Clear answers for real benefits.

Consolidated Interim Report as at September 30, 2013

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.

Consolidated Interim Report as at September 30, 2013

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

Contents

Notes

The following conventional symbols have been used in the tables:

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

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

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

Introduction

Board of Directors, Board of Statutory Auditors and External Auditors

Board of Directors

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

Board of Statutory Auditors

Maurizio Lauri	**Chairman**
Giovanni Battista Alberti Cesare Bisoni Enrico Laghi Maria Enrica Spinardi	**Standing Auditors**
Federica Bonato Paolo Domenico Sfameni Beatrice Lombardini	**Alternate Auditors**
Roberto Nicastro	**General Manager**
Marina Natale	**Manager charged with preparing the financial reports**
Deloitte & Touche S.p.A.	**External Auditors**

(*) Mr Gianpaolo Alessandro was appointed Company Secretary by the Board of Directors on September 24, 2013.

UniCredit S.p.A.
A joint stock company
Registered Office: Via Alessandro Specchi, 16 – 00186 Rome
Head Office: Piazza Gae Aulenti, 3 – Tower A – 20154 Milan
Share capital €19,654,856,199.43 fully paid in
Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group, with cod. 02008.1
Cod. ABI 02008.1
Fiscal Code, VAT number and Registration number with the Company Register of Rome: 00348170101
Member of the National Interbank Deposit Guarantee Fund and of the National Compensation Fund

Prefatory Note to the Consolidated Interim Report

General aspects

This Consolidated Interim Report as at **September 30, 2013** has been prepared in consolidated form as dictated by article 154-ter of the Consolidated Finance Act introduced by Legislative Decree No. 195/07 to implement EU Directive 204/109/EC concerning periodic reporting, as described in the Further Information at the end of this document.

Press releases on significant events during the period, the market presentation on third quarter results and the public disclosure under Pillar 3 of Basel 2 are also available on UniCredit's website.

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

Preparation criteria

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

With reference to the condensed accounts (Balance Sheet and Income Statement), the content of items refers to Bank of Italy instructions laid down in circular 262/05, including aggregations/reclassification as disclosed in "Consolidated First Half Financial Report as at June 30, 2013" (Annex 1), opportunely updated as at September 30, 2013.

For further information on the "accounting policies" see the Explanatory Notes of the Condensed Interim Consolidated Financial Statements included in the Consolidated First Half Financial Report as at June 30, 2013.

Consolidated Interim Report is accompanied by the following details:
- Highlights;
- Condensed Accounts;
- Quarterly Figures;
- Comparison Q3 2013/Q3 2012;
- Segment Reporting (Summary);
- How the UniCredit Group has grown;
- UniCredit Share;

as well as:
- Group Results;
- Results by Business Segment;
- Other information;
- Subsequent Events and Outlook;
- Further information;
- Declaration by the Manager charged with preparing the financial reports.

Scope of consolidation

There were no significant changes in the scope of consolidation in the third quarter of 2013.

The changes on December 31, 2012 are as follows:

- a total decrease of 20 fully consolidated subsidiaries (9 inclusions and 29 exclusions mainly due to sales and mergers); as at September 30, 2013, fully consolidated subsidiaries numbered 717;
- a decrease of 3 proportionately consolidated companies; as at September 30, 2013, proportionately consolidated companies numbered 27;
- a total increase of 4 companies consolidated at equity (6 inclusions and 2 sales); as at September 30, 2013, companies consolidated at equity numbered 58.

Non-current assets and disposal groups held for sale

The main assets reclassified on the basis of IFRS 5 under non-current assets and disposal groups held for sale on the balance sheet as at September 30, 2013 are mainly those related to Business Oil attributable to Italpetroli group, to Mezzanin Finanzierungs AG and to property owned by some Group companies.

Segment Reporting (Summary)

Segment reporting is presented and commented on the basis of the organizational structure currently used in management reporting of Group results, which consists of the following business segments:

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

Reclassified Financial Assets

EC Regulation No. 1004 dated October 15, 2008 transposed the changes made to IAS 39 and IFRS 7 "Reclassification of financial assets" by the IASB. These changes applied as from July 1, 2008 and allow, after initial recognition, the reclassification of certain "held for trading" and "available for sale" financial assets.

The following may be reclassified:

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

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

Other reclassifications were carried out in 2012; for more details see "2012 Consolidated Reports and Accounts".

The following table provides the book value and fair value as at September 30, 2013 of assets which were reclassified.
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.

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

(€ '000)

INSTRUMENTS TYPE (1)	ACCOUNTING PORTFOLIO BEFORE RECLASSIFICATION (2)	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION (3)	CARRYING AMOUNT AS AT 09.30.2013 (4)	FAIR VALUE AS AT 09.30.2013 (5)	INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAX) FROM MEASUREMENT (6)	INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAX) OTHER (7)	INCOME/EXPENSE RECOGNIZED DURING THE PERIOD (BEFORE TAX) FROM MEASUREMENT (8)	INCOME/EXPENSE RECOGNIZED DURING THE PERIOD (BEFORE TAX) OTHER (9)
A. Debt securities			**5,546,604**	**5,440,473**	**257,916**	**149,857**	**1,497**	**123,071**
	Held for trading	Available for sale	12,113	12,113	386	346	379	365
	Held for trading	Held to maturity	177,114	182,562	(7,002)	6,112	-	5,772
	Held for trading	Loans to Banks	1,671,468	1,745,198	3,290	35,087	-	39,202
	Held for trading	Loans to Customers	3,557,872	3,383,867	244,302	105,394	1,118	75,065
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	128,037	116,733	16,940	2,918	-	2,667
B. Equity instruments			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
C. Loans			**332,380**	**345,096**	**(17,774)**	**13,162**	**-**	**13,597**
	Held for trading	Available for sale	-	-	-	-	-	-
	Held for trading	Held to maturity	-	-	-	-	-	-
	Held for trading	Loans to Banks	98,911	103,698	(68)	3,487	-	3,868
	Held for trading	Loans to Customers	233,469	241,398	(17,706)	9,675	-	9,729
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	-	-	-	-	-	-
D. Units in investment funds			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
Total			**5,878,984**	**5,785,569**	**240,142**	**163,019**	**1,497**	**136,668**

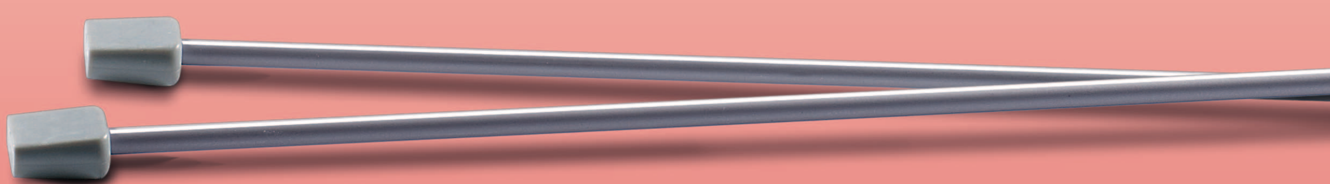
Debt securities reclassified in the loans with customers portfolio include structured credit products for an amount of €2,934 million at September 30, 2013.

Meeting customers' specific needs with flat fee

CUSTOMIZED

"Even when it comes to fairly simple banking transactions like payments, we know that UniCredit Bank finds solutions that are mutually beneficial. Their customized payment system, flat fee, not only helps us to understand and plan our monthly expenses but also saves our accountant's time."

Pauls Ābele, Head of Finance, Accounting and IT Board Member of AS "Latvijas Finieris," customer of UniCredit Bank in Baltics



Consolidated Interim Report

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

Highlights

Income Statement

(€ million)

	FIRST 9 MONTHS		
	2013	2012	CHANGE
Operating income	18,216	19,609	- 7.1%
of which: - net interest	*9,903*	*10,861*	*- 8.8%*
- dividends and other income from equity investments	*237*	*291*	*- 18.6%*
- net fees and commissions	*5,821*	*5,794*	*+ 0.5%*
Operating costs	(11,042)	(11,289)	- 2.2%
Operating profit	7,174	8,320	- 13.8%
Profit (loss) before tax	2,431	3,237	- 24.9%
Net profit (loss) attributable to the Group	**1,014**	**1,418**	**- 28.5%**

The figures in these tables refer to reclassified income statement.

Balance Sheet

(€ million)

	AMOUNTS AS AT		
	09.30.2013	12.31.2012	CHANGE
Total assets	883,802	926,838	- 4.6%
Financial assets held for trading	88,017	107,119	- 17.8%
Loans and receivables with customers	526,626	547,144	- 3.8%
of which: - impaired loans	*46,474*	*44,058*	*+ 5.5%*
Financial liabilities held for trading	76,928	99,123	- 22.4%
Deposits from customers and debt securities in issue	560,177	579,965	- 3.4%
of which: - deposits from customers	*401,689*	*409,514*	*- 1.9%*
- securities in issue	*158,488*	*170,451*	*- 7.0%*
Shareholders' Equity	**61,303**	**61,579**	**- 0.4%**

The figures in these tables refer to reclassified balance sheet.

See § "Net Impairment Losses on Loans and Provision for Guarantees and Commitments" in this Consolidated Interim Report for more details.

Please note that on January 1, 2013 the amendments to IAS 19 ("IAS 19R") came into force.
The first-time application of the accounting standard required the restatement of previous periods beginning on or after January 1, 2012.

Staff and Branches

	AS AT		
	09.30.2013	12.31.2012	CHANGE
Employees[1]	148,341	156,354	- 8,013
Employees (subsidiaries are consolidated proportionately)	138,796	146,110	- 7,314
Branches[2]	9,002	9,322	- 320
of which: - Italy	*4,235*	*4,298*	*- 63*
- Other countries	*4,767*	*5,024*	*- 257*

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

Profitability Ratios

	FIRST 9 MONTHS		
	2013	2012	CHANGE
EPS[1] (€)	0.22	0.35	- 0.13
Cost/income ratio	60.6%	57.6%	304bp
EVA[2] (€ million)	(2,842)	(2,763)	- 79

1. Annualized figure. The M9 2013 EPS calculation €70 million has been deducted net profit attributable to the Group of €1,014 million due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the 'cashes' transaction (€46 million was deducted from the M9 2012 net profits).
2. Economic Value Added, equal to the difference between NOPAT (net operating profit after tax) and the cost of capital.

Risk Ratios

	AS AT	
	09.30.2013	12.31.2012
Net non-performing loans to customers/Loans to customers	3.97%	3.54%
Net impaired loans to customers/Loans to customers	8.82%	8.05%

Capital Ratios

	AS AT	
	09.30.2013	12.31.2012
Capital for regulatory purposes (€ million)	61,653	62,018
Total risk-weighted assets (€ million)	399,747	427,127
Core Tier 1 Ratio[1]	**11.71%**	**10.84%**
Total regulatory capital/Total risk-weighted assets	**15.42%**	**14.52%**

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

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

Ratings

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

Data as at November 8, 2013.

Condensed Accounts

Consolidated Balance Sheet

(€ million)

ASSETS	AMOUNTS AS AT 09.30.2013	AMOUNTS AS AT 12.31.2012	CHANGE AMOUNT	CHANGE PERCENT
Cash and cash balances	7,164	7,570	- 406	- 5.4%
Financial assets held for trading	88,017	107,119	- 19,102	- 17.8%
Loans and receivables with banks	72,058	74,475	- 2,417	- 3.2%
Loans and receivables with customers	526,626	547,144	- 20,518	- 3.8%
Financial investments	118,343	108,686	+ 9,657	+ 8.9%
Hedging instruments	15,244	20,847	- 5,603	- 26.9%
Property, plant and equipment	11,471	11,833	- 362	- 3.1%
Goodwill	11,544	11,678	- 133	- 1.1%
Other intangible assets	3,833	3,980	- 148	- 3.7%
Tax assets	17,495	18,070	- 575	- 3.2%
Non-current assets and disposal groups classified as held for sale	214	3,968	- 3,753	- 94.6%
Other assets	11,795	11,468	+ 326	+ 2.8%
Total assets	**883,802**	**926,838**	**- 43,035**	**- 4.6%**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 09.30.2013	AMOUNTS AS AT 12.31.2012	CHANGE AMOUNT	CHANGE PERCENT
Deposits from banks	127,526	117,445	+ 10,081	+ 8.6%
Deposits from customers	401,689	409,514	- 7,825	- 1.9%
Debt securities in issue	158,488	170,451	- 11,964	- 7.0%
Financial liabilities held for trading	76,928	99,123	- 22,195	- 22.4%
Financial liabilities designated at fair value	691	852	- 161	- 18.9%
Hedging instruments	15,106	21,309	- 6,202	- 29.1%
Provisions for risks and charges	8,977	9,091	- 114	- 1.3%
Tax liabilities	5,012	7,889	- 2,877	- 36.5%
Liabilities included in disposal groups classified as held for sale	60	3,560	- 3,500	- 98.3%
Other liabilities	24,059	22,356	+ 1,703	+ 7.6%
Minorities	3,963	3,669	+ 294	+ 8.0%
Group Shareholders' Equity:	61,303	61,579	- 275	- 0.4%
- Capital and reserves	*61,007*	*61,100*	*- 93*	*- 0.2%*
- AfS assets fair value reserve, Cash-flow hedging reserve and Defined benefits plans reserve	*(717)*	*(386)*	*- 332*	*+ 85.9%*
- Net profit (loss)	*1,014*	*865*	*+ 149*	*+ 17.2%*
Total liabilities and Shareholders' Equity	**883,802**	**926,838**	**- 43,035**	**- 4.6%**

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

Consolidated Income Statement

(€ million)

	FIRST 9 MONTHS		CHANGE		
	2013	2012	€M	PERCENT	ADJUSTED[1]
Net interest	9,903	10,861	- 958	- 8.8%	- 7.3%
Dividends and other income from equity investments	237	291	- 54	- 18.6%	- 19.4%
Net fees and commissions	5,821	5,794	+ 27	+ 0.5%	+ 1.7%
Net trading income	2,005	2,481	- 476	- 19.2%	- 18.3%
Net other expenses/income	250	183	+ 67	+ 36.6%	+ 50.6%
OPERATING INCOME	**18,216**	**19,609**	**- 1,393**	**- 7.1%**	**- 5.7%**
Payroll costs	(6,586)	(6,802)	+ 216	- 3.2%	- 2.3%
Other administrative expenses	(4,138)	(4,064)	- 73	+ 1.8%	+ 3.1%
Recovery of expenses	494	359	+ 135	+ 37.6%	+ 37.7%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(812)	(782)	- 30	+ 3.8%	+ 5.5%
Operating costs	**(11,042)**	**(11,289)**	**+ 248**	**- 2.2%**	**- 1.1%**
OPERATING PROFIT (LOSS)	**7,174**	**8,320**	**- 1,146**	**- 13.8%**	**- 12.1%**
Net write-downs on loans and provisions for guarantees and commitments	(4,449)	(4,873)	+ 424	- 8.7%	- 6.2%
NET OPERATING PROFIT (LOSS)	**2,725**	**3,446**	**- 722**	**- 20.9%**	**- 20.3%**
Provisions for risks and charges	(474)	(122)	- 352	+ 287.9%	+ 292.9%
Integration costs	(28)	(24)	- 4	+ 14.6%	+ 14.0%
Net income from investments	208	(63)	+ 271	n.s.	n.s.
PROFIT (LOSS) BEFORE TAX	**2,431**	**3,237**	**- 807**	**- 24.9%**	**- 24.4%**
Income tax for the period	(845)	(1,182)	+ 337	- 28.5%	- 27.4%
NET PROFIT (LOSS)	**1,586**	**2,056**	**- 470**	**- 22.9%**	**- 22.6%**
Profit (Loss) from non-current assets held for sale, after tax	14	(14)	+ 29	n.s.	n.s.
PROFIT (LOSS) FOR THE PERIOD	**1,600**	**2,042**	**- 441**	**- 21.6%**	**- 21.6%**
Minorities	(291)	(286)	- 6	+ 2.0%	+ 1.7%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**1,309**	**1,756**	**- 447**	**- 25.5%**	**- 25.3%**
Purchase Price Allocation effect	(295)	(330)	+ 35	- 10.6%	- 9.2%
Goodwill impairment	-	(8)	+ 8	n.s.	n.s.
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**1,014**	**1,418**	**- 404**	**- 28.5%**	**- 28.6%**

Notes:

1. Changes at constant foreign exchange rates and perimeter.

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

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

With reference to the Condensed Income Statement, since the third quarter of 2013:

- the positive P&L items relating to the rationalization of the support companies of the Group's Global Banking Services have been recorded in "Recovery of expenses" instead of "Net other expenses/income" in accordance with the economic substance of the transaction;
- some P&L items relating to the operations of one Group company have been reclassified (from "Net fees and commissions" to "Net interest") to better reflect their economic nature.

The comparative period was restated accordingly.

Quarterly Figures

Consolidated Balance Sheet

(€ million)

ASSETS	AMOUNTS AS AT 09.30.2013	06.30.2013	03.31.2013	AMOUNTS AS AT 12.31.2012	09.30.2012	06.30.2012	03.31.2012
Cash and cash balances	7,164	7,185	7,193	7,570	5,914	31,307	19,427
Financial assets held for trading	88,017	93,772	98,593	107,119	112,902	112,702	108,290
Loans and receivables with banks	72,058	66,907	78,904	74,475	91,122	65,232	64,810
Loans and receivables with customers	526,626	532,771	537,462	547,144	558,709	553,427	550,345
Financial investments	118,343	117,457	111,824	108,686	102,230	99,530	103,327
Hedging instruments	15,244	16,014	17,988	20,847	21,076	19,044	17,029
Property, plant and equipment	11,471	11,645	11,729	11,833	11,747	11,843	12,113
Goodwill	11,544	11,567	11,678	11,678	11,691	11,665	11,664
Other intangible assets	3,833	3,880	3,931	3,980	3,932	3,950	3,929
Tax assets	17,495	17,480	17,845	18,070	13,319	13,638	13,661
Non-current assets and disposal groups classified as held for sale	214	526	4,211	3,968	4,384	4,445	4,430
Other assets	11,795	10,428	11,562	11,468	12,745	11,797	10,718
Total assets	**883,802**	**889,632**	**912,921**	**926,838**	**949,769**	**938,581**	**919,743**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 09.30.2013	06.30.2013	03.31.2013	AMOUNTS AS AT 12.31.2012	09.30.2012	06.30.2012	03.31.2012
Deposits from banks	127,526	129,249	120,833	117,445	131,659	126,920	124,674
Deposits from customers	401,689	405,221	407,769	409,514	417,048	414,446	403,155
Debt securities in issue	158,488	159,529	161,729	170,451	164,694	162,174	163,430
Financial liabilities held for trading	76,928	77,216	92,361	99,123	107,807	107,913	105,000
Financial liabilities designated at fair value	691	675	749	852	842	787	857
Hedging instruments	15,106	16,218	20,187	21,309	20,912	19,119	17,029
Provisions for risks and charges	8,977	8,912	9,011	9,091	8,284	8,345	8,474
Tax liabilities	5,012	5,020	7,677	7,889	6,215	6,207	6,456
Liabilities included in disposal groups classified as held for sale	60	298	4,098	3,560	4,234	4,154	4,242
Other liabilities	24,059	22,141	21,937	22,356	22,010	24,140	21,120
Minorities	3,963	3,831	4,186	3,669	3,608	3,445	3,542
Group Shareholders' Equity:	61,303	61,322	62,382	61,579	62,456	60,930	61,764
- Capital and reserves	*61,007*	*61,365*	*62,402*	*61,100*	*61,178*	*60,982*	*61,115*
- AfS assets fair value reserve, Cash-flow hedging reserve and Defined benefits plans reserve	*(717)*	*(853)*	*(468)*	*(386)*	*(140)*	*(1,135)*	*(265)*
- Net profit (loss)	*1,014*	*810*	*449*	*865*	*1,418*	*1,083*	*914*
Total liabilities and Shareholders' Equity	**883,802**	**889,632**	**912,921**	**926,838**	**949,769**	**938,581**	**919,743**

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

Consolidated Income Statement

(€ million)

	2013			2012			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	3,254	3,320	3,329	3,314	3,534	3,617	3,710
Dividends and other income from equity investments	67	124	46	106	68	169	54
Net fees and commissions	1,884	1,952	1,985	1,945	1,899	1,920	1,974
Net trading income	403	953	650	327	665	533	1,283
Net other expenses/income	115	67	68	70	89	52	43
OPERATING INCOME	**5,722**	**6,416**	**6,078**	**5,762**	**6,255**	**6,291**	**7,064**
Payroll costs	(2,157)	(2,198)	(2,231)	(2,114)	(2,242)	(2,260)	(2,300)
Other administrative expenses	(1,349)	(1,389)	(1,400)	(1,477)	(1,326)	(1,358)	(1,380)
Recovery of expenses	162	189	143	181	111	138	109
Amortisation, depreciation and impairment losses on intangible and tangible assets	(267)	(273)	(272)	(272)	(264)	(258)	(260)
Operating costs	**(3,611)**	**(3,672)**	**(3,759)**	**(3,683)**	**(3,721)**	**(3,737)**	**(3,831)**
OPERATING PROFIT (LOSS)	**2,111**	**2,744**	**2,320**	**2,080**	**2,534**	**2,553**	**3,233**
Net write-downs on loans and provisions for guarantees and commitments	(1,552)	(1,666)	(1,231)	(4,574)	(1,736)	(1,827)	(1,311)
NET OPERATING PROFIT (LOSS)	**558**	**1,078**	**1,089**	**(2,495)**	**798**	**726**	**1,922**
Provisions for risks and charges	(174)	(190)	(110)	(44)	(46)	(61)	(16)
Integration costs	(16)	(9)	(3)	(253)	(4)	(15)	(5)
Net income from investments	204	(17)	21	(129)	12	(50)	(25)
PROFIT (LOSS) BEFORE TAX	**572**	**862**	**997**	**(2,921)**	**760**	**601**	**1,876**
Income tax for the period	(165)	(306)	(374)	2,721	(189)	(249)	(744)
NET PROFIT (LOSS)	**407**	**556**	**623**	**(200)**	**571**	**352**	**1,133**
Profit (Loss) from non-current assets held for sale, after tax	-	6	8	(154)	(5)	(6)	(4)
PROFIT (LOSS) FOR THE PERIOD	**407**	**563**	**631**	**(354)**	**567**	**346**	**1,129**
Minorities	(105)	(102)	(84)	(72)	(119)	(68)	(98)
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**302**	**461**	**547**	**(426)**	**447**	**278**	**1,031**
Purchase Price Allocation effect	(98)	(99)	(98)	(105)	(107)	(106)	(117)
Goodwill impairment	-	-	-	(22)	(6)	(2)	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**204**	**361**	**449**	**(553)**	**335**	**169**	**914**

Notes:

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

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

With reference to the Condensed Income Statement, since the third quarter of 2013:

- the positive P&L items relating to the rationalization of the support companies of the Group's Global Banking Services have been recorded in "Recovery of expenses" instead of "Net other expenses/income" in accordance with the economic substance of the transaction;
- some P&L items relating to the operations of one Group company have been reclassified (from "Net fees and commissions" to "Net interest") to better reflect their economic nature.

The comparative periods were restated accordingly.

Comparison Q3 2013/Q3 2012

Condensed Income Statement

(€ million)

	Q3		CHANGE		
	2013	2012	€M	PERCENT	ADJUSTED[1]
Net interest	3,254	3,534	- 280	- 7.9%	- 5.2%
Dividends and other income from equity investments	67	68	- 1	- 1.5%	- 0.6%
Net fees and commissions	1,884	1,899	- 16	- 0.8%	+ 1.5%
Net trading income	403	665	- 262	- 39.4%	- 37.7%
Net other expenses/income	115	89	+ 26	+ 29.5%	+ 64.4%
OPERATING INCOME	**5,722**	**6,255**	**- 533**	**- 8.5%**	**- 5.7%**
Payroll costs	(2,157)	(2,242)	+ 85	- 3.8%	- 2.0%
Other administrative expenses	(1,349)	(1,326)	- 23	+ 1.7%	+ 4.0%
Recovery of expenses	162	111	+ 50	+ 45.2%	+ 45.4%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(267)	(264)	- 3	+ 1.1%	+ 3.7%
Operating costs	**(3,611)**	**(3,721)**	**+ 110**	**- 3.0%**	**- 0.9%**
OPERATING PROFIT (LOSS)	**2,111**	**2,534**	**- 423**	**- 16.7%**	**- 12.8%**
Net write-downs on loans and provisions for guarantees and commitments	(1,552)	(1,736)	+ 183	- 10.6%	- 8.0%
NET OPERATING PROFIT (LOSS)	**558**	**798**	**- 240**	**- 30.0%**	**- 23.6%**
Provisions for risks and charges	(174)	(46)	- 128	+ 277.9%	+ 285.2%
Integration costs	(16)	(4)	- 12	+ 293.4%	+ 287.0%
Net income from investments	204	12	+ 192	n.s.	n.s.
PROFIT (LOSS) BEFORE TAX	**572**	**760**	**- 188**	**- 24.7%**	**- 18.1%**
Income tax for the period	(165)	(189)	+ 24	- 12.6%	- 5.7%
NET PROFIT (LOSS)	**407**	**571**	**- 164**	**- 28.8%**	**- 22.1%**
Profit (Loss) from non-current assets held for sale, after tax	-	(5)	+ 4	- 98.9%	- 101.1%
PROFIT (LOSS) FOR THE PERIOD	**407**	**567**	**- 160**	**- 28.2%**	**- 21.5%**
Minorities	(105)	(119)	+ 14	- 11.9%	- 10.2%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**302**	**447**	**- 146**	**- 32.6%**	**- 24.5%**
Purchase Price Allocation effect	(98)	(107)	+ 9	- 8.5%	- 6.7%
Goodwill impairment	-	(6)	+ 6	n.s.	n.s.
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**204**	**335**	**- 131**	**- 39.1%**	**- 28.9%**

Notes:

1. Changes at constant exchange rates and perimeter.

Comparative figures of Q3 2012 are different from those disclosed in the Consolidated Interim Report as at September 30, 2012 as a result of the restatement, for comparative purposes, of interest income from impaired assets whose book value was written down and reversals connected with the passing of time from item "Net interest" to item "Net write-downs on loans and provisions for guarantees and commitments", as a result of the reclassification carried out by three Group companies in the first nine months of 2013.

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

With reference to the Condensed Income Statement, since the third quarter of 2013:

- the positive P&L items relating to the rationalization of the support companies of the Group's Global Banking Services have been recorded in "Recovery of expenses" instead of "Net other expenses/income" in accordance with the economic substance of the transaction;
- some P&L items relating to the operations of one Group company have been reclassified (from "Net fees and commissions" to "Net interest") to better reflect their economic nature.

The comparative period was restated accordingly.

Segment Reporting (Summary)

Key figures by business segment

(€ million)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	POLAND	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER[1]	CONSOLIDATED GROUP TOTAL
Income statement										
OPERATING INCOME										
First 9 months 2013	6,585	2,187	1,197	1,340	3,909	3,239	532	377	(1,152)	**18,216**
First 9 months 2012	*6,562*	*2,234*	*1,356*	*1,391*	*3,732*	*3,459*	*511*	*421*	*(56)*	**19,609**
Operating costs										
First 9 months 2013	(3,568)	(1,624)	(1,080)	(622)	(1,769)	(1,258)	(360)	(225)	(536)	**(11,042)**
First 9 months 2012	*(3,855)*	*(1,624)*	*(1,064)*	*(644)*	*(1,708)*	*(1,324)*	*(346)*	*(223)*	*(500)*	**(11,289)**
OPERATING PROFIT										
First 9 months 2013	3,017	563	117	718	2,140	1,981	172	153	(1,687)	**7,174**
First 9 months 2012	*2,706*	*610*	*292*	*747*	*2,024*	*2,135*	*164*	*197*	*(556)*	**8,320**
PROFIT BEFORE TAX										
First 9 months 2013	(36)	639	(127)	605	1,410	1,598	166	145	(1,969)	**2,431**
First 9 months 2012	*(640)*	*795*	*8*	*643*	*1,356*	*1,472*	*156*	*183*	*(735)*	**3,237**
Balance Sheet										
LOANS TO CUSTOMERS										
as at September 30, 2013	192,013	81,137	48,455	23,956	76,241	103,159	-	854	810	**526,626**
as at December 31, 2012	*202,918*	*84,163*	*49,922*	*23,999*	*74,164*	*108,866*	*-*	*845*	*2,268*	**547,144**
DEPOSITS FROM CUSTOMERS AND DEBT SECURITIES IN ISSUE										
as at September 30, 2013	151,094	105,917	57,477	26,705	61,616	78,877	-	18,171	60,319	**560,177**
as at December 31, 2012	*159,281*	*112,692*	*60,672*	*27,641*	*63,972*	*83,656*	*-*	*16,883*	*55,167*	**579,965**
TOTAL RISK WEIGHTED ASSETS										
as at September 30, 2013	112,930	34,849	25,836	24,162	83,430	81,265	1,983	2,783	32,508	**399,747**
as at December 31, 2012	*117,765*	*38,021*	*25,728*	*24,622*	*87,691*	*92,736*	*1,986*	*3,009*	*35,570*	**427,127**
EVA										
First 9 months 2013	(1,332)	169	(344)	145	215	306	97	69	(2,166)	**(2,842)**
First 9 months 2012	*(1,773)*	*217*	*(148)*	*192*	*240*	*(59)*	*87*	*92*	*(1,610)*	**(2,763)**
Cost/income ratio										
First 9 months 2013	54.2%	74.3%	90.2%	46.4%	45.2%	38.8%	67.7%	59.6%	- 46.5%	**60.6%**
First 9 months 2012	*58.8%*	*72.7%*	*78.5%*	*46.3%*	*45.8%*	*38.3%*	*67.8%*	*53.1%*	*n.s.*	**57.6%**
Employees[2]										
as at September 30, 2013	38,743	14,218	7,007	18,191	47,545	3,454	1,996	1,468	15,720	**148,341**
as at December 31, 2012	*39,713*	*14,669*	*7,072*	*18,623*	*49,099*	*3,586*	*1,968*	*1,464*	*20,159*	**156,354**

Notes:

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

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

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

How the UniCredit Group has grown

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

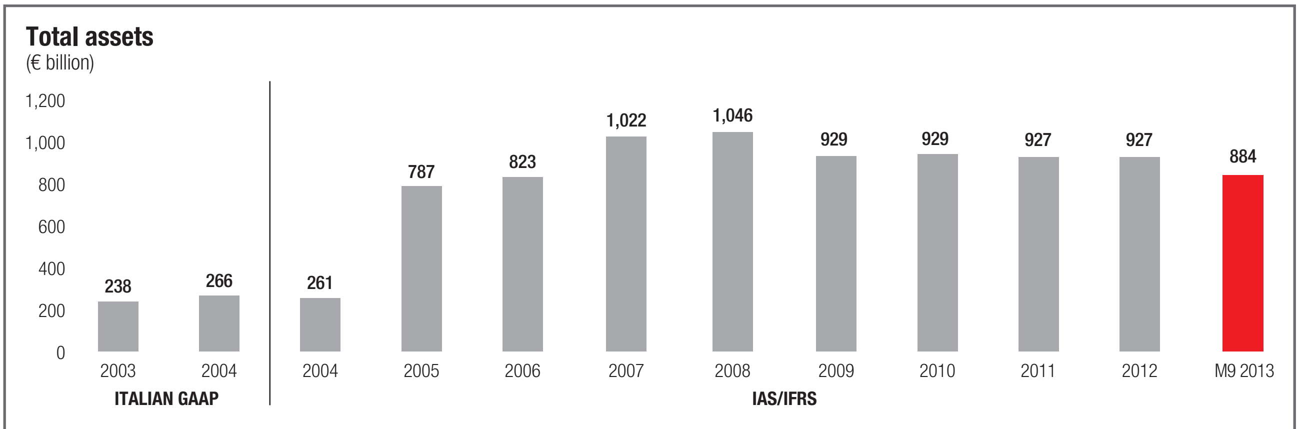
This expansion was characterized, particularly:

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

Group Figures 2003 - 2013

	IAS/IFRS										ITALIAN GAAP	
	M9 2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2004	2003
Income Statement (€ million)												
Operating income	18,216	25,049	25,200	26,347	27,572	26,866	25,893	23,464	11,024	10,203	10,375	10,465
Operating costs	(11,042)	(14,979)	(15,460)	(15,483)	(15,324)	(16,692)	(14,081)	(13,258)	(6,045)	(5,701)	(5,941)	(5,703)
Operating profit (loss)	7,174	10,070	9,740	10,864	12,248	10,174	11,812	10,206	4,979	4,502	4,434	4,762
Profit (loss) before income tax	2,431	317	2,060	2,517	3,300	5,458	9,355	8,210	4,068	3,238	2,988	3,257
Net profit (loss) for the period	1,600	1,687	644	1,876	2,291	4,831	6,678	6,128	2,731	2,239	2,300	2,090
Net profit (loss) attributable to the Group	1,014	865	(9,206)	1,323	1,702	4,012	5,961	5,448	2,470	2,069	2,131	1,961
Balance Sheet (€ million)												
Total assets	883,802	926,827	926,769	929,488	928,760	1,045,612	1,021,758	823,284	787,284	260,909	265,855	238,256
Loans and receivables with customers	526,626	547,144	559,553	555,653	564,986	612,480	574,206	441,320	425,277	139,723	144,438	126,709
of which: non-performing loans	*20,930*	*19,360*	*18,118*	*16,344*	*12,692*	*10,464*	*9,932*	*6,812*	*6,861*	*2,621*	*2,621*	*2,373*
Deposits from customers and debt securities in issue	560,177	579,965	561,370	583,239	596,396	591,290	630,533	495,255	462,226	155,079	156,923	135,274
Shareholders' Equity	61,303	62,784	51,479	64,224	59,689	54,999	57,724	38,468	35,199	14,373	14,036	13,013
Profitability ratios (%)												
Operating profit (loss)/Total assets	0.81	1.09	1.05	1.17	1.32	0.97	1.16	1.24	0.63	1.73	1.67	2.00
Cost/income ratio	60.6	59.8	61.4	58.8	55.6	62.1	54.4	56.5	54.8	55.9	57.3	54.5

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



UniCredit Share

Share Information

	M9 2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Share price (€) (*)											
- maximum	4.984	4.478	13.153	15.314	17.403	31.810	42.841	37.540	32.770	24.629	24.607
- minimum	3.238	2.286	4.222	9.820	4.037	8.403	28.484	30.968	22.592	21.303	17.386
- average	4.098	3.292	8.549	12.701	11.946	21.009	36.489	34.397	25.649	22.779	22.085
- end of period	4.712	3.706	4.228	10.196	14.730	9.737	31.687	37.049	32.457	23.602	23.881
Number of outstanding shares (million)											
- at period end[1]	5,792	5,789	1,930	19,297.6	16,779.3	13,368.1	13,278.4	10,351.3	10,303.6	6,249.7	6,316.3
- shares cum dividend	5,695	5,693	1,833	18,330.5	18,329.5	13,372.7	13,195.3	10,357.9	10,342.3	6,338.0	6,316.3
of which: savings shares	*2.42*	*2.42*	*2.42*	*24.2*	*24.2*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*
- average[1]	5,791	5,473	1,930	19,101.8	16,637.8	13,204.6	11,071.6	10,345.2	6,730.3	6,303.6	-
Dividend											
- total dividends (€ million)		512	(***)	550	550	(**)	3,431	2,486	2,276	1,282	1,080
- dividend per ordinary share		0.090	(***)	0.030	0.030	(**)	0.260	0.240	0.220	0.205	0.171
- dividend per savings share		0.090	(***)	0.045	0.045	(**)	0.275	0.255	0.235	0.220	0.186

1. The number of shares is net of Treasury shares and included 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 the capital increase of €7.5 billion equal to a number of shares issued of 3,859,602,938 was fully subscribed for.

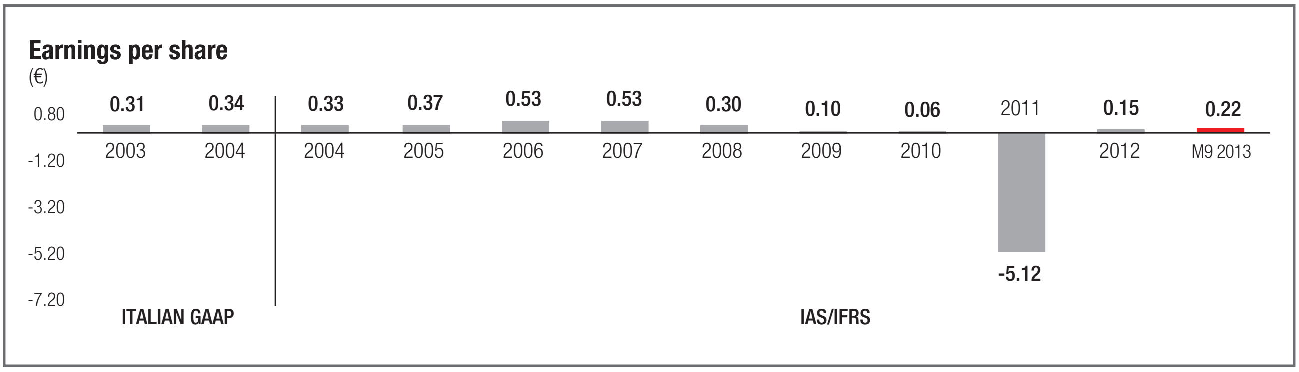
Earnings Ratios

	IAS/IFRS										ITALIAN GAAP	
	M9 2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2004	2003
Shareholders' Equity (€ million)	61,303	62,784	51,479	64,224	59,689	54,999	57,690	38,468	35,199	14,373	14,036	13,013
Group portion of net profit (loss) (€ million)	1,014	865	(9,206)	1,323	1,702	4,012	5,901	5,448	2,470	2,069	2,131	1,961
Net worth per share (€)	10.58	10.85	26.67	3.33	3.56	4.11	4.35	3.72	3.42	2.30	2.25	2.06
Price/Book value	0.45	0.34	0.16	3.06	4.14	2.37	7.28	9.97	9.50	10.26	10.51	11.59
Earnings per share[1] (€)	0.22	0.15	-5.12	0.06	0.10	0.30	0.53	0.53	0.37	0.33	0.34	0.31
Payout ratio (%)		59.2		41.6	32.3	(*)	58.1	45.6	92.1		60.2	55.1
Dividend yield on average price per ordinary share (%)		2.73		1.55	1.58	(*)	3.98	3.90	4.79		5.02	4.32

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

(*) 2008 dividend was paid with cash to savings shareholders (€0,025 per share, for a total amount of €0.5 million), and with newly issued shares (so called "scrip dividend").

The 2008 EPS figure published in the consolidated report as at December 31, 2008 was €0.30 and has now been amended to €0.26 due to the increase in the number of shares following the capital increase (IAS 33 § 28). For the purposes of calculating 2009 EPS, net profit for the period of €1,702 million was changed to €1,571 million due to disbursements made in connection with the foreseen use of treasury shares agreed under the 'cashes' transaction, and charged to equity. For the purposes of calculating EPS, net profit for 2010 of €1,323 million was changed to €1,167 million; net losses for 2011 of €9,206 million was changed to €9,378 million; net profit for 2012 of €865 million was deducted of €46 million. The M9 2013 EPS calculation €70 million has been deducted net profit attributable to the Group of €1,014 million due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the 'cashes' transaction.



Group Results

Macroeconomic situation, banking and financial markets

International situation

USA/Eurozone

The world economy grew at an average of 2.5% in the first half of 2013, a pace similar to that recorded in the second half of 2012. This indicates that the recovery is still weak due to divergent trends at regional level. In developed countries there was evidence of a moderate acceleration in growth momentum, while emerging countries saw signs of a slowdown in growth (which nonetheless remained sustained) due to a deterioration in financial conditions, the stabilization/fall in commodity prices, less support in the form of government policies and a slowdown in the credit cycle. As regards financial markets, the improvement in "sentiment" begun in the summer of 2012 as a result of the measures taken by the European Central Bank (ECB) to eliminate the risk of extreme scenarios for the euro area continues to produce its effects, with the first visible impacts on the real economy. The European Central Bank also reaffirmed its intention to keep rates on hold at or below the current level for an extended period of time in order to promote the stabilization of market interest rates. Against this backdrop, the Fed's decision not to reduce the amount of monthly purchases of securities led to a dramatic increase in market uncertainty, with a subsequent (slight) decrease in the rates on government securities both in the United States and the euro area.
In the United States, the economy grew at a fast (annualized) rate – 2.5% – during the second quarter. A sharper-than-expected upturn in investment combined with a less negative impact from the ongoing fiscal consolidation more than offset a downturn in consumer spending and in stockbuilding.
The available information regarding the third quarter suggests that economic growth further slowed during the summer. As a result, we cut our growth forecast for the third quarter from 2.8% to 2.0%. This revision can be partly explained by the stronger-than-expected expansion seen in the spring. Specifically, it was due to expectations of weaker consumer spending in the third quarter. In addition, capital goods shipments are currently below the average level recorded in the second quarter, suggesting another quarter of weak growth in investment.
At the FOMC meeting of mid-September, the Federal Reserve surprised financial markets announcing its decision not to reduce the amount of monthly purchases of securities ("tapering"). Chairman Bernanke explained that this decision takes account of the tighter-than-predicted financial conditions, the lack of improvement in the economy and the concerns about adverse developments on the fiscal policy front. We are still of the opinion that the FOMC will announce a reduction in the amount of monthly purchases of securities at the central bank's last meeting of the year, in mid-December. The risks are skewed towards a possible delay in the announcement of the "tapering"; the more impact the temporary suspension of government services and the tensions surrounding the raising of the debt ceiling will have on the economy and on financial markets, the more serious these risks will be.
In the euro area, the economy grew by 0.3% in the second quarter of 2013 on the back of the first signs of a recovery in domestic demand and the positive contribution of the foreign channel. As for the third quarter, some of the leading economic indicators hint at a temporary slowdown in growth during the summer, mainly due to the disappearance of temporary factors that stimulated growth in the second quarter. On the price front, inflation was on a downward trend, decelerating from 1.6% in December to 1.2% in September.
With respect to the strengthening of the EU institutions, major steps were taken in the first part of the year towards the banking union, although the process has yet to be completed and remains subject to further negotiations.
At its meeting of early July, the European Central Bank announced a "forward guidance", signaling its intention to keep rates on hold at or below the current level for an extended period of time, which will depend on the outlook for inflation, growth and credit. This "forward guidance" is designed to avoid tighter monetary conditions following the Fed's announcement of a "tapering" plan. In concrete terms, this attitude on the part of the central bank is translating into a very cautious, "wait-and-see" stance towards the first signs of economic recovery in this area.

Banking and financial markets

The marked downtrend in bank lending to the private sector in the euro area continued in the third quarter of 2013, with a 2.0% year-on-year contraction in August (latest figure available). Loans to households stabilized, while loans to businesses weakened further, with a year-on-year reduction of about 4.0%, which is unprecedented in the last decade. Lending activity was still heavily penalized by the weak demand for loans to the private sector and still high levels of risk aversion among banks. Lending to the private sector (households and businesses) was weak in all the Group's three key countries. In more detail, the downtrend in loans to the private sector remained particularly marked in Italy, where loans to businesses shrank by around 5.0% year on year and loans to households, by contrast, contracted at a slower pace. In Germany, loans to the private sector (according to the ECB's monthly statistics) continued to show modest expansion in the third quarter of the year, with loans to households remaining resilient and loans to businesses slightly decreasing. In Austria, by contrast, loans to the private sector contracted further, mainly due to a reduction in loans to households. As for the banking sector's deposit base in the Group's three key countries, the third quarter saw a more marked slowdown in the expansion rate of bank deposits in Germany and, partly, in Austria, while bank deposits increased further in Italy, showing growth of just under 7.0% in August. Bank rates decreased in all the Group's three key countries in the third quarter. The decrease in interest rates on deposits was in line with or slightly more marked than the decrease in interest rates on loans, showing stabilization/a slight increase in the bank spread (the difference between the average interest rate on loans and the average interest rate on deposits). During the third quarter, developments in financial markets were driven primarily by expectations that the Fed will launch the taper as early as September and by the European Central Bank's commitment to avoiding a tightening of monetary conditions, against a backdrop of still fragile economic recovery. Against this backdrop, the performance of the stock markets in the Group's three key countries improved, with the Italian and the Austrian stock markets reporting growth of just under 15.0% in cumulative terms compared to the end of the second quarter, and the German stock market ending the quarter with an 8.0% expansion, compared to June 2013.

CEE Countries

CEE countries face a trade-off from the economic recovery in Europe and the US: on the one hand, economic growth is expected to pick up. On the other hand, financing conditions might tighten, putting pressure on countries with large current account deficits. The economic recovery accelerated in CEE during the third quarter of 2013, with foreign demand and industry remaining the strongest drivers. In the first eight months of 2013, industrial production grew fastest in Romania (6.0%yoy) and Serbia (5.3%yoy) due to new production lines for car manufacturers and in Lithuania (5.9%yoy), where the carryover from 2012 was positive, but accelerated in Hungary, Poland, Slovakia and Turkey as well. With the exception of the latter, domestic demand is expected to recover gradually, lagging exports and IP by 1-2 quarters. By the end of August, the sizeable negative carryover from the fourth quarter of 2012 was offset in all countries but Ukraine, Croatia, Slovenia and the Czech Republic (where Skoda's change of model line was a drag on growth). Russia's industrial production shrunk 0.1%yoy in the first eight months of 2013 due to Europe's declining demand for coal and oil. Adding a structural slowdown of domestic demand, the growth forecast has been marked down below 2% for this year (UniCredit: 1.7%, IMF: 1.5%), with limited scope for a recovery in 2014. Lower growth is also expected in Turkey, where credit growth is slowing down, dragging on consumption and private investment. At the same time, there is limited space for a sizeable fiscal impulse, after the budget deficit widened by 74.7%yoy in the first nine months of 2013.
The faster recovery of exports than of domestic demand led to narrower current account deficits or to outright surpluses in most CEE countries. Adding EU fund absorption and FDI, CEE's EU members managed to register positive basic balances.
In countries like Poland and the Czech Republic, this leaves room for a credit-led recovery of consumption and stronger currencies. Fearing the impact of CZK appreciation on inflation and growth, the Czech National Bank stepped up verbal interventions and might move to direct interventions in the future. In Hungary and Romania, the fast bank deleveraging process wipes out the positive basic balance, leaving the two countries dependent on portfolio inflows at a time when their central banks are still easing monetary conditions. Serbia and Ukraine run the largest twin deficits in the region and remain the most exposed to rate normalization on developed markets. IMF agreements would help both countries, but these are not expected before in the second quarter of 2014. Across CEE, the benign risk environment has boosted inflows into local bonds since August, helping many countries in the region prefinance part of their 2014 needs. Nevertheless, higher rates on developed markets remain the largest risk for CEE economies and could lead to steeper yield curves once the Fed tapering begins.

Group Results (Continued)

Main results and performance for the period

Introduction

Despite a difficult macroeconomic and business environment for the banking sector, in the first nine months of 2013 the Group posted €1,014 million of **net profit attributable to the Group**, down by €404 million (down by 28.5%) over last year. Net of positive contribution stemming out from the repurchase public offers of bonds issued by the Group, carried out both in 2012 and 2013, and the capital gain from the sale of the insurance business unit in Turkey (Yapi Sigorta), carried out in third quarter 2013, the decrease would be equal to €238 million (down by 26.4%).

With regard to **gross operating profit**, the yearly decrease was limited to 13.8%, or 8.5% after adjusting for the mentioned non-recurring bonds buy-backs.

Revenues amounted to €18,216 million in the first nine months of 2013, decreasing by €1,393 million (down by 7.1%) over the first nine months of 2012, or down by 4.7% excluding the above mentioned non-recurring effect. The negative trend was an effect of the extremely low market interest rates and lackluster loan volumes (down by 5.7% over last year) that weighed on Western Europe results, offsetting the positive contribution from CEE & Poland, growing by 2.5% (or up by 4.6% at constant exchange rates).

Difficult market conditions were partially offset by the strong management effort to reduce **operating costs**, which led to a considerable 2.2% decrease over last year, with savings both on Staff Expenses and non-HR costs (net of recovery of expenses).

Finally, the **net write-downs on loans and provisions for guarantees and commitments** were down by 8.7% over last year, although the coverage ratio of total impaired loans reached in September 44.6%, in comparison to 42.7% in 2012.

Operating income

In the first nine months of 2013 **operating income** amounted to €18,216 million, down by 7.1% over last year (or down by 4.7% excluding bonds buy-backs). The fall on revenues was determined by lower net interest (at €9,903 million, down by 8.8% in the first nine months of 2013 over the same period 2012), with unfavorable exchange rates dynamics and low interest rates and volumes compressing margins, and trading income decreasing by 19.2%, at €2,005 million, penalized, in comparison with the previous year, by lower contribution coming from bonds buy backs (net of which would increase by 1.6%).

In the first nine months of 2013, **net interest** was equal to €9,903 million, down by 8.8% versus the first nine months of 2012 due to weak loan demand in Western Europe and very low interest rates (average Euribor in third quarter 2013 decreased by 10bps over last year, landing to a record low level of 0.22%), despite continuous actions to reprice assets and liabilities.
At regional level trends diverged: CEE & Poland showed a positive contribution to Group results with net interest up by 0.2% over the first nine months of 2012 (but up by 2.4% considering the unfavorable dynamics of main currencies against the Euro) partially counterbalancing the impacts of net interest fall in Western Europe (down by 12.8% over the first nine months of 2012).
In third quarter 2013 net interest amounted to €3,254 million, down by 2.0% versus previous quarter (-7.9% versus the same quarter 2012), mostly affected by negative exchange rates movements in CEE (mainly in Turkey and Russia), a regulatory change in Turkey capping interest rates applicable to some categories of loans and decreasing loan volumes. On the other hand, the cost of deposits kept lowering thanks to repricing of expensive term deposits and to targeted actions on sight deposits.

Customer loans were €526.6 billion as of September 30, 2013, down by 1.2% versus previous quarter and by 5.7% over September 30, 2012. Both the quarterly and the yearly decreases are due to lower commercial loans, while market counterparties – the most volatile part – increased by 8.6% versus previous quarter and by 0.8% over September 30, 2012.
On a geographic basis, CEE & Poland increased by 0.8% versus previous quarter, but it would be up by 2.1% at constant exchange rates, confirming that the region is still experiencing good growth.
In Western Europe, loans in Commercial Banking Italy (down by 1.5% versus previous quarter), Commercial Banking Germany (down by 1.4% versus previous quarter) and CIB (down by 0.7% versus previous quarter), drove the decreases.

Customer deposits totaled €401.7 billion, down by 0.9% versus previous quarter and decreasing by 3.7% over September 30, 2012, consistently with lower financing needs related to a strong liquidity position and a more selective pricing approach on deposits especially in Commercial Banking Austria (down by 4.2% versus previous quarter) and Commercial Banking Italy (down by 0.6% versus previous quarter). Deposits in CEE and Poland were up by 1.6% versus previous quarter or up by 2.7% at constant exchange rates.

Dividends and other income from equity investments amounted to €236 million, decreasing by €54 million (down by 18.6%) over the first nine months of 2012, mainly led by Mediobanca and by the lower contribution from the insurance joint ventures.

Net fees and commissions totaled €5,821 million, up by 0.5% over the first nine months of 2012, with investment service fees (up by 13.2% versus the first nine months of 2012) offsetting the decrease of financing services fees (down by 12.1% versus the first nine months of 2012) and transaction banking service fees (down by 1.4% versus the first nine months of 2012).
In the third quarter of 2013 fees were down by 3.5% versus previous quarter (down by 0.8% versus the same quarter of 2012) to €1,884 million, due to seasonality in investment services.
Under a geographical point of view, CEE and Poland show a positive dynamics (up by 8.0% in the first nine months of 2013 versus the same period of last year), driven by Hungary, Slovakia, Russia and Croatia.

As already mentioned, the operating income drop was driven by **net trading income** which amounted to €2,005 million in the first nine months of 2013, down by €476 million or 19.2% over last year, but up by 1.6% excluding bonds buy-backs.
In the third quarter of 2013 net trading income totaled €403 million, down by 57.7% versus previous quarter, or down by 42.4% net of buy-backs.

Finally, the **net other expenses/income**, positive by €250 million, showed a growth of €67 million compared to the first nine months of 2012. It is worth to notice last year the same item was negatively affected by an amount of €29 million, due to the charges suffered by the Hungarian subsidiary for the Early Repayment Program (ERP), a government program consisting in cut-rates anticipated refund of loans in foreign currency.

Operating income

(€ million)

	FIRST 9 MONTHS					
	2012	2013	% CHANGE	2013 Q3	% CHANGE ON Q3 2012	% CHANGE ON Q2 2013
Net interest	10,861	9,903	- 8.8%	3,254	- 7.9%	- 2.0%
Dividends and other income from equity investments	291	236	- 18.6%	67	- 1.6%	- 46.1%
Net fees and commissions	5,794	5,821	+ 0.5%	1,884	- 0.8%	- 3.5%
Net trading, hedging and fair value income	2,481	2,005	- 19.2%	403	- 39.4%	- 57.7%
Net other expenses/income	183	250	+ 36.5%	115	+ 29.5%	+ 70.8%
Operating income	**19,609**	**18,216**	**- 7.1%**	**5,722**	**- 8.5%**	**- 10.8%**

Group Results (Continued)

Main results and performance for the period (Continued)

Operating costs

The overall trend of **operating costs** confirms the positive effects of the cost reduction initiatives, with the decrease visible in the main cost lines, and even after netting for positive one-offs and a favorable exchange rates effect in the quarter.
Operating costs amounted to €11,042 million in the first nine months of 2013 (down by 2.2% over the same period of 2012) and to €3,611 million in third quarter 2013, down by 1.6% versus previous quarter and down by 3.0% versus the same quarter of 2012.
Such a dynamic is mainly due to Western Europe, down by 3.2% versus the first nine months of 2012, whilst CEE & Poland recorded a growth of 1.6%.

Payroll costs equaled €6,586 million in the first nine months of 2013, decreasing by 3.2% compared to the same period 2012, also supported by a reduction of 8,849 FTEs (compared to the same period 2012), of which 3,350 related to the sale of Kazakhstan, 1,874 to the Yapi Sigorta disposal, 692 related to the outsourcing of IT related activities in the new joint venture with IBM and the remaining part of the drop can be attributed to exits related to restructuring plans (mainly in Italy).
Payroll costs in third quarter amounted to €2,157 million, down by 1.9% versus previous quarter (or -3.8% versus the same quarter of 2012).

Other administrative expenses were equal to €3,644 million (net of expenses recovery), decreasing by 1.7% over the previous year, with cost discipline driven by real estate and personnel expenses. Other administrative expenses in third quarter were equal to €1,187 million, down by 1.1% versus previous quarter (or down by 2.3% versus same quarter 2012).

Write-downs of tangible and intangible assets amounted to €812 million, growing compared to the same period last year (up by 3.8%).

Operating costs

(€ million)

	FIRST 9 MONTHS					
	2012	2013	% CHANGE	2013 Q3	% CHANGE ON Q3 2012	% CHANGE ON Q2 2013
Payroll costs	(6,802)	(6,586)	- 3.2%	(2,157)	- 3.8%	- 1.9%
Other administrative expenses	(4,064)	(4,138)	+ 1.8%	(1,349)	+ 1.7%	- 2.9%
Recovery of expenses	359	494	+ 37.6%	162	+ 45.3%	- 14.1%
Write-downs of tangible and intangible assets	(782)	(812)	+ 3.8%	(267)	+ 1.1%	- 2.1%
Operating costs	**(11,289)**	**(11,042)**	**- 2.2%**	**(3,611)**	**- 3.0%**	**- 1.6%**

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

In the first nine months of 2013 **net write-downs on loans and provisions for guarantees and commitments** amounted to €4,449 million, down by 8.7% over the same period 2012.
Net write-downs on loans were equal to €1,552 million in third quarter of 2013, down by 6.8% versus previous quarter or down by 10.6% versus the same quarter of 2012, but with an overall coverage ratio up, at 44.6% (up by 0.5% versus previous quarter).

The cost of risk of the first nine months of 2013 was equal to 111bps, compared to 117bps in the first nine months of 2012. With regard to the quarterly evolution, in the third quarter of 2013 the cost of risk amounted to 117bps, 7bps below the previous quarter, mostly thanks to lower accruals on Commercial Banking Italy. The cost of risk in CEE decreased 40bps to 140bps in third quarter 2013, after the peak recorded in the second quarter of 2013.

In the first nine months of 2013 the gross impaired loans increased by €4,075 million (up by 5.1%) over December 2012, with an incidence of 14.80% on total customer loans (13.62% as of December 2012) and a coverage ratio equal to 44.6% (44.8% as of December 2012).
As at September 30, 2013 net impaired loans showed an incidence of 8.82% on total customer loans (8.05% as of December 2012).

Loans to customers – asset quality

(€ million)

	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	IMPAIRED LOANS	PERFORMING LOANS	TOTAL CUSTOMERS LOANS
As at 09.30.2013							
Face value	46,987	23,784	8,134	4,957	**83,862**	482,809	**566,671**
as a percentage of total loans	*8.29%*	*4.20%*	*1.44%*	*0.87%*	***14.80%***	*85.20%*	
Write-downs	26,057	7,650	2,914	767	**37,388**	2,657	**40,045**
as a percentage of face value	*55.5%*	*32.2%*	*35.8%*	*15.5%*	***44.6%***	*0.6%*	
Carrying value	20,930	16,134	5,220	4,190	**46,474**	480,152	**526,626**
as a percentage of total loans	*3.97%*	*3.06%*	*0.99%*	*0.80%*	***8.82%***	*91.18%*	
As at 12.31.2012							
Face value	44,377	22,516	8,036	4,858	**79,787**	505,921	**585,708**
as a percentage of total loans	*7.58%*	*3.84%*	*1.37%*	*0.83%*	***13.62%***	*86.38%*	
Write-downs	25,017	7,374	2,532	806	**35,729**	2,835	**38,564**
as a percentage of face value	*56.4%*	*32.8%*	*31.5%*	*16.6%*	***44.8%***	*0.6%*	
Carrying value	19,360	15,142	5,504	4,052	**44,058**	503,086	**547,144**
as a percentage of total loans	*3.54%*	*2.77%*	*1.01%*	*0.74%*	***8.05%***	*91.95%*	

Group Results (Continued)

Main results and performance for the period (Continued)

From net operating profit to profit before tax

Net operating profit of the first nine months of 2013 was €2,725 million, declining by 20.9% compared to the same period of previous year.

Provisions for risks and charges in the first nine months of 2013 amounted to -€474 million, growing in comparison to -€122 million registered in the same period of 2012.
This item was mainly burdened with the definitive decision taken by the Supreme Swiss Court on the case with BvS, other provisions related to legal proceedings and other contingent liabilities.

Integration costs in the first nine months of 2013 amounted to €28 million.

Finally, **net income from investments** in the first nine months of 2013 were positive for €208 million, benefiting from the capital gain for the disposal of Yapi Sigorta for €191 million.

Thus, **profit before tax** of the first nine months of 2013 amounted to €2,431 million, declining by 24.9% over the same period of 2012.

Profit before tax by business segment

(€ million)

	OPERATING INCOME	OPERATING EXPENSES	PROFIT (LOSS) AND NET WRITE-DOWNS ON LOANS	NET OPERATING PROFIT	PROFIT BEFORE TAX	
					FIRST 9 MONTHS 2012	FIRST 9 MONTHS 2013
Commercial Banking Italy	6,585	(3,568)	(2,970)	47	(640)	(36)
Commercial Banking Germany	2,187	(1,624)	72	635	795	639
Commercial Banking Austria	1,197	(1,080)	(146)	(28)	8	(127)
Poland	1,340	(622)	(116)	601	643	605
Central Eastern Europe	3,909	(1,769)	(866)	1,275	1,356	1,410
Corporate & Investment Banking	3,239	(1,258)	(334)	1,647	1,472	1,598
Asset Management	532	(360)	-	172	156	166
Asset Gathering	377	(225)	(2)	151	183	145
Group Corporate Center	(1,152)	(536)	(88)	(1,775)	(735)	(1,969)
Group Total	**18,216**	**(11,042)**	**(4,449)**	**2,725**	**3,237**	**2,431**

Profit (loss) attributable to the Group

Profit (loss) for the period of the first nine months of 2013 amounted to €1,600 million (down by 21.6% compared to the same period 2012), affected by **income tax** by €845 million. Tax rate at 34.8% showed a decrease of 1.7 percentage points compared to the first nine months of 2012.

Minorities amounted to €291 million, up by 1.9% compared to the first nine months of 2012.

Purchase Price Allocation totaled -€295 million in the first nine months of 2013, down by €35 million compared to the same period of 2012.

As a result of all these elements the **Group** obtained **net profit** of €1,014 million, with a decrease of €404 million (down by 28.5%) compared to the first nine months of 2012.
Net of the effects caused by the repurchase offers of some bonds issued by the Group, promoted both in last and current year, and the capital gain for Yapi Sigorta disposal, the profit attributable to the Group would be €662 million, down by 26.5% compared to the same period of 2012.

Profit (loss) attributable to the Group

(€ million)

	FIRST 9 MONTHS					
	2012	2013	% CHANGE	2013 Q3	% CHANGE ON Q3 2012	% CHANGE ON Q2 2013
Operating income	**19,609**	**18,216**	**- 7.1%**	**5,722**	**- 8.5%**	**- 10.8%**
Operating costs	(11,289)	(11,042)	- 2.2%	(3,611)	- 3.0%	- 1.6%
Operating profit (loss)	**8,320**	**7,174**	**- 13.8%**	**2,110**	**- 16.7%**	**- 23.1%**
Net write-downs on loans and provisions for guarantees and commitments	(4,873)	(4,449)	- 8.7%	(1,552)	- 10.6%	- 6.8%
Net operating profit (loss)	**3,446**	**2,725**	**- 20.9%**	**558**	**- 30.1%**	**- 48.2%**
Provisions for risks and charges	(122)	(474)	+ 287.9%	(174)	277.9%	- 8.5%
Integration costs	(24)	(28)	+ 14.6%	(16)	293.5%	77.1%
Net income from investment	(63)	208	n.s.	204	n.s.	n.s.
Profit (loss) before tax	**3,237**	**2,431**	**- 24.9%**	**572**	**- 24.7%**	**- 33.6%**
Income tax for the period	(1,182)	(845)	- 28.5%	(165)	- 12.6%	- 45.9%
Profit (loss) for the period	**2,042**	**1,600**	**- 21.6%**	**407**	**- 28.2%**	**- 27.7%**
Minorities	(286)	(291)	+ 1.9%	(105)	- 12.0%	2.9%
Net profit (loss) attributable to the Group before PPA	**1,756**	**1,309**	**- 25.5%**	**302**	**- 32.5%**	**- 34.5%**
Purchase Price Allocation effects	(330)	(295)	- 10.6%	(98)	- 8.5%	- 1.7%
Goodwill impairment	(8)	-	n.s.	-	n.s.	n.s.
Net profit (loss) attributable to the Group	**1,418**	**1,014**	**- 28.5%**	**204**	**- 39.1%**	**- 43.5%**

Group Results (Continued)

Capital and Value Management

Principles of value creation and disciplined capital allocation

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

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

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

Capital Ratios

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

The Core Tier 1 Ratio[1] at September 2013 was 11.71%.
The Tier 1 Ratio and Total Capital Ratio, respectively, were 12.22% and 15.42%.

Capital Ratios (€ million)

	AS AT	
	09.30.2013	12.31.2012
Total Capital	61,653	62,018
Tier 1 Capital	48,857	48,868
Core Tier 1 Capital	46,803	46,314
Total RWA	399,747	427,127
Total Capital Ratio	**15.42%**	**14.52%**
Tier 1 Ratio	**12.22%**	**11.44%**
Core Tier 1 Ratio	**11.71%**	**10.84%**

The economic and financial crisis, which began in 2007, has raised an intense debate on the need to promote a stronger and more resilient financial system. Therefore, over the last two years, global regulators introduced a series of new regulatory requirements that will contribute greatly to re-shape the financial markets' landscape. In particular, in December 2010, the Basel Committee for Banking Supervision (BCBS) published a series of changes relative to the requirements for banking institutions on capital and liquidity, also known as "Basel 3".
The regulatory changes introduced by the "Basel 3" framework define more stringent rules for capital requirements and introduce for the first time liquidity and leverage limits. According to the "Basel 3" framework, the new rules will be introduced gradually (i.e. phased-in), in order to allow the banking system to comply with the new requirements and contain the impact on the real economy. The "Basel 3" framework has been translated into law by means of two separate legislative instruments: a Directive (CRD 4) and a Regulation (CRR), which include the majority of the measures relating to capital requirements, the provisions of which will be directly binding and applicable within each European Union Member State. The first proposal of the new regulation was published by the European Commission in July 2011. Following EU Parliament approval, the CRD 4 package (i.e. Directive and Regulation) was formally published in the Official Journal of the EU on June 27, 2013 and will apply from January 1, 2014.

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

Shareholders’ Equity attributable to the Group

The **Shareholders’ Equity attributable to the Group**, including the **profit for the period** (€1,014 million), amounted to €61,303 million at September 30, 2013, compared to €61,579 million at December 31, 2012.

The following table shows the main changes that occurred in the first nine months of 2013.

Shareholders’ Equity attributable to the Group (€ million)

Shareholders' Equity as at December 31, 2012 (*)	**61,579**
Capital increase (net of capitalized costs)	-
Disbursements related to Cashes transaction ("canoni di usufrutto") (**)	(70)
Dividend payment	(513)
Forex translation reserve	(877)
Change in afs/cash-flow hedge reserve	(72)
Others (***)	243
Net profit (loss) for the period	1,014
Shareholders' Equity as at September 30, 2013	**61,303**

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

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

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

Group Results (Continued)

Information on Risks

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

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

In the first three quarters of 2013, the GRM Competence Line was the object of organizational analyses and reviews with the aim to:
- ensure a clearer separation of risk management from transactional responsibilities;
- enforce end-to-end risk management processes to clarify responsibilities and accountability;
- clearly distinguish roles and activities between Holding and Italian operations to provide more clarity and accountability;
- maintain and even strengthen a strict focus on GRM core competences.

In particular, the Risk Management function is responsible for the following tasks:
- optimizing Group's asset quality, minimizing the cost of risks, consistent with the risk/return targets assigned to each Business Area;
- defining, together with the Planning, Finance & Administration function, the Group's risk appetite and evaluating capital adequacy, within the Internal Capital Adequacy Process (ICAAP), consistently with Basel 2, Pillar 2 requirements;
- defining – in compliance with Basel 2 standards and Bank of Italy requirements – the Group rules, methodologies, guidelines, policies and strategies for risk management, and, in cooperation with the Organization department, the relevant processes and their implementation;
- setting up a credit and concentration risk control system both of single counterparty/economic groups and significant clusters (e.g. as industrial areas/economic sectors), monitoring and reporting the limits defined beforehand;
- defining and providing to the Business Areas and to the Legal Entities the valuation, managerial, measurement, monitoring and reporting criteria of the risks and ensuring the consistency of systems and control procedures both at Group and Legal Entity level;
- supporting the Business Areas to achieve their targets, contributing to product and business development (e.g. innovation of credit products, competitive opportunities linked to Basel accords, etc.);
- verifying, by means of the initial and on-going validation process, the adequacy of the risk measurement systems adopted throughout the Group, steering the methodological choices towards higher and homogeneous qualitative standards and controlling the coherence in using the above systems within the processes;
- setting up an adequate system of preventive risk analysis, in order to quantify the impacts of a quick worsening of the economic cycle or of other shock factors (i.e. Stress Test) on the Group's economic and financial structure. This holds for single risk types as well as their integration and comparison to available capital;
- creating a risk culture across the whole Group.

Consistently with the Risk Management function architecture and in order to strengthen the capacity of independent steering, coordination and control of Group risks, improving the efficiency and the flexibility on the risk decision process and addressing the interaction among the relevant risk stakeholders, three distinct levels of Risk Committees are in place:
- the "Group Risk Committee" responsible for the Group strategic risk decisions;
- the "Group Portfolio Risks Committees", tasked with addressing, controlling and managing the different portfolio risks;
- the "Group Transactional Committees" in charge of evaluating the single counterparties/transactions impacting the overall portfolio risk profile.

Measuring the risk profile is a fundamental element of the Internal Capital Adequacy Assessment Process (ICAAP) under Basel 2 Pillar 2.

The Group's approach to ICAAP relies on the definition of the "Risk Governance", as a preliminary requirement, while the process consists of following phases:
- perimeter definition and risk identification;
- risk profile assessment;
- risk appetite setting and capital allocation; and
- monitoring and reporting.

Capital adequacy is assessed considering the balance between the assumed risks, both Pillar 1 and Pillar 2, and the available capital.

With respect to Pillar 2, the relevant metric is the Risk Taking Capacity, which is the ratio between available capital (Available Financial Resources – AFR) and Internal Capital.

Internal Capital is the capital needed to face the potential losses inherent in the Group's business activities and it takes into consideration all risk types identified by the Group as quantifiable in terms of Economic Capital in line with Pillar 2 requirements (credit, market, operational, business, financial investment and real estate risks), the effects of diversification between risk types ('interdiversification') and within each portfolio type ('intradiversification') and a prudential cushion for the model risk and the variability of the economic cycle.

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

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

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

The risk appetite framework is based on three dimensions:
- capital adequacy;
- profitability and risks;
- liquidity and funding;

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

In addition, a yearly consolidated report on capital adequacy in accordance with Banca d'Italia guidelines is prepared and sent to the Regulator.

Credit Risk

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

Credit risk strategies aim to obtain a double goal:
- to define the credit portfolio evolution that minimizes the overall credit risk impact given the expected remuneration, in line with the Group's capital allocation and value creation criteria;
- to provide support to the competent functions and divisions at Holding Company and Legal Entity level.

Credit risk strategies are defined by synthesizing the top-down risk analysis with the portfolio view of the business functions, through a strict cooperation among the Holding and local Risk Management Functions.

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

Portfolio risk management pays special attention to credit risk concentration in light of its importance within total assets. Such concentration risk, according to the Basel 2 definition, consists of a single exposure or of a group of correlated exposures with the potential to generate losses of such magnitude as to prejudice the Group's ability to carry on its normal business.

In order to identify, manage, measure and monitor concentration risk, the Holding Company's competent Functions define and monitor credit limits to cover two different types of concentration risk:
- significant amount credit exposures to a single counterparty or to a set of counterparties economically connected ("bulk risk" or single name credit concentration risk);
- credit exposures to counterparties belonging to the same economic sector ("sectorial concentration risk").

As regards Credit Stress Test activity, the model has been implemented on a specific IT platform and during this year a roll-out process will be in place in order to extend its usage and allow to both Parent Company and Legal Entities functions to estimate the impact on credit risk parameters of one or more adverse macroeconomic scenarios with the aim to measure the portfolio vulnerability (Group or individual sub-portfolios) to severe scenarios.

2. The main purpose of the UniCredit group's risk appetite is to ensure that the business develops within the risk appetite set by the Board of Directors in compliance with national and international regulations. The aim is not to prevent risk-taking, but to pursue the implementation of the UniCredit group's strategy in accordance with the risk appetite set by the Board of Directors.

Group Results (Continued)

Information on Risks (Continued)

During the third quarter of 2013 the Roll Out project of the Credit Portfolio Model reached relevant milestones with implementations in Bulgaria and Croatia and the involvement of other controlled companies in Central and Eastern Europe.
Further to the geographical extension which allows an homogeneity in risk methodologies at group level, the capital allocation resulting from CPM enters into the calculation of limit consumptions for concentration risk (Bulk Risk); the correlation structure is also embodied in the value at risk analysis of the securitizations originated in the Group.
Credit economic capital then adds up to market, operational and other risks contributions that belong to the Pillar 2 framework to compose the Internal Capital inside the Risk Taking Capacity representation.

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

During the third quarter, the adjustment of the Group to the guidelines introduced with the Project GOLD (Group Leaner Organization Design) in January 2013 continued.

In particular, in order to strengthen the role of steering, coordination and control of the Holding Company, while promoting more responsibility of the countries/local banks in terms of autonomy and decision-making levers, in the context of so-called "Large Exposures":
- the limits for the activation of the process for the issuing of Non-Binding Credit Opinion by the Holding Company have been made less stringent; the new limits introduced will be operational during the last quarter of the year;
- at the same time, the guidelines to further strengthen the coordinating role by the Holding Company in the monitoring of Large Exposures have been approved.

With this reorganization, a new function "Group Credit Transaction" has been created. This function, operating at Group level, is exclusively dedicated to the "global" credit transactions and the credit review of the strategic files. Furthermore, another function, "Group Credit Risk", has been set up; this function is in charge of defining the credit policies and strategies, portfolio monitoring and reporting.
With reference to the project "Italy Turnaround" the specific management of the Bank's portfolio of customers classified as a "High Attention Factor" (so called portfolio ALFA) is also continued.
The specific management carried out by units of the Special Network Italy and a dedicated deliberative role – Special Underwriting Portfolio – have the specific objective of improving the related risk profile by reducing the expected loss (EL) via specific actions in terms of perspective improving the level of PD/Rating, LGD and EAD, according to the defined strategic guidelines.
The results of this new management strategy of the customer portfolio of the Bank, taking into account that the operation can be defined as fully operating only since the second quarter, are comforting and will be further strengthened at the end of the current year.

Starting from January 14, 2013 also the reorganization of Credit Risk Management activities has been made operative, at Group and CRO Italy level; principles of the reorganization are:
- ensuring segregation of the steering and supervisory activities for credit risk from transactional activities (credit underwriting, classification, restructuring and workout);
- ensuring an "end to end" credit risk process with a correct allocation of responsibilities;
- defining role and activities related to credit operations under Holding responsibility and under CRO Italy responsibility;
- focusing on core competencies of Risk Management.

The Credit Risk Management reorganization, with regard to CRO Italy, has established the concentration in a unique structure, Risk Management Italy, of all the functions dedicated at defining credit policies, credit portfolio monitoring and local reporting, development of local models for measuring credit risk parameters. The result is a clear separation between Risk Management Italy and the functions in charge of credit files management.

In the second quarter of 2013 an initiative called "Rebalancing Credit Portfolio in Italy" was launched. The goal of this project, ended in June 2013, is the enhancement of the risk profile of UniCredit S.p.A.'s "problematic" portfolio.

The organizational changes related to the project are as follows:

- changes within the "CRO Italy" department in order to ensure the alignment with the structures of Country Chairman Italy and a rationalization of the entire department's organizational design:
  - setting up of the new "Credit Monitoring" department, directly reporting to CRO Italy;
  - redistribution of the problematic portfolio "underwriting" structures by setting up, within Special Credit department, the "Territorial Credit Risk Underwriting Special Portfolio Italy" Department;
  - partial reorganization of "Loan Administration" department, directly reporting to CRO Italy;
- changes within the structures directly reporting to "Group Risk Management" department:
  - setting up of "Distressed Asset Management" unit, responsible for addressing and coordinating the strategies and assessment methodologies related to the assets included in the perimeter of problematic portfolio of UniCredit group;
- changes within the structures reporting to Country Chairman Italy:
  - setting up of Special Network Italy, directly reporting to CCI.

In line with the organizational changes described above the composition of the participants to the following Committees has been coherently changed: "Italian Transactional Credit Committee", "Italian Special & Transactional Credit Committee", "Group Transactional Credit Committee".

Operational Risk

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

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

With respect to reputational risk, over the last years UniCredit has defined an approach for the identification, analysis and management of the reputational risk stemming from banking activities.
The Group Reputational Risk Governance Guidelines, currently being implemented in the Group Entities, delineate a set of principles and rules for the measurement and control of reputational risk.

In order to control UniCredit group exposure to reputational risk in addition to the Group Reputational Risk Governance Guidelines the following policies in specific sectors are in place: "Defense/Weapons", "Nuclear Energy", "Non-cooperative Jurisdictions", "Mining" and "Water Infrastructures (dams)".

Market Risk

With respect to Market Risk, as far as the trading book is concerned, daily reporting of VaR and weekly reporting of Basel 2.5 measures (based on the new harmonized internal model) is now a consolidated process along with VaR backtesting.
At the same time, Parent Company and local Market Risk functions have carried on accurate portfolios' risk monitoring activities, with particular reference to Investment Banking, through the definition and monitoring of Limits and Warning Levels.
In particular, the following concepts have been activated: VaR Limits and VaR Warning Levels at all levels of the portfolio tree, SVaR limits and IRC limits for most relevant levels of portfolio tree, and Granular Risks Limits concerning various risk factors (interest rates, exchange rates, index and stock prices, credit spreads etc.) at sub-portfolio/desk level.
Loss Warning Levels and Stress Test Warning Levels have also been defined.

Finally, as far as the banking book is concerned, the following are some specific risk factors linked, in particular, with interest rate fluctuations, exchange rates, and the performance of financial markets that are affected by the current global financial conditions and which the Group results depend upon in varying measure.
Constant monitoring and management of these risk factors makes it possible to continue to follow the going-concern principle in preparing the Interim Report on Operations.
Limits and thresholds are defined in terms of VaR (utilizing the methodology described for trading book), Sensitivity or Repricing Gap for each Group Bank or Company. The set of metrics is defined depending on the level of sophistication of Company operations.

Interest-Rate Risk

Group's results are affected by interest rate trends and fluctuations in Europe as well as in the other markets where the Group operates. In particular, the results of banking and lending transactions depend also on proper management of interest rate exposure's sensitivity.

Group Results (Continued)

Information on Risks (Continued)

Interest Rate Risk originates mainly from two sources:
- repricing (refixing) risk: arises from timing differences in the maturity (for fixed rate) and repricing (for floating rate) of assets, liabilities and of off-balance-sheet positions. Such repricing mismatches can expose the bank's income and underlying economic value to unanticipated fluctuations as interest rates vary;
- option risk: arises from implicit and explicit options embedded in assets, liabilities and off-balance-sheet instruments.

Interest rate risk measurement includes both net interest income analysis and Economic Value analysis.

Currency Risk

A significant portion of Group business is carried out in currencies other than Euro, predominantly those of CEE countries and the US dollar. The Group is therefore exposed to risks linked with fluctuations in exchange rates and in local money markets. Since the financial statement and interim report are denominated in Euro, the necessary currency conversions are accomplished in accordance with applicable accounting standards. Any change in exchange rates may therefore affect the Group's overall performance.
The Group adopts hedge strategies for profits and dividends arising from its subsidiaries not belonging to the euro zone. The hedging strategies take into account market circumstances.

Financial Risk

Group results depend significantly on financial markets. Specifically, volatility and the performance of financial markets affect:
- inflows of assets under management and administration, and thus earned selling commissions;
- management commissions, due to lower asset volume (direct effect) and redemptions caused by unsatisfactory performance (indirect effect);
- the overall results of the banking and trading books.

Liquidity Risk

Liquidity risk, for its particular nature, is addressed by means of gap analyses, liquidity stress testing and additional measures (mainly through a set of indicators: e.g. Loan to Deposit gap and Funding Concentration). 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;
- structural gap ratios on a monthly basis, which control the medium to long term risk (structural liquidity) from the 1 year maturity onwards.

Liquidity risk is a low probability, high impact event. Therefore stress testing is an excellent tool to reveal potential vulnerabilities in the Balance Sheet. The Bank uses several scenarios ranging from general market crisis to idiosyncratic crisis, and combinations hereof.
Moreover, the liquidity framework is also integrated by complementary measures, included in the Group's Risk Appetite framework. One of these is the core banking book funding gap (an adjusted Loan-to-deposit gap), which is calculated on a quarterly basis and which measures to what extent the commercial loan portfolio is financed through commercial liabilities. Accounting figures are duly adjusted in order to exclude repos and reverse repos from the calculation.
In this context, the Parent Company takes into account all of the assets, liabilities, off-balance sheet positions and present and future events which generate certain or potential cash flows for the Group, thereby protecting the Group Banks/Companies from risks related to the transformation of maturity.

Other Risks

For more details on other risks see "Consolidated First Half Financial Report as at June 30, 2013".

Information on Sovereign Exposures

With reference to the Group's sovereign exposures[3], the book value of sovereign debt securities as at September 30, 2013 amounted to €102,121 million, of which about 90% concentrated in eight countries; Italy, with €45,814 million, represents about 45% of the total. For each of the eight countries, the table below shows the book value of the exposures broken down by portfolio as at September 30, 2013.

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

Breakdown of Sovereign Debt Securities by Country and Portfolio

(€ '000)

COUNTRY/PORTFOLIO	AMOUNTS AS AT 09.30.2013 BOOK VALUE
- Italy	**45,814,039**
financial assets/liabilities held for trading (net exposures*)	4,002,592
financial assets at fair value through profit or loss	22,102
available for sale financial assets	38,554,669
loans and receivables	213,642
held to maturity investments	3,021,034
- Germany	**23,291,246**
financial assets/liabilities held for trading (net exposures*)	2,006,153
financial assets at fair value through profit or loss	19,357,163
available for sale financial assets	228,808
loans and receivables	1,699,122
held to maturity investments	-
- Poland	**8,098,769**
financial assets/liabilities held for trading (net exposures*)	296,907
financial assets at fair value through profit or loss	-
available for sale financial assets	6,368,950
loans and receivables	895,283
held to maturity investments	537,629
- Austria	**6,172,037**
financial assets/liabilities held for trading (net exposures*)	169,303
financial assets at fair value through profit or loss	21,672
available for sale financial assets	5,847,892
loans and receivables	-
held to maturity investments	133,171
- Turkey (**)	**2,732,712**
financial assets/liabilities held for trading (net exposures*)	5,220
financial assets at fair value through profit or loss	-
available for sale financial assets	1,789,598
loans and receivables	-
held to maturity investments	937,894
- Czech Republic	**2,651,114**
financial assets/liabilities held for trading (net exposures*)	53,300
financial assets at fair value through profit or loss	322,196
available for sale financial assets	2,275,201
loans and receivables	-
held to maturity investments	417
- Hungary	**1,861,363**
financial assets/liabilities held for trading (net exposures*)	44,764
financial assets at fair value through profit or loss	-
available for sale financial assets	1,800,838
loans and receivables	6,987
held to maturity investments	8,774
- Romania	**1,091,671**
financial assets/liabilities held for trading (net exposures*)	70,296
financial assets at fair value through profit or loss	-
available for sale financial assets	1,021,375
loans and receivables	-
held to maturity investments	-
Total on-balance sheet exposures	**91,712,951**

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

The remaining 10% of the total of sovereign debt securities, amounting to €10,408 million with reference to the book values as at September 30, 2013, is divided into 64 countries, among which Spain (€403 million), Slovenia (€194 million), the US (€97 million), Ireland (€52 million), and Portugal (€30 million). The sovereign debt securities exposures towards Cyprus and Greece are immaterial. These exposures were not subject to impairment at September 30, 2013.

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

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

Breakdown of Sovereign Loans by Country

(€ '000)

COUNTRY	AMOUNTS AS AT 09.30.2013 BOOK VALUE
- Germany (*)	8,031,661
- Italy	6,565,494
- Austria (**)	5,387,197
- Croatia	2,609,306
- Poland	1,553,289
- Indonesia	485,569
- Turkey (***)	236,249
- Bosnia-Herzegovina	203,321
- Hungary	194,153
- Brazil	183,271
- Serbia	154,892
- Slovenia	152,976
Total on-balance sheet exposures	**25,757,378**

(*) of which 873,088 in financial assets held for trading and those at fair value through profit or loss.
(**) of which 221,595 in financial assets held for trading and those at fair value through profit or loss.
(***) amounts recognized using proportionate consolidation with reference to the ownership percentagefor exposures held by joint ventures.

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

Results by Business Segment

Commercial Banking Italy

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

Income Statement, Key Ratios and Indicators

(€ million)

	FIRST 9 MONTHS					
COMMERCIAL BANKING ITALY	2012	2013	% CHANGE	2013 Q3	% CHANGE ON Q3 2012	% CHANGE ON Q2 2013
Operating income	6,562	6,585	+0.4%	2,106	+1.6%	-6.6%
Operating costs	(3,855)	(3,568)	-7.4%	(1,161)	-5.2%	-2.7%
Net write-downs on loans	(3,256)	(2,970)	-8.8%	(1,077)	-1.8%	-3.9%
Net operating profit	(550)	47	-108.6%	(132)	-47.0%	+124.8%
Profit before tax	(640)	(36)	-94.4%	(155)	-46.7%	+67.1%
Loans to customers (eop)	207,728	192,013	-7.6%	192,013	-7.6%	-1.5%
Customer deposits (incl. Securities in issue - eop)	156,657	151,094	-3.6%	151,094	-3.6%	-1.3%
Total RWA Eop	123,596	112,930	-8.6%	112,930	-8.6%	-2.5%
EVA (€ million)	(1,773)	(1,332)	-24.9%	(537)	-13.1%	+10.1%
Absorbed Capital (€ million)	13,684	12,179	-11.0%	12,199	-10.1%	-0.5%
RARORAC	-17.28%	-14.59%	269bp	-17.62%	60bp	-169bp
Cost/Income	+58.8%	+54.2%	-457bp	+55.1%	-399bp	221bp
Cost of Risk	2.05%	2.01%	-4bp	2.23%	13bp	-5bp
Full Time Equivalent (eop)	40,393	38,743	-4.1%	38,743	-4.1%	-0.5%

Commercial Banking Germany

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

Income Statement, Key Ratios and Indicators

(€ million)

	FIRST 9 MONTHS					
COMMERCIAL BANKING GERMANY	2012	2013	% CHANGE	2013 Q3	% CHANGE ON Q3 2012	% CHANGE ON Q2 2013
Operating income	2,234	2,187	-2.1%	651	-6.2%	-7.9%
Operating costs	(1,624)	(1,624)	+0.0%	(550)	+3.4%	+2.4%
Net write-downs on loans	131	72	-45.2%	(26)	n.s.	-121.2%
Net operating profit	741	635	-14.4%	75	-51.8%	-74.2%
Profit before tax	795	639	-19.7%	67	-64.1%	-78.0%
Loans to customers (eop)	84,753	81,137	-4.3%	81,137	-4.3%	-1.4%
Customer deposits (incl. Securities in issue - eop)	111,880	105,917	-5.3%	105,917	-5.3%	-0.7%
Total RWA Eop	38,335	34,849	-9.1%	34,849	-9.1%	-5.6%
EVA (€ million)	217	169	-22.2%	(53)	n.s.	-146.9%
Absorbed Capital (€ million)	3,323	3,144	-5.4%	3,278	-0.3%	+4.0%
RARORAC	+8.71%	+7.16%	-155bp	-6.51%	n.s.	n.s.
Cost/Income	+72.7%	+74.3%	157bp	+84.5%	n.s.	n.s.
Cost of Risk	n.s.	n.s.	n.s.	0.13%	10bp	n.s.
Full Time Equivalent (eop)	14,736	14,218	-3.5%	14,218	-3.5%	+0.1%

Commercial Banking Austria

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

Income Statement, Key Ratios and Indicators

(€ million)

COMMERCIAL BANKING AUSTRIA	FIRST 9 MONTHS 2012	FIRST 9 MONTHS 2013	% CHANGE	2013 Q3	% CHANGE ON Q3 2012	% CHANGE ON Q2 2013
Operating income	1,356	1,197	-11.7%	420	-5.3%	+4.5%
Operating costs	(1,064)	(1,080)	+1.5%	(348)	-2.6%	-5.6%
Net write-downs on loans	(191)	(146)	-23.6%	(48)	-41.5%	-5.1%
Net operating profit	101	(28)	-128.1%	24	n.s.	-241.6%
Profit before tax	8	(127)	n.s.	19	+78.5%	-139.0%
Loans to customers (eop)	50,144	48,455	-3.4%	48,455	-3.4%	-1.9%
Customer deposits (incl. Securities in issue - eop)	60,619	57,477	-5.2%	57,477	-5.2%	-2.8%
Total RWA Eop	25,624	25,836	+0.8%	25,836	+0.8%	+2.0%
EVA (€ million)	(148)	(344)	+131.8%	(60)	+189.6%	-59.0%
Absorbed Capital (€ million)	2,362	2,309	-2.2%	2,315	+3.6%	+3.5%
RARORAC	-8.38%	-19.86%	n.s.	-10.33%	n.s.	n.s.
Cost/Income	+78.5%	+90.2%	n.s.	+82.8%	230bp	n.s.
Cost of Risk	0.51%	0.39%	-11bp	0.39%	-26bp	-2bp
Full Time Equivalent (eop)	7,090	7,007	-1.2%	7,007	-1.2%	-0.1%

Poland

Bank Pekao is one of the biggest banks in Poland providing a full range of banking services to individual and institutional clients. Bank Pekao has a nationwide network of 1,000 branches, a strong presence in all the major cities and Poland's biggest ATM network (together with Euronet) consisting of almost 5,900 ATM's (of which 1,848 ATMs owned by the Bank), enabling the Bank's customers to have fully flexible and easy access to banking services all over the country.

Income Statement, Key Ratios and Indicators

(€ million)

POLAND	FIRST 9 MONTHS 2012	FIRST 9 MONTHS 2013	% CHANGE	2013 Q3	% CHANGE ON Q3 2012	% CHANGE ON Q2 2013
Operating income	1,391	1,340	-3.7%	435	-11.3%	-6.1%
Operating costs	(644)	(622)	-3.4%	(204)	-6.4%	-3.4%
Net write-downs on loans	(108)	(116)	+7.4%	(40)	-1.6%	+6.0%
Net operating profit	639	601	-5.9%	191	-17.7%	-10.9%
Profit before tax	643	605	-6.0%	191	-19.2%	-12.4%
Loans to customers (eop)	23,646	23,956	+1.3%	23,956	+1.3%	+4.2%
Customer deposits (incl. Securities in issue - eop)	27,289	26,705	-2.1%	26,705	-2.1%	+2.5%
Total RWA Eop	24,346	24,162	-0.8%	24,162	-0.8%	+2.9%
EVA (€ million)	192	145	-24.4%	45	-38.8%	-18.5%
Absorbed Capital (€ million)	1.264	1.082	-14.4%	1,079	-16.1%	+0.8%
RARORAC	+20.22%	+17.87%	-235bp	+16.56%	n.s.	-391bp
Cost/Income	+46.3%	+46.4%	15bp	+46.9%	250bp	131bp
Cost of Risk	0.63%	0.66%	3bp	0.68%	-2bp	3bp
Full Time Equivalent (eop)	18,696	18,191	-2.7%	18,191	-2.7%	-1.0%

Results by Business Segment (Continued)

CEE Division

UniCredit is a market leader in Central and Eastern Europe, where it has a broad network of about 2,600 branches. Its regional footprint is diverse and includes a direct presence in 16 countries. The Group's market position in CEE provides local banks with substantial competitive advantages. This includes the sharing of best practices, significant economies of scale, access to international markets and strong brand recognition. Moreover, the diversified portfolio in this region enables modular growth and increased market penetration for UniCredit's global product lines.

Income Statement, Key Ratios and Indicators

(€ million)

CEE DIVISION	FIRST 9 MONTHS 2012	FIRST 9 MONTHS 2013	% CHANGE	2013 Q3	% CHANGE ON Q3 2012	% CHANGE ON Q2 2013
Operating income	3,732	3,909	+4.7%	1,269	-7.4%	-5.7%
Operating costs	(1,708)	(1,769)	+3.5%	(569)	-0.8%	-3.3%
Net write-downs on loans	(645)	(866)	+34.2%	(268)	+22.4%	-22.7%
Net operating profit	1,379	1,275	-7.6%	432	-25.2%	+5.1%
Profit before tax	1,356	1,410	+4.1%	598	+5.3%	+51.8%
Loans to customers (eop)	74,261	76,241	+2.7%	76,241	+2.7%	-0.3%
Customer deposits (incl. Securities in issue - eop)	60,183	61,616	+2.4%	61,616	+2.4%	-0.3%
Total RWA Eop	87,831	83,430	-5.0%	83,430	-5.0%	-5.0%
EVA (€ million)	240	215	-10.7%	76	-37.2%	+2.2%
Absorbed Capital (€ million)	7,726	7,852	+1.6%	7,744	-2.7%	-2.0%
RARORAC	+4.15%	+3.64%	-50bp	+3.94%	-217bp	16bp
Cost/Income	+45.8%	+45.2%	-53bp	+44.9%	298bp	112bp
Cost of Risk	1.18%	1.51%	33bp	1.40%	22bp	-40bp
Full Time Equivalent (eop)	49,481	47,545	-3.9%	47,545	-3.9%	-2.8%

CIB

Corporate & Investment Banking (CIB) is dedicated to multinational and large corporate clients with highly sophisticated financial profile and needs for investment banking services, as well as institutional clients of UniCredit group. The business model adopted is focused on a clear distinction between coverage and local distribution (Network) areas, and those areas dedicated to centralized specialization of dedicated products or services, namely Financing & Advisory (F&A), Markets and Global Transaction Banking.

Income Statement, Key Ratios and Indicators

(€ million)

CORPORATE & INVESTMENT BANKING	FIRST 9 MONTHS 2012	FIRST 9 MONTHS 2013	% CHANGE	2013 Q3	% CHANGE ON Q3 2012	% CHANGE ON Q2 2013
Operating income	3,459	3,239	-6.4%	1,013	-10.5%	-10.6%
Operating costs	(1,324)	(1,258)	-5.0%	(420)	-5.0%	+3.2%
Net write-downs on loans	(654)	(334)	-48.8%	(71)	-62.9%	-59.8%
Net operating profit	1,481	1,647	+11.2%	522	+4.7%	-4.8%
Profit before tax	1,472	1,598	+8.5%	521	+4.3%	-0.9%
Loans to customers (eop)	117,550	103,159	-12.2%	103,159	-12.2%	-0.7%
Customer deposits (incl. Securities in issue - eop)	98,595	78,877	-20.0%	78,877	-20.0%	-4.6%
Total RWA Eop	93,862	81,265	-13.4%	81,265	-13.4%	-3.3%
EVA (€ million)	(59)	306	n.s.	123	n.s.	+23.3%
ROAC	11.6%	+18.4%	n.s.	20.0%	n.s.	160bp
(Rev-LLP)/RWA	+3.60%	+4.45%	85bp	+4.56%	70bp	17bp
Cost/Income	+38.3%	+38.8%	55bp	+41.4%	243bp	553bp
Cost of Risk	0.81%	0.43%	-38bp	0.28%	-40bp	-41bp
Full Time Equivalent (eop)	3,627	3,454	-4.8%	3,454	-4.8%	-0.5%

Asset Management

Asset Management operates under the Pioneer Investments brand, the asset management company within the UniCredit group specializing in the management of customer investments worldwide.

The Business Line, a partner of many leading international financial institutions, offers investors a broad range of financial solutions, including mutual funds, assets under administration and portfolios for institutional investors. Pioneer Investments started an organic growth strategic plan which will further enhance the quality of Pioneer Investments' product offering while maintaining focus on delivering an outstanding level of client service. In 2012, its relationship with UniCredit was also reviewed through a distribution agreement that sets specific requirements in terms of performance and quality of service provided by Pioneer. Reciprocally, UniCredit has committed to effectively support Pioneer leveraging on its distribution network, maintaining agreed level of market share.

Income Statement, Key Ratios and Indicators

(€ million)

ASSET MANAGEMENT	FIRST 9 MONTHS 2012	FIRST 9 MONTHS 2013	% CHANGE	2013 Q3	% CHANGE ON Q3 2012	% CHANGE ON Q2 2013
Operating income	511	532	+4.1%	179	+4.3%	+0.1%
Operating costs	(346)	(360)	+3.9%	(121)	-2.7%	-2.6%
Net write-downs on loans	-	-	n.s.	-	n.s.	n.s.
Net operating profit	164	172	+4.7%	58	+22.6%	+6.3%
Profit before tax	156	166	+6.7%	55	+23.4%	+3.0%
TFAs (eop)	164,870	176,506	+7.1%	176,506	+7.1%	+0.0%
RoA (Operating Income/avg TFAs)	0.42%	0.41%	-0.93bp	0.41%	-0.87bp	-0.21bp
EVA (€ million)	87	97	+12.4%	32	+30.8%	+4.3%
Absorbed Capital (€ million)	300	259	-13.8%	266	-10.7%	+2.9%
RARORAC	+38.5%	+50.2%	n.s.	+47.7%	n.s.	63bp
Cost/Income	+67.8%	+67.7%	-16bp	+67.4%	-487bp	-188bp
Full Time Equivalent (eop)	1,929	1,996	+3.5%	1,996	+3.5%	+1.7%

Asset Gathering

Asset Gathering is a division specialized in wealth management through the direct channel and the financial advisors network, mainly focused on the retail customer segment. It operates in Italy through Fineco Bank, which, with its direct channel and a network of more than 2,400 financial advisors, offers all the banking and the investment services of traditional banks, with a specific focus on innovation, that emerges mainly from the development of the online trading, with respect to which FinecoBank is leader at a national and European level. Asset Gathering division operates also in Germany through Dab Bank, Germany's direct-bank specialist for investment-related services. As the first online broker in the German market, it's oriented both to individual investors (B2C) and financial intermediaries (B2B). Asset Gathering has also a presence in Austria through direktanlage.at, Austrian's online brokerage leader; it was acquired by DAB Bank in 2002.

Income Statement, Key Ratios and Indicators

(€ million)

ASSET GATHERING	FIRST 9 MONTHS 2012	FIRST 9 MONTHS 2013	% CHANGE	2013 Q3	% CHANGE ON Q3 2012	% CHANGE ON Q2 2013
Operating income	421	377	-10.3%	119	-9.8%	-6.7%
Operating costs	(223)	(225)	+0.7%	(70)	-1.5%	-8.0%
Net write-downs on loans	(2)	(2)	-6.5%	-	-48.9%	-29.3%
Net operating profit	195	151	-22.9%	48	-19.2%	-4.5%
Profit before tax	183	145	-20.9%	43	-21.3%	-17.9%
Loans to customers Eop	796	859	+7.9%	859	+7.9%	+0.5%
Customer deposits (incl. Securities in issue) Eop	16,449	18,171	+10.5%	18,171	+10.5%	+2.1%
Total RWA Eop	2,785	2,659	-4.5%	2,659	-4.5%	-4.4%
TFAs Outstading Stock (eop)	66,031	73,218	+10.9%	73,218	+10.9%	+3.8%
TFAs Net Sales	3,817	4,475	+17.2%	1,028	-12.1%	-25.5%
EVA (€ million)	92	69	-25.2%	20	-20.1%	-23.2%
Absorbed Capital (€ million)	199	241	+21.3%	229	-7.7%	-5.8%
RARORAC	61.9%	38.2%	n.s.	34.7%	-537bp	n.s.
Cost/Income	+53.1%	+59.6%	n.s.	+59.1%	499bp	-81bp
Full Time Equivalent (eop)	1,454	1,468	+0.9%	1,468	+0.9%	+0.2%

Other information

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 the operations of some of its subsidiaries, also with the aim of achieving greater synergies and cost reductions; in addition, some corporate transactions previously entered into as part of the reorganization of the Group's perimeter were completed.

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

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

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

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

Reorganization of the Group – Italian businesses

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

Also as part of the reorganization of the Italian businesses, last April the subsidiary Localmind S.p.A. was put into voluntary liquidation, on July 1 Joinet S.r.l. (an e-commerce service company) was absorbed into i-Faber and Esperti in Mediazione S.r.l. was absorbed into UniCredit Credit Management Bank S.p.A., while corporate activities were initiated to complete, by the first half of 2014, the absorption of Fineco Leasing S.p.A. (specializing in real estate leasing) into UniCredit Leasing S.p.A.

Rationalization of the Group businesses in the CEE region

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

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

In Ukraine, the project envisages the rationalization of the activities of the two banks that operate in the same market through the absorption of UniCredit Bank Ukraine (UniCredit finalized its acquisition from Bank Pekao on July 16, 2013) into Ukrsotsbank (subsidiary of UniCredit Bank Austria AG).

The project – approved by the corporate bodies of the two companies on August 5, 2013 and subject to approval by the competent authorities and to the satisfaction of certain conditions – will enable the Group to benefit from the synergies that the merger is expected to create. Provided all formalities are gone through in line with current estimates, the project should be completed by the first quarter of 2014.

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

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

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

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

Other transactions involving shareholdings

Capital contributions to subsidiaries active in factoring and leasing markets

Over the last three years, Italy's factoring market showed significant development in spite of an economic downturn, largely due to the characteristics of the product, which allows customers to meet their financial needs and better manage their trade receivables.

Against this backdrop, in 2012, at the end of the second year of its five-year business plan, the subsidiary UniCredit Factoring far exceeded the goals set, showing excellent growth also in terms of market share, now above 16%.
The growth of the company's activity will receive a further boost as a result of ongoing projects that provide for a significant increase in assets. In order to support the growth plan and meet the company's regulatory requirements, a €300 million capital contribution to the subsidiary was completed in January 2013.
Similarly, with respect to the leasing market, a capital contribution was made to Fineco Leasing (€25 million) to allow it to maintain its uptrend in volumes until it will be absorbed into the subsidiary UniCredit Leasing (which is expected to take place by the first half of 2014).

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

In June 2013 UniCredit, together with Intesa Sanpaolo, became involved as a financial partner in the establishment of Lauro Sessantuno S.p.A., an SPV (at the date of establishment controlled by Nuove Partecipazioni – a company linked to Marco Tronchetti Provera – and also owned by Clessidra SGR) that, after a series of corporate transactions, acquired a shareholding of 60.99% in Camfin (a listed company owning 26.19% of Pirelli).
Following the aforesaid acquisition, Lauro Sessantuno was obliged to launch a full takeover bid for the remaining Camfin shares; the takeover bid is aimed at delisting Camfin shares and, if possible, shortening the corporate chain by merging Lauro Sessantuno and Camfin.
On September 25, 2013, Consob resolved to raise the price of the offered shares from €0.80 to €0.83 each, resulting in additional costs to Lauro Sessantuno of around €8.6 million. The company appealed the decision to the TAR (Regional Administrative Court) and obtained an order suspending Consob's resolution. The judgment from the TAR is expected by the end of November.
In the meantime, the takeover bid ended on October 11, 2013, with the acquisition of around 32.48% of Camfin shares (equal to 88.91% of the shares offered): as a result, also taking into account the shares held by Mr Marco Moratti (equal to around 2.49% of Camfin's capital) that will be transferred to Lauro Sessantuno according to existing agreements, Lauro Sessantuno now holds around 95.95% of Camfin's capital and will begin the squeeze-out of the remaining shareholders in order to acquire 100% of the company.
UniCredit holds a 19.17% stake in Lauro Sessantuno worth €115 million, and through this shareholding it will benefit from any increases in the value of the Pirelli Group, an example of manufacturing excellence in Italy and in the world.

Other information (Continued)

Rationalization of Group operations and other corporate transactions (Continued)

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

In late January 2013, a joint venture agreement was signed to provide auto financing services in Russia. The joint venture was set up in July 2013, when Zao UniCredit Bank Russia sold Bank Sibir to the Dutch company BARN BV, in which Renault-Nissan holds a 60% stake and UniCredit Bank Austria AG a 40% stake.
This joint venture is the evolution of the trade agreement between Renault and ZAO UniCredit Bank entered into in 2006. It is expected to become operational in November.

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

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

Sale of non-strategic shareholdings

Disposal of Kazakhstan operations

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

Sale of the insurance business in Turkey and development of a strategic partnership with Allianz

On July 12, 2013, the Yapi Kredi Bank Group sold its entire stake – around 94% – in the insurance company Yapi Kredi Sigorta (active in the non-life business and in turn the parent company of Yapi Kredi Emeklilik, active in the life and pensions business) to Allianz, the net capital gain, at the Group level, was €181 million.

Under the transaction, the Yapi Kredi Bank Group retained a stake of around 20% in Yapi Kredi Emeklilik in order to benefit from the expected growth in the life and pensions business in Turkey.
Yapi Kredi concluded a 15-year strategic deal with Allianz for the exclusive distribution of insurance and pension products to the bank's customers in Turkey.

Sale of a stake in EuroTLX

On September 24, 2013 UniCredit and Banca IMI S.p.A. each sold Borsa Italiana S.p.A. a 35% stake in EuroTLX S.p.A., a company managing the regulated secondary market of the same name where retail banks can trade financial instruments, mainly bonds.
Following the transaction, UniCredit and Banca IMI S.p.A. each retained a 15% stake in the company, while Borsa Italiana acquired 70% of the share capital.

Further information on shareholdings

Mediobanca S.p.A. shareholders' agreement

Given the strategic importance of the shareholding in Mediobanca (8.66%), UniCredit renewed the shareholders' agreement in respect of the investee. In the light of a similar tendency among other shareholders, the agreement was therefore renewed for a further two years as of January 1, 2014 (until December 31, 2015), with a reduction in the aggregate percentage syndicated to the agreement (from 38.19% to 30.05% of the company's share capital) after some parties gave notice of their withdrawal by September 30, 2013.

Certifications and other communications

With reference to paragraph 8 of article 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, during the first nine months of 2013 the Bank's Presidio Unico didn't receive reports of transactions of greater significance;
b) during the first nine months of 2013 some transactions with related parties as defined by article 2427, paragraph 22-bis of the Civil Code were conducted under different conditions from normal market conditions; however, they did not materially affect the Group's financial and economic situation. More specifically, these transaction consisted in one mortgage loan for the purchase of a principal residence for employees, who were granted – as provided for, in particular cases, by a special internal circular – a lifting of the limits normally required by Company Policies;
c) during the first nine months of 2013 there were no changes or developments in the individual transactions with related parties already described in the latest annual report that had a material effect on the Group's financial position or results during the reference period.

(*) The revisions to the Related Parties Procedures – approved by the Board of Directors held on January 31, 2012 – are effective from March 1, 2012.

Capital Strengthening

No capital strengthening measures were adopted during the first nine months of 2013.

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

Subsequent Events and Outlook

Subsequent Events

As part of the development plan of Alitalia and the related recapitalization (approved on October 15, 2013 by the meeting of the national airline company) UniCredit has committed to subscribing for a portion of the capital increase not underwritten with a maximum charge of €50 million.

On October 28, 2013, UniCredit successfully completed the sale of its entire stake (6.7% ordinary shares) in Fondiaria-Sai S.p.A. with an accelerated bookbuilding process to Italian and international institutional investors. UniCredit CIB acted as the sole bookrunner in the transaction.

On November 6, UniCredit Russian subsidiary, Zao UniCredit Bank, announced the sale of its entire stake (5.711%) in Moscow Exchange.

As part of the Carlo Tassara S.p.A. ("Tassara") restructuring process, to be carried out in compliance with article 67, paragraph 3, letter (d), L.F, on October 17, 2013 UniCredit S.p.A.'s Board of Directors approved the term sheet outlining the main terms and conditions of the Amendment Agreement:

1. the final expiry date of the existing agreements is postponed to December 31, 2016;
2. the corporate governance sets out the number of directors of the BoD at 9, with 6 members qualified as independent;
3. the bank exposure will be converted into Strumenti Finanziari Partecipativi ("SFP") for a total amount of €650 million. The SFP, which can be traded once the restructuring agreement expires, shall have no maturity date and shall have a priority over any classes of shares with respect to distribution of net income and reserves, as well as in case of liquidation of Carlo Tassara. The criteria to split the SFP among the banks will be calculated taking into account the amount and the distribution of the unsecured debt and, for the difference, the uncovered portion of the secured debt. The value of the listed securities will be determined on the basis of the 6-month average share price before the closing of the restructuring agreement;
4. the commitment of the lenders to subscribe additional SFPs on a pro-rata basis if in the course of the plan material losses occur pursuant to article 2447 of the Italian Civil Code;
5. the lenders commit to converting into SFP the residual credits that should remain in place after the disposal of all the available-for-sale assets of Carlo Tassara has taken place;
6. the business continuity of Carlo Tassara will be ensured by enterprises with historical links with the Valcamonica area.

The existing collateral (pledge on Intesa Sanpaolo, Eramet and Cattolica Assicurazioni shares) will remain in place in spite of the amendments described above.

Please note that to this day the term sheet has not been approved by all the lender banks and therefore the final agreements between Tassara and the lender banks – that are subject to the approval of all relevant banks – may differ substantially from the terms and conditions outlined above or may not be concluded.

The transaction should enable the company to better enhance some of the assets under disposal, the proceeds of which shall be used to repay its financial debt.

The residual amount of UniCredit's gross exposure to Tassara as at September 30, 2013 is €523 million, against which UniCredit has made a Loan Loss Provision of €153.6 million as at September 30, 2013.

UniCredit considers this Loan Loss Provision to be adequate, also in light of the new agreement and the conversion into "SFP" – UniCredit's quota of the SFP totals €70 million (equal to approximately 10.56% of the total conversion) – that could absorb a relevant part of said provisions in place as at September 30, 2013.

The existing amount of the aforementioned Loan Loss Provision should be considered – to this day – reasonably equal to the maximum potential loss.

Outlook

World economy showed an average growth of 2.5% in the first half of 2013, a pace similar to second half 2012. Advanced countries highlighted a moderate rhythm growth acceleration, whilst emerging countries showed signals of growth dynamic' slow down (although established on high level).
On financial markets, the trust climate improvement started in summer 2012 as a result of the European Central Bank (ECB) actions, aimed to eliminate the risk of extreme scenarios for the euro area, continue to show their effects, with early tangible impacts on real economy.

In euro area, economy improved by 0.3% in second quarter 2013, thanks to early signal of internal demand growth and foreign channel positive contribution. In third quarter, some of the main economic indicators evidenced a temporary growth pace attenuation (+0.1% q/q). In third quarter, Italian GDP is expected to level off with respect to previous quarter, setting aside a deep recession lasted two years. Export growth will continue to perform in this quarter as the recovery main driver, even though domestic demand (both private consumer spending and investments) is likely to reflect a decrease pace attenuation with respect to first half 2013. Italian GDP should highlight a marginally positive growth in the last quarter of the year and a gradual acceleration in 2014, thanks to less severe fiscal consolidation, foreign demand recovery and an initial positive support, in terms of increased liquidity for business, resulting from the payment of Public Administration arrears. In this background, credit dynamics are estimated to remain weak for the second half of the year.

During the early July meeting, ECB introduced a new communication strategy, indicating interest rates unchanged at current level or lower for an extended period of time, which will depend on the outlook on inflation, growth and dynamics of credit aggregates. This new communication is designed to oppose the tightening monetary conditions that took place in response to Fed's recommendations about the willingness to slow down the plan for the purchase of securities.
Basically, this ECB approach drives to a "waiting" behavior, very prudent towards first economic recovery signals in the euro area.
Despite persistent risks of new tensions on financial markets, expectations for economic recovery and the continue ECB support together with European banks capital strengthening measures in view of evaluation by ECB, should sustain the overall system promoting a gradual credit activity stabilization.

Despite slight recovery signals in Europe, the persistent weakness in global economic conditions coupled with low level of interest rates determined a negative impact on net interest income of UniCredit group, decreasing compared to previous year. The substantial stability of net commissions and the continuing costs reduction contributed to border the gross operating profit fall. The weak macroeconomic environment continued to impact negatively the asset quality, especially in Italy. As a consequence, loans loss provisions level remained high, though recording in first nine months 2013 a value much lower than the same period last year. Financial and liquidity positions were further strengthened, in line with targets.

In a still complicated macroeconomic environment, the geographical and sectorial diversification will continue to perform as a relevant mitigation factor. Even though a weak recovery at macroeconomic level is expected in the last quarter of the year, the resulting positive effects on banking system should appear from 2014. Weak credit demand and interest rates, which continue to remain at minimum level, will affect Group revenues, along with the default of the positive contribution of the buy-back operations carried out in the first half of the year. In such a context, in line with Strategic Plan, the cost discipline as well as the attention to the financial and liquidity position will continue to remain high.

Rome - November 11, 2013

The Board of Directors

Chairman
GIUSEPPE VITA

CEO
FEDERICO GHIZZONI

Further information

The Consolidated Interim Report as at September 30, 2013, which is presented in reclassified or condensed form, was prepared under IFRS.

It should also be noted that, for the purposes of the Consolidated Interim Report as at September 30, 2013, the recoverable amount of tangible and intangible assets – including goodwill and assets evaluated on the same estimates – was not remeasured.
This assessment will be carried out for the purposes of the "2013 Consolidated Reports and Accounts".

For consolidation purposes, the Accounts as at September 30, 2013 of the Parent Company and subsidiaries were used and were properly reclassified and adjusted to take into account consolidation requirements, and modified as necessary to bring them into line with Group accounting principles.

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

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

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

Declaration by the Manager charged with preparing the financial reports

The undersigned, Marina Natale, in her capacity as the Manager charged with preparing UniCredit S.p.A.'s financial reports

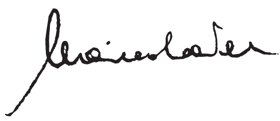
DECLARES

that, pursuant to article 154-bis, paragraph 2, of the "Consolidated Law on Financial Intermediation", the information disclosed in the Consolidated Interim Report as at September 30, 2013 corresponds to the accounting documents, books and records.

Milan - November 11, 2013

Manager charged with preparing
the financial reports

MARINA NATALE



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