,874)**	**(2,326)**	**(2,859)**

Part E - Risks and Hedging Policies (Continued)

Credit Spread Risk

QUALITATIVE INFORMATION

A. General Information
As described above, risk relating to credit spreads included in both trading book and banking book, originates from positions taken by UniCredit S.p.A. holding assigned market risk limits within certain levels of discretion.

B. Risk Management Processes and Measurement Methods
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer to introduction on internal models.

Credit spread sensitivity is calculated by assuming a worsening of creditworthiness seen in a parallel shift of +1bp in the credit spread curves.

These sensitivities are calculated both inclusively, assuming a parallel shift of all the credit spread curves, and in respect of specific rating classes and economic sectors.

Stress Tests
Stress tests complement the sensitivity analysis and VaR results in order to assess the potential risks in a different way. A stress test performs the evaluation of a portfolio under both simple scenarios (assuming change to single risk factors) and complex scenarios (assuming simultaneous changes in a number of risk factors).

What follows contains the description of complex scenarios, which combine changes in interest rate, price, exchange-rate and credit spread risk factors.

Greece Exit
This scenario, introduced in June 2012 and updated in December 2012, assumes that Greece would exit from the EMU without however bringing the Eurozone to a collapse. The exit of Greece from the EMU would negatively affect GDP growth in the Eurozone through several channels, mainly related to financial markets. Rising volatility and the generalized increase in risk premia would make it harder for businesses to plan investment decisions. Credit for the real economy would be more expensive as a consequence of the severe intensification of funding difficulties in the banking system (including via renewed deposit outflows and tensions in the inter-bank market).
- on the fixed income side, a flight-to-quality demand would be observed, with the focus on German and US bonds whose swap spreads would be close to an all-time record;
- as for peripheral countries, spreads would come under pressure. The Italian swap spread would widen 400bp, reaching the 650bp area, while Spain would widen 300bp;
- equity markets would plunge and, at the same time, a steep increase in volatility is expected;
- with respect to FX rates, EUR is expected to sharply depreciate across the board as a Greek exit would clearly undermine confidence in the common currency. The most serious losses are expected to be against the USD (with an approximate 30% depreciation), as the USD will likely continue to be perceived as the reference safe-haven currency in the case of escalating turmoil in the eurozone. However, EUR would also probably lose ground to a significant extent vs. JPY and CHF. On the other hand, EUR fall against sterling should be less significant (-20%), since the UK economy would also be heavily affected by developments in the EMU.

Sovereign Debt Tension Scenario
In this scenario, introduced in June 2010 and updated in December 2011, we envisage the occurrence of an escalation of the sovereign debt crisis, with no systemic contagion.This is motivated by the fact that, while the setup of the European Financial Stabilization Fund and the liquidity injection by the ECB seem to have ruled out the possibility of an outright default, market tensions still persist. Such tensions may create a challenging environment at a time in which many European countries are consolidating their public finances. In such a scenario, the EMU sovereign debt crisis would have spillover effects on the US economy as well and the flight-to-quality would lead to a further bond rally on both sides of the Atlantic. In terms of financial market variables, this scenario assumes:
- credit spreads: higher risk aversion would imply a tightening of core issuers versus swap. Periphery would be under pressure: Italy spreads would widen further while Spanish bonds would be less under pressure; all credit spreads, in the corporate bond universe, would come under pressure;
- world stock markets to plunge (fall); this would combine with an increase in equity volatilities;
- USD and EUR interest rate curve are expected to flatten. In this scenario, an increase in interest rate volatilities is also assumed;
- USD is expected to appreciate, mostly against EUR; depreciation of EEC currencies against EUR.

Widespread Contagion

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

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

Emerging Markets Slowdown Scenario

This scenario, introduced in June 2011, covers the period 2011, 2012 and 2013. It assumes a shock coming from the real economy, namely a severe emerging economies slowdown in the growth rate starting in 2011 and intensifying during 2012. This negatively affects EMU GDP growth and, to a lesser extent, the US, where the weight of the manufacturing sector and trade openness is lower. As a result of weaker economic activity and lower oil prices, inflation would slow down. The combination of weaker GDP growth and lower inflation would lead to a considerable slowdown in the normalization of monetary policy rates.

In terms of macro-economic variables, this scenario assumes:

- credit spreads: as for European sovereign spreads the deteriorated is not severe compared to the Sovereign Tensions scenario because the shock should affect credit-risk premium only indirectly. The shock would reflect more on oil companies and on companies which are not included in the "iTraxx main". The widening of the iTraxx Financial Senior and Sub are also important;
- the shock has no impact on the Japanese yield curve. The impact on the US, EU and UK curves is that of a fall in yields which will bull flatten as the time bucket increases. This reflects the worsening growth outlook and the resulting more benign inflation outlook. The Euribor curve is the most reactive of the three as the risk aversion gives further support to Bunds;
- the performance of stock markets will lower and equity volatilities will increase;
- the EUR is expected to depreciate against the Us dollar, Japanese yen and Swiss franc (because of the demand for safe-havens) and to appreciate versus the others European currencies and Turkish lira.

Stress Test on trading book December 31, 2012

Scenario

(€ million)

	2012			
12.31.2012	GREXIT	WIDESPREAD CONTAGION	SOVEREIGN DEBT TENSIONS	EMERGING MARKET SLOWDOWN
UniCredit S.p.A.	-10	-6	-3	-1

Part E - Risks and Hedging Policies (CONTINUED)

2.4 Derivative Instruments

A. FINANCIAL DERIVATIVES

A.1 Regulatory trading portfolio: end of period notional amounts

DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	AMOUNTS AS AT 12.31.2012 OVER THE COUNTER	12.31.2012 CLEARING HOUSE	12.31.2011 OVER THE COUNTER	12.31.2011 CLEARING HOUSE
1. Debt securities and interest rate indexes	**235,163,657**	**5,091,000**	**296,899,177**	**-**
a) Options	6,216,801	-	7,279,949	-
b) Swap	226,306,216	-	274,594,343	-
c) Forward	2,640,640	-	15,024,885	-
d) Futures	-	5,091,000	-	-
e) Others	-	-	-	-
2. Equity instruments and stock indexes	**680,013**	**-**	**531,166**	**-**
a) Options	679,957	-	526,579	-
b) Swap	-	-	-	-
c) Forward	56	-	4,587	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Gold and currencies	**84,440,043**	**-**	**45,311,159**	**-**
a) Options	2,518,561	-	2,632,197	-
b) Swap	1,067,394	-	939,528	-
c) Forward	80,854,088	-	41,739,434	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**198,937**	**-**	**56,727**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**
Total	**320,482,650**	**5,091,000**	**342,798,229**	**-**
Average amounts	**331,640,440**	**2,545,500**	**342,662,335**	**-**

A.2.1 Banking book: end of period notional amounts and average - Hedging derivatives

DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	AMOUNTS AS AT 12.31.2012 OVER THE COUNTER	12.31.2012 CLEARING HOUSE	12.31.2011 OVER THE COUNTER	12.31.2011 CLEARING HOUSE
1. Debt securities and interest rate indexes	**321,732,697**	**-**	**227,302,893**	**-**
a) Options	947,350	-	543,436	-
b) Swap	320,785,347	-	226,759,457	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity instruments and stock indexes	**13,248**	**-**	**13,000**	**-**
a) Options	13,248	-	13,000	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Gold and currencies	**5,420,768**	**-**	**3,259,338**	**-**
a) Options	-	-	-	-
b) Swap	3,947,413	-	2,892,385	-
c) Forward	1,473,355	-	366,953	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**
Total	**327,166,713**	**-**	**230,575,231**	**-**
Average amounts	**278,870,972**	**-**	**199,599,886**	**-**

A.2.2 Banking book: end of period notional amounts and average - Other derivatives

DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	AMOUNTS AS AT 12.31.2012 OVER THE COUNTER	12.31.2012 CLEARING HOUSE	12.31.2011 OVER THE COUNTER	12.31.2011 CLEARING HOUSE
1. Debt securities and interest rate indexes	**24,025,340**	**-**	**55,985,549**	**-**
a) Options	107,700	-	318,160	-
b) Swap	23,917,640	-	55,667,389	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity instruments and stock indexes	**7,907,027**	**-**	**18,964,717**	**-**
a) Options	6,625,211	-	17,682,901	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Others	1,281,816	-	1,281,816	-
3. Gold and currencies	**816,613**	**-**	**2,585,599**	**-**
a) Options	-	-	145,726	-
b) Swap	66,932	-	84,173	-
c) Forward	749,681	-	2,355,700	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**
Total	**32,748,980**	**-**	**77,535,865**	**-**
Average amounts	**55,142,423**	**-**	**77,572,217**	**-**

A.3 Financial derivatives: gross positive fair value - breakdown by product

TRANSACTION TYPES/UNDERLYINGS	POSITIVE FAIR VALUE AMOUNTS AS AT 12.31.2012 OVER THE COUNTER	12.31.2012 CLEARING HOUSE	12.31.2011 OVER THE COUNTER	12.31.2011 CLEARING HOUSE
A. Regulatory trading portfolio	**9,133,729**	**527**	**8,561,004**	**-**
a) Options	130,346	-	220,555	-
b) Interest rate swaps	7,900,771	-	7,334,447	-
c) Cross currency swap	93,746	-	95,794	-
d) Equity swaps	-	-	-	-
e) Forward	1,001,412	-	908,689	-
f) Futures	-	527	-	-
g) Others	7,454	-	1,519	-
B. Banking portfolio - Hedging derivatives	**8,047,016**	**-**	**5,427,902**	**-**
a) Options	5,982	-	2,475	-
b) Interest rate swaps	7,848,397	-	5,249,976	-
c) Cross currency swap	101,928	-	154,599	-
d) Equity swaps	-	-	-	-
e) Forward	90,709	-	20,852	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking portfolio - Other derivatives	**346,207**	**-**	**1,270,773**	**-**
a) Options	77,440	-	186,526	-
b) Interest rate swaps	258,599	-	1,000,183	-
c) Cross currency swap	9,456	-	9,501	-
d) Equity swaps	-	-	-	-
e) Forward	712	-	74,563	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
Total	**17,526,952**	**527**	**15,259,679**	**-**

Part E - Risks and Hedging Policies (Continued)

A.4 Financial derivatives: gross negative fair value - breakdown by product

PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	NEGATIVE FAIR VALUE AMOUNTS AS AT 12.31.2012 OVER THE COUNTER	12.31.2012 CLEARING HOUSE	12.31.2011 OVER THE COUNTER	12.31.2011 CLEARING HOUSE
A. Regulatory trading portfolio	**9,359,701**	**565**	**8,756,379**	**-**
a) Options	134,250	-	229,693	-
b) Interest rate swaps	8,091,901	-	7,514,025	-
c) Cross currency swap	102,217	-	102,404	-
d) Equity swaps	-	-	-	-
e) Forward	1,023,594	-	908,672	-
f) Futures	-	565	-	-
g) Others	7,739	-	1,585	-
B. Banking portfolio - Hedging derivatives	**7,946,477**	**-**	**5,091,078**	**-**
a) Options	68,266	-	44,994	-
b) Interest rate swaps	7,767,877	-	4,966,655	-
c) Cross currency swap	88,309	-	75,155	-
d) Equity swaps	-	-	-	-
e) Forward	22,025	-	4,274	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking portfolio - Other derivatives	**714,712**	**-**	**1,436,368**	**-**
a) Options	80,343	-	197,537	-
b) Interest rate swaps	289,661	-	1,170,351	-
c) Cross currency swap	1,583	-	4,505	-
d) Equity swaps	-	-	-	-
e) Forward	13,484	-	45,815	-
f) Futures	-	-	-	-
g) Others	329,641	-	18,160	-
Total	**18,020,890**	**565**	**15,283,825**	**-**

A.5 OTC Financial derivatives: regulatory trading portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreement

CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2012 GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1) Debt securities and interest rate indexes							
- notional amount	34	1,296,876	147,567,699	64,967,034	-	21,085,073	246,941
- positive fair value	-	109,072	3,279,166	2,880,246	-	1,715,761	1,620
- negative fair value	-	3,202	5,306,474	2,735,157	-	135,111	4
- future exposure	-	16,131	1,031,758	644,019	-	150,318	42
2) Equity instruments and stock indexes							
- notional amount	-	-	261,743	8,282	-	4,090	405,898
- positive fair value	-	-	3,000	21	-	11	1,573
- negative fair value	-	-	904	-	-	-	3,523
- future exposure	-	-	20,933	663	-	327	29,337
3) Gold and currencies							
- notional amount	-	-	80,253,334	310,442	-	3,865,347	10,921
- positive fair value	-	-	1,001,562	82,271	-	51,864	108
- negative fair value	-	-	1,118,334	4,682	-	44,430	142
- future exposure	-	-	894,887	18,513	-	79,881	129
4) Other instruments							
- notional amount	-	-	99,468	-	-	99,468	-
- positive fair value	-	-	5,864	-	-	1,590	-
- negative fair value	-	-	1,690	-	-	6,049	-
- future exposure	-	-	9,299	-	-	9,299	-

A.7 OTC Financial derivatives: banking portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreements

	AMOUNTS AS AT 12.31.2012						
CONTRACTS INCLUDED IN NETTING AGREEMENT	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1) Debt securities and interest rate indexes							
- notional amount	-	-	333,865,717	10,997,216	-	-	895,104
- positive fair value	-	-	7,969,775	143,856	-	-	2,753
- negative fair value	-	-	7,912,461	169,986	-	-	49,583
- future exposure	-	-	1,729,373	69,375	-	-	3,793
2) Equity instruments and stock indexes							
- notional amount	-	-	4,808,510	124	-	83	3,111,558
- positive fair value	-	-	74,034	-	-	-	-
- negative fair value	-	-	337,405	-	-	-	66,353
- future exposure	-	-	333,316	12	-	8	197,602
3) Gold and currencies							
- notional amount	-	-	6,224,412	-	-	12,968	-
- positive fair value	-	-	202,813	-	-	-	-
- negative fair value	-	-	125,538	-	-	837	-
- future exposure	-	-	185,655	-	-	-	-
4) Other instruments							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.9 OTC financial derivatives - residual life: notional amounts

UNDERLYING/RESIDUAL MATURITY	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEAR	OVER 5 YEAR	TOTAL
A. Regulatory trading portfolio	**133,207,666**	**94,106,619**	**93,168,365**	**320,482,650**
A.1 Financial derivative contracts on debt securities and interest rates	51,338,190	91,511,407	92,314,060	235,163,657
A.2 Financial derivative contracts on equity securities and stock indexes	157,081	522,932	-	680,013
A.3 Financial derivative contracts on exchange rates and gold	81,541,093	2,044,646	854,305	84,440,044
A.4 Financial derivative contracts on other values	171,302	27,634	-	198,936
B. Banking portfolio	**117,142,505**	**180,255,171**	**62,518,016**	**359,915,692**
B.1 Financial derivative contracts on debt securities and interest rates	109,547,727	174,061,334	62,148,976	345,758,037
B.2 Financial derivative contracts on equity securities and stock indexes	4,855,455	2,805,664	259,155	7,920,274
B.3 Financial derivative contracts on exchange rates and gold	2,739,323	3,388,173	109,885	6,237,381
B.4 Financial derivative contracts on other values	-	-	-	-
Total 12.31.2012	**250,350,171**	**274,361,790**	**155,686,381**	**680,398,342**
Total 12.31.2011	**215,342,535**	**240,780,657**	**194,786,131**	**650,909,323**

Part E - Risks and Hedging Policies (Continued)

B. CREDIT DERIVATIVES

B.1 Credit derivatives: end of period notional amounts and average

TRANSACTION CATEGORIES	REGULATORY TRADING PORTFOLIO		BANKING PORTFOLIO	
	WITH A SINGLE COUNTERPARTY	WITH MORE THAN ONE COUNTERPARTY (BASKET)	WITH A SINGLE COUNTERPARTY	WITH MORE THAN ONE COUNTERPARTY (BASKET)
1. Protection buyer's contracts				
a) Credit default products	-	-	-	-
b) Credit spread products	-	-	-	-
c) Total rate of return swap	-	-	-	-
d) Other	-	-	5,000	-
Total as at 12.31.2012	**-**	**-**	**5,000**	**-**
Average amounts	**-**	**-**	**5,000**	**-**
Total as at 12.31.2011	**-**	**-**	**5,000**	**-**
2. Protection seller's contracts				
a) Credit default products	-	-	5,000	-
b) Credit spread products	-	-	-	-
c) Total rate of return swap	-	-	-	-
d) Other	-	-	-	-
Total as at 12.31.2012	**-**	**-**	**5,000**	**-**
Average amounts	**-**	**-**	**5,000**	**-**
Total as at 12.31.2011	**-**	**-**	**5,000**	**-**

B.2 Credit derivatives:gross positive fair value - breakdown by product

PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	POSITIVE FAIR VALUE AMOUNTS AS AT 12.31.2012	12.31.2011
A. Regulatory trading portfolio	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
B. Banking portfolio	**107**	**293**
a) Credit default products	107	293
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
Total	**107**	**293**

B.3 Credit derivatives:gross negative fair value - breakdown by product

PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	NEGATIVE FAIR VALUE AMOUNTS AS AT 12.31.2012	12.31.2011
A. Regulatory trading portfolio	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
B. Banking portfolio	**107**	**293**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	107	293
Total	**107**	**293**

B.4 OTC Credit derivatives:gross FV (positive and negative) by counterpart - contracts not in netting agreement

CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2012						
	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
Regulatory trading portfolio							
1) Protection purchase							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
2) Protection sale							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
Banking portfolio							
1) Protection purchase							
- notional amount	-	-	-	-	-	-	5,000
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	107
2) Protection sale							
- notional amount	-	-	5,000	-	-	-	-
- positive fair value	-	-	107	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

B.6. Credit derivatives residual life: notional amount

UNDERLYING / RESIDUAL MATURITY	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A. Regulatory trading portfolio	**-**	**-**	**-**	**-**
A.1 Credit derivatives with "qualified reference obligation"	-	-	-	-
A.2 Credit derivatives with "not qualified reference obligation"	-	-	-	-
B. Banking portfolio	**-**	**10,000**	**-**	**10,000**
B.1 Credit derivatives with "qualified reference obligation"	-	10,000	-	10,000
B.2 Credit derivatives with "not qualified reference obligation"	-	-	-	-
Total 12.31.2012	**-**	**10,000**	**-**	**10,000**
Total 12.31.2011	**-**	**10,000**	**-**	**10,000**

C. FINANCIAL AND CREDIT DERIVATIVES

No data to be disclosed in this section.

Part E - Risks and Hedging Policies (Continued)

Section 3 - Liquidity risk

Qualitative Information

Liquidity risk is defined as the risk that the Bank may find itself unable to fulfil its expected or unexpected payment obligations (by cash or delivery) current and future without jeopardizing its day-to day operations or its financial condition.

The key principles

The Liquidity Centres

The Bank aims to maintain liquidity at the level enabling to conduct safe operations, to fund its operations at the best rate conditions under normal operating circumstances, and to remain always in a position to meet payment obligations.

To this end, the Bank complies accurately with the legal and regulatory provisions imposed by the national Central Banks and by the national authorities of each country where it operates.

In addition to local legal and regulatory requirements the Bank, under the responsibility of its Risk Management, defines policies and metrics to ensure a sound liquidity position.

The Group is organized on a managerial perspective, according to the concept of the Liquidity Centres.
The Liquidity Centres are Legal Entities that act in their responsibility as liquidity hub. They are in charge:
- of the liquidity management and concentration process of liquidity flows of the Legal Entities falling within their perimeter of responsibility;
- of the funding optimization carried out on the relevant local markets and are responsible to coordinate the access to short term and medium long term markets of the legal entities belonging to their perimeter;
- finally, of the implementation of the Group's liquidity rules at local level in line with Group's Governance Guideline and Policy and with local regulations.

A particularly important role is played by the Parent Company, as a "supervisory and overarching liquidity centre" with its role of steering, coordinating, and controlling all the aspects regarding liquidity for the whole Group. UniCredit S.p.A., moreover, acts as the Liquidity Centre Italy, therefore manages and runs in an integral manner the liquidity risk of all the other legal entities belonging to its perimeter (UniCredit S.p.A., UniCredit Bank Ireland PLC, UniCredit Luxembourg, Fineco Bank, UniCredit Factoring).

The principle of "self-sufficiency"

This kind of organization allows self-sufficiency of the Group by accessing the local and global markets for liquidity in a controlled and coordinated way. According to Group policies, structural liquidity excesses generated in a Regional Liquidity Centre should be upstreamed to the Holding Company unless legal requirements prevent it.

The so called "Large Exposure Regime", applied throughout Europe, along with specific national laws like the "German Stock Corporation Act", are examples of legal constraints to the free circulation of funds within a cross-border banking Group[5].

For these reasons, the Group Liquidity Policy provides for a further principle in order to enhance a sound liquidity risk management; that is, each Legal Entity (in particular those located in a country different from the one of its Liquidity Centre of reference), has to increase its liquidity self-sufficiency in an on-going basis and under stressed conditions, fostering each Legal Entity to exploit its strengths, in term of products and markets, in order to optimize the cost of funds of the Group.

This type of organization allows the Group that the Legal Entities are self-sufficient by accessing the local and global markets for liquidity in a controlled and coordinated way, whilst optimizing: i) the liquidity surpluses and deficits within the Group's legal entities ii) the overall costs of funding across the Group.

Roles and responsibilities

Three main functions are identified in the management of the liquidity: the Group Risk Management competence line, the "Finance" function (within Planning, Finance & Administration competence line), and the "Treasury" function (within the "Markets" Business Unit), each with different roles and responsibilities. In particular, the operational responsibilities reside in the Finance and the Treasury functions, while the Risk Management function has responsibilities of independent controls and independent reporting compared to the operational functions (in line with the requirements of Bank of Italy 263 Circular).

More specifically, Treasury acts as main coordinator in the management of infra-group flows, stemming from liquidity deficits or surplus of the various Group's Legal Entities, and applies the appropriate transfer prices to such funds movements. By doing so, Treasury ensures a disciplined and efficient access to the markets.

5. Also the Bank of Italy Rules, Circolare 263, foresees that the liquidity reserves are placed in each Legal Entity in order to minimize the transfers of cash reserves (Title V, chapter 2, Section III. 7 before last paragraph).

Optimisation of liquidity risks is pursued through the setting of specific limits on the standard banking activity of transforming short, medium and long-term maturities. This is implemented in accordance with legal and regulatory framework and internal rules and policies, through management.

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

Risk measurement and reporting systems

Techniques for risk measurement

Liquidity risk, for its particular nature, is addressed by means of gap analyses, liquidity stress testing, and complementary measures (mainly through a set of ratios: e.g. loan to deposit, leverage). In particular, gap analyses are performed within two distinct time horizons:

- liquidity imbalance mismatch approach on a daily basis, which controls for the short term liquidity risk arising from the overnight up to a 3 months maturity;
- gap ratios on a monthly basis, which control the medium to long term risk (structural liquidity) from the 1Y maturity onwards.

The liquidity metrics

The Group's Liquidity Framework is based upon the Liquidity Risk Mismatch Model which is characterized by the following fundamental principles:

1. Short-term liquidity risk management (operational liquidity), which considers the events that will impact upon the Bank's liquidity position from 1 day up to one year. The primary objective is to maintain the Bank's capacity to fulfill its ordinary and extraordinary payment obligations while minimizing the relevant costs.
2. Structural liquidity risk management (structural risk), which considers the events that will impact upon the Bank's liquidity position over one year. The primary objective is to maintain an adequate ratio between medium/long term liabilities and medium to long-term assets, with a view to avoiding pressures on short-term funding sources (both current and future), while in the meantime optimizing the cost of funding.
3. Stress tests: Liquidity risk is a low probability, high impact event. Therefore stress testing is an excellent tool to reveal potential vulnerabilities in the Balance Sheet. The Bank uses several scenarios ranging from general market crisis to idiosyncratic crisis, and combinations hereof.

In this context, UniCredit S.p.A. takes into account all of the assets, liabilities, off-balance sheet positions and present and future events which generate certain or potential cash flows, thereby protecting the Bank from risks related to the transformation of maturity.

Short term liquidity management

Consolidated short-term liquidity management aims at ensuring that the Bank remains in a position to fulfill its cash payment obligations, whether expected or unexpected, focused on the exposure for the first 12 months.

The standard measures taken for such purposes are the following:

- management of the access to payment systems (operational liquidity management);
- management of cash payments to be made and monitoring of the level of liquidity reserves and the extent of their utilization (analysis and active management of the maturity ladder).

The Bank adopts also the indicator "Cash Horizon" as a synthetic indicator of the short term liquidity risk levels; this indicator is monitored through the Operative Maturity Ladder, which measures the cash-in and outflows affecting the monetary base. The Cash Horizon identifies the number of days after which the Bank is no longer able to meet its liquidity obligations as expressed in the operative Maturity Ladder, after having exhausted the available Counterbalancing Capacity. The objective of the Bank during the reporting period has been to guarantee a cash horizon of at least 3 months.

The Cash Horizon is one of the liquidity metrics included in the Group's Risk Appetite Framework. At the same time, different sensitivity analysis are performed, for example to verify the impact of 1 and 2 bln Euro inflows or outflows on the Cash Horizon or to estimate the additional liquidity needed in the event of downgrades by rating agencies.

Structural liquidity management

The Bank's structural liquidity management aims to limit refinancing exposures with respect to maturities exceeding one year and thus reducing refinancing needs in the shorter term. The structural Liquidity Ratio over 1 year is one of the liquidity metrics included in the Group's Risk Appetite Framework. The maintenance of an adequate ratio between medium to long-term liabilities and assets aims to avoid pressures on short-term sources, whether present or future.

The standard measures taken for such purposes are the following:

1. the spreading of the maturity of funding operations in order to reduce the usage of less stable funding sources, while in the meantime optimizing the cost of funding (integrated management of strategic liquidity and tactical liquidity);
2. the financing of growth through strategic funding activities, setting the most appropriate maturities (Yearly Funding Plan);
3. the balancing of medium- to long-term wholesale funding requirements with the need to minimize costs, by diversifying sources, national markets, currencies of issuance and instruments used (realization of the Yearly Funding Plan).

Part E - Risks and Hedging Policies (Continued)

Liquidity Stress Test
Stress testing is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific event and/or movement in a set of financial variables. As a forward looking tool, liquidity stress testing diagnostics the institution's liquidity risk. In particular the results of the Stress tests are used to:
- assess the adequacy of liquidity limits both in quantitative and qualitative terms;
- plan and carry out alternative sourcing transactions for purposes of off-setting liquidity outflows;
- structure/modify the liquidity profile of the Bank's assets;
- provide support to the development of the liquidity contingency plan.

For Liquidity Centre Italy and its perimeter, Risk management calculates Liquidity Stress test according to the approved Group rules.

In order to execute Stress tests that are consistent across the Liquidity Centres, the Group has a centralised approach to stress testing, requiring each local Liquidity Centre to run the same scenario set under the coordination of the Group Risk Management.

At the Liquidity Centre level the use of statistical/quantitative behavioural models are accepted, provided they are validated by the local Risk Management or equivalent structure with same responsibilities.

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

The Group runs liquidity scenarios and sensitivity analyses on a regular basis, the latter by assessing the impact on an institution's financial condition of a move in one particular risk factor, the source of the shock not being identified, whereas scenario tests tend to consider the impact of simultaneous moves in a number of risk factors, based on a hypothetical, well defined and consistent stress scenario.

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

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

Behavioral modeling of Asset and Liabilities
UniCredit Group developed specific behavioral models to estimate the maturity profile of those assets and liability which do not have a defined contractual due date. Indeed, what is perceived to be sight maturing in reality shows some stickiness.

Asset and liability modeling aims to build a replicating profile that best reflects the behavioral features. Examples include loans with embedded option and sight items. For loans with embedded options like mortgages the amortisation profile takes into account projected prepayments. For sight items the maturity projections reflects the perceived stickiness. This estimate taken into account factors as historical volume stability.

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

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

The main liquidity mitigation factors for UniCredit S.p.A. are:
- an accurate short term and medium to long term liquidity planning monitored monthly;
- an effective Contingency Liquidity Policy (CLP) with feasible and up-to-date Contingency Action Plan (CAP) to be executed in case of market crisis;
- a liquidity buffer to face unexpected outflows;
- robust and regular up to date stress testing performed on a high frequency.

Funding Plan
The Funding Plan plays a fundamental role in the overall liquidity management influencing both the short term and the structural position. The Funding Plan is developed consistently with a sustainable uses and sources analysis both on short term and structural position. One of the objectives of accessing the medium and long term channels is to avoid also the pressure on the short term liquidity position. The Funding Plan is updated at least on a yearly basis and is approved by the Board of Directors. Moreover, it is aligned with the Budgeting process and the Risk Appetite framework.

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

Planning Finance and Administration (PFA) can access the markets for medium and long term funding, in order to increase its self-sufficiency, exploit market opportunities and functional specialization, safeguarding the optimization of cost of funds of the Bank.

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

Although Basel 3 regulatory ratios such as Liquidity Coverage Ratio (LCR) are not yet defined, UniCredit Group is already considering these ratios as integral part of the overall liquidity management process. The necessity to meet Basel 3 ratios is effectively managed within the Group Funding Plan as well as within the Group Risk Appetite Framework by the means of a dedicated metric: The Core Banking Book Funding Gap[6].

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

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

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

The Contingency Liquidity Policy (CLP) has the objective of ensuring effective interventions starting from the very outset (initial hours) of the liquidity crisis, through the clear identification of individuals, powers, responsibilities, communication, and reporting criteria, with a view of increasing significantly the probability of successfully overcoming the state of emergency. This is achieved through:
- activation of extraordinary liquidity governance and operating model;
- consistent internal and external communication;
- a set of available standby mitigating liquidity actions;
- a set of early warning indicators that may point towards a developing crisis.

A fundamental part of the Contingency Liquidity Policy is the Contingency Funding Plan. Such a plan consists of a set of potential but concrete management actions. Such actions should be described in terms of a menu of actions together with sizes, instruments, and timing of execution aimed at improving the bank's liquidity position mainly during times of crisis. The Contingency Funding Plan has to be developed on the basis of the annual Funding Plan.

Early Warning Indicators
A system of Liquidity Early Warning Indicators is necessary in order to continuously monitor situations of stress, which may, among others, be originated by market, sector or name specific events. That is, they could be based either on macroeconomic or microeconomic variables, internal or external, depending on the prevailing macroeconomic context, and by taking into account the monetary policy of the Central Banks. The system of Liquidity Early Warning Indicators should support the management decisions in case of deteriorating of Liquidity position or stressed situations. The associated reports should communicate in an efficient manner the main results of the indicators.

6. Defined as Customer loans and customer deposits net of (reverse) repos but including Network Bonds net issues and other Commercial Securities (eg. CDs).

Part E - Risks and Hedging Policies (Continued)

QUANTITATIVE INFORMATION

1.Time breakdown by contractual residual maturity of financial assets and liabilities

	AMOUNTS AS AT 12.31.2012									
ITEMS/MATURITIES	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Balance sheet assets	**54,595,196**	**17,949,615**	**6,600,415**	**13,298,671**	**23,522,183**	**19,054,565**	**26,129,591**	**90,869,424**	**78,844,307**	**5,019,477**
A.1 Government securities	17,397	-	284,380	102,396	1,876,468	2,520,814	2,860,305	17,007,092	4,929,842	-
A.2 Other debt securities	8,668	238	2,443	21,233	32,195	209,555	826,463	12,865,980	9,429,216	3,324
A.3 Units in investment funds	881,266	-	-	-	-	-	-	-	-	-
A.4 Loans	53,687,865	17,949,377	6,313,592	13,175,042	21,613,520	16,324,196	22,442,823	60,996,352	64,485,249	5,016,153
- Banks	6,087,902	1,028,880	1,030,768	634,042	1,348,304	730,507	837,493	1,080,163	55,730	5,002,474
- Customers	47,599,963	16,920,497	5,282,824	12,541,000	20,265,216	15,593,689	21,605,330	59,916,189	64,429,519	13,679
Balance sheet liabilities	**122,896,005**	**10,993,228**	**8,624,788**	**13,564,559**	**25,100,671**	**11,862,530**	**16,726,621**	**99,512,193**	**29,370,980**	**-**
B.1 Deposits and current accounts	122,226,631	2,318,894	918,064	1,317,654	7,055,294	2,275,796	3,713,283	2,322,427	412,810	-
- Banks	15,141,930	1,796,630	782,003	954,959	5,776,076	1,487,739	2,093,710	523,407	1,455	-
- Customers	107,084,701	522,264	136,061	362,695	1,279,218	788,057	1,619,573	1,799,020	411,355	-
B.2 Debt securities	155,683	559,151	1,470,304	1,808,406	10,968,281	7,410,899	9,983,490	75,537,378	23,036,590	-
B.3 Other liabilities	513,691	8,115,183	6,236,420	10,438,499	7,077,096	2,175,835	3,029,848	21,652,388	5,921,580	-
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	2,833	9,158,982	8,856,210	10,506,770	18,853,467	27,064,432	15,188,213	10,180,713	2,167,025	17,375
- Short positions	2,833	9,677,504	8,860,545	10,520,838	18,584,164	27,116,934	15,637,519	8,994,652	1,977,439	16,335
C.2 Cash settled financial derivatives										
- Long positions	16,142,270	7,599	71,637	92,188	393,987	452,433	807,822	-	-	-
- Short positions	16,386,982	2,424	49,227	90,137	575,197	412,522	806,593	-	-	-
C.3 Deposit to be received										
- Long positions	89,792	3,598,496	21,708	890,813	504,944	195,080	205,000	-	-	-
- Short positions	-	3,250,754	90,913	-	921,130	635,861	412,096	195,080	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	1,943,221	5,098,251	442,151	1,390,042	1,131,979	1,488,327	5,773,422	9,475,831	13,386,333	1,148,780
- Short positions	32,205,097	6,338,972	-	-	-	-	1,566,237	28,554	-	1,139,479
C.5 Written guarantees	30,069	568	95	14,253	3,977	4,246	32,415	39,198	7,280	-
C.6 Financial guarantees received	3,305	51	-	4,613	897	2,985	1,241	4,375	1,167	-
C.7 Physically settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	-	27	27	-	-	-
- Short positions	-	-	-	-	-	14	14	-	-	-

1.1 Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: *Euro*

ITEMS/MATURITIES	AMOUNTS AS AT 12.31.2012 ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Balance sheet assets	**51,741,395**	**16,905,757**	**6,578,634**	**12,607,104**	**22,454,020**	**18,240,363**	**25,897,829**	**89,841,540**	**78,646,108**	**5,016,959**
A.1 Government securities	17,372	-	283,949	99,988	1,876,468	2,520,126	2,855,974	16,870,596	4,874,917	-
A.2 Other debt securities	1,847	238	2,443	21,233	30,562	209,555	826,463	12,786,398	9,377,775	3,324
A.3 Units in investment funds	796,951	-	-	-	-	-	-	-	-	-
A.4 Loans	50,925,225	16,905,519	6,292,242	12,485,883	20,546,990	15,510,682	22,215,392	60,184,546	64,393,416	5,013,635
- Banks	3,451,559	761,232	1,030,249	617,470	1,300,100	709,222	834,537	510,246	55,730	5,002,474
- Customers	47,473,666	16,144,287	5,261,993	11,868,413	19,246,890	14,801,460	21,380,855	59,674,300	64,337,686	11,161
Balance sheet liabilities	**120,641,614**	**10,576,148**	**8,378,910**	**11,623,700**	**24,118,985**	**11,527,963**	**16,632,484**	**98,406,300**	**28,640,755**	**-**
B.1 Deposits and current accounts	120,179,235	2,088,067	691,585	962,357	6,269,991	2,037,188	3,668,998	2,322,427	411,790	-
- Banks	14,079,921	1,612,450	559,289	607,610	5,014,042	1,262,699	2,075,926	523,407	1,455	-
- Customers	106,099,314	475,617	132,296	354,747	1,255,949	774,489	1,593,072	1,799,020	410,335	-
B.2 Debt securities	155,683	372,898	1,450,905	1,738,685	10,771,898	7,314,940	9,933,638	75,006,770	22,445,627	-
B.3 Other liabilities	306,696	8,115,183	6,236,420	8,922,658	7,077,096	2,175,835	3,029,848	21,077,103	5,783,338	-
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	2,802	3,019,213	3,586,183	4,688,232	7,102,159	4,252,089	2,494,438	6,849,613	978,079	11,030
- Short positions	125	2,362,336	2,187,382	4,773,895	6,228,582	6,433,064	5,470,944	2,965,038	1,069,162	5,644
C.2 Cash settled financial derivatives										
- Long positions	15,762,334	7,599	71,637	91,732	393,742	434,782	789,492	-	-	-
- Short positions	15,967,504	2,424	49,227	86,347	574,445	410,365	799,980	-	-	-
C.3 Deposit to be received										
- Long positions	14,000	3,561,850	21,708	890,813	504,944	195,080	205,000	-	-	-
- Short positions	-	3,244,545	15,000	-	890,813	635,861	412,096	195,080	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	1,934,348	4,743,342	441,828	1,219,226	1,024,558	1,311,922	5,436,403	9,172,779	13,251,666	1,089,520
- Short positions	30,999,217	5,942,065	-	-	-	-	1,566,237	28,554	-	1,089,520
C.5 Written guarantees	27,617	568	95	14,139	3,977	4,035	30,113	27,113	6,831	-
C.6 Financial guarantees received	3,305	51	-	4,613	897	2,985	1,241	4,375	1,167	-
C.7 Physically settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	-	27	27	-	-	-
- Short positions	-	-	-	-	-	14	14	-	-	-

Part E - Risks and Hedging Policies (Continued)

1.2 Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: *USD*

	AMOUNTS AS AT 12.31.2012									
ITEMS/MATURITIES	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Balance sheet assets	**2,645,977**	**915,637**	**14,495**	**494,100**	**823,847**	**758,959**	**196,622**	**1,011,509**	**150,840**	**2,517**
A.1 Government securities	-	-	431	2,409	-	688	4,331	136,493	54,924	-
A.2 Other debt securities	6,821	-	-	-	-	-	-	79,582	14,681	-
A.3 Units in investment funds	84,313	-	-	-	-	-	-	-	-	-
A.4 Loans	2,554,843	915,637	14,064	491,691	823,847	758,271	192,291	795,434	81,235	2,517
- Banks	2,458,173	244,067	168	4,290	16,760	21,285	2,956	569,917	-	-
- Customers	96,670	671,570	13,896	487,401	807,087	736,986	189,335	225,517	81,235	2,517
Balance sheet liabilities	**1,867,714**	**302,406**	**226,897**	**1,940,138**	**598,312**	**244,409**	**36,250**	**697,688**	**609**	**-**
B.1 Deposits and current accounts	1,661,156	116,153	207,498	354,642	522,307	165,721	32,109	-	609	-
- Banks	830,171	72,304	207,287	347,246	511,029	158,935	17,784	-	-	-
- Customers	830,985	43,849	211	7,396	11,278	6,786	14,325	-	609	-
B.2 Debt securities	-	186,253	19,399	69,655	76,005	78,688	4,141	129,248	-	-
B.3 Other liabilities	206,558	-	-	1,515,841	-	-	-	568,440	-	-
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	28	2,771,846	2,697,148	4,237,028	4,828,044	10,682,891	6,000,117	1,449,416	492,337	3,662
- Short positions	2,709	3,518,919	3,927,389	4,987,785	3,641,804	12,085,648	2,502,752	5,787,557	554,513	10,691
C.2 Cash settled financial derivatives										
- Long positions	373,354	-	-	457	245	17,651	18,330	-	-	-
- Short positions	412,822	-	-	3,790	752	2,157	6,613	-	-	-
C.3 Deposit to be received										
- Long positions	75,792	30,338	-	-	-	-	-	-	-	-
- Short positions	-	-	75,813	-	30,317	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	6,099	354,909	92	126,076	105,307	165,949	279,595	213,200	56,422	21,041
- Short positions	920,594	396,350	-	-	-	-	-	-	-	11,745
C.5 Written guarantees	935	-	-	114	-	-	-	917	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Physically settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

1.3 Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: *Other currencies*

	AMOUNTS AS AT 12.31.2012									
ITEMS/MATURITIES	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Balance sheet assets	**207,823**	**128,221**	**7,285**	**197,468**	**244,316**	**55,243**	**35,139**	**16,374**	**47,358**	**-**
A.1 Government securities	25	-	-	-	-	-	-	2	-	-
A.2 Other debt securities	-	-	-	-	1,633	-	-	-	36,760	-
A.3 Units in investment funds	1	-	-	-	-	-	-	-	-	-
A.4 Loans	207,797	128,221	7,285	197,468	242,683	55,243	35,139	16,372	10,598	-
- Banks	178,169	23,581	350	12,282	31,444	-	-	-	-	-
- Customers	29,628	104,640	6,935	185,186	211,239	55,243	35,139	16,372	10,598	-
Balance sheet liabilities	**386,678**	**114,673**	**18,979**	**724**	**383,375**	**90,157**	**57,885**	**408,205**	**729,614**	**-**
B.1 Deposits and current accounts	386,241	114,673	18,979	657	262,996	72,886	12,175	-	410	-
- Banks	231,838	111,875	15,426	104	251,005	66,104	-	-	-	-
- Customers	154,403	2,798	3,553	553	11,991	6,782	12,175	-	410	-
B.2 Debt securities	-	-	-	67	120,379	17,271	45,710	401,360	590,962	-
B.3 Other liabilities	437	-	-	-	-	-	-	6,845	138,242	-
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	2	3,367,923	2,572,878	1,581,510	6,923,264	12,129,452	6,693,659	1,881,684	696,609	2,683
- Short positions	-	3,796,249	2,745,774	759,159	8,713,777	8,598,222	7,663,823	242,057	353,764	-
C.2 Cash settled financial derivatives										
- Long positions	6,581	-	-	-	-	-	-	-	-	-
- Short positions	6,656	-	-	-	-	-	-	-	-	-
C.3 Deposit to be received										
- Long positions	-	6,308	-	-	-	-	-	-	-	-
- Short positions	-	6,208	100	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	2,774	-	231	44,740	2,114	10,456	57,424	89,852	78,245	38,220
- Short positions	285,285	557	-	-	-	-	-	-	-	38,215
C.5 Written guarantees	1,517	-	-	-	-	211	2,303	11,167	449	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Physically settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

Part E - Risks and Hedging Policies (Continued)

Section 4 - Operational risks

QUALITATIVE INFORMATION

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

Operational risk definition
Operational risk is the risk of loss due to errors, infringements, interruptions, damages caused by internal processes or personnel or systems or caused by external events. This definition includes legal and compliance risks, but excludes strategic and reputational risk.

For example, losses arising from the following can be defined as operational: internal or external fraud, employment practices and workplace safety, client claims, products distribution, fines and penalties due to regulation breaches, damage to the company's physical assets, business disruption and system failures, process management.

Group operational risk framework
UniCredit Group sets the operational risk management framework as a combination of policies and procedures for controlling, measuring and mitigating the operational risk of the Group and controlled entities.

The operational risk policies, applying to all Group entities, are common principles defining the roles of the company bodies, the operational risk management function as well as the relationship with other functions involved in operational risk monitoring and management.

The Parent company coordinates the Group entities according to the internal regulation and the Group operational risk control rulebook. Specific risk committees (Risk Committee, Operational & Reputational Risk Committee) are set up to monitor risk exposure, mitigating actions and measurement and control methods.

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

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

The compliance of the Group Operational risk control and measurement system with external regulations and Group standards is assessed through an internal validation process under the responsibility of the Group Internal Validation department of the Holding company and independent from the Operational & Reputational Risks Portfolio Management department.

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

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

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

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

The Group Operational & Reputational Risk Committee, relative to operational risk, meets with approval functions instead for the following topics:
- special operational and reputational risk “Policies”;
- corrective actions for balancing the Group operational risk positions, including the planned mitigation actions, within the limits defined by the competent Bodies;
- Group insurance strategies, including renewals, limits and deductibles;
- initial approval and fundamental modifications of the methodologies for the measurement and control of operational risk, supported by the related internal validations.

The Group Operational & Reputational Risks department reports to Group Risk Management (Group CRO) and supervises and manages the overall profile of the operational and reputational risks in the Group by defining the strategies, methodologies and limits, thus granting the compliance to regulatory requirements.
- The department is structured in three units.
- Operational and Reputational Risk Oversight unit, responsible for defining the principles and rules for identification, assessment and control of operational risk and reputational risk (including operational risks bordering on credit risk and market risk), and monitoring their correct application by the Legal Entities.
- Operational and Reputational Risk Strategies & Mitigation unit, responsible for defining operational risk strategies, defining and controlling limits, as well as proposing mitigation actions and monitoring their effectiveness.
- Operational and Reputational Risk Analytics unit, responsible for defining risk capital measurement approaches, calculating operational risk capital and the corresponding economic capital, as well as conducting quantitative analysis of the Group’s exposure to operational risk and reputational risk, and providing suitable reporting to the functions concerned.

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

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

Internal validation process

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

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

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

All the validation outcomes on the operational risk control and measurement system, both at Holding Company and controlled entities level, are annually consolidated within the Group Validation report which, along with the annual Internal Audit report, is presented to the UniCredit Board of Directors.
Periodical reporting on validation activities is submitted also to the Group Operational & Reputational Risk Committee.

Reporting

A reporting system has been developed by ORM function to inform senior management and relevant control bodies on the operational risk exposure and the risk mitigation actions.

Part E - Risks and Hedging Policies (Continued)

In particular, quarterly updates are provided on operational losses, capital-at-risk estimates, the main initiatives undertaken to mitigate operational risk in the various business areas, operational losses suffered in the credit linked processes ("cross-credit" losses).

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

The results of the main scenario analyses carried out at Group level and the relevant mitigation actions undertaken are also submitted to the attention of the Group Operational & Reputational Risk Committee.

Operational risk management

Operational risk management exploits process reengineering to reduce the risk exposure and insurance policies management, defining proper deductibles and policies limits. Regularly tested business continuity plans assure sound operational risk management in case of interruption of main business services.

Compliant to ORM Group Guidelines, in UniCredit S.p.A. a permanent work group - Permanent Work Group (PWG) was set up involving ORM function, Organization and Internal Controls; this PWG regularly meets in order to detect critical areas exposed to operational risk and, consequently, implements specific mitigating actions.

Risk capital measurement and allocation mechanism

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

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

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

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

QUANTITATIVE INFORMATION

Detailed below is the percentage composition, by type of event, of operational risk sources as defined by the New Basel Capital Accord and acknowledged by the New Regulations for the Prudential Supervision of Banks issued by the Bank of Italy in December 2006 (Circular No. 263) and in successive updates.

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

DISTRIBUTION PER RISK EVENT TYPE	PERCENTAGE
Clients	54.4%
Executions	29.3%
Internal fraud	6.3%
External fraud	4.5%
Employment practices	4.4%
Asset damages	0.7%
IT systems	0.4%
Total	**100.0%**

In year 2012, the main source of operational risk was "Clients, products and professional practices", a category which includes losses arising from the non-fulfillment of professional obligations towards clients or from the nature or characteristics of the products or services provided.

The second largest contribution to losses came from errors in process management, execution and delivery due to operational or process management shortfalls. In decreasing order of total impact, losses for internal fraud, external fraud, legal and labour disputes have been booked. Losses on asset damages and IT failures represents the residual part of operational risk.

B. Legal Risks

UniCredit S.p.A. is involved in legal proceedings. From time to time, past and present directors, officers and employees may be involved in civil or criminal proceedings the details of which UniCredit S.p.A. may not lawfully know about or communicate.

The Bank is also required to deal appropriately with various legal and regulatory requirements in relation to issues such as conflicts of interest, ethical issues, anti-money laundering laws, US and international sanctions, privacy and information security rules and others. Failure to do so may lead to additional litigation and investigations and subject the Bank to damages claims, regulatory fines, other penalties or reputational damage.

In addition, the Bank is subject to investigations by the relevant supervisory authority in a number of countries in which it operates. These include investigations relating to aspects of systems and controls and instances of actual and potential regulatory infringement by the Bank or its clients.

In many cases, there is substantial uncertainty regarding the outcome of the proceedings and the amount of any possible losses. These cases include criminal proceedings, administrative proceedings brought by the relevant supervisory authority and claims in which the petitioner has not specifically quantified the penalties requested (for example, in putative class action in the United States). In such cases, given the infeasibility of predicting possible outcomes and estimating losses (if any) in a reliable manner, no provisions have been made. However, where it is possible to reliably estimate the amount of possible losses and the loss is considered likely, provisions have been made in the financial statements based on the circumstances and consistent with international accounting standards IAS.

To protect against obligations that may result from pending lawsuits (excluding labour law, tax cases or credit recovery actions), UniCredit S.p.A. has set aside a provision for risks and charges of €610.5 million as at December 31, 2012. The estimates for obligations that could arise are based upon currently available information but, given the numerous uncertainties inherent in litigation, involve significant elements of judgment. In some cases it is not possible to form a reliable estimate, for example where proceedings have not yet been initiated or where there are sufficient legal and factual uncertainties to make any estimate purely speculative. Therefore, it is possible that this provision may not be sufficient to entirely meet the legal costs and the fines and penalties that may result from pending legal actions, and the actual costs of resolving pending lawsuits may prove to be substantially higher.

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

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

Part E - Risks and Hedging Policies (Continued)

Madoff

Background

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

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

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

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

Proceedings in the United States

Purported Class Actions

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

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

The amended "Herald" complaint claimed on behalf of investors in Herald Fund SPC-Herald USA Segregated Portfolio One and/or Herald (Lux) on December 10, 2008, or who invested in those funds from January 12, 2004 to 10 December 2008. It was principally alleged that defendants, including UniCredit S.p.A., BA and Bank Medici breached common law duties by failing to safeguard the claimants' investment in the face of "red flags" that, it is claimed, should have alerted them to Madoff's fraud. The plaintiffs also requested the Court's permission to add claims that defendants, including UniCredit S.p.A., violated RICO by allegedly participating in a plan to enrich themselves by feeding investors' money into Madoff's Ponzi scheme.

The plaintiffs alleged that the proposed class lost approximately $2.0 billion in the Madoff Ponzi scheme, which they sought to recover trebled under RICO.

The amended "Primeo" complaint claimed on behalf of investors in Primeo Select Fund and/or Primeo Executive Fund on 10 December 2008, or who invested in those funds from January 12, 2004 to December 12, 2008. It was principally alleged that the defendants, including UniCredit S.p.A., BA, Bank Medici, BAWFM, PAI and PGAM breached common law duties misrepresenting the monitoring that would be done of Madoff and claimants' investments and disregarding "red flags" of Madoff's fraud.

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

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

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

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

Claims by the SIPA Trustee

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

In the HSBC case, the SIPA Trustee sought to recover from some 60 defendants, including UniCredit S.p.A., BA, BAWFM, PAI, and Bank Medici seeking amounts to be determined at trial, allegedly representing so-called avoidable transfers to initial transferees of funds from BMIS, subsequent transfers of funds originating from BMIS (in the form of alleged management, performance, advisory, administrative and marketing fees, among other such payments, said to exceed $400 million in aggregate for all defendants), and compensatory and punitive damages against certain defendants on a joint and several basis, including the five abovementioned, alleged to be in excess of $2 billion. In addition to avoidable transfers, the SIPA Trustee sought to recover in the HSBC action unspecified amounts (said to exceed several billion dollars) for common law claims of unjust enrichment, aiding and abetting BMIS's breach of fiduciary duty and BMIS's fraud and contribution. However, on July 28, 2011, the Southern District Court dismissed, at the request of UniCredit S.p.A., PAI, BA and certain other defendants the common law claims for aiding and abetting Madoff's fraud and breach of fiduciary duty, for unjust enrichment and for contribution. The SIPA Trustee has appealed the Southern District's order finalizing the dismissal of those claims to the Second Circuit. Certain claims brought by the SIPA Trustee which were not addressed in the motion to dismiss remain pending in the bankruptcy court.

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

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

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

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

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

Proceedings Outside the United States

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

Part E - Risks and Hedging Policies (Continued)

Numerous civil proceedings (with a claimed amount totalling about Euro 135 million) have been initiated in Austria by numerous investors related to Madoff's fraud in which BA, among others, was named as defendant. The plaintiffs invested in funds that, in turn, invested directly or indirectly with BMIS. Several judgments have been issued in favor of BA in various instances, some are already legally binding. Other judgments have been handed down against BA, but none of them is final so far as appeals are pending. With respect to those cases currently on appeal no estimate can be made as to their potential outcomes nor the effects, if any, which the appeal decisions may have on other cases pending against BA.

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

Bank Austria has been named as a defendant in criminal proceedings in Austria which concern the Madoff case. These proceedings were initiated by a complaint filed by the FMA (the Austrian Financial Market Authority) to the Austrian prosecutor. Subsequently complaints were filed by purported investors in funds which were invested, either directly or indirectly, in BMIS and Bernard L. Madoff Securities LLC. These complaints allege, amongst other things, that BA breached provisions of the Austrian Investment Fund Act as prospectus controller of the Primeo Fund. These criminal proceedings are still at the pre-trial stage. In addition the fee structure has been examined by an expert appointed by the prosecution. The second part of the expert opinion covering the examination of the prospectuses themselves is not yet available.

Legal proceedings were brought in Germany against UniCredit Bank AG regarding synthetic debt securities issued by UniCredit Bank AG and connected to Primeo. One of these lawsuits has since been abandoned by the plaintiff, the one remaining lawsuit was rejected in its entirety by the Munich Regional Court. The plaintiff's appeal was also rejected by the Higher Regional Court of Munich, and the Higher Regional Court also denied the plaintiff a right of appeal to the Federal Court of Justice. The plaintiff made a special motion to the Federal Court of Justice so as to be granted a right of appeal; that motion is currently pending. Prior to the appellate decision being handed down a new lawsuit was commenced against UniCredit Bank AG. This lawsuit also relates to the synthetic debt securities issued by UniCredit Bank AG that are connected to Primeo.

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

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

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

UniCredit S.p.A. and its subsidiaries intend to defend themselves vigorously against the Madoff-related claims and charges.
Save as described above, for the time being it is not possible to estimate reliably the timing and results of the various actions, nor determine the level of responsibility, if any responsibility exists. Presently, and save as described above, in compliance with international accounting standards, no provisions have been made for specific risks associated with Madoff disputes.

Cirio
In April 2004, the extraordinary administration of Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.) ("**Cirio**") served notice on Sergio Cragnotti and various banks, including Capitalia S.p.A. (absorbed by UniCredit S.p.A.) and Banca di Roma S.p.A. (now UniCredit S.p.A.), of a petition to declare invalid an allegedly illegal agreement with Cirio S.p.A. regarding the sale of the dairy company Eurolat to Dalmata S.r.l. ("**Parmalat**"). The extraordinary administration subsequently requested that Capitalia S.p.A. and Banca di Roma S.p.A. jointly refund €168 million and that all defendants jointly pay damages of €474 million. In the alternative, it sought the revocation of the settlement made by Cirio S.p.A. and/or repayment by the banks of the amount paid for the agreement in question, on the grounds of "undue profiteering".

Despite no preliminary investigation being conducted, in February 2008, the Court ordered Capitalia S.p.A. and Sergio Cragnotti to pay €223.3 million plus currency appreciation and interest from 1999. UniCredit S.p.A. appealed the decision. It also requested a stay of execution of the lower court's judgment which was successfully obtained in January 2009. The next hearing is scheduled on November 11, 2014.

Provisions have been made for an amount considered appropriate to the current risk of the proceedings.

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In April 2007, certain Cirio group companies in extraordinary administration filed a petition against Capitalia S.p.A. (now UniCredit S.p.A.), Banca di Roma S.p.A., UniCredit Banca Mobiliare - UBM (now UniCredit S.p.A.) and other banks for compensation for damage resulting from their role as arrangers of bond issues by Cirio group companies, although, according to the claimants, they were already insolvent at the time.

Damages were quantified as follows:
- the damages incurred by the petitioners due to a worsening of their financial condition were calculated within a range of €421.6 million to €2.082 billion (depending upon the criteria applied);
- the damages incurred because of the fees paid to the lead managers for bond placements were calculated at a total of €9.8 million;
- the damages, to be determined during the proceedings, incurred by Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.), for losses related to the infeasibility of recovering, through post-bankruptcy clawback, at least the amount used between 1999 and 2000 to cover the debt exposure of some of the Cirio group companies, plus interest and currency revaluation from the date owed to the date of payment.

In the ruling of 3 November 2009, the judge denied the claimants' claim that the companies of the Cirio group in extraordinary administration be held jointly liable for reimbursement of legal expenses, in favour of the defendant banks. The extraordinary administration has appealed against the ruling and the hearing for the conclusions is set for 27 January 2016.

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

New Mexico CDO-Related Litigations
In August 2006, the New Mexico Educational Retirement Board (ERB) and the New Mexico State Investment Council (SIC), both state funds, invested USD 90 million in Vanderbilt Financial, LLC (VF), a vehicle sponsored by Vanderbilt Capital Advisors, LLC (VCA. The purpose of VF was to invest in the equity tranche of various collateralized debt obligations (CDOs) managed primarily by VCA. The equity investments in VF, including those by the ERB and SIC, became worthless. VF was later liquidated.

Several lawsuits were filed or threatened relating to the losses suffered by the ERB and SIC on their VF investments and additional losses suffered by SIC on its earlier investments in other VCA-managed CTOs. As described below, VCA has now reached an agreement in principle with the ERB, SIC and State of New Mexico to settle all claims brought or threatened by or on behalf of the state or any of its agencies or funds.

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

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

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

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

Part E - Risks and Hedging Policies (Continued)

The defendants filed motions to dismiss the lawsuit on various substantive and procedural grounds, including their contention that FATA may not be applied retroactively to conduct that had already occurred before the statute was enacted, as the challenged investments here had occurred before FATA became effective. In a parallel action brought by Foy against other defendants, the New Mexico Court of Appeals ruled that that statute may not be applied retroactively. Foy is seeking to appeal that ruling to the New Mexico Supreme Court.

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

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

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

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

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

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

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

Settlement
In December 2012, VCA reached an agreement in principle with the SIC, ERB and State of New Mexico to settle all claims brought or threatened by or on behalf of the state or any of its agencies or funds relating to any investments made in VF or other VCA-managed CDO products. The settlement is subject to court approval in the Foy case but, if approved and implemented in accordance with its terms, will result in the dismissal of the Foy, Hill and Hammes cases, and will also resolve the SIC's additional threatened claim. Releases will be issued in favor of VCA, PIM US, PGAM, UniCredit and all of their affiliated personnel who were named as defendants in any of the cases.

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

The complaint alleges that the defendants' actions violated the New Mexico Racketeering Act and the New Mexico Unfair Practices Act and constitute fraud, breach of fiduciary duty, negligent misrepresentation, and other torts. No damages amount is specified, but the plaintiff seeks treble damages and punitive damages (as applicable) on top of whatever actual damages he can prove.
The defendants moved to dismiss the complaint in March 2012. The Court's ruling is awaited.

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

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

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

In 2010 the report of the Court named expert witness submitted a report which broadly confirms UniCredit's position stating that there was a loss on derivatives amounting to about €6,400,000 (which would increase to about €10,884,000 should the out-of-court settlement, challenged by the claimant, be judged unlawful and thus null and void). The expert opinion states that interest should be added in an amount between €4,137,000 (contractual rate) and €868,000 (legal rate). A hearing was held on 10.12.2012, the decision of the Court is expected.

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

Negotiations with the receivership aimed at settling the whole matter are ongoing.

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

Acquisition of Cerruti Holding Company S.p.A. by Fin.Part S.p.A.
At the beginning of August 2008, the Trustee in Bankruptcy of Fin.Part S.p.A. ("**Fin.Part**") brought a civil action against UniCredit S.p.A., UniCredit Banca S.p.A. (now UniCredit S.p.A.), UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.) and one other bank not belonging to the UniCredit group for contractual and tortious liability. Fin.Part's claim against each of the defendant banks, jointly and severally or alternatively, each to the extent applicable, is for damage allegedly suffered by Fin.Part and its creditors as a result of the acquisition of Cerruti Holding Company S.p.A. (**"Cerruti"**) by Fin Part.

The claimant alleges that the financial obligations arising out of the Cerruti acquisition financing brought about Fin Part's bankruptcy and that the banks therefore acted unlawfully.

The claim is for €211 million plus all fees, commissions and interest earned in connection with the allegedly unlawful activities.

On 23 December 2008 the Trustee in Bankruptcy of C Finance S.A. ("**C Finance**") intervened in the case. It maintains that C Finance S.A. was insolvent at the time of its establishment because of the transfer of bond loan income to Fin.part obtaining in exchange valueless assets and that it was the banks and their executives, in devising and executing the transaction, who contributed in causing C Finance S.A. to become insolvent. Accordingly, it seeks damages as follows: a) the total bankruptcy liabilities (€308.1 million); or, alternatively, b) the amounts disbursed by C Finance S.A. to Fin.Part and Fin.Part International (€193 million); or, alternatively, c) the amount collected by UniCredit S.p.A. (€123.4 million).

The banks are also requested to pay damages for the amounts collected (equivalent to €123.4 million, plus €1.1 million in fees and commissions) for the alleged invalidity and illegality of the transaction in question and the payment of Fin.Part's debts to UniCredit S.p.A. using the proceeds from the C Finance S.A. bond issue. In addition, the claimant alleges that the transaction was a means for evading Italian law regarding limits and procedures for bond issues.

Part E - Risks and Hedging Policies (Continued)

In January 2009, the judge rejected a writ of attachment against the defendant not belonging to UniCredit group.

In addition, on 2 October 2009, the receivership of Fin.Part subpoenaed in the Court of Milan UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.), in order that (i) the invalidity of the "payment" of €46 million made in September 2001 by Fin.Part to the former Credito Italiano be recognised and consequently, (ii) the defendant be sentenced to return such amount in that it relates to an exposure granted by the bank as part of the complex financial transaction under dispute in the prior proceedings.

At the hearing held on 21 February 2012 the two lawsuits were joined, the Court named an expert witness and the hearing for the conclusions has been postponed for 22 January 2013.

UniCredit S.p.A, on the basis, inter alia, of the information supplied by their legal counsel, believes the risk of the lawsuit is very low compared to the amount claimed. Negotiations with the receivership aimed at settling the matter are ongoing.. On that basis provisions have been made for an amount considered adequate.

GBS S.p.A.
At the beginning of February 2008, General Broker Service S.p.A. ("**GBS S.p.A**.") initiated arbitration proceedings against UniCredit S.p.A. for the alleged unlawful behaviour of the Bank with regards to the insurance brokerage relationship allegedly deriving from the exclusive agreement signed in 1991.

In a decision issued on 18 November 2009, UniCredit S.p.A. was ordered to pay GBS S.p.A. €144 million, as well as legal costs and the costs of an expert's report. UniCredit S.p.A. determined that the decision ordered by the arbitrator was unsound and groundless, and has lodged an appeal together with a request for a stay of execution.

On 8 July 2010, the Court granted a stay of execution in respect of amounts exceeding €10 million. UniCredit S.p.A. paid such amount in favour of GBS S.p.A., pending the outcome of the appeal. The next hearing is scheduled for 5 November 2013.

A provision has been made for an amount consistent with what currently appears to be the risk resulting from the award issued.

ADDITIONAL RELEVANT INFORMATION
The following section sets out further pending proceedings against UniCredit S.p.A. that UniCredit considers relevant and which, at present, are not characterised by known economic demand or for which the economic request cannot be quantified.

Proceedings arising out of the purchase of HVB by UniCredit SpA and the group reorganization
Voidance action challenging the transfer of shares of Bank Austria Creditanstalt AG (BA) held by HVB to UniCredit S.p.A. (Shareholders' Resolution of 25 October 2006)
Numerous minority shareholders of HVB have filed petitions challenging the resolutions adopted by HVB's Extraordinary Shareholders' Meeting of 25 October 2006 approving various Sale and Purchase Agreements ("**SPA"**) transferring the shares held by HVB in BA and in HVB Bank Ukraine to UniCredit S.p.A. and the shares held by HVB in International Moscow Bank and AS UniCredit Bank Riga to BA and the transfer of the Vilnius and Tallin branches to AS UniCredit Bank Riga, asking the Court to declare these resolutions null and void. The actions are based on purported defects in the formalities relating to the calling for and conduct of the Extraordinary Shareholders' Meeting held on 25 October 2006, and on the allegation that the sale price for the shares was too low. In the course of this proceeding, certain shareholders asked the Regional Court of Munich to state that the **BCA**, entered into between HVB and UniCredit S.p.A., should be regarded as a de facto domination agreement.

In the judgment of 31 January 2008, the Court declared the resolutions passed at the Extraordinary Shareholders' Meeting of 25 October 2006 to be null and void for formal reasons. The Court did not express an opinion on the issue of the alleged inadequacy of the purchase price but expressed the opinion that the BCA entered into between UniCredit S.p.A. and HVB in June 2005 should have been submitted to HVB's Shareholders' Meeting as it represented a "concealed" domination agreement.

HVB filed an appeal against this judgment since it is believed that the provisions of the BCA would not actually be material with respect to the purchase and sale agreements submitted to the Extraordinary Shareholders' Meeting of 25 October 2006, and that the matter concerning valuation parameters would not have affected the purchase and sales agreements submitted for the approval of the shareholders' meeting. HVB also believes that the BCA is not a "concealed" domination agreement, due in part to the fact that it specifically prevents entering into a domination agreement for five years following the purchase offer.

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

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

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

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

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

The first hearing took place on 15 April 2010. The proceedings are still pending and are expected to last for a number of years.

Squeeze-out of Bank Austria's minority shareholders
After a settlement was reached on all legal challenges to the squeeze-out in Austria, the resolution passed by the BA shareholders' meeting approving the squeeze-out of the ordinary shares held by minority shareholders (with the exception of the so-called "golden shareholders" holding the registered shares in BA) was recorded in the Vienna Commercial Register on 21 May 2008 and UniCredit S.p.A. became the owner of 99.995% of BA's share capital.

The minority shareholders received the squeeze-out payment of approximately €1,045 million including the related interest.

Several shareholders then initiated proceedings before the Commercial Court of Vienna claiming that the squeeze-out price was inadequate, and asking the Court to review the adequacy of the amount paid (appraisal proceedings).

At present the proceedings are pending before the Commercial Court of Vienna which appointed a panel, the so called "**Gremium**", to investigate the facts of the case in order to review the adequacy of the cash compensation. The expert appointed by the Gremium, employing six different methods, determined that the adequate compensation would have been in a range from an amount lower than that actually paid by UniCredit S.p.A. and an amount that is Euro 10 per share higher than that amount. UniCredit S.p.A., considering the nature of the valuation methods employed, still believes that the amount paid to the minority shareholders was adequate. Nevertheless, it is not possible to predict how the Gremium will decide upon concluding its investigation.

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

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

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

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

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

Part E - Risks and Hedging Policies (Continued)

On 4 July 2011 the Court of Rome ordered UniCredit, together with the individuals involved, to pay CIRIO S.p,A.'s extraordinary administration €200 million as provisional payment and to pay the bondholders and the shareholders - civil complainants in the criminal proceedings - an amount equal to 5% of the nominal value of the securities owned.

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

UniCredit, as "legally liable", and the other defendants appealed the decision and requested a stay of execution.

Negotiations with Cirio S.p.A.'s extraordinary administration aimed at settling the whole Cirio matter are ongoing.

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

Companies of the Parmalat group in extraordinary administration and numerous Parmalat bondholders are the claimants in the civil suits in the aforementioned proceedings. All of the civil claimants' lawyers have reserved the right to quantify damages at the conclusion of the first instance trials. In the "Ciappazzi" and "Parmatour" proceedings, several companies of the UniCredit group have been cited as legally liable.

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

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

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

On 4 October 2011 UniCredit S.p.A.reached a settlement agreement with the trustee of Cosal S.r.l..
On 29 November 2011 (Parmalat) and on 20 December 2011 (Parmatour) the Court of Parma issued a judgment ordering UniCredit S.p.A., severally with other involved parties, a provisional payment, in favor of the bondholders and shareholders of Parmalat and Parmatour - civil complainants in the criminal proceedings - in an amount equal to 4% of the nominal value of the securities owned.

Both UniCredit and the individuals involved appealed the decisions.

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

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

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

C. Risks arising from employment law cases
The Group is involved in employment law disputes. In general, for all employment law disputes provisions have been made in order to meet any disbursements incurred and in any case the Group does not believe that any liabilities related to the outcome of the pending proceedings could have a significant impact on its economic and/or financial standing.

Lawsuit filed against UniCredit S.p.A. by about fifty members of the former Cassa di Risparmio di Roma Fund
The plaintiffs' main purpose in bringing the action - notified on November 27, 2012 - is to request that the funding level of the former Cassa di Risparmio di Roma Fund be restored, and that the individual social security accounts of each member be assessed and quantified. With reference to the main claim, the relief sought is estimated at €384 million. No provisions have been made as the action is considered to be unfounded.

D. Tax disputes

In the Annual Reports for the previous years disclosure was provided on several notices of assessment, for IRES (Corporate Income Tax) and IRAP (Regional Tax on Productive Activities), served on UniCredit S.p.A. - both in its own name and as holding company of Capitalia S.p.A., UniCredit Banca S.p.A., UniCredit Banca di Roma S.p.A. and Banco di Sicilia S.p.A. - by the Italian Revenue Agency (Liguria, Emilia Romagna, Lazio and Sicily Regional Divisions) in relation to structured finance transactions conducted by certain UniCredit Group companies during the 2005 tax year.

With regard solely to UniCredit Banca, the Emilia Romagna Regional Division and the Liguria Regional Division , at the end of 2010, had served notices of assessment for IRES and IRAP, for the 2004 tax year, for a total of €136.3 million largely attributable to DB Vantage transactions. In relation to those assessments - immediately challenged and the related proceedings nowadays pending before the competent Provincial Tax Commission - a total of €17.3 million was paid in February 2012 as tax arrears collected in installments pending a ruling.

The disputes are based on the notion of "abuse of rights", for the purposes of the reclassification, solely for tax effects, of the above-mentioned transactions.

All the notices pertaining to the year 2005 were settled through a tax settlement proposal in May 2011, as already reported in the notes to the 2011 financial statements.

Disclosure was also provided on the initiation, by the Italian Tax Police (Guardia di Finanza), of a tax assessment on structured finance transactions conducted by certain UniCredit Group companies (UniCredit S.p.A., UniCredit Banca S.p.A., UniCredit Banca di Roma S.p.A., Banco di Sicilia S.p.A. and UniCredit Corporate Banking S.p.A.) in the years from 2006 to 2009 inclusive, which ended on June 21, 2011 with the notification of various tax audit reports (in Italian "PVC") involving the "Brontos" and other structured finance transactions.

The tax audit reports led to an overall tax liability of €444.6 million, of which €269 million - relating to the "Brontos" transactions - and €175.6 million regarding the structured finance transactions other than "Brontos" carried out from 2006 to 2008 in addition to consequent penalties and interests established.

On December 6, 2011, Italian Revenue Agency (Lazio Regional Division and Liguria Regional Division) served two summonses to UniCredit (also as the holding company of Capitalia) to the tax hearing, relating to the findings made, for IRES purposes, for the year 2006, in the tax audit reports PVC of June 21, 2011. UniCredit complied with the above-mentioned summonses pursuant to Art. 5, section 1 bis, of Legislative Decree No. 218 of June 19, 1997. The amount of the agreed settlement was €85.5 million, of which €67.3 million for taxes and €18.2 million for penalties and interest, which was paid on December 7, 2011. The expense for taxes and penalties was covered by using the specific provision made.

On August 2, 2012, the Italian Revenue Agency served additional summonses on UniCredit (also as the holding company of Capitalia) to the tax hearing, also based on tax audit reports PVC, in which the findings made in the above-mentioned tax audit reports for the years 2007, 2008 and 2009 were "reformulated", for both the "Brontos" transactions and the other structured finance transactions. UniCredit also complied with these additional summonses.

The amount of the agreed settlement was €266.6 million, of which €229.2 million for taxes and €37.4 million for penalties and interest, which was paid on August 3, 2012. The expense for taxes and penalties (€264.4 million) was covered by using the specific provision made.

"Barclays Brontos" and other structured finance transactions: other aspects

In relation to the above transactions, the Preliminary Investigations Judge, by decree of January, 12 2012, ordered the closure of the proceedings involving the other structured finance transactions for 2004 and 2005, pending before the Court of Bologna, whereas for the "Brontos" transactions, the Preliminary Investigations Judge of Milan, by decree of June, 5 2012, committed all defendants for trial, setting the first hearing before the Second Criminal Division of the Court of Milan for October 1, 2012.

On October 1, 2012 the hearing began before the Court of Milan and the defense counsels raised the preliminary objection of lack of jurisdiction. The judge - by ruling of November 23, 2012 - declared that the Court of Milan did not have jurisdiction and ordered the transfer of the proceedings files to the Public Prosecutor's Office at the Court of Bologna.

In relation to the interim freezing order served on UniCredit S.p.A., pursuant to Art. 321, section 2 of the Code of Criminal Procedure, for a total of €245.9 million, during the hearing held on September 19, 2012 the Court of Cassation rejected the appeal by the Milan Public Prosecutor's Office against the ruling of the Milan Court of Review, which had revoked the freezing order issued on October 18, 2011. This freezing order has therefore been definitively revoked.

Part E - Risks and Hedging Policies (Continued)

Additional currently pending tax matters
During the year the Company, in its own name and as the holding company of various companies, was served a number of notices of assessment for a total amount of €50 million for alleged taxes and related penalties.

These notices have been settled in part for a total of €2.3 million, the amounts of which were already included in existing provisions; the remainder have been challenged or are currently being challenged before the competent Provincial Tax Commissions.

The Company considers the risk represented by these potential liabilities to be remote and has therefore decided not to make any provision for them.

The matters of particular significance include the notice of assessment served on UniCredit S.p.A. at the end of 2012, as the consolidating entity of Pioneer Investment Management SGR, for around €30.5 million for IRES, for the 2007 tax year, essentially based on matters relating to transfer pricing. The Company is currently evaluating the most appropriate action to be taken.

In the Annual Report for the previous year disclosure was provided of a similar notice of assessment for €33 million for IRES, for the 2006 tax year, which was promptly challenged. The appeal is currently pending before the competent Provincial Tax Commission.

Lastly, on December 28, 2012, a tax audit by the Italian Revenue Agency of Genoa against the former UniCredit Real Estate (URE) for the year 2009 was concluded with the issue of a tax audit report.

The audit, which is general in nature, but whose main objective is to check the transfers of properties to real estate funds, which took place in the year 2009, claims that an amount of €12.8 million should be made subject to (substitute) taxation, corresponding to a tax amount of €2.5 million plus penalties.

Pending the subsequent formal actions that may be taken by the Italian Financial Authorities a provision of €5.1 million was made during the year, as the risk was still considered possible and in view of a probable concessional settlement.
In addition there were further previous provisions of €9.9 million for risks related to pending disputes of a tax nature and tax-related operational risks

Part F - Shareholders' Equity

Part F - Shareholders’ Equity (amounts in thousands of €)

Section 1 - Shareholders’ Equity

A. QUALITATIVE INFORMATION

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

- planning and budgeting processes:
  - proposals to risk propensity and capitalisation objectives;
  - analysis of risk associated with value drivers and allocation of capital to business areas and units;
  - assignment of risk-adjusted performance objectives;
  - analysis of the impact on the Group’s value and the creation of value for shareholders;
  - preparation and proposal of the financial plan and dividend policy;
- monitoring processes:
  - analysis of performance achieved at Group and business unit level and preparation of management reports for internal and external use;
  - analysis and monitoring of limits;
  - analysis and performance monitoring of the capital ratios of the Group and individual companies.

The Group’s strategic guidelines are aimed at optimizing the composition of its business portfolio. This goal is pursued through a process of capital allocation to each business line in relation to its specific risk profile and ability to generate extra income measured as EVA, which is the main performance indicator related to TSR (Total Shareholder Return).

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

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

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

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

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

The dynamic management approach aims at identifying the investments risks capital instruments and hybrid instruments most suitable for achieving the targets. If there is a capital shortfall, the gaps to be filled and capital generation measures are indicated, and their efficiency are measured using RAPM (Risk Adjusted Performance Management).

B. QUANTITATIVE INFORMATION

Further information about Shareholders' equity of UniCredit S.p.A. are represented in Part B - Section 14 - Shareholders' equity - Items 130,150,160,170,180,190 and 200.

B.1 Company Shareholders' Equity: breakdown

ITEMS/VALUES	12.31.2012	12.31.2011
1. Share capital	**19,647,949**	**12,148,463**
2. Share premium reserve	**32,877,938**	**36,823,215**
3. Reserves	**5,284,519**	**7,622,872**
- from profits	6,461,114	8,682,085
a) legal	1,517,514	1,517,514
b) statutory		1,195,845
c) treasury shares	-	-
d) other	4,943,600	5,968,726
- other *	(1,176,595)	(1,059,213)
4. Equity instruments	**-**	**-**
5. (Treasury shares)	**(2,440)**	**(2,440)**
6. Revaluation reserves	**401,087**	**(594,137)**
- Available-for sale financial assets	(367,807)	(1,262,106)
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash flow hedges	491,874	390,949
- Exchange differences	-	-
- Non-current assets classified held for sale	-	-
- Actuarial gains (losses) on definited benefit plans	-	-
- Changes in valuation reserve pertaining to equity method investments:	-	-
- Special revaluation loans	277,020	277,020
7. Net profit (loss)	**(219,783)**	**(6,348,649)**
Total	**57,989,270**	**49,649,324**

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

This table includes the effects of the reclassification of positive reserves and the restatement of negative reserves following the general review of shareholders' equity focused on the internal composition of it as illustrated in details in the paragraph "Review of internal composition of Shareholders' equity" in the Directors' Report on operation and in Part B - Balance Sheet - Section 14 - Shareholders' Equity.

B.2 Revaluation reserves for available-for-sale assets: breakdown

	12.31.2012			12.31.2011		
ASSETS/VALUES	POSITIVE RESERVE	NEGATIVE RESERVE	TOTAL	POSITIVE RESERVE	NEGATIVE RESERVE	TOTAL
1. Debt securities	152,235	(642,756)	(490,521)	38,126	(1,444,591)	(1,406,465)
2. Equity securities	115,823	(248)	115,575	133,960	(1,841)	132,119
3. Units in investment funds	11,836	(4,697)	7,139	13,506	(1,266)	12,240
4. Loans	-	-	-	-	-	-
Total	**279,894**	**(647,701)**	**(367,807)**	**185,592**	**(1,447,698)**	**(1,262,106)**

Part F - Shareholders' Equity (Continued)

B.3 Revaluation reserves for available-for-sale assets: annual changes

	12.31.2012				
	DEBT SECURITIES	EQUITY SECURITIES	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
1. Opening balance	**(1,406,465)**	**132,119**	**12,240**	**-**	**(1,262,106)**
2. Positive changes	**1,380,635**	**56,215**	**4,762**	**-**	**1,441,612**
2.1 Fair value increases	1,307,250	55,136	4,742	-	1,367,128
2.2 Reclassification through profit or loss of negative provision	70,119	1,018	-	-	71,137
- due to impairment	-	1,018	-	-	1,018
- following disposal	70,119	-	-	-	70,119
2.3 Other changes	3,266	61	20	-	3,347
3. Negative changes	**464,691**	**72,759**	**9,863**	**-**	**547,313**
3.1 Fair value reductions	425,900	2,328	9,806	-	438,034
3.2 Impairment losses	-	861	-	-	861
3.3 Reclassification through profit or loss of positive allowances: following disposal"	35,163	69,570	57	-	104,790
3.4 Other changes	3,628	-	-	-	3,628
4. Closing balance	**(490,521)**	**115,575**	**7,139**	**-**	**(367,807)**

Section 2 - Shareholders' Equity and Regulatory Banking Ratios

2.1 Capital for regulatory purpose

A. QUALITATIVE INFORMATION

The tables below provide the main contractual details of innovative instruments included, together with capital and reserves, in Tier 1, Tier 2 and Tier 3 Capital.

1. Tier 1 Capital

Breakdown of subordinated instruments

MATURITY	CURRENCY	INTEREST RATES	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	TOTAL CAPITAL 12.31.2012 (€/000))
Innovative capital instruments					
1) Perpetual	EURO	4.028% p.a. for the first 10 years then 3-month euribor + 176 bps	CALL 10.27.15	259,162,000	259,162
2) Perpetual	GBP	5.396% p.a. for the first 10 years then sterling libor 3m + 176 bps	CALL 10.27.15	49,697,000	60,896
3) Perpetual	GBP	8.6125% p.a.	CALL 06.27.18	55,142,000	67,567
4) Perpetual	EURO	8.145% p.a. act/act for the first 10 years then 3-month euribor + 665 bps	CALL 12.10.19	81,513,000	81,513
5) Perpetual	EURO	9.375% p.a. act/act for the first 10 years then 3-month euribor + 749 bps	CALL 07.21.20	500,000,000	332,062
Total innovative capital instruments (Tier I)					**801,200**

In 2012 the tender Offer made in February, Instruments 1-2-3 and 4 were bought back for a total nominal value of €659,325 thousand and GBP 405,161 thousand.

2. Tier 2 Capital

Breakdown of subordinated instruments

	MATURITY	CURRENCY	CURRENCY	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	CONTRIBUTION TO REGULATORY CAPITAL AS AT 12.31.2012 (€/000)
Hybrid capitalisation instruments						
1)	02.01.2016	EURO	3,95%	-	900,000,000	795,209
2)	02.01.2016	GBP	5,00%	-	450,000,000	354,824
3)	06.05.2018	EURO	6,70%	-	1,000,000,000	723,194
4)	06.25.2018	EURO	6-month euribor + 1.70% p.a.	-	125,000,000	125,000
Total hybrid capitalisation instruments (Upper Tier II)						**1,998,227**
Subordinated loans						
1)	06.30.2015	EURO	Year 1: gross fixed interest rate 3% p.a. Year 2: variable coupon equal to 75% of the 10-year annual swap rate	CALL 06.30.10	320,000,000	205,298
2)	03.30.2016	EURO	Gross fixed interest rate: 3.50% p.a. Year 2: variable coupon equal to 75% of 10-Y annual swap rate	CALL 03.30.11	170,000,000	158,736
3)	03.30.2016	EURO	Gross fixed interest rate: 4.00% p.a. Year 2: variable coupon equal to 65% of 10-Y annual swap rate	CALL 03.30.11	230,000,000	122,004
4)	09.26.2017	EURO	5.75% p.a.	-	1,000,000,000	967,204
5)	10.30.2017	EURO	5.45% p.a.	-	10,000,000	10,000
6)	10.30.2017	EURO	5.45% p.a.	-	10,000,000	10,000
7)	11.13.2017	EURO	5.54% p.a.	-	10,000,000	10,000
8)	11.27.2017	EURO	5.70% p.a.	-	500,000	500
9)	11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
10)	11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
11)	11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
12)	11.27.2017	EURO	5.70% p.a.	-	5,000,000	5,000
13)	11.27.2017	EURO	5.70% p.a.	-	20,000,000	20,000
14)	11.27.2017	EURO	5.70% p.a.	-	20,000,000	20,000
15)	11.27.2017	EURO	5.70% p.a.	-	20,000,000	20,000
16)	11.27.2017	EURO	5.70% p.a.	-	40,000,000	40,000
17)	12.04.2017	EURO	EUR_CMS(10Y), calculated on the basis of a formula as set out in the regulations	-	170,750,000	170,750
18)	12.11.2017	EURO	EEUR_10Y_CMS, calculated on the basis of a formula as set out in the regulations	-	100,000,000	100,000
19)	10.16.2018	GBP	6.375% p.a. until 10.15.2013 3-month Libor + 1.38% from 10.16.2013 to maturity	CALL 10.16.13	350,000,000	428,458
20)	09.22.2019	EURO	4.5% p.a. act/act for years 1-10 3-month euribor + 95 bps p.a. for years 11-15	CALL 09.22.14	500,000,000	485,402
21)	01.30.2018	EURO	5.74% p.a.	-	10,000,000	9,990
22)	01.30.2018	EURO	5.74% p.a.	-	10,000,000	9,990
23)	03.03.2023	EURO	6.04% p.a.	-	125,000,000	124,915
24)	03.31.2018	EURO	3-month euribor +0.75% for years 1-5 3-month euribor + 1.35% for years 6-10	CALL 03.31.13	1,340,575,000	1,319,020
25)	04.10.2018	EURO	EUR_10Y_CMS vs. 6m euribor fixed in advance	-	15,000,000	15,000
26)	04.24.2018	EURO	EUR_10Y_CMS, calculated on the basis of a formula as set out in the regulations	-	100,000,000	100,000
27)	01.31.2017	USD	6.05% p.a.	-	750,000,000	568,440
28)	03.31.2019	GBP	9.3725% p.a.	CALL 03.31.14	125,000,000	153,168
29)	04.25.2022	EURO	5.05% p.a.	-	50,000,000	50,000
30)	04.26.2020	EURO	4.75% p.a.	-	50,000,000	49,645

Part F - Shareholders' Equity (Continued)

Breakdown of subordinated instruments (continued)

MATURITY	CURRENCY	CURRENCY	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	CONTRIBUTION TO REGULATORY CAPITAL AS AT 12.31.2012 (€/000)
31) 05.31.2020	EURO	3.00% p.a. for year 1 3.25% p.a. for year 2 3.50% p.a. for year 3 3.75% p.a. for year 4 4.00% p.a. for year 5 4.40% p.a. for year 6 4.70% p.a. for year 7 5.07% p.a. for year 8 5.40% p.a. for year 9 6.00% p.a. for year 10	-	332,927,000	332,844
32) 06.14.2017	EURO	3.00% p.a. for year 1 3.25% p.a. for year 2 3.50% p.a. for year 3 3.80% p.a. for year 4 4.10% p.a. for year 5 4.40% p.a. for year 6 4.70% p.a. for year 7	-	326,634,000	326,628
33) 06.14.2020	EURO	5.16% p.a.	-	50,000,000	50,000
34) 04.21.2021	EURO	5% p.a.	-	50,000,000	50,000
35) 03.31.2018	EURO	5% p.a. for years 1 - 2 3 month euribor +1.00% p.a.	CALL. 03.31.14	464,169,000	464,169
36) 03.31.2018	EURO	4.10% p.a. for year 1 4.30% p.a. for year 2 4.50% p.a. for year 3 4.70% p.a. for year 4 4.90% p.a. for year 5 5.05% p.a. for year 6 5.10% p.a. for year 7	CALL. 03.31.14	758,580,000	758,317
37) 04.19.2021	EURO	6.125% p.a.	-	750,000,000	744,826
38) 06.30.2018	EURO	3 month euribor +1,00% p.a.	-	393,513,000	393,503
39) 07.21.2018	EURO	3 month euribor +2.6370% p.a.	-	10,000,000	10,000
40) 07.05.2018	EURO	3 month euribor +2.50% p.a.	-	20,000,000	19,975
41) 08.19.2018	EURO	4.40% p.a. for year 1 4.60% p.a. for year 2 4.80% p.a. for year 3 5.00% p.a. for year 4 5.30% p.a. for year 5 5.65% p.a. for year 6 6.00% p.a. for year 7	CALL. 08.19.14	157,016,000	157,012
42) 10.31.2018	EURO	5.60% p.a. for year 1 5.90% p.a. for year 2 6.10% p.a. for year 3 6.30% p.a. for year 4 6.50% p.a. for year 5 6.80% p.a. for year 6 7.20% p.a. for year 7	CALL. 10.31.14	414,273,000	414,262
43) 01.31.2019	EURO	3 month euribor + 6.2208% p.a.	-	517,521,000	517,453
44) 10.31.2022	EURO	6.95% p.a.	-	1,500,000,000	1,496,544
45) 12.05.2019	EURO	6% p.a. until 2015 3 month euribor +2,15% p.a.	-	538,534,000	538,534

Breakdown of subordinated instruments (continued)

		CURRENCY	CURRENCY	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	CONTRIBUTION TO REGULATORY CAPITAL AS AT 12.31.2012 (€/000)
46)	12.28.2020	EURO	3,60% p.a. for year 1,2 m			
			3,80% p.a. for year 2			
			4,00% p.a. for year 3			
			4,20% p.a. for year 4			
			4,40% p.a. for year 5			
			4,60% p.a. for year 6			
			5,00% p.a. for year 7	-	189,190,000	188,812
Total subordinated loans - Lower Tier II						**11,651,399**
Total						**13,649,626**

3.Tier 3 Capital

As at December 31, 2012, there are not subordinated loans Tier 3.

B. QUANTITATIVE INFORMATION

Solvency filters

		12.31.2012	12.31.2011
A.	**Tier 1 before solvency filters**	**55,035,556**	**49,509,314**
B.	Tier 1 solvency filters	(100,080)	(111,415)
	B.1 Positive IAS/IFRS solvency filters (+)	-	-
	B.2 Negative IAS/IFRS solvency filters (-)	(100,080)	(111,415)
C.	**Tier 1 after solvency filters (A+B)**	**54,935,476**	**49,397,899**
D.	**Deductions from tier 1**	**2,513,857**	**2,510,976**
E.	**Total TIER 1 (C - D)**	**52,421,619**	**46,886,923**
F.	**Tier 2 before solvency filters**	**14,873,825**	**15,866,654**
G.	Tier 2 solvency filters	(71,436)	(53,015)
	G.1 Positive IAS/IFRS solvency filters (+)	-	-
	G.2 Negative IAS/IFRS solvency filters (-)	(71,436)	(53,015)
H.	**Tier 2 after solvency filters (F+G)**	**14,802,389**	**15,813,639**
I.	**Deductions from tier 2**	**2,513,857**	**2,510,976**
L.	**Total TIER 2(H - I)**	**12,288,532**	**13,302,663**
M.	**Deductions from tier 1 e tier 2**	**782,666**	**782,669**
N.	**Total capital (E + L - M)**	**63,927,485**	**59,406,917**
O.	**TIER 3**	**-**	**-**
P.	**Total capital + TIER 3 (N+ O)**	**63,927,485**	**59,406,917**

Part F - Shareholders' Equity (Continued)

2.2 Capital adequacy

A. QUALITATIVE INFORMATION

Regarding Qualitative Information, please refer to Consolidated Notes to the Accounts.

B.QUANTITATIVE INFORMATION

CATEGORIES/ITEMS	12.31.2012 NON WEIGHED AMOUNTS	12.31.2012 WEIGHED AMOUNTS / REQUIREMENTS	12.31.2011 NON WEIGHED AMOUNTS	12.31.2011 WEIGHED AMOUNTS / REQUIREMENTS
A. RISK ASSETS				
A.1 Credit and counterparty risk	**465,376,443**	**188,067,648**	**466,189,373**	**204,059,025**
1. Standardized approach	245,975,739	109,656,452	235,062,600	110,958,575
2. IRB approaches	214,488,972	77,171,352	225,458,987	91,889,788
2.1 Fundation	-	-	-	-
2.1 Advanced	214,488,972	77,171,352	225,458,987	91,889,788
3. Securization	4,911,732	1,239,844	5,667,786	1,210,662
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk		**15,045,412**		**16,324,722**
B.2 Market Risk		**78,582**		**207,146**
1. Standardized approach		78,582		207,146
2. Internal models		-		-
3. Concentration risk		-		-
B.3 Operational risk		**1,223,912**		**1,248,300**
1. Basic indicator approach (BIA)		18,588		17,727
2. Traditional standardized approach (TSA)		-		-
3. Advanced measurement approach (AMA)		1,205,324		1,230,573
B.4 Other capital requirements		**-**		**-**
B.5 Other calculation items		**-4,086,976**		**-4,445,042**
B.6 Total capital requirements		**12,260,930**		**13,335,126**
C. RISK ASSETS AND CAPITAL RATIOS				
C1. Weighed risk assets		**153,261,623**		**166,689,079**
C2. Tier 1 / Weighed risk assets (Tier 1 capital ratio)		**34.20%**		**28.13%**
C3. Regulatory capital included Tier 3 / Weighed risk assets (Total capital ratio)		**41.71%**		**35.64%**

Part G - Business Combinations

Part G - Business Combinations

Section 1 - Business Combinations Completed in 2012

1.1 Business combinations

Business combinations with counterparties outside the Group are performed using the "purchase method" as required by IFRS 3 ("Business Combinations"), as noted to in part A.2 concerning the main balance-sheet items.

With regard to business combinations completed in 2012, we report that:

- in light of the changed market environment and as a result of the new organizational model after the completion of the ONE4C project, UniCredit, in order to guarantee a faster and more effective response and thus to increase the commercial efficacy of the relationship with private customers, considered it appropriate to follow all the activity concerning the portfolio management service, also performing the activities provided by Pioneer Investment Management SGR (PIM), that range from selecting financial instruments in which to invest the portfolios under management to sending periodic reports about the management service performed to customers.

  In order to achieve this goal, from an operational point of view, the business unit related to the segregated accounts for private banking clients of PIM was partially transferred to UniCredit.

  The operation, authorized by the Bank of Italy, and approved by the boards of PIM and UniCredit in July and August 2011, took effect as of January 1, 2012;

- with legal effect as of January 1, 2012 the **Global Banking Services (GBS)** project was completed to plan, involving more specifically:
  - the acquisition by UniCredit of UCBP's periodic reporting to Regulatory Bodies activities (the "Supervisory Reporting Division");
  - the acquisition by UCBP of UniCredit back-office administration and accounting operations for consumer credit products and salary-backed loans (the "Operations Division");
  - the incorporation of UCBP into UGIS, later renamed UniCredit Business Integrated Solutions (UBIS for short) consistent with the new mission assigned;
  - the incorporation into UniCredit S.p.A. of UniCredit Real Estate (URE) and Medioinvest S.r.l.;
  - the assignment to UGIS - after the completion of the above incorporations - of the UniCredit S.p.A. business divisions named "ICT, Security, Global Sourcing and Operations" and "Servizi Generali Immobiliari" (General Real Estate Services);

  As concerns the restructuring of the foreign operations and organization of the Global Banking Services area, we report that:

  - in Austria, corporate restructuring involved the incorporation of UniCredit Business Partner GmbH (a back-office company controlled by UBIS) into UniCredit Business Integrated Solutions Austria GmbH (an IT company, control of which was acquired by UBIS from UniCredit Bank Austria AG), effective as of February 1, 2012; residual and final merger operations are being conducted at present and will be completed by the end of the current year;
  - in Germany, corporate restructuring involved the merger of all middle/back-office, procurement and facility management operations, including some real estate facility management operations, into UniCredit Global Business Services GmbH (100% owned by UniCredit Bank AG).

  As a result of the aforementioned mergers, UBIS became a sub-holding of operating companies providing Group capital services in both Italy and abroad.

  In this role, the company will provide a global perspective of the priorities and opportunities inherent in the requests of external and internal clients, maximizing the efficacy of investments by bringing the technologies and instruments used under a common factor.
  - Besides the restructuring of the Global Banking Services area, as described above, the implementation plan for grouping all capital service operations under UBIS continued the strategic focus on non-captive market segments via their development through specific subsidiaries and associates, where oriented towards specific markets, co-branding initiatives, partnerships and joint ventures.
  - As part of that focus, a joint venture specialized in HR administration services was set up with Hewlett Packard (HP) to rationalize the provision of services for human resources processes, named ES Share Service Center S.p.A. (ES SSC). A long-term agreement was made with the new company for the provision of HR administration services to Group companies in Italy and Austria. UBIS also transferred to ES SSC, effective as of May 1, the former UCBP division specialized in HR administration services acquired by UBIS through the incorporation of UCBP. As a result of the transfer, UBIS holds 49% of ES SSC, with the remaining 51% held by HP;

- with legal effects as of November 10, 2012 and accounting and tax effects as of January, 1 2012 the incorporation into UniCredit S.p.A. of Family Credit Network S.p.A. was completed.

Section 2 - Business Combinations Completed after December 31, 2012

As part of the general process of rationalizing the Group according to the organizational model adopted, last July UniCredit launched a rationalization plan for a select range of operations performed by Italian subsidiaries, involving their direct merger into UniCredit or its subsidiaries:

- incorporation into UniCredit S.p.A. of UniCredit Audit S.C.p.A., a company that provides audit services for Italian companies;
- incorporation into UniCredit S.p.A. of UniManagement S.C.r.l., a company that provides management training services for the Group;
- incorporation into UniCredit S.p.A. of UniCredit Merchant S.p.A., a company that manages certain minority interests and other investments for Principal Investments;
- incorporation into UniCredit S.p.A. of UniCredit Logistics S.r.l., a company engaged in the development of infrastructure and logistics services.

The above mentioned plan, approved by Bank of Italy last October, 17 2012, was effective as January, 1 2013.

Part H - Related-Party Transactions

Part H - Related-Party Transactions

As required by the Commission Regulation (EU) No. 632/2010 of July 19, 2010, the revised IAS 24 - which simplifies and clarifies the definition of related party and the criteria aimed at identifying correctly the nature of the relationship with the reporting entity - is applied to financial reporting for annual periods beginning on or after January 1, 2011. Pursuant to IAS 24, UniCredit S.p.A.'s related parties include:
- companies belonging to the UniCredit group and companies controlled by UniCredit but not consolidated;
- associates and joint-ventures;
- UniCredit's key management personnel
- close family members of key management personnel and companies controlled (or jointly controlled) by key management personnel or their close family members;
- Group employee post-employment benefit plans.

Details of key management personnel's remuneration and of related-party transactions are given below, pursuant to IAS 24. Key management personnel are persons having authority and responsibility for planning, directing, and controlling UniCredit's activities, directly or indirectly.
Key management personnel include the Chief Executive Officer and the other members of the Board of Directors, the Standing Auditors, the General Manager and the other members of UniCredit's Executive Management Committee, as well as the Head of Internal Audit, in office in 2011.

1. Details of Top Managers' Compensation

Total compensation paid to Directors and top managers in 2012 is given below pursuant to IAS 24 and to the circular no. 262 issued by Banca d'Italia on 22 December 2005 (and updated on 18 November 2009) requiring that also the Statutory Auditors' compensation be included.

Remuneration paid to key management personnel (including directors)

	2012	2011
a) short-term employee benefits	18,581	21,906
b) post-retirement benefits	1,738	1,896
of which: under defined benefit plans	-	-
of which: under defined contribution plans	*1,738*	*1,896*
c) other long-term benefits	50	33
d) termination benefits	2,515	-
e) share-based payments	3,486	5,760
Total	**26,370**	**29,595**

Compensation paid to Directors (€ 6,834), Statutory Auditors (€ 630), General Manager (€ 1,737) and other Managers with strategic responsibility (€ 8,510), as shown in the Annual compensation report enclosed in the 2013 Group Compensation Policy, and € 8,659 relating to other costs of the period (the company share of social security contributions, allocations to severance pay funds and share-based payments using UniCredit and its subsidiaries' equity instruments).

The year on year reduction of the compensation is linked mainly to the decrease of the costs of the Board of Directors (in connection to the reduction of both the number of Board Members and of the compensation foreseen for Board Committees activities) and to the limitation of the value of share-based payments made to the Chief Executive Officer, General Manager and other Key Management Personnel. Furthermore, as already happened for 2011, no incentives have been paid to the above mentioned managers under the 2012 Group Incentive System. All the above allows to more than compensate the increase, having an extraordinary nature, of the compensation paid in connection with employment terminations.

2. Related-Party transactions

The Company's well-established operating policy is to consistently comply with principles of transparency and material accuracy and to follow fair procedures in conducting related-party transactions in line with the legal and regulatory provisions applicable from time to time.
In particular UniCredit, as a listed issuer, has adopted the "Procedures for transactions with related parties" that are designed to define preliminary and conclusive rules with respect to transactions initiated by UniCredit, including those conducted through subsidiaries, with related parties, and the manner in which information is disclosed to management and the market. In accordance with the "Regulations on related-party transactions" issued by Italy's CONSOB Resolution 17221 of March 12, 2010 (as amended/supplemented), the aforementioned Procedures, which can be found on UniCredit's website (www.unicredit.eu), identify the following requirements:
- independence of UniCredit's Directors who may be asked to express their opinions on related-party transactions;
- scope of UniCredit's related parties;
- major related-party transactions;
- instances of exemption and exclusion utilized by UniCredit;
- the manner in which related-party transactions are started and approved, even when they are initiated by Italian or foreign subsidiaries;
- the manner and time scales with which information on related-party transactions is conveyed to Independent Directors as well as Administration and Regulatory Bodies;
- transparency obligations towards Management, Regulatory Authorities and the market.

In addition, in accordance with the new regulations for the prudential supervision of banks concerning risk activities and conflicts of interest with associated persons (Bank of Italy Circular No. 263 - Title V - Chapter 5 - Section IV), on June 25, 2012 the Board of Directors of UniCredit approved the "Procedures for the management of risk activities and conflicts of interest with associated persons", the text of which is available at the UniCredit website (www.unicredit.eu).
The above-mentioned provisions also require that documents containing internal control policies be communicated to the Shareholders' Meeting and kept available for any requests from the Bank of Italy. In relation to the above, please note that on December 18, 2012 the Board of Directors of UniCredit, upon recommendation of the Related-Parties and Equity Investments Sub-Committee and the Board of Statutory Auditors, approved the Internal policies on controls for risk activities and conflicts of interests with associated persons, which are made available to the Shareholders.
Subject to compliance with the principle set forth in Article 2391 of the Italian Civil Code regarding Directors' interests, the provisions of Article 136 of Legislative Decree 385/93 (Consolidated Banking and Lending Act) also necessarily apply to the Bank, according to which corporate officers may directly or indirectly take on obligations towards the bank they manage, direct or control, only upon unanimous approval by the bank's management body, passed by vote in favor of all members of the controlling body. To that end, the aforesaid members are required to disclose persons with whom relationships may take root that would give rise to the type of material obligation provided for by Article 136 of Legislative Decree 385/93 (intervening individuals or legal entities).

Please note that during the reporting period no related-party transaction that would qualify as major according to the "Procedures for transactions with related parties" referred to above was carried out. In 2012 transactions were carried out within the group and/or generally with Italian and foreign related parties that fall within the ordinary course of business and related financial activity; as a rule, they were performed on the same terms and conditions as those applied to transactions entered into with independent third parties. All intra-group transactions were carried out based on assessments of mutual economic benefit, and the applicable terms and conditions were established in accordance with fair dealing criteria, with a view to the common goal of creating value for the entire UniCredit Group. The same principle was applied to intra-group services, as well as the principle of charging on a minimal basis for these services, solely with a view to recovering the respective production costs.
For the purposes of financial disclosure, in accordance with the Commission Regulation (EU) 632/2010 of July 19, 2010, the text of IAS 24 applies, which defines the concept of related party and identifies the relations between that party and the entity producing the financial statements. IAS 24 also explains that the disclosure must include transactions entered into with subsidiaries of associates and subsidiaries of joint ventures.

Part H - Related-Party Transactions (Continued)

Accordingly, the table below provides the additional information required by IAS 24 at December 31, 2012:

	AMOUNTS AS AT 12.31.2012					
	SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	SHAREHOLDERS (*)
Financial assets held for trading	3,530,883	-	-	-	1,803	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Avalaible-for-sale-financial assetd	-	-	3,983	-	-	-
Held -to-maturity investments	-	-	-	-	-	-
Loans and receivables with banks	18,493,382	25,163	20,022	-	38	-
Loans and receivables with customers	24,813,469	-	285,272	1,503	295,290	132,269
Other assets	132,825	622	2,408	-	653	7
Total assets	**46,970,559**	**25,785**	**311,685**	**1,503**	**297,784**	**132,276**
Deposits from banks	23,597,513	5,642	5,435	-	1,231	246,028
Deposits from customers	938,390	3,206	354,584	5,821	495,715	391,576
Securities and financial liabilities	27,356,469	-	-	20	10,519	-
Other liabilities	618,937	-	768	3	12,912	5,600
Total liabilities	**52,511,309**	**8,848**	**360,787**	**5,844**	**520,377**	**643,204**
Guarantees issued and commitments	**21,310,657**	**1,737,600**	**93,989**	**-**	**263,996**	**152,156**

(*) Shareholders and related companies holding a stake in UniCredit with voting right exceeding 2% of share capital.

With regard to the aforesaid transactions, and separately by type of related party, the impact on income statement items are also detailed below.

	2012					
	SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	SHAREHOLDERS (*)
Interest income and similar revenues	1,463,094	7,014	4,321	45	9,712	1,860
Interest expenses and similar chages	(996,310)	(52)	(816)	(134)	(6,736)	(5,342)
Fee and commission income	488,521	1,201	358,636	15	3,029	1,198
Fee and commission expenses	(66,355)	(49)	(9,843)	-	(18)	(30)
Gains and losses on financial assets and liabilities held for trading	(1,238,885)	-	-	-	-	-
Fair value adjustments in hedge accounting	232,378	-	-	-	-	-
Staff expenses	13,425	1,622	671	-	-	-
Other administrative expenses	(1,623,492)	(1,153)	(9,492)	-	-	-
Other operating expenses	(955)	(249)	-	-	-	-
Other operating income	38,959	1,836	(2,418)	-	1,000	3
Net write-downs of loans and provisions for guarantees and commitments	(802)	756	(1,073)	-	(1,392)	158
Total	**(1,690,422)**	**10,926**	**339,986**	**(74)**	**5,595**	**(2,153)**

(*) Shareholders and related companies holding a stake in UniCredit with voting right exceeding 2% of share capital.

Operating costs related to key management personnel do not include the remuneration paid.
Note that the “Top management” category refers to UniCredit’s “key management personnel”, i.e. those persons holding powers and responsibility - directly and indirectly - for planning, directing and monitoring UniCredit’s operations (this means members of the Board of Directors, including the Chief Executive Officer, the Standing Auditors, members of the Executive Management Committee and the Head of Internal Audit in office during the reporting period).

On the other hand, the category “Other related parties” consists of information on:
- close family members of key management personnel (i.e., relatives who could be expected to influence, or be influenced b, the party involved);
- companies controlled (also jointly) by “key management personnel” or their close family members;
- post-employment benefit plans for employees of the UniCredit group.

Not all related parties identified by IAS 24 are subject to the provisions of CONSOB’s “Regulations on related-party transactions” (as referred to in Resolutions 17221 and 17389 of 2010, which are based on the definition of related party mentioned in the previous version of IAS 24 effective as of the entry into force of said Regulations).

In particular, below are several considerations related to particularly significant transactions with related parties.
As already described in the "Directors' Report on operations - Rationalization of Group operations and other corporate transactions", in 2012, the subsidiary UniCredit Business Integrated Solutions SCpA entered into a partnership with HP Enterprise Services Italia with the aim of improving operational processes, achieving economies of scale and reducing costs related to personnel management of the UniCredit group through the enhancement of technical skills already present within the Group. Upon finalization of the partnership agreement, a business unit providing the services in question was transferred from UniCredit Integrated Business Solutions SCpA and an associate interest in the transferee company ES Share Service Center S.p.A. was concomitantly acquired. Since May 1, 2012 this company has provided – in an exclusive way, at least for the time being - administrative services related to the staff of the companies of the UniCredit group, under a 15-year supply contract.

In 2012, the agreement related to the shares representing equity investments in foreign subsidiaries belonging to the banking group, which were given by UniCredit S.p.A. to UniCredit Bank AG as collateral against financial exposures for a total value of €7.05 billion, expired.
From the initial months of 2012, the derivatives in place with the German subsidiary UniCredit Bank AG were collateralized, following the signature of a Credit Support Annex agreement entered into at arm's length without payment of fees.
In order to ensure compliance with the commitments undertaken by UniCredit S.p.A. during the "squeeze-out" process under the "ReboRa Agreement", in 2010, following the sale of UniCredit CAIB AG by Bank Austria to UniCredit Bank AG, UniCredit S.p.A. and Bank Austria entered into a "Compensation Agreement", consisting of a derivative contract valid from 1/1/2010 to a date ranging from 1/1/2015 and 3/31/2016 at parties' dicretion, which includes a commitment by UniCredit S.p.A. to pay a portion of Profit Before Tax of the CIB Division – Markets Segment (excluding Poland) of Bank Austria in return for the commitment by the Bank Austria to pay 12 month Euribor + 200bps recorded annually on a notional value of €1.28 billion. Upon expiry of the agreement, UniCredit S.p.A. has made a commitment to pay any increase attributable to the 14.5% of the CIB Markets perimeter with respect to the value established at the time of sale, up to a maximum of €385 million. This agreement has been recognized in the balance sheet under trading derivatives and has been valued using a valuation model that takes account of all the flows described. In consideration of the above elements, at December 2012, the agreement has been recognized under trading derivative liabilities for an amount of €330 million, with a negative contribution to the income statement for 2012 of €323 million.

With regard to transactions with Mediobanca S.p.A. ("Mediobanca") - in addition to transactions relating to the conduct of UniCredit S.p.A's ordinary business and financial operations - UniCredit S.p.A. has entered into a thirty-year usufruct agreement on UniCredit shares with Mediobanca, under which Mediobanca gives back to UniCredit, in return for a consideration (recorded as a reduction in Shareholders' Equity), the right to vote and receive dividends on the UniCredit shares subscribed for by Mediobanca in January 2009, as part of the capital increase approved by UniCredit in November 2008. These shares were concomitantly used in support of the issuance of convertible securities denominated "CASHES".

Following the resolutions of the extraordinary shareholders' meeting of UniCredit S.p.A. in December 2011, the number of shares underlying the usufruct agreement and the formula for calculating payments to provide remuneration to Mediobanca were adjusted to reflect (i) the grouping of UniCredit shares, and (ii) the free capital increase in December 2011 carried out by allocating share premium reserves recorded in January 2009 to capital.

Following the loss for the year 2011 and the consequent absence of dividend distribution, in accordance with the provisions of the usufruct agreement, no consideration was paid to Mediobanca S.p.A. for the installments for the year 2012. As a result, in the year 2012 Mediobanca S.p.A. only received the fourth installment for the year of €46 million.

As part of the "CASHES" transaction, Mediobanca also acts as custodian of the shares issued by UniCredit.

At December 31, 2012, since the conditions for an impairment test were met, the value in use of the equity investment in Mediobanca was determined, according to the methods described in Part A of the Notes to the Consolidated Accounts. The impairment test confirmed the carrying value of the equity investment.

In addition, Mediobanca participated in the underwriting syndicate as the joint global coordinator for the capital increase finalized by UniCredit S.p.A. in January 2012, and provided support in the placement of newly issued shares.
At December 31, 2012, the Group's exposure to Italpetroli group, considered part of the intragroup transactions, consisted mainly of the credit exposure. It should be noted that in 2012, in order to allow the company to comply with capital limits set by the Italian Civil Code, UniCredit completed a transaction to waive the loan to Compagnia Italpetroli S.p.A. - subject to the taking over by the latter of debts towards UniCredit of some of its subsidiaries - for a total of approximately €67 million, fully covered by write downs on loans to Compagnia Italpetroli S.p.A. and on the additional loans taken over by the company.

NEEP ROMA HOLDING S.p.A. ("NEEP") - in which UniCredit holds a 40% stake - has a controlling interest in the companies already belonging to the "Media" division of Italpetroli Group (A.S. Roma S.p.A., ASR Real Estate S.r.l. and Brand Management S.r.l.).

Part H - Related-Party Transactions (Continued)

It should be noted that there is a granting of credit facilities and loans in place with NEEP and its subsidiaries. Specifically, the loans provided to NEEP, totaling €51 million, are in the form of "shareholder loans" with the option for NEEP to convert them into equity instruments. The return on these loans is based on the company's earnings. In addition there are also commitments to disburse further shareholder loans for €12 million.

UniCredit S.p.A. and Premafin Finanziaria S.p.A., announced on July 9, 2012 that they had concluded a deal in which the Parties have agreed as follows:

- to terminate, by mutual agreement, the shareholder agreement entered into on July 8, 2011, consequently releasing both Parties from all of their respective obligations under the shareholder agreement, without the need to perform any other formalities or make further announcements and with each of the Parties waiving any claim, action, or request related or connected to the shareholder agreement against the other. By terminating the shareholder agreement, the Bank also undertook the obligation to ensure that the members of the Board of Directors of Fondiaria-SAI S.p.A. designated by the Bank in accordance with the shareholder agreement and currently in office, resign on the date of subscription for the Premafin Capital Increase, with effect from the date of resignation;
- to terminate, by mutual agreement, the investment agreement executed, and announced to the market, on March 22, 2011 by UniCredit and Premafin, consequently releasing both Parties from all of their respective outstanding obligations under the UniCredit Agreement, without the need to perform any other formalities or make further announcements and with each of the Parties waiving any claim, action, or request related or connected to the UniCredit Agreement against the other. The effectiveness of the termination of the agreement is subject to the non-occurrence of the condition subsequent that UGF fail to subscribe for the Premafin capital increase on or before the effective date.

The above resulted in the loss of significant influence of UniCredit S.p.A. over Fondiaria SAI S.p.A. and, consequently, the reclassification of the investment from item 100. Equity investments to item 40. Available-for-sale financial assets, with the consequent need for measurement at market value of the investment. At June 30, 2012, although the investment was kept under Equity investments, the Bank considered that the conditions applied for a change to the valuation approach, anticipating the effects of the reclassification already noted above. As a result, the adjustment of the carrying amount of the equity investment to its market value at June 30, 2012 led to a negative impact on the Income Statement of around €48 million.

In implementation of the share capital increase of Fondiaria-SAI S.p.A. as approved by the Extraordinary Shareholders General meeting held on March 19, 2012 and subsequently confirmed by the Extraordinary Shareholders General meeting held on June 27, 2012, UniCredit S.p.A exercised 242,251 option rights in order to subscribe for 61,047,252 new ordinary shares for a total amount of €61,047,252. At December 31, 2012, the investment in Fondiaria SAI S.p.A. no longer qualified as a related party relationship and was classified under available-for-sale assets at an amount of €58 million after additional write-downs of €4 million.

In 2012 distribution agreements concerning insurance products were signed with the following associates:

1. Aviva S.p.A.;
2. CNP UniCredit Vita S.p.A.;
3. Creditras Assicurazioni S.p.A.;
4. Creditras Vita S.p.A..

Relationships with other related parties include the relationships with pension funds for UniCredit employees. These are external funds in that they have their own legal personality. These transactions are completed under conditions similar to those applied to transactions completed with independent third parties, and nearly all of them are in the form of the transactions included in Deposits from customers and reported in tables on Related-Party Transactions.

It should be noted that on February 19, 2013 UniCredit S.p.A.'s Board of Directors:

- approved the acquisition by UniCredit of 100% of the shares held by Bank Pekao in UniCredit Bank Ukraine, and
- gave its assent to the subsequent absorption of UniCredit Bank Ukraine into Ukrsotsbank, a 98.31%-owned subsidiary of Bank Austria.

Part I - Share-based Payments

Part I - Share-based Payments

A. Qualitative information

1. Description of payment agreements based on own equity instruments

1.1 OUTSTANDING INSTRUMENTS

Group Medium & Long Term Incentive Plans for selected employees include the following categories:
- **Equity-Settled Share Based Payments**;
- **Cash Settled Share Based Payments**[1].

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

The second category includes synthetic "Share Appreciation Rights" linked to the share-value and performance results of some Group-Companies[2].

1.2 Measurement model

1.2.1 Stock Options and Performance Stock Options

The Hull and White Evaluation Model has been adopted to measure the economic value of Stock Options.
This model is based on a trinomial tree price distribution using the Boyle's algorithm and estimates the early exercise probability on the basis of a deterministic model connected to:
- reaching a Market Share Value equals to an exercise price multiple (M);
- probability of beneficiaries' early exit (E) after the end of the Vesting Period.

The following table shows the measurements and parameters used in relation to the Performance Stock Options granted in 2012 in accordance to the estimates of the Group Executive Incentive System 2011.

Measurement of Performance Stock Option 2012

	PERFORMANCE STOCK OPTION 2012
Exercise Price [€]	4.01
UniCredit Share Market Price [€]	4.01
Grant Date	mar-27-2012
Vesting Period Start-Date	Jan-1-2012
Vesting Period End-Date	Dec-31-2015
Expiry date	Dec-31-2022
Exercise price - Multiple **(M)**	1.5
Exit Rate Post Vesting **(E)**	3.73%
Dividend Yield	2%
Volatility	56.5%
Risk Free Rate	2.5%
Stock Options' Fair Value per unit at Grant Date [€]	**1.867**

1. Linked to the economic value of instruments representing a subsidiary's Shareholders' Equity.
2. Pioneer Global Asset Management at the end of 2012.

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

1.2.2 Other equity instruments (Performance Shares) – Share for Talent
Share for Talent plan offers three “Free Unicredit Shares” installments, having subsequent annual vesting, to selected beneficiaries.

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

The following table shows the measurements and parameters used in relation to the Performance Shares granted in 2012

Valutazione Performance Share 2012

	SHARE FOR TALENT		
	1ST INSTALLMENT (2012)	2ND INSTALLMENT (2013)	3RD INSTALLMENT (2014)
Date of granting Board resolution (Grant Date)	Mar-27-2012	Mar-27-2012	Mar-27-2012
Vesting Period Start-Date	Jan-1-2012	Jan-1-2012	Jan-1-2012
Vesting Period End-Date	Dec-31-2012	Dec-31-2013	Dec-31-2014
UniCredit Share Market Price [€]	4.01	4.01	4.01
Economic Value of Vesting conditions [€]	-	-0.08	-0.15
Performance Shares’ Fair Value per unit @ Grant Date [€]	**4.01**	**3.93**	**3.86**

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

The economic and equity effects will be receipt on a basis of instrument vesting period.

Group Executive Incentive System 2011 - Shares
The economic value of Shares granted is measured considering the share market price at the grant date less the present value of the future dividends during the performance period. Parameters are estimated by applying the same model used for Stock Options measurement.

	SHARES RELATED TO GROUP EXECUTIVE INCENTIVE SYSTEM 2011	
GROUP EXECUTIVE INCENTIVE SYSTEM 2011	1ST INSTALLMENT (2014)	2ND INSTALLMENT (2015)
Bonus Opportunity Economic Value - (Grant Date)	Mar-22-2011	Mar-22-2011
Number of Shares - Date of Board resolution	Mar-27-2012	Mar-27-2012
Vesting Period Start-Date	Jan-1-2011	Jan-1-2011
Vesting Period End-Date	Dec-31-2013	Dec-31-2014
UniCredit Share Market Price [€]	4.01	4.01
Average Economic Value of Vesting conditions [€]	-0.06	-0.21
Average Performance Shares’ Fair Value per unit @ Grant Date [€]	**3.95**	**3.80**

The Economic and Equity effects will be receipt on a basis of instruments’ vesting period

Group Executive Incentive System 2012
Variable incentive related to 2012 defined on the basis of:
- individual performance, as well as results at business level and, as relevant, at country and/or Group level;
- definition of a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and in shares;
- distributions of share payments which take into account the applicable regulatory requirements regarding the application of share retention periods. In particular, the payment structure has been defined in line with Bank of Italy provisions requiring a share retention period of 2 years for upfront shares and of 1 year for deferred shares;
- application of an overall risk/sustainability factor, related to annual Group profitability, solidity and liquidity results (“Group Gate”) as well as a Zero Factor related to future Group profitability, solidity and liquidity results.

Part I - Share-based Payments (Continued)

All Profit and Loss and Net Equity effects related to the plan will be booked during the vesting period.

1.2.4 Employee Share Ownership Plan (Let's Share 2011)

For Free Shares (or rights to receive them) the fair value is measured at the end of the Enrolment Period according to the weighted average price paid by Participants to buy the Investment Shares on the market.
The following tables show the measurements and parameters used in relation to Discount Shares and Matching Shares (or rights to receive them) connected to the "Employee Share Ownership Plan" approved in 2011.

Measurement of Free Shares ESOP 2011

	FREE SHARE
Date of Free Shares delivery to Group employees	Jan-15-2013
Vesting Period Start-Date	Jan-1-2012
Vesting Period End-Date	Dec-31-2015
Discount Shares' Fair Value per unit [€]	**3.364**

Within the limits of the "Employee Share Ownership Plan" approved in 2011 all Profit and Loss and Net Equity effects related to free shares had been booked during 2012-2015 (except adjustments, according to Plan Rules, that will be booked during 2016).

B. Quantitative information

1. Annual changes

Stock Option e Performance Stock Option UniCredit:

ITEMS/NUMBER OF OPTIONS AND EXERCISE PRICE	YEAR 2012[1] NUMBER OF OPTIONS	YEAR 2012[1] AVERAGE EXERCISE PRICE [€]	YEAR 2012[1] AVERAGE MATURITY	YEAR 2011[1] NUMBER OF OPTIONS	YEAR 2011[1] AVERAGE EXERCISE PRICE [€]	YEAR 2011[1] AVERAGE MATURITY
A. Outstanding at beginning of period	**37,492,303**	**26.222**	**Jan-2019**	**31,461,056**	**40.540**	**Jul-2016**
B. Increases	**9,222,891**			**12,788,561**		
B.1 New issues	9,222,891	4.0100		12,788,561		
B.2 Other	-			-		
C. Decreases	**1,170,536**			**6,757,314**		
C.1 Forfeited	1,170,536	23.049		1,041,522	31.082	
C.2 Exercised	-			-		
C.3 Expired	-			5,715,792	32.390	
C.4 Other	-			-		
D. Outstanding at end of period	**45,544,658**	**23.049**	**Jun-2019**	**37,492,303**	**34.380**	**Jan-2019**
E. Vested Options at end of period	**24,635,563**	**29.087**	**Aug-2018**	**14,383,584**	**47.469**	**Sept-2018**

1. The information related to Number of options and Average exercise price had been modified for:
- as the free capital increase resolved by the UniCredit Annual General Meeting on April 29, 2009 ("scrip dividend"), implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0.88730816;
- as the capital increase resolved by the UniCredit Extraordinary Shareholder Meeting on November 16,2009 and finalized on February 24, 2010, implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0.95476659.
- as the capital increase resolved by the UniCredit Extraordinary Shareholder Meeting on December 15, 2011 and finalized in 2012 implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0.6586305.

Other UniCredit equity instruments: Performance Shares and Restricted Shares

ITEMS/NUMBER OF OTHER EQUITY INSTRUMENTS AND EXERCISE PRICE	YEAR 2012[1] NUMBER OF OPTIONS	YEAR 2012[1] AVERAGE EXERCISE PRICE [€]	YEAR 2012[1] AVERAGE MATURITY	YEAR 2011[1] NUMBER OF OPTIONS	YEAR 2011[1] AVERAGE EXERCISE PRICE [€]	YEAR 2011[1] AVERAGE MATURITY
A. Outstanding at beginning of period	**5,540,207**	**-**	**May-2013**	**2,321,157**	**-**	**Sept-2011**
B. Increases	**22,888,744**			**4,066,803**		
B.1 New issues	22,888,744			4,066,803		
B.2 Other	-			-		
C. Decreases	**3,289,084**			**847,753**		
C.1 Forfeited	747,417			755,891		
C.2 Exercised2	84,023			90,877		
C.3 Expired	2,457,644			-		
C.4 Other[3]	-			985		
D. Outstanding at end of period[4]	**25,139,867**	**-**	**Nov-2013**	**5,540,207**	**-**	**May-2013**
E. Vested instruments at end of period	**8,186,150**			**162,538**		

1. As far as concern 2012 movement, the average market price at the exercise date is equal to €4.02;
2. This movement represent the adjustment due to the reverse share split operation executed at December 27, 2011;
3. UniCredit undertakes to grant, conditional upon achieving performance targets set in the Strategic Plan, 25,1391867 ordinary shares at the end of 2012 (5,540,207 ordinary shares at the end of 2011).

According to Let's Share (ESOP) 2011 Plan Rules, in January 2013 had been delivered to Group Participants 531.150 Free Shares related to services rendered during the period 2012-2015
The said above UniCredit free ordinary shares had been acquired on the market.

2. Other Information

Employee Share Ownership Plan 2012 (Let's Share 2012)

In May 2012 the Ordinary Shareholders' Meeting approved the "UniCredit Group Employee Share Ownership Plan 2012" ("Let's Share 2012") that offers to eligible Group employees the opportunity to purchase UniCredit ordinary shares at favourable conditions, starting from January 2013, in order to reinforce employees' sense of belonging and commitment to achieve the corporate goals.

Let's Share 2012 was launched on November 27, 2012 in 13 countries across the Group (Austria, Bulgaria, Czech Republic, Germany, Hungary, Italy, Poland, Romania, Serbia, UK, Slovakia, Luxemburg and Hong Kong) with a participation rate of about 3.2% of the eligible employees.
Let's Share 2012 is a broad based share plan under which:

- during the "Enrolment Periods" (from January 2013 to December 2013) the Participants can buy UniCredit ordinary shares ("Investment Shares") by means of monthly or one-off contributions (via one installment in January 2013 and or/July 2013) taken from their Current Account. In case, during this Enrolment Period, a Participant leaves the Plan, he/she will lose the right to receive any free ordinary shares at the end of the Enrolment Period;
- at the first month of the Enrolment Period (January 2013), each Participant will receive a discount of 25% on overall amount of shares purchased; the Free Shares will be locked up for one year. The Participant will lose the entitlement to the Free Share if, during the holding period, he/she will no longer be an employee of a UniCredit Group Company unless the employment has been terminated for one of the specific reasons stated in the Rules of the Plan. In some countries, for fiscal reasons, it will not be possible to grant the Free Shares at the beginning of the Enrolment Period: in that case an alternative structure is offered that provides to the Participants of those countries the right to receive the Free Shares at the end of the Holding Period ("Alternative Structure");
- during the "Holding Period" (from January 2013 to January 2014 or from July 2013 to July 2014), the Participants can sell the Investment Shares purchased at any moment, but they will lose the corresponding Free Shares (or right to receive them).

The Free Shares are qualified as "Equity Settled Share-based Payments" as Participants, according to Plan's Rules, will receive UniCredit Equity Instruments as consideration for the services rendered to the legal entity where they are employed. The fair value will be measured at the beginning of Enrolment Period according to the price paid by Participants to acquire the first installment of the Investment Shares on the market.

All Profit and Loss and Net Equity effects related to Let's Share 2012 will be booked during the period 2012-2015.

Let's Share 2012 has not been produced any effect on 2012 Consolidated Financial Statement.

Effects on Profit and Loss

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

Financial statement presentation related to share based payments

	2012		2011	
	TOTAL	VESTED PLANS[1]	TOTAL	VESTED PLANS
(Costs)	**32,629**		**20,886**	
- connected to Equity Settled Plans[2]	*32,629*		*20,886*	
- connected to Cash Settled Plans[3]	-		-	
Debts for Cash Settled Plans	**5,132**	**-**		**-**
- of which Intrinsic Value		-		-

1. All vested plans were expired at 31st December 2012.
2. The increase is principally due to new plans' granted during 2012.
3. Benefits to employee other Group companies within the Synthetic Cash settled Remuneration Plan

Part L - Segment Reporting

Part L - Segment Reporting

Segment Reporting of UniCredit S.p.A., Parent Company of the UniCredit banking group, is provided in Part L of the consolidated notes to the accounts, in accordance to the IFRS 8.

Annexes

Reconciliation of Condensed Account to Mandatory Reporting Schedule (Amounts in million of €)

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

Balance Sheet

	AMOUNTS AS AT		SEE NOTES TO THE ACCOUNTS
	12.31.2012	12.31.2011	
Assets			Part B) Assets
Cash and cash balances = *item 10*	2,214	5,753	Table 1.1
Financial assets held for trading = *item 20*	10,536	11,480	Table 2.1
Loans and receivables with banks = *item 60*	27,936	29,634	Table 6.1
Loans and receivables with customers = *item 70*	260,850	256,251	Table 7.1
Financial investments	94,647	89,950	
30. Financial assets at fair value through profit or loss	*373*	*423*	*Table 3.1*
40. Available-for-sale financial assets	*31,635*	*24,363*	*Table 4.1*
50. Held-to maturity invstments	*3,348*	*4,494*	*Table 5.1*
100. Investments in associates and joint ventures	*59,291*	*60,670*	*Table 10.2*
Hedging instruments	10,840	7,158	
80. Hedging derivatives	*8,047*	*5,431*	*Table 8.1*
90. Changes in fair value of portfolio hedged items	*2,793*	*1,727*	*Table 9.1*
Property, plant and equipment = *item 110*	2,755	246	Table 11.1
Goodwill = *item 120 - intangible assets net of which: goodwill*	2,815	2,812	Table 12.1
Other intangible assets = *item 120 - Intangible assets net of goodwill*	26	29	Table 12.1
Tax assets = *item 130*	12,243	8,048	
Non-current assets and disposal groups classified as held for sale = *item 140*	-	7	Table 14.1
Other assets = *item 150*	6,417	5,654	Table 15.1
Total assets	**431,279**	**417,022**	

Balance Sheet

	AMOUNTS AS AT		SEE NOTES TO THE ACCOUNTS
	12.31.2012	12.31.2011	
Liabilities and shareholders' equity			Part B) Liabilities
Deposits from banks = *item 10*	56,446	63,335	Table 1.1
Deposits from customers and debt securities in issue	279,347	273,166	
20. Deposits from customers	*151,925*	*151,853*	*Table 2.1*
30. Debt securities in issue	*127,422*	*121,313*	*Table 3.1*
Financial liabilities held for trading = *item 40*	10,078	10,292	Table 4.1
Financial liabilities at fair value through profit or loss = *item 50*	-	-	Table 5.1
Hedging instruments	11,936	7,759	
60. Hedging derivatives	7,946	5,091	Table 6.1
70. Changes in fair value of portfolio hedged items	3,990	2,668	Table 7.1
Provisions for risks and charges = *item 120*	1,767	1,882	Table 12.1
Tax liabilities = *item 80*	2,644	626	
Liabilities included in disposal group classifid as held for sale = *item 90*	-	-	
Other liabilities	11,072	10,313	
100. Other liabilities	*10,135*	*9,337*	*Table 10.1*
110. Provision for employee severance pay	*937*	*976*	*Table 11.1*
Shareholders' equity	57,989	49,649	Part F) Shareholders'
- Capital and reserves	58,085	56,869	Equity
130. Revaluation reserves, of which: Special revaluation laws	*277*	*277*	*Table B.1*
160. Reserves	*5,284*	*7,623*	
170. Share premium	*32,878*	*36,823*	
180. Issued capital	*19,648*	*12,148*	*Table B.1*
190. Treasury shares	*-2*	*-2*	*Table B.1*
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	124	-871	
130. Revaluation reserves, of which: Available-for-sale financial assets	*-368*	*-1,262*	*Table B.1*
130. Revaluation reserves, of which: Cash-flow hedges	*492*	*391*	*Table B.1*
- Net profit = *item 200*	-220	-6,349	
Total liabilities and shareholders' equity	**431,279**	**417,022**	

Reconciliation of Condensed Account to Mandatory Reporting Schedule (Continued)

Income Statement

(€ million)

	YEAR 2012	YEAR 2011	SEE NOTES TO THE ACCOUNTS
			Part C)
Net interest = *item 30. Net interest margin*	4,276	4,704	Tables 1.1 and 1.4
Dividends and other income from equity investments	1,707	2,274	
70. Dividend income and similar revenue	*1,707*	*2,274*	*Table 3.1*
less: dividends from held for trading equity investmens included in item 70	-	-	*Table 3.1*
Net fees and commissions	3,540	3,406	
Net fees and commissions = *item 60*	3,490	3,406	Tables 2.1 and 2.3
+ Other operating income - of which: recovery of costs - Commissioni di istruttoria veloce (CIV)	*50*	-	
Net trading, hedging and fair value income	96	164	
80. Gains and losses on financial assets and liabilities held for trading	*-346*	*-187*	*Table 4.1*
+ dividends from held for trading equity investments included in item 70	-	-	*Table 3.1*
90. Fair value adjustments in hedge accounting	*-341*	*323*	*Table 5.1*
100. Gains and losses on disposal of: d) financial liabilities	*781*	*26*	*Table 6.1*
110. Gains and losses on financial assets and liabilities at fair value through profit or loss	*2*	*2*	*Table 7.1*
Net other expenses/income	75	-104	
190. Other net operating income	*448*	*316*	*Tables 13.1 and 13.2*
+ gains and losses on disposal / repurchase on loans and receivablese - not impaired position (from item 100)	*59*	*-4*	
less: Other operating income - of which: recovery of costs	*-473*	*-416*	*Table 13.2*
less: Write-dsowns on leashold improvements	*41*	-	*Table 13.1*
OPERATING INCOME	**9,694**	**10,444**	
Payroll costs	-3,306	-3,552	
150. Administrative costs - a) staff expenses	*-3,415*	*-3,665*	*Table 9.1*
less: integration costs	*109*	*113*	
Other administrative expenses	-2,797	-3,017	
150. Administrative costs - b) other administrative expenses	*-2,756*	*-3,017*	*Table 9.5*
less: integration costs	-	-	
+ less: Write-dsowns on leashold improvements	*-41*	-	*Table 13.1*
Recovery of expenses = item 190. Other net operating income	423	416	
- of which: Operating income - recovery of costs	*473*	*416*	*Table 13.2*
less: commissioni istruttoria veloce (CIV)	*-50*	-	
Amortisation, depreciation and impairment losses on intangible and tangible assets	-169	-77	
170. Impairment/Write-backs on property, plant and equipment	*-167*	*-73*	*Table 11.1*
less: impairment losses/writa backs on property owned for investments	*1*	-	*Table 11.1*
180. Impairment/Write-backs on intangible assets	*-3*	*-4*	*Table 11.2*
Operating costs	**-5,849**	**-6,230**	
OPERATING PROFIT (LOSS)	**3,845**	**4,214**	
Net impairment losses on loans and provisions for guarantees and commitments	-6,966	-3,966	
100. Gains and losses on disposal of a) loans	*42*	*-16*	*Table 6.1*
less: gains and losses on disposal / repurchase on loans and receivablese - not impaired position (from item 100)	*-59*	*4*	
130. Impairment losses on a) loans	*-6,677*	*-3,843*	*Table 8.1*
130. Impairment losses on d) other financial assets	*-272*	*-111*	*Table 8.4*
NET OPERATING PROFIT (LOSS)	**-3,121**	**248**	
Net provisions for risks and charges	-169	-304	
160. Net provisions for risks and charges	*-169*	*-304*	*Table 10.1*
less: integration costs	-	-	
Integration costs	-109	-113	
Net income from investments	47	-1,366	
100. Gains and losses on disposal of b) available-for-sale financial assets	*163*	*88*	*Table 6.1*
130. Impairment losses on:			
b) available-for-sale financial assets	*-23*	*-90*	*Table 8.2*
+ impairment losses/write backs on property owned for investments	*-1*	-	*Table 11.1*
210. Profit (loss) of associates - of which: Write-backs (write-downs) of equity investments	*-123*	*-1,431*	*Table 14.1*
210. Profit (loss) of associates - of which: gains (losses) on disposal of equity investments	*15*	*54*	*Table 14.1*
240. Gains and losses on disposal of investments	*16*	*13*	*Table 17.1*
PROFIT (LOSS) BEFORE TAX	**-3,352**	**-1,535**	
Income tax for the period = *item 260.* Tax expense (income) related to profit or loss from continuing operations	3,132	80	Table 18.1
Impairement of goodwill = *item 230*	-	-4,894	Table 16.1
NET PROFIT (LOSS) FOR THE YEAR	**-220**	**-6,349**	

Disclosure of fees paid to the Auditing Firm and to entities belonging to its network for financial year 2012

(pursuant to article 149-duodecies, CONSOB Regulation no. 11971/99, as supplemented)

DISCLOSURE OF EXTERNAL AUDITORS' FEES - UNICREDIT S.P.A. - FINANCIAL YEAR 2012 - KPMG NETWORK					
As prescribed by §149-duodecies of the Consob Issuers Regulation, the following table gives fees paid in 2012 for audit services rendered by KPMG SpA and firms in its network.					
	SERVICE PROVIDER	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE			
EXTERNAL AUDITING	NAME OF AUDITING FIRM	COMPANY NAME	DESCRIPTION OF SERVICE		FEES (€'000)(1)
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Audit of Company and Consolidated Accounts and First Half Report, accounting checks and foreign branches (2)		3,689
Auditing Firm Total					**3,689**
External Auditing Total					**3,689**
	SERVICE PROVIDER	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE			
CHECKING FOR THE PURPOSES OF OTHER OPINIONS	NAME OF AUDITING FIRM	COMPANY NAME	DESCRIPTION OF SERVICE		FEES (€'000)(1)
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Issuing comfort letters concerning bond issues, limited review of the sustainability report, signing the Italian tax declaration forms (Modello Unico, Modello 770 S/O and Modello Consolidato Nazionale), as well as of the lending transactions report, report on the value of Fondo Capital Italia S.A. and Fondo Pioneer CIM shares, monitoring over the servicing report of the securitisation transactions, and audit procedures on transferred assets.		1,049
Auditing Firm Total					**1,049**
Network Auditing Firm(s)					**-**
Network Auditing Firm(s) Total					**-**
Data Checking Total					**1,049**
	SERVICE PROVIDER	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE			
OTHER NON-AUDITING SERVICES	NAME OF THE AUDITING FIRM	COMPANY NAME	DESCRIPTION OF SERVICE	TYPE	FEES (€'000)(1)
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Checking the English and German translation of the Company and Consolidated Accounts, Company and Consolidated First Half Report, checking the document "Esercizio dell'opzione per il regime dell'imposta sostitutiva" and analysis the classification of debts to be disposed.	Checking	256
Auditing Firm Total					**256**
Network Auditing Firm(s)	KPMG Advisory S.p.A.	UniCredit S.p.A.	Methodological and technical support in checking the "Sustainability process and knowledge center of Unicredit", advice and assistance for "IFRS Conversion Services" and support in PMO activities for the extension of CCR project	Checking and advice	2,060
Network Auditing Firm(s) Total					**2,060**
Other Non-Auditing Services Total					2,316
Grand Total					**7,054**

(1) net of VAT and out-of-pocket expenses.

(2) Contract authorized by the Resolution of the Shareholders' Meeting of 10 May 2007 for a total amount of € 770,000. Following the absorption of former Capitalia entities and the following business combinations, a further contract implying a total cost of €320,000 was authorized by a Board Resolution dated 12 February 2009. Following the ONE4C merger, a further contract implying a total cost of € 2,394,000 (plus ISTAT indexation, amounting to € 204,988) was authorized by a resolution of the Shareholders' Meeting dated 29 April 2011.

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Amounts in thousands of €)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2012	NO. OF MEMBERS AS AT 12.31.2012	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Pension Fund for the employees of Cassa di Risparmio di Trieste Collections Division" Registration no. 9081	87	-	Defined benefit		
Opening balance as at 12.31.2011				**4,358**	
Provisions for the year:					
- interest cost				213	–
- actuarial (gains)/losses recognised in the year				-	
Benefits paid in the year				457	
Balance as at 12.31.2012				**4,114**	
Present value of the liabilities				**4,780**	
Non-recognised actuarial (gains)/losses				**666**	
"Supplementary Pension Fund for employees of Cassa di Risparmio di Torino in liquidation" Registration no. 9084	4	-	Defined benefit		
Opening balance as at 12.31.2011				**279**	
Provisions for the year:					
- interest cost				17	–
- actuarial (gains)/losses recognised in the year				52	
Benefits paid in the year				21	
Balance as at 12.31.2012				**327**	
Present value of the liabilities				**462**	
Non-recognised actuarial (gains)/losses				**135**	
"Supplementary Pension Fund for the collection management staff of Cassa di Risparmio di Torino" Registration no. 9085	146	-	Defined benefit		
Opening balance as at 12.31.2011				**8,898**	
Provisions for the year:					
- interest cost				448	–
- actuarial (gains)/losses recognised in the year				-	
Benefits paid in the year				935	
Balance as at 12.31.2012				**8,411**	
Present value of the liabilities				**10,983**	
Non-recognised actuarial (gains)/losses				**2,572**	

(Continued Internal Pension Funds: Statement of Changes in the Year and Final Accounts)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2012	NO. OF MEMBERS AS AT 12.31.2012	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary Company Pension Fund of the general obligatory insurance for the employees of the credit section of Cassa di Risparmio di Trento e Rovereto Spa, the Social Security Fund for employees of the agencies of the Tax Collections Service, and for the employees of the tax collection agency of Cassa di Risparmio di Trento e Rovereto Spa" Section A Registration no. 9131	419	-	Defined benefit		–
Opening balance as at 12.31.2011				**32,907**	
Provisions for the year:					
- interest cost				1,750	
- actuarial (gains)/losses recognised in the year				2,061	
Benefits paid in the year				4,141	
Balance as at 12.31.2012				**32,577**	
Present value of the liabilities				**41,700**	
Non-recognised actuarial (gains)/losses				**9,123**	
"Contract for Pensions and Social Security for Staff belonging to the Management/Senior Management, Officers, Managers, Employees, Subordinate employee and Auxiliary staff categories of Cariverona Banca Spa" Registration no. 9013	848	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2011				**62,061**	
Provisions for the year:					
- interest cost				3,240	
- actuarial (gains)/losses recognised in the year				2,579	
Benefits paid in the year				7,352	
Balance as at 12.31.2012				**60,528**	
Present value of the liabilities				**75,824**	
Non-recognised actuarial (gains)/losses				**15,296**	

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Continued Internal Pension Funds: Statement of Changes in the Year and Final Accounts)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2012	NO. OF MEMBERS AS AT 12.31.2012	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary pension fund of the obligatory insurance, invalidity, widows and survivors insurance (managed by the INPS) of the Cassa di Risparmio di Ancona" (absorbed on 1/10/89 by Cariverona Banca Spa) - Registration no. 9033	40	1	Defined benefit		–
Opening balance as at 12.31.2011				**2,456**	
Provisions for the year:					
- interest cost				128	
- actuarial (gains)/losses recognised in the year				118	
Benefits paid in the year				311	
Employees contributions				1	
Balance as at 12.31.2012				**2,392**	
Present value of the liabilities				**3,078**	
Non-recognised actuarial (gains)/losses				**686**	
"Pension fund for employees, clerks and auxiliary workers of Banca Cuneese Lamberti Meinardi & C. - Cuneo" (absorbed on 1/8/92 by Cariverona Banca Spa) - Registration no. 9012	31	5 (*)	Defined benefit		Payable by the Company on the basis of the technical accounts Payable by Employees: 1%
Opening balance as at 12.31.2011				**3,722**	
Provisions for the year:					
- interest cost				202	
- actuarial (gains)/losses recognised in the year				29	
- Current service cost(gross)				10	
Benefits paid in the year				322	
Employees contributions				2	
Balance as at 12.31.2012				**3,643**	
Present value of the liabilities				**4,808**	
Non-recognised actuarial gains/losses				**1,165**	
(*) of which:X deferred benefit					
"Pension fund for the employees of the former Credito Fondiario delle Venezie Spa" Registration no. 9067	9	-	Defined benefit		–
Opening balance as at 12.31.2011				**1,232**	
Provisions for the year:					
- interest cost				63	
- actuarial (gains)/losses recognised in the year				8	
Benefits paid in the year				112	
Balance as at 12.31.2012				**1,191**	
Present value of the liabilities				**1,552**	
Non-recognised actuarial (gains)/losses				**361**	

(Continued Internal Pension Funds: Statement of Changes in the Year and Final Accounts)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2012	NO. OF MEMBERS AS AT 12.31.2012	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Agreement for the regulation of the social security benefits of the employees of the Istituto Federale delle Casse di Risparmio delle Venezie Spa" - Registration no. 9068	58	-	Defined benefit		
Opening balance as at 12.31.2011				**4,267**	
Provisions for the year:					
- interest cost				219	–
- actuarial (gains)/losses recognised in the year				105	
Benefits paid in the year				526	
Balance as at 12.31.2012				**4,065**	
Present value of the liabilities				**5,292**	
Non-recognised actuarial (gains)/losses				**1,227**	
"Internal Company Fund (FIA) of the former Credito Romagnolo" + CIP former Banca del Friuli - Registration no. 9151	1,091	-	Defined benefit		
Opening balance as at 12.31.2011				**89,752**	
Provisions for the year:					
- interest cost				4,700	
- actuarial (gains)/losses recognised in the year				3,497	
Benefits paid in the year				9,613	–
Balance as at 12.31.2012				**88,336**	
Present value of the liabilities				**113,271**	
(*) of which: Actual value of the obligation stipulated by the Agreement dated 31.1.1990 item 18				-	
Non-recognised actuarial (gains)/losses				**24,935**	
"Supplementary Pension Fund for the employees of the former Carimonte Banca Spa" - Registration no. 9147	139		Defined benefit		
Opening balance as at 12.31.2011		**-**		**11,004**	
Provisions for the year:					
- interest cost				555	
Benefits paid in the year				1,086	–
Balance as at 12.31.2012				**10,473**	
Present value of the liabilities				**13,713**	
Non-recognised actuarial (gains)/losses				**3,240**	

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Continued Internal Pension Funds: Statement of Changes in the Year and Final Accounts)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2012	NO. OF MEMBERS AS AT 12.31.2012	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Fund for the employees of Magazzini Generali" Registration no. 9148	1	-	Defined benefit		–
Opening balance as at 12.31.2011				**107**	
Provisions for the year:					
- interest cost				6	
- actuarial (gains)/losses recognised in the year				3	
Benefits paid in the year				11	
Balance as at 12.31.2012				**105**	
Present value of the liabilities				**112**	
Non-recognised actuarial (gains)/losses				**7**	
"Supplementary retirement benefits in favour of the members of the General Management of Credito Italiano who retired between 1 January 1963 and 30 September 1989 attributed to UniCredito Italiano" - Registration no. 9029	14	-	Defined benefit		–
Opening balance as at 12.31.2011				**8,692**	
Provisions for the year:					
- interest cost				440	
- actuarial (gains)/losses recognised in the year				112	
Benefits paid in the year				1,070	
Balance as at 12.31.2012				**8,174**	
Present value of the liabilities				**10,536**	
Non-recognised actuarial (gains)/losses				**2,362**	
"Company Social Security Fund supplementing INPS benefits. Additional-benefit reserve accounts for employees of former Banca dell'Umbria 1462 S.p.A." included the Tax Collection Service SORIT - Registration no. 9021 and no. 9020	122	-	Defined benefit		–
Opening balance as at 12.31.2011				**9,767**	
Provisions for the year:					
- interest cost				520	
- actuarial (gains)/losses recognised in the year				576	
Benefits paid in the year				973	
Balance as at 12.31.2012				**9,890**	
Present value of the liabilities				**11,491**	
Non-recognised actuarial (gains)/losses				**1,601**	

(Continued Internal Pension Funds: Statement of Changes in the Year and Final Accounts)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2012	NO. OF MEMBERS AS AT 12.31.2012	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Social Security Fund supplementing INPS benefits of Cassa Risparmio Carpi SpA Defined-benefit reserve account for former employees" - Registration no. 9022	58	-	Defined benefit		–
Opening balance as at 12.31.2011				**3,361**	
Provisions for the year:					
- interest cost				160	
- Benefits paid in the year				391	
Balance as at 12.31.2012				**3,130**	
Present value of the liabilities				**3,771**	
Non-recognised actuarial (gains)/losses				**641**	
"Pension fund for the employees of former UniCredit Banca Mediocredito" - Registration no. 9127	35	-	Defined benefit		–
Opening balance as at 12.31.2011				**2,276**	
Provisions for the year:					
- interest cost				126	
- actuarial (gains)/losses recognised in the year				276	
Benefits paid in the year				386	
Balance as at 12.31.2012				**2,292**	
Present value of the liabilities				**2,890**	
Non-recognised actuarial (gains)/losses				**598**	
Pension fund for the employees of Capitalia Head Office (former Banco di S.Spirito, former Banco di Roma and former Cassa di Risparmio di Roma)" - Registration no. 9165	107	31 (*)	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2011				**73,691**	
Provisions for the year:					
- interest cost				4,131	
- actuarial (gains)/losses recognised in the year				871	
Current service cost(gross)				245	
Benefits paid in the year				8,182	
Balance as at 12.31.2012				**70,756**	
Present value of the liabilities				**103,094**	
Non-recognised actuarial (gains)/losses				**32,338**	

(*) of which: 23 deferred benefit

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Continued Internal Pension Funds: Statement of Changes in the Year and Final Accounts)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2012	NO. OF MEMBERS AS AT 12.31.2012	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
Statement post-employment benefits and pensions for staff of the Cassa di Risparmio di Roma - Registration no. 9096	1,417	241 (*)	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2011				**139,609**	
Provisions for the year:					
- Current service cost				207	
- interest cost				6,668	
Benefits paid in the year				11,689	
Balance as at 12.31.2012				**134,795**	
Present value of the liabilities				**165,356**	
Non-recognised actuarial (gains)/losses				**30,561**	
(*) of which: 118 deferred benefit					
Statement of "Post-employment benefit for staff of Banco di Sicilia" - Registration no. 9161	2,907	260 (*)	Defined benefit		Payable by the Company on the basis of the technical accounts Payable by employees: Senior Management: 0.8% M anagement (3rd and 4th grade): 0.6% M anagement (1st and 2nd grade): 0.30% Other Staff: 0.15%
Opening balance as at 12.31.2011				**148,406**	
Provisions for the year:					
- interest cost				7,495	
- actuarial (gains)/losses recognised in the year				1,186	
Benefits paid in the year				15,294	
Employees contributions				20	
Balance as at 12.31.2012				**141,813**	
Present value of the liabilities				**165,998**	
Non-recognised actuarial (gains)/losses				**24,185**	
(*) of which: 117 deferred benefit.					

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2012	NO. OF MEMBERS AS AT 12.31.2012	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
Statement of the "FIP former Sicilcassa - supplementary pension fund for staff of Cassa Centrale di Risparmio V.E. per le province siciliane" - Registration no. 9063	2,658		Defined benefit		–
Opening balance as at 12.31.2011				**71,132**	
Provisions for the year:					
- interest cost				3,732	
- actuarial (gains)/losses recognised in the year				3,483	
Benefits paid in the year				8,774	
Balance as at 12.31.2012				**69,573**	
Present value of the liabilities				**87,196**	
Non-recognised actuarial (gains)/losses				**17,623**	

(Continued Internal Pension Funds: Statement of Changes in the Year and Final Accounts)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2012	NO. OF MEMBERS AS AT 12.31.2012	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
Statement of the "Pension fund for employees of the former Banca di Roma - London Branch	3	23 (*)	Defined benefit		–
Opening balance as at 12.31.2011				**2,165**	
Provisions for the year:					
- interest cost				208	
- performance of plan assets				-218	
- actuarial (gains)/losses recognised in the year				-2,162	
Benefits paid in the year				13	
Other changes - increases				1,511	
Exchange rate effect				28	
Balance as at 12.31.2012				**1,519**	
Present value of the liabilities				**9,597**	
Present value of plan assets				**4,160**	
Present value of the liabilities, not funded by plan assets				**5,437**	
Non-recognised actuarial (gains)/losses				**3,918**	
(*) of which: 23 deferred benefit.					
"Pension fund for the employees of the London Branch" (ex Credito Italiano)	14	85 (*)	Defined benefit		-
Opening balance as at 12.31.2011				**1,981**	
Provisions for the year:					
- Corrent service cost (gross)				297	
- interest cost				967	
- performance of plan assets				-656	
- actuarial (gains)/losses recognised in the year				231	
Benefits paid in the year				1,981	
Balance as at 12.31.2012				**839**	
Present value of the liabilities				**19,528**	
Present value of plan assets				**13,959**	
Present value of the liabilities, not funded by plan assets				**5,569**	
Non-recognised actuarial gains/losses				**4,730**	

(*) of which: 79 deferred benefit.

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Continued Internal Pension Funds: Statement of Changes in the Year and Final Accounts)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2012	NO. OF MEMBERS AS AT 12.31.2012	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary Pension Fund of the general obligatory insurance for the employees of the credit section of Cassa di Risparmio di Trento e Rovereto Spa, the Social Security Fund for the employees of the tax collection agencies of the Tax Collection Service and for the employees of the tax collection agency of Cassa di Risparmio di Trento e Rovereto Spa" Sections B e C - Registration no. 9131	-	531	Defined contribution - individual capitalisation		Payable by the Company for employees ante*: min. 2% max 14.35% for employees post*: min. 2% - max 2.35% + empl. sever. pay + average monthly Euribor rate on equity Payable by employees: by employees ante 0.50% by employees post 2%
Opening balance as at 12.31.2011				**42,664**	
Decreases:				**3,590**	
Capital paid out in the year				3,590	
Increases;				**2,676**	
Performance of liquid assets net of operating costs and replacement tax				101	
Other changes:					
- contributions paid by employees and the Company (1)				2,199	
- contributions paid by other Group Companies (1)				376	
Balance as at 12.31.2012				**41,750**	

FUND ASSETS		
Liquid assets	41,221	
Items to be settled	529	
Total assets	**41,750**	

(1) includes employee severance pay.

* ante/post employees: those who joined the complementary social security fund before/after 28.4.1993, when Legislative Decree 124/93 came into force.

(Continued Internal Pension Funds: Statement of Changes in the Year and Final Accounts)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2012	NO. OF MEMBERS AS AT 12.31.2012	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Pension Fund supplementing INPS benefits. Defined-contribution account of former Banca dell'Umbria 1462 S.p.A." - Registration no. 9021	-	2	Defined contribution		Employees "ante": (*) - payable by the employee 0.25% with the option to contribute also the employee severance pay - payable by the Company: from 2% to 6.28% Employees "post": (*) - payable by the employee min. 0.25% + sever. pay - payable by the Company: 2%
Opening balance as at 12.31.2011				**191**	
Decreases:				**30**	
Capital paid out in the year				30	
Increases:				**9**	
Performance of liquid assets net of operating costs and replacement tax				2	
Other changes: - contributions paid by other Group Companies (1)				7	
Balance as at 12.31.2012				**170**	

FUND ASSETS		
Liquid assets	168	
Items to be settled	2	
Total assets	170	

(1) includes employee severance pay
* ante/post employees: those who joined the supplementary social security fund before/after 28.4.1993, when Legislative Decree 124/93 came into force

"Company Social Security Fund supplementing INPS benefits. Defined-contribution account - (cost of living) of former Banca dell'Umbria 1462 S.p.A." - Registration no. 9021	Defined contribution		
Opening balance as at 12.31.2011		**206**	
Provisions for the year		-	
Balance as at 12.31.2012		**206**	

Company pension funds

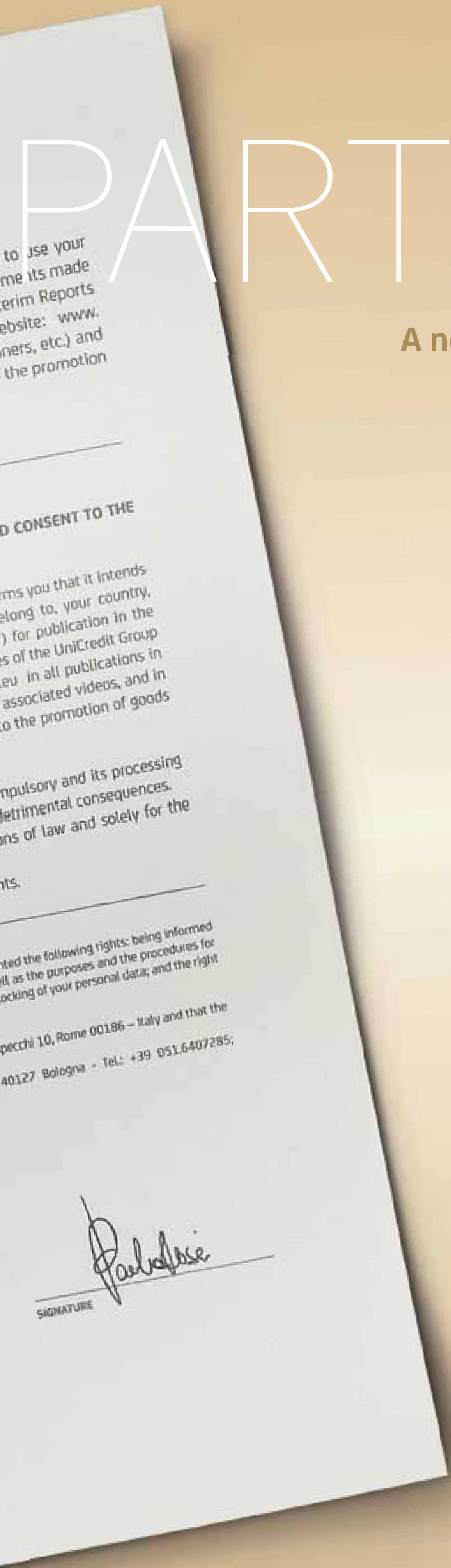
During 2012 there were more effects of the pension reform introduced by the legislator at the end of the previous year.

As already considered in 2011 Financial statement, among the principal effects of the reform, the main one is the postponement of the retirement time and, therefore, the of related costs.

Even though these effects have been partially balanced by the possibility of having, in some cases, the requirements of the previous legislature anticipating the retirement timing compared to the ones of the reform, this had a positive impact on company costs as allowed several active members to maintain the applications already made to Leaving incentives plans.

PARTNERSHIP

A new, versatile and flexible, investment concept



HVB Private Banking Vermögensportfolio Flex Select is a new kind of joint investment with a long-term investment horizon. It is based on the idea that the customer and the Bank invest together in an investment fund ("Private Banking Vermögensportfolio Flex Select 70 PI"; launched by the capital investment company, Pioneer Investments KAG mbH, Munich). The Bank has injected €20 million of its own capital in the fund and through the joint investment both the Bank and its customers participate in the performance of the respective unit classes.

*Only the sales prospectus is binding, as well as the Key Investor Document, which you can receive free of charge in German from UniCredit Bank AG, Arabellastrasse 12, Munich.

Certification

Annual financial statements certification pursuant to Article 81-ter of Consob Regulation no. 11971/99, as amended

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

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

   of the administrative and accounting procedures employed to draw up the 2012 Annual Financial Statements.

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

3. The undersigned also certify that:

   3.1 the 2012 Annual Financial Statements:

   a) were prepared in compliance with applicable international accounting standards recognized by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002, of July 19, 2002;

   b) correspond to the results of the accounting books and records;

   c) are suitable to provide a fair and correct representation of the economic and financial situation of the issuer;

   3.2 the Report on Operations includes a reliable analysis of the operating trend and results as well as of the situation of the issuer, together with a description of the main risks and uncertainties they are exposed to.

Milan, March 15, 2013

Federico Ghizzoni

Marina Natale

PEACE OF MIND

How to save a Customer's holiday

"When I lost my Visa card while on vacation abroad, UniCredit Bank's emergency cash disbursal service saved me from what could have been a disastrous situation.
I used the service twice while visiting Paris and Moscow and it exceeded my expectations, allowing me to pay for my hotel, entertainment and other expenses. I was impressed by the service's quality and speed – I was able to have cash in-hand in less than an hour.
This experience taught me that my bank is 100 percent prepared to support me at anytime, even in the most difficult of situations. I know now that I can count on UniCredit's professional advice and real solutions for whatever I need."

Yurov Valeriy Anatolievich,
customer of UniCredit Bank in Ukraine

Reports and Resolutions

Report of the Board of Statutory Auditors

Report of the Board of Statutory Auditors

English translation of the Italian original document

UNICREDIT S.p.A.
REPORT OF THE BOARD OF STATUTORY AUDITORS
TO THE SHAREHOLDERS IN GENERAL MEETING
(PURSUANT TO § 153 LAW 58/1998 AND § 2429,
PARAGRAPH 2, OF THE ITALIAN CIVIL CODE))

To the Shareholders:

Under § 153 Law 58/1998 (the Consolidated Finance Act known as the “TUF”), and § 2429.2 Italian Civil Code, the Board of Statutory Auditors is required to report to the Shareholders in General Meeting on its oversight activities during the year and on any omissions or censurable facts that were found. The Board of Statutory Auditors is also entitled to make remarks and proposals in respect of the Accounts, their approval and all matters within its competence.
In 2012 the Board of Statutory Auditors carried out its statutory duties as required by the Civil Code, by Law 385/1993 (the Consolidated Banking Act, known as the “TUB”), by Legislative Decree 39/2010, by the Company’s By-Laws and by the regulations issued by public authorities vested with supervisory and control functions, also taking into consideration the standards of conduct recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Board of Certified Public Accountants).
Given the foregoing, this report provides the information required by Consob Communication 1025664 dated 6 April 2001, as amended and supplemented.

Appointment of the Board of Statutory Auditors
This Board of Statutory Auditors was appointed by the Shareholders in General Meeting on 22 April 2010. Its members are Maurizio Lauri (Chairman), Cesare Bisoni, Vincenzo Nicastro, Michele Rutigliano and Marco Venturuzzo.

Activity of the Board of Statutory Auditors
During the year the Board of Statutory Auditors carried out its supervisory activity by holding 47 meetings, each lasting 4.5 hours on average, as well as attending 17 meetings of the Board of Directors and 12 meetings of the Internal Control & Risk Committee (represented by its Chairman).

At the Board of Directors’ meetings, at which the most important business, financial and capital transactions carried out by UniCredit S.p.A. (“the Company”) and/or by its subsidiaries were discussed, the Board of Statutory Auditors received the information detailed in § 150.1 TUF. Based on the information acquired through its oversight, the Board of Statutory Auditors noted no transactions performed not in compliance with the principles of proper management, or resolved and carried out not in compliance with the law and the Company’s By-Laws, or not in the Company’s interest, or not in accordance with Shareholders’ resolutions, or manifestly imprudent or reckless, or lacking the necessary information where Directors’ interests were involved, or prejudicial to the Company’s equity.

Significant Transactions
The most significant transactions are described in the Directors Report on Operations.
In particular, it should be noted that:
- In 2012 UniCredit continued to carry on the reorganization process of the Group’s Italian businesses, aimed at streamlining the Group structure, simplifying the governance and reducing costs by starting a project for the rationalization of certain activities carried out by some Italian subsidiaries through direct merger into UniCredit S.p.A.. As part of the planned rationalization of Group businesses in the Central Eastern Europe (CEE), in November 2012 UniCredit approved a project for the absorption of the Slovak subsidiary into the Czech bank;
- The sale, via an accelerated bookbuild, of the entire stake (worth €198.3 million) in London Stock Exchange Group plc was closed in May 2012 (16.6 million ordinary shares representing 6.1% of share capital), resulting in a positive contribution to net income on a consolidated basis of approximately €121.5 million;
- In January 2013 UniCredit S.p.A. reduced its stake in Bank Pekao S.A. from 59.2% to 50.1%, by selling 9.1% via an accelerated bookbuild offering opened to institutional investors only. Upon sale, which yielded approximately €890 million, a gross capital gain of about €135 million on a consolidated basis was realized, which was entirely allocated to capital reserves, as Bank Pekao S.A. is a fully consolidated subsidiary of UniCredit S.p.A.;
- In late January 2013, a joint venture agreement was signed to provide financing services in the automotive sector in Russia. Renault–Nissan will hold a 60% stake and Bank Austria AG a 40% stake.

Additionally, the Board of Directors performed a review of the internal composition of its equity structure, in order to check whether the reserves had been allocated consistently with their origination and in compliance with the relevant classifications under the legal framework. Following this assessment, whose effects are reported in the Notes to the Consolidated Accounts, the Board of Directors – once informed the Regulators and based on independent experts’ opinion which had confirmed the legitimacy of the transaction – decided to propose to the Shareholders in the General Meeting the integration of the legal reserve in order to reach the minimum threshold provided for by § 2430 of the Italian Civil Code, the coverage of the so-called negative reserves and the reallocation of the loss from the previous financial year. These proposals were included in a specific report of the Board of Directors, which is being published and made available to the Shareholders in accordance with applicable statutory and regulatory provisions.

Untypical or Unusual Transactions
The Directors Report on Operations, as well as the information submitted to the Board of Directors during its meetings and received by the Chairman, the CEO, the Company's management, the subsidiaries' Statutory Auditors, and the External Auditors, revealed no untypical and/or unusual transactions, including intercompany or related-party transactions.

Intercompany and Related-Party Transactions
The Board of Directors, in compliance with the provisions on the holding of shares in non-financial institutions and indirect equity investments as well as with the new provisions on risk activities and conflicts of interest in relation to Bank's or Group's related parties, provided for by Bank of Italy Circular No. 263 dated 27 December 2006, ninth update, appointed the Related Parties and Equity Investments Sub-Committee and assigned it the responsibility for related-parties transactions pursuant to Consob regulations.
The procedures adopted by your Company were implemented through the issuance of a process regulation, which should be complied with by the Group companies in order to ensure the effective application of the principles and criteria defined therein.
The procedures require inter alia that the Company should annually assess their fitness for purpose and update them where necessary to take account of any changes in the shareholding structure or relevant legislation, as well as their effectiveness, as evinced in practice.
The Board of Directors confirmed the adequacy of the procedures in place.
The Board of Statutory Auditors notes that, in compliance with the reference regulatory framework, in case of related-parties transactions under § 136 TUB, the latter shall be applied.
The Board of Statutory Auditors recommended that attention be paid in dealing with transactions having an amount of approximately 5% of the regulatory capital and that the reporting on these related-party transactions be sent, in any case, to the competent company bodies in advance.
Additionally, the Board of Statutory Auditors recommended the prompt completion of the mapping process currently performed on all special purpose vehicles (SPVs), both consolidated and unconsolidated, since it considered necessary to check on an on-going basis whether unconsolidated vehicles should be classified as financial or non-financial entities. The focus should be in particular on those vehicles in which the Company does not hold a controlling interest.

Oversight pursuant to Legislative Decree 39/2010
The Legislative Decree 39/2010 requires the Board of Statutory Auditors (which the Act defines as the "Internal Control and Audit Committee") to oversee: (i) the financial information process; (ii) the effectiveness of the internal control system, internal audit and risk management; (iii) the annual statutory audit of the Company and Consolidated Accounts; and (iv) the independence of the external auditors, specifically when they provide non-audit services.
The Board of Statutory Auditors has seen the reports of the External Auditors KPMG S.p.A., whose activity supplements the general framework of the control functions required by the regulations in respect of financial information.
These reports, which were issued pursuant to § 14 Legislative Decree 39/2010 on April 11, 2013, stated that the Company Accounts and the Consolidated Accounts as at December 31 2012 were compliant with the International Financial Reporting Standards and with the International Accounting Standards issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, as well as with the instructions issued in implementation of § 9 Law 38/2005, and that had been drawn up on the basis of the instructions contained in Bank of Italy Circular No. 262 of 22 December 2005, as amended and supplemented. Additionally, these Reports stated that Company Accounts and the Consolidated Accounts as at December 31 2012 had been drawn up clearly and gave a true and fair picture of the capital and financial situation and of the profit and cash flows generated in the financial year ended 31 December 2012. In addition, the External Auditors were of the opinion that the Directors Report on Operations and the information presented in the Report on Corporate Governance pursuant to § 123 bis para. 1 c), d), f), l) and m) and para. 2 b) Law 58/1998 were consistent with the Accounts.
The Board of Statutory Auditors has examined the report required by § 19 Legislative Decree 39/2010 issued by the External Auditors on April 11, 2013, which noted neither any significant audit adjustments nor any significant criticalities in the internal control system in respect of the financial information process.
The Board of Statutory Auditors regularly met with the External Auditors, as required by § 150 para. 3 TUF for an exchange of information. They informed the Board of Statutory Auditors of no censurable actions or facts or irregularities which would have been required to be reported under § 155.2 TUF.
Since January 1 2013 the meetings held between the Board of Statutory Auditors and the External Auditors for the periodic exchange of information were also attended by Deloitte & Touche S.p.A., as new External Auditors for the period 2013-2021.
The Board of Directors, in compliance with the indications contained in the Bank of Italy/Consob/ISVAP document No. 4 dated March 3 2010, approved – in a separate way and in advance of the approval of the financial statements – the impairment procedure. The Board of Directors, whilst maintaining unchanged the strategic actions of the Industrial Plan, updated the assumptions on goodwill impairment test, adopting (i) different macro and banking scenarios, (ii) cash flows coming from the 2013 Budget and extended to the following years based on new macro projections, and (iii) a different cost of equity.

In the second half of 2012 the Board of Directors approved a new organizational structure (Group Organization Leaner Design - GOLD) for its business lines, which modified the setup of the existing cash generating units (CGUs). The impairment test was developed consistently with the new organizational structure.
However, the Note to the Report on Operations and the Consolidate Accounts also shows the results of the impairment test developed on the basis of the former CGUs' structure, which had been used for the reporting segment.
In addition, it should be noted that the Company has decided to exercise the right to claim for a tax redemption for the highest value of the controlling interest relating to the goodwill and for other intangible assets included in the Financial Statements as at 31 December 2010.

Report of the Board of Statutory Auditors (Continued)

In this respect, it should be noted that the Company has filed application for a tax ruling in relation to the goodwill tax redemption at *Agenzia delle Entrate* (the Italian revenue agency), under § 11 Law 212 of July 27 2000.

Oversight of the Independence of the External Auditors

The Board of Statutory Auditors examined the report on the independence of the External Auditors pursuant to § 17 Legislative Decree 39/2010 and found no situations prejudicial to their independence or causes of incompatibility as per §§ 10 and 17 of Legislative Decree 39/2010 or its implementation instructions.

This Report stated that the External Auditors in 2012 received fees for the following non-audit services in addition to its engagements for the audit of the Company and Consolidated Accounts and the First Half Report and for checking that the books of account were correctly kept and that the business operations were accurately recognized in accounting entries:

- Issuance of "comfort letters" regarding bond issues in the European market, for a fee of 530,000 Euros;
- Reviewing the English version of the First Half Company and Consolidated Reports as at 30 June 2012, of the Company and Consolidated Financial Statements as at 31 December 2012, and of the German version of the Company and Consolidated Financial Statements as at 31 December 2011, for a fee of 50,824 Euros;
- Limited audit of the Sustainability Report of the UniCredit Group as at 31 December 2012, for a fee of 280,000 Euros;
- Signing the Unified Tax Return, the 770 Simplified and Standard Tax Return, the 2012 Domestic Tax Consolidation Return and the 2012 Credit and Finance report, for a fee of 63,530 Euros;
- Preparation of the report on the NAV of Capital Italia S.A. investment fund units as at 31 December 2012, for a fee of 9,400 Euros;
- Preparation of the report on the NAV of the Pioneer CIM investment fund units as at 31 December 2012, for a fee of 11,846 Euros;
- Checking of the quarterly statements made in 2012 by UniCredit S.p.A. as servicer of securitisations, for a fee of 128,389 Euros;
- Checking the assets sold by UniCredit S.p.A. under the OBG (covered bond) programme in 2012, for a fee of 25,845 Euros;
- Checking the statements made by the Bank in order to determine the amounts subject to the substitute tax, pursuant to § 15 para. 10-bis and 10-ter Law 185/2008, as amended by § 23, para. 12 and 14 Law 98 of 6 July 2011, as amended by and converted into Law 111 of 15 July 2011, for a fee of 200,000 Euros;
- Checking the classification of accounts payable disposed in compliance with the "Trade Purchase for Buyers" contract, for a fee of 5,000 Euros.

Additionally this Report stated that in 2012 further mandates were given to KPMG Advisory S.p.A., a firm within the KPMG network, by UniCredit S.p.A for the provision of the following services:

- Providing methodological and technical support during the "IFRS Conversion" project, for a fee of 1,327,000 Euros;
- Providing methodological and technical support to critically check the "Sustainability process and knowledge center of UniCredit", for a fee of 200,000 Euros;
- Supporting the activities aimed at extending the Counterparty Credit Risk project to UniCredit S.p.A., for a fee of 533,000 Euros.

The Board of Statutory Auditors was informed that the fee paid by UniCredit Bank AG to the External Auditors in Germany for non-audit services was significantly higher than the one paid for audit services.

The Board of Statutory Auditors was informed that these non-audit services were mainly requested by the German Supervisory Authority, by the local Internal Audit function or had become necessary in order to comply with the regulatory framework.

The mandates assigned for the provision of such services had not been communicated in advance to the Board of Statutory Auditors of UniCredit S.p.A.

To avoid that the provision of non-audit services could be detrimental to the independence of the External Auditors, the Board of Statutory Auditors has requested that the framework agreement signed with the new External Auditors provide for that the Board of Statutory Auditors of UniCredit S.p.A. be informed in advance of any non-audit services requested and that the relevant fee should not be higher than the one paid for audit services.

Oversight of the Financial Information Process

The Board of Statutory Auditors examined the internal regulations on the financial information process regulating the activities of the officer charged with drawing up accounting and corporate documents (the *"Dirigente preposto")*, appointed under Law 262/2005, and of the CEO in making their attestations as per § 154-bis of Law 58/1998.

The administrative and accounting procedures for the compilation of the Company and Consolidated Accounts and all other financial information were set up by the *Dirigente preposto* who, together with the CEO, periodically attests that they are fit for purpose and actually applied.

The Board of Statutory Auditors periodically met the *Dirigente preposto* in order to exchange information with the latter. The *Dirigente Preposto* reported no particular deficiencies in the operational and control processes such as to impair the judgment that the administrative and accounting procedures are fit for purpose and properly applied to produce a true and fair picture of the business in terms of profitability, capital and finance in line with international accounting standards.

In regular meetings for the exchange of information, as in its report pursuant to § 19 Legislative Decree 39/2010, the External Auditors reported no significant criticalities in the internal control system with regard to the financial information system.

The Dirigente preposto and the CEO reported on and signed the attestations for the Company and Consolidated Accounts as at 31 December 2012 as required by § 81-ter Consob Regulation 11971 dated 14 May 1999 as amended and supplemented which refers to § 154-bis of Law 59/1998.

The Board of Statutory Auditors also examined the report of Internal Audit on "Compliance with Law 262/2005 – the Group model for the attestation by the Dirigente preposto", rated "satisfactory".

In 2012 the function of the Dirigente Preposto defined the adequate number of resources needed in order to perform the activities provided for by the law. The selection of the additional resources needed is underway; however, the Board of Statutory Auditors recommended that this process be completed as soon as possible.
In addition, the perimeter of the Dirigente Preposto was extended to other companies, based on qualitative and quantitative selection criteria. The Board of Statutory Auditors recommended that this strategy be carried on.
First independent checks of the actual performance of controls were implemented. The Board of Statutory Auditors recommended the finalisation of these independent assessments, since this objective could no longer be postponed and should be promptly reached.
According to the Board of Statutory Auditors, it was necessary to strengthen controls of cross-functional processes in order to enable Management to have a full control over the administrative and accounting processes.
In addition, the Board of Statutory Auditors stresses that, in order to ensure the effectiveness of administrative and accounting processes, the consistency between organizational chart, powers and responsibilities with regard to these processes is essential.
It is necessary to improve some aspects of the administrative/accounting system and in particular to: reduce the high rate of manual activities which still characterizes some administrative processes; better define and document the accounting processes relating to derivatives; strengthen the SPV monitoring system; better define and document the administrative processes relating to the assessment of shareholdings arising from debt-to-equity transactions; achieve the complete alignment of the consolidation perimeter under the legal and managerial point of view. Some criticalities were highlighted in relation to the processes for the recording of collateral and the assessment of their validity, to the quality of some data contained in the regulatory notifications, to interest rate risk data which should be calculated in compliance with the provisions of Bank of Italy Circular 262/2005. For all these issues, appropriate corrective actions are underway.
The Board of Statutory Auditors, in light of the information received and the documents it examined, having recommended that the corrective measures that were scheduled in order to deal with identified areas of improvement be promptly implemented, judges the process of formation of financial information to be adequate.
As regards the impairment of intangible assets and the calculation of loan loss provisions (LLPs), the Board of Statutory Auditors recommended the *Dirigente Preposto* and the External Auditors, each of them for the respective areas of competence and responsibility, pay the highest level of attention to the assessment processes performed for prudential purposes, receiving appropriate assurance thereof.

Oversight of the Fitness for Purpose of the Internal Control System

The Board of Statutory Auditors, while noting the positive assessment of the fitness for purpose and actual functioning of the Internal Control System in the Corporate Governance Report, examined the Internal Audit's Annual Report for 2012 submitted to the Board of Directors by the Chairman of the Internal Control and Risk Committee.
On the basis of the audits performed in 2012, the functionality of the Internal Control System at UniCredit S.p.A. and at Group level was overall rated as "satisfactory", by Internal Audit.
The Report points out certain areas requiring improvement in relation to compliance, risk and credit process, in particular with reference to first and second level controls, due to the several and significant organizational changes implemented.
The Report also shows the still critical situation in UniCredit Leasing S.p.A. The overall assessment of the Internal Control System is still unsatisfactory with reference to the Italian leasing perimeter, due to the persistent deficiencies in first and second level controls in the credit process and in managing assets. The Management prepared some corrective actions which will be completed between June and September 2013, in conjunction with the implementation of the new IT system (Euroleasing 2.0).
Other criticalities are reported with reference to Cordusio Fiduciaria S.p.A. and to the portfolio management, whose activities are not yet completely integrated within the organizational, control and operational structures of the Bank.
The information received by the External Auditors indicated persistent significant criticalities in the Internal Control System of UniCredit Bank AG.
With reference to the abovementioned criticalities, the plans of corrective actions were prepared. The time frame set by all the involved corporate bodies should be observed. The Board of Statutory Auditors deems the implementation of corrective actions as essential; it cannot be further postponed.
On the basis of the documents examined and of the information received during the performance of the supervisory duties, even though some corrective actions were necessary, the Board of Statutory Auditors found no critical situations or facts which could lead to an adverse assessment of the internal control system. This assessment is given taking into account the initiatives underway, which aim to generally increase the effectiveness and efficiency of the internal control system. In particular we refer to the initiatives recently realized by the Senior Management relating to the internal controls with the aim of increasing the risk culture and the compliance with Group regulations, through the establishment of an integrated internal control system and the assignment of the steering and control activities of the system to the newly established Internal Control Coordination Committee (ICCC), chaired by the General Manager of UniCredit S.p.A.
The Board of Statutory Auditors examined the 2012 Report of the supervisory body (Surveillance Committee) on the implementation of the organizational and managerial model adopted by UniCredit S.p.A. pursuant to Law 231/2011. This Report showed that checks of sensitive processes revealed no breaches of regulations that could be a risk or constitute criminal acts, but in some cases there were anomalies and areas needing improvement in relation to protocols, processes and existing controls for which the necessary corrective measures are underway.

Oversight of the Fitness for Purpose of the Risk Management System

The Board of Statutory Auditors examined the Annual Report of the Internal Validation Function relating to "Basel 2 - Credit Risk" together with the Annual Report of the Internal Audit Function on the analysis of the methodology based on internal ratings (IRB) and on the standardised methodology (STD). The Internal Validation Function stated that the Group systems are overall compliant with minimum

Report of the Board of Statutory Auditors (Continued)

regulatory requirements, although some room for improvement was identified. Internal Audit's report indicated that current systems – while overall compliant with the minimum regulatory requirements – were not entirely fit for purpose, mainly due to delays in the maintenance of the systems in use. Although some room for improvement was identified in order to guarantee their reliability, nevertheless the complexity of the approved models and of the corrective actions for their maintenance should steer the decision aimed at implementing new models.
As regards the classification and assessment of non-performing loans the Internal Audit Function found some persisting weaknesses in relation to internal Policies, to the timeliness of the impairment process and to the calculation process of the time value.
The Board of Statutory Auditors recommended the prompt resolution of the points raised and the regular reporting to Corporate Bodies.
As regards the market system, the Board of Statutory Auditors recommended paying particular attention to controls on the trading activities in derivatives negotiated over the counter.
The Board of Statutory Auditors examined the Annual Report of the Internal Validation Function on the operational risk management, control and measurement system and the Annual Report of the Internal Audit Function "Basel 2 - Operational Risk - AMA". These reports confirm the adequacy and compliance of the operational risk management, measurement and control system with minimum regulatory requirements, but they identified room for improvement.
A Global Policy which defined the principles and rules for the management of operational risk was approved. Regular information flows were defined, methodological principles for the assessment of operational and reputational risks of products together with forward-looking assessment principles were introduced in relation to operational risks.
The Board of Directors approved the "Group operational risk strategies for 2013", that is a programmatic document to be followed in order to reduce the exposure to this risk.
The Board of Statutory Auditors paid particular attention to operational risk mitigation actions on the "markets" business area - currently ongoing - with particular reference to the program "Trading Operational Risk Assessment" and "Market Operational Risk Optimization", recommending the complete implementation according to the agreed deadlines.
The Board of Statutory Auditors noted the need to fully highlight the potential of technology in the strategic governance and in the Group's steering and control activities, recommending that resources be assigned in line with the real needs.
As regards the liquidity risk, the Board of Statutory Auditors recommended the solution of some weaknesses in the coordination activity by the Parent Company in the various liquidity centers.
As regards the compliance risk the activities performed by the Board of Statutory Auditors confirmed some persistent criticalities which were shown to the competent structures and to the Senior Management.
Some improvements are being completed so that the Compliance Function can be considered fully appropriate. The Compliance Road Map defined a programme lasting 30 months, which will be completed within the end of 2013. The Compliance Function stated that the implementation of the Compliance Road Map is in line with the set time frame; currently no increase of its overall duration is expected.
In addition, the Compliance Function carried out an assessment of the "residual" compliance risk to which the bank is exposed during the implementation of the Compliance Road Map, without identifying critical risk levels for most of the regulatory areas.
It is necessary to continue to reduce those "residual" risks, which were still rated as critical or significant through the identification and the completion of appropriate corrective actions.
Appropriate resources should be assigned to this Function, both in quantitative and qualitative (specific professional skills) terms, in order to allow a development which is consistent with the increasing commitments required by the evolution of the regulations, with particular reference to the need for a further improvement of second level controls and a stronger oversight on subsidiaries and foreign branches.
According to the Board of Statutory Auditors, particular attention should be paid to the completeness, functionality and appropriateness of Anti-Money Laundering (AML) controls. Although the Internal Audit Function found some improvements in terms of appropriate segregation of duties, documentation of internal procedures and high training completion rates, the Board of Statutory Auditors recommended paying particular attention to the continuous assessment of the adequacy of the procedures in place and of their proper functioning in light of the objectives of customer due diligence, to the proper recording and maintenance of information and timely suspect transactions reporting, to the quality of data feeding the so called "Archivio Unico Informatico" (AUI).
The Board of Statutory Auditors noted the Global AML Program, which includes the development at central level and the implementation at local level of a complete set of global compliance rules relating to AML, as well as the review and update of the AML IT system of the main Group's entities. The program is expected to be completed within the fourth quarter of 2013.
The Board of Statutory Auditors recommended that the Group equip itself at central level with informative systems in order to check the information made available by the local Heads of AML.
A central part of the Global AML Program relates to the compliance with the various embargo regimes which the Group has to observe. In this regard the Board of Directors approved a Global Policy on embargo which includes some initiatives, including the appointment of the Head of Global Embargo. The control activities performed by the Internal Audit Function highlighted that the internal control system of the Group is satisfactory; however there is still room for improvement with reference to some foreign, extra EU interests, and some criticalities relating to the German subsidiary. Some initiatives were taken and some specific projects aimed to solve the problems identified were launched. Their completion is expected for 2013.
As regards MiFID, the Board of Statutory Auditors recommended completing the project called "MiFID Second Wave" in line with the set time frame.
Equally important is the implementation of remediation actions underway concerning compliance with transparency and "anti-usury" regulations.

As regards legal risks the Board of Statutory Auditors makes reference to the disclosure included in the Notes to the Consolidated Accounts on (i) risk relating to the Madoff case, (ii) risk relating to the cases linked to possible violations of fiscal regulation in Germany and (iii) risk arising from possible breaches of the regulations on embargo regimes in some controlled companies.

Oversight of the Fitness for Purpose of Internal Audit

The Board of Statutory Auditors noted the results of the "Quality Assurance Review" prepared by an independent expert on the Internal Audit Function, which was rated as substantially compliant with the best practices in place, both in terms of efficiency and effectiveness of the activities performed.

In addition, the Board of Statutory Auditors noted the Audit Plan of UniCredit S.p.A. for 2013, which is part of the five-year-plan (2013-2017) prepared on the basis of the main risks of the Bank.

The Board of Statutory Auditors points out that starting from March 1 2013, UniCredit Audit S.p.A. was incorporated into UniCredit S.p.A. This merger, though maintaining the same risk controls and monitoring, led to the reorganization of the Internal Audit Function through the establishment of a department focused on the audit activities controlling the structure reporting to the Country Chairman Italy and another department, structured in units specialized according to risk/process, responsible for the Group audit activities.

Oversight of the Fitness for Purpose of the Organisational Structure

The Board of Statutory Auditors examined an assessment of the fitness for purpose of UniCredit S.p.A.'s organizational structure, which had been requested to Group Organisation & Logistics Function.

The document highlighted the presence of a complex system of delegations - carried out in line with the roles and organizational processes - proper procedures to ensure that the employees have appropriate skills to perform the functions assigned and guidelines for the performance of activities for each management function.

The GOLD project has the aim of simplifying the organizational structure, accelerating the decision processes, better defining the responsibility areas and improving credit risk management.

Prompted by the Board of Statutory Auditors, the Group Organization & Logistics Function assumed the co-responsibility in the most significant cross-sectional processes with the various involved functions of the Bank.

On the basis of the documents examined and of the information gathered while performing its supervisory duties, the Board of Statutory Auditors considers the organizational structure to be fit for purpose overall. This assessment is given also tking into account the changes recently approved relating to the mission and functional responsibilities of the Group Organization & Logistics Function.

Remuneration Policies

In light of the instructions of the Supervisory Authorities on remuneration and incentive systems, the Board of Statutory Auditors checked the correctness of the remuneration policies and practices followed by the Bank and their compliance with the regulatory framework.

The Board of Statutory Auditors examined the 2012 Report prepared by the Board of Directors in compliance with the Bank of Italy regulations dated 30 March 2011 relating to "remuneration and incentive policies and practices in banks and banking groups", pursuant to article 84-quarter of the Issuers Regulation, as amended by the decision of Consob No. 18049 of 23 December 2011, and by article 114-bis TUF.

The Board of Statutory Auditors issued its opinions relating to the remuneration assigned to the directors covering particular offices, also with the support of an analysis conducted by an independent consultant, which showed a situation in line with the market.

The Board of Statutory Auditors analysed the contents of the Group incentive system, with particular attention to the objectives assigned to the Senior Management, which were approved by the Board of Directors since they ensure a direct link between remuneration and performance, aligning the payment of incentives to the overall results weighted for risk and capital cost, therefore aiming to ensure the creation of value in the long-term.

Board of Statutory Auditors' Additional Activity and Information Requested by Consob

In the performance of its duties, as prescribed by § 2403 Civil Code and § 149 of the TUF as follows:

- the Board of Statutory Auditors exercised oversight in respect of the implementation of the corporate governance rules contained in the codes of conduct to which the Company publicly declares its adherence. UniCredit S.p.A. adheres to the Corporate Governance Code promoted by Borsa Italiana S.p.A. and has implemented the rules it contains. Pursuant to § 123-bis TUF the Company has drawn up its annual report on corporate governance and its shareholder structure, including information regarding (i) the corporate governance practices followed by the Company over and above legal and regulatory requirements, (ii) the main characteristics of its risk management and internal control systems in respect of the financial information process, including Consolidated reports, (iii) the workings of the Shareholders' Meeting, the powers of the Meeting, the rights of shareholders and how they are exercised, and (iv) the composition and functioning of the management and control bodies, as well as the other information required by § 123-bis TUF;
- the Board of Statutory Auditors exercised oversight in respect of the fitness for purpose of the instructions given to subsidiaries pursuant to § 114.2 TUF. In this regard the Board of Statutory Auditors notes that UniCredit S.p.A., as Parent Company, is required to give directives to its subsidiaries as part of its duty to coordinate and steer them under current regulations. The Board of Statutory Auditors examined the 2012 report of Internal Audit, which evinced that the Parent Company's steering, control and coordination of its subsidiaries were only partially effective, referring specifically to the ICAAP (Internal Capital Adequacy Assessment Process), liquidity risk management, prudential data reporting to the regulators, funds transfer pricing and special purpose vehicle management. The Board of Statutory Auditors underlines that it is the duty of the relevant corporate functions to steer subsidiaries towards full adoption and implementation of all Group policies. The abovementioned Report showed that as regards the adoption and implementation of the Global Compliance Rules, the

Report of the Board of Statutory Auditors (Continued)

Board of Statutory Auditors, following the improvement detected in the approval and adoption of the Holding Company's guidelines, their levels of implementation are still rated unsatisfactory. For this reason the Board of Statutory Auditors recommended following procedural guidelines and to the Senior Management paying more attention in the moral suasion activity towards the competent corporate bodies of the subsidiaries for a complete adoption and implementation of Group rules. The Board of Statutory Auditors also recommended that the Group policies – where applicable – are not only formally adopted by the competent corporate bodies, but also actually implemented in the ordinary activities performed by the Group's entities. The Board of Statutory Auditors noted that policies often are general guidelines and therefore recommended carefully monitoring the various interpretations and applications by the subsidiaries; the Board of Statutory Auditors proposed the completion of the internal regulations through the issuance of specific operating instructions and minimum implementative standards to sent to all the subsidiaries;
- the Board of Statutory Auditors exchanged information with its counterparts in Group companies as required by § 151.2 TUF and the Bank of Italy's supervisory directives and received no communications of findings to be reported in this Report. Certain areas requiring attention were indicated by the Statutory Auditors of UniCredit Leasing S.p.A. and Italpetroli S.p.A.; these are currently being dealt with by the Company's management;
- the Board of Statutory Auditors exercised oversight through inspections of regional offices. There were certain areas requiring attention related, in particular, to operational and compliance controls, for which corrective actions are underway;
- in compliance with supervisory directives, specifically the required checks of branches operating outside Italy, it inspected the Monaco's, Shanghai's and Guangzhou's branches, the Representative Office in Beijing and, in 2013, the Paris' branch. These branches' operations contained some areas requiring improvement, specifically the internal controls over corporate & investment banking business;
- the Board of Statutory Auditors notes that your Company was inspected by the Regulators (both domestic and foreign), resulting in critical findings of certain areas needing improvement viz. in management, organization and control, as well as compliance. Prompted by the Board of Statutory Auditors among others, the Company is identifying corrective measures involving specific projects to be completed within the time frame indicated by the Regulator;
- the Board of Statutory Auditors received a complaint pursuant to § 2408 Civil Code from shareholder Roberto Bellantoni who notified it of certain alleged irregularities within UniCredit Credit Management Bank S.p.A. (UCCMB) in a letter dated November 2, 2012 and in an additional letter dated March 13, 2013.

In this regard the Board of Statutory Auditors acknowledged having performed the following controls:
- involving the internal structures of UniCredit S.p.A. and requested appropriate verifications aimed at checking the statement made by the shareholder;
- involving the Chairman of the Board of Statutory Auditors of UCCMB in order to get his related observations;
- involving the External Auditors in order to receive a deep analysis relating to the alleged breaches of the accounting regulations within UCCMB.

The results of the controls performed by the Board of Statutory Auditors – confirmed by all the involved parties – showed that the remarks raised by the shareholder Roberto Bellantoni had no grounds;
- the Board of Statutory Auditors received no other complaints under § 2408 Civil Code and no petitions directly addressed to the Board of Statutory Auditors;
- in 2012 the Board of Statutory Auditors was called to give its mandatory opinion on the following matters:
- compliance with the requirements for continuous use of the advanced internal systems for the management of market, credit and operational risks for the determination of capital requirements;
- remuneration of directors of UniCredit S.p.A. covering particular offices and Group's incentive plans based on financial instruments;
- compliance with the regulatory requirements relating to the management and coordination activity of the Parent Company towards the asset management companies;
- cooptation of Directors in the Board of Directors pursuant to article 2386 of the Civil Code;
- adequacy of the Compliance Function;
- appointment of the *Dirigente preposto*;
- counter deductions on the inspection reports of the Regulators;
- internal polices and procedures for the management of risk activities and conflicts of interest towards associated persons, pursuant to the new Regulations for the prudential supervision of banks;
- procedures relating to shareholdings in non-financial firms and in equity indirect investments, pursuant to the new Regulations for the prudential supervision of banks.

In addition, the Board of Statutory Auditors notes in respect of the corporate bodies that:

- the Board of Directors has resolved that its size and composition and functioning are fit for purposes and thus fulfilled the request of the Bank of Italy in its letter, protocol n. 23078/12 of January 11, 2012. The Board of Statutory Auditors recommended that in the Board of Directors' meetings appropriate time is dedicated to the discussion of strategic decisions and to the periodical controls of their implementation and of the Group's risk profile, with particular reference to credit risk, on the basis of proper and timely information flows by the Management. Prompted by the Board of Statutory Auditors, among others, specific analyses are being performed with the aim of optimizing the complexity of decisions and the amount of tasks and responsibilities of the Board of Directors.
- The Board of Statutory Auditors has verified – as required by the Corporate Governance Code issued by Borsa Italiana – that its members possess the same requisites of independence required for Directors under the Code.
- It has found that the criteria and procedures establishing the requisites of independence adopted by the Board of Directors for the annual assessment of the independence of its members were correctly applied. Prompted by the Board of Statutory Auditors, among others, a procedure aimed at structuring the process relating to the verification of independency requirements, regulating the activities relating to the collection, analysis of information owned by the Bank and the existence of the independency requirements declared the involved subjects was approved.
- The Board of Statutory Auditors has verified that the Board of Directors performed controls on the offices covered for the purpose of interlocking prohibition pursuant to article 36 of the Decree "Salva Italia".
- It has verified that transactions undertaken with persons having administrative, managerial or control functions were always conducted in compliance with § 136 TUB and regulatory requirements.
- It has verified that – in compliance with the requirements of § 36 of the Market Regulation approved by Consob resolution 16191/2007 – subsidiaries incorporated and regulated by the laws of countries not belonging to the European Union properly transmit their profit, equity and finance data to the management of the Company for the purposes of the Consolidated Accounts.

The oversight of the Board of Statutory Auditors revealed no censurable actions, omissions or irregularities requiring to be noted in this Report. The Board of Statutory Auditors does not believe that it is necessary to exercise the option of making proposals to the Shareholders' Meeting pursuant to § 153.2 TUF.
Having regard to the foregoing, the Board of Statutory Auditors, having examined the reports drawn up by the External Auditors KPMG S.p.A., having noted the joint attestation made by the Chief Executive Officer and the *Dirigente preposto*, within its competence finds that there is no impediment to the approval of the Company Accounts as at 31 December 2012 submitted by the Board of Directors and the distribution of dividends.
The mandate of the Board of Statutory Auditors expires on the date of the shareholders' meeting. The Board of Statutory Auditors invites the shareholders to deliberate on this regard.

Milan, 11 April 2013

The Board of Statutory Auditors

Maurizio Lauri
Cesare Bisoni
Vincenzo Nicastro
Michele Rutigliano
Marco Ventoruzzo

Report of the External Auditors

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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
UniCredit S.p.A.

1 We have audited the separate financial statements of UniCredit S.p.A. as at and for the year ended 31 December 2012, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The separate financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, the company's directors restated some of the corresponding figures included in the prior year separate financial statements. We audited such financial statements and issued our report thereon on 18 April 2012. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of expressing an opinion on the separate financial statements at 31 December 2012.

3 In our opinion, the separate financial statements of UniCredit S.p.A. as at and for the year ended 31 December 2012 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of UniCredit S.p.A. as at 31 December 2012, the results of its operations and its cash flows for the year then ended.

4 The directors of UniCredit S.p.A. are responsible for the preparation of a report on operations and a report on the corporate governance and shareholding structure, published in the "Governance" section of UniCredit S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure are consistent with the separate financial statements of UniCredit S.p.A. as at and for the year ended 31 December 2012.

Milan, 11 April 2013

KPMG S.p.A.

(signed on the original)

Roberto Fabbri
Director of Audit

Shareholders' Meeting of May 11, 2013

Shareholders' Meeting of May 11, 2013

The Shareholders' Meeting of UniCredit, held on May 11, 2013, in ordinary session, also on the basis of the Director's Reports, approved the Annual Report and Accounts of UniCredit S.p.A. as of and for the year ended December 31, 2012 comprising the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Notes to the Accounts, as submitted by the Board of Directors, as a whole and for the individual entries (including the restatement of the positive reserves and restatement of the negative reserves of shareholders' equity, as shown in the Statement of Changes in Shareholders' Equity), and thereby approved:

(i) the allocation to the Legal Reserve of an amount of €2,413,456,828, out of a corresponding amount from the "Share Premium" reserve;

(ii) the making-up of the negative reserves through the use of the "Share Premium" reserve, by an aggregate amount of €3,962,124,412;

(iii) the reallocation of the loss for the year shown in the Annual Report and Accounts as of and for the year ended December 31, 2011 - in substitution of the decision resolved upon by the Shareholders' Meeting of May 11, 2012 - exclusively through the use of the "Share Premium" Reserve for an amount of €6,348,648,535 and the consequent reinstatement of the Statutory Reserve in the amount of €1,195,844,979, of the "Reserve for allocating profits to Shareholders through the issuance of new free shares" in the amount of €1,193,962,434, and of Other reserves in the amount of €13,563,701, consequently acknowledging that, following the determinations made:
- the Legal Reserve amounts to €3,930,971,240; and
- the "Share Premium" Reserve amounts to €24,098,985,323.

The Shareholders' Meeting of UniCredit, in ordinary session, having referred to the determinations made in approving the Annual Report and Accounts as of and for the year ended December, 31 2012, and on the basis of the composition of the shareholders' equity resulting from those determinations, also resolved to:
- Make up the loss from the 2012 financial year through the use of the "Share Premium" reserve, in an amount of €219,783,468;
- Distribute to shareholders an aggregate amount of €512,534,665, thus, taking into consideration the redistribution consequent to the Company's treasury shares and shares underlying the financial instruments known as 'Cashes', equal to €0.09 per ordinary share and per savings share, from the profit reserves;
- Appoint the following persons as Standing Auditors, Alternate Auditors and Chairman of the Board of Statutory Auditors:

STANDING AUDITORS

1. ALBERTI Giovanni Battista	Slate 1*
2. BISONI Cesare	Slate 1*
3. LAGHI Enrico	Slate 1*
4. LAURI Maurizio (Chairman)	**Slate 2****
5. SPINARDI Maria Enrica	Slate 2**

ALTERNATE AUDITORS

1. BONATO Federica	Slate 1*
2. SFAMENI Paolo Domenico	Slate 1*
3. LACCHINI Marco	Slate 2**
4. LOMBARDINI Beatrice	Slate 2**

* (presented by Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona).
** (presented by Allianz Global Investors Italia SGR S.p.A.; Anima SGR S.p.A.; APG Algemene Pensioen Group NV; Arca SGR S.p.A.; BancoPosta Fondi S.p.A. SGR; BNP Paribas Investment Partners SGR S.p.A.; Ersel Asset Management SGR S.p.A.; Eurizon Capital SGR S.p.A.; Eurizon Capital SA; FIL Investments International; Fideuram Gestions SA; Fideuram Investimenti SGR S.p.A.; Interfund Sicav; Kairos Partners SGR S.p.A.; Mediolanum Gestioni Fondi SGRp.A.; Mediolanum International Funds Limited; Pioneer Asset Management SA; Pioneer Investment Management SGR S.p.A.).

- Set an annual remuneration for each year of €140,000 for the Chairman of the Board of Statutory Auditors and €100,000 for each Statutory Auditor, plus an attendance fee of €400;
- Appoint the following as the Directors necessary to complete the Board of Directors who will remain in office until the end of the term of office of the current Board and, therefore, until the Shareholders' Meeting called for the approval of the Annual Report and Accounts for the year 2014:
  Al Fahim Mohamed Ali;
  Quaglia Giovanni;
  Wolgfring Alexander;

- Allow the newly appointed Directors to carry out competing activities pursuant to Article 2390 of the Italian Civil Code;
- Increase the annual amount awarded to the Directors from €1,235,000 to €1,343,000 for the participation in the Board Committees and other Company bodies, without prejudice to the payment of an attendance fee of €400;
- Approve the Group Compensation Policy and the Report on Remuneration, as contained in the attached document that forms an integral part of the Directors' Report, in order to define the principles and standards which UniCredit shall apply in designing, implementing and monitoring compensation practices across the entire organization;

- - Adopt the 2013 Group Incentive System which provides for the allocation of an incentive in cash and/or UniCredit free ordinary shares, to be made by May 2018, to selected UniCredit Group employees in the manner and terms described;
  - Grant the Chairman and the Chief Executive Officer, also separately, all necessary powers to implement this resolution and its constituent documents, also making any amendments and/or additions that may be necessary to implement the resolutions adopted in today's Shareholders' Meeting (which do not substantially change the content of the resolutions) in order to comply with any legal or regulatory provisions in the countries where Group companies are located;
- - Adopt the "2013 UniCredit Group Employee Share Ownership Plan" aimed at offering all Group employees the possibility of investing in UniCredit shares at favorable conditions;
  - Grant the Chairman and/or the Chief Executive Officer, respectively, all necessary powers to implement this resolution, making any changes and/or additions to the "2013 UniCredit Group Employee Share Ownership Plan" (not changing substantially the content of the resolution) that may be necessary to implement the resolutions adopted, also in order to comply with any legal or regulatory provisions in force in the countries where Group companies are located.

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The emissions related to the printing and distribution of the 2012 UniCredit S.p.A. Report and Accounts, 2012 Consolidated Report and Accounts, and 2012 Sustainability Report, have been compensated with the support of Officinae Verdi, which uses Gold Standard credits gained through the development of a landfill gas capture project in China.
The Gold Standard is supported by WWF as it is the most rigorous global certification standard for carbon offset projects.

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