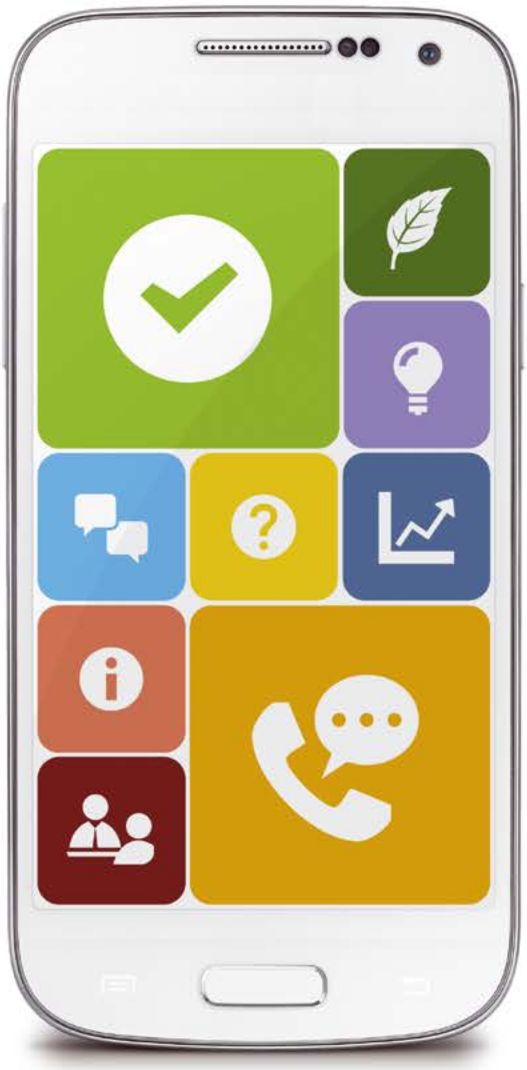


Listen, understand, respond.

UniCredit S.p.A.
2013 Reports and Accounts

This report expresses UniCredit's approach to banking by telling everyday stories about our interactions with Customers, innovations in products and adaptability in services.

These brief but meaningful stories come directly from our colleagues. They are examples of the tangible benefits and concrete solutions offered by UniCredit, demonstrating how we make a difference in people's lives.

Our clear goal to improve everyday circumstances is rooted in our complete commitment to outcomes that ensure Customer satisfaction.

At UniCredit, listening to our Clients and engaging with them to offer simple, direct results lies at the heart of our commercial banking operations. It is part of our determined effort to contribute to the economic and social well-being of our Customers as well as the communities where we work.

We will continue with this commitment to all of you, every day.

UniCredit S.p.A.
2013 Reports and Accounts

Accelerate

Response times and problem solving.

Sometimes our Customers may encounter some difficulty, either at a branch or when banking online. These difficulties require quick solutions. To help our Customers quickly, we offer them a questionnaire after every banking transaction.
If they tell us they are not satisfied with the quality of a product or service, their branch manager contacts them directly **within 48 hours, with a solution**. In a six-month period, **15 percent of our Customers** filled out the questionnaires, with **87 percent saying they were satisfied** with our resolution of their issue.

Customer Sactisfation Unit - UniCredit Bank - RUSSIA

Contents

Notes

The following conventional symbols have been used in the tables:

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

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

Simplify

The bank within easy reach.

Today's Customers have less time to go to the branch, even though their needs are the same as ever. They need high-tech ways to access their bank services at any time, in any place.
The answer to their needs? **Subito Banca**, which includes an app designed with input from our Customers. It facilitates a wide range of online banking processes and offers an opportunity to **buy new Samsung smartphones and tablets at discounted prices**.

Transactional Products and Partnerships
UniCredit - ITALY

Introduction

Support

Flexibility to meet Customer needs.

"As the result of a discussion among different sections of the Risk Division, we realized that it is important to tailor communications according to the needs of each Customer. We worked together as a team, sharing our research and knowledge. This ultimately led to more flexible reports and made us more responsive and proactive, **improving the skills and cohesion of all internal departments**."

Francesco Ivan Pomarico
Group Financial Risk - UniCredit Holding

Board of Directors, Board of Statutory Auditors and External Auditors (as at December 31, 2013)

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	**Nominated Official in charge of drawing up Company Accounts**
Deloitte & Touche S.p.A.	**External Auditors**

UniCredit S.p.A.
Registered office: Via Alessandro Specchi 16, 00186 Rome
Central management office: Piazza Gae Aulenti, 3 - Tower A - 20154 Milan
Share capital: 19,682,999,698.27 fully paid in
Bank entered in the Register of Banks and Parent Company of the UniCredit Banking Group
Banking Group Register: Cod. 02008.1.
Cod. ABI 02008.1.
Registered in the Rome Trade and Companies Register, Fiscal Code and VAT No. 00348170101.
Member of the Interbank Deposit Protection Fund.

Chairman's message to the Shareholders

GIUSEPPE VITA
Chairman

"Our objective is to drive the economy and unlock Europe's full growth potential."

Dear Shareholders,

in 2013, my first full year as UniCredit's chairman, I have been deeply impressed by the solid position we have achieved, which enables us to make some important decisions for our organization. This position was made possible by the work of our highly motivated people and our outstanding operations across Europe. Excellent work was accomplished by our staff in the face of a troubled macroeconomic scenario. We are now seeing early signs of a recovery, which will provide further support for our efforts to be Europe's premier commercial bank.

Our promising future is embodied in our new headquarters, the UniCredit Tower in Milan. The decision to lease Italy's tallest building was not made for glamour or prestige, but for practical reasons. We have reaped enormous cost, efficiency and environmental benefits by concentrating our team in these new facilities.

At our tower's official opening on February 11, 2014, we recognized the 15th anniversary of the formation of our Group. It is worth reflecting on how we have evolved in those years from a typical Italian bank into a unique European institution. Along the way, we have treated European integration as an opportunity and have made sound choices that enabled us to compete in the ever-changing financial sector.

Over the course of 2013, from our smallest branch to the top of the organization, we have been assimilating new technologies and adopting new ways to communicate with customers. These developments are a natural feature of our Group's evolution – an evolution that has also had some influence on certain aspects of our governance.

During the first full year of activity for our current Board of Directors, we continued to fine-tune our governance with the object of increasing the board's overall effectiveness and efficiency. By leveraging the support of its committees and bolstering its system of delegation, we have sharpened the board's focus on strategic analysis and key business decisions. These improvements have strengthened its planning and control functions. They have also enhanced our Group's ability to respond to changing regulatory requirements and the recommendations of supervisory authorities at the national and European levels.

Yet our focus has extended beyond regulatory changes in the financial sector. As a leading European bank conducting business in Europe's major markets, we take a strong interest in the future of the European Union. I fear that without a clear objective and a compelling message capable of inspiring closer political integration, the EU's future will be hindered by significant obstacles. The European election this May could see an influx to Brussels of new representatives who are against the union and the euro. Many voters now perceive the EU as a burden rather than a benefit. For this perception to change, the EU must advance objectives that meet the needs of its citizens, and particularly of the younger generation.

It is not our duty at UniCredit to engage in politics. We are, however, obligated to support the growth of the European economy through our commitment to our customers. We are superbly suited to empowering local small and medium-sized enterprises to access markets across the continent. We implement our proven business solutions and knowledge across our territories, delivering best practices throughout Europe. And we remain one of the only European banks that can play a central role in drawing the EU closer together, both financially and industrially.

As Europeans, we must believe in our collective potential and our shared future. We must articulate that belief clearly and with conviction. For if we do not, anti-European sentiment may well prevail in the years to come. It is our hope that Europeans will identify the vital goals that can draw them together, and then work with determination to achieve them.

At UniCredit, our objective is clear: to be a rock-solid commercial bank that drives the economy and unlocks Europe's full growth potential. This role demands continued investment of resources and energy in our constant improvement, thus ensuring our success in an evolving financial landscape.

Sincerely,

Giuseppe Vita
Chairman

CEO's Letter to the Shareholders

FEDERICO GHIZZONI
Chief Executive Officer

> "Given UniCredit's solid position, we are well-equipped to confront future challenges."

Dear Shareholders,

in 2013, as a result of a number of judicious choices, we continued to build UniCredit into one of the most solid banks in Europe. We have secured our capital position and adopted new measures to improve our operational efficiency. In recent years, we have significantly raised our core Tier 1 ratio, reduced our operating costs and trimmed our risk-weighted assets.

As planned, today we are a rock-solid commercial bank, able to lend our full support to the economy. Despite a challenging macroeconomic environment, our Group has evolved into an innovative and efficient bank that engages effectively with its customers.

Three years ago, we shifted our focus to our core business, anticipating a trend that has been gradually spreading across our industry. Wherever I travel throughout Europe, I hear our competitors saying that they must become more efficient and strengthen their efforts in traditional commercial banking. We have already done this. We have simplified our organization and processes and are providing our customers with better services.
We have eliminated roughly 30 percent of our layers of bureaucracy to become a leaner bank that makes faster decisions. Our front-line bankers now have greater authority to complete transactions quickly.

At the same time, we are developing a fully integrated service model that enables our customers to access banking services through a wide range of channels. Driven by a clear understanding of customer preferences, our substantial investments in new technologies make it possible to communicate with clients in new ways.

We remain focused on strengthening relationships with our family and business customers.

To that end, we have devoted greater resources to advisory tools and services. For example, we developed the *Bilancio Familiare* spending analysis dashboard to help families make better choices. For businesses, we are making it easier to do business abroad and directly access capital markets.

Core to our strategy is to make more credit available to both families and enterprises, in line with the improving macroeconomic environment all of us expect for 2014. It may not yet be possible to expand our lending to pre-crisis levels, but we are doing everything possible to help our customers tap into a wide variety of funding sources.

We are now starting to realize the benefits of our work over the past three years. Notably, our customer satisfaction indexes are starting to rise again, climbing to levels not seen since before the crisis – even in countries including Italy where considerable difficulties have had to be addressed. These results justify our commitment and our investments, and we will continue to pursue the course we have taken.

Internally, we have been working to foster a culture that drives sound behavior, particularly through stronger risk management. We have reinforced cooperation between our risk personnel and our business staff to develop solutions that are fully consistent with the goals and needs of both our Group and our customers.

In 2013, through decisive action, UniCredit left a number of negative legacies behind. We can now fully focus on increasing our business and profitability. We are doing what needs to be done to orient ourselves more consistently toward retail and corporate customers in our core markets and to strengthen our traditional roots in commercial banking.

We are presently setting ambitious goals for the future. Among them, we are seeking to become the top-rated bank in Europe for quality of service. We intend to lead our industry in multichannel offerings – particularly in digital banking.
To achieve this, we will invest robustly in IT over the next three years to further develop our innovative digital platform. We are also working to serve our corporate customers more effectively and to improve our standing as one of the primary corporate banks on the continent.

These advances are being executed against a backdrop of broader changes at the European level. Last year saw Europe make progress towards the formation of a genuine banking union.
When this important work is complete, we will have successfully leveled the playing field.
The union will enable the European banking sector to thrive once again, bringing substantial benefits to the European economy. With this in mind, I view the upcoming asset quality review as an important opportunity to increase transparency, which will help Europe's banks to reestablish their reputations and look to the future with confidence.

Given UniCredit's solid position, we are particularly well-equipped to confront future challenges. We are looking forward to reaping the benefits of what we have accomplished to date and to generating still greater positive momentum in 2014.

Sincerely,

Federico Ghizzoni
Chief Executive Officer
UniCredit SpA

Note on the Report and Financial Statements

General Matters

The UniCredit S.p.A. Financial Statements at December 31, 2013 were drafted in accordance with the IAS/IFRS international accounting standards, in compliance with the instructions of Banca d'Italia in circular 262 of December 22, 2005 (2nd update - January 21, 2014). These instructions are binding for the financial statements and the methods of completion, as well as for the minimal content of Notes to the Financial Statements.

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

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

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

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

General principles for drafting the Directors' Report

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

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

Balance sheet and income statement summary reclassification criteria

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

Balance sheet

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

Income Statement

- the exclusion among dividends and other income of dividends from shares held for trading, classified together with the result of trading negotiations, hedging and assets and liabilities measured at fair value;
- the exclusion among the other income/expenses balance of the recovery of expenses classified as a separate item with the exception of the so-called "commissione di istruttoria veloce" (CIV) which is classified among Net Commissions;
- the exclusion among the balance of other operating income and charges of the costs for leasehold improvements classified among Other administrative expenses;
- the representation among staff expenses, other administrative expenses, adjustments in value for tangible and intangible assets and provisions for risks and charges net of integration costs relating to the reorganization operations following the integration of the Capitalia Group and the One4C "One for Clients" operation shown under the specific item;
- the inclusion among net trading, hedging and fair value income of the gains/losses realized on available-for-sale financial assets and on held-to-maturity financial assets;
- the inclusion among net income from investments of write-downs/write-backs on available-for-sale financial assets and held-to-maturity financial assets, of the net result of the measurement at fair value of tangible and intangible assets, as well as gains/losses for equity investments and disposal of investments, including the result of €1,374 million deriving from the replacement of the Bank of Italy shares in execution of the capital increase that, given the nature of the transaction, has been classified under net income from equity investments. For details of the transaction and its accounting effects see Section E) of the Notes to the Accounts.

Changes made to enable proper comparison

In order to be able to make a consistent comparison between the compared periods, the balance sheet and income statement presented in the Reports on operations for the various periods of the year 2012, were "reconstructed" according to the same principles and methods as those applied to the reporting of the extraordinary operations performed by UniCredit S.p.A. with tax and accounting effective starting from January 1, 2013: merger through incorporation of UniCredit Audit S.p.A, UniManagement S.C.r.l., UniCredit Merchant S.p.A. and UniCredit Logistics S.r.l..
In particular, we:

- derecognized reciprocal capital relationships between companies involved in corporate transactions and the corresponding economic effects;
- derecognized the values of the merged equity interests and recognized the corresponding reserve for the remaining outstandings from the merger.

It has been noted that with regard to the Condensed Income Statement, from the first quarter 2013 the items "Gains and losses on disposal of available-for-sale financial assets" and "Gains and losses on disposal of held-to-maturity investments" were reclassified to the item "Gains (losses) on financial assets and liabilities held for trading" in order to align their accounting recognition to the accounting standards of the principal Italian and European banks. Previously they were included in the item "Net income from investments". The figures for the year 2012 stated in the Condensed Financial Accounts are therefore "reconstructed" figures.

Changes related to the introduction of IAS 19 (IAS 19R)

Starting from January 1, 2013 the amendments to IAS 19 ('IAS 19R') came into effect, which, in particular, eliminate the option of using the "corridor approach" and require the commitment to be recognized on the basis of the present value of the defined benefit obligation, net of the fair value of the plan assets.

Therefore were recognized the net equity effects in the periods of 2012 of the application of the new IAS 19R (adopted from January 1, 2013) which requires the full actuarial valuation of the Italian Staff Severance Pay (TFR) and the defined benefits pension funds as offsetting entries against a specific valuation reserve.

The adoption of the new standard had a negative impact on shareholders' equity at December 31, 2012 (restated) of €199 million, as a result of the recognition of the net actuarial losses (less the related tax items) under revaluation reserves.

The rules for the first-time adoption of the standard also required the restatement of the previous periods starting from January 1, 2012, with a negative impact on shareholders' equity at January 1, 2012 (see Company Financial Statements - Financial Statements - the Statement of changes in Shareholder's Equity at December 31, 2012) March 31, June 30, and September 30, 2012 (cf. Directors' Report on operations - Condensed Financial Accounts - Quarterly figures 2012) of €45 million.

The disclosure regarding the retroactive adoption of IAS 19R with reference to the effects at January 1, 2012 has not been reported in the financial statements because it was not significant in proportion to the amounts presented.

Other information

Least it should be noted that the Group reviewed the useful life of some tangible assets (mainly electrical, heating, ventilation and air conditioning systems) for periods beginning on or after January 1, 2013. The analysis revealed the need to prolong their useful life in order to better reflect the way in which they are used. Since January 1, 2013 these assets have therefore been depreciated in accordance with the new estimates.

Respond

With a smile and a desire to help.

"One of my Customers had just gotten married and was about to set off on her honeymoon when she called me in a panic: her credit card had been cloned. I immediately arranged for her to be sent a new card, but several days passed and the card did not turn up. I was worried, but I didn't let on to the Customer. I kept looking into it and found out that the courier had sent the card to the wrong address. I tracked down the courier and made sure the card was delivered to the right address in time. I called the Customer, who **was delighted that she could now enjoy** her honeymoon!"

Rita Pattuelli - Private Banking
Bologna Centro - UniCredit SpA

Directors' Report on operations

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

Highlights

Income statements

(€ million)

	YEAR		CHANGE	
	2013	2012 RESTATED	IN TOTAL	%
Operating income	11,048	9,879	+1,169	+11.8%
of which: - net interest	*3,994*	*4,277*	*-283*	*-6.6%*
- dividends and other income from equity investments	*3,180*	*1,713*	*+1,467*	*+85.6%*
- net fees and commissions	*3,487*	*3,540*	*-53*	*-1.5%*
Operating costs	-5,606	-5,861	+255	-4.4%
Operating profit (Loss)	5,442	4,018	+1,424	+35.4%
Net write-downs of loans and provisions for guarantees and commitments	-9,915	-6,966	-2,949	+42.3%
Net operating profit (Loss)	-4,473	-2,948	-1,525	+51.7%
Profit before tax	-11,157	-3,348	-7,809	+233.2%
Impairment of goodwill	-2,815	-	-2,815	n.s.
Net Profit (Loss)	**-11,601**	**-216**	**-11,385**	**n.s.**

Balance sheet

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2013	12.31.2012 RESTATED	IN TOTAL	%
Total assets	398,307	431,089	-32,782	-7.6%
Financial assets held for trading	12,254	10,536	+1,718	+16.3%
Loans and receivables with customers	231,171	260,845	-29,674	-11.4%
of which: - impaired loans	*24,221*	*24,603*	*-382*	*-1.6%*
Financial liabilities held for trading	10,804	10,078	+726	+7.2%
Deposits from customers and debt securities in issue	270,751	279,067	-8,316	-3.0%
of which: - deposits from customers	*150,840*	*151,645*	*-805*	*-0.5%*
- securities in issue	*119,911*	*127,422*	*-7,511*	*-5.9%*
Shareholders' net equity	46,078	57,817	-11,739	-20.3%

Staff and branches

	AS AT		CHANGE	
	12.31.2013	12.31.2012	IN TOTAL	%
Employees	43,530	43,984	-454	-1.0%
Branches	4,156	4,283	-127	-3.0%
of which: - Italy	*4,149*	*4,276*	*-127*	*-3.0%*
- Other countries	*7*	*7*	*-*	*-*

Profitability ratios

	YEAR		
	2013	2012 RESTATED	CHANGE
Net interest income / Operating income	36.2%	43.3%	-7.1%
Net fees and commissions / Other administative expenses net of recovery of expenses	158.9%	150.3%	+8.5%
Net fees and commissions / Operating costs	62.2%	60.4%	+1.8%
Operating profit (loss) / Operating income	49.3%	40.7%	+8.6%

Risk ratios

	AS AT		
	12.31.2013	12.31.2012 RESTATED	CHANGE
Net non-performing loans to customers / Loans to customers	4.0%	3.4%	+0.6%
Net impaired loans to customers / Loans to customers	10.5%	9.4%	+1.1%

Capital ratios

	AS AT		
	12.31.2013	12.31.2012	CHANGE
Capital for egulatory purposes (€ million)	57,444	63,927	-6,483
Total risk weighed assests (€ million)	157,957	153,262	+4,695
Tier 1 (%)	27.4%	34.2%	-6.8%
Total regulatory capital / Total risk-weighted assests (%)	36.6%	41.7%	-5.1%

Condensed Financial Accounts

Condensed balance sheet

(€ million)

	AMOUNTS AS AT			CHANGE ON RESTATED	
		12.31.2012			
	12.31.2013	HYSTORICAL (*)	RESTATED (**)	AMOUNT	PERCENT
Assets					
Cash and cash balances	3,227	2,214	2,214	+1,013	+45.8%
Financial assets held for trading	12,254	10,536	10,536	+1,718	+16.3%
Loans and receivables with banks	21,869	27,936	27,938	-6,069	-21.7%
Loans and receivable with customers	231,171	260,850	260,845	-29,674	-11.4%
Financial investments	97,716	94,647	94,412	+3,304	+3.5%
Hedging instruments	7,858	10,840	10,840	-2,982	-27.5%
Property, plant and equipment	2,666	2,755	2,755	-89	-3.2%
Goodwill	-	2,815	2,815	-2,815	-100.0%
Other intangible assets	1	26	26	-25	-96.2%
Tax assets	14,766	12,292	12,296	+2,470	+20.1%
Non-current assets and disposal groups classified as held for sale	368	-	-	+368	n.s.
Other assets	6,411	6,417	6,412	-1	n.s.
Total assets	**398,307**	**431,328**	**431,089**	**-32,782**	**-7.6%**

	AMOUNTS AS AT			CHANGE ON RESTATED	
		12.31.2012			
	12.31.2013	HYSTORICAL (*)	RESTATED (**)	AMOUNT	PERCENT
Liability and shareholders' equity					
Deposits from banks	47,379	56,446	56,446	-9,067	-16.1%
Deposits from customers and debt securities in issue	270,751	279,347	279,067	-8,316	-3.0%
Financial liabilities held for trading	10,804	10,078	10,078	+726	+7.2%
Financial liabilities designated at fair value	-	-	-	-	-
Hedging instruments	8,141	11,936	11,936	-3,795	-31.8%
Provisions for risks and charges	2,284	1,945	1,945	+339	+17.4%
Tax liabilities	862	2,617	2,618	-1,756	-67.1%
Liabilities included in disposal groups classified as held for sale	-	-	-	-	-
Other liabilities	12,008	11,169	11,182	+826	+7.4%
Shareholders' equity:	46,078	57,790	57,817	-11,739	-20.3%
- capital and reserves	*57,290*	*58,085*	*58,105*	*-815*	*-1.4%*
- available-for-sale assets fair value reserve and cash-flow hedging reserve	*389*	*-75*	*-72*	*+461*	*n.s.*
- net profit (loss)	*-11,601*	*-220*	*-216*	*-11,385*	*n.s.*
Total liabilities and shareholders' equity	**398,307**	**431,328**	**431,089**	**-32,782**	**-7.6%**

(*) Note that from January 1, 2013 the amendments to IAS 19 ('IAS 19R') came into effect, as already evidenced in the paragraph "General principles", to which refer for further details. The rules for the first-time adoption of the standard also required the restatement of the previous periods starting from January 1, 2012, in this scheme and in all those exposed in the following pages.

(**) The reconstructed data reported in this scheme and in the following ones have been prepared as shown in the Note to the Financial Report - Changes made to enable proper comparison.

Condensed income statement

(€ million)

	YEAR			CHANGE ON RESTATED	
		2012			
	2013	HISTORYCAL	RESTATED	AMOUNT	PERCENT
Net interest	3,994	4,276	4,277	-283	-6.6%
Dividends and other income from equity investments	3,180	1,707	1,713	+1,467	+85.6%
Net fees and commissions	3,487	3,540	3,540	-53	-1.5%
Net trading, hedging and fair value income	355	96	260	+95	+36.5%
Net other expenses/income	32	75	89	-57	-64.0%
OPERATING INCOME	**11,048**	**9,694**	**9,879**	**+1,169**	**+11.8%**
Payroll costs	-3,245	-3,306	-3,337	+92	-2.8%
Other administrative expenses	-2,739	-2,797	-2,777	+38	-1.4%
Recovery of expenses	544	423	422	+122	+28.9%
Amortisation, depreciation and impairment losses on intangible and tangible assets	-166	-169	-169	+3	-1.8%
Operating costs	**-5,606**	**-5,849**	**-5,861**	**+255**	**-4.4%**
OPERATING PROFIT (LOSS)	**5,442**	**3,845**	**4,018**	**+1,424**	**+35.4%**
Net write-downs of loans and provisions for guarantees and commitments	-9,915	-6,966	-6,966	-2,949	+42.3%
NET OPERATING PROFIT (LOSS)	**-4,473**	**-3,121**	**-2,948**	**-1,525**	**+51.7%**
Net provisions for risks and charges	-665	-169	-169	-496	+293.5%
Integration costs	-153	-109	-109	-44	+40.4%
Net income (losses) from investments	-5,866	47	-122	-5,744	n.s.
PROFIT (LOSS) BEFORE TAX	**-11,157**	**-3,352**	**-3,348**	**-7,809**	**+233.2%**
Income tax for the year	2,371	3,132	3,132	-761	-24.3%
Impairment of goodwill	-2,815	-	-	-2,815	n.s.
NET PROFIT (LOSS)	**-11,601**	**-220**	**-216**	**-11,385**	**n.s.**

Condensed Financial Accounts (Continued)

Quarterly Figures

Amounts related to 2012 quarters have been restated with the rules previously mentioned (see Introduction - paragraph "Changes made to enable proper comparison").

Condensed balance sheet

(€ million)

	AMOUNTS AS AT				AMOUNTS (RESTATED) AS AT			
	12.31.2013	09.30.2013	06.30.2013	03.31.2013	12.31.2012	09.30.2012	06.30.2012	03.31.2012
Assets								
Cash and cash balances	3,227	1,781	1,562	2,221	2,214	1,767	9,160	5,705
Financial assets held for trading	12,254	12,069	12,115	9,904	10,536	10,589	9,998	9,195
Loans and receivables with banks	21,869	22,528	23,696	23,236	27,938	27,319	23,842	22,644
Loans and receivable with customers	231,171	245,867	247,441	251,338	260,845	264,004	258,134	256,949
Financial investments	97,716	101,166	100,132	97,310	94,412	93,179	93,089	94,015
Hedging instruments	7,858	8,000	8,395	9,677	10,840	10,256	9,089	8,062
Property, plant and equipment	2,666	2,670	2,708	2,722	2,755	2,780	2,801	2,834
Goodwill	-	2,815	2,815	2,815	2,815	2,815	2,815	2,815
Other intangible assets	1	25	25	26	26	27	27	28
Tax assets	14,766	12,293	12,172	12,308	12,296	7,557	7,811	7,988
Non-current assets and disposal groups classified as held for sale	368	24	3	-	-	11	11	-
Other assets	6,411	6,254	5,649	5,606	6,412	7,578	8,055	5,996
Total assets	**398,307**	**415,492**	**416,713**	**417,163**	**431,089**	**427,882**	**424,832**	**416,231**

	AMOUNTS AS AT				AMOUNTS (RESTATED) AS AT			
	12.31.2013	09.30.2013	06.30.2013	03.31.2013	12.31.2012	09.30.2012	06.30.2012	03.31.2012
Liability and shareholders' equity								
Deposits from banks	47,379	50,494	51,467	48,889	56,446	54,051	49,099	48,819
Deposits from customers and debt securities in issue	270,751	270,737	273,711	274,045	279,067	280,719	284,039	280,024
Financial liabilities held for trading	10,804	10,274	9,609	10,787	10,078	9,491	8,503	8,172
Financial liabilities designated at fair value	-	-	-	-	-	-	-	-
Hedging instruments	8,141	8,545	8,964	10,562	11,936	11,467	10,146	9,138
Provisions for risks and charges	2,284	2,006	2,002	1,900	1,945	1,927	1,930	1,928
Tax liabilities	862	605	554	2,580	2,618	712	801	838
Liabilities included in disposal group classified as held for sale	-	-	-	-	-	-	-	-
Other liabilities	12,008	13,185	10,352	10,660	11,182	11,168	12,164	9,822
Shareholders' equity:	46,078	59,646	60,054	57,740	57,817	58,347	58,150	57,490
- capital and reserves	*57,290*	*57,354*	*57,389*	*57,920*	*58,105*	*58,089*	*58,060*	*58,050*
- available-for-sale assets fair value reserve and cash-flow hedging reserve	*389*	*93*	*-27*	*-131*	*-72*	*-254*	*-766*	*-197*
- net profit (loss)	*-11,601*	*2,199*	*2,692*	*-49*	*-216*	*512*	*856*	*-363*
Total liabilities and shareholders' equity	**398,307**	**415,492**	**416,713**	**417,163**	**431,089**	**427,882**	**424,832**	**416,231**

Condensed income statement

(€ million)

	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	1,036	1,016	1,004	938	911	1,029	1,107	1,230
Dividends and other income from equity investments	10	7	3,153	10	12	2	1,555	144
Net fees and commissions	850	847	881	909	829	869	899	943
Net trading, hedging and fair value income	16	-66	330	75	-197	315	376	-234
Net other expenses/income	-39	63	27	-19	24	59	6	-
OPERATING INCOME	**1,873**	**1,867**	**5,395**	**1,913**	**1,579**	**2,274**	**3,943**	**2,083**
Payroll costs	-807	-798	-819	-821	-761	-818	-871	-887
Other administrative expenses	-689	-661	-691	-698	-711	-657	-700	-709
Recovery of expenses	161	121	149	113	154	83	104	81
Amortisation, depreciation and impairment losses on intangible and tangible assets	-61	-35	-35	-35	-44	-42	-41	-42
Operating costs	**-1,396**	**-1,373**	**-1,396**	**-1,441**	**-1,362**	**-1,434**	**-1,508**	**-1,557**
OPERATING PROFIT (LOSS)	**477**	**494**	**3,999**	**472**	**217**	**840**	**2,435**	**526**
Net write-downs of loans and provisions for guarantees and commitments	-7,101	-1,028	-1,089	-697	-3,640	-1,179	-1,227	-920
NET OPERATING PROFIT (LOSS)	**-6,624**	**-534**	**2,910**	**-225**	**-3,423**	**-339**	**1,208**	**-394**
Net provisions for risks and charges	-434	-59	-152	-20	-49	-52	-74	6
Intgration costs	-151	-1	-	-1	-105	-1	-1	-2
Net income (losses) from investments	-6,034	-6	-34	208	-64	-18	-44	4
PROFIT (LOSS) BEFORE TAX	**-13,243**	**-600**	**2,724**	**-38**	**-3,641**	**-410**	**1,089**	**-386**
Income tax for the year	2,258	107	17	-11	2,913	66	130	23
Impairment of goodwill	-2,815	-	-	-	-	-	-	-
NET PROFIT (LOSS)	**-13,800**	**-493**	**2,741**	**-49**	**-728**	**-344**	**1,219**	**-363**

UniCredit Share

Share information

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Share price (€) (*)											
- maximum	5.630	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	4.399	3.292	8.549	12.701	11.946	21.009	36.489	34.397	25.649	22.779	22.085
- end of period	5.380	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)	570	512	(***)	550	550	(**)	3,431	2,486	2,276	1,282	1,080
- dividend per ordinary share	0.100	0.090	(***)	0.030	0.030	(**)	0.260	0.240	0.220	0.205	0.171
- dividend per savings share	0.100	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.
Figures relating to the 2013 dividend are shown according to the specific Board of Directors' reports on distribution to Shareholders.

Results of the period

Macroeconomic and banking scenario

Macroeconomic scenario

International situation

USA/Eurozona

The global economy continued to recover at a gradual pace during 2013, reflecting divergent trends at regional level. Specifically, the progressive acceleration in the growth rate in advanced economies was offset by a slight slowdown in growth in emerging economies, especially those most vulnerable to the variations in capital inflows. With regard to financial markets, improved growth prospects and an accommodative monetary policy encouraged the progressive “normalization” of market conditions, accompanied by a (gradual) return of investors’ risk appetite. In the euro area, the latter contributed to a significant drop in premiums on sovereign credit default swaps and yield spreads over German bonds, especially in the peripheral countries most directly exposed to the tensions tied to the sovereign debt. Share prices rose in all the major advanced countries.

The accommodative stance of monetary policy in Europe and the United States contributed greatly to this normalization process. In Europe, after a first intervention in May, the Central Bank cut the interest rate on the main refinancing operations and the interest rate on the marginal lending facility by a further 25 basis points in November (to 0.25 and 0.75 per cent, respectively). It also reaffirmed its intention to keep rates on hold at or below the current level for an extended period of time, declaring itself ready, if need be, to use all the necessary instruments, including special measures, to counteract an unwanted tightening of market conditions. Fears about the latter were mainly associated with the Fed’s decision to reduce the pace of purchases of mortgage-backed securities and long-term Treasury bonds - this reduction, initially announced in early summer, was only approved during the FOMC meeting of December, in the light of a more positive outlook for the U.S. economy and diminished uncertainty about fiscal policy. It consists of a total of $10 billion a month and should be completed by the third quarter of 2014.

In the euro area, GDP shrank by 0.4% in 2013, at a slightly slower rate than that recorded in 2012 (-0.6%). In terms of quarterly growth, economic activity recovered from recession in the second quarter of the year recording modest growth rates in subsequent quarters. The recovery was gradual and initially driven by the foreign channel, but later increasing domestic demand, especially for investment in machinery, also became a contributor to it. The growth in consumer spending, by contrast, remained rather slow, reflecting the weakness of the disposable income of households against a backdrop of continued fragility of the labor market. On the price front, inflation was in a downtrend, decelerating from 2.0% in January to 0.8% in December. The average inflation rate was up 1.4% in 2013 against 2.5% in 2012.

In the United States, the economy grew by 1.7% as against 2.8% in 2012. This slowdown was mainly due to the negative impact of fiscal consolidation and household deleveraging on the recovery of domestic demand, whose growth continued to surprise (slightly) to the downside in the fourth quarter. On the price front, the average inflation rate was up 1.5% against 2.1% in 2012.

Banking and financial markets

In 2013, the euro area saw further deceleration in bank lending to the private sector, which in December 2013 shrank by 2.3% on a year-over-year basis, compared to -0.6% in December 2012. The rate of contraction in loans to businesses only eased in the last months of the year, while loans to households did not show signs of recovery, remaining stable. Lending activity continued to be affected by persistent weakness in demand for loans and still high levels of risk aversion among banks in a difficult macroeconomic environment, although first signs of improvement were seen in the last two quarters of 2013. Lending to the private sector (households and businesses) was weak in all the Group’s three key countries. The deceleration in bank lending continued at a fast pace in Italy, where loans to businesses contracted sharply (-6.0% y/y in December 2013 against -3.2% in December 2012), while loans to households continued to shrink by 1.0%. Indeed, the gradual improvement in consumer credit was offset by a slowdown in lending. In Germany, loans to the private sector (according to the ECB’s monthly statistics) decreased during the year, against a backdrop of modest contraction in loans to businesses, while the expansion of loans to households eased to +1.0% on a year-over-year basis at the end of 2013. In Austria, loans to businesses showed modest growth, while loans to households shrank during 2013. As for the banking sector’s deposit base in the Group’s three key countries, towards the end of the year bank deposits in Germany declined further, while they were on a steady upward trend in Austria - a 2.2% increase in November, from a relative minimum of 0.0% in June 2013 - and continued to expand in Italy. Bank interest rates decreased slightly in all the Group’s three key countries during the year. The decrease in interest rates on deposits was in line with (in Germany) or slightly more marked (in Italy and Austria) 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 year, there was gradual normalization of market conditions, with a return of risk appetite among investors that benefited stock prices. The performance of stock markets improved significantly both in Germany and in Italy during the year, with the German stock market ending the year with an expansion of 26% in cumulative terms and the Italian stock market reporting growth of 17% compared to

Results of the period (Continued)

Macroeconomic and banking scenario (Continued)

December 2012. The improvement in the performance of stock markets came to a halt in Austria in the second half of the year, with the Austrian stock market up 6.1% at year-end compared to December 2012.

CEE Countries

2013 generated significant differentiation across CEE. Recovery took hold in the newer EU states but growth challenges elsewhere turned more pronounced.

Within the newer EU states, the combination of the positive impact of a European recovery and significant reform efforts over recent years more than outweighed the negative impulse from the Fed's tapering and a withdrawal of short term foreign capital from emerging markets. The recovery in external demand was central to the consistent improvement in industry performance last year as Central Europe benefitted once again from its role as a competitive manufacturing location for developed Europe, in particular Germany. Having pushed through a series of difficult fiscal consolidation measures since 2009, some countries also benefitted from less restrictive fiscal policy. Central banks continued to ease monetary policy, reducing private sector borrowing costs while private credit growth turned more supportive of domestic demand. By year-end all of the above was combined with evidence of a stabilization in labor market performance. Some countries also showed a further improvement in their current account positions. As a result, by the fourth quarter, most economies saw real GDP growth surprise to the upside, generating positive carryover into 2014. Meanwhile European enlargement continued as Latvia entered EMU, Croatia entered the EU and Serbia neared the beginning of EU accession talks.

Elsewhere in the region growth faced greater downside challenges. In Turkey a booming start to the year turned to consolidation over the second half of 2013 as Fed tapering prompted a halt to foreign portfolio flows, pushing the central bank to intervene in foreign exchange markets and tighten monetary policy. A necessary adjustment in domestic demand took hold, albeit cushioned by supportive fiscal policy, which should ultimately return the economy to a more sustainable growth path. As is the case with other commodity exporters, Russia was forced to revise downwards its growth forecasts to capture stable rather than rising oil prices. But this was accompanied by a series of important reform efforts, in particular in terms of inflation targeting and the continued introduction of currency flexibility, all of which are designed to protect the economy from a sharper move in commodity prices.

The income statement

Breakdown of Operating Profit

Net operating profit (loss) at December 31, 2013 totaled -€4,473 million, down €1,525 million on the previous year. The figure was the result of an operating profit of €5,442 million (+€1,424 million or +35.4% year on year) and net write-downs on loans of -€9,915 million (-€2,949 million or +42.3% year on year).

The improvement in operating profit (loss) compared to December 31, 2012 is attributable to operating income (+€1,169 million) and lower operating costs (+€255 million or -4.4%) mainly due to cost-cutting initiatives targeting direct costs and intercompany costs.

Net Operating profit (loss)

(€ million)

	YEAR		CHANGE	
	2013	2012	AMOUNT	PERCENT
Operating income	11,048	9,879	+ 1,169	+ 11.8%
Operating costs	-5,606	-5,861	+ 255	- 4.4%
Operating profit (loss)	**5,442**	**4,018**	**+ 1,424**	**+ 35.4%**
Net writedowns of loans and provisions for guarantees and commitments	-9,915	-6,966	- 2,949	+ 42.3%
Net Operating profit (loss)	**-4,473**	**-2,948**	**- 1,525**	**+ 51.7%**

Operating income

At December 31, 2013, operating income totaled €11,048 million, up €1,169 million on the previous year (+11.8%). The growth was largely driven by dividends and other income from equity investments (+€1,467 million) and net trading, hedging and fair value income (+€95 million), partially offset by net interest (-€283 million), higher net fees and commissions (-€53 million) and the net balance of other income and expenses (-€57 million).

Net interest income at December 31, 2013 fell slightly compared to the previous year to €3,994 million (-€283 million).

This performance reflects the economic trend of the last year, which showed a modest, through fragile, recovery. The tensions related to sovereign debt in the Eurozone continued to ease due to prospects for growth in the economy and the ECB's monetary policy decisions. Nonetheless, conditions on the financial markets favored the shift of commercial funding towards more costly components as well as a reduction in loans. The downturn in loans to households continues, and, to a greater extent, in loans to businesses. This trend reflects both the weakness of demand and a restrictive approach to lending influenced by the correlated risk.

At December 31, 2013 the Bank's entire annual Financial Plan had been implemented, with a particularly large contribution from both senior unsecured government securities (50% of total issues) - including those placed through the commercial network - and collateralized securities placed with Institutional Investors (22% of total issues). As regards medium to long-term funding costs, in 2013 the Bank constantly improved its differentials on the Euribor, compared to its 2012 average, on all the classes of issues placed on the market. This sharp decrease in the cost of structural liquidity was also the result of constant diversification on core markets: the Bank placed about half of its issues under the Plan with investors resident outside of Italy, confirming its standing as a leading player on the domestic and international capital markets.

Dividends recorded in 2013 came to €3,180 million, up €1,467 million versus the previous year. The difference is mainly attributable to higher amounts distributed by UniCredit Bank AG (+€1,445 million).

Net fee and commission income at December 31, 2013 totaled €3,487 million, down €53 million (-1.5%) versus the previous year. The increase recorded in the asset management, custody and administration segment, driven by UCIs - mutual investment funds, did not compensate for the reduction in fees and commissions on loans resulting from the new regulation on the remuneration of credit facilities and overdrafts that entered into force on July 1, 2012 with the Minister of Economy and Finance Decree no. 644 of June 30, 2012.

Net trading, hedging and fair value income (€355 million) essentially derives from +€261 million generated by the buyback of own liabilities (of which €254 million from the tender offer on senior retail issues), +€100 million deriving from the sale of available for sale instruments (of which +€48 million from the sale of the equity investment in Fonsai), -€69 million deriving from the valuation of the charge from the contract signed with UniCredit Bank Austria for the sale of CAIB to UniCredit Bank AG, +€25 million deriving from of bonds held for trading, +€20 million from the revaluation of units of UCIs to which the fair value option is applied and +€22 million from valuations of trading derivatives.

The improvement year on year (+€95 million, 36.5%) is mainly attributable to the following:

- +€253 million from the valuation of the charge from the contract signed with UniCredit Bank Austria for the sale of CAIB to UniCredit Bank AG; the positive effect derives from the fact in 2012 there was a non-recurring negative effect

Results of the period (Continued)

Main Results and Performance for the Period (Continued)

of the change in the valuation method used to recognize the contract in the Annual Report; in 2013 year on year, on a like-for-like basis using the same valuation method, this impact was reversed;
- -€63 million in profits from the sale of available for sale instruments; specifically, 2012 saw a positive benefit of €109 million from the sale of London Stock Exchange, while 2013 saw a positive benefit from the sale of Fonsai (+€48 million);
- +€40 million deriving from the positive impact of the mark to market of interest rate, exchange rate and currency derivatives and +€37 million deriving from the positive impact of the mark to market of securities and units of UCIs held for trading or to which the fair value option is applied;
- +€12 million deriving from the valuation of counterparty risk inherent in derivative contracts (the credit value adjustment);
- +€323 million deriving from the absence in 2013 of the negative effect of the transfer of the Bank's credit rating on exposures in derivatives to group companies, which significantly worsened the 2012 result;
- -€519 million deriving from buybacks of own liabilities; specifically, 2012 benefited from numerous extraordinary operations (tender offer on subordinate issues of the Group of +€612 million, tender offer on ABS issued by the Group of +€75 million, Repo Buyback of €49 million), only partly offset by the "Fly" tender offer on senior retail issues in 2013 of €254 million.

The balance of other operating income and charges at December 31, 2013 was +€32 million, down -€57 million year on year. The figure was mainly driven in 2013 by: +€52.5 million deriving from the resale to Fineco of securities it issued, originally subscribed by UniCredit (this effect was offset by -€52.5 million in "Net trading, hedging and fair value income"); -€44.8 million as a result of entering into a Compensation Agreement with UniCredit Bank AG, to compensate UniCredit Bank AG; -€13.7 million for the Passa ad UniCredit initiative and +€5.6 million for the Subito Banca initiative; +€19.3 million in chargebacks for intercompany services (relating to call center operations, management of arrears, front-office operations, rentals and outsourcing); +€8.7 in chargebacks for funded training courses; +€15.4 million in non-Group rentals; -€14 million for deposit insurance payouts for Banca Tercas paid by the Interbank Deposit Guarantee Fund (FITD); +€14.8 million in gains from Group Loans&Receivables securities and -€12 million in Wind Telecomunicazioni factoring losses.

Operating Costs
Operating costs at December 31, 2013 totaled -€5,606 million, showing a year-on-year decrease of €255 million (-€4.4%).

Payroll costs, amounting to €3,245 million, dropped by around €92 million (-2.8%) versus the end of 2013. The decrease was largely due to lower headcount and extraordinary events in 2013 affecting variable costs. The headcount at December 31, 2013, measured in terms of Full Time Equivalent (FTE) staff, stood at 41,815, a drop of around 626 FTE staff compared to the previous year. The decrease was largely due to redundancies under the October 18, 2010 Protocol signed with the trade unions.

Other administrative expenses in 2013 totaled €2,739 million, down €38 million (-1.4%) compared to the previous year. The reduction was due to cost-cutting initiatives targeting direct costs and intercompany costs.

A total of €544 million in expenses was recovered, up by €122 million (+28.9%) year on year, mainly due to greater recoveries of duties due to the increase in expenses relating to such duties set out by law.

Amortization, depreciation and impairment losses on intangible assets and property, plant and equipment amounted to €166 million, and include €23 million for the impairment loss on the Customer Relationship recognized following the Capitalia operation. The decrease on property, plant and equipment derives from the review of the useful life of certain types of these assets, as illustrated in the "Notes on the Report and Financial Statements - Other Information".

Net Impairment Losses on Loans
At December 31, 2013, net write-downs on loans and provisions for guarantees and commitments amounted to -€9,915 million, showing a year on year increase of 42.3%. The cost of risk, measured as a ratio of average loans to customers, rose from 2.69% at December 31, 2012 to 4.00% at the end of 2013. "In this regard, for a more in-depth assessment, refer to the chapter "The Balance Sheet", the paragraph commenting on "Credit Quality".

Net Operating profit
Net operating profit (loss) came to -€4,473 million, worsening by €1,525 million compared to -€2,948 million in 2012, mainly due to the negative impact of net write-downs on loans and provisions for guarantees and commitments.

Net Profit (Loss)

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

Net profit (loss)

(€ million)

	YEAR		CHANGE	
	2013	2012	AMOUNT	PERCENT
NET OPERATING PROFIT (LOSS)	**-4,473**	**-2,948**	**- 1,525**	**+ 51.7%**
Net provisions for risks and charges	-665	-169	- 496	+ 293.5%
Integration costs	-153	-109	- 44	+ 40.4%
Net income from investments	-5,866	-122	- 5,744	n.s.
PROFIT (LOSS) BEFORE TAX	**-11,157**	**-3,348**	**- 7,809**	**+ 233.2%**
Income tax for the year	2,371	3,132	- 761	- 24.3%
Impairment of goodwill	-2,815	-	- 2,815	n.s.
NET PROFIT (LOSS)	**-11,601**	**-216**	**- 11,385**	**n.s.**

Provisions for Risks and Charges

Net provisions for risks and charges, totaling -€665 million compared to -€169 million in 2012, refer for the most part to tax and legal disputes. In addition, a provision of €44 million has been made for the probable future outlay that will be needed as “guarantor” of that requested by UniCredit Bank AG for a number of group companies in application of the Compensation Agreement described in Section 10 - Item 160 - Part C) of Notes to the Accounts, with reference to the direct expenses between UniCredit SpA and UniCredit Bank AG, within the “other operating income and charges”, and €108 million for the indemnity in favor of UniCredit Credit Management Bank.

Integration Costs

Integration costs, amounting to €153 million, include additional provisions to cover extraordinary payroll costs connected with the Redundancy Plan (-€150 million), in addition to the discounting of the existing Redundancy Funds (-€3 million).

Compared to the previous year, the item shows an increase of €44 million in costs (+40.4%).

Net Income from Investments

Net income from investments totaled -€5.886 million, showing a decrease of -€5.744 million versus 2012.

In 2013 write downs on equity investments of -€7,431 million were recognized (of which -€5,254 million on UniCredit Bank Austria AG, -€1,139 million on UniCredit Bank AG, -€620 million on UniCredit Credit Management Bank, -€348 million on UniCredit Leasing and €13 million on Fineco Leasing) and Bank of Italy quotes have been revaluated for euro +1,374 million. Gains were also recorded on the sale of 9.1% of the equity investments in Bank Pekao (+€216 million) and in EuroTlx Sim Spa (+€13 million), partly offset by the losses due to the write downs of Italpetroli (-€28 million), Fenice Holding (-€11 million), Public Joint Stock Company UniCredit Bank (-€11 million), reclassified under Non-current assets and disposal groups classified as held for sale, and the write downs of AFS - units of investment funds - Private Equity (-€40 million).

Taxes on income

Income taxes for the year report a positive value of €2,371 million, with a decrease of €761 million compared to €3,132 million of 2012.
In 2013 there were significant developments in terms of tax legislation, summarized below.

- Law no. 147 of Dec. 27, 2013 (Stability Law for 2014):
  - for IRES income tax purposes, net adjustments from the valuation of loans and receivables with customers - already deductible during the period of recognition within the limit of 0.30% of loans and receivables with customers in the financial statements and for the remainder in the following 18 years - are now deductible, together with losses due to non-recoverability of those receivables on a straight-line basis in the current year and in the next 4 years;
  - for IRAP corporate tax purposes, net adjustments from the valuation of loans and receivables with customers, together with losses due to non-recoverability net of collections, from 2013 are also deductible on a straight-line basis in the current year and in the next 4 years (instead of the previous full non-deductibility);
  - the convertibility into tax credits of deferred tax assets on receivables and goodwill recognized in the financial statements, already envisaged for IRES income tax, was extended from 2013 onwards to deferred assets recognized in such cases for IRAP corporate tax purposes;
  - IMU property tax on property used for business purposes was made partially deductible from IRES income tax (30% in 2013 and 20% in the following years);

- Law no. 5 of Jan 29, 2014 (converting Decree Law 133/2013, the “IMU - Bank of Italy Decree”):
  - Bank of Italy quotes held by Banks are subject to revaluation - following capital increase booked into Bank of Italy financial statement through conversion into capital of reserves - to be booked into financial statement and subject to 12% substitute tax on the difference between revalued book value and fiscal value;

Results of the period (Continued)

Main Results and Performance for the Period (Continued)

- an additional 8,5 % IRES is applied to Banks (it must be applied in IRES tax base without not deductible in current exercise loan loss provision) and subsequent 130% increase of 2014 down payments.

The tax item in the income statement contains an IRES income tax provision (current + deferred) with positive sign of €2,182.7 million, an IRAP corporate tax provision (current + deferred) also with positive sign (following deductibility over five years of write downs on receivables, which also led to the recognition of deferred tax assets) of €264.5 million, an allocation of €8 million related to taxation for transparency of black-listed foreign subsidiaries (CFC), €11.4 million for taxes due from foreign branches in their respective countries and €2.8 million for non-deductible withholding tax on dividends received.

For 2013 there was a lower benefit in terms of IRES income tax savings connected to the increase in shareholders' equity (ACE) as a result - in accordance with the mechanism for determining this benefit - of the reduction in capital linked to the distribution to shareholders of reserves as a dividend and the reduction in the subsidizable base established for contributions to the capital or equity of subsidiaries. IRES income tax savings available in 2013 amounted to €33.6 million compared to €45.7 million in 2012.

In 2013 financial statement a substitute tax debt for € 184.4 million have been booked, related to Bank of Italy revaluation subsequent to L. 20/1/2014 n. 5 (which has converted DL 133/2013, so called "Decree IMU - Bank of Italy"). As clarified by n 4 24/2/2014 Agenzia delle Entrate circular, 12% substitute tax is due on the difference between increased book value subsequent to revaluation and fiscal value.

Finally, there were contingent assets of €93.7 million, of which - among others - €53.5 million resulting from a more extensive tax analysis of 2012 during preparation of the tax return for that year and €18.4 million for a refinement during submission of applications for reimbursement of IRES income tax for IRAP corporate tax on labor costs. In connection with the introduction of convertibility into tax credits also for deferred assets recognized for IRAP corporate tax purposes, contingent assets of €61.5 million were recognized to align the deferred tax assets previously recognized with a prudential tax rate to the effective average IRAP corporate tax rate for 2013.

Impairment of goodwill

The impairment test of goodwill resulted in an impairment of the carrying value at December 31, 2012 by -€2,815 million. As a result the goodwill was written down in full.

Net profit (loss)

Net loss of the period is of -€11.601 million with a clear deterioration of -€11.385 million compared to the previous year.

The Balance Sheet

Loans to Customers

Loans to Customers at December 31, 2013 totaled €231,171 million, a reduction of €29,674 million (-11.4%) compared to December 31, 2012 (€260,845 million restated).

Loans and receivables with customers

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2013	12.31.2012	AMOUNT	PERCENT
Performing loans	173,986	201,346	-27,360	-13.6%
Impaired assets	24,221	24,603	-382	-1.6%
Repos	30,119	30,227	-108	-0.4%
Debt securities	2,845	4,669	-1,824	-39.1%
Total loans and receivables with customers	**231,171**	**260,845**	**-29,674**	**-11.4%**
of which:				
units operating in Italy	*229,612*	*258,963*	*-29,351*	*-11.3%*
units operating abroad	*1,559*	*1,882*	*-323*	*-17.2%*

This decline is essentially attributable to loans disbursed by the units operating in Italy (€229,612 million), which decreased by €29,351 million compared with the figures at December 31, 2012 (€258,963 million restated).

More specifically, the comparison between December 31, 2012 and December 31, 2013 shows a generalized decrease in the individual components of the aggregate:
- performing loans decreased by €27,360 million (-13.6% p.a.);
- impaired assets decreased by €382 million (-1.6% p.a.);
- repurchase agreements showed a decline of €108 million (-0.4%);
- debt securities dropped by €1,824 million (-39.1% p.a.).

"Performing loans" (€173,986 million at December 31, 2013) included €3,944 million due from Special Purpose Vehicles (SPVs), attributable to liquidity which - following the downgrading by the rating agencies Fitch, Standard & Poor's and Moody's in 2012 - UniCredit S.p.A. had to transfer (based on the contractual documentation signed) to other banks still considered "eligible" in favor of the SPVs granting loans as part of transactions originated by UniCredit S.p.A. in relation to securitizations and covered bond issue programs. The above-mentioned sums, compared to €6,467 million at the end of December 2012, decreased by €2,523 million also as a result of the partial repayment, by the SPVs, of Asset Backed Securities (ABS) on self-securitizations.

Impaired loans at the end of December 2013 amounted to €24,221 million and came to 10.5% of the total amount of loans to customers. The change in this aggregate (-€382 million compared with €24,603 million at the end of December 2012) is the direct result of the increased levels of coverage implemented by the Bank in 2013, as a result of the development of the Italian and international macroeconomic scenarios (and, specifically, the continuing crisis in the real estate market), in addition to the change legislative framework, as illustrated in greater detail in the Notes, Part E - Risks and Hedging Policies, at the bottom of table A.1.2 "Breakdown of credit exposures by portfolio and credit quality".

Reverse repos amounted to €30,119 million at December 31, 2013 (€30,227 million at December 31, 2012), and consisted almost entirely of operations with Cassa di Compensazione e Garanzia.

Credit Quality

As of December 31, 2013, the face value of the impaired assets totaled €45,568 million, representing 17.9% of total nominal loans to customers, an increase from 14.2% as of December 31, 2012. At book value (net of specific write downs of €21,347 million), impaired loans stood at €24,221 million (€24,603 million as of December 31, 2012), representing 10.5% of total loans (9.4% at the end of 2012).

The continuation of the crisis which has affected the international economic system and, to a particular extent, the Italian system, and the resulting difficulties in debtors' ability to repay their exposures, also have repercussions on the successful performance of disbursed loans. Accordingly, the careful classification of problem positions continued. Within these positions, non-performing loans (at face value) reached 8.2% of the total loans to customers (6.0% at the end of 2012), doubtful loans rose to 7.5% (5.5% at the end of 2012), restructured loans fell to 1.2% (1.4% at the end of 2012), while impaired past-due loans came to 1.0% of the overall net worth of loans (1.2% at December 31, 2012).

In consideration of this development, and taking account of external environmental and regulatory factors, referring to both the economic trend at the date of drafting these Accounts (with specific regard to the real estate sector), and to the references set forth in the recent update (no.15 of July 2013) of Circular no. 263 of December 27, 2006

Results of the period (Continued)

Main Results and Performance for the Period (Continued)

of the Bank of Italy, for UniCredit S.p.A., 2013 was marked by the intense implementation of initiatives focused on revising the credit risk measurement methods and the resulting valuation processes.

The coverage ratio of impaired loans (specific write downs to face value) therefore stood at around 46.8% at the end of December 2013, a significant increase on the 37.3% at the end of December 2012. An equally significant increase was seen in the level of coverage in 2013 compared with 2012 in all the individual risk categories of impaired loans:
- on non-performing loans, the coverage ratio rose from 47.3% to 56.3%;
- on doubtful loans, the coverage ratio rose from 35.9% to 42.3%;
- on restructured loans, the coverage ratio increased from 19.0% to 29.8%;
- on impaired past due exposures, the coverage ratio increased from 15.1% to 22.9%.

Performing loans, which amounted to €209,046 million at face value as of December 31, 2013 (€237,600 million as of December 31, restated), have been written down for a total of €2,096 million, with a coverage ratio of 1.0% (0.57% as of December 31, 2012). This increase was also the result of the implementation of a new approach to risk management and control for certain portfolios of performing loans, for which dedicated portfolio classification was deemed appropriate, in order to carefully monitor the phenomenon of emerging risk. This new approach features intense management for the purpose of identifying solutions, together with the Customer, for the utmost safeguarding of the Customer's business continuity and protection of the Bank's risks (specifically, see also the Notes - Part E - Risks and Hedging Policies - Section 1 - Credit Risk - Qualitative Information - 1. General Aspects).

Overall, therefore, total loans to Customers stood at €254,614 million, with value adjustments €23,443 million, taking the general level of coverage for loans to Customers to 9.2% (from 5.8% at December 31, 2012).

The summary tables below provide additional details:

Loans to customers asset quality

(€ million)

	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	TOTAL IMPAIRED LOANS	PERFORMING LOANS	TOTAL CUST. LOANS
As at 12.31.2013							
Face value	20,974	19,093	3,034	2,467	45,568	209,046	254,614
as a percentage of total loans	*8.24%*	*7.50%*	*1.19%*	*0.97%*	*17.90%*	*82.10%*	
Writedowns	11,800	8,077	905	565	21,347	2,096	23,443
as a percentage of face value	*56.26%*	*42.30%*	*29.83%*	*22.90%*	*46.85%*	*1.00%*	
Carrying value	9,174	11,016	2,129	1,902	24,221	206,950	231,171
as a percentage of total loans	*3.97%*	*4.77%*	*0.92%*	*0.82%*	*10.48%*	*89.52%*	

Loans to customers asset quality

(€ million)

	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	TOTAL IMPAIRED LOANS	PERFORMING LOANS	TOTAL CUST. LOANS
As at 12.31.2012 restated							
Face value	16,758	15,280	3,754	3,455	39,247	237,600	276,847
as a percentage of total loans	*6.05%*	*5.52%*	*1.36%*	*1.25%*	*14.18%*	*85.82%*	
Writedowns	7,921	5,487	713	523	14,644	1,358	16,002
as a percentage of face value	*47.27%*	*35.91%*	*18.99%*	*15.14%*	*37.31%*	*0.57%*	
Carrying value	8,837	9,793	3,041	2,932	24,603	236,242	260,845
as a percentage of total loans	*3.39%*	*3.75%*	*1.17%*	*1.12%*	*9.43%*	*90.57%*	

Lastly, in the same way as for the management and recovery of problem loans (doubtful loans and non-performing loans), the Bank makes use of the services offered by UniCredit Credit Management Bank S.p.A., the Group bank specialized in loan recovery, whose activities are governed by a special contract and by continually evolving procedures, aimed at the constant improvement of recovery performances and their ongoing monitoring.

Deposits from Customers and Debt Securities in Issue

Deposits from customers and debt securities in issue, totaling 270,751 million (-3,0%), recorded a decrease of 8,316 million compared to the end of 2012 due to both operating units in Italy (-5,939 million) and operating units abroad (-2,377 million).

Deposits from customers and debt securities in issue (€ million)

	AMOUNTS AS AT		CHANGE FROM RESTATED	
	12.31.2013	12.31.2012	AMOUNT	PERCENT
Deposits from customers	150,840	151,645	-805	-0.5%
Debt securities in issue	119,911	127,422	-7,511	-5.9%
Total deposits from customers and debt securities in issue	**270,751**	**279,067**	**-8,316**	**-3.0%**
of which:				
units operating in Italy	*267,587*	*273,526*	*-5,939*	*-2.2%*
units operating abroad	*3,164*	*5,541*	*-2,377*	*-42.9%*

The Deposits from customers are equal to 150,840 million decreasing of -805 million comparing to 2012.

More in detail:
- time deposits decreased of -3,262 million;
- current accounts and demand deposits increased of +1,549 million;
- repurchase agreements with customers increased of +872 million;
- other sources of funding increased of 36 million.

Debts securities in issue, equal to 119,911 million, decrease in 2013 of -7,511 million attributable, for the Italian operating units, to bond issues (-1,654 million of which 2.346 million due to the buy-back of own issuances), to certificate of deposits (-4,163 million) with an increase of "buoni fruttiferi" (+954 million), and to units operating in other countries a decrease of certificates of deposit (-2,648 million).

Financial Investments

Financial investments showed an increase of +3,304 million (+3.5%) resulting from the combination of the changes in financial assets available for sale (+11,270 million), in financial assets measured at fair value (+16 million), in financial assets held to maturity (-323 million), and in equity holdings (-7,659 million).

Financial investments (€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2013	12.31.2012	AMOUNT	PERCENT
Financial assets at fair value through profit or loss	389	373	+16	+4.3%
Available-for-sale financial assets	42,952	31,682	+11,270	+35.6%
of which:- equity investments	*2,300*	*875*	*+1,425*	*+162.9%*
- debt securities, equity instruments and investments funds units	*40,652*	*30,807*	*+9,845*	*+32.0%*
Held-to-maturity investments	3,025	3,348	-323	-9.6%
Equity investments	51,350	59,009	-7,659	-13.0%
Total financial investments	**97,716**	**94,412**	**+3,304**	**+3.5%**
of which:				
units operating in Italy	*97,683*	*94,049*	*+3,634*	*+3.9%*
units operating abroad	*33*	*363*	*-330*	*-90.9%*

More specifically:
- Available for sale financial assets included 40.652 million in debt and equity securities and UCITS units - posting an increase of +9,845 million primarily due to purchases of Italian government securities, net of redemption. The equity interests included in this portfolio posted an increase of +1,425 million, owing in particular to (i) Increased Bank of Italy book value till euro 1,658 million with a revaluation for 1,374 booked into profit and loss (i) the shares purchases/subscriptions of capital increase for +86 million (of which: Alitalia S.p.A. +50 million, Prelios S.p.A. +18million, ITALTEL S.p.A. +6 million), (iii) the sale of Fondiaria-SAI S.p.A. for +106 million which determined a gain of +48 million (iv) , the changes in fair value, charged to shareholders' equity - positive for +65 million (of which: Gemina S.p.A. +28 million, Bank of Valletta Plc +23 million, Alitalia S.p.A. 8 million and Risanamento S.p.A. 6 million.) and a -22 million decrease (of which: F2I Fondi Italiani per le Infrastrutture Sgr 6 million, Aereoporto Marconi S.p.A. 6 million,

Results of the period (Continued)

Main Results and Performance for the Period (Continued)

Friulia S.p.A. 2 million and Finpiemonte Partecipazioni S.p.A. 2 million, (v) impairment loss adjustments, posted to the income statement in the amount of -17 million, (of which: Targetti Poulsen S.p.A. 3 million, Maccorp Italiana S.p.A. 2.7 million, Cisfi S.p.A. 2 million, Banca Impresa Lazio S.p.A. 1 million, Eurovita 1 million and Burgo Group S.p.A. 1 million;

- the value of equity investments equal to 51,350 million fell by -7,659 million owing to (i) the impairment losses posted to the income statement in the amount of -7,431 million (of which: UniCredit Bank Austria AG 5,254 million, UniCredit bank AG 1,139 million, UniCredit Credit Management Bank 620 million, UniCredit Leasing S.p.A. 348 million, Compagnia Italpetroli S.p.A. 28 million, PJSC UniCredit Bank Ukraine 11 million, Fenice Holding S.r.l. 11 million, Fineco Leasing S.p.A.13 million, Bluvacanze 2 million, Box 2004 S.p.A. 3 million) (ii) the sale of 9.1% of the interest held in Bank Pekao S.A., for a price of 893 million which resulted in the realization of a gross gain of 216 million, (iii) the disposal of the entire interest held in UniCredit Consumer Financing AD for a price of about €15 million to other subsidiaries, which resulted in the allocation to shareholders' equity of a positive reserve of €5 million, (iv) the sale of 35% of the interest held in Euro Tlx SIM S.p.A., for a price of about 16 million which resulted in the realization of a gross gain of 13 million, (v) the sale of 9% of the interest held in Neep Roma Holding S.p.A. for about 14 million equal to the pro rata carrying value, (vi) the reduction of the carrying value due to the distribution of capital reserves of SW Holding S.p.A. for 15 million, of Aviva S.p.A. for 8 million and of SMIA S.p.A. for 2 million, (vii) the acquisition of interest in Lauro Sessantuno S.p.A. for 41 million with the subscription of the following capital increases of additional 74 million, (viii) the capital contributions to UniCredit Factoring S.p.A. of 300 million and Fineco Leasing S.p.A. of 25 million, Compagnia Italpetroli S.p.A. of 28 million, Neep Roma Holding S.p.A. of 64 million following to the conversion of subordinated debts previously provided to the same company, Fenice s.r.l. of 19 million, Visconti S.r.l. 2 million (ix) the transfer to the item "Non-current assets and disposal groups as held for sale" of the stake of 61 million in SIA S.p.A. held for sale.
  In addition during 2013, as part of the planned rationalization of the Group businesses in Ukraine, PJSC UniCredit Bank Ukraine was acquired from a subsidiary for a consideration of €157 million with recognition of the equity interest for a carrying value of €152 million and the consequent recognition in equity of a negative reserve of €5 million. The equity interest was subsequently transferred to assets held for sale, for a value of €141 million, net of the above-mentioned value adjustment of €11 million.

Interbank Position

The Bank recorded, under its financial assets, a net interbank position at the end of 2013 of assets (21,869 million) and liabilities (47,379 million) equal to -25,510 million. Compared with the corresponding figures at the end of 2012 (amounting to a net -28,508 million), the position recorded a decrease in net liabilities of 2,998 million due to lower loans and receivables with banks (-6,069 million) and lower deposits from banks (-9,067 million).

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

In this scenario, also thanks to higher deposits from customers and the full coverage of the Financial Plan in 2013, the Bank improved its liquidity standing and the maturity structure of the balance sheet.

The decrease in loans and receivables with banks compared to 2012 (-6,069 million) was specifically impacted by the decline in Central Bank loans, as part of more efficiently management of liabilities and assets with the Central Banks.

With respect to deposits from banks, the -9,067 million decrease was primarily driven by the following factors:

- a decrease in term deposits from market borrowers, also favored by the positive performance of commercial funding during 2013;
- a reduction of around 1,200 million in funding from Group Banks, as part of the Parent Company's actions to optimize the circulation of intercompany liquidity;
- lower refinancing transactions with the European Central Bank, which dropped by -6,500 million, also due to the decision not to renew short-term loans made in at auctions in 2013. In line with the decrease in term deposits with bank borrowers, the reduction in borrowing from the ECB was possible thanks to higher deposits raised via the Italian commercial network throughout 2013 and via the Parent Company's full coverage of the Financial Plan for the Bank's medium and long-term notes with institutional investors.

Interbank position

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2013	12.31.2012	AMOUNT	PERCENT
Loans and receivables with banks	**21,869**	**27,938**	**-6,069**	**-21.7%**
units operating in Italy	*21,712*	*27,793*	*-6,081*	*-21.9%*
units operating abroad	*157*	*145*	*+12*	*+8.3%*
Deposits from banks	**47,379**	**56,446**	**-9,067**	**-16.1%**
units operating in Italy	*46,050*	*54,772*	*-8,722*	*-15.9%*
units operating abroad	*1,329*	*1,674*	*-345*	*-20.6%*
NET INTERBANK POSITION	**-25,510**	**-28,508**	**+2,998**	**-10.5%**
units operating in Italy	*-24,338*	*-26,979*	*+2,641*	*-9.8%*
units operating abroad	*-1,172*	*-1,529*	*357*	*-23.3%*

Results of the period (Continued)

Shareholders' equity and capital ratios

Shareholders' Equity

As of December 31, 2013 shareholders' equity stood at €46,078 million, compared to €57,817 million at the previous year-end, a reduction of €11,739 million, which breaks down as follows:
- -€513 million from the allocation of the dividend to shareholders, as approved by the Ordinary Shareholders' Meeting of last May 11, taken from the reserves from profits;
- +€23 million from the increase of the reserve for long-term incentive plans;
- -€5 million from the allocation to the purchase cost reserve of the "free shares" granted to group employees who had subscribed to the broad-based share plan for Group employees;
- +€5 million from the allocation to the unrealized gains reserve resulting from the sale of the interest held in UniCredit Consumer Financing AD to another Group company;
- -€5 million from the allocation to reserves of the difference between the price paid and the carrying value resulting from the purchase of the interest held in PJSC UnCredit Bank Ukraine to another Group company;
- -€105 million from the usufruct fee related to financial instruments ("Cashes") involving almost all the shares subscribed by Mediobanca, during the corresponding capital increase in the first few months of 2009;
- +€1 million from the change in the reserve arising out of transfers of assets within the Group, as a result of the repurchase from UniCredit Credit Management Bank S.p.A. of non-performing loans previously assigned to the same;
- +€461 million from the net effect of the revaluation reserves for available-for-sale financial assets (+€582 million), cash flow hedges (-€166 million) and defined benefit plans (+€45 million);
- -€11,601 million from the profit (loss) for the period.

It should also be noted that, during 2013, the following movements took place within shareholders' equity, which did not have a significant impact on this item:
- share capital increased by €7 million, with a withdrawal from the specifically constituted reserve, for the issue of the shares connected to the medium term incentive plan for Group Personnel, as approved by the Board of Directors on March 15, 2013;
- in implementation of the Shareholders' Meeting resolution adopted last May 11, the following was carried out through the use of share premiums: (i) allocation of €2,413 million to the Legal Reserve, to cover negative reserves for a total of €3,962 million, (ii) reallocation of the loss for the year shown in the Annual Report and Accounts as of and for the year ended December 31, 2011 with consequent reinstatement of the Statutory Reserve in the amount of €1,196 million, of the reserve for allocating profits to Shareholders through the issuance of new free shares in the amount of €1,194 million and of Other reserves in the amount of €14 million, and (iii) loss coverage for the year 2012 of €220 million.

Shareholders' equity

	AMOUNTS AS AT		CHANGE	
	12.31.2013	12.31.2012	AMOUNT	PERCENT
Share capital	19,655	19,648	+7	n.s.
Share premium	23,879	32,878	-8,999	-27.4%
Reserves	13,481	5,304	+8,177	+154.2%
Reserves for special revaluation laws	277	277	-	-
Treasury shares	-2	-2	-	-
Total capital and reserves	***57,290***	***58,105***	***-815***	***-1.4%***
Revaluation reserves	389	-72	+461	n.s.
Net profit or loss	-11,601	-216	-11,385	n.s.
Total shareholders' equity	**46,078**	**57,817**	**-11,739**	**-20.3%**

Shareholders

The share capital, fully subscribed and paid up, totaled €19,654,856,199.43 divided into 5,791,633,617 with no face value, including 5,789,209,719 ordinary shares and 2,423,898 savings shares.
As at of December 31, 2013, according to analysis performed on data stemming from heterogeneous sources, as the content of the Register of Shareholders, documentation relating the equity shareholders' meeting of the Company, communications to CONSOB, public filings available on the market:

- there were approximately 465,000 shareholders;
- resident shareholders held around 38.18% of the capital and foreign shareholders 61.82%;
- 82% of the ordinary share capital is held by legal entities, the remaining 18% by individuals.

Also as of that date, the main shareholders were:

Principal UniCredit shareholders

SHAREHOLDER	ORDINARY SHARES	% OWNED[1]
Aabar Luxembourg S.a.r.l.	294,600,000	5.089%
PGFF Luxembourg S.a.r.l.	290,000,000	5.009%
Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona	204,508,472	3.533%
Delfin S.a.r.l.	173,685,000	3.000%
Group Central Bank of Lybia	168,529,755	2.911%
Capital Research and Management Company *Right to vote for discreptional asset*	158,097,471	2.731%
Fondazione Cassa di Risparmio di Torino *which is lender for: 21.152.127 equal to 0,365%*	145,099,006	2.506%
Carimonte Holding S.p.A.	131,213,277	2.267%
Group Allianz	126,492,329	2.185%

1. as a percentage of ordinary capital

Treasury Shares

The treasury share balance was unchanged from year-end 2012 due to the fact that there were no transactions involving treasury shares in 2013.

The number of shares, now with no face value, reflects their combination, approved by the Extraordinary Shareholders' Meeting of December 15, 2011, in preparation of the subsequent capital increase carried out in the first months of 2012.

Treasury shares

Number of ordinary shares as at 12.31.2013	47,600
% on capital stock	n.s.
Carrying value as at 12.31.2013 €	2,440,001

Regulatory capital and capital ratios

The Regulatory Capital stands at €57,444 million, with €42,989 million made up of tier 1 capital, compared with €63,927 million at December 31, 2012.

The capital ratio, given the ratio between the regulatory capital and the total risk weighted assets is 36,6%.

Organizational Model

Organizational structure

Project GOLD - Group Organization Leaner Design

In January 2013 UniCredit implemented the GOLD (Group Organization Leaner Design) project approved by the Board of Directors with resolutions of July 10 and December 18, 2012. The main principles and guidelines of the GOLD project involve a series of changes to the Group's organizational model aimed at maximizing the clarity in the definition of the roles and responsibilities of the different functions in the Bank, to ensure greater proximity to customers and simplify its internal structure, as well as comprehension by external stakeholders.

The Project includes the definition of a business model that:

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

The new organizational structure

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

In addition to the above mandates, the General Manager is also assigned the following specific responsibilities for Group-wide matters/areas including:

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

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

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

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

Specifically, in terms of the scope of responsibility of the Country Chairman Italy, the reorganization of the sales network followed the following strategic guidelines:

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

1. Global Policies and Global Operational Instructions.

- The “Private Banking Italy Network” has been strengthened, with the creation of a unit dedicated to high-end Customers and family businesses and the streamlining of chain of command, by reallocating the “pure network” structures (Retail Units and Retail Branches) - in charge of geographical and sales coverage of their Customers - reporting directly to the “PB Network Departments”.
- The Network dedicated to Investment Banking Customers has been removed from the scope of responsibility of the CCI and placed within the CIB Division;
- The creation of Special Network Italy responsible for maximizing the time of the economic contribution of customers in difficult situations, with profile of higher risk and of Real Estate customers in its area.

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

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

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

Also reporting to the CEO are:

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

Organizational Model (Continued)

Company activities

The commercial network

Operating structure in Italy

During 2013, UniCredit's domestic territorial structure was subject to the changes described below:

- aggregation of the existing F&SME and CB divisions;
- simplification of the organizational structure of the Private Banking division by closing some Sales Areas;
- establishment of **68** new **Special Network Corporate Centers**, under the new **Special Network Italy Division**, which also incorporates the former Real Estate Division;
- 127 closures of branches;

The structure of the domestic network at December 31, 2013 consists of a total of **4,149** units, broken down as follows:

- **3,904** operating branch offices, of which 787 Branches, 2,751 Agency Branches, 154 Separate Banking Windows, 121 Corporate Centers, 17 Operating Branches and 74 Local Offices.
  The Commercial Bank consists of 78 Sales Areas, which in turn are divided into 787 districts that are hierarchically under the operating branch offices;
- Special Network Italy Division: **68** SN Corporate Centers and 7 Real Estate Areas;
- Private Banking Division: **168** PB Branches, geared towards medium-to-high net worth private customers and providing consultancy services and wealth management solutions using a 360-degree approach;
- CIB Division: 2 Operational Branches (Rome and Milan) for selected Italian "Multinational" and "Large Corporate" customers with high demand for investment banking products.

At December 31, 2013, the Italian distribution network, following the measures described above and a modest redistribution of offices resulting from the ongoing processes of optimization and streamlining of local units within the country, was broken down as follows:

Italian branch network

REGIONS	12.31.2013	%
- Piedmont	436	10.5%
- Valle d'Aosta	21	0.5%
- Lombardy	518	12.5%
- Liguria	85	2.0%
- Trentino Alto Adige	80	1.9%
- Veneto	529	12.8%
- Friuli Venezia Giulia	137	3.3%
- Emilia Romagna	522	12.6%
- Tuscany	173	4.2%
- Umbria	85	2.0%
- Marche	93	2.2%
- Lazio	541	13.1%
- Abruzzo	43	1.0%
- Molise	34	0.8%
- Campania	207	5.0%
- Puglia	149	3.6%
- Basilicata	10	0.2%
- Calabria	28	0.7%
- Sicily	402	9.7%
- Sardinia	56	1.4%
Total branches	**4,149**	**100.0%**

Within Italy there are also **79 "Development Centers"**, for the local promotion of small and medium businesses in their areas and **50 "Foreign Trade Centers"** and **"Foreign Trade Offices"**, dedicated to technical operations involving the foreign transactions area (documentary credits, documentary transactions, surety bonds and guarantees, import-export portfolio, gold).

Branches and representatives abroad

At December 31, 2013 UniCredit S.p.A. had seven Branches abroad, plus a Permanent Establishment in Vienna and 5 Representative Offices.

UniCredit S.p.A. International Network as at 12.31.2013

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

(*) formerlly Branch of UniCredit Family Financing.

Resources

Personnel developments

At December 31, 2013, UniCredit S.p.A.'s headcount was 43,530 compared to 43,984 at December 31, 2012. The restructuring process, already begun in 2008 after the merger of the Capitalia Group, includes the streamlining of staff through the continued use of a Personnel Departure Incentive Plan, a solidarity fund for those entitled to pensions that led to the departure of 1,034 employees in the year 2013. It is important to note the incorporation of UniCredit Audit and Unimanagement on March 1, 2013.

Category

	12.31.2013		12.31.2012		CHANGE	
	TOTAL	OF WHICH: OUTSIDE ITALY	TOTAL	OF WHICH: OUTSIDE ITALY	IN TOTAL	PERCENT
Senior Management	1,214	*17*	1,285	*24*	-71	-5.5%
Management - 3rd and 4th grade	8,221	*94*	8,199	*117*	+22	+0.3%
Management - 1st and 2nd grade	13,300	*59*	13,472	*62*	-172	-1.3%
Other Staff	20,795	*86*	21,028	*79*	-233	-1.1%
Total	**43,530**	***256***	**43,984**	***282***	**-454**	**-1.0%**
of which, Part-time staff	*5,172*	35	*5,089*	36	*+83*	*+1.6%*

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

Women make up 44,7% of personnel.

Breakdown by seniority

	12.31.2013		12.31.2012		CHANGE	
	NUMBER	PERCENT	NUMBER	PERCENT	AMOUNT	PERCENT
Up to 10	10,101	23.2%	10,850	24.7%	-749	-6.9%
From 11 to 20 years	10,137	23.3%	10,406	23.7%	-269	-2.6%
From 21 to 30 years	13,114	30.1%	13,252	30.1%	-138	-1.0%
Over 30	10,178	23.4%	9,476	21.5%	+702	+7.4%
Total	**43,530**	**100.0%**	**43,984**	**100.0%**	**-454**	**-1.0%**

Breakdown by age

	12.31.2013		12.31.2012		CHANGE	
	NUMBER	PERCENT	NUMBER	PERCENT	AMOUNT	PERCENT
Up to 30	1,529	3.5%	1,823	4.1%	-294	-16.1%
From 31 to 40 years	10,375	23.8%	11,045	25.1%	-670	-6.1%
From 41 to 50 years	15,539	35.7%	15,789	35.9%	-250	-1.6%
Over 50	16,087	37.0%	15,327	34.9%	+760	+5.0%
Total	**43,530**	**100.0%**	**43,984**	**100.0%**	**-454**	**-1.0%**

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

Other Information

Report on corporate governance and proprietary structures

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

Report on remuneration

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

Research and development projects

In 2013 UniCredit SpA's research and development projects were mainly aimed at:
- developing solutions designed to leverage the data managed by the Group to enable a better understanding of the various local economic conditions. These solutions represent a breakthrough in the Bank's innovation efforts as they enable a better understanding of customers and therefore give the company a new competitive edge, improve the customer service and increase proximity to the territory;
- developing innovative payment systems based on the biometric recognition of customers in order to improve the "customer experience" and the level of security of transactions;
- prototyping solutions designed to make the physical network of branches more flexible in terms of both costs and localization;
- building academic and industrial partnerships to establish a strong working relationship enabling the development of long-term solutions.

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.
In addition, some shareholdings considered no longer strategic were divested.

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

As part of the rationalization of the support units and companies of the Global Banking Services, the subsidiary UniCredit Business Integrated Solutions S.C.p.A. (UBIS) has become the company that provides support services and maintains a strategic focus on extra captive market segments 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 also 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.), previously 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, in April 2013 the subsidiary Localmind S.p.A. was put into voluntary liquidation, on July 1, 2013 Joinet S.r.l. (an e-commerce service company) was absorbed into I-Faber S.p.A. and Esperti in Mediazione S.r.l. was absorbed into UniCredit Credit Management Bank S.p.A., while the absorption of Fineco Leasing S.p.A. (specializing in real estate leasing) into UniCredit Leasing S.p.A will be effective from April 1, 2014.

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.
In Ukraine, the project envisaged the rationalization of the activities of the two banks that operate in the same market through the absorption of PJSC UniCredit Bank (UniCredit finalized its acquisition from Bank Pekao on July 16, 2013) into PJSC Ukrsotsbank (subsidiary of UniCredit Bank Austria AG).
After being approved by the corporate bodies of the two companies on August 5, 2013 and by the competent authorities, the project was completed on December 2, 2013.

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%.

Other Information (Continued)

Rationalization of Group operations and other corporate transactions (Continued)

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. With respect to the leasing market, a capital contribution was made to Fineco Leasing (€25 million) until it will be absorbed into the subsidiary UniCredit Leasing (the absorption will be effective from April 1, 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 (also owned by Nuove Partecipazioni - a company linked to Marco Tronchetti Provera - and 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 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 soon.
In the first half of October, 2013, after the end of the takeover bid, Lauro Sessantuno acquired a further stake of 32.48% in Camfin and, after the squeezing out of the remaining shareholders, a further stake of 4.05%. On December 29, 2013, according to the original arrangements, Nuove Partecipazioni transferred to Lauro Sessantuno the remaining 2.49% of Camfin shares (bought by Mr. Marco Moratti). As a result of this transaction, Lauro Sessantuno now owns 100% of the capital of Camfin and in January 2014, the two companies decided to proceed with the merger.
UniCredit holds a 18.85% 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.

Sale of 9.1% of the shareholding 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 €893 million, a gross capital gain of about €216 million was realized.

Acquisition of a shareholding in Alitalia S.p.A.

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 subscribed for a portion of the capital increase not underwritten with a charge of €50 million, and now owns a 12.99% stake, classified in available for sale Financial assets portfolio.

Acquisition of a shareholding in ERG Renew S.p.A.

In December 2013, UniCredit concluded a deal to subscribe for a capital increase of ERG Renew, with an investment of €50 million, corresponding to 7.14% of the company's share capital. The transaction was completed in January 2014.
UniCredit's investment is aimed at supporting ERG Renew's plans to expand into the renewable energy business in Italy and abroad and will enable the Group to benefit from any increases in the value of the investment, also in view of a future possible listing.

Sale of non-strategic shareholdings

Sale of a stake in EuroTLX SIM S.p.A.

On September 24, 2013 UniCredit and Banca IMI S.p.A. each sold Borsa Italiana S.p.A. a 35% stake in EuroTLX SIM 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.
For UniCredit the sale resulted into a gain before taxes of €13.7 million to profit and loss.

Sale of the shareholding in Fondiaria-Sai S.p.A.

In October 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 Bank AG - Milan acted as the sole bookrunner in the transaction.
The sale, for the bank, resulted into a gain before taxes of about €48 million.

Sale of 20.1% of Sia S.p.A.

In December 2013 UniCredit, Intesa Sanpaolo, Banca Monte dei Paschi di Siena and BNL signed with Fondo Strategico Italiano, F2i SGR and Orizzonte SGR the agreements for the sale of 59.3% of Sia's share capital, of which 28.9% held by Intesa Sanpaolo Group, 20.1% by UniCredit, 5.8% by Banca Monte dei Paschi di Siena and 4.5% by BNL.

As a result of the transaction, UniCredit (and Intesa Sanpaolo) will retain a 4% stake in Sia, while the other existing shareholders will retain the remaining 32.7% of Sia's share capital.

Closing of the transaction is subject to approval of the competent authorities.

The economic result of the transaction will be recorded in the financial statements for 2014.

Other 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.

Other Information (Continued)

Capital Strengthening and other transactions concerning share capital

No capital strengthening transactions were carried out in 2013.
It should be noted that, on March 15, 2013, the Board of Directors executed the "Group Key Resources Plan" and the "2011 Group Executive Incentive System" approved by the Shareholders' Meeting in 2011, by resolving the issue of UniCredit ordinary shares, following the verification of the achievement of the performance targets set in the Plans. To that effect, the Board of Directors confirmed its approval for an increase in UniCredit share capital of 6,907,674.33 corresponding to n. 2,097,587 ordinary shares.

Conversion of tax credit

During 2013, a total of €31.9 million of IRES deferred tax assets recognized in the 2012 financial statements were converted into tax credits, on the basis of the provisions of Law Decree 225/2010 Article 2, paragraphs 55 to 59, against the accounting loss recognized of €219.7 million.

Transactions with Group Companies

The table below shows the assets, liabilities, guarantees and commitments outstanding as at December 31, 2013, in respect of direct and indirect subsidiaries, companies subject to joint control, companies subject to significant influence and other related parties.

(€ million)

	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS
Subsidiaries	42,517	45,864	12,963
Joint Venture	27	15	1,149
Associates	523	286	65
Other related parties	485	99	5

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

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

a) according to the "Combined Global Policy for the management of transactions with persons in conflict of interest" adopted by UniCredit S.p.A.'s Board of Directors on September 24, 2013 and published on the website www.unicreditgroup.eu, in 2013 the Bank's Presidio Unico received no reports of transactions of greater relevance;
b) in 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 affect the Group's financial and economic situation. More specifically, these transactions consisted in two mortgage loans 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) in 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.

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

Information on Risks

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

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

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

Subsequent Events and Outlook

Subsequent Events[2]

As part of the rationalization of support operations for the Parent Company performed by the subsidiary UBIS and to favor, in a manner consistent with the recent changes in supervisory regulations, the concentration in UniCredit of strategic control over ITC operations and achieve synergies in operating processes pertaining to security, the following business units were transferred by UBIS to UniCredit, effective from January 1, 2014:

- the "Group ICT and Operations" Business Unit concerning support operations for the Parent Company UniCredit in governing instrumental ICT and Operations services.
- the "Security Network Services" Business Unit, concerning specialized security operations carried out in Italy.

On February 18, 2014 the rating agency Moody's confirmed UniCredit S.p.A.'s Baa2 long-term debt and deposit ratings and changed the outlook from negative to stable. This decision reflects the February 14 change in outlook to stable on Italy's Baa2 government bond rating.

On March 11, 2014 UniCredit S.p.A.'s Board of Directors approved the 2013-2018 Strategic Plan and the 2013 Group results.

On that occasion it has also been reported that, as part of its active portfolio management, UniCredit will list on the market its subsidiary Fineco Bank S.p.A. to further accelerate its growth and enhance its market visibility, whilst optimizing capital allocation within the Group.

2. This paragraph includes the events occurring in the period from January 1, 2014 to March 11, 2014, date of the "General Meeting Draft 2013" approval by the Board of Directors.

Outlook

Economic recovery at global level continued to spread gradually throughout 2013, with diverging trends at regional level. In detail, gradual acceleration in the growth rate of advanced economies was offset by a slight decline in pace of growth in the emerging economies, particularly those most vulnerable to foreign capital inflows. In the financial markets, the improvement in growth prospects and an accommodative monetary policy led to a progressive “normalization” of market conditions, with a (gradual) return of risk appetite among investors. In the Eurozone, this encouraged a significant drop in premiums on sovereign credit default swaps and in interest spreads with Germany, particularly in the peripheral countries more directly exposed to sovereign debt strains. The increase in share prices involved all the major advanced countries.

GDP dropped 0.4% in the Eurozone in 2013, at a slightly lower rate than in 2012 (-0.6%). In terms of the quarterly growth rate, the economy came out of the recession during the second quarter of the year, with moderate growth rates in the subsequent quarters. The recovery was gradual and was initially driven by the international area, later also accompanied by a gradual contribution from the domestic segment, particularly in terms of investment in machinery. Italy came out of the recession in the third quarter of 2013, and began to see a marginal recovery in economic activity the last quarter, driven by the gradual easing of the pace of recession in domestic demand and stability in the international area. Overall, GDP was down 1.8% in 2013, after the -2.6% in 2012. In this scenario, lending activity was particularly weak throughout 2013.

The accommodative monetary policy in Europe and in the United States strongly supported the normalization process. In the Eurozone, after an initial intervention in May, the Central Bank cut the rate on major refinancing operations and marginal refinancing operations by an additional 25 basis points in November (to 0.25% and 0.75%, respectively). It also confirmed its intention to keep rates steady at their current levels or lower for an extended period, declaring itself ready, if required, to use all of the necessary instruments, including extraordinary measures, to counteract unwanted restrictions on market conditions. Concerns regarding the latter were mainly attributable to the Fed’s decision to taper the purchasing of securitized mortgages and long-term Treasury bonds.

Although the risks of increased strains in financial markets remain, the continued support of the ECB, together with the capital strengthening measures for European banks, should help the credit system as a whole, favouring the progressive normalization of lending activity.

In 2014 the Group’s results will continue to be influenced by the evolution of the international macroeconomic situation. The economic outlook in Italy remains uncertain, even though it seems to have improved on the outlook at the beginning of 2013. The weakness in the economic trend will continue to impact the Bank’s results, both in terms of revenue generation and in terms of the write-downs to loans, though to a lesser extent than in the recent past. The easing of the pressure on sovereign debt should lead to an improvement in funding conditions. In accordance with the guidelines of the business plan, the Bank will continue to focus in particular on the capital and liquidity positions and the cost containment program.

Milan, March 11, 2014

BOARD OF DIRECTORS

Chairman
GIUSEPPE VITA

CEO
FEDERICO GHIZZONI

Choose

The best ways to bank.

Customers want everything a modern bank can offer, without actually having to go to a branch. To meet this need, we have become the first bank in Germany to integrate the benefits of in-branch and online banking. The online branch offers our Customers a personal relationship manager, long opening hours and the consulting expertise of a classical branch office.
Customers may choose from different modes of access: by phone or via online video link. Documents may be presented and processed live on screen while using the highest safety standards in place.
The online branch provides personal, competent consultancy irrespective of place and time.

HVB Online Branch - HypoVereinsbank - GERMANY

Proposal to the Shareholders' Meeting

Proposal to the Shareholders' Meeting

For the proposals to Shareholders' Meeting refer to the specific Board of Directors' report in relation to:

- making-up of the Loss for year 2013;
- bringing of the Legal Reserve up to 20% of the Share Capital;
- distribution to shareholders.

Collaborate

More efficiency, better results.

A long-standing Client of UniCredit, had been owned since 2008 by a US private equity fund. The Company consistently recorded good results and after four years, the equity fund began to consider the best options for maximizing its investment. The transaction was quite complex, involving many teams in UniCredit who worked in unison, like an orchestra, to achieve the same objective, that of satisfying all the clients involved.
Our intervention enabled all of the potential buyers to be well supported and the deal was concluded in a very short time, allowing the Company to **continue its growth** path under a new shareholder, also a key Client of UniCredit. The US equity fund managed to achieve **a very successful investment**. One deal, more satisfied Clients.
Working together for the same objective produces excellent results.

CIB Financial Sponsor Solutions - ITALY

Company Accounts and Annexes

Notes

The following conventional symbols have been used in the tables:

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

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

Company Accounts

Company Accounts

Balance Sheet

(€)

ASSETS	12.31.2013	12.31.2012
10. Cash and cash balances	3,226,549,368	2,213,411,731
20. Financial assets held for trading	12,253,518,976	10,535,934,104
30. Financial assets at fair value through profit or loss	389,198,381	372,924,418
40. Available-for-sale financial assets	42,951,975,023	31,634,694,651
50. Held-to-maturity investments	3,025,400,668	3,348,434,583
60. Loans and receivables with banks	21,868,522,720	27,936,364,815
70. Loans and receivables with customers	231,171,219,507	260,849,918,715
80. Hedging derivatives	5,389,229,951	8,047,016,211
90. Changes in fair value of portfolio hedged financial assets (+/-)	2,468,958,399	2,793,128,389
100. Equity investments	51,349,511,410	59,290,567,171
110. Property, plant and equipment	2,666,253,902	2,755,345,090
120. Intangible assets:	1,338,922	2,841,291,277
of which:		
- goodwill	-	*2,815,450,828*
130. Tax assets:	14,765,983,202	12,292,136,488
a) current tax assets	*639,168,797*	*539,375,980*
b) deferred tax assets	*14,126,814,405*	*11,752,760,508*
out of which for purposes of L. 214/2011	*12,346,590,637*	*9,375,536,037*
140. Non-current assets and disposal groups classified as held for sale	368,228,307	-
150. Other assets	6,411,362,078	6,416,420,757
Total assets	**398,307,250,814**	**431,327,588,400**

LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2013	12.31.2012
10. Deposits from banks	47,378,696,726	56,445,526,140
20. Deposits from customers	150,839,832,996	151,925,086,278
30. Debt securities in issue	119,910,885,377	127,421,548,170
40. Financial liabilities held for trading	10,804,002,392	10,077,830,522
60. Hedging derivatives	5,797,147,663	7,946,477,395
70. Changes in fair value of portfolio hedged financial liabilities (+/-)	2,344,206,355	3,989,757,252
80. Tax liabilities:	861,958,568	2,617,664,578
a) current tax liabilities	*356,856,863*	*2,076,611,299*
b) deferred tax liabilities	*505,101,705*	*541,053,279*
100. Other liabilities	11,043,479,284	10,134,970,984
110. Provision for employee severance pay	964,941,946	1,033,597,185
120. Provisions for risks and charges:	2,284,175,673	1,944,982,897
a) post-retirement benefit obligations	*806,370,467*	*879,040,523*
b) other provisions	*1,477,805,206*	*1,065,942,374*
130. Revaluation reserves	666,512,156	201,965,214
160. Reserves	13,480,904,261	5,284,519,052
170. Share premium	23,879,201,855	32,877,937,677
180. Share capital	19,654,856,199	19,647,948,525
190. Treasury shares (-)	(2,440,001)	(2,440,001)
200. Net Profit or Loss (+/-)	(11,601,110,636)	(219,783,468)
Total liabilities and shareholders' equity	**398,307,250,814**	**431,327,588,400**

The comparative figures at December 31, 2012 have been restated to reflect the introduction of the accounting standard IAS19R as described in Part A – Accounting Policies of A2) The main item of the Accounts. Specifically:

- assets have increased by € 48,942,055 thousand under Item 130 – Deferred tax assets
- liabilities have increased by € 96,680,189 under Item 110 – Provision for employee severance pay, by €177,971,110 under Item 120 - Provisions for risks and charges: retirement payments and similar obligations and have decreased by € 26,587,052 under Item 80 - Tax liabilities: a) current
- the balance of Item 130 – Revaluation Reserves has decreased by € 199,122,192 in relation to Revaluation reserves for Actuarial gains (losses) on defined benefits plans

Income Statement

(€)

ITEMS	12.31.2013	12.31.2012
10. Interest income and similar revenues	9,415,743,403	10,658,027,934
20. Interest expense and similar charges	(5,421,966,007)	(6,382,274,229)
30. Net interest margin	**3,993,777,396**	**4,275,753,705**
40. Fee and commission income	3,773,274,803	3,839,250,228
50. Fee and commission expense	(421,052,971)	(348,262,170)
60. Net fees and commissions	**3,352,221,832**	**3,490,988,058**
70. Dividend income and similar revenue	3,180,206,420	1,706,633,693
80. Gains and losses on financial assets and liabilities held for trading	(21,304,443)	(345,615,054)
90. Fair value adjustments in hedge accounting	(5,242,038)	(341,513,817)
100. Gains and losses on disposal of:	1,745,652,313	987,083,344
a) loans	*10,060,166*	*42,404,656*
b) available-for-sale financial assets	*1,474,151,660*	*163,606,659*
c) held-to-maturity investments	-	*(1)*
d) financial liabilities	*261,440,487*	*781,072,030*
110. Gains and losses on financial assets/liabilities at fair value through profit or loss	19,923,973	2,007,975
120. Operating income	**12,265,235,453**	**9,775,337,904**
130. Impairment losses on:	(9,932,775,556)	(6,972,594,174)
a) loans	*(9,798,010,959)*	*(6,677,044,977)*
b) available-for-sale financial assets	*(56,646,657)*	*(23,290,321)*
c) held-to-maturity investments	-	-
d) other financial assets	*(78,117,940)*	*(272,258,876)*
140. Net profit from financial assets	**2,332,459,897**	**2,802,743,730**
150. Administrative costs:	(6,100,469,360)	(6,171,276,373)
a) staff expenses	*(3,397,730,262)*	*(3,414,975,298)*
b) other administrative expenses	*(2,702,739,098)*	*(2,756,301,075)*
160. Provisions for risks and charges	(664,705,589)	(169,065,734)
170. Impairment/write-backs on property, plant and equipment	(144,232,915)	(166,985,066)
180. Impairment/write-backs on intangible assets	(24,809,620)	(3,336,568)
190. Other net operating income	625,246,515	448,311,975
200. Operating costs	**(6,308,970,969)**	**(6,062,351,766)**
210. Profit (loss) of associates	(7,193,491,366)	(107,746,804)
230. Impairment of goodwill	(2,815,450,828)	-
240. Gain and losses on disposal of investments	12,669,694	16,200,759
250. Total profit or loss before tax from continuing operations	**(13,972,783,572)**	**(3,351,154,081)**
260. Tax expense (income) related to profit or loss from continuing operations	2,371,672,936	3,131,370,613
270. Total profit or loss after tax from continuing operations	**(11,601,110,636)**	**(219,783,468)**
290. Net Profit or Loss for the year	**(11,601,110,636)**	**(219,783,468)**

Statement of comprehensive income

(€)

	YEAR 2013	YEAR 2012
10. Net Profit (Loss) for the year	**(11,601,110,636)**	**(219,783,468)**
Other comprehensive income after tax not to be recycled to income statement		
20. Property plant and equipment	-	-
30. Intangible assets	-	-
40. Defined benefits plans	45,040,544	(154,306,798)
50. Non current assets classified as held for sale	-	-
60. Valuation reserves from investments accounted for using the equity method	-	-
Other comprehensive income after tax to be recycled to P&L		
70. Hedges of foreign investments	-	-
80. Exchange differences	-	-
90. Cash flow hedges	(165,528,535)	100,925,047
100. Available-for-sale financial assets	581,465,786	894,299,231
110. Non current assets classified as held for sale	-	-
120. Valuation reserves from investments accounted for using the equity method	-	-
130. Total of other comprehensive income after tax	**460,977,795**	**840,917,480**
140. Comprehensive income after tax (10+130)	**(11,140,132,841)**	**621,134,012**

The comprehensive income for the year 2012 differs (-€154 million) from the amount published at that date due to the change for the period in the revaluation reserve following the introduction of the new IAS19R as described in part A - Accounting Policies in section 2 - Preparation Criteria.

Company Accounts (Continued)

Statement of changes in shareholders' equity as at 12.31.2013

(€)

				ALLOCATION OF PROFIT PREVIOUS YEAR		CHANGES DURING THE PERIOD								
							SHAREHOLDERS' EQUITY TRANSACTIONS							
	BALANCE AS AT 12.31.2012	CHANGE IN OPENING BALANCE	BALANCE AS AT 1.1.2013	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS (*)	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS	OTHER COMPREHENSIVE INCOME STATEMENT AS AT 12.31.2013	SHAREHOLDERS' EQUITY AS AT 12.31.2013
Share capital:	19,647,948,525	-	19,647,948,525	-	-	-	6,907,674	-	-	-	-	-	-	19,654,856,199
a) ordinary shares	19,639,722,542	-	19,639,722,542	-	-	-	6,907,762	-	-	-	-	-	-	19,646,630,304
b) other shares	8,225,983	-	8,225,983	-	-	-	(88)	-	-	-	-	-	-	8,225,895
Share premium	32,877,937,677	-	32,877,937,677	(219,783,468)	-	(8,778,952,354)	-	-	-	-	-	-	-	23,879,201,855
Reserves:	5,284,519,052	-	5,284,519,052	-	-	8,692,795,837	(6,907,674)	-	(512,534,665)	-	-	23,031,711	-	13,480,904,261
a) from profits	6,461,113,705	-	6,461,113,705	-	-	2,419,638,922	(6,907,674)	-	(512,534,665)	-	-	-	-	8,361,310,288
b) other	(1,176,594,653)	-	(1,176,594,653)	-	-	6,273,156,915	-	-	-	-	-	23,031,711	-	5,119,593,973
Revaluation reserves	201,965,214	-	201,965,214	-	-	3,569,147	-	-	-	-	-	-	460,977,795	666,512,156
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(2,440,001)	-	(2,440,001)	-	-	-	-	-	-	-	-	-	-	(2,440,001)
Net Profit (Loss) for the year	(219,783,468)	-	(219,783,468)	219,783,468	-	-	-	-	-	-	-	-	(11,601,110,636)	(11,601,110,636)
Shareholders' equity	57,790,146,999	-	57,790,146,999	-	-	(82,587,370)	-	-	(512,534,665)	-	-	23,031,711	(11,140,132,841)	46,077,923,834

Balance amounts as at 12.31.2012 are different from those published at the same date due to the effects of the new principle IAS 19R, which determined a negative impact on Shareholder's equity as at 12.31.2012 (restated) equal to €199 million following the exposure of net actuarial losses (net of tax components related to them) among revaluation reserves, as described in Part A) - Accounting Policies section A2) The Main Items of the Accounts

Changes in reserves for the year include the effects of changes resulting from the resolutions of the Shareholders' Meeting of May 11, 2013 as described in Section F) of this Annual Report.

(*) As approved by the Shareholders' meeting of May 11, 2013.

Statement of changes in shareholders' equity as at 12.31.2012

(€)

				ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE PERIOD								
							SHAREHOLDERS' EQUITY TRANSACTIONS							
	BALANCE AS AT 12.31.2011	CHANGE IN OPENING BALANCE	BALANCE AS AT 1.1.2012	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS	OTHER COMPREHENSIVE INCOME STATEMENT AT 12.31.2012	SHAREHOLDERS' EQUITY AS AT 12.31.2012
Share capital:	12,148,463,316	-	12,148,463,316	-	-	-	7,499,485,209	-	-	-	-	-	-	19,647,948,525
a) ordinary shares	12,133,204,797	-	12,133,204,797	-	-	-	7,506,517,745	-	-	-	-	-	-	19,639,722,542
b) other shares	15,258,519	-	15,258,519	-	-	-	(7,032,536)	-	-	-	-	-	-	8,225,983
Share premium	36,823,215,098	-	36,823,215,098	(3,945,277,421)	-	-	-	-	-	-	-	-	-	32,877,937,677
Reserves:	7,622,872,289	-	7,622,872,289	(2,403,371,114)	-	137,530,347	(139,906,524)	-	-	-	-	67,394,054	-	5,284,519,052
a) from profits	8,682,084,746	-	8,682,084,746	(2,390,599,892)	-	169,905,552	(276,701)	-	-	-	-	-	-	6,461,113,705
b) other	(1,059,212,457)	-	(1,059,212,457)	(12,771,222)	-	(32,375,205)	(139,629,823)	-	-	-	-	67,394,054	-	(1,176,594,653)
Revaluation reserves	(594,136,872)	(44,815,394)	(638,952,266)	-	-	-	-	-	-	-	-	-	840,917,480	201,965,214
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(2,440,001)	-	(2,440,001)	-	-	-	-	-	-	-	-	-	-	(2,440,001)
Net Profit (Loss) for the year	(6,348,648,535)	-	(6,348,648,535)	6,348,648,535	-	-	-	-	-	-	-	-	(219,783,468)	(219,783,468)
Shareholders' equity	49,649,325,295	(44,815,394)	49,604,509,901	-	-	137,530,347	7,359,578,685	-	-	-	-	67,394,054	621,134,012	57,790,146,999

The amount of €44.8 million stated under "Change in opening balance", refers to the effects of the amendments to IAS19 (IAS 19R), as detailed in Part A - Accounting Policies, Section A2 - The Main Items of the Accounts.

Company Accounts (Continued)

Cash Flow Statement - Indirect method

(€)

		12.31.2013	12.31.2012
A.	**OPERATING ACTIVITIES**		
1.	**Operations**	**4,459,240,246**	**3,727,816,699**
	- profit (loss) for the period (+/-)	-11,601,110,636	-219,783,468
	- capital gains/losses on financial assets/liabilities held for trading andon assets/liabilities at fair value through profit and loss (+/-)	-61,403,537	323,788,624
	- capital gains/losses on hedging transactions (+/-)	5,242,037	341,513,817
	- net write-offs/write-backs due to impairment (+/-)	13,156,389,526	7,398,731,179
	- net write-offs/write-backs on tangible and intangible assets (+/-)	169,042,535	170,321,634
	- provisions and other income/expenses (+/-)	413,911,213	137,564,941
	- tax not paid (+/-)	-2,414,166,063	-3,384,791,867
	- other adjustements	4,791,335,171	-1,039,528,161
2.	**Liquidity generated/absorbed by financial assets**	**16,136,904,361**	**-17,863,968,729**
	- financial assets held for trading	-1,620,035,382	1,611,594,928
	- financial assets at fair value through profit and loss	3,650,017	51,942,438
	- available-for-sale financial assets	-11,045,528,237	-5,312,115,042
	- loans and receivables with banks	6,067,630,986	1,806,030,641
	- loans and receivables with customers	19,468,875,398	-11,604,460,458
	- other assets	3,262,311,579	-4,416,961,236
3.	**Liquidity generated/absorbed by financial liabilities**	**-22,424,655,764**	**389,381,629**
	- deposits from banks	-9,066,829,414	-8,209,559,787
	- deposits from customers	-807,279,783	70,782,062
	- debt securities in issue	-7,510,662,793	6,108,554,492
	- financial liabilities held for trading	670,101,937	-1,207,722,329
	- financial liabilities designated at fair value through profit or loss	-	-
	- other liabilities	-5,709,985,711	3,627,327,191
	Net liquidity generated/absorbed by operating activities	**-1,828,511,157**	**-13,746,770,401**
B.	**INVESTING ACTIVITIES**		
1.	**Liquidity generated by:**	**6,099,068,193**	**3,405,547,481**
	- sales of equity investments	975,176,651	209,171,623
	- collected dividends on equity investments	3,139,166,587	1,672,688,280
	- sales of financial assets held to maturity	1,959,715,843	1,472,318,159
	- sales of property, plant and equipment	25,009,112	51,369,416
	- sales of intangible assets	-	-
	- disposal of businesses	-	3
2.	**Liquidity absorbed by:**	**-2,575,801,207**	**-507,418,188**
	- purchases of equity investments	-712,260,814	-96,503,258
	- purchases of financial assets held to maturity	-1,629,738,181	-329,935,479
	- purchases of tangible assets	-233,553,507	-80,798,083
	- purchases of intangible assets	-248,705	-181,367
	- purchase of businesses	-	-1
	Net liquidity generated/absorbed by investing actvities	**3,523,266,986**	**2,898,129,293**
C.	**FINANCING ACTIVITIES**		
	- issue/purchase of treasury shares	-	7,359,578,685
	- issue/purchase of equity instruments	-	-
	- distribution of dividends and other purposes	-623,318,870	-46,530,056
	Net liquidity generated/absorbed by financing actvities	**-623,318,870**	**7,313,048,629**
	NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	**1,071,436,959**	**-3,535,592,479**

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

Reconciliation

(€)

ITEMS	12.31.2013	12.31.2012
Cash and cash equivalents at the beginning of the year	**2,213,411,731**	**5,753,362,899**
Net liquidity generated/absorbed during the period	1,071,436,959	-3,535,592,479
Cash and cash equivalents: effect of exchange differences	-58,299,322	-4,358,689
Cash and cash equivalents at the end of the period	**3,226,549,368**	**2,213,411,731**

LEGEND:

(+) generated;

(-) absorbed.

Notes to the Accounts

Part A - Accounting Policies

Part A - Accounting Policies

A.1 - General

Section 1 - Statement of compliance with IFRS

These Accounts have been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB), including the interpretation documents issued by the SIC and the IFRIC, and endorsed by the European Commission up to December 31, 2013, pursuant EU Regulation 1606/2002, which was incorporated into Italian legislation through the Legislative Decree 38 of February 28, 2005 (see Section 4 - Other matters).

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

In its circular 262 of December 22, 2005 the Bank of Italy - whose powers regarding the accounts of banks and regulated financial companies, previously established under Legislative Decree 87/92, were confirmed in the above mentioned Legislative Decree 58/98 - laid down the formats for the financial statements and explanatory notes used to prepare these Accounts.

In addition, on January 21, 2014 the Bank of Italy issued a second revision to this circular incorporating the amendments to IAS/IFRS, as endorsed by the European Commission, effective for reporting periods beginning on or after December 31, 2013.

For further information see Section 2 - Preparation Criteria and Part A2 concerning the main items in the accounts.

Section 2 - Preparation criteria

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

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

Pursuant to Art. 123-bis par. 3 of TUF, as noted in the Report on Operations, the Report on Corporate Governance and Ownership Structures is available in the "Governance" section of the UniCredit website:
https://www.unicreditgroup.eu/it/governance/system-policies/corporate-governance-report.html - Italian version and
https://www.unicreditgroup.eu/en/governance/system-policies/corporate-governance-report.html - English version.

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

In their joint Document no. 4 of March 3, 2010, the Bank of Italy, Consob and Isvap made a few observations on the current situation of the markets and businesses and requested that information essential for a better understanding of business trends and outlook be disclosed in financial reports.

In this regard, the Directors identified no symptoms in the capital and financial structure and in the economic performance that could indicate uncertainty about the entity's ability to continue as a going concern and therefore believe with reasonable certainty that the Bank will continue to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS 1, the accounts as at December 31, 2013 were prepared on a going concern basis.

Indeed, the Directors took account of the fact that the large-value losses recognized during the period resulted from both the change in the estimates of the value of loans to customers, which became necessary in order to reflect the prevailing conditions at the balance sheet date, and the write-downs of intangible assets (including goodwill) following the approval of the new Strategic Plan.

The measurement criteria adopted are therefore consistent with the assumption that the business is a going concern and with the principles of accrual based accounting, the relevance and materiality of accounting information, and the prevalence of economic substance over legal form. These criteria have not changed with respect to the previous year, except for the modifications described in section A.2 "The Main Items of the Accounts" relating to the introduction of new standards and interpretations.

Second revision of January 21, 2014 to Bank of Italy circular 262/2005

In accordance with the above-mentioned second revision to Bank of Italy circular 262/2005, the following main changes were made to the Financial Statements and the tables included in the Notes to the accounts:

a. the division of the items included in the Statement of Comprehensive Income into two categories, which reflect the possibility of reclassifying or not reclassifying them to the Income Statement in a subsequent financial year;
b. qualitative and quantitative information on financial assets and liabilities (such as, for example, derivatives and repos) included in master netting agreements or similar agreements;
c. new information on defined benefit plans;
d. further qualitative and quantitative information on fair value and its hierarchical levels;
e. further information in Part E on impaired financial assets as well as quantitative data on own assets, recognized or not recognized in the financial statements, divided into encumbered and unencumbered assets.

Please note that in preparing the 2013 accounts the option provided by the Bank of Italy not to disclose comparative information relating to the previous financial year (2012) was exercised with regard to the above items:

- c., in accordance with the provisions of IAS 19 paragraph 173 letter b) (see Part B and Part C of the Notes to the Accounts)

and

- d. (see IFRS 13, paragraph C3), with the exception of the information already included in Circular 262 - 1st revision (see Part A and Part B of the Notes to the Accounts).

The disclosure regarding the retroactive adoption of IAS 19R with reference to the effects at January 1, 2012 has not been reported in the financial statements because it was not significant in proportion to the amounts presented.

Risk and uncertainty related to the use of estimates

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

Estimated figures have been used for the recognition of some of the largest value-based items in the Accounts at December 31, 2013, as required by the accounting standards and regulations described above.

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

The processes adopted support the carrying values at December 31, 2013. Valuation is particularly difficult because of the uncertainty in the macroeconomic and market environment, characterized by the significant volatility in the financial parameters defined for the valuation process, signs of deterioration in credit quality and a steady decrease in transactions and in real estate market prices.

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

Estimates and assumptions are regularly reviewed. Any changes resulting from these reviews are recognized in the period in which the review was carried out, provided the change only concerns that period. If the revision concerns both current and future periods it is recognized accordingly in both current and future periods.

Uncertainty affecting estimates is generally inherent in the determination of:

- fair value of financial instruments not listed in active markets (see “Part E - Information on risks and related risk management policies” for information regarding the revaluation of the shareholding in the Bank of Italy);
- loans and receivables, investments and, in general, any other financial asset/liability;
- severance pay (Italy) and other employee benefits;
- provisions for risks and charges and contingent assets (for more information on legal risks see part E - Section 4);
- goodwill and other intangibile assets;
- deferred tax assets;
- property held for investment.

whose assessment may significantly change over time according to the trend in: domestic and international socio-economic conditions and subsequent impact on the Bank’s profitability and customers’ creditworthiness; financial markets which affect changes in interest rates, prices and actuarial assumptions; real estate market affecting the value of property owned by the Bank or received as collateral.

Part A - Accounting Policies (CONTINUED)

With specific reference to future cash flow projections used in the valuation of goodwill and other intangible assets, it should be noted that the parameters and information used are significantly influenced by the macro-economic market situation, which may change in unpredictably. For further information see Part B - Balance Sheet - Section 12 - Intangible assets.

With specific reference to valuation techniques, unobservable inputs used in the fair value measurement and sensitivities to changes in those inputs, please refer to section A.4. Information on fair value.

In October 2013 the ECB and National Competent Authorities responsible for conducting banking supervision announced a Comprehensive assessment of Significant Banks, in line with the provisions of the Regulation on the Single Supervisory Mechanism (SSM Regulation). Accordingly, UniCredit S.p.A will be subject to this Comprehensive Assessment, whose first phase in 2014 will be an Asset Quality Review.

Section 3 - Subsequent events

No significant events have occurred after the balance sheet date that would make it necessary to change any of the information given in the Accounts as at December 31, 2013.

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

Section 4 - Other matters

In 2013, the following principles and accounting interpretations came into force:
- Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income (EU Regulation 475/2012);
- Amendments to IAS 12 - Deferred Tax: recovery of Underlying Assets (EU Regulation 1255/2012);
- Amendments to IAS 19 - Employee Benefit (EU Regulation 475/2012);
- Amendment to IAS 32 - Offsetting Financial Assets and Financial Liabilities (EU Regulation 1256/2012);
- Amendments to IFRS1 - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (EU Regulation 1255/2012);
- Amendments to IFRS1 - First-time Adoption of International Financial Reporting Standards - Government Loans (EU Regulation 183/2013);
- Amendments to IFRS 7 - Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (EU Regulation 1256/2012);
- IFRS 13 - Fair value measurement (EU Regulation 1255/2012);
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine (EU Regulation 1255/2012);
- Improvements to IFRSs (2009-2011) (EU Regulation 301/2013).

In 2012 and 2013 the European Commission endorsed the following accounting principles and interpretations that will be applicable for reporting periods beginning on or after January 1, 2014:
- IAS 27 revised - Separate Financial Statements (EU Regulation 1254/2012);
- IAS 28 revised - Investments in Associates and Joint Ventures (EU Regulation 1254/2012);
- IFRS 10 - Consolidated Financial Statements (EU Regulation 1254/2012);
- IFRS 11 - Joint Arrangements (EU Regulation 1254/2012);
- IFRS 12 - Disclosure of interests in Other Entities (EU Regulation 1254/2012);
- Amendments to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets (EU Regulation 1374/2013);
- Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting (EU Regulation 1375/2013);
- Amendments to IFRS 10, IFRS 11 and IFRS 12 - Transition Guidance (EU Regulation 313/2013);
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities (EU Regulation 1174/2013).

As at December 31, 2013 the IASB issued the following standards, amendments, interpretations or revisions:
- IFRS 9 - Financial Instruments (November 2009) and the following subsequent amendments:
  - Amendments to IFRS 9 and IFRS7 - Mandatory Effective Date and Transition - December 2011;
  - Hedge Accounting and amendments to IFRS9, IFRS7 and IAS 39 - November 2013;
- IFRIC 21 - Levies (May 2013);
- Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions (November 2013);
- Annual Improvements to the IFRSs 2010 - 2012 (December 2013);
- Annual Improvements to the IFRSs 2011 - 2013 (December 2013).

However, the application of these principles by the Group is subject to their transposition by the European Commission.

In 2013, the Bank changed the parameters used to estimate impaired and performing loans which, pursuant to IAS 8 (paragraph 5), classifies as a “change in estimates”, as there was no change in the basis of measurement of the loans. Detailed information on the effects of the change has been provided pursuant to IAS 8 (paragraph 39) below in Part E - Risks and Hedging Policies - Section 1 - Credit Risk - A. Credit quality, at the bottom of table A.1.2 Breakdown of credit exposures by portfolio and credit quality, to which reference should be made for more information.

Starting from January 1, 2013 the amendments to IAS 19 ('IAS 19R') came into effect, which, in particular, eliminate the option of using the "corridor approach" and require the commitment to be recognized on the basis of the present value of the defined benefit obligation, net of the fair value of the plan assets.

Therefore were recognized the net equity effects in the periods of 2012 of the application of the new IAS 19R (adopted from January 1, 2013) which requires the full actuarial valuation of the Italian Staff Severance Pay (TFR) and the defined benefits pension funds as offsetting entries against a specific valuation reserve.

The adoption of the new standard had a negative impact on shareholders' equity at December 31, 2012 (restated) of €199 million, as a result of the recognition of the net actuarial losses (less the related tax items) under revaluation reserves.

The rules for the first-time adoption of the standard also required the restatement of the previous periods starting from January 1, 2012, with a negative impact on shareholders' equity at January 1, 2012 (see Company Financial Statements - Financial Statements - the Statement of changes in Shareholder's Equity at December 31, 2012) March 31, June 30, and September 30, 2012 (cf. Directors' Report on operations - Condensed Financial Accounts - Quarterly figures 2012) of €45 million.

The disclosure regarding the retroactive adoption of IAS 19R with reference to the effects at January 1, 2012 has not been reported in the financial statements because it was not significant in proportion to the amounts presented.

These Accounts are audited by Deloitte & Touche pursuant to Legislative Decree no. 39 of January 27, 2010 and the resolution passed by the Shareholders' Meeting on May 11, 2012.

The Parent Company Accounts were approved by the Board of Directors meeting of March 11, 2014, which authorized their publication. also pursuant to IAS 10.

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

Part A - Accounting Policies (Continued)

A.2 - The Main Items of the Accounts

1 - Financial Assets held for trading (HfT)

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

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

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

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

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

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

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

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

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

A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

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

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

AfS financial assets are money market instruments, other debt instruments (included host contract of hybrid instruments from which embedded derivative has been bifurcated) or equity instruments; they include shares held as minority stakes where these do not constitute controlling, or joint control, or associate interests.

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

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

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

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

Equity instruments (shares) not listed in an active market and whose fair value cannot be reliably determined due to lack or unreliability of information for the fair value measurement are valued at cost, equivalent to the last fair value reliably measured.

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

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

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

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

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

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

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

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

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

3 - Held to Maturity Investments (HtM)

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity for which there is the positive intention and ability to hold them to maturity (included host contract of hybrid instruments from which embedded derivative has been bifurcated whose value is represented by the difference between the total amount received and the fair value of the embedded derivative).

If, during the financial year, more than an insignificant amount of held-to-maturity investments are sold or reclassified before maturity, the remaining HtM financial assets shall be reclassified as available-for-sale and no financial assets shall be classified as HtM investments for the two following financial years, unless the sales or reclassifications:

- are so close to maturity or the financial asset’s call date that changes in the market rate of interest would not have a significant effect on the financial asset’s fair value;

Part A - Accounting Policies (Continued)

- occur after substantially all of the financial asset's original principal has been collected through scheduled payments or prepayments;
- are attributable to an isolated event that is beyond the reporting entity's control, is non-recurring and could not have been reasonably anticipated.

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

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

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

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

4 - Loans and Receivables

Loans and Advances

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

These items are recognized on settlement date and include debt instruments, with the above characteristics (included host contract of hybrid instruments from which embedded derivative has been bifurcated) or those subject to portfolio reclassification in accordance with the rules of IAS 39 (see Part A.3.1 below - Transfers between portfolios).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Non-performing loans** -formally impaired loans, consisting of exposure to insolvent borrowers, even if the insolvency has not been recognized in a court of law, or borrowers in a similar situation. These are usually measured on a specific basis; for positions belonging to specific portfolios the calculation mechanism for the loss can take place through comparison against levels of cover set statistically and automatically.

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

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

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

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

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

  Please see Section A.4 below for the method used to calculate the fair value of shares arising from these transactions. Any negative differences between the value of the loans and the fair value of the shares are taken to profit and loss as write-downs.

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

Part A - Accounting Policies (Continued)

Total exposure is recognized in this category if, at the balance-sheet date,

either

- the expired or unauthorized borrowing,

or

- the average daily amount of expired or unauthorised borrowings during the last preceding quarter,

is equal to or exceeds 5% of total exposure.

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

On October 21, 2013 the EBA document Final draft Implementing Technical Standards was issued, which provides for a new harmonized definition of "non performing exposures" applicable across the EU within the FINREP framework. The new definition is effective from the September 2014 reporting period.

For further information regarding forborne exposures see Part E - Section 1 - Credit risk.

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

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

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

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

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

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

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

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

Loan Securitizations

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

Corresponding amounts received for the sale of securitized loans, net of the amount of any issued securities and any other type of credit enhancement held in portfolio (retained risk) are recognized in liability items 10. "Deposits from banks" and 20. "Deposits from customers".

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

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

Guarantees, etc.

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

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

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

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

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

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

* * *

In 2013 the bank has modified the parameters used for the valuation of impaired and performing; in accordance with IAS 8 (paragraph 5), since the basis for the measurement of the loans has not been modified, this change qualifies as a “change in accounting estimates”. Detailed information about the effects of this changes was provided, as required by IAS 8 (paragraph 39) in Part E - Information on risks and related risk management policies - at the foot of Table A.1.2 Breakdown of credit exposures by portfolio and credit quality, which refer to for further information.

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

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

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

FIaFV includes financial assets:

(i) not belonging to regulatory trading book, whose risk is:
- connected with debt positions measured at fair value (see also item 15 “Financial liabilities at fair value through profit and loss”);
- and managed by the use of derivatives not treatable as accounting hedges.

(ii) represented by hybrid (combined) instruments containing embedded derivatives that otherwise should have been separated from the host contract.

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

6 - Hedge Accounting

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

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

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

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

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

Part A - Accounting Policies (Continued)

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

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

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

Hedging derivatives are measured at fair value. Specifically:

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

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

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

   The ineffective portion of the gain or loss is recognized through profit or loss in item 90. “Fair value adjustments in hedge accounting”.

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

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

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

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

7 - Equity Investments

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

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

The following are the types of equity investment:

Subsidiaries

Subsidiaries are entities of which:

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

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

Joint Ventures

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

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

The purchase price of an equity investment is the sum of:

- the fair value, at the date of acquisition, of the assets sold, liabilities assumed and equity instruments issued by the purchaser in exchange for control of the investee

and

- any cost directly attributable to the acquisition.

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

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

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

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

Associates

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

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

Part A - Accounting Policies (Continued)

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

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

8 - Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

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

Residual useful life is usually assessed as follows:

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

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

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

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

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

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

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

9 - Intangible Assets

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

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

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

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

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

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

Residual useful life is usually assessed as follows:

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

Intangible assets with an indefinite life are not amortized.

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

Part A - Accounting Policies (Continued)

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

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

An intangible asset is derecognized on disposal or when any further economic benefits are expected from its use or sale in the future and any difference between sale proceeds or recoverable value and carrying value is recognized in the profit and loss item 240. "Gains (losses) on disposal of investments".

Goodwill

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

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

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

Goodwill is tested for impairment annually, as for other intangible assets with an indefinite life.

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

10 - Non-current Assets Held for Sale

These categories include individual assets held for disposal (tangible, intangible and financial assets) or groups of assets held for sale, with the related liabilities, as required by IFRS 5.Individual assets (or groups of assets held for sale) are recognized in item 140. "Non-current assets and disposal groups classified as held for sale" and item 90. "Liabilities included in disposal groups classified as held for sale", respectively, at the lower of their carrying amounts and fair values less costs to sell.

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

The net balance of profits (dividends, interest income, etc.) and losses (interest expense, etc.) attributable to groups of assets or liabilities held for sale are recognized in the income statement under item 280. "Gains (losses) on groups of assets held for sale, net of tax". Profits and losses attributable to individual assets held for disposal are recognized in the income statement under the most appropriate item.

11 - Current and Deferred Tax

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

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

Current tax assets and tax liabilities are calculated in accordance with local tax regulations and are recognized in profit or loss on an accrual basis. In particular current corporate tax ("IRES") is calculated at a rate of 27.50%; the regional tax on productive activity ("IRAP") is calculated at 5.47% plus the regional surtax where applicable. Payment of the additional of 8,5% is, however, not due, since the taxable income on which this must be applied is negative.

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

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

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

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

IRES is determined on the basis of the "consolidato fiscale" rules pursuant to LD 344/03; UniCredit S.p.A. opted to apply tax consolidation of the Group's Italian entities for the three-year period 2013-2015 (see also Part B of these Notes - Section 13.7 - Further Information).

12 - Provisions for Risks and Charges

Retirement Payments and Similar Obligations

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

In detail:

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

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

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

More specifically, the amount recognized according to IAS 19 Revised as a net liability/asset in item 120. Provisions for risks and charges - a) Post-retirement benefit obligations is the present value of the obligation at the balance sheet date, less any pension charges relating to benefits already provided but not yet recognized, less the fair value at the balance sheet date of plan assets other than those due to directly settle the obligations adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. Actuarial gains or losses arising from the valuation of defined-benefit liabilities are recognized against Revaluation reserves.

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

Other Provisions

Provisions for risks and charges are recognized when:

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

and

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

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

Part A - Accounting Policies (Continued)

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

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

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

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

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

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

13 - Liabilities and Securities in Issue

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

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

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

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

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

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

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

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

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

14 - Financial Liabilities Held for Trading

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

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

15 - Financial Liabilities at Fair Value through Profit and Loss

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

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

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

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

16 - Foreign Currency Transactions

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

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

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

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

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

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

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

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

Part A - Accounting Policies (Continued)

17 - Other Information

Business Combinations

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

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

IFRS 3 requires that all business combinations concerning business divisions shall be accounted for by applying the purchase method, that involves the following steps:

- identifying an acquirer;
- measuring the cost of the business combination;

and

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

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

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

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

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

Rights to cash flow are considered to be transferred even if contractual rights to receive the asset's cash flow are retained but there is an obligation to pay this cash flow to one or more entities and all the following conditions are fulfilled (pass-through agreement):
- there is no obligation on the Bank to pay amounts not received from the original asset;
- sale or pledge of the original asset is not allowed, unless it secures the obligation to pay cash flow;
- the Bank is obliged to transfer forthwith all cash flows received and may not invest them, except for liquidity invested for the short period between the date of receipt and that of payment, provided that the interest accrued in that period is paid on.

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

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

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

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

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

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

Repo Transactions and securities lending

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

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

The same rules apply to securities lending transactions collateralized by cash fully available to the lender.

The P&L items connected with these transactions are booked respectively:
- in item Interest, with respect to the positive item (borrower) and the negative item (lender) related to the return on cash paid to the lender;
- in item Fees and commissions, with respect to the negative item (borrower) and the positive item (lender) related to the service provided by the lender by making the security available.

With reference to securities lending transactions collateralized by other securities, or not collateralized, the security lent or the security put up as collateral are still recognized as assets in the balance sheet, depending on the role - lender or borrower, respectively - played in the transaction.

Counterparty risk related to the latter securities lending or borrowing transactions is shown under the tables of Part E - Section 1 - Credit risk - A. Credit quality.

Treasury Shares

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

Part A - Accounting Policies (Continued)

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

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

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

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

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

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

TFR installments accrued since 01.01.2007 (date of Law 252's coming into effect) (or since the date between 01.01.2007 and 30.06.2007) are, at the employee's discretion, either paid into a pension fund or left in the company and (where the company has in excess of 50 employees) paid into an INPS Treasury fund by the employer, and are assimilated to a defined-contribution plan.

Costs relating to TFR are recognized in the Income Statement in item 150.a) "Administrative costs: staff expense" and include, for the part of obligations already exiting at the date of the reform (assimilated to a defined benefit plan) (i) interest cost accrued in the year, for the part of plan considered defined contribution plan (ii) the accrued installments for the year paid into the complementary pension scheme or to the Treasury fund of INPS.

Actuarial gains (losses), i.e., the difference between the liabilities' carrying value and the present value of the obligation at the end of the period are recognized against Revaluation reserves according to IAS 19 Revised.

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

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

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

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

Other Long-term Employee Benefits
Long-term employee benefits - e.g. long-service bonuses, paid on reaching a predefined number of years' service - are recognized in item 100. "Other liabilities" on the basis of the measurement of the liability at the balance sheet date, also in this case determined by an external actuary using the unit credit projection method (see Section 12 - Provisions for risks and charges - retirement payments and similar obligations). Actuarial gains (losses) on this type of benefit are recognized immediately in the Income Statement.

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

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

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

Offsetting Financial assets and Financial liabilities
The accounting offsetting of assets and liabilities items has been performed according to IAS 32, assessing the fulfillment of the following requirements:
a) current legal enforceable right to set off the recognized amounts;
b) intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accordance with IFRS 7, further information have been included in the table of Note to the accounts, in Part B - Other information.

In the new tables, in particular, following information have to be reported:
- balance-sheet values, before and after the accounting offsetting effects, related to the assets and liabilities which meet the criteria for applying those effects;
- values of the exposures which do not meet the above mentioned criteria, but are included in Master Netting Agreements, or similar agreements, which create the right to set-off only following specified circumstances (ie default events);
- figures of related collaterals.

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

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

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

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

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

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

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

Part A - Accounting Policies (Continued)

RELEVANT IFRS DEFINITIONS

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

Amortized cost

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

Reversals of impairment losses

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

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

Part A - Accounting Policies (Continued)

A.3 - Information on transfers between portfolios of financial assets

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

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

The following table provides the book value and the fair value as at December 31, 2013 (broken down by type of underlying asset and portfolio) of assets which were reclassified in the second half of 2008 and in the first half of 2009.

The income/expenses that would have been recognized if such reclassifications had not occurred, as well as those effectively recognized through profit or loss or at equity, are also provided.

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

As a result the overall impact that would have been recognized in the income statement as in 2013, if these assets had not been reclassified, would have been a gain of €21,629 thousand, while the impact actually recognized was a gain of €879 thousand.

A.3.1 Reclassified financial assets: book value, fair value and effects on comprehensive income

INSTRUMENTS TYPE	ACCOUNTING PORTFOLIO BEFORE RECLASSIFICATION	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION	CARRYING AMOUNT AS AT 12.31.2013	FAIR VALUE AS AT 12.31.2013	INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAXES)		INCOME/EXPENSE RECOGNIZED DURING THE PERIOD (BEFORE TAXES)	
					FROM MEASUREMENT	OTHER	FROM MEASUREMENT	OTHER
Debt securities	Financial assets held for trading	Loans and receivables with banks	22,862	21,792	1,103	109	-	419
Debt securities	Financial assets held for trading	Loans and receivables with customers	1,966	2,006	(896)	(44)	-	(934)
Debt securities	Available-for-sale financial assets	Loans and receivables with customers	109,235	82,164	20,218	1,139	-	1,394
Total			**134,063**	**105,962**	**20,425**	**1,204**	**-**	**879**

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

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

A.3.3 Transfer of financial assets held for trading

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

The carrying amount as at December 31, 2013 is shown in table A.3.1.

A.4 - Information on Fair Value

QUALITATIVE INFORMATION

This section presents a disclosure on fair value as required by IFRS 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market at the measurement date (i.e. an exit price).

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

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

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

If the observable prices in active market or other observable inputs, such as the quoted price of a similar instrument in an active market, the Company should use another valuation techniques, such as:

- a market approach (eg using quoted prices for similar liabilities or equity instruments held by other parties as assets).
- cost approach (eg it reflects the amount that would be required currently to replace the service capacity of an asset, that is the current replacement cost).
- an income approach (eg a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or equity instrument as an asset).

The Company uses valuation models (Mark to Model) in keeping with the methods generally accepted and used by the market. Valuation models include techniques based on the discounting of future cash flows and on volatility estimates, and they are subject to revision both during their development and periodically in order to ensure their consistency with the objectives of the valuation.

These methods use inputs based on prices set in recent transactions for the instrument being valued and/or prices/quotations for instruments having similar characteristics in terms of risk profile. Indeed, these prices/quotations are relevant for determining significant parameters in terms of the credit risk, liquidity risk and price risk of the instrument being valued. Reference to these "market" parameters makes it possible to limit the discretionary nature of the valuation, and ensures that the resulting fair value can be verified. If, for one or more risk factors it is not possible to refer to market data, the valuation models employed use estimates based on historical data as inputs.

As a further guarantee of the objectivity of valuations derived from valuation models, the Company employs:

- Independent price verifications (IPVs);
- fair value adjustments (FVAs).

Independent price verification requires that the prices are verified monthly by Risk Management units that are independent from the units that assume the risk exposure.

This verification calls for comparing and adjusting the daily price in line with valuations obtained from independent market participants.

For instruments not quoted in active markets, the above verification process uses prices contributed by infoproviders as a reference, and assigns a greater weighting to those prices that are considered representative of the instrument being valued.

This valuation includes the "executability" of the transaction at the price observed, the number of contributors, the degree of similarity of the financial instruments, the consistency of prices from different sources, and the process followed by the infoprovider to obtain the information.

Part A - Accounting Policies (Continued)

A.4.1 Fair value levels 2 and 3: valuation techniques and input used

Hereby we provide IFRS13 disclosure requirements about accounting portfolios measured at fair value on a recurring basis, not measured at fair value, or measured at fair value on a non-recurring basis.

Assets and Liabilities measured at fair value on a recurring basis

Fixed Income Securities

Fixed Income Securities are priced in a two tier process depending on the liquidity in the respective market. Liquid instruments in active markets are marked to market and consequently positions in these instruments are disclosed in reference to Fair Value Hierarchy under Level 1. Instruments not traded in active markets are marked to model based on implied credit spread curves derived from the former Level 1 instruments. The model maximizes the use of observable input and minimizes the use of unobservable inputs. With this respect, depending on the proximity of the credit spread curve applied, the bonds are disclosed as Level 2 or Level 3 respectively; Level 3 is applied in case credit spread curves used are significantly unobservable. Under fair value accounting, fair value adjustments for liquidity and model deficiencies compensate for the lack of market observables for the Level 2 and Level 3 positions.

In the global bond Independent Price Verification (IPV) process market prices of Level 1 bonds and pricing models for illiquid bonds are regularly verified for accuracy.

Structured Financial Products

The Company determines the fair value of structured financial products not quoted on active markets using the appropriate derivative valuation methodology given the nature of the embedded structure (when this is not to be separated). Such instruments are classified as Level 2 or Level 3 depending on the observability of significant inputs to the model.

Asset Backed Securities

Since 2009, UniCredit's enforced the "Structured Credit Bonds Valuation Group Policy", centered on:
- extension and implementation of the new Independent Price Verification (IPV) process suited to the changed market conditions for Structured Credit Bonds;
- integration of current Fair Value Adjustments Policy.

According to the IPV process the quality of a price is assessed based upon the availability of quotes of independent market players for identical assets. The process relies in the first instance on consensus data provider as reliable collector of market quotes.

As a second step, prices are assessed by benchmarking each security to a pool of similar securities with available market quotes. An alternative approach consists in evaluating the instrument through the use of quantitative pricing models, which are applicable every time that information regarding market participants assumptions on model parameters are reasonably made available without excessive costs or efforts.

Derivatives

Fair value of derivatives not traded in an active market is determined using a mark to model valuation technique. In such cases, where active markets exist for its component parts, then fair value is determined on the basis of the relevant market prices for the component parts.

Valuation techniques that are based on significant inputs that are observable are referred to as Level 2 valuations, while those based on techniques that use significant unobservable inputs are referred to as Level 3 valuations.

Equity Instruments

Equity Instruments are assigned to Level 1 when a quoted price is available on a liquid market and to Level 3 when no quotations are available or quotations have been suspended indefinitely. These instruments are classifies as Level 2 only when trading volume on the market where the instrument is quoted has decreased significantly.

For equity instruments measured at cost an impairment is given, if the carrying amount exceeds the recoverable amount significantly and/or over a prolonged period of time.

Investment Funds

The Company holds investments in certain investment funds that publish net asset value (NAV) per share, including mutual funds, private equity funds, hedge funds (including funds of funds) and real estate funds. The Company's investments include co-investments in funds that are managed by the Group and investments in funds that are managed by third parties and in particular:

Real Estate Funds

Real Estate Funds are mapped to Level 1 when quoted prices are available on an active market; when this condition does not hold, Real Estate Funds are disclosed as Level 3 and they are evaluated through an adequate credit adjustment of the NAV based on the specific features of each fund.

Other Funds
The Company holds investments also in mutual funds, hedge funds and private equity funds.

Funds are usually assigned to Level 1 when a quoted price is available on an active market.

Funds are disclosed as Level 2 or Level 3 depending on NAV availability, portfolio transparency and possible issues related to position write off. When sufficient information for reliable fair value measurements are not available, funds (eg. hedge funds and private equity) are valued at cost and classified as Available for Sale at Level 3.

Private Equity Funds are disclosed as Level 3 since reliable NAV prices are usually not available.

With reference to funds valued at cost, an impairment is applied in case the carrying amount is significantly above the recoverable amount for a prolonged period of time.

Fair Value Adjustments (FVA)
Fair value adjustment is defined as the amount to be added either to the market observed mid-price or to the theoretical price generated by a valuation model with the aim of obtaining a fair value of the position. Therefore FVA are aimed at insuring that the fair value reflects the actual exit price of a certain position.

Below the main adjustments:
- Credit and debit valuation adjustment (CVA/DVA)
- Model Risk
- Close-out Costs
- Other Adjustments.

Credit and debit valuation adjustment (CVA/DVA)
Credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and UniCredit own credit quality respectively.

UniCredit CVA/DVA methodology is based on the following inputs:
- EAD derived by simulation techniques. Simulated exposures also take into account Specific Wrong Way Risk that arises for transactions where there is a correlation between counterparty credit risk and the underlying derivative risk factors;
- PD derived by actual historic default rates or implied by current market default rates, obtained from credit default swaps.
- LGD based on the estimated level of expected recovery should a counterparty default and obtained from a bank's own historical experience or implied by current market default rates, obtained from credit default swaps.

Model Risk
Financial models are used for the valuation of the financial instruments if the direct market quotes are not readily available. In general the model risk is represented by the possibility that a financial instrument's evaluation is actually sensitive to the choice of model. It is possible to value the same financial instrument by using alternative models which could provide different results in term of pricing. The model risk adjustments refer to the risk that the actual fair value of the instrument differs from the value produced by the model.

Close-out Costs
It measures the implicit costs of closing an (aggregated) trading position. The position could be closed by a long position (or purchase in the case of a short position), or by entering into a new transaction (or several transactions) that offsets (hedges) the open position. The close-out costs are typically derived from the bid/ask spreads observed on the market. It accounts for the fact that a position is valued at mid but can only be closed at bid or ask. This adjustment is not needed when the position is marked at bid or ask and already represents an exit price. Moreover a close-out adjustment of the NAV is applied when there are some penalties related to position write off in an investment fund.

Other adjustments
Other fair value adjustments, which are not included into the previous categories, could be taken into consideration to align the evaluation to the current exit price, also according to the level of liquidity of the market and valuation parameters, e.g adjustment of equity prices whose quotation on the market are not representative of the effective exit price.

Assets and Liabilities not measured at fair value or measured at fair value on a non-recurring basis
Financial instrument not carried at fair value, for example retail loans and deposit, and credit facilities extended to corporate clients are not managed on a fair value basis.

Part A - Accounting Policies (Continued)

For these instruments fair value are calculated for disclosure purposes only and do not impact the balance sheet or the profit or loss. Additionally, since these instruments generally do not trade, there is significant management judgment required to determine their fair values as defined by IFRS 13.

Cash and cash balances
Cash and cash balances are not carried at fair value on the Consolidated Balance Sheets, but they are carried at amounts that approximate fair value, due to their short term nature and generally negligible credit risk.

Held-to-maturity investments
Considering that held to maturity investments are mainly composed by securities fair value for this asset class is determined according to what previously explained in the section A.4.1 Additional information on fair value - Fixed Income Securities.

Loans and Receivables
Fair value for performing Loans and Receivables from customers and banks, recorded ad amortized cost, is determined using the discounted cash flow model adjusted for credit risk. Some portfolios are valued according to simplified approaches, which however take into account the financial features of the financial intruments.

Property, plant and equipment held for investment purposes
The fair value of property, plant and equipment held for investment purposes is measured for reporting disclosure, and it is determined on the basis of a valuation by an independent valuer who holds a recognized and relevant professional qualification which perform its valuation mainly on the basis of an indirect knowledge of the assets through the information made available by the owner and relative to the localization, consistency, destination and in consideration of market analysis.

The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique. Given the current portfolio composition, most of the positions are at level 3.

Debt securities in issue
Fair value for debt securities in issue, recorded ad amortized cost, is determined using the discounted cash flow model adjusted for Unicredit credit risk. The Credit Spread is determined using UCG's subordinated and non-subordinated risk curves.

Other liabilities
Fair value for liabilities, recorded ad amortized cost, is determined using the discounted cash flow model adjusted for Unicredit credit risk. The Credit Spread is determined using UCG's senior and subordinated risk curves.

Description of the valuation technique
Specific valuation techniques are used to value positions for which a market price is not directly observable from market sources. The Company uses well known valuation techniques for determining fair values of financial and nonfinancial instruments that are not actively traded and quoted.
The valuation techniques used for Level 2 and 3 assets and liabilities, are described as follows.

Option Pricing Model
Option model valuation techniques are generally used for instruments in which the holder has a contingent right or obligation based on the occurrence of a future event, such as the price of a referenced asset going above or below a predetermined strike price. Option models estimate the likelihood of the specified event occurring by incorporating assumptions such as volatility estimates, price of the underlying instrument and expected rate of return.

Discounted cash flow
Discounted cash flow valuation techniques generally consist of developing an estimate of future cash flows that are expected to occur over the life of an instrument. The model requires the estimation of the cash flow and the adoption of market's parameters for the discounting: discount rate or discount margin reflects the credit and / or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a "present value". The fair value of the contract is given by the sum of the present values of future cash flow.

Hazard Rate Model
The valuation of CDS instruments requires the knowledge of the entity's survival probability at future dates. The estimate of this probability curve uses the standard model for survival probabilities and requires as parameters the credit default swap market quotes on standard future dates in addition to the risk free curve and the expected recovery rate. The hazard rate is part of the described process and it indicates the instantaneous probability of default at different future instants.

Market Approach
A valuation technique that uses prices generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities.

Gordon Growth Model
This model is used to determine the intrinsic value of an equity investment, based on a series of future dividends which grow at a constant rate. Given a dividend to be paid in a specific year and the hypothesis that the dividend grows at a constant rate, the model computes the present value of future dividends.

Dividend Discount Model
This model is used to determine the value of an equity investment, based on the series of predicted future dividends. Given a dividend to be paid in a specific year and the hypothesis that the dividend grows at a constant rate, the model computes the fair value of an equity share as the sum of the present value of all future dividends.

Adjusted NAV
Net asset value is the total value of a fund's assets less liabilities. An increase in net asset value would result in an increase in a fair value measurement. Usually for funds classified as Level 3, NAV represents a risk free valuation, therefore in this case the NAV is adjusted so as to consider the issuer's default risk.

Description of the inputs used to measure the fair value of items categorized in Level 2 and 3

Hereby a description of the main significant inputs used to measure the fair value of items categorized in Level 2 and 3 of the fair value hierarchy.

Volatility
Volatility is a measure for variation of price of a financial instrument over time. In particular, volatility measures the speed and severity of market price changes for an instrument, parameter or market index given how much the particular instrument, parameter or index changes in value over time, expressed as a percentage of relative change in price. The higher the volatility of the underlying, the riskier the instrument. In general, long option positions benefit from increases in volatility, whereas short option positions will suffer losses.

There are different types of volatility: volatility of interest rate, inflation volatility, volatility of foreign exchange and volatility of equity stocks, equity or other indices.

Correlation
Correlation is a measure of the relationship between the movements of two variables. When parameters are positively correlated, an increase in correlation results in a higher fair value measurement. On the contrary, given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in a fair value measurement. Therefore changes in correlation levels can have a major impact, favorable or unfavorable, on the fair value of an instrument, depending on the type of correlation.
Correlation is a pricing input for a derivative product where the payoff is driven by multiple underlying risks. The level of correlation used in the valuation of derivatives with multiple underlying risks depends on a number of factors including the nature of those risks.

Dividends
The derivation of a forward price for an individual stock or index is important both for measuring fair value for forward or swap contracts and for measuring fair value using option pricing models. The relationship between the current stock price and the forward price is based on a combination of expected future dividend levels and payment timings and, to a lesser extent, the relevant funding rates applicable to the stock in question. The dividend yield and timing represents the most significant parameter in determining fair value for instruments that are sensitive to an equity forward price.

Interest rate curve
The calculation of the interest rate curve is based on standard bootstrapping techniques relying on the set of quotes of appropriate financial instruments, for each currency.
Less liquid currencies interest curve refer to the rates in currencies for which doesn't exist a market liquidity in terms of tightness, depth and resiliency. The illiquidity of these input data impacts directly the valuation of securities or derivatives expressed in illiquid currencies.

Inflation Swap rate
The determination of forward levels for inflation indexes is based on swap quote over inflation indexes. Swap over inflation may present a low liquidity level whether there is no liquid market in terms of rigidity, deepness and resistance. The illiquidity of those inputs has an indirect impact on the valuation of a debt instrument linked to inflation (inflation-linked note) or in case of a derivative over inflation.

Credit spreads
Different valuation models, especially for credit derivatives require an input for the credit spread which reflects the credit quality of the associated credit name. The credit spread of a particular security is quoted in relation to the yield on a benchmark security or reference rate, typically either U.S. Treasury or LIBOR/EURIBOR and is generally expressed in terms of basis points. The ranges for credit spreads cover a variety of underlings (index and single names), regions, sectors, maturities and credit qualities (high-yield and investment-grade). The broad range of this population gives rise to the width of the ranges of unobservable inputs.

Part A - Accounting Policies (Continued)

Loss Given Default (LGD)/Recovery Rate
LGD also known as loss severity (the inverse concept is the recovery rate) represents the percentage of contractual cash flows lost in the event of a default, expressed as the net amount of loss relative to the outstanding balance. An increase in the loss severity, in isolation, would result in a decrease in a fair value measurement. Loss given default is facility-specific because such losses are generally understood to be influenced by key transaction characteristics such as the presence of collateral and the degree of subordination.

Price
Where market prices are not observable, comparison via proxy is used to measure a fair value.

Prepayment Rate (PR)
The PR is the estimated rate at which forecasted prepayments of principal of the related debt instrument are expected to occur. Voluntary unscheduled payments (prepayments) change the future cash flows for the investor and thereby change the fair value of the security.
In general as prepayment speeds change, the weighted average life of the security changes, which impacts the valuation either positively or negatively, depending upon the nature of the security and the direction of the change in the weighted average life.

Probability of Default (PD)
The probability of default is an estimate of the likelihood of not collecting contractual amounts. It provides an estimate of the likelihood that a client of a financial institution will be unable to meet its debt obligations over a particular time horizon. The PD of an obligor not only depends on the risk characteristics of that particular obligor but also the economic environment and the degree to which it affects the obligor.

Early conversion
The early conversion is the estimate of the probability that the liability would be converted into equity earlier than the terms stated.

EBITDA
EBITDA is an indicator of the current operating profitability of the business, that is the income generated by the use of the company's assets and the commercialization of the products manufactured.

Ke
The Ke (cost of capital) represents the minimum rate that the company has to offer to its shareholders as remuneration for the capital received.

Growth rate
It is the constant growth rate used for the future dividends estimate.

Quantitative information on significant unobservable inputs used in the fair value measurement: accounting portfolios measured at fair value categorized as Level 3

The following table shows, for each product category, the amount of Assets and Liabilities measured at fair value and the range of variation of unobservable parameters, across the whole portfolio, as monitored by Risk Management functions.

(€ million)

PRODUCT CATEGORIES			FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	VALUATION TECHNIQUES	UNOBSERVABLE PARAMETERS		RANGE
Derivatives	Financial							
		Commodities	9.21	13.11	Discounted Cash Flows	Swap Rate (% of used value)	70%	130%
					Option Pricing Model	Volatility	35%	120%
						Correlation	-100%	100%
		Foreign Exchange	32.63	24.85	Option Pricing Model	Volatility	1%	30%
					Discounted Cash Flows	Interest rate	30 bps	1000 bps
		Interest Rate	294.90	388.47	Discounted Cash Flows	Swap Rate (bps)	30 bps	1000 bps
						Inflation Swap Rate	120 bps	230 bps
					Option Pricing Model	Inflation Volatility	1%	10%
						Interest Rate Volatility	5%	100%
						Correlation	20%	100%
	Credit			0.05	Hazard Rate Model	Credit Spread	10bps	150%
						LGD	5%	95%
Debt Securities and Loans		Corporate/ Government/Other	45.63		Market Approach	Price (% of used value)	95%	110%
		Mortgage & Asset Backed Securities	8.16		Discounted Cash Flows	Credit Spread (% of used value)	0bps	34%
						LGD	50%	100%
						Default Rate	0%	7.5%
						Prepayment Rate	0%	30%
Equity Securities		Unlisted Equity & Holdings	1,865.71		Market Approach	Price (% of used value)	0%	100%
					Gordon Growth Model	Ke	8.8%	11.8%
						Growth Rate	2.5%	3.5%
					Dividend Discount Model	Beta	0.35	0.45
						Risk Premium	5.5%	6.5%
Units in Investment Funds		Real Estate & Other Funds	286.99		Adjusted Nav	PD	1%	30%
						LGD	30%	40%

A.4.2 Valuations processes and sensitivities

The Company verifies that the value attributed to each position reflects the current fair value in an appropriate way. Assets and liabilities subject to fair value measurements are determined using different techniques, among which (but not only) models such as discounted cash flow and internal models. On the basis of the observability of the input used, all the measurements are classified as Level 1, Level 2 or Level 3 of the fair value hierarchy.

When a financial instrument, measured at fair value, is valued through the use of one or more significant inputs non directly observable on the market, a further procedure for the price verification is implemented. These procedures include the revision of relevant historical data, the analysis of profits and losses, the individual valuation of each component for structural products and benchmarking. This approach uses subjective opinions and judgments based on experience and, therefore it could require valuation adjustments which take into account the *bid/ask spread*, liquidity and counterparty risk, in addition to the valuation model type adopted.

According to Group Market Risk Governance guidelines, in order to ensure the right separateness of the functions in charge of the model development and those in charge of the validation processes, all valuation models developed by the company's front offices are independently tested and validated by the Group Internal Validation functions. The aim of this independent control structure is of evaluating the model risk from a theoretical solidity, calibration techniques eventually applied and appropriateness of the model for a specific product in a defined market point of views.

In addition to the daily mark to market or mark to model valuation, the Independent Price Verification (IPV) is applied with the aim of guaranteeing a fair value which is independent from Market Risk perspective for all illiquid instruments.

Fair value sensitivity to variations in unobservable input used in the fair value computation for instruments categorized as Level 3

The direction of sensitivity for instruments categorized at level 3 of fair value hierarchy to variations in significant unobservable inputs is supplied in the

Part A - Accounting Policies (Continued)

following table. For fair value computations where significant unobservable input are employed (Level 3), the sensitivity analysis is performed using a range of reasonable alternatives for the un-observable parameters.

The Company takes into account the impact of unobservable inputs in the fair value computation of level 3 depends on the correlation among different inputs used in the valuation process. Furthermore, the effect of unobservable input variation has an impact on the amount and the direction of fair value measurement, also according to the instrument nature and sign.

(€ million)

PRODUCT CATEGORIES				FAIR VALUE MOVEMENTS GIVEN REASONABLE POSSIBLE ALTERNATIVES
Derivatives				
	Financial			
		Commodities	+/-	0.18
		Foreign Exchange	+/-	0.64
		Interest Rate	+/-	22.80
	Credit		+/-	0.00
Debt Securities and Loans				
		Corporate/Government/Other	+/-	3.94
		Mortgage & Asset Backed Securities	+/-	0.01
Equity Securities				
		Unlisted Equity & Holdings	+/-	353.61
Units in investment funds		Real Estate & Other Funds	+/-	30.65

A.4.3 Fair value hierarchy

The IFRS 13 principle establishes a fair value hierarchy according to to the observability of the input used in the valuation techniques adopted for valuations.

The fair value hierarchy level associated to assets and liabilities is set as the minimum level among all significant valuation inputs used.

A valuation input is not considered significant for the fair value of an instrument if the remaining inputs are able to explain the major part of the fair value variance itself over a period of three months.

In some specific cases, the significance limit is assessed in relation to the full fair value of the instrument at the measurement date. In particular, three levels are considered:
- level 1: fair value for instruments classified within this level is determined according to the quoted prices on active markets;
- level 2: fair value for instruments classified within this level is determined according to the valuation models which use observable inputs on active markets;
- level 3: fair value for instruments classified within this level is determined according to the valuation models which prevalently use significant unobservable input on active market.

Financial instruments are classified to a certain fair value level according to the observability of the input used for the valuation.

Level 1 (quoted prices in active market): quoted prices (unadjusted) in active markets are available for identical assets or liabilities that the entity has the ability to access at the measurement date. An active market is a market in which orderly transactions for the asset or liability take place with sufficient frequency and volume for pricing information to be provided on an on-going basis.

Level 2 (observable inputs): inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs are observable if they are developed on the basis of publicly available information about actual events or transactions and reflect the assumptions that market participants would use when pricing the asset or liability.

Level 3 (unobservable inputs): inputs other than the ones included in level 1 and level 2, not directly observable on the market for the evaluation of asset and liability, or used for the definition of significant adjustments to fair value. Unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

When Fair Value is measured directly taking into consideration an observable price and quoted on an active market, the hierarchy attribution process will assign Level 1. When Fair Value has to be measured either via Comparable approach or via Mark-to-Model approach, the hierarchy attribution process will assign Level 2 or Level 3, depending on the observability of all the significant input parameters.

Within the choice among various valuation techniques the Company employs the one which maximizes the use of observable inputs.

Transfers between hierarchy levels
All transfers between fair value hierarchy levels are reported through the last day of the reporting period.
The main drivers to transfers in and out the FV levels (both between L1 and L2 and within L3) include changes in market conditions (among which liquidity parameter) and enhancements to valuation techniques and weights for unobservable inputs used for the valuation itself.

A.4.4 Other information

The Company uses the IFRS 13 exception for fair value measurements on a net basis with reference to financial assets and liabilities with off-setting positions of market risk or counterparty credit risk.

QUANTITATIVE INFORMATION

A.4.5 Fair value hierarchy

The following tables presents the portfolios breakdown in terms of (i) financial assets and liabilities valued at fair value as well as (ii) assets and liabilities not measured at fair value or measured at fair value on a non recurring basis, according to the above mentioned levels.

A.4.5.1 Assets and liabilities measured at fair value on recurring basis: fair value levels breakdown

The increase in Level 1 financial assets, as well as the increase in Level 1 financial liabilities held for trading, is attributable to the start of primary dealer and market maker transactions on government bonds in the second quarter of 2013, formerly carried out by the subsidiary UniCredit Bank AG through its Milan branch.

Available-for-sale Financial Assets increased due to both the growth in investments in Italian government bonds (Level 1).

Transfers between level of fair value occurring between December 31, 2012 and December 31, 2013 mainly reflect the evolution of market of reference in the period and the enhancement of processes for fair value level.

A.4.5.1 - Accounting portfolios - breakdown by fair value levels

FINANCIAL ASSETS/LIABILITIES CARRIED AT FAIR VALUE	12.31.2013			12.31.2012		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for Trading	3,913,351	7,999,799	340,369	985,021	9,370,898	180,015
2. Financial assets at fair value through P&L	1,081	352,687	35,430	1,028	4	371,892
3. Available for sale financial assets	39,775,500	406,838	2,769,637	28,956,230	1,574,708	1,103,757
4. Hedging derivative assets	-	5,389,230	-	-	8,047,016	-
5. Property, plant and equipment	-	-	-	-	-	-
6. Intangibles assets	-	-	-	-	-	-
Total	**43,689,932**	**14,148,554**	**3,145,436**	**29,942,279**	**18,992,626**	**1,655,664**
1. Financial liabilities held for Trading	2,264,701	8,085,594	453,707	567	9,623,543	453,721
2. Financial liabilities at fair value through P&L	-	-	-	-	-	-
3. Hedging derivative Liabilities	-	5,797,092	56	-	7,946,407	70
Total	**2,264,701**	**13,882,686**	**453,763**	**567**	**17,569,950**	**453,791**

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

Part A - Accounting Policies (Continued)

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (level 3)

	HELD FOR TRADING	AT FAIR VALUE TROUGHT P&L	AVAILABLE FOR SALE	HEDGING DERIVATIVES	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLES ASSETS	TOTAL
1.Opening balances	**180,015**	**371,892**	**1,103,757**	**-**	**-**	**-**	**1,655,664**
2. Increases	**284,437**	**-**	**3,456,476**	**-**	**-**	**-**	**3,740,913**
2.1 Purchases	7,403	-	1,897,852	-	-	-	1,905,255
2.2 Recognized profits	104,601	-	1,409,699	-	-	-	1,514,300
2.2.1 Income Statement	104,601	-	1,375,048	-	-	-	1,479,649
- of which Unrealized gains	*78,664*	-	-	-	-	-	*78,664*
2.2.2 Equity	X	X	34,651	-	-	-	34,651
2.3 Transfer from other levels	172,383	-	140,017	-	-	-	312,400
2.4 Other increases	50	-	8,908	-	-	-	8,958
3. Decreases	**124,083**	**336,462**	**1,790,596**	**-**	**-**	**-**	**2,251,141**
3.1 Sales	27,854	-	1,684,468	-	-	-	1,712,322
3.2 Redemptions	49,337	-	7,161	-	-	-	56,498
3.3 Recognized losses:	46,889	-	72,165	-	-	-	119,054
3.3.1 Income Statement:	46,889	-	54,231	-	-	-	101,120
- of which Unrealized losses	*40,659*	-	*45,353*	-	-	-	*86,012*
3.3.2 Equity	X	X	17,934	-	-	-	17,934
3.4 Transfer to other levels	2	336,462	2,136	-	-	-	338,600
3.5 Other decreases	1	-	24,666	-	-	-	24,667
4. Closing balances	**340,369**	**35,430**	**2,769,637**	**-**	**-**	**-**	**3,145,436**

The sub-category 2 increases and 3 decreases in financial assets are included in the Profit and Loss in the following items:
- Item 80: Gains and losses on financial assets and liabilities held for trading;
- Item 110: Gains and losses on financial assets/liabilities at fair value through profit or loss;
- Item 90: Fair value adjustments in hedge accounting.

The sub-category 2.2 gains and the sub-category 3.3 losses on fair value on financial assets and liabilities available for sale are accounted in item 130. "Revaluation reserves" of shareholder's equity – with the exception of impairment and gains and losses on exchange rates on monetary assets (liabilities) which are reported respectively within item 130. b) "Impairment losses on available-for-sale financial assets" and item 80. "Gains and losses on financial assets and liabilities held for trading" until the financial asset is not sold, instant in which cumulative gains and losses are reported at Profit & loss at item 100. b) "Gains and losses on financial assets and liabilities available for sale".

Transfers between level of fair value occurring between December 31, 2012 and December 31, 2013 mainly reflect the evolution of market of reference in the period and the enhancement of processes for fair value level attribution.

The Available-for-sale portfolio reflects the effects of Bank of Italy Capital Increase for an amount equal to €1,659 million as at December 31, 2013 substituting Old Shares accounted at cost with a book value of €285 million as at December 31, 2012. For additional information please refer to Part E – Section 2.4.

A.4.5.3 Annual changes in financial liabilities at fair value level 3

	HELD FOR TRADING	AT FAIR VALUE TROUGHT P&L	HEDGING DERIVATIVES	TOTAL
1.Opening balances	**453,721**	**-**	**70**	**453,791**
2. Increases	**222,461**	**-**	**-**	**222,461**
2.1 Issuance	130,691	-	-	130,691
2.2 Losses recognized in:	87,614	-	-	87,614
2.2.1 Income Statement	87,614	-	-	87,614
- of which Unrealized losses	*77,958*	-	-	*77,958*
2.2.2 Equity	X	X	-	-
2.3 Transfer from other levels	4,156	-	-	4,156
2.4 Other increases	-	-	-	-
3. Decreases	**222,475**	**-**	**14**	**222,489**
3.1 Redemptions	9,940	-	-	9,940
3.2 Purchases	-	-	-	-
3.3 Profits recognized in:	212,535	-	14	212,549
3.3.1 Income Statement	212,535	-	14	212,549
- of which Unrealized gains	*81,844*	-	-	*81,844*
3.3.2 Equity	X	X	-	-
3.4 Transfer to other levels	-	-	-	-
3.5 Other decreases	-	-	-	-
4. Closing balances	**453,707**	**-**	**56**	**453,763**

The sub-category 2 increases and 3 decreases in financial assets are included in the Profit and Loss in the following items:
- Item 80: Gains and losses on financial assets and liabilities held for trading;
- Item 110: Gains and losses on financial assets/liabilities at fair value through profit or loss;
- Item 90: Fair value adjustments in hedge accounting.

The sub-category 2.2 gains and the sub-category 3.3 losses on fair value on financial assets and liabilities available for sale are accounted in item 130. “Revaluation reserves” of shareholder’s equity – with the exception of *impairment* and gains and losses on exchange rates on monetary assets (liabilities) which are reported respectively within item 130. b) “Impairment losses on available-for-sale financial assets” and item 80. “Gains and losses on financial assets and liabilities held for trading” until the financial asset is not sold, instant in which cumulative gains and losses are reported at Profit & loss at item 100. b) “Gains and losses on financial assets and liabilities available for sale”.

Transfers between level of fair value occurring between December 31, 2012 and December 31, 2013 mainly reflect the evolution of market of reference in the period and the enhancement of processes for fair value level attribution.

Part A - Accounting Policies (Continued)

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: fair value levels breakdown

ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	12.31.2013				12.31.2012			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Held-to-maturity investments	3,025,401	3,028,467	-	-	3,348,435	2,231,473	670,072	329,935
2. Loans and receivables with banks	21,868,523	-	11,992,136	9,971,254	27,936,365	27,708,839 (L1+L2+L3)		
3. Loans and receivables with customers	231,171,220	-	94,244,013	140,041,901	260,849,919	270,801,915 (L1+L2+L3)		
4. Property, plant and equipment held for investment	1,116,129	-	-	1,270,206	835,182	1,289,294 (L1+L2+L3)		
5. Non-current assets and disposal groups classified as held for sale	368,228	-	165,175	-	-	X		
Total	**257,549,501**	**3,028,467**	**106,401,324**	**151,283,361**	**292,969,901**			
1. Deposits from banks	47,378,697	-	30,880,813	16,310,949	56,445,526	56,445,526 (L1+L2+L3)		
2. Deposits from customers	150,839,833	-	35,482,637	114,648,769	151,925,086	151,086,359 (L1+L2+L3)		
3. Debt securities in issue	119,910,885	46,513,462	73,607,381	1,978,896	127,421,548	37,345,138	68,858,114	20,651,544
4. Liabilities included in disposal groups classified as held for sale	-	-	-	-	-	X		
Total	**318,129,415**	**46,513,462**	**139,970,831**	**132,938,614**	**335,792,160**			

Legend
BV=Book Value
L1 = Level 1
L2 = Level 2
L3 = Level 3

Between December 31, 2012 and December 31, 2013 changes in the ratio between fair value and book value for loans and receivables to banks and customers reflect the enhancement of the assumptions and the parameters adopted for the fair value calculation for disclosure.
Sub item 5. Non-current assets and disposal groups classified as held for sale contains also Euro 203,053 thousands measured at cost. (Please see Part B Section 14, table 14.1).

According to the option provided by the Bank of Italy not to disclose comparative information relating to the 2012 figures regarding fair value hierarchy (see part A1 section 2), the comparative information are not disclosed in the table above.

Please refer to the correspondent tables in Part B for the comparative 2012 disclosures.

A.5 day one profit and loss

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

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

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

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

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

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

The balance of value adjustments to reflect model risk (amount not recognized in the Income Statement) changed from € 31,882 thousand at December 31, 2012 to € 18,744 thousand at December 2013.

Part B - Balance Sheet

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

Assets

Section 1 - Cash and cash balances - Item 10

1.1 Cash and cash balances: breakdown

	AMOUNTS AS AT	
	12.31.2013	12.31.2012
a) Cash	1,763,590	1,784,754
b) Demand deposits with Central banks	1,462,959	428,658
Total	**3,226,549**	**2,213,412**

The increase of the item "Demand deposits with Central Banks" is mainly attributable to the investment of liquidity in U.S. dollars.

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading: product breakdown

	AMOUNTS AS AT					
	12.31.2013			12.31.2012		
ITEM/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A) Financial assets (non-derivatives)						
1. Debt securities	**3,909,882**	**82**	**-**	**984,469**	**473**	**3**
1.1 structured securities	2	1	-	1	5	-
1.2 other debt securities	3,909,880	81	-	984,468	468	3
2. Equity instruments	**33**	**-**	**-**	**23**	**-**	**-**
3. Units in investment funds	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 reverse repos	-	-	-	-	-	-
4.2 other	-	-	-	-	-	-
Total (A)	**3,909,915**	**82**	**-**	**984,492**	**473**	**3**
B) Derivative instruments						
1. Financial derivatives	**3,436**	**7,999,717**	**340,314**	**529**	**9,370,425**	**179,905**
1.1 trading	3,436	7,728,206	259,558	529	9,098,244	105,871
1.2 related to fair value option	-	-	-	-	-	-
1.3 other	-	271,511	80,756	-	272,181	74,034
2. Credit derivatives	**-**	**-**	**55**	**-**	**-**	**107**
2.1 trading	-	-	-	-	-	-
2.2 related to fair value option	-	-	-	-	-	-
2.3 other	-	-	55	-	-	107
Total (B)	**3,436**	**7,999,717**	**340,369**	**529**	**9,370,425**	**180,012**
Total (A+B)	**3,913,351**	**7,999,799**	**340,369**	**985,021**	**9,370,898**	**180,015**
Total Level 1, Level 2 and Level 3			**12,253,519**			**10,535,934**

The sub-item "On-balance sheet assets: other debt securities" increased compared with the previous year due to the start of primary dealer and market maker transactions on government bonds ("Markets" transactions) in the second quarter of 2013, formerly carried out solely by the subsidiary UniCredit Bank AG through its Milan branch.

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

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

ITEMS/VALUES	AMOUNTS AS AT 12.31.2013	AMOUNTS AS AT 12.31.2012
A. Financial assets (non-derivatives)		
1. Debt securities	**3,909,964**	**984,945**
a) Governments and Central Banks	3,909,825	984,797
b) Other public-sector entities	-	-
c) Banks	135	143
d) Other issuers	4	5
2. Equity instruments	**33**	**23**
a) Banks	-	-
b) Other issuers:	33	23
- *insurance companies*	-	-
- *financial companies*	-	-
- *non-financial companies*	*33*	*23*
- *other*	-	-
3. Units in investment funds	**-**	**-**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other issuers	-	-
Total A	**3,909,997**	**984,968**
B. Derivative instruments		
a) Banks	4,942,491	4,502,335
b) Customers	3,401,031	5,048,631
Total B	**8,343,522**	**9,550,966**
Total (A+B)	**12,253,519**	**10,535,934**

2.3 Financial assets held for trading: annual changes

	CHANGES IN 2013				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**984,945**	**23**	**-**	**-**	**984,968**
B. Increases	**165,731,457**	**23,065**	**7,699**	**-**	**165,762,221**
B.1 Purchases	163,313,979	23,022	7,683	-	163,344,684
B.2 Positive changes in fair value	2,729	10	-	-	2,739
B.3 Other changes	2,414,749	33	16	-	2,414,798
C. Decreases	**162,806,438**	**23,055**	**7,699**	**-**	**162,837,192**
C.1 Sales	162,104,927	23,053	7,696	-	162,135,676
C.2 Redemptions	596,931	-	-	-	596,931
C.3 Negative changes in fair value	8,144	-	-	-	8,144
C.4 Tranfers to other portfolios	-	-	-	-	-
C.5 Other changes	96,436	2	3	-	96,441
D. Closing balance	**3,909,964**	**33**	**-**	**-**	**3,909,997**

Part B - Balance Sheet - Assets (Continued)

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

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

ITEMS/VALUES	AMOUNTS AS AT					
	12.31.2013			12.31.2012		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**1,081**	**1**	**-**	**1,028**	**4**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	1,081	1	-	1,028	4	-
2. Equity instruments	**-**	**-**	**35,430**	**-**	**-**	**35,430**
3.Units in investment funds	**-**	**352,686**	**-**	**-**	**-**	**336,462**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**1,081**	**352,687**	**35,430**	**1,028**	**4**	**371,892**
Cost	***1,081***	***349,733***	***31,510***	***1,028***	***4***	***346,506***
Total Level 1, Level 2 and Level 3			**389,198**			**372,924**

The item "Units in investment funds" includes the units of Pioneer funds. Following the classification criteria update of fair value levels occurred in 2013, with the first application of IFRS 13, these funds have been reclassified as Level 2.

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

ITEMS/VALUE	AMOUNTS AS AT	
	12.31.2013	12.31.2012
1. Debt securities	**1,082**	**1,032**
a) Governments and central banks	1,080	1,028
b) Other public-sector entities	-	-
c) Banks	2	4
d) Other issuers	-	-
2. Equity instruments	**35,430**	**35,430**
a) Banks	-	-
b) Other issuers:	35,430	35,430
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	*35,430*	*35,430*
- other	-	-
3. Units in investment funds	**352,686**	**336,462**
4. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**389,198**	**372,924**

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

	CHANGES IN 2013				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**1,032**	**35,430**	**336,462**	**-**	**372,924**
B. Increases	**72**	**-**	**19,871**	**-**	**19,943**
B.1 Purchases	-	-	-	-	-
B.2 Positive changes in fair value	53	-	19,871	-	19,924
B.3 Other increases	19	-	-	-	19
C. Decreases	**22**	**-**	**3,647**	**-**	**3,669**
C.1 Sales	-	-	-	-	-
C.2 Redemptions	2	-	-	-	2
C.3 Negative changes in fair value	-	-	-	-	-
C.4 Other decreases	20	-	3,647	-	3,667
D. Closing balance	**1,082**	**35,430**	**352,686**	**-**	**389,198**

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

4.1 Available-for-sale financial assets: product breakdown

	AMOUNTS AS AT					
	12.31.2013			12.31.2012		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**39,630,565**	**403,071**	**36,096**	**28,705,925**	**1,488,129**	**24,598**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	39,630,565	403,071	36,096	28,705,925	1,488,129	24,598
2. Equity instruments	**139,171**	**3,616**	**2,219,558**	**244,692**	**30,745**	**595,804**
2.1 Measured at fair value	139,171	3,616	1,863,553	244,692	30,745	307,356
2.2 Carried at cost	-	-	356,005	-	-	288,448
3. Units in investment funds	**5,764**	**151**	**513,983**	**5,613**	**55,834**	**483,355**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**39,775,500**	**406,838**	**2,769,637**	**28,956,230**	**1,574,708**	**1,103,757**
Total Level 1, Level 2 and Level 3			**42,951,975**			**31,634,695**

Available-for-sale financial assets amounted to €42.952 million at December 31, 2013, up by 36% (+€11.317 million) over December 31, 2012 (€31,635 million).

This increase is attributable to the following:
- the changes in investments in debt securities, which increased from €30,219 million at the end of 2012 to €40,070 million at the end of 2013, mainly relating to the increase in value and volumes of investments in sovereign instruments (for more details, see Section E - Information on Sovereign Exposures).
- the change in investments in equity instruments, which rose from €871 million at the end of 2012 to €2,362 million at the end of 2013, mainly due to the equity investment in the Bank of Italy, as a result of the capital increase (which gave rise to income of €1,374 million at December 31, 2013) through the issue of new shares replacing the previous certificates (previously recorded at a value of €285 million at December 31, 2013). For more information, see Note to the Accounts Part E) Section 2 - Market Risk - Price Risk - Information about the shareholding in the Bank of Italy.

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

During 2013 Government Bonds strategic investments have been increased, as also stated in the following tables.

Part B - Balance Sheet - Assets (Continued)

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

ITEMS/VALUES	AMOUNTS AS AT 12.31.2013	AMOUNTS AS AT 12.31.2012
1. Debt securities	**40,069,732**	**30,218,652**
a) Governments and central banks	34,373,548	25,878,777
b) Other public-sector entities	11	-
c) Banks	4,260,853	3,480,148
d) Other issuers	1,435,320	859,727
2. Equity instruments	**2,362,345**	**871,241**
a) Banks	1,898,502	502,160
b) Other issuers:	463,843	369,081
- insurance companies	*2,486*	*62,068*
- financial companies	*127,704*	*126,877*
- non-financial companies	*333,653*	*180,136*
- other	-	-
3. Units in investment funds	**519,898**	**544,802**
4. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**42,951,975**	**31,634,695**

Equity instruments issued by borrowers with exposures classified as non-performing are equal to 40,702 thousand euro.

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

ITEMS/VALUES	AMOUNTS AS AT 12.31.2013	AMOUNTS AS AT 12.31.2012
1. Financial assets subject to micro-hedging of fair value	**35,736,508**	**28,924,975**
a) interest rate risk	35,736,508	28,924,975
b) price risk	-	-
c) currency risk	-	-
d) credit risk	-	-
e) multiple risks	-	-
2. Financial assets subject to micro-hedging of cash flows	**-**	**-**
a) interest rate risk	-	-
b) currency risk	-	-
c) other	-	-
Total	**35,736,508**	**28,924,975**

4.4 Available-for-sale financial assets: annual changes

	CHANGES IN 2013				
	DEBT SECURITIES	EQUITY INSTRUMENTS	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
A. Opening balance	**30,218,652**	**871,241**	**544,802**	**-**	**31,634,695**
B. Increases	**22,214,740**	**3,394,406**	**114,701**	**-**	**25,723,847**
B.1 Purchases	20,353,997	1,895,874	97,245	-	22,347,116
B.2 Positive changes in fair value	469,912	74,621	304	-	544,837
B.3 Write-backs	-	-	-	-	-
- through profit or loss	-	*X*	-	-	-
- in equity	-	-	-	-	-
B.4 Transfers from other portfolios	-	-	-	-	-
B.5 Other changes	1,390,831	1,423,911	17,152	-	2,831,894
C. Decreases	**12,363,660**	**1,903,302**	**139,605**	**-**	**14,406,567**
C.1 Sales	10,022,656	1,860,319	75,334	-	11,958,309
C.2 Redemptions	780,290	-	6,129	-	786,419
C.3 Negative changes in fair value	136,180	22,226	11,878	-	170,284
C.4 Impairment	-	19,837	39,752	-	59,589
- through profit or loss	-	*16,895*	*39,752*	-	*56,647*
- in equity	-	*2,942*	-	-	*2,942*
C.5 Transfers to other portfolios	-	-	-	-	-
C.6 Other changes	1,424,534	920	6,512	-	1,431,966
D. Closing balance	**40,069,732**	**2,362,345**	**519,898**	**-**	**42,951,975**

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

5.1 Held-to-maturity investments: product breakdown

	AMOUNTS AS AT							
	12.31.2013				12.31.2012			
		FAIR VALUE				FAIR VALUE		
TYPES OF TRANSACTIONS/VALUES	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**3,025,401**	**3,028,467**	**-**	**-**	**3,348,435**	**2,231,473**	**670,072**	**329,935**
- Structured securities	-	-	-	-	-	-	-	-
- Other securities	3,025,401	3,028,467	-	-	3,348,435	2,231,473	670,072	329,935
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3,025,401**	**3,028,467**	**-**	**-**	**3,348,435**	**2,231,473**	**670,072**	**329,935**
Total Level 1, Level 2 and Level 3		**3,028,467**				**3,231,480**		

During the year, the only security classified as Level 3 reached maturity. In application of the criteria set forth in IFRS 13, all securities in the portfolio are now classified as Level 1.

Following the update of the criteria for fair value classification levels in 2013 with the first application of the IFRS 13 accounting standard, securities previously classified as level 2 are now classified as level 1. Securities held until maturity are not managed on the basis of their fair value, which is presented only in order to meet disclosure requirements. Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies - A.4 Information on fair value.

Part B - Balance Sheet - Assets (Continued)

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

	AMOUNTS AS AT	
TYPE OPERATIONS / VALUES	12.31.2013	12.31.2012
1. Debt securities	**3,025,401**	**3,348,435**
a) Governments and central banks	3,025,401	3,018,461
b) Other public-sector entities	-	-
c) Banks	-	329,974
d) Other issuers	-	-
2. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**3,025,401**	**3,348,435**

5.4 Held-to-maturity investments: annual changes

	CHANGES IN 2013		
	DEBT SECURITIES	LOANS	TOTAL
A. Opening balance	**3,348,435**	**-**	**3,348,435**
B. Increases	**1,676,314**	**-**	**1,676,314**
B.1 Purchases	1,629,738	-	1,629,738
B.2 Write-backs	-	-	-
B.3 Transfers from other portfolios	-	-	-
B.4 Other changes	46,576	-	46,576
C. Decreases	**1,999,348**	**-**	**1,999,348**
C.1 Sales	-	-	-
C.2 Redemptions	1,959,716	-	1,959,716
C.3 Write-downs	-	-	-
C.4 Transfers to other portfolios	-	-	-
C.5 Other changes	39,632	-	39,632
D. Closing balance	**3,025,401**	**-**	**3,025,401**

Section 6 - Loans and receivables with banks - Item 60

6.1 Loans and receivables with banks: product breakdown

TYPES OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2013 BOOK VALUE	12.31.2013 FAIR VALUE LEVEL 1	12.31.2013 FAIR VALUE LEVEL 2	12.31.2013 FAIR VALUE LEVEL 3	12.31.2012 BOOK VALUE	12.31.2012 FAIR VALUE LEVEL 1	12.31.2012 FAIR VALUE LEVEL 2	12.31.2012 FAIR VALUE LEVEL 3
A. Loans to central banks	**1,720,224**	**-**	**-**	**1,720,224**	**5,002,609**			
1. Time deposits	2,269	X	X	X	-	X	X	X
2. Compulsory reserves	1,717,495	X	X	X	5,002,474	X	X	X
3. Reverse repos	-	X	X	X	-	X	X	X
4. Other	460	X	X	X	135	X	X	X
B. Loans to banks	**20,148,299**	**-**	**11,992,136**	**8,251,030**	**22,933,756**			
1. Loans	11,189,519	-	2,942,114	8,247,404	12,811,203			
1.1 Current accounts and demand deposits	5,948,550	X	X	X	6,633,557	X	X	X
1.2 Time deposits	887,784	X	X	X	1,050,760	X	X	X
1.3 Other loans	4,353,185	X	X	X	5,126,886	X	X	X
Reverse repos	*2,942,114*	*X*	*X*	*X*	*3,815,231*	*X*	*X*	*X*
Financial leases	-	*X*	*X*	*X*	-	*X*	*X*	*X*
Other	*1,411,071*	*X*	*X*	*X*	*1,311,655*	*X*	*X*	*X*
2. Debt securities	8,958,780	-	9,050,022	3,626	10,122,553			
2.1 Structured	-	*X*	*X*	*X*	-	*X*	*X*	*X*
2.2 Other	*8,958,780*	*X*	*X*	*X*	*10,122,553*	*X*	*X*	*X*
Total	**21,868,523**	**-**	**11,992,136**	**9,971,254**	**27,936,365**		**27,708,839**	

Total impaired assets	**13,211**	**30,434**

The decrease in loans and receivables with banks compared to 2012 (-€6,068 million) was specifically impacted by the decline in Central Bank loans, as part of more efficient management of liabilities and assets with the Central Banks.

Receivables from banks are not managed on the basis of their fair value, which is presented only in order to meet disclosure requirements. Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies - A.4 Information on fair value.

The changes between the December 31, 2012 and December 31, 2013 in the relationship between fair value and carrying value reflects the refinement of assumptions and parameters used for determination of the fair value for disclosure purposes.

Part B - Balance Sheet - Assets (Continued)

Section 7 - Loans and receivables with customers - Item 70

7.1 Loans and receivables with customers: product breakdown

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT											
	12.31.2013						12.31.2012					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	PERFORMING	IMPAIRED		L1	L2	L3	PERFORMING	IMPAIRED		LEVEL 1	LEVEL 2	LEVEL 3
		PURCHASED	OTHERS					PURCHASED	OTHERS			
Loans	**204,105,374**	**68,293**	**24,152,590**	**-**	**91,878,978**	**139,530,151**	**231,577,867**	**105,858**	**24,497,297**			
1. Current accounts	27,085,301	17,106	5,336,411	X	X	X	33,750,434	24,329	6,162,556	X	X	X
2. Reverse Repos	30,118,633	-	-	X	X	X	30,226,930	-	-	X	X	X
3. Mortgages	81,658,331	13,985	12,440,839	X	X	X	87,868,966	-	11,687,830	X	X	X
4. Credit cards and personal loans, including wage assignement loans	8,473,808	31	437,826	X	X	X	8,544,635	42	471,133	X	X	X
5. Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
6. Factoring	311,236	-	65,224	X	X	X	481,160	-	83,499	X	X	X
7. Other loans	56,458,065	37,171	5,872,290	X	X	X	70,705,742	81,487	6,092,279	X	X	X
Debt securities	**2,844,963**	**-**	**-**	**-**	**2,365,035**	**511,750**	**4,668,897**	**-**	**-**			
8. Structured securities	-	-	-	X	X	X	-	-	-	X	X	X
9. Other debt securities	2,844,963	-	-	X	X	X	4,668,897	-	-	X	X	X
Total	**206,950,337**	**68,293**	**24,152,590**	**-**	**94,244,013**	**140,041,901**	**236,246,764**	**105,858**	**24,497,297**		**270,801,915**	

	12.31.2013	12.31.2012
Total carrying amount Performing and Impaired	**231,171,220**	**260,849,919**

In 2013 the bank has modified the parameters used for the valuation of impaired and performing loans; in accordance with IAS 8 (paragraph 5); since the basis for the measurement of the loans has not been modified, this change qualifies as a "change in accounting estimates". Detailed information on the effects of this variation has provided, as required by IAS 8 (paragraph 39) in Part E - Information on risks and related risk management policies - at the foot of Table A.1.2 Breakdown of credit exposures by portfolio and credit quality, which should be consulted for further information.

Sub-items 7. "Other loans" and 8.2 "Other Debt Securities" include respectively €88 million and €308 million arising from the "Trevi Finance","Trevi Finance 2" and "Trevi Finance 3" securitization transactions, in respect of which the underlying assets were not re-recognized in the accounts, at the date of application of international accounting standards for the faculty introduced by IFRS 1 applicable since the transactions were performed before January 1, 2004.
An Italian Government bond partly guarantees these securities for €215 million.
The assets underlying these securitization transactions are non-performing loans, whose carrying amount was €184 million at December 31, 2013, as against a face value of €3,053 million.

It should be noted that during 2013 "Trevi Finance", "Trevi Finance 2" and "Trevi Finance 3" completed the sale of loans and receivables amounting to nominal €717 million (equal to a book value of €16 million) to an SPV called "Aurora SPV S.r.L.". More than 80% of the securities issued by this SPV was underwritten by an investor not belonging to the UniCredit Group.

The remaining exposures to the Trevi SPVs disclosed in the financial statements as at December 31, 2013 were therefore calculated taking account of both the outcome of this sale and the disposal strategy applied to other portfolios belonging to these SPVs. Overall, further write-downs of €268 million were recognized in the Income Statement of UniCredit S.p.A. during 2013, also in light of the need to adjust the book value to the expected recoverable amount.

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

Receivables from customers are not managed on the basis of their fair value, which is presented only in order to meet disclosure requirements. Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies - A.4 Information on fair value.

The changes between the December 31, 2012 and December 31, 2013 in the relationship between fair value and carrying value reflects the refinement of assumptions and parameters used for determination of the fair value for disclosure purposes.

The fair value of on-demand items has been valued at their net carrying value using the possibility offered by IFRS 7.29. According to this assumption, on-demand items have been assigned a fair value level of 3.

The fair value of impaired loans has been valued at their net carrying value considering the detailed realizable value as the best estimate of the expected discounted future cash flows at the valuation date. According to this assumption, impaired loans have been assigned a fair value level of 3.

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

	AMOUNTS AS AT					
	12.31.2013			12.31.2012		
		IMPAIRED			IMPAIRED	
TYPE OF TRANSACTIONS/VALUE	PERFORMING	PURCHASED	OTHERS	PERFORMING	PURCHASED	OTHERS
1. Debt securities	**2,844,963**	**-**	**-**	**4,668,898**	**-**	**-**
a) Governments	95,217	-	-	97,522	-	-
b) Other public-sector entities	134,696	-	-	144,319	-	-
c) Other issuers	2,615,050	-	-	4,427,057	-	-
- non-financial companies	-	-	-	*127,199*	-	-
- financial companies	*2,556,041*	-	-	*4,240,850*	-	-
- insurance companies	*59,009*	-	-	*59,008*	-	-
- other	-	-	-	-	-	-
2. Loans to	**204,105,374**	**68,293**	**24,152,590**	**231,577,866**	**105,858**	**24,497,297**
a) Governments	1,455,177	-	1,266	1,629,624	-	949
b) Other public-sector entities	3,665,806	-	90,138	4,657,562	-	115,499
c) Other entities	198,984,391	68,293	24,061,186	225,290,680	105,858	24,380,849
- non-financial companies	*73,566,684*	*54,808*	*17,677,734*	*90,317,431*	*97,264*	*18,681,026*
- financial companies	*62,251,717*	-	*272,058*	*67,600,495*	*104*	*389,730*
- Insurance companies	*84,133*	-	*100*	*70,409*	-	*553*
- other	*63,081,857*	*13,485*	*6,111,294*	*67,302,345*	*8,490*	*5,309,540*
Total	**206,950,337**	**68,293**	**24,152,590**	**236,246,764**	**105,858**	**24,497,297**
Total Performing and Impaired			**231,171,220**			**260,849,919**

Part B - Balance Sheet - Assets (Continued)

Section 8 - Hedging derivatives - Item 80

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

	AMOUNTS AS AT							
	12.31.2013				12.31.2012			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**-**	**5,389,230**	**-**	**152,638,336**	**-**	**8,047,016**	**-**	**190,671,634**
1) Fair value	-	4,799,439	-	142,190,901	-	7,034,126	-	177,545,277
2) Cash flows	-	589,791	-	10,447,435	-	1,012,890	-	13,126,357
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**5,389,230**	**-**	**152,638,336**	**-**	**8,047,016**	**-**	**190,671,634**
Total Level 1, Level 2 and Level 3			**5,389,230**				**8,047,016**	

8.2 Hedging derivatives: breakdown by hedged assets and risk

TRANSACTIONS/ TYPE OF HEDGES	AMOUNTS AS AT 12.31.2013								
	FAIR VALUE						CASH-FLOW HEDGES		TOTAL NET INVESTMENTS ON FOREIGN INVESTMENTS
	MICRO-HEDGE					MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	
	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS				
1. Available-for-sale financial assets	20,926	-	-	-	-	X	-	X	X
2. Loans and receivables	-	-	-	X	-	X	-	X	X
3. Held-to-maturity investments	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	1,502,270	X	589,285	X
5. Other investments	-	-	-	-	-	X	-	X	-
Total assets	**20,926**	**-**	**-**	**-**	**-**	**1,502,270**	**-**	**589,285**	**-**
1. Financial liabilities	-	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	3,276,243	X	506	X
Total liabilities	**-**	**-**	**-**	**X**	**-**	**3,276,243**	**-**	**506**	**X**
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

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

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

CHANGES TO HEDGED ASSETS/VALUES	AMOUNTS AS AT	
	12.31.2013	12.31.2012
1. Positive changes	**3,579,234**	**4,809,277**
1.1 of specific portfolios:	-	-
a) loans and receivables	-	-
b) available-for-sale financial assets	-	-
1.2 overall	3,579,234	4,809,277
2. Negative changes	**(1,110,276)**	**(2,016,149)**
2.1 of specific portfolios:	-	-
a) loans and receivables	-	-
b) available-for-sale financial assets	-	-
2.2 overall	(1,110,276)	(2,016,149)
Total	**2,468,958**	**2,793,128**

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

	AMOUNTS AS AT	
	12.31.2013	12.31.2012
1. Loans and receivables	-	-
2. Available-for-sale financial assets	-	-
3. Portfolio	19,162,580	34,150,150
Total	**19,162,580**	**34,150,150**

Section 10 - Equity investments - Item 100

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

NAME	MAIN OFFICE	EQUITY % (*)	VOTING RIGHTS
A. Subsidiaries			
1. Bank Pekao S.A.	Warsaw	50.10%	
2. Bavaria Servicos de Representacao Comercial LTDA	Sao Paulo	99.53% (A)	
3. Box 2004 S.r.l. (in liquidation) (formerly Box 2004 S.p.A. in liquidation)	Rome	100.00%	
4. Centurione 2007 S.r.l. (in liquidation)	Milan	100.00%	
5. Compagnia Italpetroli S.p.A.	Rome	100.00%	
6. Cordusio Società Fiduciaria per Azioni	Milan	100.00%	
7. Crivelli S.r.l.	Milan	100.00%	
8. Dom Inwestycyjny Xelion Sp. Z.o.o.	Warsaw	50.00% (B)	
9. Entasi S.r.l.	Rome	100.00%	
10. Eurofinance 2000 S.r.l. (in liquidation)	Rome	100.00% (C)	
11. Europeye S.r.l.	Rome	85.00%	
12. Fineco Leasing S.p.A.	Brescia	100.00% (D)	
13. Fineco Verwaltung AG (in liquidation)	Munich	100.00%	
14. FinecoBank S.p.A.	Milan	100.00%	
15. I-Faber Società per Azioni	Milan	65.32%	
16. IPSE 2000 S.p.A. (in liquidation)	Rome	50.00%	
17. Island Finance (ICR4) S.r.l. (in liquidation)	Rome	100.00%	
18. Island Finance 2 (ICR7) S.r.l. (in liquidation)	Rome	100.00%	
19. Localmind S.p.A. in liquidation	Milan	95.76%	
20. Pioneer Global Asset Management S.p.A.	Milan	100.00%	
21. Sicilia Convention Bureau S.c.a.r.l. (formerly Sicilia Convention Bureau S.r.l.)	Catania	86.00%	
22. Sofigere Société par Actions Simplifiée	Paris	100.00%	
23. Trevi Finance N. 2 S.p.A.	Conegliano (TV)	60.00%	
24. Trevi Finance N. 3 S.r.l.	Conegliano (TV)	60.00%	
25. Trevi Finance S.p.A.	Conegliano (TV)	60.00%	
26. Trieste Adriatic Maritime Initiatives S.r.l.	Trieste	34.10%	
27. UniCredit Bank AG	Munich	100.00%	
28. UniCredit Bank Austria AG	Wien	99.99%	
29. UniCredit Bank D.D.	Mostar	3.27% (E)	3.28%
30. UniCredit Bank Ireland P.l.c.	Dublin	100.00%	
31. UniCredit BPC Mortgage S.r.l.	Verona	60.00%	
32. UniCredit Bulbank A.D.	Sofia	- (F)	
33. UniCredit Business Integrated Solutions Società consortile per azioni	Milan	100.000% (G)	
34. UniCredit Consumer Financing IFN S.A.	Bucarest	49.90% (H)	
35. UniCredit Credit Management Bank S.p.A.	Verona	97.81% (I)	100.00%
36. UniCredit Delaware Inc.	Dover (Delaware)	100.00%	
37. UniCredit Factoring S.p.A.	Milan	100.00%	
38. UniCredit International Bank (Luxembourg) S.A.	Luxemburg	100.00%	
39. UniCredit Leasing S.p.A.	Bologna	68.99% (J)	
40. UniCredit OBG S.r.l.	Verona	60.00%	
41. UniCredit (U.K.) Trust Services Ltd	London	100.00%	
42. UniCredito Italiano Funding LLC III	Wilmington (Delaware)	100.00%	
43. UniCredito Italiano Funding LLC IV	Wilmington (Delaware)	100.00%	
44. Visconti S.r.l.	Milan	84.71%	

Part B - Balance Sheet - Assets (Continued)

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

NAME	MAIN OFFICE	EQUITY % (*)	VOTING RIGHTS
B. Joint ventures			
1. Officinae Verdi Società per azioni	Rome	37.79%	
C. Companies under significant influence			
1. Accadiesse S.p.A.	Milan	4.68% (K)	-
2. Aviva S.p.A.	Milan	49.00%	
3. Bluvacanze S.p.A.	Milan	42.85%	
4. CNP UniCredit Vita S.p.A.	Milan	38.80%	
5. Creditras Assicurazioni S.p.A.	Milan	50.00%	
6. Creditras Vita S.p.A.	Milan	50.00%	
7. Europrogetti & Finanza S.p.A. in liquidation	Rome	39.79%	
8. EuroTLX SIM S.p.A.	Milan	15.00%	
9. Fenice Holding S.p.A.	Calenzano (FI)	25.91%	
10. Fenice S.r.l.	Milan	26.96% (L)	
11. Fidia S.p.A. in liquidazione (formerly Fidia SGR S.p.A. in liquidation)	Milan	50.00%	
12. Incontra Assicurazioni S.p.A.	Milan	49.00%	
13. Istituto per l'Edilizia Economica e Popolare di Catania S.p.A. (in liquidation)	Catania	20.00%	
14. Lauro Sessantuno S.p.A.	Milan	18.85%	
15. Mediobanca - Banca di Credito Finanziario S.p.A.	Milan	8.66%	
16. Neep Roma Holding S.p.A.	Rome	31.00%	
17 Profingest	Bologna	49.09%	
18. SIA S.p.A.	Milan	24.07% (M)	
19. SMIA S.p.A.	Rome	26.38%	
20. Sviluppo Globale GEIE	Rome	33.33%	
21. SW Holding S.p.A.	Rome	28.57%	13.79%

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

(A) The remaining share of 0.47% is held by UniCredit Bank AG.
(B) The remaining share of 50.00% is held by Bank Pekao.
(C) The company was eliminated from the Company Register on January 23,2014.
(D) The company will be incorporated by UniCredit Leasing S.p.A. on April 1, 2014.
(E) An additional 89.98% is held directly and indirectly by UniCredit Bank Austria AG (89.97% with voting rights).
(F) 99.44% is held by UniCredit Bank Austria AG.
(G) A fractional share is held by various Group companies.
(H) The remaining share of 50.10% is held indirectly by UniCredit Bank Austria AG.
(I) The subsidiary helds 175,000 treasury shares equal to 2.19% of share capital.
(J) The remaining share of 31.01% is held by UniCredit Bank Austria AG.
(K) Equity instruments (*Strumenti Finanziari Partecipativi*) have been subscribed; the portion subscribed is calulated out of the total equity instruments issued by the investee.
(L) The company was formed in May 2013.
(M) The shareholding shown (24.07%) includes the portion available for sale, transferred to the Item 140 “Non-current assets and disposal groups classified as held for sale”, of 20.07%.

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

NAME	TOTAL ASSETS	TOTAL REVENUES	NET PROFIT /LOSS AT 12.31.13 (*)	SHAREHOLDERS' EQUITY	CARRYING VALUE	FAIR VALUE L1	FAIR VALUE L2	FAIR VALUE L3
A. Subsidiaries								
1. Bank Pekao S.A.	37,379,734	2,408,325	674,000	5,500,013	3,717,459	X	X	X
2. Bavaria Servicos de Representacao Comercial LTDA (A)	1,575	2,377	-114	687	171	X	X	X
3. Box 2004 S.r.l. (in liquidation) (formerly Box 2004 S.p.A. in liquidation)	9,435	2,407	1,408	6,692	4,435	X	X	X
4. Centurione 2007 S.r.l. (in liquidation)	13,058	-	-93	-8,278	-	X	X	X
5. Compagnia Italpetroli S.p.A.	153,090	6,174	-45,988	-25,262	-	X	X	X
6. Cordusio Società Fiduciaria per Azioni	22,557	16,057	-2,099	6,280	4,827	X	X	X
7. Crivelli S.r.l.	47,830	3,128	853	15,673	27,501	X	X	X
8. Dom Inwestycyjny Xelion Sp. Z.o.o.	11,293	12,678	515	3,430	940	X	X	X
9. Entasi S.r.l.	57	155	-	11	10	X	X	X
10. Eurofinance 2000 S.r.l. (in liquidation) (B)	-	-	-3	-	-	X	X	X
11. Europeye S.r.l.	975	271	-83	917	722	X	X	X
12. Fineco Leasing S.p.A.	5,290,465	158,044	-25,655	158,137	147,704	X	X	X
13. Fineco Verwaltung AG (in liquidation)	5,931	11	234	5,861	3,703	X	X	X
14. FinecoBank S.p.A.	17,682,197	733,805	85,216	419,149	1,082,837	X	X	X
15. I-Faber Società per Azioni	21,577	17,673	1,229	15,361	9,700	X	X	X
16. IPSE 2000 S.p.A. (in liquidation)	24,321	76	-82	24,226	9,933	X	X	X
17. Island Finance (ICR4) S.r.l. (in liquidation)	233	5	-5	192	-	X	X	X
18. Island Finance 2 (ICR7) S.r.l. (in liquidation)	169	-	-11	149	-	X	X	X
19. Localmind S.p.A. in liquidation	2,735	15	-71	2,660	1,712	X	X	X
20. Pioneer Global Asset Management S.p.A.	2,144,908	149,063	8,857	2,036,356	2,274,237	X	X	X
21. Sicilia Convention Bureau S.c.a.r.l. (formerly Sicilia Convention Bureau S.r.l.)	243	177	-402	77	56	X	X	X
22. Sofigere Société par Actions Simplifiée	8,599	898	100	70	-	X	X	X
23. Trevi Finance N. 2 S.p.A.	224	180	-	154	74	X	X	X
24. Trevi Finance N. 3 S.r.l.	243	194	-	171	93	X	X	X
25. Trevi Finance S.p.A.	181	177	-	114	51	X	X	X
26. Trieste Adriatic Maritime Initiatives S.r.l.	4,709	90	52	4,537	1,751	X	X	X
27. UniCredit Bank AG	236,457,000	8,188,000	756,000	19,109,000	18,050,745	X	X	X
28. UniCredit Bank Austria AG	120,126,517	3,945,911	-2,514	12,615,808	18,451,630	X	X	X
29. UniCredit Bank D.D.	1,906,858	127,340	28,413	295,955	1,496	X	X	X
30. UniCredit Bank Ireland P.l.c.	26,205,597	701,701	47,134	2,122,604	1,716,489	X	X	X
31. UniCredit BPC Mortgage S.r.l.	62	147	-	12	7	X	X	X
32. UniCredit Bulbank A.D.	6,478,255	445,516	73,443	1,075,943	25	X	X	X
33. UniCredit Business Integrated Solutions Società consortile per azioni	1,895,988	2,336,277	-47,235	406,011	352,948	X	X	X
34. UniCredit Consumer Financing IFN S.A.	293,474	39,276	-519	22,294	15,764	X	X	X
35. UniCredit Credit Management Bank S.p.A.	3,075,079	145,808	-556,775	2,776,608	2,715,800	X	X	X
36. UniCredit Delaware Inc.	95	2	-82	87	19	X	X	X
37. UniCredit Factoring S.p.A.	8,268,389	302,093	73,238	650,606	419,222	X	X	X
38. UniCredit International Bank (Luxembourg) S.A.	3,187,744	145,868	5,001	248,564	221,797	X	X	X
39. UniCredit Leasing S.p.A.	17,737,549	507,883	-691,937	855,833	493,371	X	X	X
40. UniCredit OBG S.r.l.	78	158	-	12	9	X	X	X
41. UniCredit (U.K.) Trust Services Ltd	360	354	63	336	275	X	X	X
42. UniCredito Italiano Funding LLC III	128,106	5,157	667	5,722	1	X	X	X
43. UniCredito Italiano Funding LLC IV	62,547	3,257	15	2,245	1	X	X	X
44. Visconti S.r.l.	3,641	-	-163	2,837	2,371	X	X	X

Part B - Balance Sheet - Assets (Continued)

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

NAME	TOTAL ASSETS	TOTAL REVENUES	NET PROFIT /LOSS AT 12.31.13 (*)	SHAREHOLDERS' EQUITY	CARRYING VALUE	FAIR VALUE		
						L1	L2	L3
B. Joint ventures								
Officinae Verdi Società per azioni	1,943	5,686	15	1,018	379	X	X	X
C. Companies under significant influence								
1. Accadiesse S.p.A. (A)	114,586	8,097	-69,501	-15,673	-			
2. Aviva S.p.A. (C)	10,063,236	1,031,744	126	539,281	286,927			
3. Bluvacanze S.p.A. (A)	114,231	118,382	-27,548	40,126	-			
4. CNP UniCredit Vita S.p.A. (C)	11,190,115	1,742,150	19,837	566,416	234,120			
5. Creditras Assicurazioni S.p.A. (C)	257,017	34,403	5,143	23,172	7,225			
6. Creditras Vita S.p.A. (C)	17,775,139	2,383,349	16,376	429,153	194,023			
7. Europrogetti & Finanza S.p.A. in liquidation (A)	6,687	503	41	-12,257	-			
8. EuroTLX SIM S.p.A.	14,644	14,899	2,164	10,840	1,043			
9. Fenice Holding S.p.A. (A)	450,949	2,581	-16,429	242,971	55,517			
10. Fenice S.r.l. (D)	-	-	-	23,345	18,875			
11. Fidia S.p.A. in liquidation (formerly Fidia SGR S.p.A. in liquidation) (A)	5,063	159	-1,485	2,775	1,294			
12. Incontra Assicurazioni S.p.A. (C)	156,687	4,528	118	15,873	5,202			
13. Istituto per l'Edilizia Economica e Popolare di Catania S.p.A. (in liquidation) (A)	3,634	95	61	3,610	-			
14. Lauro Sessantuno S.p.A. (E)	408,829	1	-66	382,942	115,000			
15. Mediobanca - Banca di Credito Finanziario S.p.A. (F)	66,040,700	1,116,800	101,100	4,783,200	559,325	474,387		
16. Neep Roma Holding S.p.A. (G)	157,007	302	182	302	49,603			
17. Profingest	1,556	20	-23	175	-			
18. SIA S.p.A. (A) (H)	295,310	316,636	43,073	169,786	12,215			
19. SMIA S.p.A. (A)	38,909	2,750	-71	37,161	7,782			
20. Sviluppo Globale GEIE	943	830	14	301	-			
21. SW Holding S.p.A.	291,512	30,056	29,525	291,422	71,095			
					51,349,511			

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

(A) Figures from annual report at 12/31/2012
(B) Figures from final liquidation report at 10/31/2013
(C) Figures from the half year report at June 30, 2013
(D) The figure refers to the initial capital situation since the company was formed in May 2013
(E) Figures from the balance sheet at 9/30/2013
(F) Figures from the half year report at 12/31/2013
(G) Figures from annual report at 6/30/2013
(H) With regard to the Carrying Value an additional amount of 61,288 thousand euros is entered in Item 140 "Non-current assets and disposal groups classified as held for sale".

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

In the table above the figures for each affiliate were taken from the 2013 financial statements or from the 2013 draft financial statements approved by the responsible corporate bodies; in the absence of such financial statements, the figures were taken from the last approved financial statements or financial position. For foreign companies the amounts are converted at the end of year exchange rate.

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

On the basis of the above, at December 31, 2013 there were some write-downs, of which he most significant were:
- the subsidiaries UniCredit Bank Austria by €5,254 million, UniCredit Bank AG by €1,139 million, UniCredit Credit Management Bank SpA by €620 million, UniCredit Leasing S.p.A. by €348 million, Fineco Leasing S.p.A. by €13 million and Compagnia Italpetroli by €28 million;
- the associate Fenice Holding S.p.A. by €11 million.

With reference to the subsidiaries Bank Austria and UniCredit Bank AG the write-down reflects the lower income prospects emerging from the new Strategic Plan, which also affected the corresponding indirect subsidiaries, as described in more detail in section B of the consolidated financial statements of UniCredit S.p.A., which should be referred to for further information. With reference to the subsidiaries UniCredit Credit Management Bank S.p.A. and UniCredit Leasing the write-downs reflect the lower value of the same and, particularly, of their receivables, adjusted as a result of the review of the estimated recovery values, as illustrated in the consolidated financial statements of UniCredit S.p.A. in section E.

10.3 Investments in associates and joint ventures: annual changes

	CHANGES IN	
	2013	2012
A. Opening balance	**59,290,567**	**60,670,292**
B. Increases	**1,033,663**	**193,591**
B.1 Purchases	795,400	117,507
of which: business combinations	*282,221*	*27,501*
B.2 Write-backs	-	36
B.3 Revaluation	-	-
B.4 Other changes	238,263	76,048
C. Decreases	**8,974,719**	**1,573,316**
C.1 Sales	1,330,047	1,365,931
of which: business combinations	*381,604*	*1,193,926*
C.2 Write-downs	7,431,616	119,632
C.3 Other changes	213,056	87,753
D. Closing balance	**51,349,511**	**59,290,567**
E. Total revaluation	**-**	**-**
F. Total write-downs	**8,977,876**	**1,567,069**

Sub-item B.4 Other changes (increases) includes gains on disposals of €236,889 thousand. Sub-item C.3 Other changes (decreases) includes the results of interests that are planned to be sold, and thus, have been transferred to “Assets classified as held for sale”, relating to Public Joint Stock Company UniCredit Bank for €140,761 thousand (complete disposal) and SIA S.p.A. for €61,288 thousand (partial disposal).

For what concerns 2013 write-downs, see the comments to table 14.1 “Section 14 - Profit (loss) of associates - Item 210” of “Part C - Income statement”.

10.4 Commitments relating to equity investments in subsidiaries

At December 31, 2013, the following is noted:

- the commitment to make a capital contribution of €1.5 million to the subsidiary UniCredit Consumer Financing IFN S.A. to support its development plan;
- the commitment to subscribe the recapitalization of the subsidiary Trieste Adriatic Maritime Initiatives S.r.l., resulting in a charge of €1.03 million.

10.5 Commitments to equity interests in joint ventures

10.6 Commitments to equity interests in companies under significant influence

At December 31, 2013, there are not commitments to equity interests in joint ventures and companies under significant influence to be disclosed.

Part B - Balance Sheet - Assets (Continued)

Section 11 - Property, plant and equipment - Item 110

11.1 Property, plant and equipment assets used in the business: breakdown of assets carried at cost

ASSETS/VALUES	AMOUNTS AS AT 12.31.2013	AMOUNTS AS AT 12.31.2012
1. Owned	**1,550,125**	**1,916,853**
a) land	607,245	834,147
b) buildings	649,000	755,962
c) office furniture and fittings	29,849	34,425
d) elettronic systems	143,963	150,161
e) other	120,068	142,158
2. Leased	**-**	**3,310**
a) land	-	1,084
b) buildings	-	2,226
c) office furniture and fittings	-	-
d) elettronic systems	-	-
e) other	-	-
Total	**1,550,125**	**1,920,163**

11.2 Property, plant and equipment held for investment: breakdown of assets measured at cost

	AMOUNTS AS AT							
	12.31.2013				12.31.2012			
	BOOK	FAIR VALUE			BOOK	FAIR VALUE		
ASSETS/VALUES	VALUE	L1	L2	L3	VALUE	L1	L2	L3
1. Owned	**1,116,129**	**-**	**-**	**1,270,206**	**835,182**	**-**	**-**	**1,289,294**
a) land	538,651	-	-	563,604	389,610	-	-	520,581
b) buildings	577,478	-	-	706,602	445,572	-	-	768,713
2. Leased	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	**1,116,129**	**-**	**-**	**1,270,206**	**835,182**	**-**	**-**	**1,289,294**

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input for disclosure purposes only. For further information see Part A - Accounting Policies - A.4 Information on fair value.

11.4 Property, plant and equipment: breakdown of assets measured at fair value

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

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

	CHANGES IN 2013					
	LAND	BUILDINGS	OFFICE FUNITURE AND FITTINGS	ELECTRONIC SYSTEMS	OTHER	TOTAL
A. Gross opening balance	**835,231**	**1,199,214**	**654,420**	**1,168,228**	**538,053**	**4,395,146**
A.1 Total net reduction in value	-	(441,026)	(619,995)	(1,018,067)	(395,895)	(2,474,983)
A.2 Net opening balance	**835,231**	**758,188**	**34,425**	**150,161**	**142,158**	**1,920,163**
B. Increases	**188,324**	**238,429**	**1,780**	**31,203**	**23,646**	**483,382**
B.1 Purchases	9,516	238	1,774	31,164	23,560	66,252
of which: business combinations	-	-	*121*	*5*	*1*	*127*
B.2 Capitalised expenditure on improvements	31	20,184	-	-	-	20,215
B.3 Write-backs	-	-	-	-	-	-
B.4 Increase in fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
B.5 Positive Exchange differences	-	-	-	-	-	-
B.6 Transfer from properties held for investment	178,777	217,799	-	-	-	396,576
B.7 Other changes	-	208	6	39	86	339
C. Reductions	**416,310**	**347,617**	**6,356**	**37,401**	**45,736**	**853,420**
C.1 Disposals	1,843	1,097	7	51	37	3,035
C.2 Depreciation	-	32,394	6,060	35,945	42,301	116,700
C.3 Impairment losses:	-	311	257	1,239	796	2,603
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	*311*	*257*	*1,239*	*796*	*2,603*
C.4 Reductions of fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
C.5 Negative exchange differences	-	24	-	5	-	29
C.6 Transfers to:	414,467	311,594	-	-	-	726,061
a) property, plant and equipment held for investment	*405,978*	*309,102*	-	-	-	*715,080*
b) assets held for sale	*8,489*	*2,492*	-	-	-	*10,981*
C.7 Other changes	-	2,197	32	161	2,602	4,992
D. Net final balance	**607,245**	**649,000**	**29,849**	**143,963**	**120,068**	**1,550,125**
D.1 Total net reduction in value	-	(449,143)	(618,740)	(1,029,107)	(418,110)	(2,515,100)
D.2 Gross closing balance	**607,245**	**1,098,143**	**648,589**	**1,173,070**	**538,178**	**4,065,225**
E. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

Since January 1, 2013 as part of the periodic assessment of the useful life of tangible and intangible assets, UniCredit S.p.A. has increased the useful lives used for the amortization of electrical equipment recognized as tangible assets for a total residual amount of about €61 million as at December 31, 2012. Such review is based on the historical experience in the use of these assets, which shows longer time horizons than those previously used. As required by IAS 8, the review of the useful life was applied prospectively and resulted in the recognition of lower depreciation (item C.2) in the year for an amount of €15 million.

Part B - Balance Sheet - Assets (Continued)

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

	CHANGES IN 2013		
	LAND	BUILDINGS	TOTAL
A. Opening balances	**389,610**	**445,572**	**835,182**
B. Increases	**453,293**	**420,961**	**874,254**
B.1 Purchases	47,315	87,871	135,186
of which business combinations	-	-	-
B.2 Capitalised expenditure on improvements	-	12,037	12,037
B.3 Increases in fair value	-	-	-
B.4 Write backs	-	-	-
B.5 Positive exchange differences	-	-	-
B.6 Transfer from properties used in the business	405,978	309,102	715,080
B.7 Other changes	-	11,951	11,951
C. Reductions	**304,252**	**289,055**	**593,307**
C.1 Disposals	1,719	14,372	16,091
C.2 Depreciation	-	22,092	22,092
C.3 Reductions in fair value	-	-	-
C.4 Impairment losses	-	-	-
C.5 Negative exchange differences	-	-	-
C.6 Transfers to:	302,533	249,752	552,285
a) Properties used in the business	*178,777*	*217,799*	*396,576*
b) Non current assets classified as held for sale	*123,756*	*31,953*	*155,709*
C.7 Other changes	-	2,839	2,839
D. Closing balances	**538,651**	**577,478**	**1,116,129**
E. Measured at fair value	**563,604**	**706,602**	**1,270,206**

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

The increase in real estate held for investment purposes is partly due to optimization and rationalization of space occupied by the Group which has led, where possible, to the reorganization of the occupants by concentrating, in the various cities, the Bank's activities in certain owned properties. This has led to a change in the intended use from properties used in the business to properties held for investment purposes.

Section 12 - Intangible assets - Item 120

12.1 Intangible assets: breakdown

	AMOUNTS AS AT			
	12.31.2013		12.31.2012	
ASSETS/VALUES	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**X**	**-**	**X**	**2,815,451**
A.2 Other intangible assets	**1,339**	**-**	**25,840**	**-**
A.2.1 Assets carried at cost:	1,339	-	25,840	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	*1,339*	-	*25,840*	-
A.2.2 Assets valued at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**1,339**	**-**	**25,840**	**2,815,451**
Total finite and indefinite life		**1,339**		**2,841,291**

The carrying value of goodwill is subject to verification in accordance with IAS 36 by performing an impairment test, which compares the carrying value of the cash-generating units to which the goodwill is allocated with their recoverable amount. The structure of the cash-generating units reflects the corporate organization existing at the balance sheet date, as resulting from the reorganization pursuant to the so-called GOLD Project in place from 2013.

The book value of the Cash Generating Units

The book value of the Cash Generating Units (CGUs) is determined in accordance with the criterion used to determine their recoverable value. The recoverable value of the CGUs includes flows from their respective financial assets and liabilities, so the book value must also include the financial assets and liabilities generating those flows.

The book value of each CGU is determined based on its contribution to consolidated shareholders' equity, including minority interests.

Since it would be excessively complex to determine the carrying amount of the other CGUs on the basis of book values, it was necessary to use operational factors to break them down correctly. Specifically, the operational driver that is used is allocated capital, which is calculated as the Risk-Weighted Assets absorption of the single CGU. In any case, intangible assets are attributed to the CGUs in accordance with the available accounting information.

The carrying amounts of the CGUs as at December 31, 2013, determined as described above, and the portions of goodwill and other intangible assets allocated to each of them are shown below.

The values refer to the situation after Impairment test taking into account the write downs which were made as of December 31, 2013 equal to €-2,185 million fully pertaining to CGU Commercial Banking Italy.

CGU	CARRYING VALUE 12.31.2013	THEREOF: GOODWILL
Commercial Banking Italy	7,394	-
CIB Italy	1,761	-

Cash generating unit description and their profitability drivers are illustrated in 2013 Consolidated Reports and Accounts.

Estimating cash flows to determine the value in use of the CGUs

In accordance with IAS 36, the impairment test for indefinite-life intangible assets must be performed at least annually and in any case whenever there is any indication that their value may be impaired. The referenced accounting principles require that the impairment test is carried out by comparing the book value of each CGU with its recoverable value. When the latter proves to be less than the book value, a write-down must be recorded in the financial statement. The recoverable amount of the CGU is the greater of its fair value (net of costs to sell) and the related value in use. In particular, not being available a Fair value (net of cost to sell) for the CGU, the recoverable amount is the value in use.

Projections

The impairment test at December 31, 2013 was performed on the basis of the financial projections (Net Profit and RWA) embedded in the Strategic Plan submitted for approval to the Board of Directors on March 11, 2014.

Compared to the financial projections and the estimation parameters previously used in the impairment test, the plan is characterized in particular by a less favorable macroeconomic environment and a stricter regulatory requirement, as explained in the paragraphs below.

In particular, at the end of the year emerged the following major discontinuity factors with significant effects on the strategic plan:

- A more complex long-term macroeconomic scenario, with concerns for a relatively long period of economic stagnation and lower inflation, as reported from several authoritative sources;
- Further reductions in interest rates that occurred in the second half of the year and expectations of the ECB increasing probability of a relatively extended period of low interest rates;
- Uncertainties on the economy of emerging countries arising from the tapering program put in place by the FED, with rather less marked effect in Europe in view of plans to reduce interest rates expected by the ECB.

These new most negative scenarios induced to revise several of the predictive variables of the Group and to formulate a new Strategic Plan by revising downward the estimated future cash flows.

Pursuant to IAS 36.44, for the purposes of the goodwill impairment test, were not taken into account the following effects, included in the data of the Strategic Plan, which could have resulted in a higher residual value of the CGUs and the Group:

- the positive economic effect deriving from some of the managerial objectives of cost reduction embedded in the Strategic Plan. Despite the management commitment to pursue such objectives within the Strategic Plan horizon, the identification of specific initiatives underlying the cost reduction target is still under definition and there is no evidence, as of today, of the operative details for the incorporation of such initiatives;
- the optimization effect of the Risk Weighted Assets (RWAs) arising from revisions to the models for assessing risk, planned but not yet finalized and subject to future validation and approval procedures by the relevant Authorities and the results of the validation process is still uncertain.

With specific reference to the Italian business, considering that the net profit growth rates during the period of Strategic Plan showed values higher than the group's average (compared also to risk-weighted assets reduction), the management considered necessary, for the purpose of individual impairment test, submit an alternative scenario more conservative. This scenario was developed aligning the volumes growth rates resulting from the Strategic Plan to those estimated for the Italian banking system, with a consequent negative impact on the income statement of the business concerned.

Part B - Balance Sheet - Assets (CONTINUED)

Macroeconomic Scenario

The following tables show the forecasts concerning the main macroeconomic indicators, used for December 2013, which are underlying to the Strategic Plan.

ITALY	2013F	2014F	2015F	2016F	2017F	2018F
y/y % changes						
GDP	-1.7	0.6	0.9	0.9	0.8	0.8
Inflation (CPI)	1.5	1.8	1.5	1.6	1.7	1.8
Unemployment rate	12.1	12.7				

Financial indicators

	2013F	2014F	2015F	2016F	2017F	2018F
Euribor 3m avg	0.2	0.2	0.3	0.8	1.5	2.0
BTP - Bund spread (10y, eop)	250.0	190.0	170.0	140.0	130.0	120.0

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

The Discounted Cash Flow model used is based on three stages:
• first period from 2014 to 2018, which uses the new Strategic Plan submitted for approval to the Board of Directors on March 11, 2014, properly adjusted, as described above, in accordance with IAS 36.44;
• intermediate period from 2019 to 2023, for which the projections of the financial flows are extrapolated by applying beginning in the last explicit estimate period (2018) rates of growth decreasing to the terminal value;
• "Terminal value" determined with nominal growth rates of 2%. The average nominal growth rate of GDP in the eurozone from 1996 to 2013 was 3.0% (of which 1.6% was due to inflation). The nominal rate of 2%, corresponding to approximately 0% in real terms, was chosen for prudential reasons.

The growth rates for the intermediated period are defined in such a way that the weighted average of the intermediated period and the terminal value are not higher than a maximum limit, defined by applying a difference to the historical average of long-term growth of the respective areas or business segments.

Goods destined for auxiliary and shared assets (corporate assets) were allocated to the CGUs to which they refer, where applicable. For the indivisible portion of these assets, the recoverable amount was verified at overall Group level (so-called "corporate center").

Discount rates of cash flows

The main assumptions used by Management to calculate the CGUs' recoverable amount were as follows:

CGU	INITIAL DISCOUNT RATE NET OF TAX (KE)	FINAL DISCOUNT RATE NET OF TAX (KE)	NOMINAL GROWTH RATE USED TO CALCULATE TERMINAL VALUE
Commercial Banking Italy	12.5%	10.0%	2.0%
CIB Italy	13.2%	10.0%	2.0%

As shown in the above table, future financial flows were discounted using a conservative estimate of the discount rate, incorporating the various risk factors linked to the business sector into the cost of equity (Ke). The discount rate is a nominal rate, net of taxes.

In particular, the cost of equity for the CGUs is the sum of the following:
• Country rate: whose calculation method is different depending on whether the CGU is global (as CIB operating in various countries) or relating to a single region:
  - CIB: Country rate is the sum of:
    • Risk-free rate: the average over the last six years of the five-year Bund. The six-year horizon was adopted in line with the average economic cycle in the eurozone;
    • Debt risk premium: the average over the last six years of the Credit Default Swap paid by UniCredit.
  - Commercial Banking Italy: due to the high regional specificity, rather than the risk-free rate and the debt risk premium, the Country rate is the government rate of the Country and, in particular the last six years average of the 5-year BTP;
• Equity Risk Premium: calculated using the Option Price Based Model, based on the volatility of UniCredit's share price over the last six years. For global CGUs, the last six years' average volatility of the shares of banks operating in the same sector was used.

The cost of equity as defined above, converges in a linear way to the cost of equity of the Terminal Value, over the 10 years planned in the model.

Another parameter used by the model to calculate the initial allocated capital and its evolution over time is the Core Tier 1 ratio target.

For the Italian Business, the target Core Tier 1 ratio is 9%, in line with the expectations following the introduction of the new regulatory framework. Basel 3 rules have introduced a new target of 7% for Core Tier 1 which is equal to the sum of the new minimum and the conservation buffer. The additional 2% arises from the Group being designated as Systemically Important Financial Institution (SIFI) and the possible introduction by national banking regulators of additional buffers.

The Core Tier 1 ratio as defined above, converges linearly to 10% in 2018 (in previous impairment test the long term Core Tier 1 ratio target was set at 9%) in line with the long term strategic target set in the new Strategic Plan as a consequence of the increasingly challenging Regulatory Framework (Basel 3, ECB Comprehensive Assessment of the European Banking Sector, Bail-in rules, new Basel proposals on trading book, securitization and investment funds).

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

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

The quantification of the total impairment in an amount of -2,815 €/mln reflects also the outcomes of managerial valuations of an alternative scenario which limits the volumes growth embedded in the Strategic Plan to the one of the Italian banking sector. The final outcome of the individual impairment test is based, therefore, on the result coming from the alternative scenario, due to which the entire amount of goodwill was impaired, thus align the results of the Individual Financial Statements to those of the Consolidated one.

On the basis of the mentioned impairment write down, the residual goodwill amount reported in the UniCredit S.p.A as of December 2013 is equal to 0 €/mln.

As goodwill has been entirely written-off no sensitivity test has been disclosed as UniCredit S.p.A. is not subject to further reduction of goodwill.

Part B - Balance Sheet - Assets (Continued)

12.2 Intangible assets: annual changes

	CHANGES IN 2013					
		OTHER INTANGIBLE ASSETS				
		GENERATED INTERNALLY		OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross Opening Balance	**7,709,526**	**-**	**-**	**269,346**	**-**	**7,978,872**
A.1 Net reductions	(4,894,075)	-	-	(243,506)	-	(5,137,581)
A.2 Net opening balance	**2,815,451**	**-**	**-**	**25,840**	**-**	**2,841,291**
B. Increases	**-**	**-**	**-**	**325**	**-**	**325**
B.1 Purchases	-	-	-	325	-	325
B.2 Increases in intangible assets generated internally	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Increase in fair value	-	-	-	-	-	-
- in equity	*X*	-	-	-	-	-
- through profit or loss	*X*	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Reductions	**2,815,451**	**-**	**-**	**24,826**	**-**	**2,840,277**
C.1 Disposals	-	-	-	-	-	-
C.2 Write-downs	2,815,451	-	-	24,810	-	2,840,261
- amortization	X	-	-	1,851	-	1,851
- write-downs	2,815,451	-	-	22,959	-	2,838,410
+ in equity	*X*	-	-	-	-	-
+ through profit or loss	*2,815,451*	-	-	*22,959*	-	*2,838,410*
C.3 Reduction in fair value	-	-	-	-	-	-
- in equity	*X*	-	-	-	-	-
- through profit or loss	*X*	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	16	-	16
C.6 Other changes	-	-	-	-	-	-
D. Net Closing Balance	**-**	**-**	**-**	**1,339**	**-**	**1,339**
D.1 Total net write-down	(7,709,526)	-	-	(267,546)	-	(7,977,072)
E. Closing balance	**7,709,526**	**-**	**-**	**268,885**	**-**	**7,978,411**
F. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

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

13.1 Deferred tax assets: breakdown

	AMOUNTS AS AT	
	12.31.2013	12.31.2012
Deferred tax assets related to:		
Assets/liabilities held for trading	-	-
Other financial instruments	206,106	408,690
Hedging derivatives / changes in fair value of portfolio hedged items	18,023	45,359
Investments in associates and joint ventures	2,383,480	3,922,971
Property, plant and equipment / Intangible assets	3,878,013	2,333,045
Provisions	513,003	494,042
Write-downs on loans	6,704,026	4,162,805
Other assets / liabilities	128,850	48,942
Loans and receivables with banks and customers	148,148	163,431
Tax losses carried forward	62,867	86,651
Other	84,298	86,824
Total	**14,126,814**	**11,752,760**

13.2 Deferred tax liabilities: breakdown

	AMOUNTS AS AT	
	12.31.2013	12.31.2012
Deferred tax liabilities related to:		
Loans and receivables with banks and customers	-	-
Assets/liabilities held for trading	-	-
Hedging derivatives / changes in fair value of portfolio hedged items	178,448	286,969
Investments in associates and joint ventures	12,063	7,094
Other financial instruments	165,753	84,955
Property, plant and equipment / intangible assets	148,836	161,925
Other assets / liabilities	-	-
Deposits from banks and customers	-	-
Other	2	110
Total	**505,102**	**541,053**

Deferred tax assets, in addition to the normal dynamics of the year to offset current taxes, underwent significant changes, especially following the significant write downs on receivables recognized in the financial statements. The write downs on receivables which - based on the new provisions introduced by the 2014 Stability Law are now deductible not only for IRES income tax but also for IRAP corporate tax purposes - in both cases now spread over 5 financial years - produced:

- for IRES income tax purposes an increase in deferred tax assets of €2,262 million;
- for IRAP corporate tax purposes recognition of new deferred tax assets of €426.9 million.

In both cases these are new deferred taxes which can be potentially used for the purposes of conversion into tax credits, pursuant to art. 2, paragraphs 55 to 58, of Law Decree No. 225 of December 29, 2010.

At December 31, 2013, the total amount of deferred tax assets convertible into tax credits amounted to €10,982.6 million for IRES income tax and €1,364 for IRAP corporate tax purposes.

During 2013, the conversion into tax credits - compulsory by law in relation to the accounting loss of €219.7 million recorded in 2012 - amounted to €31.9 million.

In 2014, in accordance with Law 10/2011, converting Law Decree 225/2010, known as the “Milleproroghe 2011”, as amended, following the approval of the financial statements for the year 2013 by the Shareholders’ Meeting of UniCredit S.p.A., deferred tax assets, for IRES income tax and IRAP corporate tax, amounting to €2,483 million will be converted into tax credits pursuant to law.

Part B - Balance Sheet - Assets (Continued)

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

	CHANGES IN	
	2013	2012
1. Opening balance	**11,180,635**	**6,514,027**
2. Increases	**3,025,229**	**5,628,577**
2.1 Deferred tax assets arising during the year	3,023,073	5,551,402
a) relating to previous years	*69,330*	*11,246*
b) due to change in accounting policies	-	-
c) write-backs	-	-
d) other	*2,953,743*	*5,540,156*
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	2,156	77,175
of which: business combinations	*2,156*	*74,242*
3. Decreases	**397,138**	**961,969**
3.1 Deferred tax assets derecognised during the year	365,186	373,583
a) reversals of temporary differences	*365,186*	*373,583*
b) write-downs of non-recoverable items	-	-
c) change in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	31,952	588,386
a) conversion onto tax credit under L. 214/2011	*31,905*	*588,386*
b) other decreases	*47*	-
4. Final amount	**13,808,726**	**11,180,635**

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

	CHANGES IN	
	2013	2012
1. Opening balance	**9,375,536**	**5,187,293**
2. Increases	**3,144,872**	**4,777,106**
3. Decreases	**173,817**	**588,863**
3.1 Reversal	141,912	477
3.2 Conversion into tax credit:	31,905	588,386
a) due to loss positions arising from Profit and Loss	31,905	588,386
b) due to tax losses	-	-
3.1 Other decreases	-	-
4. Final amount	**12,346,591**	**9,375,536**

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

	CHANGES IN	
	2013	2012
1. Opening balance	**164,702**	**45,737**
2. Increases	**4,933**	**153,202**
2.1 Deferred tax liabilities arising during the year	4,916	14,221
a) relating to previous years	*369*	*6,412*
b) due to change in accounting policies	-	-
c) other	*4,547*	*7,809*
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	17	138,981
of which: business combinations	*17*	*138,866*
3. Decreases	**18,521**	**34,237**
3.1 Deferred tax liabilities derecognised during the year	18,521	34,237
a) reversals of temporary differences	*18,521*	*34,237*
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Final amount	**151,114**	**164,702**

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

	CHANGES IN	
	2013	2012
1. Opening balance	**572,125**	**906,592**
2. Increases	**1,178**	**90,280**
2.1 Deferred tax assets arising during the year	1,178	90,280
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	*1,178*	*90,280*
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**255,215**	**424,747**
3.1 Deferred tax assets derecognised during the year	254,968	421,671
a) reversals of temporary differences	*20,305*	*34,674*
b) writedowns of non-recoverable items	-	-
c) due to change in accounting policies	-	-
d) other	*234,663*	*386,997*
3.2 Reduction in tax rates	-	-
3.3 Other decreases	247	3,076
4. Final amount	**318,088**	**572,125**

Part B - Balance Sheet - Assets (Continued)

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

	CHANGES IN	
	2013	2012
1. Opening balance	**376,351**	**284,882**
2. Increases	**91,541**	**110,353**
2.1 Deferred tax liabilities arising during the year	89,889	106,516
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	*89,889*	*106,516*
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	1,652	3,837
3. Decreases	**113,904**	**18,884**
3.1 Deferred tax liabilities derecognised during the year	110,522	17,477
a) reversal of temporary differences	*41,556*	*17,477*
b) due to change in accounting policies	-	-
c) Other	*68,966*	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	3,382	1,407
4. Final amount	**353,988**	**376,351**

13.7 Other information

National tax consolidation system

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

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

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

It should be noted that at the end of the 2013 financial year the option was exercised to apply the national tax consolidation system to the following companies:
UniCredit Factoring - Milan
Pioneer Global Asset Management - Milan
Pioneer Investment Management - Milan
Fineco Bank - Milan
UniCredit Leasing - Bologna
UniCredit Credit Management Bank - Verona
Fineco Leasing - Brescia
I-Faber - Milan
Cordusio Fiduciaria - Milan
UniCredit Business Integrated Solutions - Milan
Cordusio SIM - Advisory & Family Office - Milan

The number of Companies included in the Tax Consolidation perimeter was reduced by one compared to 2012 because:
- UniCredit Audit and UniManagement were merged into the Parent Company;
- Cordusio SIM - Advisory & Family Office, a subsidiary of Cordusio Fiduciaria, was included ex-novo in the tax consolidation.

Deferred tax assets due to tax losses carried forward

Deferred tax assets arising from tax losses brought forward refer to the tax loss arising from the merged company Capitalia, increased in 2013 by the tax loss of €1 million acquired from UniCredit Merchant, merged during the year. These losses, which cannot be used within the tax consolidation under applicable regulations, were used to a minimal extent in 2013 against the individual taxable income in the individual financial statements (pursuant to Article 84.1 of the TUIR) for an amount of €1.1 million with a residual amount of €62.8 million.

In addition, there are tax losses carried forward totaling €1,847.6 million in the permanent establishment in Vienna and the New York Branch for start-up costs of these Branches or other overhead costs. These are tax losses which can only be used against the taxable income of the individual Branches for taxes due in the country in which they are located (Austria and the United States); in relation to the expected taxable income enabling their recovery, deferred tax assets were only identified by the New York Branch for an equivalent value of €15.7 million.

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

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

	AMOUNTS AS AT	
	12.31.2013	12.31.2012
A. Individual assets		
A.1 Financial assets	-	-
A.2 Equity investments	202,048	-
A.3 Property, Plant and Equipment	166,180	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total A	**368,228**	**-**
of which carried at cost	*203,053*	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	*165,175*	-
of which measured at fair value level 3	-	-
B. Asset groups classified as held for sale		
B.1 Financial assets held for trading	-	-
B.2 Financial assets at fair value through profit or loss	-	-
B.3 Available for sale financial assets	-	-
B.4 Held to maturity investments	-	-
B.5 Loans and receivables with banks	-	-
B.6 Loans and receivables with customers	-	-
B.7 Equity investments	-	-
B.8 Property, Plant and Equipment	-	-
B.9 Intangible assets	-	-
B.10 Other assets	-	-
Total B	**-**	**-**
Total A+B	**368,228**	**-**
of which carried at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total C	**-**	**-**
of which carried at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
D. Liabilities included in disposal groups classified as held for sale		
D.1 Deposits from banks	-	-
D.2 Deposits from customers	-	-
D.3 Debt securities in issue	-	-
D.4 Financial liabilities held for trading	-	-
D.5 Financial liabilities at fair value through profit or loss	-	-
D.6 Provisions	-	-
D.7 Other liabilities	-	-
Total D	**-**	**-**
of which carried at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-

Part B - Balance Sheet - Assets (CONTINUED)

The assets held for sale include the equity investments in SIA (€61 million) and in Public Joint Stock Company Ukrosostbank (€141 million), in addition to property, plant and equipment (€166 million).

In view of the state of the negotiations initiated in 2013, the value of the equity investment in Public Joint Stock Company Ukrosostbank and of part of the property, plant and equipment (€24 million), as required by IFRS 5, has been adjusted to reflect their fair value classed as Level 2, determined on the basis of the offers received.

For more details see Directors' Report on operations ("Rationalization of Group operations and other corporate transactions").

At December 31, 2012 there were no "Non-current assets and disposal groups held for sale".

The assets shown in this item are managed on the basis of their fair value, which is only shown to satisfy financial reporting requirements. The fair value measurements are classified on the basis of levels of hierarchy that reflect the significance of the inputs used in the valuations.

14.3 Details of investments in companies subject to significant influence not valued at net equity

With regard to the equity investments held in SIA S.p.A. the key financial statement figures at December 31, 2012 were as follows:

- Total Assets: €295,310 thousand;
- Total Shareholders' equity: €169,786 thousand;
- Total Revenues: €316,636 thousand;
- Net profit: €43,073 thousand.

Section 15 - Other assets - Item 150

15.1 Other assets: breakdown

ITEMS/VALUES	AMOUNTS AS AT 12.31.2013	12.31.2012
Accrued income other capitalised income	354,628	340,605
Cash and other valuables held by cashier:	329,772	464,968
- current account cheques being settled, drawn on third parties	*318,086*	*447,781*
- current account cheques payablee by group banks, cleared and in the process of being debited	*545*	*956*
- money orders, bank drafts and equivalent securities	*11,141*	*16,231*
- coupons, securities due on demand, revenue stamps and miscellaneous valuables	-	-
Interest and charges to be debited to:	728	871
- customers	*728*	*871*
- banks	-	-
Items in transit between branches not yet allocated to destination accounts	57,630	202,616
Items in processing	1,556,942	212,058
Items deemed definitive but non-attributable to other items:	1,717,927	2,625,887
- securities and coupons to be settled	*54,115*	*60,014*
- other transactions	*1,663,812*	*2,565,873*
Adjustments for unpaid bills and notes	11,984	13,230
Tax items other than those included in item 130	1,994,761	1,946,102
of which: Group VAT credit	*205,650*	*314,357*
Loans in respect of share based payments:	114,480	75,581
- loans to subsidiaries in respect of equity settled share based payments	*95,275*	*70,449*
- loans to subsidiaries in respect of cash settled share based payments	*19,205*	*5,132*
Other items:	272,511	534,503
- leasehold improvements (on non-separable assets)	*76,117*	*87,451*
- items related to accidents and disputes pending (valued at their estimated realization amount)	*32,275*	*290,977*
- other items	*164,119*	*156,075*
Total	**6,411,363**	**6,416,421**

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

The analysis detected the presence of this type of assets, amounting to €315 million, which were derecognized from financial statement assets, freeing up the corresponding provisions set up for that purpose. In particular, as described in the Notes to the Accounts - Part E) - Section 4) Operational risk, these funds mainly consist of €214 million for "legal risks" and €84 million for "tax disputes".

Part B - Balance Sheet

Liabilities

Section 1 - Deposits from banks - Item 10

1.1 Deposits from banks: product breakdown

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2013	AMOUNTS AS AT 12.31.2012
1. Deposits from central banks	**14,157,684**	**19,275,947**
2. Deposits from banks	**33,221,013**	**37,169,579**
2.1 Current accounts and demand deposits	14,024,316	14,642,784
2.2 Time deposits	9,927,873	13,516,453
2.3 Loans	9,258,955	9,009,706
2.3.1 repos	*4,916,189*	*2,731,769*
2.3.2 other	*4,342,766*	*6,277,937*
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Other liabilities	9,869	636
Total	**47,378,697**	**56,445,526**
Fair value - level 1	-	
Fair value - level 2	*30,880,813*	
Fair value - level 3	*16,310,949*	
Total fair value	*47,191,762*	*56,445,526*

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

Deposits from banks are not carried at fair value, which is presented solely for the purpose of fulfilling market disclosure requirements. Fair value measurements are classified according to a three level hierarchy that reflects the significance of the inputs used in the measurements. For further information see Part A - Accounting Policies - A.4 Information on fair value.

The changes occurred between December 31, 2012 and December 31, 2013 in the relationship between fair value and book value reflect the refinement of the assumptions and parameters used to measure fair value for the purposes of financial reporting.

1.2 Breakdown of item 10 "Deposits from banks": subordinated debt

Part F) Shareholders' Equity of the Notes to the Accounts includes the list of all subordinated debt instruments. Subordinated debt recognized in the item "Deposits from banks" amounts to €661,074 thousand.

Section 2 - Deposits from customers - Item 20

2.1 Deposits from customers: product breakdown

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2013	AMOUNTS AS AT 12.31.2012
1. Current accounts and demand deposits	108,568,278	107,284,379
2. Time deposits	3,382,997	6,660,391
3. Loans	32,809,465	32,228,429
3.1 repos	*30,794,526*	*29,922,240*
3.2 other	*2,014,939*	*2,306,189*
4. Liabilities in respect of commitments to repurchase treasury shares	-	-
5. Other liabilities	6,079,093	5,751,887
Total	**150,839,833**	**151,925,086**
Fair value - level 1	-	
Fair value - level 2	*35,482,637*	
Fair value - level 3	*114,648,769*	
Total fair value	*150,131,406*	*151,086,359*

Deposits from customers are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements. Fair value measurements are classified according to a three level hierarchy that reflects the significance of the inputs used in the measurements. For further information see Part A - Accounting Policies - A.4 Information on fair value.

Part B - Balance Sheet - Liabilities (Continued)

The changes occurred between December 31, 2012 and December 31, 2013 in the relationship between fair value and book value reflect the refinement of the assumptions and parameters used to measure fair value for the purposes of financial reporting.

The fair value of demand items was estimated to be equal to their net book value by exercising the option provided for by IFRS 7.29. According to this assumption, demand items were classified as level 3 in the fair value hierarchy.

2.2 Breakdown of item 20 "Deposits from customers": subordinated debt
This item includes subordinated debt in the amount of €354,705 thousand.

Section 3 - Debt securities in issue - Item 30

3.1 Debt securities in issue: product breakdown

TYPE OF SECURITIES/ VALUES	AMOUNTS AS AT							
	12.31.2013				12.31.2012			
	BALANCE SHEET VALUE	FAIR VALUE			BALANCE SHEET VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Listed securities								
1. Bonds	101,033,612	46,513,462	56,580,714	200	104,991,952	37,345,138	67,101,454	106
1.1 structured	1,475,685	-	1,522,880	-	3,281,744	-	3,339,107	-
1.2 other	99,557,927	46,513,462	55,057,834	200	101,710,208	37,345,138	63,762,347	106
2. Other securities	18,877,273	-	17,026,667	1,978,696	22,429,596	-	1,756,660	20,651,438
2.1 structured	360,956	-	365,288	-	507,985	-	513,003	-
2.2 other	18,516,317	-	16,661,379	1,978,696	21,921,611	-	1,243,657	20,651,438
Total	**119,910,885**	**46,513,462**	**73,607,381**	**1,978,896**	**127,421,548**	**37,345,138**	**68,858,114**	**20,651,544**
Total Level 1, Level 2 and Level 3				**122,099,739**				**126,854,796**

Fair value measurements, solely for the purpose of fulfilling financial disclosure requirements, are classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A. Accounting Policies - A.4. Information on fair value.

3.2 Breakdown of item 30 "Debt securities in issue": subordinated debt securities
This item includes subordinated securities in the amount of €14,778,428 thousand.

During 2013, the Bank favored the issue of unstructured bonds, increasing the amount of "Level 1" instruments.

3.4 Breakdown of item 30 "Debt securities in issue": Covered Bond
At December 31, 2013 for the two programs a total of 30 series of covered bonds have been issued for a total of €29,921 million, of which €16,590 held within the Group. In addition, following the buy back, €2,267 million were placed as collateral for repos and, consequently, these are also shown under liability item 30 "Securities in issue".

Section 4 - Financial liabilities held for trading - Item 40

4.1 Financial liabilities held for trading: product breakdown

	AMOUNTS AS									
	12.31.2013					12.31.2012				
	NOMINAL VALUE	FAIR VALUE				NOMINAL VALUE	FAIR VALUE			
TYPE OF TRANSACTIONS/ VALUES		LEVEL 1	LEVEL 2	LEVEL 3	FV*		LEVEL 1	LEVEL 2	LEVEL 3	FV*
A. Financial liabilities										
1. Deposits from banks	-	60,291	-	-	60,291	-	-	-	-	-
2. Deposits from customers	-	2,199,610	-	-	2,199,610	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	**-**	**2,259,901**	**-**	**-**	**2,259,901**	**-**	**-**	**-**	**-**	**-**
B. Derivative instruments										
1. Financial derivatives	X	4,800	8,085,594	453,652	X	X	567	9,623,543	453,614	X
1.1 Trading	X	4,800	7,796,825	84,427	X	X	567	9,311,545	49,926	X
1.2 Related to fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	288,769	369,225	X	X	-	311,998	403,688	X
2. Credit derivatives	X	-	-	55	X	X	-	-	107	X
2.1 Trading derivatives	X	-	-	-	X	X	-	-	-	X
2.2 Related to fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	55	X	X	-	-	107	X
Total B	**X**	**4,800**	**8,085,594**	**453,707**	**X**	**X**	**567**	**9,623,543**	**453,721**	**X**
Total A+B	**-**	**2,264,701**	**8,085,594**	**453,707**	**X**	**-**	**567**	**9,623,543**	**453,721**	**X**
Total Level 1, Level 2 and Level 3				**10,804,002**					**10,077,831**	

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

Balance-sheet liabilities increased as a result of the recognition of technical overdrafts typical of primary dealer and market maker transactions in government bonds (“Markets” transactions) started in the second quarter of 2013, formerly carried out by the subsidiary UniCredit Bank AG through its Milan branch.

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

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

No data to be disclosed in this section.

Part B - Balance Sheet - Liabilities (CONTINUED)

Section 6 - Hedging derivatives - Item 60

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

	AMOUNTS AS AT							
	12.31.2013				12.31.2012			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**-**	**5,797,092**	**56**	**178,437,477**	**-**	**7,946,407**	**70**	**136,494,830**
1) Fair value	-	5,645,443	56	172,184,137	-	7,705,319	70	130,068,387
2) Cash flows	-	151,649	-	6,253,340	-	241,088	-	6,426,443
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B.Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**5,797,092**	**56**	**178,437,477**	**-**	**7,946,407**	**70**	**136,494,830**
Total Level 1, Level 2 and Level 3			**5,797,148**				**7,946,477**	

6.2 Hedging derivatives: breakdown by hedged items and risk type

	AMOUNTS AS AT 12.31.2013								
	FAIR VALUE						CASH FLOW		
	MICRO-HEDGE					MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	
TRANSACTIONS/ HEDGE TYPES	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS				FOREIGN INVESTMENTS
1. Available for sale financial assets	1,398,503	-	-	-	-	X	-	X	X
2. Loans and receivables	-	-	-	X	-	X	-	X	X
3. Held to maturity investments	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	3,466,120	X	52,960	X
5. Others	-	-	-	-	-	X	-	X	-
Total assets	**1,398,503**	**-**	**-**	**-**	**-**	**3,466,120**	**-**	**52,960**	**-**
1. Financial liabilities	-	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	780,876	X	98,689	X
Total liabilities	**-**	**-**	**-**	**X**	**-**	**780,876**	**-**	**98,689**	**X**
1. Higly probable transactions (CFH)	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

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

7.1 Changes to macro-hedged financial liabilities

	AMOUNTS AS AT	
CHANGES TO MACRO-HEDGED LIABILITIES	12.31.2013	12.31.2012
1. Positive changes to financial liabilities	2,796,899	4,389,371
2. Negative changes to financial liabilities	(452,693)	(399,614)
Total	**2,344,206**	**3,989,757**

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

HEDGED LIABILITIES	AMOUNTS AS AT 12.31.2013	AMOUNTS AS AT 12.31.2012
1. Deposits	-	-
2. Debt securities in issue	-	-
3. Portfolio	80,313,759	73,899,356
Total	**80,313,759**	**73,899,356**

Section 8 - Tax liabilities - Item 80

See Section 13 of assets.

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

See Section 14 of assets.

Section 10 - Other liabilities - Item 100

10.1 Other liabilities: breakdown

ITEMS/VALUES	AMOUNTS AS AT 12.31.2013	AMOUNTS AS AT 12.31.2012
Liabilities for financial guarantees issued	17,807	22,046
Impairment: of financial guarantees issued, of credit derivatives, of irrevocable commitments to distribute funds	1,115,853	1,038,846
Obligations for irrevocable commitments to distribute funds	-	-
Accrued expenses other than those to be capitalized for the financial liabilities concerned	70,709	63,808
Liabilities in respect of share based payments	19,205	5,132
Other liabilities due to employees	812,734	1,033,882
Items in transit between branches and not yet allocated to destination accounts	67,312	200,027
Available amounts to be paid to others	2,743,771	1,763,118
Items in processing	566,212	553,158
Entries related to securities transactions	158,335	86,979
Items deemed definitive but not attributable to other lines:	3,617,888	2,498,712
- accounts payable - suppliers	*342,626*	*374,028*
- other entries	*3,275,262*	*2,124,684*
- of which: Group Vat debt to subsidiaries	*205,650*	*314,357*
Liabilities for miscellaneous entries related to tax collection service	22	22
Adjustments for unpaid portfolio entries	439,801	495,971
Tax items different from those included in item 80	1,010,636	1,477,127
Other entries	403,195	896,143
Total Other Liabilities	**11,043,480**	**10,134,971**

The item “Impairment: of financial guarantees issued, of credit derivatives, of irrevocable commitments to distribute funds” includes €951 million (€891 million at December 31, 2012) relating to the impairment of the guarantee issued in the context of the securitization transaction “Trevi Finance 3”.

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

These securities are zero-coupon bonds with a maturity value (August 16, 2016) of €1,012.8 million and a carrying value of €830 million in the vehicle company’s financial statements as at December 31, 2013.

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

Part B - Balance Sheet - Liabilities (CONTINUED)

Section 11 - Provision for employee severance pay - Item 110

11.1 Provision for employee severance pay: annual changes

	CHANGES IN	
	2013	2012
A. Opening balance	**1,033,597**	**939,751**
B. Increases	**45,922**	**186,656**
B.1 Provisions for the year	33,348	40,916
B.2 Other increases	12,574	145,740
of which: business combinations	*5,853*	*11,042*
C. Reductions	**114,577**	**92,810**
C.1 Severance payments	72,711	76,955
C.2 Other decreases	41,866	15,855
of which: business combinations	-	*14,085*
D. Closing balance	**964,942**	**1,033,597**

11.2 Other information

	12.31.2013	12.31.2012
Cost Recognised in P&L	**33,348**	**40,916**
Current Service Cost	-	-
Interest Cost on the DBO	33,348	40,916
Settlement (Gain) / Loss	-	-
Past Service Cost	-	-
Remeasurement Effects (Gains) Losses Recognised in OCI	**(40,437)**	**96,680**
Annual weighted average assumptions		
- Discount rate	3,30%	3,30%
- Price inflation	1,80%	2,00%

The financial duration of the commitments is 9.9 years; the balance of the negative Revaluation reserves net of tax changed from -€70,108 at December 31, 2012 to -€40,994 at December 31, 2013.

A change of -25 basis points in the discount rate would result in an increase in liabilities of €24,233 (+2.51%); an equivalent increase in the rate, on the other hand, would result in a reduction in liabilities of €23,399 (-2.42%). A change of -25 basis points in the inflation rate would result in a reduction in liabilities of €12,283 (-1.27%); an equivalent increase in the rate, on the other hand, would result in an increase in liabilities of €12,480 (+1.29%).

Section 12 - Provisions for risks and charges - Item 120

12.1 Provisions for risks and charges: breakdown

	AMOUNTS AS AT	
ITEMS/VALUES	12.31.2013	12.31.2012
1. Pensions and other post retiremen benefit obligations	**806,371**	**879,040**
2. Other provisions for risks and charges	**1,477,805**	**1,065,943**
2.1 Legal disputes	591,850	712,771
2.2 Staff expenses	322,254	76,560
2.3 Other	563,701	276,612
Total	**2,284,176**	**1,944,983**

Under the provisions for risks and charges, point 2.1 Legal disputes, the provisions made for contingent assets totaling €121,582 thousand have been eliminated.

The provisions for risks and charges, point 2.2 Staff costs, include provisions for the redundancy plan of €149,948 thousand and provisions for the compensation system of €142,331 thousand. These amounts were allocated during the year underway under the Item 150. Administrative costs - a) staff expense.

For the provisions for risks and charges, point 2.3 Other, see the table 12.4 Provisions for risks and charges: other provisions.

12.2 Provisions for risks and charges: annual changes

ITEMS/VALUES	CHANGE IN 2013		
	PENSIONS AND POST-RETIREMENT BENEFIT OBLIGATIONS	OTHER PROVISIONS	TOTAL
A. Opening balance	**879,040**	**1,065,943**	**1,944,983**
B. Increases	**27,954**	**929,538**	**957,492**
B.1 Provisions for the year (*)	2,065	919,637	921,702
B.2 Changes due to the passage of time	24,787	5,392	30,179
B.3 Differences due to discount-rate changes	-	4,294	4,294
B.4 Other increases	1,102	215	1,317
C. Decreases	**100,623**	**517,676**	**618,299**
C.1 Use during the year	77,453	163,212	240,665
C.2 Diffrences due to discount-rate changes	-	34	34
C.3 Other decreases	23,170	354,430	377,600
D. Closing balance (**)	**806,371**	**1,477,805**	**2,284,176**

(*) The amount of Pension and post-retirement benefit obligations includes tax and operating costs for €4 thousand concerning definited-contribution funds and includes as well Bank's contribution equal to € 1,222 thousand.
Other provisions are disclosed net of allocations of € 23,696 thousand for a guarantee issued to UniCredit Credit Management Bank S.p.A. (former Aspra Finance), following the sale of non-performing loans recognised in Other liabilities, but include € 288,279 thousand attributed to the item 150. Administrative Costs. a) staff expenses.

(**) Of which: Definited-benefit pension funds in the amount of € 766,699 thousand.

12.3 Provisions for defined-benefit company pensions

1. Description of the funds

In respect of Pensions and other post retirement benefit obligations, the Annexes provide details of Fund movements and include statements of changes in funds with segregated assets pursuant to article 2117 of the Italian Civil Code, as well as explanatory notes thereto.
Allocations to funds other than those with segregated assets are indiscriminately invested in asset items. Therefore, it is not possible to provide any statement of these funds.
For details of the methods used to calculate the present value of the defined benefit plans, see the specific section "12- Provisions for risks and charges" in part A of these Notes to the Accounts.
With regard to the discount rate please note that, in order to increase the representativeness for the medium-long term maturities, the basket contains a number of investment grade securities with a rating of less than AA for which an adjustment is made to generate an "AA equivalent" rate of return. Commonly used statistical and econometric approaches are also adopted to extrapolate the rate of return generated by the basket of securities for durations of over 30 years.
From January 1, 2013, as a result of the entry into force of the amendments to IAS 19 ('IAS 19R'), the elimination of the "corridor" approach has resulted in an impact on the Group's shareholders' equity connected to the recognition under "revaluation reserves" of actuarial gains and losses that were not previously recognized due to the adoption of that "approach".
The balance of the negative Revaluation reserves net of tax changed from -€129,030 at December 31, 2012 to -€112,266 at December 31, 2013.

2. BREAKDOWN OF NET DEFINED BENEFIT LIABILITY/ASSET AND ANY RIMBURSEMENT RIGHTS AS OF THE PERIOD END DATE	12.31.2013	12.31.2012
Defined Benefit Obligation	789,333	855,034
Fair Value of Assets	(22,634)	(18,119)
Deficit / (Surplus)	766,699	836,915
Irrecoverable Surplus (Effect of Asset Ceiling)	-	-
Net Defined Benefit Liability/(Asset) as of the Period End Date	**766,699**	**836,915**

2.1 CHANGES IN DEFINED BENEFIT OBLIGATIONS	12.31.2013	12.31.2012
Defined Benefit Obligation as of the Prior Period End date	**855,034**	**840,511**
Current <Service Cost	804	13,786
Settlement (Gain) / Loss	-	(38,626)
Past Sevice Cost	-	-
Interest Cost on the DBO	25,560	35,995
Net Actuarial (Gain) / Loss	(22,947)	81,293
Plan Partecipants' Contributions	19	-
Disbursements from Plan Assets	(142)	(9,606)
Disbursements Directly Paid by the Employer	(68,962)	(73,642)
Settlements	-	-
Other changes on defined benefit obligation	(32)	5,323
Total Defined beneft Obligation as of the Period End Date	**789,334**	**855,034**

Part B - Balance Sheet - Liabilities (Continued)

2.2 CHANGES TO PLAN ASSETS	12.31.2013	12.31.2012
Fair Value of Plan Assets as of the Prior Period End date	**18,119**	**60,997**
Interest Income on Plan Assets	773	880
Return on Plan Assets Greater / (Less) than Discount Rate	176	713
Employer Contibutions	3,709	2,041
Disbursemens from Plan Assets	(142)	(9,606)
Settlemets	-	(38,626)
Other changes on plan assets	-	1,720
Total Fair Value of Plan Assets as of the Period End Date	**22,635**	**18,119**

3. INFORMATIONS ABOUT FAIR VALUE OF PLAN ASSETS	12.31.2013	12.31.2012
1. Equities	8,234	6,510
2. Bonds	7,498	8,025
3. Units in investment funds	-	
4. Properties	-	-
5. Derivative instruments	-	-
6. Others	6,902	3,584
Total	**22,634**	**18,119**

4. PRINCIPAL ACTUARIAL ASSUMPTIONS	12.31.2013	12.31.2012
Discount rate	3.14%	3.12%
Rate of increase in future compensation and vested rights	2.90%	3.03%
Rate of increase in pension obligations	1.17%	1.77%
Expected inflation rate	1.92%	2.02%

5. INFORMATION ON AMOUNT, TIMING AND UNCERTAINTY OF CASH FLOWS	12.31.2013
Impact of changes in financial/demographic assumptions on DBOs	
a. Discount rate	
a1. - 25 basis points	17,941 2.27%
a2.+ 25 basis points	(17,091) -2.17%
b. Pensions increase rate	
b1. - 25 basis points	(10,675) -1.35%
b2. + 25 basis points	11,084 1.40%
c. Mortality	
c1. Survival rate + 1 year	40,333 5.11%
Weighted average duration (years)	**8.9**

There are no plans related to more than one employer or that share risks between entities under common control.

12.4 Provisions for risks and charges - other provisions - other

	AMOUNTS AS AT	
	12.31.2013	12.31.2012
2.3 Other provisions for risks and charges - other		
- Out-of-court settlements, accidents and other claims	18,529	29,224
- Tax disputes	20,296	15,432
- Guarantees and other risks connected with equity investment disposals	48,520	18,457
- Other	476,356	213,499
Total	**563,701**	**276,612**

The Item Guarantees and other risks connected with equity investment disposals, includes a provision of €30,000 thousand made during 2013 in relation to the equity investment in Finaref; the increase in the Item Other was mainly due to the establishment of new provisions, the most significant of which related to the Provision for Banca Tercas of €28,284 thousand, the Compensation Agreement HVB of €43,766 thousand and the Provision for Legal disputes, expenses for coverage of indemnification risk of €108,000 thousand.

Under the provisions for risks and charges, point 2.3 Other, the provisions made for contingent assets totaling €192,972 thousand have been eliminated.

Section 13 - Redeemable shares - Item 140

No data to be disclosed in this section.

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

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

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

	12.31.2013		12.31.2012	
	ISSUED SHARES	UNDERWRITTEN SHARES	ISSUED SHARES	UNDERWRITTEN SHARES
A. Share Capital				
A.1 ordinary shares	19,646,630	-	19,639,723	-
- related to "usufrutto" contract	328,359	-	328,362	-
- other	19,318,271	-	19,311,361	-
A.2 savings shares	8,226	-	8,226	-
Total A	**19,654,856**	**-**	**19,647,949**	**-**
B. Treasury Shares				
B.1 ordinary shares	(2,440)	-	(2,440)	-
B.2 savings shares	-	-	-	-
Total (B)	**(2,440)**	**-**	**(2,440)**	**-**

During 2013, Share Capital - which at December 31, 2012 was represented by 5,787,112,132 ordinary shares and 2,423,898 savings shares, both categories with no per-share face value - changed as a result of the free capital increase carried out through a withdrawal from the specifically established reserve, for the issue of 2,097,587 ordinary shares connected to the medium term incentive plan for Group Personnel, as approved by the Board of Directors on March 15, 2013.

Following the above-mentioned increase, the Share Capital is now represented by 5,789,209,719 ordinary shares and 2,423,898 savings shares and has increased from €19,647,949 thousand to €19,654,856 thousand.

At the end of 2013 the number of Treasury shares outstanding was equal to 47,600 ordinary shares, unchanged from the end of 2012, since no transactions occurred during the financial year.

Part B - Balance Sheet - Liabilities (Continued)

14.2 Capital Stock - number of shares: annual changes

ITEMS/TYPES	CHANGES IN 2013 ORDINARY	OTHERS (SAVING)	TOTAL
A. Issued shares as at the beginning of the year	**5,787,112,132**	**2,423,898**	**5,789,536,030**
- fully paid	5,787,112,132	2,423,898	5,789,536,030
- related to "usufrutto" contract	96,756,406	-	96,756,406
- other	5,690,355,726	2,423,898	5,692,779,624
- not fully paid	-	-	-
A.1 Treasury shares (-)	(47,600)	-	(47,600)
A.2 Shares outstandind: opening balance	5,787,064,532	2,423,898	5,789,488,430
B. Increases	**2,097,587**	**-**	**2,097,587**
B.1 New issues	2,097,587	-	2,097,587
- against payment	-	-	-
- business combinations	-	-	-
- bonds converted	-	-	-
- warrants exercised	-	-	-
- other	-	-	-
- free	2,097,587	-	2,097,587
- to employees	*2,097,587*	-	*2,097,587*
- to Directors	-	-	-
- other	-	-	-
B.2 Sales of treasury shares	-	-	-
B.3 Other changes	-	-	-
C. Decreases	**-**	**-**	**-**
C.1 Cancellation	-	-	-
C.2 Purchase of treasury shares	-	-	-
C.3 Business tranferred	-	-	-
C.4 Other changes	-	-	-
D. Shares outstanding: closing balance	**5,789,162,119**	**2,423,898**	**5,791,586,017**
D.1 Treasury Shares (+)	47,600	-	47,600
D.2 Shares outstanding as at the end of the year	5,789,209,719	2,423,898	5,791,633,617
- fully paid	5,789,209,719	2,423,898	5,791,633,617
- related to "usufrutto" contract 1	96,756,406	-	96,756,406
- other	5,692,453,313	2,423,898	5,694,877,211
- not fully paid	-	-	-

1. The usufruct agreement relative to the 96,756,406 shares (issued in the context of the January 2009 capital increase) provides for Euribor-linked discretionary payments contingent on the payment of dividends on ordinary and/or savings shares. On these shares the voting right cannot be exercised.

14.3 Capital: other information

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

For specific details about the Savings shares, see articles 5, 7 and 32 of the Articles of Association of UniCredit S.p.A..

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

	AMOUNTS AS AT 12.31.2013	12.31.2012
Legal Reserve (*)	1,517,514	1,517,514
Statutory Reserve	1,195,845	-
Other Reserves	5,647,951	4,943,600
Total	**8,361,310**	**6,461,114**

(*) The "Legal reserve" includes also € 2,413,457 thousand constituted, as resolved by the approval of the OrdinaryShareholders'Meeting of May 11, 2013, with the withdrawal from the "Share premium Reserve" and therefore it is not classified among Reserves from allocation of profit from previous year.

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

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

ITEMS	AMOUNT	PERMITTED USES (*)		AVAILABLE PORTION	SUMMARY OF USE IN THE THREE PREVIOUS FISCAL YEARS: TO COVER LOSSES	SUMMARY OF USE IN THE THREE PREVIOUS FISCAL YEARS: OTHER REASONS
Share capital	**19,654,856**	**-**		**-**		
Share premium	**23,879,202**	**A, B, C**	**(1) (2)**	**23,879,202**	**6,568,432**	**8,874,799**
Reserves:	**13,480,904**					
legal reserve	3,930,971	B	(3)	3,930,971		
reserve for treasury shares or interests	2,440	-		-		
statutory reserves	1,195,845	A, B, C	(4)	1,195,845	-	96,000 (15)
reserves arising out of share swaps	511,210	A, B, C		511,210		
reserves arising out of transfer of assets	477,090	A, B, C	(5)	477,090		
reserves arising out of split-offs	15,672	A, B, C		15,672		
reserves related to the medium-term incentive programme for Group staff	136,181	-	(6)	-		7,639 (16)
reserve related to equity-settled plans	356,070	-		-		
reserve related to business combinations (IFRS 3)	2,118,624	A, B, C	(7)	2,118,624		
reserve related to business combinations within the Group	4,071,837	A, B, C	(8)	4,071,837		512,535 (17)
reserve for allocating profits tio Shareholders through the issuance of new free shares	1,193,962	A, B, C	(9)	1,193,962	-	
reserve pursuant to art. 6, paragraph 2 Legislative Decree 38/2005	6,745	B	(10)	6,745		
Other reserves	50,427	A, B, C	(11)	50,427	-	
Negative components of Shareholders' equity	(586,170)		(12)	(586,170)		
Revaluation reserves	**666,513**					
monetary equalisation reserve under L. 576/75	4,087	A, B, C	(13)	4,087		
monetary revaluation reserve under L.72/83	84,658	A, B, C	(13)	84,658		
asset revaluation reserve under L. 408/90	28,965	A, B, C	(13)	28,965		
property revaluation reserve under L. 413/91	159,310	A, B, C	(13)	159,310		
Available-for-sale financial assets	217,228	-	(14)	-		
Cash-flow hedges	326,346	-	(14)	-		
Reserve for actuarial gains (losses) on employee defined -benefit plans	(154,081)	-		-		
Total	**57,681,475**			**37,142,435**		
Portion not allowed in distribution (**)				**9,469,197**		
Remaining portion available for distribution (***)				**27,673,238**		

(*) A: for capital increase; B: to cover losses; C: distribution to shareholders

(**) Includes the part of Share premium (see note 2), the remainder is distributable because the legal reserve is at the level of one-fifth of the share capital, as per art. 2430 of the Civil Code.

(***) The distributable amount is net of negative items.

(1) Reserve utilized to cover losses for the year 2011 and 2012 of €6,568,432 thousand, to supplement the legal reserve by €2,413,457 thousand and to cover negative items of shareholders' equity of €3,962,124 thousand.

(2) the amount of Share premium reserve generated as a result of the business combination with Capitalia exceeds the shareholders' equity of the absorbed company by €8,565 million and includes €7,563 million considered as available for distribution following the impairment losses on goodwill, intangible assets and equity investments and recognized on each occasion through profit or loss. The remaining amount of €1,002 is considered not available for distribution.

(3) Available, to cover losses, only after the utilization of other reserves, except for the reserves of art. 6, paragraph 2, of the Legislative Decree n. 38/2005. The reserve includes €2,413,457 thousand from Share Premium as approved by the Ordinary Shareholders' Meeting of May 11, 2013.

(4) Reserve established for the entire amount of €1,195,845 thousand by resolution of Ordinary Shareholders' Meeting of May 11, 2013 following the reallocation of the loss for the year 2011 posted entirely to the share premium reserve.

(5) The amount includes €214,747 thousand in distributable reserves, in accordance with article 2445 of the Civil Code. If the reserve is utilized to cover losses, profits may not be distributed until the reserve is restored to its full amount or is reduced by the corresponding amount by resolution of the shareholders at an extraordinary meeting, without application of the provisions of the second and third paragraphs of article 2445 of the Civil Code.

(6) Allocation constraints to render the reserve available and distributable may be approved by the shareholders' meeting.

(7) €1,406 million of the Business Combination (IFRS3) reserve is considered as distributable, following value adjustments due to the decrease in UniCredit Bank AG and UniCredit Bank Austria AG investments, which are recognized in the income statement;

(8) The amount of €3,818,209 thousand, resulting from the transfer in 2007 to UniCredit Bank Austria AG (formerly Bank Austria Creditanstalt AG) of a business unit consisting of controlling interests in commercial banks domiciled in central-eastern Europe and related management and support operations, is held to be non-distributable because the transactions were not conducted with third parties.

(9) Reserve reestablished for the entire amount of €1,193,962 thousand by Ordinary Shareholders' Meeting Resolution of May 11, 2013, following the reallocation of the loss for the year 2011 allocated in full to the share premium reserve.

(10) If this Reserve is used to cover losses, profits cannot be distributed until this Reserve has been replenished by allocating profits from future years.

(11) Other reserves include the reserve pursuant to Art. 19 of Legislative Decree 87/92 equal to €16 thousand non-distributable.

(12) Negative items of shareholders' equity affect the availability and distributability of positive reserves of the shareholders equity.

(13) If these reserves are utilized to cover losses, profits may not be distributed until the reserve is restored to its full amount or is reduced by the corresponding amount by resolution of the shareholders at an extraordinary meeting, without application of the provisions of the second and third paragraphs of article 2445 of the Civil Code. If the reserve is not recognized under share capital, it may only be reduced by resolution adopted in application of the provisions of the second and third paragraphs of said article 2445 of the Italian Civil Code.

(14) The reserve, when positive, is not available pursuant to article 6 of Legislative Decree 38/2005.

(15) €96,000 thousand allocated in 2011 to a special reserve for medium-term staff incentives.

(16) For capital increase.

(17) €513 million paid to shareholders in the year 2013.

Part B - Balance Sheet - Liabilities (Continued)

In detail the composition of Other negative components of Shareholders' equity:

VOICE	12.31.2013
Reserve related to business combinations within the Group	(5,389)
Reserve arising out of transfers of assets within the Group under art. 58 Banking law	(469,997)
Reserve arising out of sale of treasury shares	(105,197)
ESOP share price reserve	(5,587)
Total	**(586,170)**

Other information

1. Guarantees given and commitments

	AMOUNTS AS AT	
TRANSACTIONS	12.31.2013	12.31.2012
1) Financial guarantees given to	**22,037,713**	**20,255,701**
a) Banks	8,464,176	5,767,790
b) Customers	13,573,537	14,487,911
2) Commercial guarantees given to	**16,075,343**	**15,474,303**
a) Banks	1,864,497	1,909,195
b) Customers	14,210,846	13,565,108
3) Other irrevocable commitments to disburse funds	**42,793,191**	**41,794,251**
a) banks:	3,304,744	10,338,829
i) usage certain	*2,463,637*	*1,300,677*
ii) usage uncertain	*841,107*	*9,038,152*
b) customers:	39,488,447	31,455,422
i) usage certain	*18,724,043*	*7,576,105*
ii) usage uncertain	*20,764,404*	*23,879,317*
4) Underlying obligations for credit derivatives: sales of protection	**5,000**	**5,000**
5) Assets used to guarantee others' obligations	**2,046**	**11,228**
6) Other commitments	**374,916**	**425,454**
Total	**81,288,209**	**77,965,937**

2. Assets used to guarantee own liabilities and commitments

	AMOUNTS AS AT	
PORTFOLIOS	12.31.2013	12.31.2012
1. Financial assets held for trading	98,610	594,396
2. Financial assets designated at fair value	1,079	1,025
3. Financial assets available for sale	17,256,898	13,656,942
4. Financial assets held to maturity	2,652,309	2,720,588
5. Loans and receivables with banks	1,849,998	2,269,835
6. Loans and receivables with customers	34,104,806	22,002,464
7. Property, plant and equipment	-	-

Deposits from banks include €12,174 million related to Bank of Italy's refinancing operations collateralized by securities nominal value €29,731 million. Of these, the securities not recognized on balance-sheet - since they represent repurchased or retained UniCredit S.p.A.'s financial liabilities - amount to nominal €27,566 million.

Security borrowing transactions collateralized by securities or not collateralized

LENDER BREAKDOWN	AMOUNTS AS AT 12.31.2013			
	AMOUNTS OF THE SECURITIES BORROWED / TRANSACTION PURPOSE			
	GIVEN AS COLLATERAL IN OWN FUNDING TRANSACTIONS	SOLD	SOLD IN REPO TRANSACTIONS	OTHER PURPOSES
A. Banks	151,997	-		2,093,383
B. Financial companies	-	-	-	-
C. Insurance companies	-	-	-	-
D. Non-financial companies	-	-	-	-
E. Others	-	-	-	-
Total	**151,997**	**-**	**-**	**2,093,383**

3. Operating leasing

No data to be disclosed.

4. Asset management and trading on behalf of others

TYPE OF SERVICES	AMOUNTS AS AT 12.31.2013	12.31.2012
1. Management and trading on behalf of third parties		
a) Purchases	-	-
1. settled	-	-
2. to be settled	-	-
b) Sales	-	-
1. settled	-	-
2. to be settled	-	-
2. Segregated accounts		
a) Individual	7,350,554	6,166,098
b) Collective	-	-
3. Custody and administration of securities		
a) Third party securities on deposit: relating to depositary bank activities (excluding segregated accounts)	-	-
1. securities issued by the bank preparing the accounts	-	-
2. other securities	-	-
b) Third party securities held in deposit (excluding segregated accounts): other	161,995,870	168,775,316
1. securities issued by the bank preparing the accounts	*36,624,061*	*40,899,733*
2. other securities	*125,371,809*	*127,875,583*
c) Third party securities deposited with third parties	160,649,451	166,844,889
d) Proprietary securities deposited with third parties	68,572,382	62,232,426
4. Other	**8,136,812**	**8,458,172**

Part B - Balance Sheet - Liabilities (Continued)

5. Assets subject to accounting offsetting or under master netting agreements and similar ones

INSTRUMENT TYPE	GROSS AMOUNTS OF FINANCIAL ASSETS (A)	FINANCIAL LIABILITIES OFFSET IN BALANCE SHEET (B)	NET BALANCE SHEET VALUES OF FINANCIAL ASSET (C=A-B)	RELATED AMOUNTS NOT RECOGNISED IN BALANCE SHEET: FINANCIAL INSTRUMENTS (D)	RELATED AMOUNTS NOT RECOGNISED IN BALANCE SHEET: CASH COLLATERAL RECEIVED (E)	NET AMOUNTS 12.31.2013 (F=C-D-E)	NET AMOUNTS 12.31.2012
1) Derivatives	10,011,395		10,011,395	9,496,170		515,225	
2) Repos			-			-	
3) Securities lending			-			-	
4) Others			-			-	
Total 12.31.2013	**10,011,395**	**-**	**10,011,395**	**9,496,170**	**-**	**515,225**	
Total 12.31.2012							

6. Liabilities subject to accounting offsetting or under master netting agreements and similar ones

INSTRUMENT TYPE	GROSS AMOUNTS OF FINANCIAL LIABILITIES (A)	FINANCIAL LIABILITIES OFFSET IN BALANCE SHEET (B)	NET BALANCE SHEET VALUES OF FINANCIAL LIABILITIES (C=A-B)	RELATED AMOUNTS NOT RECOGNISED IN BALANCE SHEET: FINANCIAL INSTRUMENTS (D)	RELATED AMOUNTS NOT RECOGNISED IN BALANCE SHEET: CASH COLLATERAL GIVEN (E)	NET AMOUNTS (F=C-D-E)	NET AMOUNTS 12.31.2012
1) Derivatives	11,449,343		11,449,343	9,496,170		1,953,173	
2) Repos			-				
3) Securities lending			-				
4) Others			-				
Total 12.31.2013	**11,449,343**	**-**	**11,449,343**	**9,496,170**	**-**	**1,953,173**	**-**
Total 12.31.2012							

Part C - Income Statement

Part C - Income Statement (AMOUNTS IN THOUSANDS OF €)

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

1.1 Interest income and similar revenues: breakdown

	2013				2012
ITEMS/TYPE	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	TOTAL
1. Financial assets held for trading	37,481	-	-	37,481	52,002
2. Available-for-sale financial assets	950,911	-	-	950,911	859,990
3. Held-to-maturity investments	44,455	-	-	44,455	99,299
4. Loans and receivables with banks	119,478	92,039	-	211,517	390,995
5. Loans and receivables with customers	64,489	7,076,307	-	7,140,796	8,499,713
6. Financial assets at fair value through profit or loss	20	-	-	20	24
7. Hedging derivatives	X	X	1,022,093	1,022,093	737,794
8. Other assets	X	X	8,470	8,470	18,211
Total	**1,216,834**	**7,168,346**	**1,030,563**	**9,415,743**	**10,658,028**

The interest accrued during the year on positions classified at 12.31.2013 as “impaired” amount to €645 million.

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

ITEMS	2013	2012
A. Positive differentials relating to hedging operations	3,834,175	4,092,581
B. Negative differentials relating to hedging operations	(2,812,082)	(3,354,787)
C. Net differentials (A - B)	**1,022,093**	**737,794**

1.3.1 Interest income from financial assets denominated in currency

ITEMS	2013	2012
a) Assets denominated in currency	89,742	167,172

1.4 Interest expense and similar charges: breakdown

	2013				2012
ITEMS/TYPE	DEBTS	SECURITIES	OTHER TRANSACTIONS	TOTAL	TOTAL
1. Deposits from Central banks	(93,306)	X	-	(93,306)	(172,128)
2. Deposits from banks	(387,673)	X	-	(387,673)	(649,075)
3. Deposits from customers	(916,951)	X	-	(916,951)	(1,353,464)
4. Debt securities in issue	X	(4,014,455)	-	(4,014,455)	(4,207,251)
5. Financial liabilities held for trading	-	-	(9,396)	(9,396)	-
6. Financial liabilities at fair value through profit or loss	-	-	-	-	-
7. Other liabilities and funds	X	X	(185)	(185)	(356)
8. Hedging derivatives	X	X	-	-	-
Total	**(1,397,930)**	**(4,014,455)**	**(9,581)**	**(5,421,966)**	**(6,382,274)**

1.6.1 Interest expense on liabilities denominated in currency

ITEMS	2013	2012
a) Liabilities denominated in currency	(196,872)	(194,449)

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

2.1 Fee and commission income: breakdown

TYPE OF SERVICES/VALUES	2013	2012
a) guarantees given	**328,019**	**279,082**
b) credit derivatives	**-**	**-**
c) management, brokerage and consultancy services:	**1,462,586**	**1,194,853**
1. securities trading	12	51
2. currency trading	75,635	86,076
3. portfolio management	81,302	85,308
3.1. individual	*71,141*	*76,097*
3.2. collective	*10,161*	*9,211*
4. custody and administration of securities	13,048	15,014
5. custodian bank	-	-
6. placement of securities	641,212	459,325
7. reception and transmission of orders	151,379	111,769
8. advisory services	26,691	18,753
8.1 related to investments	*12,389*	*9,371*
8.2 related to financial structure	*14,302*	*9,382*
9. distribution of third party services	473,307	418,557
9.1 portfolio management	21,617	30,436
9.1.1. individual	*21,617*	*30,436*
9.1.2. collective	-	-
9.2. insurance products	439,909	374,856
9.3. other products	11,781	13,265
d) collection and payment services	**644,571**	**661,283**
e) securitization servicing	**50,672**	**49,407**
f) factoring	**-**	**-**
g) tax collection services	**-**	**-**
h) management of multilateral trading facilities	**-**	**-**
i) management of current accounts	**956,034**	**1,336,008**
j) other services	**322,788**	**304,227**
k) security lending	**8,605**	**14,390**
Total	**3,773,275**	**3,839,250**

2.2 Fee and commission income by distribution channel

CHANNELS/SECTORS	2013	2012
a) through Group bank branches	**1,195,395**	**962,862**
1. portfolio management	81,302	85,308
2. placement of securities	640,786	458,997
3. others' products and services	473,307	418,557
b) off-site	**426**	**328**
1. portfolio management	-	-
2. placement of securities	426	328
3. others' products and services	-	-
c) other distribution channels	**-**	**-**
1. portfolio management	-	-
2. placement of securities	-	-
3. others' products and services	-	-
Total	**1,195,821**	**963,190**

Part C - Income Statement (CONTINUED)

2.3 Fee and commission expense: breakdown

TYPE OF SERVICES/VALUES	2013	2012
a) guarantees received	**(74,889)**	**(36,796)**
b) credit derivatives	**(5,247)**	**(9,235)**
c) management, brokerage and consultancy services:	**(74,513)**	**(78,828)**
1. trading financial instruments	(14,088)	(4,980)
2. currency trading	(1,627)	(856)
3. portfolio management:	(9,452)	(15,071)
3.1. own portfolio	*(9,452)*	*(15,071)*
3.2. third party portfolio	-	-
4. custody and administration of securities	(42,652)	(45,193)
5. placement of financial instruments	(476)	(37)
6. off-site distribution of financial instruments, products and services	(6,218)	(12,691)
d) collection and payment services	**(120,881)**	**(124,655)**
e) other services	**(141,041)**	**(92,523)**
f) security borrowing	**(4,482)**	**(6,225)**
Total	**(421,053)**	**(348,262)**

Section 3 - Dividend income and similar revenue - Item 70

3.1 Dividend income and similar revenue: breakdown

ITEMS/REVENUES	2013		2012	
	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS
A. Financial assets held for trading	-	-	15	-
B. Available for sale financial assets	30,656	10,383	25,568	8,359
C. Financial assets at fair value thought profit or loss	-	-	4	-
D. Investments	3,139,167	X	1,672,688	X
Total	**3,169,823**	**10,383**	**1,698,275**	**8,359**

	2013	2012
Total dividends and income from units in investments funds	**3,180,206**	**1,706,634**

Provided below is the breakdown of dividends on equity investments collected during 2012 and 2013.

Breakdown of dividends by shareholding

	2013	2012
UniCredit Bank AG	2,462,121	1,016,674
Bank Pekao S.A.	256,818	198,791
FinecoBank S.p.A.	111,858	59,075
UniCredit Bank Ireland P.l.c.	82,000	133,000
Creditras Vita S.p.A.	59,400	-
Pioneer Global Asset Management S.p.A.	46,986	206,113
Aviva S.p.A.	32,658	-
UniCredit Factoring S.p.A.	30,405	-
UniCredit Credit Management Bank S.p.A.	21,000	38,751
SW Holding S.p.A.	8,417	-
Creditras Assicurazioni S.p.A.	8,100	4,125
CNP UniCredit Vita S.p.A.	7,690	-
SIA S.p.A.	6,136	-
UniCredit International Bank (Luxembourg) S.A.	5,500	5,681
Localmind S.p.A.	76	51
UniCredit Bulbank A.D.	2	2
UniCredit Consumer Financing AD	-	4,696
Mediobanca - Banca di Credito Finanziario S.p.A.	-	3,727
Fineco Verwaltung AG (in liquidation)	-	1,002
Cordusio Società Fiduciaria per Azioni	-	1,000
Total	**3,139,167**	**1,672,688**

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

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

TRANSACTIONS/P&L ITEMS	2013 UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets held for trading	**2,739**	**76,993**	**(8,144)**	**(46,639)**	**24,949**
1.1 Debt securities	2,729	76,944	(8,144)	(46,634)	24,895
1.2 Equity instruments	10	33	-	(2)	41
1.3 Units in investment funds	-	16	-	(3)	13
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Deposits	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**(231,685)**
4. Derivatives	**102,955**	**834,011**	**(56,069)**	**(949,533)**	**185,432**
4.1 Financial derivatives:	102,902	833,984	(56,016)	(949,533)	185,405
- on debt securities and interest rates	*42,496*	*776,580*	*(36,868)*	*(782,193)*	*15*
- on equity securities and share indices	*50,630*	*43,387*	*(9,372)*	*(153,426)*	*(68,781)*
- on currency and gold	*X*	*X*	*X*	*X*	*254,068*
- other	9,776	14,017	(9,776)	(13,914)	103
4.2 Credit derivatives	53	27	(53)	-	27
Total	**105,694**	**911,004**	**(64,213)**	**(996,172)**	**(21,304)**

The item 4.1 Financial derivatives on equity securities and share indices includes -69,162 thousand coming from the Compensation Agreement signed between UniCredit Bank AG, UniCredit S.p.A. and Bank Austria (now UniCredit Bank Austria AG) under ReboRa agreement.
Fort further detail refer to part H) Related-Party Transactions.

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

5.1 Fair value adjustments in hedge accounting: breakdown

PROFIT COMPONENT/VALUES	2013	2012
A. Gains on:		
A.1 Fair value hedging instruments	204,178	3,097,598
A.2 Hedged asset items (in fair value)	19,154	2,515,351
A.3 Hedged liability items (in fair value)	1,407,813	287
A.4 Cash-flow hedging derivatives	2,908	-
A.5 Assets and liabilities denominated in currency	-	174
Total gains on hedging activities	**1,634,053**	**5,613,410**
B. Losses on:		
B.1 Fair value hedging instruments	(873,165)	(2,896,637)
B.2 Hedged asset items (in fair value)	(760,311)	(1,497,434)
B.3 Hedged liability items (in fair value)	(5,601)	(1,557,581)
B.4 Cash-flow hedging derivatives	-	(3,256)
B.5 Assets and liabilities denominated in currency	(218)	(16)
Total losses on hedging activities	**(1,639,295)**	**(5,954,924)**
C. Net hedging result	**(5,242)**	**(341,514)**

Fair value adjustments in hedge accounting for 2013 include the residual effect of the collateralization of the downwards adjustment to market value of derivatives in place with the German subsidiary UniCredit Bank AG attributable to UniCredit S.p.A.'s creditworthiness of €5,495 thousand, as well as the OIS adjustment in the valuation of derivatives to take account of the presence of guarantees (recognized for the first time in 2012) of €1,300 thousand.

The profit (loss) for the year 2012 included a downwards adjustment of €324,149 thousand arising in the valuation of derivatives following the signature of a Credit Support Annex agreement in the first quarter of 2012 at market conditions, without payment of fees and with exchange of collateral, with the German subsidiary UniCredit Bank AG which was needed to collateralize the derivatives contracts in place between the two counterparties.

Part C - Income Statement (Continued)

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

6.1 Gains and losses on disposals/repurchases: breakdown

	2013			2012		
ITEMS /P&L ITEMS	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
Financial assets						
1. Loans and receivables with banks	**52,478**	**(4)**	**52,474**	**57,990**	**(2,669)**	**55,321**
2. Loans and receivables with customers	**15,332**	**(57,746)**	**(42,414)**	**24,883**	**(37,800)**	**(12,917)**
3. Available-for-sale financial assets	**1,547,242**	**(73,090)**	**1,474,152**	**283,664**	**(120,057)**	**163,607**
3.1 Debt securities	113,562	(73,087)	40,475	173,834	(119,994)	53,840
3.2 Equity instruments	1,422,639	(2)	1,422,637	109,720	-	109,720
3.3 Units in investment funds	11,041	(1)	11,040	110	(63)	47
3.4 Loans	-	-	-	-	-	-
4. Held-to-maturity investments	**-**	**-**	**-**	**-**	**-**	**-**
Total assets	**1,615,052**	**(130,840)**	**1,484,212**	**366,537**	**(160,526)**	**206,011**
Financial liabilities						
1. Deposits with banks	**-**	**-**	**-**	**48,993**	**-**	**48,993**
2. Deposits with customers	**-**	**-**	**-**	**574**	**(183)**	**391**
3. Debt securities in issue	**342,615**	**(81,175)**	**261,440**	**808,027**	**(76,339)**	**731,688**
Total liabilities	**342,615**	**(81,175)**	**261,440**	**857,594**	**(76,522)**	**781,072**
Total financial assets and liabilities			**1,745,652**			**987,083**

Realized gains mainly arise from effects of Bank of Italy increased value for 1,374,039 euro thousands (Avaialble for Sale instrument), arised following governance.

In the fourth quarter of 2013 the entire interest in Fondiaria Sai was sold, realizing gains on disposal of available-for-sale financial assets of €47,593 thousand.

In 2013, gains on repurchases of own bond issues were realized amounting to €261,440 thousand, of which €253,776 thousand from the offer for buy back of senior retail securities launched in April 2013.

The gain realized on the sale of loans to banks derived from the resale to the issuer Fineco Bank (subsidiary) of Fineco bonds, classified in the portfolio “Loans to Banks”.

The loss on disposal of loans to customers includes €17,401 thousand relating to the disposal of loans of A.S Roma as part of the transactions described in Part H - Related-Party Transactions, to which reference should be made.

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

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

	2013				
TRANSACTIONS/P&L ITEMS	UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets	**19,924**	**-**	**-**	**-**	**19,924**
1.1 Debt securities	53	-	-	-	53
1.2 Equity securities	-	-	-	-	-
1.3 Units in investment funds	19,871	-	-	-	19,871
1.4 Loans	-	-	-	-	-
2. Financial liabilities	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Deposits from banks	-	-	-	-	-
2.3 Deposits from customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**-**
4. Credit and financial derivatives	**-**	**-**	**-**	**-**	**-**
Total	**19,924**	**-**	**-**	**-**	**19,924**

Section 8 - Impairment losses - Item 130

8.1 Impairment losses on loans and receivables: breakdown

TRANSACTIONS/P&L ITEMS	2013 WRITE-DOWNS SPECIFIC WRITE-OFFS	2013 WRITE-DOWNS SPECIFIC OTHER	2013 WRITE-DOWNS PORTFOLIO	2013 WRITE-BACKS SPECIFIC INTEREST	2013 WRITE-BACKS SPECIFIC OTHER	2013 WRITE-BACKS PORTFOLIO INTEREST	2013 WRITE-BACKS PORTFOLIO OTHER	2013 TOTAL	2012 TOTAL
A. Loans and receivables with banks	-	(482)	(2,597)	-	495	-	2,045	(539)	4,249
- Loans	-	(482)	(2,597)	-	495	-	2,045	(539)	4,249
- Debt securities	-	-	-	-	-	-	-	-	-
B. Loans and receivables with customers	(939,088)	(9,326,868)	(1,332,651)	340,846	1,170,793	-	289,496	(9,797,472)	(6,681,294)
Impaired related to purchase agreements	(3,261)	(52,876)	X	1,010	2,400	-	X	(52,727)	(28,254)
- Loans	(3,261)	(52,876)	X	1,010	2,400	-	X	(52,727)	(28,254)
- Debt securities	-	-	X	-	-	-	X	-	-
Others	(935,827)	(9,273,992)	(1,332,651)	339,836	1,168,393	-	289,496	(9,744,745)	(6,653,040)
- Loans	(935,827)	(9,273,992)	(1,288,530)	339,836	1,168,393	-	289,496	(9,700,624)	(6,650,589)
- Debt securities	-	-	(44,121)	-	-	-	-	(44,121)	(2,451)
C. Total	**(939,088)**	**(9,327,350)**	**(1,335,248)**	**340,846**	**1,171,288**	**-**	**291,541**	**(9,798,011)**	**(6,677,045)**

In 2013 the bank has modified the parameters used for the valuation of impaired and performing loans; in accordance with IAS 8 (paragraph 5); since the basis for the measurement of the loans has not been modified, this change qualifies as a “change in accounting estimates”. Detailed information on the effects of this variation has been provided, as required by IAS 8 (paragraph 39) in Part E - Information on risks and related risk management policies - at the foot of Table A.1.2 Breakdown of credit exposures by portfolio and credit quality, which should be consulted for further information.

8.2 Impairment losses on available for sale financial assets: breakdown

TRANSACTIONS/P&L ITEMS	2013 WRITE-DOWNS SPECIFIC WRITE-OFFS	2013 WRITE-DOWNS SPECIFIC OTHER	2013 WRITE-BACKS SPECIFIC INTEREST	2013 WRITE-BACKS SPECIFIC OTHER	2013 TOTAL	2012 TOTAL
A. Debt securities	-	-	-	-	-	(992)
B. Equity instruments	-	(16,895)	X	X	(16,895)	(14,710)
C. Units in investment funds	-	(39,752)	X	-	(39,752)	(7,588)
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	**-**	**(56,647)**	**-**	**-**	**(56,647)**	**(23,290)**

8.4 Impairment losses on other financial transactions: breakdown

TRANSACTIONS/P&L ITEMS	2013 WRITE-DOWNS SPECIFIC WRITE-OFFS	2013 WRITE-DOWNS SPECIFIC OTHER	2013 WRITE-DOWNS PORTFOLIO	2013 WRITE-BACKS SPECIFIC INTEREST	2013 WRITE-BACKS SPECIFIC OTHER	2013 WRITE-BACKS PORTFOLIO INTEREST	2013 WRITE-BACKS PORTFOLIO OTHER	2013 TOTAL	2012 TOTAL
A. Guarantees given	-	(26,994)	(91,095)	-	30,498	-	9,473	(78,118)	(272,259)
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	-	-	-	-	-
E. Total	**-**	**(26,994)**	**(91,095)**	**-**	**30,498**	**-**	**9,473**	**(78,118)**	**(272,259)**

Part C - Income Statement (Continued)

Section 9 - Administrative costs - Item 150

9.1 Payroll: breakdown

TYPE OF EXPENSES/SECTORS	2013	2012
1) Employees	**(3,397,792)**	**(3,414,220)**
a) wages and salaries	(2,205,325)	(2,172,292)
b) social charges	(605,978)	(575,056)
c) severance pay	(128,378)	(125,630)
d) social security costs	-	-
e) allocation to employee severance pay provision	(36,230)	(45,535)
f) provision for retirement payments and similar provisions:	(26,852)	(50,443)
- defined contribution	*(1,260)*	*(1,543)*
- defined benefit	*(25,592)*	*(48,900)*
g) payments to external pension funds:	(90,078)	(121,025)
- defined contribution	*(89,929)*	*(118,752)*
- defined benefit	*(149)*	*(2,273)*
h) costs related to share-based payments	1,960	(32,629)
i) other employee benefits	(306,911)	(291,610)
2) Other staff in activity	**(4,575)**	**(6,160)**
3) Directors and Statutory Auditors	**(6,799)**	**(6,798)**
4) Early retirement costs	**-**	**-**
5) Recoveries of payments for second employees to other companies	**54,211**	**51,785**
6) Refund of expensives for employees seconded to the company	**(42,775)**	**(39,582)**
Total	**(3,397,730)**	**(3,414,975)**

9.2 Average number of employees by category

	2013	2012
Employees:	**40,764**	**41,680**
a) Senior managers	1,120	1,196
b) Managers	20,785	21,132
c) Remaining employees staff	18,859	19,352
Other Staff	**458**	**502**
Total	**41,222**	**42,182**

9.3 Defined benefit company pension funds: costs and revenues

	2013	2012
Current Service cost	(805)	(13,785)
Settlement gains/losses	-	-
Past Service Cost	-	-
Interest Cost on the DBO	(25,560)	(35,989)
Interest Income on Plan Assets	773	874
Total	**(25,592)**	**(48,900)**

9.4 Other employee benefits

	2013	2012
- Seniority premiums	(25,066)	(53,559)
- Leaving incentives	(154,708)	(109,175)
- Other	(127,137)	(128,876)
Total	**(306,911)**	**(291,610)**

Leaving incentives include €149,948 thousand in provisions for leaving incentives relating to the development of the Business Plan to 2018.

9.5 Other administrative expenses: breakdown

TYPE OF EXPENSES/SECTORS	2013	2012
1) Indirect taxes and duties	**(448,681)**	**(361,001)**
2) Miscellaneous costs and expenses	**(2,254,058)**	**(2,395,300)**
a) advertising marketing and communication	**(92,956)**	**(122,840)**
b) expenses related to credit risk	**(241,497)**	**(228,908)**
c) expenses related to personnel	**(95,505)**	**(109,065)**
d) Information & Communication Technology expenses	**(616,744)**	**(682,163)**
Lease of ICT equipment and software	(17,481)	(18,388)
Software expenses: lease and maintenance	(4,480)	(5,973)
ICT communication systems	(6,430)	(7,297)
ICT services: external personnel/outsourced services	(570,759)	(632,362)
Financial information providers	(17,594)	(18,143)
e) consulting and professionals services	**(143,084)**	**(122,302)**
Consulting	(92,671)	(82,529)
Legal expenses	(50,413)	(39,773)
f) real estate expenses	**(555,555)**	**(580,211)**
Premises rentals	(333,766)	(353,683)
Utilities	(80,672)	(74,367)
Other real estate expenses	(141,117)	(152,161)
g) other functioning costs	**(508,717)**	**(549,811)**
Surveillance and security services	(68,545)	(69,729)
Printing and stationery	(10,393)	(11,795)
Postage and transport of documents	(40,470)	(44,138)
Administrative and logistic services	(330,623)	(346,421)
Insurance	(29,710)	(37,983)
Association dues and fees	(14,135)	(14,196)
Other administrative expences - Other	(14,841)	(25,549)
Total (1+2)	**(2,702,739)**	**(2,756,301)**

Section 10 - Provisions for risks and charges - Item 160

10.1 Net provisions for risks and charges: breakdown

ITEMS/COMPONENTS	2013 PROVISIONS	2013 REALLOCATION SURPLUS	2013 TOTAL	2012 TOTAL
1. Other provisions				
1.1 legal disputes	(221,328)	77,967	(143,361)	(117,353)
1.2 staff costs	-	-	-	-
1.3 other	(536,781)	15,436	(521,345)	(51,713)
Total	**(758,109)**	**93,403**	**(664,706)**	**(169,066)**

Net provisions for risks and charges, totaling €664,706 thousand compared with €169,066 thousand in 2012, refer for the most part to tax and legal disputes.

In December 2013 a Compensation Agreement was entered into with UniCredit Bank AG, based on which UniCredit S.p.A. is the guarantor for payment of that requested by UniCredit Bank AG from other Group companies that are the beneficiaries of services provided by UniCredit Bank AG which are not remunerated. For the probable future outlay deriving from this agreement, a provision of €43,766 thousand has been made. For the purpose of completeness, it is noted that an additional €44,970 thousand has been recorded under operating expense for the payable arising in the direct relationship between UniCredit Bank AG and UniCredit S.p.A. For more information, please refer to Part H) Related-Party Transactions.

In the Accounts at December 31, 2013 provisions of €108,000 thousand have been made for the indemnity in favor of UniCredit Credit Management Bank.

Part C - Income Statement (Continued)

Section 11 - Impairments/write-backs on property, plant and equipment - Item 170

11.1 Impairment on property, plant and equipment: breakdown

ASSETS/P&L ITEMS	2013			
	DEPRECIATION	IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT
A. Property, plant and equipment				
A.1 Owned	**(138,792)**	**(2,603)**	**-**	**(141,395)**
- used in the business	(116,700)	(2,603)	-	(119,303)
- held for investment	(22,092)	-	-	(22,092)
A.2 Finance lease	**-**	**-**	**-**	**-**
- used in the business	-	-	-	-
- held for investment	-	-	-	-
B. Non-current assets and groups of assets held for sale	**X**	**(2,838)**	**-**	**(2,838)**
- used in the business	X	-	-	-
- held for investment	X	(2,838)	-	(2,838)
Total	**(138,792)**	**(5,441)**	**-**	**(144,233)**

Section 12 - Impairments/write-backs on intangible assets - Item 180

12.1 Impairment on intangible assets: breakdown

ASSETS/P&L ITEMS	2013			
	AMORTISATION	IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT
A. Intangible assets				
A.1 Owned	**(1,851)**	**(22,959)**	**-**	**(24,810)**
- generated internally by the company	-	-	-	-
- other	(1,851)	(22,959)	-	(24,810)
A.2 Finance leases	**-**	**-**	**-**	**-**
Total	**(1,851)**	**(22,959)**	**-**	**(24,810)**

As of December 2013 the customer relationship recognized in the financial statements was fully written down for €22,959 thousand.

Section 13 - Other net operating income - Item 190

13.1 Other operating expense: breakdown

TYPE OF EXPENSES/VALUES	2013	2012
Impairment losses on leasehold improvements (on non-separable assets)	(36,389)	(40,680)
Other	(139,861)	(87,369)
Total	**(176,250)**	**(128,049)**

Other operating expense includes €44,970 thousand relating to requests for reimbursement directly addressed to UniCredit SpA by UniCredit Bank AG under the Compensation Agreement entered into in December 2013, previously mentioned in Section 10 - Provisions for risks and charges - Item 160. For more information, please refer to Part H) Related-Party Transactions.

13.2 Other operating income: breakdown

TYPE OF REVENUES/VALUES	2013	2012
Recovery of costs	678,242	472,962
of which: Commissione di istruttoria veloce (CIV)	*134,798*	*49,493*
Revenues for administrative services	19,741	10,533
Rentals	32,584	34,138
Other Revenues	70,930	58,728
Total	**801,497**	**576,361**

Section 14 - Profit (Loss) of associates - Item 210

14.1 Profit (Loss) of associates: breakdown

P&L ITEMS/SECTORS	2013	2012
A. Income	**238,146**	**15,336**
1. Revaluations	-	-
2. Gains on disposal	238,146	15,300
3. Writebacks	-	36
4. Other gains	-	-
B. Expense	**(7,431,637)**	**(123,083)**
1. Writedowns	-	-
2. Impairment losses	(7,431,616)	(123,083)
3. Losses on disposal	(21)	-
4. Other expenses	-	-
Net profit	**(7,193,491)**	**(107,747)**

Gains on disposal include those deriving from the sale of 9.1% of Bank Pekao in the first quarter of 2013 (€216,312 thousand) and those relating to the sale of Euro TLX in the third quarter of 2013 (€13,660 thousand).

Value adjustments for impairment include: UniCredit Bank Austria by €5,254,485 thousand, UniCredit Bank AG by €1,138,720 thousand, UniCredit Credit Management Bank by €620,128 thousand, UniCredit Leasing by €348,035 thousand, Fineco Leasing by €13,269 thousand, Compagnia Italpetroli by €28,100 thousand, Fenice Holding by €11,033 thousand, Public Joint Stock Company Ukrsostbank by €11,336 thousand (equity investment classified under "Non-current assets and disposal groups classified as held for sale" in 2013). The value adjustments mentioned derive from the alignment of the book value to the value in use, with the exception of UniCredit Leasing and Fineco Leasing, for which the recoverable value is deemed equal to the fair value (net of costs to sell), which was higher than the value in use.

Section 15 - Net gains (losses) on property, plant and equipment and intangible assets measured at fair value - Item 220

No data to be disclosed in this section.

Section 16 - Impairment of goodwill - Item 230

16.1 Impairment of goodwill: breakdowns

COMPONENTS	2013	2012
Impairment of goodwill	(2,815,451)	-

The impairment test conducted on Goodwill highlighted the need of a full impairment of goodwill by €2,815,451 thousand.

Section 17 - Gains (losses) on disposal of investments - Item 240

17.1 Gains and losses on disposal of investments: breakdown

P&L ITEMS	2013	2012
A. Property	**10,800**	**13,764**
- Gains on disposal	12,998	13,916
- Losses on disposal	(2,198)	(152)
B. Other assets	**1,870**	**2,437**
- Gains on disposal	4,631	3,234
- Losses on disposal	(2,761)	(797)
Net gains (losses)	**12,670**	**16,201**

Part C - Income Statement (Continued)

Section 18 - Tax expense (income) related to profit or loss from continuing operations - Item 260

18.1 Tax expense (income) related to profit or loss from continuing operations: breakdown

P&L ITEMS/SECTORS	2013	2012
1. Current tax (-)	(393,507)	(2,277,759)
2. Adjustment to current tax of prior years (+/-)	93,688	211,295
3. Reduction of current tax for the year (+)	-	-
3. bis Reduction of current tax assets for tax credits - lawn. 214/2011(+)	31,904	588,386
4. Changes to deferred tax assets (+/-)	2,625,982	4,589,433
5. Changes to deferred tax liabilities (+/-)	13,606	20,016
6. Tax expense for the year(+/-)	**2,371,673**	**3,131,371**

18.2 Reconciliation of theoretical tax charge to actual tax charge

	2013	2012
Total profit or loss before tax from continuing operations (item 250)	**(13,972,784)**	**(3,351,154)**
Theoretical tax rate	27.5%	27.5%
Theoretical computed taxes on income	**3,842,516**	**921,567**
1. Different tax rates	-	-
2. Non-taxable income - permanent differences	1,380,107	590,437
3. Non-deductible expenses - permanent differences	(3,028,427)	(281,526)
4. Different fiscal laws/IRAP	303,854	(310,067)
a) IRAP (italian companies)	326,054	(269,250)
b) other taxes (foreign companies)	(22,200)	(40,817)
5. Prior years and changes in tax rates	58,043	210,433
a) effects on current taxes	69,007	211,295
- tax loss carryforward/unused tax credit	*93,689*	-
- other effects of previous periods	*(24,682)*	*211,295*
b) effects on deferred taxes	(10,964)	(862)
- changes in tax rates	-	-
- new taxes incurred (+) previous taxes revocation (-)	-	-
- true-ups/ adjustments of the calculated deferred taxes	*(10,964)*	*(862)*
6. Valuation adjustments and recognition of deferred taxes	-	3,922,957
a) deferred tax assets write-down	-	-
b) deferred tax assets recognition	-	3,922,957
c) deferred tax assets non recognition	-	-
d) deferred taxes non-recognition according to IAS 12.39 and 12.44	-	-
e) other	-	-
7. Amortization of goodwill	-	-
8. Non-taxable foreign income	-	-
9. Other differences	(184,420)	(1,922,430)
Recognized taxes on income	**2,371,673**	**3,131,371**

Income taxes are recognized in accordance with the provisions of IAS 12. The tax charge consists of current and deferred taxes, mainly determined in accordance with the current provisions on IRES and IRAP tax, and separate taxation "for transparency" of CFCs.

IRES tax is calculated by making certain upward or downward adjustments to the profit for the year to determine the taxable income. These tax adjustments are made, as required by the provisions of the Italian Income Tax Code (TUIR), in relation to the non-deductibility of certain expenses or the non-taxability of certain income.

The tax rate applied to the taxable income is 27.5%.

The above-mentioned tax adjustments may be "permanent" or "temporary".

The "permanent" adjustments relate to expenses/revenues that are totally or partially non-deductible/non-taxable.

The "temporary" adjustments, on the other hand, relate to expenses or income whose deductibility or taxability is deferred to future tax periods, until the occurrence of particular events or spread in equal amounts over a predefined number of years.

The presence of "temporary" adjustments leads to the recognition of deferred tax assets (for income to be deducted) or deferred tax liabilities (for expenses to be taxed).

The purpose of the recognition of deferred tax assets and liabilities is to reconcile the different tax period established by the TUIR and the accounting period in the financial statements disclosure.

For 2013, Law no. 5 of January 29, 2014 (converting Decree Law 133/2013, known as the "IMU - Bank of Italy Decree") set an additional amount of 8.5% payable for banks, on an individual basis, and to be calculated on IRES income tax taxable income obtained not taking into account the tax increases arising from the write downs on receivables whose deductibility is deferred to subsequent years.

For IRES tax purposes - subject to an option to be applied for from the Italian Revenue Agency - the tax can be paid at the level of national tax consolidation rather than on an individual basis.

All the Italian companies for which there is a relationship of control can adhere to the tax consolidation, which enables the payment of tax on a single taxable amount consisting of the algebraic sum of the taxable amounts of the individual companies adhering to the consolidation.

The tax rate is 27.5%.

Also within the IRES tax, a separate taxation "for transparency" has been established for tax incomes, recalculated in accordance with the provisions of the TUIR, of the direct and indirect foreign subsidiaries resident in tax havens (referred to as CFCs or Controlled Foreign Companies). The tax rate is 27.5%.

The IRAP tax, on the other hand, is a tax on production, linked to the algebraic sum of the accounting items identified by Legislative Decree 446/97, to which clearly identified upward and downward adjustments (different to those for IRES tax) are to be made. To mitigate the impact of the non-deductibility by principle of the cost of labor, a specific deduction has been established, known as the "tax wedge".

This tax is applied on a regional basis. A national rate of 4.65% has been established, to which each Region can independently add an increase of 0.92%, up to a theoretical rate of 5.57% (plus an additional 0.15% for Regions with a health budget deficit).

The tax is calculated by apportioning the overall value of production among the various regions where the productive activities are carried out (for banks the apportionment is made on the basis of the regional distribution of the deposits) and applying the respective regional rate to the individual portions identified.

Income taxes for 2013 show a positive value of €2,371,7 million, representing a decrease in numeric terms compared to the positive value of €3,131.4 million in 2012.

In actual fact taxes improved compared to 2012, since that financial year included the positive impact of approx. €2,000 million of goodwill detaxation of trademarks and other intangible assets relating to controlling interests recognized in the consolidated financial statements (art. 15, para. 10, of Decree Law No. 185 of November 29, 2008 and art. 23 of Decree-Law No. 98 of December 29, 2011) and the benefit of €151.9 million for reimbursement applications submitted (art. 2, paragraph 1, of Decree Law No. 201 of December 6, 2011) relating to the recovery via IRES income tax of IRAP corporate tax paid for labor costs.

Current IRES income tax recorded modest taxable income, which allowed only minimal recovery of the tax loss of Capitalia (approx. €1.1 million). IRAP corporate tax, albeit with more significant taxable income, recorded a sharp decline following the introduction (Stability Law for 2014), also for the

Part C - Income Statement (Continued)

purposes of this tax, of the possibility of deduction over 5 years of write downs on receivables. IRAP corporate tax due was therefore reduced to -€136 million against -€244.8 million in 2012 while deferred tax assets of €426.9 million were recognized.

In relation to the new (Stability Law for 2014) possibility to also convert deferred tax assets recognized for IRAP corporate tax purposes into tax credits, the actual average IRAP corporate tax rate for 2013 was supplemented by the amount of deferred assets previously recognized in the financial statements - for prudential purposes - at the lower rate. The adjustment resulted in contingent assets in the income statement of €61.5 million.

In 2013 financial statement a substitute tax debt for € 184.4 million have been booked, related to Bank of Italy revaluation subsequent to L. 20/1/2014 n. 5 (which has converted DL 133/2013, so called "Decree IMU - Bank of Italy"). As clarified by n 4 02/24/2014 Agenzia delle Entrate circular, 12% substitute tax is due on the difference between increased book value subsequent to revaluation and fiscal value.

Payment of the additional of 8,5% is, however, not due, since the taxable income on which this must be applied is negative.

Lastly, please note that, pursuant to Article 2, paragraphs 55 to 58, of Law Decree No. 225 of December 29, 2010, since the Company closed the year 2012 with an accounting loss in the financial statements of €219.7, the deferred tax assets recognized in previous years were converted, as required by law, into tax credits against value adjustments on receivables and goodwill totaling €31.9 million. This amount had no impact on the income statement.

Section 19 - Gains (Losses) on groups of assets held for sale, net of tax - Item 280

No data to be disclosed in this section.

Section 20 - Other information

No information to be disclosed in this section.

Section 21 - Earnings per share

The amounts reported in the table here below are referred to the complex of ordinary and savings shares.

Earnings per share

	2013	2012
Net profit (loss) (thousands of euros) (1)	(11,706,308)	(265,578)
Average number of outstanding shares (2)	5,694,410,094	5,376,198,213
Average number of potential dilutive shares	27,109,723	10,738,661
Average number of diluted shares	5,721,519,817	5,386,936,874
Earning (Loss) per share €	**(2.056)**	**(0.049)**
Diluted Earning (Loss) per share €	**(2.046)**	**(0.049)**

1. € 105,197 thousand was deducted from 2013 net profit of €11.601.111 thousand due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the 'cashes' transaction (€45,795 thousands was deducted from 2012 net profits).
2. Net of the average number of treasury shares and of further 96,756,406 shares held under a contract of usufruct.

Part D - Comprehensive Income

Part D - Comprehensive Income (amounts in thousands of €)

Other Comprensive Income Statement

ITEMS	BEFORE TAX EFFECTS	TAX EFFECTS	AFTER TAX EFFECTS
10. Net Profit or Loss for the period	**X**	**X**	**(11,601,111)**
Other comprehensive income not to be recycled to income statement			
20. Property, plant and equipment	**-**	**-**	**-**
30. Intangible assets	**-**	**-**	**-**
40. Actuarial gains (losses) on definited benefit plans	**62,125**	**(17,085)**	**45,040**
50. Non-current assets classified held for sale	**-**	**-**	**-**
60. Changes in valuation reserve pertaining to the equity method investments	**-**	**-**	**-**
Other comprehensive income to be recycled to P&L			
70. Hedges of foreign investments:	**-**	**-**	**-**
a) fair value changes	-	-	-
b) reclassifications through profit or loss	-	-	-
c) other variations	-	-	-
80. Exchange differences:	**-**	**-**	**-**
a) changes in value	-	-	-
b) reclassifications through profit or loss	-	-	-
c) other variations	-	-	-
90. Cash flow hedges:	**(246,713)**	**81,185**	**(165,528)**
a) fair value changes	(246,713)	81,309	(165,404)
b) reclassifications through profit or loss	-	-	-
c) other variations	-	(124)	(124)
100. Available-for-sale financial assets	**853,694**	**(272,228)**	**581,466**
a) fair value changes	889,023	(283,162)	605,861
b) reclassifications through profit or loss	(38,860)	11,997	(26,863)
- due to impairment	2,801	(1,662)	1,139
- following disposal	(41,661)	13,659	(28,002)
c) other variations	3,531	(1,063)	2,468
110. Non-current assets classified held for sale	**-**	**-**	**-**
a) fair value changes	-	-	-
b) reclassifications through profit or loss	-	-	-
c) other variations	-	-	-
120. Changes in valuation reserve pertaining to equity method investments:	**-**	**-**	**-**
a) fair value changes	-	-	-
b) reclassifications through profit or loss	-	-	-
- due to impairment	-	-	-
- following disposal	-	-	-
c) other variations	-	-	-
130. Other comprehensive income after tax	**669,106**	**(208,128)**	**460,978**
140. Comprehensive income (Item 10+130)			**(11,140,133)**

Part E - Risks and Hedging Policies

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

Risk Management within UniCredit S.p.A.

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

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

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

Section 1 - Credit risks

QUALITATIVE INFORMATION

1. General

With reference to the risks management model, the streamlining of the governance system initiated through the One4C project continued during 2013 with the aim of achieving higher levels of efficiency and ensuring strong control on issues related to risk.

Within the Parent Company a further step was taken in the last quarter of 2013 in the simplification and streamlining of the organizational structure. With specific reference to the control of credit risk a single competence center has been established for all the activities of steering and coordination that incorporates under its responsibility, in addition to credit risk, the responsibility for the development and validation of rating systems and integrated risk management. The new center will take on an official capacity during the first quarter of 2014.

The "CRO Italy" function has been assigned all the credit and risk management responsibilities for UniCredit S.p.A as well as the overall Italian perimeter and the managerial coordination of the relevant risk management functions in the Italian Legal Entities of the Group.

The organizational structure for the control of credit risk, operational since December 31, 2013, is described in the next section with specific reference to structures and responsibilities.

During the first quarter of 2013 the Group Credit Risk Strategies were released, consistent with the Group "risk appetite" and Pillar II metrics. Also in accordance with Pillar II, concentration risk was updated in respect of single name concentration risk (so-called Bulk Risk) and at industry level. In addition, in order to further improve the process and methodologies to be used in the development of credit risk strategies and stress tests on credit risk, the relevant internal regulations were updated.

UniCredit S.p.A. continues its intense effort to extend Basel 2 principles to the entire perimeter. With specific reference to credit risk, it is currently authorized to use internal estimates for PD, LGD and EAD parameters for its own loan portfolio (Sovereigns, Banks, Multinational Enterprises and Global Project Finance transactions) and for loan portfolios such as corporate and retail exposures. With regard to the EAD parameter, pending approval for the use of internal models, the parameters defined according to the Foundation approach are currently used, with the exception of Private Mortgage Loans for which an internal EAD model is already being used for regulatory purposes.

The stress testing activities on credit risk, consistent with the requirements of the Regulators, have been performed on the basis of a common scenario internationally defined. The exercise was carried out following the guidelines of the European Banking Authority (EBA) in coordination with the Bank of Italy and other national Regulators involved, the European Systemic Risk Board (ESRB), the European Central Bank (ECB) and the European Commission. The impacts of the simulation have been evaluated both in terms of income, considering the impacts on provisions and profit / loss of the year, both at balance sheet level where the impacts on minimum capital requirements (Pillar I) have been considered. The project was completed for the implementation of the stress test calculation engine on the Group's IT platform, the completion of which will result in an integrated IT solution applicable to the Group and the main legal entities.

Monitoring of the identification of major business groups - those with an exposure exceeding two percent of the consolidated regulatory capital (Top Group) - is carried out by a special dedicated unit within Risk Management. The activity focused on the definition and periodic review of the "Top Group", which includes both industrial and financial groups. Special support initiatives were also organized by providing methodological and technical assistance aimed at facilitating the above activity in respect of groups not directly supervised by that unit.

Within the scope of the Italian business, we further strengthened the processes and procedures supporting loan disbursement, monitoring and loan recovery. A single application was released at Group level though which all business groups, both local and global, can be mapped; a credit assessment process during disbursement dedicated to Small Economic Operators has been introduced; and numerous other activities, partly still in under way, have been undertaken to further strengthen the processes and tools to support restructuring, credit recovery for businesses and collection from individuals.

With regard to risk measurement, in order to improve our assessment of counterparties new rating models have been introduced for economic groups and guarantors. The redevelopment is underway of the measurement model for Probability of Default of individuals, which has been completed for current account overdrafts and cards and is in the final phase for the other products. Loss Given Default models have also been introduced for companies and the models for Residential Mortgages has been redeveloped.

The Italian loan disbursement and monitoring units (Credit Operations Italy) have been organized into 7 local units each responsible for the entire local portfolio (Corporate, SME Corporate and Individuals).

During the second quarter of 2013, in continuation of the project initiated in 2012, a plan was implemented for the transformation of the organizational units of the Network and CRO Italy, aimed at ensuring the dedicated management, in terms of commercial coverage and lending support, of part of the Bank's portfolio at higher risk falling within the Italian perimeter of UniCredit S.p.A.

In particular, customers have been identified that require a high level of attention ("Alto Fattore di Attenzione" or ALFA portfolio) either individually or due to the sector they belong to (e.g. Real Estate), whose management is carried out by a specially created Network - Italy Special Network - whose credit proposals are assessed centrally by a specialist dedicated approval chain - Underwriting Special Portfolio.

The management approach for the ALFA portfolio involves a focused primarily analysis, and a specialist assessment of the proposals, with the specific objective of achieving an improvement in the risk profile, above all by reducing the Expected Loss (EL), through specific measures targeted at improving the level of PD/Rating, LGD and EAD, in accordance with the strategic guidelines underlying the strategic reorganization project.

In order to continue providing adequate support to the economy the range of financing products has been continuously updated, enhancing the use of instruments such as the SACE guarantees and the Central Guarantee Fund. We also continued to support customers in the areas affected by events such as floods and earthquakes, both by participating in the initiatives promoted by ministerial decrees and through the Group own initiatives.

In addition, initiatives ("Subito Banca" immediate banking) and high-tech instruments have been developed, aimed at spreading and making the use advanced transactional channels easier and more secure, particularly for current account and consumer credit services.

Lastly, with regard to the management of guarantees, in 2013 work continued on the gathering of paper-based information and the update of the appraisals of mortgage guarantee assets, through extensive of dedicated IT systems.

2. Credit Risk Management Policy

2.1 Organization

The credit risk organization in UniCredit S.p.A. breaks down into two levels:
- functions with responsibilities at Group level;
- functions with responsibilities at Country level.

Part E - Risks and Hedging Policies (Continued)

The functions with responsibilities at Group level are:

- the Group Credit Risk department which, inter alia, is responsible for:
  - defining the Group regulations on credit risk;
  - defining credit strategies and limits;
  - carry out stress tests and portfolio analysis;
  - monitor the concentration of credit risk through dedicated limits;
  - preparing the reports needed for monitoring the trend of the loan portfolio;
  - monitoring the loan portfolio, by assessing its overall quality and managing the quality of riskier asset buckets;
- the Group Credit Transactions department which - inter alia - is responsible for the evaluation, monitoring and supervision of *Large Credit Transactions*, through the following activities:
  - evaluating credit proposals to be submitted to the "Group Transactional Credit Committee" and/or the "Group Credit Committee" and formulating expert opinions to be submitted to these committees;
  - within its delegated powers, deciding or issuing non-binding credit opinions (NBCO) in respect of credit proposals for Financial Institutions, Banks and Sovereigns (FIBS) and Special Products (e.g. ABS, Securitization, etc.)
  - acting as Group competence team, issuing expert advice on credit proposals submitted by the Legal Entities in relation to structured finance (LPAC[1] and Special Products) and FIBS transactions;
  - monitoring FIBS counterparties, the companies in the CIB portfolio, Structured Finance transactions and Debt-to-Equity positions arising in the course of restructuring activities
  - coordinating and guiding restructuring and workout activities carried out by the Group Legal Entities on the basis of defined areas/thresholds
- the Group Risks Control department which, among other activities, is responsible for:
  - ensuring the development, management and continuous evolution of models, rating tools, credit risk measurement tools for the overall portfolio and credit risk methodologies.
  - coordinating the implementation of the Basel regulation on credit risk and ensuring the relevant disclosure to corporate governance Bodies and Supervisory Authorities.
  - Group level validation of the methodologies for measuring credit risk, the relevant processes and the IT and data quality components, in order to verify their compliance with regulatory requirements and internal standards.
  - assigning the rating to certain types of relevant counterparties (Top Banking and Top Corporate);
  - deciding, within its delegated powers, or submitting proposals to the relevant decision-making Bodies for rating override in respect of Group Wide rating systems.

At Country level, steering and credit risk control activities, as well as the conducting of "operational" activities (e.g. credit delivery, performance monitoring, etc.) falls under the responsibility of CRO controlled subsidiaries.

In UniCredit S.p.A., these functions are carried out by the organizational units under "CRO Italy", reporting to "Group CRO" and specifically:

- the "Risk Management Italy" department responsible - among other activities - for governance and control of credit risk originating in the "Country Chairman Italy" perimeter activities. With respect to credit risk, the department consists of the following units:
  - the Group Risks Portfolio Analytics department which, inter alia, is responsible for:
    - monitoring and predicting the risk composition of the loan portfolio in terms of credit quality, cost of risk, RWA and capital requirement for UniCredit SpA group and for preparing the required reporting.
  - the Credit Policies & Products Italy department which, inter alia, is responsible for:
    - defining the loan process/product rules relating to the disbursement, monitoring, restructuring and workout steps, for UniCredit S.p.A. group.
  - the Credit Risk Methodologies department which, inter alia, is responsible for:
    - defining and managing the methodologies on credit risk management. These methodologies refer to credit risk measurement models for all customer segments.
  - the Rating Desk Italy department which, inter alia, is responsible for:
    - deciding, within its delegated powers, or submitting proposals to the relevant bodies on rating override with respect to local rating systems for the measurement of credit risk of UniCredit S.p.A. business segments.
- the Credit Underwriting department whose responsibilities include the following activities:
  - coordinating the activities of 7 'Regional Industry Team Leaders',
  - ensuring that RIT decision-making activities are properly carried out,
  - management of lending to UniCredit S.p.A. customers (through the Territorial Credit Risk Underwriting department)
  - coordination and management of lending to UniCredit S.p.A. customers in relation to Consumer Finance products,
  - preliminary and administrative activities for transactions to be submitted to the Italian Transactional Credit Committee and the Italian Special & Transactional Credit Committee,
- the Loans Administration department which - inter alia- is responsible for the following activities:
  - monitoring administrative activities after the loan has been granted/disbursed
  - management of subsidized loans,
  - lending and administrative activities relating to mutual guarantee institutions,
  - coordination and management of activities after disbursement of Mortgages by ensuring the quality and integrity of information assets and risk minimization; decisions on loan applications falling within its responsibility.

1. Acquisition & Leveraged Finance, Project Finance, Aircraft Finance, Commodities Finance

The department consists of the following structures:
- Loan Administration Network
- Subsidized Loans
- Enterprise Middle Office
- Credit Advice Italy
- Collateral and Personal Guarantees Administration Services
- Contracts Administration Services and Control

• the Credit Monitoring department whose responsibilities include the following activities:
  - monitoring trends in credit risk, in the recovery of past-due and unpaid loans (including the classification as doubtful/non-performing loans within the granted authority) and ensuring the applicability and implementation of recovery strategies and actions;
  - oversight of activities aimed at reducing the cost of credit risk of irregular loans;

  The department consists of the following structures:
  - Credit Monitoring Operations and Support;
  - Central Credit Risk Monitoring Italy;
  - Territorial Credit Risk Monitoring Italy;
  - Customer Recovery.
• the Special Credit department whose responsibilities include the following activities:
  - oversight of activities aimed at reducing the cost of credit risk of problem loans;
  - coordinating the lending strategy with the aim of withdrawing from or restructuring doubtful loans;
  - coordinating and restructuring the management of positions under restructuring;
  - making decisions, within its delegated powers, on doubtful loans or workouts;
  - coordinating and supervising the approval activities of the Real Estate 'Regional Industry Team';
  - managing lending to the UniCredit S.p.A. Special Network customers (through the Territorial Credit Risk Underwriting Special Portfolio department);
  - preparatory activities for the files to be submitted to the Italian Special & Transactional Credit Committee;
  - overseeing the administrative and accounting activities under its responsibility.

  The department consists of the following structures:
  - Territorial Credit risk Underwriting Special Portfolio Italy;
  - Workout Italy
  - Restructuring Italy
  - Restructuring Large Files.

In addition, with respect to credit risk, specific committees have been set up:
• the "Group Credit Committee", in charge of discussing and approving credit proposals within its responsibility, including "restructuring" and "workout" positions, relevant strategies and corrective actions to be taken (including classification of status when applicable) for "watchlist" positions, specific limits for transactions related to debt capital markets on Trading Book, single issuer exposure limits on Trading Book;
• the "Group Credit and Cross-Border Risks Committee", responsible for monitoring credit and cross-border risks at Group level, for submitting credit and cross-border risk strategies, policies, methodologies and limits to the "Group Risk Committee" - for either approval or information - as well as regular reporting on risk portfolio and profile in relation to the above risks;
• the "Group Transactional Credit Committee" which has decision-making functions, within its delegated authority (resolutions and / or non-binding opinions to the Group Entities), and / or advisory functions on matters within the remit of Senior Bodies, with regard to credit proposals, including "restructuring" and "workout" positions; strategies and relevant corrective actions to be taken for "watchlist" files, specific limits for transactions related to debt capital markets, single issuer exposure limits on Trading book;
• the "Italian Transactional Credit Committee", which has decision-making functions within its delegated powers and / or advisory functions for matters within the remit of Senior Bodies, is responsible, with regard to UniCredit S.p.A. counterparties, (excluding FIBS counterparties) for credit proposals (including "restructuring" and "workout" positions), the classification status of positions, strategies and corrective actions for "Watchlist" positions, transactions concerning pawn loans and issue of non-binding opinions to the Italian Legal Entities of the Group;
• the "Group Rating Committee", responsible for taking decisions and/or issuing non-binding opinions to the Group Legal Entities on rating override proposals;
• the "Italian Special & Transactional Credit Committee", which is responsible, within its delegated powers, for the evaluation and approval or, for positions within the remit of Senior Bodies, the issue of advisory opinions on restructuring and workout positions, as well as positions of customers managed by Special Network Italy.

Credit Risk

In the course of its credit business activities UniCredit S.p.A. is exposed to the risk that its loans may, due to the deterioration of the debtor's financial condition, not be repaid at maturity, and thus resulting in a partial or full write-off. This risk is always inherent in traditional lending operations regardless of the form of the credit facility (whether cash or credit commitments, secured or unsecured, etc.).

The main reasons for default lie in the borrower's lacking the autonomous ability to service and repay the debt (due to a lack of liquidity, insolvency, etc.), as well as the occurrence of events that are unrelated to the debtor's operating and financial condition, such as Country risk or the impact of

Part E - Risks and Hedging Policies (Continued)

operational risks. Other banking operations, in addition to traditional lending and deposit activities, can expose UniCredit to other credit risks. For example, 'non-traditional' credit risk may arise from:
- entering into derivative contracts;
- purchasing and selling securities, futures, currencies or commodities;
- holding third-party securities.

The counterparties in these transactions or issuers of securities held by UniCredit S.p.A. could default as a result of insolvency, political and economic events, lack of liquidity, operating problems or other reasons. Defaults in relation to a large number of transactions, or one or more large transactions, could have a material adverse impact on the operations, financial condition and operating results of UniCredit S.p.A..

UniCredit S.p.A. monitors and manages the specific risk of each counterparty and the overall risk of loan portfolios through procedures, structures and rules, that steer, govern and standardize the assessment and management of credit risk, in line with the Group principles and best practice of Group, and which are capable of extending their effectiveness to all phases of the economic cycle.

Country risk

Country risk is defined as the risk of losses of exposures caused by events in a specific Country which may be under the control of the government but not under the control of a private enterprise or individuals. This may imply that the repayment of assets within a specific Country will be ultimately prevented by actions of the Country's government (e.g. transfer risk, expropriation risk, legal risk, tax risk, security risk, delivery risk) or by a deterioration of the economic and / or political environment (e.g. a sharp recession, currency and / or banking crisis, disaster, war, civil war, social unrest) of a Country. Country risk is managed by determining the appropriate maximum risk levels (country limits), that can be assumed by UniCredit S.p.A. vis-à-vis all counterparties (sovereigns, government entities, banks, financial institutions, corporate customers, small businesses, individuals, project finance, etc.) residing in or related to the Country, for cross-border transactions (from the standpoint of the UniCredit S.p.A. providing the loan) in foreign currency or (from the standpoint of the borrower) in local currency.

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

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

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

The risk exposures of UniCredit S.p.A., in particular countries that show signs of significant risk as result of economic or other developments are closely monitored, in terms of counterparty types - Individuals, Corporates, Banks & Financial Institutions, Sovereigns and Central Governments - as well as in terms of product categories - Loans, Bonds, CDS, Derivatives, and Guarantees. In this focused monitoring process, Risk Exposures include both "Domestic Risk" (if the Borrower is located in Italy) and "Cross Border Risk" (if the Borrower is located elsewhere).

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

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

Through collateral arrangements, UniCredit S.p.A. has obtained eligible collateral to reduce exposures to OTC derivative counterparties; such collateral includes, in addition to cash, also government bonds issued by countries included in the "eligibility list" (the criteria are defined in the specific "Credit Policy"). This eligibility is however always subject to minimum external rating criteria, and ongoing daily price availability. The rating threshold has therefore seen a reduction in the number of the eligible sovereign issuers from the original name specific eligibility list.

In this area, however, the majority of the guarantees provided or received under such agreements consist of cash.

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

With reference to loans to local customers (other than Sovereigns and Central Governments), UniCredit S.p.A.'s exposure continues to very low overall in countries classified as requiring "strict monitoring", especially the countries where there are group branches and banks. Lending activities have mainly focused on corporates less linked to the sovereign risk associated with the Country of origin. For CEE Countries, given the strategic importance of this area for UniCredit S.p.A. and for the Group, loans to local customers were subject to specific credit risk strategies defined and monitored at country level, taking also into consideration the macroeconomic outlook.

2.2 Credit Risk Management, Measurement and Control

2.2.1 Reporting and Monitoring

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

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

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

Reporting and monitoring activities are mainly carried out by two dedicated units of Group Risk Management called "Group Risk Reporting" and "Credit Risk Portfolio Analytics" within the "Group Credit Risks Department". The "Group Risk Reporting" unit is responsible for the consolidation at Group level of key risks reporting (credit, market, liquidity and operational risk) carried out using data and information provided by the dedicated structures of the Group Risk Management. The "Credit Risk Portfolio Analytics" unit is instead responsible for reporting the Group credit risk in terms of sectors and individual portfolios.

2.2.2 Governance and policies

Relationships between UniCredit S.p.A. and Group Legal Entities carrying out credit-related businesses are defined by specific governance rules, assigning the role of guidance, support and control to UniCredit S.p.A. itself, in respect of the following areas: credit policies, credit strategies, models development, rating systems validation, credit concentration risk, the issuance of credit products, monitoring and reporting portfolio credit risk.

In particular, Group Legal Entities are required to request the Group Risk Management functions of UniCredit S.p.A. a dedicated opinion before granting or reviewing credit lines to individual borrowers or economic groups, whenever they exceed defined thresholds, also with reference to the obligation of compliance with the credit risk concentration limits that have to be measured with respect to the regulatory capital.

In accordance with the role assigned to UniCredit S.p.A. under the Group governance, and specifically to the Group Risk Management function, the " General Group Credit Policies" relating to the Group lending activities define group-wide rules and principles for guiding, governing and standardizing credit risk assessment and management, in line with the regulatory requirements and Group best practice.

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

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

At both Legal Entity and UniCredit S.p.A. (if necessary) level, the policies are further detailed through Operative Instructions, describing specific rules and instructions for the day-by-day activity.

Part E - Risks and Hedging Policies (Continued)

Credit Policies have generally a static approach and are revised when necessary. Therefore they need to be supplemented with Credit Risk Strategies that are updated at least annually and define customers / products, industry segments and geographical areas that will form the target of the Legal Entity / the Group's relevant credit business.

In order to provide detailed guidelines for the assessment of loans and receivables with customers of the Group's Italy perimeter and to ensure a uniform approach by the Legal Entities in that perimeter in relation to similar risks, the Global Policy "General Group Credit Policies" has been supplemented by a specific Global Policy ("Policies and methods for the classification and assessment of higher risk loans and receivables with customers in Italy"). In the specific Global Policy new "Assessment methods for Non-Performing and Doubtful loans", have been established that apply to UniCredit S.p.A..

2.2.3 Management and Measurement Methods

Credit Risk generally represents the risk of losses of the value of a credit exposure arising from an unexpected worsening of the counterparty's credit quality.

For the purpose of credit risk measurement, credit risk is defined as the risk of incurring losses arising from the possibility that a counterparty, either a borrower (e.g. term loan) or an issuer of a financial obligation (bond, note, etc.) is not able to repay interest and/or principal or any other amount due (Default Risk). In a broader sense, credit risk can also be defined as potential losses arising either from a default of the borrower / issuer or a decrease in the market value of a financial obligation due to a deterioration in its credit quality. On this topic UniCredit S.p.A. is exploring new approaches to cover also the market value component of banking book credit risk.

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

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

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

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

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

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

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

There are three fundamental portfolio credit risk measures that are calculated and are evaluated on a one year time horizon:
- *Expected Loss (EL);*
- *Credit Value at Risk (Credit VaR);*
- *Expected Shortfall (ES).*

In order to derive the Credit VaR of the portfolio, the portfolio loss distribution is specified; it is represented by the probabilities of getting different values of the portfolio loss on the given time horizon ("discrete loss case"). The loss associated to a specific probability is the product of the percentage of losses given default (LGD) and exposures at default (EAD) considering the correlations among the defaults.

The Expected Loss (EL) at portfolio level represents the aggregated average loss of the portfolio due to potential defaults of the obligors. The EL of the portfolio is just the sum of the single obligor ones, which can be evaluated as the product of PD x LGD x EAD, and is independent from the default correlations in the portfolio. EL is typically charged as a cost component.

Value at Risk represents the threshold monetary loss overcome only with a given probability level (VaR at 1-α confidence level. UniCredit selected α=0.03% which corresponds to a 99.97% confidence level).

Economic Capital is derived from Value at Risk subtracting the expected loss and it is an input for determining Internal Capital set up to cover potential unexpected losses from risk factors.

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

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

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

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

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

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

2.2.4 Credit Risk Strategies

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

Credit risk strategies aim to obtain a threefold goal:

- to define the optimal credit portfolio risk profile by minimizing the overall credit risk impact given the expected remuneration, starting from the risk appetite framework, in line with the Group's capital allocation and value creation criteria;
- to provide support to the competent functions and Divisions of UniCredit S.p.A. and the Legal Entities when the latter take measures to optimize the portfolio reshaping through strategic plans and business initiatives;
- to provide a set of guidelines and support when drafting the business and loan budget, in line with the Group's strategic vision.

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

Loan strategies are defined by using all available measurements related to credit risk. In particular, results from the "Credit VaR" model ensure a proper and conservative management of portfolio risk through the application of advanced methods and tools. In parallel a set of qualitative information, taking into account the different divisional / territorial characteristics, are incorporated and transformed in input variables for the credit portfolio optimization models.

Portfolio risk management pays special attention to credit risk concentration in light of its importance within total assets.

Such concentration risk, according to the Basel II definition, consists of a single exposure or of a group of correlated exposures with the potential to generate losses of such magnitude as to prejudice UniCredit S.p.A. ability to carry on its normal business.

Part E - Risks and Hedging Policies (Continued)

In order to identify, manage, measure and monitor concentration risk, the UniCredit S.p.A.'s competent functions define and monitor credit limits to cover two different types of concentration risk:
- significant credit exposures to a single counterparty or to a set of economically connected counterparties ("bulk risk" for Multinationals, Financial Institutions and Banks);
- credit exposures to counterparties belonging to the same economic sector ("sectorial risk").

More generally, as part of credit risk strategy, vulnerability and Capital Adequacy support analysis are performed through the credit risk stress test (Pillar I and Pillar II).

Stress test simulations are a comprehensive part of credit risk strategies definition. With stress test procedure it is possible to re-estimate some risk parameters like PD, Expected Loss, economic capital and RWA under the assumption of "extreme but plausible" macroeconomic and financial stressed scenario. Stressed parameters are used not only for regulatory purposes (Pillar I and Pillar II requirements), but also as managerial indicators about the portfolio vulnerability of single business lines, industries / regional areas, customer groups and other relevant clusters, conditioned to a downturn of economic cycle.

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

2.2.5 Acquisition of impaired loans

The Bank usually does not acquire impaired loans. The positions reported as such in the tables of the Notes to the Financial Statements in relation to item 70 "Loans to customers" are part of larger transactions involving the acquisition of loan portfolios, whose objectives cannot be classified among those relating to a specific acquisition of impaired positions.

2.3 Credit Risk Mitigation Techniques

UniCredit S.p.A. uses various credit risk mitigation techniques to reduce potential credit losses in case of the obligor default. Consistently with the "International Convergence of Capital Measurement and Capital Standards - A Revised Framework" (Basel II), UniCredit S.p.A. is firmly committed to satisfy the requirements for recognition of Credit Risk Mitigation techniques for regulatory capital purposes, according to the different approaches adopted (Standardized, Foundation IRB or Advanced IRB) both for internal use in operations and for the purposes of calculating the credit risk capital requirements.

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

In addition to the general guidelines on risk mitigation techniques, UniCredit SpA has issued internal regulations, specifying processes, strategies and procedures for the management of collateral. In particular, these regulations detail the rules on the eligibility, valuation and management of collateral, ensuring that the guarantee is valid, legally enforceable and can be promptly recovered in accordance with the local legal system of each country.

UniCredit S.p.A. also performed assessment activities on the management of guarantees and compliance checks on risk mitigation techniques, in particular with respect to the application of internal rating systems, in order to verify that adequate documentation and formal procedures are in place for the use of risk mitigation techniques for the purpose of calculating regulatory capital.

According to credit policy, collaterals or guarantees can be accepted only to support loans and they cannot serve as a substitute for the borrower's ability to meet obligations. For this reason, in addition to the overall analysis of the credit worthiness and of the repayment capacity of the borrower, they are subject to specific evaluation and analysis of the support role for the repayment of the exposure.

Collaterals accepted in support of credit lines primarily include real estate, both residential and commercial, financial collateral (including cash deposits, debt securities, equities, and units of Undertakings for Collective Investment in Transferable Securities - UCITS). Other types of collateral (pledged goods or pledged loans and life insurance policies) are less common. The Group also makes use of bilateral netting agreements for derivative transactions (by means of ISDA and CSA agreements), Repos and securities lending.

The management system of credit risk mitigation techniques is embedded in the credit approval process and in the credit risk monitoring process, which widely support the evaluation and data quality checks of collaterals / guarantees and their appropriate linking to the categories defined for LGD estimates purposes. Controls and related responsibilities are duly formalized and documented in internal rules and job descriptions. Furthermore processes are implemented to monitor all the relevant information regarding the identification and evaluation of the credit protection and to ensure it is correctly registered in the system.

When accepting a credit risk mitigation technique, UniCredit S.p.A. gives particular importance to processes and controls of the legal certainty requirements of the protection, as well as the assessment of the suitability of the collateral or guarantee. In case of personal guarantees, the protection provider (or the protection seller in case of credit default swap) has to be assessed in order to measure his/her solvency and risk profile.

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

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

2.4 Impaired financial assets
With reference to the *"non-performing"* portfolio, UniCredit S.p.A. activities are mainly focused on the following:
- prompt action. With a solid and effective monitoring and reporting process, the early identification of possible credit quality deterioration allows to perform the necessary restrictive management measures aimed at risk reduction in the early phases prior to the potential default;
- proper assessment of impaired loans, in order to define the strategies/actions to be taken and the applicable default classification;
- initiating recovery procedures on the basis of the type and amount of exposure and the specific borrower involved;
- appropriate provisioning through profit and loss in line with the relevant recovery strategies and plans as well as the type of exposure. Provisioning is carried out in line with the principles of IAS 39 and Basel II rules;
- accurate and regular reporting in order to monitor aggregate portfolio risk over time.

Each Legal Entity's classification of positions into the various default categories must comply with local legal and regulatory dispositions issued by the Supervisory Authority.

Since UniCredit S.p.A., in its role as Holding Company, is required to comply with instructions issued by the Italian Supervisory Authority, suitable measures are taken vis-à-vis the Group's foreign Legal Entities to link and align classifications which would otherwise not be consistent with the appropriate default categories.

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

This activity is managed internally within the group by specially qualified staff or externally through a mandate given to specialized companies or through the sale of non-performing assets to external companies.

In order to determine provisions, an exercise that is performed periodically or in any case if an event occurs during the file management, specialized units use an analytical approach to assess the loss projections for loans at default on the basis of the Group's accounting policies, which are consistent with the rules of IAS 39 and Basel II.

With reference to the Italian business of UniCredit S.p.A., in the last quarter of 2013 new assessment methods were introduced for doubtful and non-performing loans, in order to improve the set of existing methods and enhance the effectiveness and efficiency of the work of the staff of the CRO Italy functions involved, who are responsible for the assessment and approval of loan loss projections. In particular, statistical or automatic methods have been introduced for the assessment of loans to companies with group exposure below a set limit and for the assessment of mortgage loans to individuals.

With reference to loans to companies, updated guidelines were also issued, with more details to help better understand the content of the related existing policies.

The improvement of the processes of assessment of the impaired loans of UniCredit S.p.A. also focused on the calculation methods for present value discounting, both with regard to expected collection times and interest rates.

Impaired assets acquired
Impaired loans acquired were recognized under item 70 "Loans to customers" for €68,293.0 thousand as of December 31, 2013, down by €37,565.2 thousand (-35.5%) compared to December 31, 2012 (€105,858.2 thousand).

These loans were acquired as part of the following transactions:
- the acquisition in 2011 of a loan portfolio from Banca MB S.p.A. (total face value of €414,543 thousand for a price of €246,052 thousand, including impaired loans totaling a face value of €229,222.5 thousand for a price of €152,511.7 thousand). The loans deriving from the financing disbursed by Banca MB under administrative compulsory liquidation were acquired;
- the acquisition in 2011 of a loan portfolio from Società Oney S.p.A. (global face value of €21,143.0 thousand for a price of €19,041.0 thousand, including impaired loans totaling €148.1 thousand for a price of €121.1 thousand). The loans were acquired as part of the acquisition of a credit card portfolio from Oney S.p.A.;
- the acquisition, in 2013, of a portfolio of non-performing loans from Island Refinancing S.r.l. (global face value of €88,532.2 thousand for a price of €27,766.0 thousand). The loans were acquired as part of a Settlement Agreement relating to previous agreements/contracts concluded by the merged company Banco di Sicilia S.p.A..

Part E - Risks and Hedging Policies (Continued)

The above loans were measured in compliance with the measurement criteria used for all impaired loans to customers recognized in the Accounts.

The table below shows the changes in "Impaired loans acquired " (face value, purchase price, carrying amount), broken down by single transaction:

Impaired assets acquired

	PURCHASE DATE		12.31.2011		12.31.2012		12.31.2013		CHANGE IN TOTAL 2013 - 2012	
	NOMINAL VALUE	PURCHASE PRICE	NOMINAL VALUE	BOOK VALUE	NOMINAL VALUE	BOOK VALUE	NOMINAL VALUE	BOOK VALUE	NOMINAL VALUE	BOOK VALUE
Banca MB S.p.A.	299,222.5	152,511.7	255,476.3	148,959.1	215,112.5	105,816.1	195,309.2	53,259.7	-19,803.3	-52,556.4
Oney S.p.A.	148.1	121.1	141.2	79.7	107.9	42.1	106.5	30.9	-1.4	-11.2
Island Refinancing S.r.l.	88,532.0	27,766.0	-	-	-	-	63,168.6	15,002.4	63,168.6	15,002.4
Total	**387,902.6**	**180,398.8**	**255,617.5**	**149,038.8**	**215,220.4**	**105,858.2**	**258,584.3**	**68,293.0**	**43,363.9**	**-37,565.2**

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

A.1 Impaired and performing loans: amounts, writedowns, changes, economic and geographical distribution

For the purposes of the disclosure of quantitative information about credit quality, the term "credit exposures" does not include equity instruments and UCITS shares.

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

PORTFOLIO/QUALITY	NON-PERFORMING LOANS	DOUBTFUL ASSETS	RESTRUCTURED EXPOSURES	PAST-DUE	OTHER ASSETS	OTHER	TOTAL
1. Financial assets held for trading	12,318	146,068	6,054	10,705	19,468	12,058,873	12,253,486
2. Available-for-sale financial assets	1	3,497	-	-	-	40,066,234	40,069,732
3. Held-to-maturity financial instruments	-	-	-	-	-	3,025,401	3,025,401
4. Loans and receivables with banks	155	13,044	-	12	-	21,855,312	21,868,523
5. Loans and receivables with customers	9,173,987	11,015,426	2,129,351	1,902,118	6,949,189	200,001,149	231,171,220
6. Financial assets at fair value through profit or loss	-	-	-	-	-	1,082	1,082
7. Financial instruments classified as held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	-	5,389,230	5,389,230
Total 12.31.2013	**9,186,461**	**11,178,035**	**2,135,405**	**1,912,835**	**6,968,657**	**282,397,281**	**313,778,674**
Total 12.31.2012	**8,851,027**	**9,993,403**	**3,051,495**	**3,044,022**	**8,726,881**	**307,270,500**	**340,937,328**

A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)

	IMPAIRED ASSETS			PERFORMING			
PORTFOLIO/QUALITY	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	NET EXPOSURE	TOTAL (NET EXPOSURE)
1. Financial assets held for trading	320,690	145,545	175,145	X	X	12,078,341	12,253,486
2. Available-for-sale financial assets	4,491	993	3,498	40,066,234	-	40,066,234	40,069,732
3. Held-to-maturity financial instruments	-	-	-	3,025,401	-	3,025,401	3,025,401
4. Loans and receivables with banks	14,953	1,742	13,211	21,859,247	3,935	21,855,312	21,868,523
5. Loans and receivables with customers	45,567,704	21,346,821	24,220,883	209,046,340	2,096,003	206,950,337	231,171,220
6. Financial assets at fair value through profit or loss	-	-	-	X	X	1,082	1,082
7. Financial instruments classified as held fo sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	5,389,230	5,389,230
Total 12.31.2013	**45,907,838**	**21,495,101**	**24,412,737**	**273,997,222**	**2,099,938**	**289,365,937**	**313,778,674**
Total 12.31.2012	**39,682,943**	**14,742,996**	**24,939,947**	**299,077,730**	**1,361,274**	**315,997,381**	**340,937,328**

The total partial write-offs carried out on the impaired assets of the "Loans and receivables with customers" amounted to €8,051 million, attributable to non-performing loans and other revoked impaired loans.

Write Off (Long life criteria)

ACCOUNTING PORTFOLIOS	TOTAL IMPAIRED PARTIAL WRITE OFF
A.1 Financial assets held for trading	-
A.2 Financial assets at fair value through profit or loss	-
A.3 Available-for-sale financial assets	-
A.4 Held-to-maturity financial instruments	-
A.5 Loans and receivables with banks	-
A.6 Loans and receivables with customers	8,051,303
A.7 Financial instruments classified as held for sale	-
Total with banks	**-**
Total with customers	**8,051,303**

In the course of 2013, UniCredit S.p.A. noted progressive changes in the external environment over the past (with remarkable influence on the recoverability of the stock of impaired loans), driven by the following factors:
- an unfavorable macroeconomic environment;
- an evident deterioration in the real estate market;
- the changes in the relevant statutory and regulatory frameworks.

The protracted crisis has produced more and more pronounced effects, in terms of both reduced ability to recover impaired loans and lower chances of success in the corporate restructuring projects of the borrowers.

The real estate market continues in its downtrend, with declining values and extended time for the transactions; estimates showed further significant decreases starting from the second half of 2013, also influenced by the lack of confidence in the enterprises, the difficulties of the labour market and the continuous deterioration of the lending issued to the industry, all factors hinder the recovery of the market of reference. Also the real estate foreclosure have recorded the repetition of consecutive auctions more frequently than the past.

In addition, in the estimation of the recoverability of the stock of impaired loans (in terms of both the haircuts applied to the values of the collateral and write-downs of unsecured loans or loans with guarantees) the changes introduced by the Supervisory Authority with the supplement n. 15 of July 2013 of Circular no. 263 of December 27, 2006 have been applied, making specific reference to the determination of the recoverable amount of impaired loans, taking into account both the typology of enforcement procedure implemented and the outcome of the phases already carried out, as well as the value of "prompt-sell" of collaterals (using, for real estate, "haircuts" determined also on the base of the date of the appraisal and the market environment).

In consideration of the recent evolution and on the basis of the actual knowledge reasonably foreseeable macroeconomic scenario, in particular, the crisis of the real estate market still ongoing both in Italy and in Europe, as well as the changes in the relevant statutory and regulatory frameworks, 2013 has been characterized, in UniCredit S.p.A., by an intense activity to introduce several initiatives to strengthen the methodologies to measure credit risk and the valuation process. In particular, with reference to the perimeter of the units of the Bank that operate in Italy:
- a new approach for managing and monitoring the risk linked to certain portfolios of performing loans has been implemented; these loans have been included in a cluster in order to carefully monitor the emerging risk. This new approach is characterized by more intense monitoring aimed at identifying, with the Customers, the solutions that might safeguard at the best their business continuity and protect the Bank from the risks (in particular, see Part E) "Information on risks and related risk management policies" - Section 1 - Credit Risk - Qualitative information - General Aspects);
- a review of the methods used to classify and measure impaired loans has been carried out, in line with the introduction of the new Global Policy "Principles and methods for the classification to higher risk and assessment of loans to Customers in Italy", approved by the Board of Directors on December 17, 2013.

More in detail:
- with regard to performing loans, whose book value reflects the statistical valuation of the losses incurred but not yet confirmed by the processes of classification to higher risk (i.e. losses incurred but not reported), credit parameters (Probability of Default - PD and Loss Given Default - LGD) were updated, taking into account the additional more recent statistical evidence, in order to make the valuation parameters used most representative of the current situation at the balance sheet date. In addition, the segregation of management sub-portfolios, which originated from the new approach described above, made it necessary to adjust the portfolios of performing loans for the application of the LCP (Loss Confirmation Period) parameter, in order to bring the valuation methodology in line with the characteristics of the sub-portfolios, as resulting from this new business process.
  The review of estimation parameters resulted in higher write-downs of €655 million, out of a total of gross performing loans to customers of €204,601 million (relating to the units of the Bank that are operating in Italy), resulting in an increase in the average coverage ratio of these performing loans from 0.67% to 1.0%;
- with regard to past due impaired exposures, whose assessment reflects the application of the credit parameters and in particular the LGD, the above-mentioned review resulted in higher write-downs of €151 million, out of a total of €2,467 million gross exposures, reflected in an increase in the coverage ratio from 16.8% to 22.9%.

Part E - Risks and Hedging Policies (Continued)

- within the new Global Policy mentioned above new "Methodologies for the valuation of non-performing and doubtful loans", valid for UniCredit S.p.A. have been defined, which, inter alia, led to a change in the valuation methods for loans to enterprises with exposure to economic group below a defined threshold, classified as doubtful and non-performing loans. This review enables mitigating the risk of disharmonies deriving by subjective specific evaluation and pursues a more timely update of specific valuation and greater consistency between the coverage ratios compared to their classification, also through the check of coverage ratio statistically and automatically determined. This change in the methodology affected €4,557 million of gross non-performing loans and €2,788 million of gross doubtful loans, and led to higher impairment losses amounting to €585 million (non-performing enterprises) and €155 million (doubtful enterprises), respectively, and led to an increase of average coverage ratio of the respective categories from 45.9% to 58.8% for positions classified as non-performing and 37.7% to 43.2% for positions classified as doubtful;
- the evaluation process for impaired loans (classified as doubtful and non-performing) was further strengthened by reflecting, for mortgage loans, in the level of "haircuts" used for the purpose of enhancement of mortgages collateral at December 31, 2013 the updated macroeconomic and sectorial environment, which was worse than previous estimates, in light of the persistence of the conditions of uncertainty and fragility of the real estate market. As a result:
  - operational guidelines were issued to support the units involved in the measurements of loans with reference to the loans to enterprises with exposure to economic group above the threshold set for the application of the automatic and statistical evaluation methods, classified as non-performing. This to ensure that the specific valuation process takes into account:
- for mortgage loans, adequate levels of "haircuts" with respect to the market value of the mortgaged real estate property, in order to determine the recoverable amount of the collateral itself more in line with the latest trends of the market;
- for non-mortgage loans, a greater uniformity in the application of the Group valuation policies, in order to mitigate disharmony related to the subjective analytical assessment and allowing at the same time to adjust the expectations of collection to the prevailing macroeconomic environment and the outcome of judicial procedures.
  The change affected a perimeter of €8,874 million of gross non-performing loans, in relation to which higher net write-downs of €1,692 million were recorded, bringing the coverage ratio from 40.7% to 59.7%;
  - the method for measuring Mortgage Loans to Individuals classified as non-performing and doubtful loans has been reviewed by implementing automatic valuation methods based on the value of the collateral, updated and evaluated from the perspective of recovery. The overall effects recorded in this aggregate, resulting from the application of parameters consistent with the other credit aggregates, show net write-backs on Mortgage Loans to Individuals classified as non-performing, as to €318 million, and as doubtful, as to €80 million, bringing the coverage level from 43.7% to 37.7% for non-performing loans and from 26.5% to 21.0% for doubtful loans. The change affected a perimeter of €5,313 million gross non-performing loans and €1,445 million gross doubtful loans;
- a review of the restructured loans and the loans to enterprises with exposure to economic group above the threshold has been performed in order to set the application of automatic and statistical valuation methods, classified as doubtful loans, and review the capability of the companies to recover, in a reasonable amount of time, their economic/financial balance. Indeed, the current external environment makes corporate turnaround processes more and more difficult, increases the length of time required for managing corporate crises, leads to a statistically less favorable outcome of restructuring processes than in the past, even recent. This review resulted in further write-downs of €1,400 million on the positions of this perimeter classified as doubtful loans (€12,855 million) and €318 million on restructured loans, increasing their coverage level from 33.3% to 44.2% on doubtful loans, and from 19.2% to 29.7% on restructured loans;

All the changes in the methodology and the review of the parameters used in the measurement of loans as at December 31, 2013 (which resulted in higher net write-downs of €4,558 million compared to "Net losses/recoveries on impairment" of €9,933 million recognized in Item 130 of the Income statement for the year 2013) are treated as "changes in accounting estimates" in accordance with IAS 8 (paragraph 5), whose effects are reflected in the 2013 Income Statement. Indeed, in this financial year the new evidence and information became available for the purpose of estimating the recoverable amount of loans, as described in the preceding paragraphs.

The table below provides a breakdown of the loans to customers subject to renegotiation under collective agreements executed by the Banking Associations/Unions or on the ground of the regulations prevailing in the countries where the Group is present, entailing the temporary suspension of payment of installments (for principal and/or interest).

This table is arranged according to the rules laid down by the Bank of Italy Circular 262 and, therefore, is not representative for the purpose of approximating the EBA definition of Forborne performing exposures. Compared with the EBA definition, the volumes reported here do not take into account the application of the exit criteria set for the "Forborne" class, which allow, after two years and subject to certain conditions, to not classify these exposures as "Forborne" anymore. On the contrary, in this table, however, these exposures are still included. For information on EBA Forbearance performing, please refer to the next section E - Information about the renegotiated exposures and new EBA definitions related to impaired loans.

As at December 31, 2013 there are no renegotiation under collective agreements in the portfolios of financial assets other than loans to customers.

Customer Loans - Exposures renegotiated under collective agreements

PERFORMING	PERFORMING									TOTAL (NET EXPOSURE) 12.31.2013
	OTHER PERFORMING EXPOSURE			NOT IMPAIRED PAST DUE (1-90 DAYS)			NOT IMPAIRED PAST DUE (91-180 DAYS)			
	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	
5. Loans and receivables with customers	**201,731,297**	**1,730,149**	**200,001,148**	**3,321,970**	**124,977**	**3,196,993**	**3,993,073**	**240,877**	**3,752,196**	**206,950,337**
- Exposures renegotiated in application of collective agreements	2,612,776	9,815	2,602,961	154,082	4,042	150,040	249,681	12,173	237,508	2,990,509
- Other exposures	199,118,521	1,720,334	197,398,187	3,167,888	120,935	3,046,953	3,743,392	228,704	3,514,688	203,959,828

A.1.3. On - balance sheet and off- balance sheet credit exposure to banks: gross and net values

EXPOSURE TYPES / AMOUNTS	AMOUNTS AS AT 12.31.2013			
	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. Balance sheet exposure				
a) Non-performing loans	531	376	X	155
b) Doubtful loans	14,252	1,209	X	13,043
c) Restructured exposures	-	-	X	-
d) Past due	170	157	X	13
e) Other assets	26,120,237	X	3,935	26,116,302
Total A	**26,135,190**	**1,742**	**3,935**	**26,129,513**
B. Off-Balance sheet exposure				
a) Impaired	125	-	X	125
b) Other	21,558,200	X	-	21,558,200
Total B	**21,558,325**	**-**	**-**	**21,558,325**
Total (A+B)	**47,693,515**	**1,742**	**3,935**	**47,687,838**

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

Off-balance sheet exposure comprises guarantees given, commitments and derivatives regardless of each transaction's classification category.

The gross exposure of credit derivatives for which protection has been sold corresponds to (i) the sum of the face value and the positive fair value in respect of total rate of return swaps, (ii) to positive fair value in respect of credit spread swaps and (iii) to the notional value in respect of credit default products and credit linked notes.

A.1.4 Balance-sheet credit exposures with banks: gross change in impaired exposures

SOURCE/CATEGORIES	CHANGES IN 2013			
	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST DUE EXPOSURES
A. Opening balance - gross exposure	**2,972**	**1,085**	**-**	**31,199**
- of which: assets sold but not derecognised	-	-	-	-
B. Increases	**1,960**	**37,326**	**-**	**14,166**
B.1 transfers from performing loans	1,913	-	-	867
B.2 transfers from other impaired exposure categories	-	36,244	-	12,654
B.3 other increases	47	1,082	-	645
C. Reductions	**4,401**	**24,159**	**-**	**45,195**
C.1 transfers to performing loans	-	1,102	-	-
C.2 derecognised items	2,973	-	-	-
C.3 recoveries	1,406	6,244	-	-
C.4 sales proceeds	-	-	-	-
C.4 bis losses proceeds	-	-	-	-
C.5 transfers to other impaired exposure categories	-	12,654	-	36,244
C.6 other reductions	22	4,159	-	8,951
D. Gross exposure closing balance	**531**	**14,252**	**-**	**170**
- of which: assets sold but not derecognised	-	-	-	-

Part E - Risks and Hedging Policies (Continued)

A.1.5 Balance-sheet credit exposures to banks: change in overall impairments

SOURCE/CATEGORIES	CHANGES IN 2013 NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST DUE EXPOSURES
A. Opening gross writedowns	**2,972**	**311**	**-**	**1,538**
- of which: sold but not derecognised	-	-	-	-
B. Increases	**377**	**2,283**	**-**	**786**
B.1 writedowns	351	129	-	2
B.1 bis Losses on disposal	-	-	-	-
B.2 transfers from other impaired exposure	-	2,154	-	740
B.3 other increases	26	-	-	44
C. Reductions	**2,973**	**1,385**	**-**	**2,167**
C.1 write-backs from assessments	-	334	-	-
C.2 write-backs from recoveries	-	148	-	13
C.2 bis Gains on disposal	-	-	-	-
C.3 write-offs	2,973	-	-	-
C.4 transfers to other impaired exposure	-	740	-	2,154
C.5 other reductions	-	163	-	-
D. Final gross writedowns	**376**	**1,209**	**-**	**157**
- of which: sold but not derecognised	-	-	-	-

A.1.6. Balance sheet and off- balance sheet credit exposure to customers: gross and net values

EXPOSURE TYPES / AMOUNTS	AMOUNTS AS AT 12.31.2013 GROSS EXPOSURE	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENT	NET EXPOSURE
A. Balance sheet exposure				
a) Non-performing loans	20,973,915	11,799,927	X	9,173,988
b) Doubtful loans	19,096,838	8,077,914	X	11,018,924
c) Restructured exposures	3,034,057	904,706	X	2,129,351
d) Past due	2,467,385	565,267	X	1,902,118
e) Other assets	251,788,030	X	2,096,003	249,692,027
Total A	**297,360,225**	**21,347,814**	**2,096,003**	**273,916,408**
B. Off-balance sheet exposure				
a) Impaired	1,943,143	192,242	X	1,750,901
b) Other	72,526,269	X	1,069,520	71,456,749
Total B	**74,469,412**	**192,242**	**1,069,520**	**73,207,650**
Total (A+B)	**371,829,637**	**21,540,056**	**3,165,523**	**347,124,058**

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

Off-balance sheet exposure comprises guarantees given, commitments and derivatives regardless of each transaction's classification category.

The gross exposure of credit derivatives for which protection has been sold corresponds to (i) the sum of the face value and the positive fair value in respect of total rate of return swaps, (ii) to positive fair value in respect of credit spread swaps and (iii) to the notional value in respect of credit default products and credit linked notes.

On-balance sheet impaired gross exposures connected to the proposals for recourse to an arrangement with creditors made by the debtor - for the positions that have been converted into a Debt restructuring agreement pursuant to Article 182-bis of the Bankruptcy Law or continuity of business, as well as the positions not yet assigned or with liquidatory purposes - amounted to a total of €3,453 million at December 31, 2013, against which specific impairments have been made for €1,745 million, with a total coverage level of 50.8%.

A.1.7 Balance-sheet credit exposures to customers: gross change in impaired exposures

SOURCE/CATEGORIES	CHANGES IN 2013			
	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST DUE EXPOSURES
A. Opening balance - gross exposure	**16,758,103**	**15,283,862**	**3,754,156**	**3,455,303**
- of which: sold but not derecognised	*294,277*	*202,057*	-	*17,132*
B. Increases	**8,193,793**	**15,214,843**	**2,609,198**	**8,860,975**
B.1 transfers from performing loans	181,351	5,806,401	519,935	7,663,808
B.2 transfers from other impaired exposure	6,444,640	7,084,808	673,878	700,578
B.3 other increases	1,567,802	2,323,634	1,415,385	496,589
of which: business combinations	*21,318*	-	-	-
C. Reductions	**3,977,981**	**11,401,867**	**3,329,297**	**9,848,893**
C.1 transfers to performing loans	2,025	882,563	28,758	3,659,306
C.2 derecognised items	2,663,824	190,580	103,799	-
C.3 recoveries	540,416	2,607,076	41	544
C.4 sales proceeds	15,550	7,983	-	-
C.4.bis sales losses	6,517	7,383	-	-
C.5 transfers to other impaired exposure	30,424	7,669,211	1,755,048	5,449,222
C.6 other reductions	719,225	37,071	1,441,651	739,821
D. Closing balance-gross exposure	**20,973,915**	**19,096,838**	**3,034,057**	**2,467,385**
- of which: sold but not derecognised	*375,657*	*177,356*	*1*	*52,737*

A.1.8 Balance-sheet credit exposures to customers: changes in overall impairment

SOURCE/CATEGORIES	CHANGES IN 2013			
	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED EXPOSURES	PAST DUE EXPOSURES
A. Total opening writedowns	**7,921,473**	**5,487,883**	**713,009**	**522,579**
- of which: sold but not derecognised	*101,891*	*54,606*	-	*2,096*
B. Increases	**7,560,840**	**5,802,039**	**759,343**	**828,153**
B.1 writedowns	4,727,802	4,493,787	559,071	485,872
B.1 bis losses on disposal	6,517	7,383	-	-
B.2 transfers from other impaired exposure	2,273,784	914,417	104,676	88,024
B.3 other increases	552,737	386,452	95,596	254,257
of which: business combinations	*14,998*	-	-	-
C. Reductions	**3,682,386**	**3,212,008**	**567,646**	**785,465**
C.1 write-backs from assessments	880,025	216,568	809	6,234
C.2 write-backs from recoveries	113,902	262,918	9,257	21,925
C.2 bis gains on disposal	474	2	-	-
C.3 write-offs	2,663,824	190,580	103,799	-
C.4 transfers to other impaired exposure	13,115	2,378,227	453,330	536,230
C.5 other reductions	11,046	163,713	451	221,076
D. Final gross writedowns	**11,799,927**	**8,077,914**	**904,706**	**565,267**
- of which: sold but not derecognised	*121,229*	*28,862*	-	*10,408*

In 2013 the bank has modified the parameters used for the valuation of impaired and performing loans; in accordance with IAS 8 (paragraph 5); since the basis for the measurement of the loans has not been modified, this change qualifies as a “change in accounting estimates”. Detailed information on the effects of this variation has been provided, as required by IAS 8 (paragraph 39) in Part E - Information on risks and related risk management policies - at the foot of Table A.1.2 Breakdown of credit exposures by portfolio and credit quality, which should be consulted for further information.

Part E - Risks and Hedging Policies (Continued)

A.2 Breakdown of exposures according to external and internal ratings

A.2.1 Balance Sheet and off-balance sheet credit exposure by external rating class (book values)

	AMOUNTS AS AT 12.31.2013							
	EXTERNAL RATING CLASSES							
EXPOSURES	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6	NO RATING	TOTAL
A. On-balance-sheet crdit exposures	**89,375**	**13,665,025**	**48,597,489**	**727,387**	**92,017**	**24,242,287**	**213,504,925**	**300,918,505**
B. Derivative contracts	**112,259**	**340,800**	**206,022**	**92,204**	**584**	**175,145**	**3,309,568**	**4,236,582**
B.1 Financial derivative contracts	112,259	340,745	206,022	92,204	584	175,145	3,309,568	4,236,527
B.2 Credit derivative contracts	-	55	-	-	-	-	-	55
C. Guarantees given	**170,495**	**1,893,246**	**10,567,193**	**385,837**	**120,572**	**660,470**	**24,315,243**	**38,113,056**
D. Other commitments to disburse funds	**97,814**	**2,278,978**	**6,390,690**	**826,484**	**154,897**	**923,043**	**32,497,137**	**43,169,043**
E. Other	**-**	**25,030**	**9,221,954**	**-**	**-**	**-**	**310**	**9,247,294**
Total	**469,943**	**18,203,079**	**74,983,348**	**2,031,912**	**368,070**	**26,000,945**	**273,627,183**	**395,684,480**

Impaired assets are included in “Class 6”.

Item A. On-Balance Sheet includes €872,584 thousands of units in investment funds.

The table details on- and off-balance sheet credits granted to counterparties rated by external rating agencies, which provide brief assessments of the creditworthiness of different classes of borrowers such as Sovereigns, Banks, Public-Sector Entities, Insurance Companies and (usually large) Enterprises.

The table refers to classification of 262/2005 Bank of Italy Circular (2nd update dated January 21, 2014); then it provides, for external ratings, 6 classes of creditworthiness.

The above presentation refers to the Standard and Poor’s ratings, which are also associated to the ratings of the other two main Agencies, Moody’s and Fitch. For the ratings for counterparties subject of securitization transactions (in particular Impresa One and Consumer One) reference has also been made to the agency DBRS.

Where more than one agency rating is available, the most prudential rating is assigned.

The “Investment Grade” area (from class 1 to 3), particularly the Class 2 and Class 3, comprises nearly all externally rated exposures, since the corresponding counterparties are mainly banks.

Details of securitized exposures not derecognized for accounting purposes (but derecognized for prudential purposes) are provided below:

(€ million)

SECURITIZATION NAME	ORIGINATOR	ASSET CLASS	AMOUNTS AS AT 12.31.2013
Cordusio RMBS3 - UB CASA 1	UniCredit S.p.A.	RMBS	951
CORDUSIO RMBS	UniCredit S.p.A.	RMBS	526
CORDUSIO RMBS SECURISATION - SERIE 2006 (EX CORDUSIO RMBS2)	UniCredit S.p.A.	RMBS	747
CORDUSIO RMBS SECURISATION - SERIE 2007	UniCredit S.p.A.	RMBS	1,719
F-E Mortage 2003-1	UniCredit S.p.A.	RMBS	213
F-E Mortage 2005-1	UniCredit S.p.A.	RMBS	330
Heliconus	UniCredit S.p.A.	RMBS	109
CAPITAL MORTGAGE	UniCredit S.p.A.	RMBS	1,202
			5,797

A.2.2 Balance Sheet and off-balance sheet exposure by internal rating class (book values)

EXPOSURES	AMOUNTS AS AT 12.31.2013					
	INTERNAL RATING CLASSES					
	1	2	3	4	5	6
A. On-balance-sheet exposures	**191,572**	**960,912**	**116,102,466**	**48,993,140**	**17,181,456**	**18,873,163**
B. Derivative contracts	**-**	**76,807**	**656,554**	**577,824**	**225,878**	**213,526**
B.1 Financial derivative contracts	-	76,807	656,499	577,824	225,878	213,526
B.2 Credit derivative contracts	-	-	55	-	-	-
C. Guarantees given	**620**	**1,149,881**	**7,304,435**	**12,689,789**	**4,479,151**	**2,355,888**
D. Other commitments to disburse funds	**6,766**	**1,847,237**	**25,218,388**	**3,168,382**	**1,698,397**	**354,291**
E. Other	**-**	**2**	**2,167,522**	**7,079,463**	**-**	**-**
Total	**198,958**	**4,034,839**	**151,449,365**	**72,508,598**	**23,584,882**	**21,796,868**

continued: A.2.2 Balance Sheet and off-balance sheet exposure by internal rating class (book values)

EXPOSURES	AMOUNTS AS AT 12.31.2013					
	INTERNAL RATING CLASSES			IMPAIRED EXPOSURES	NO RATING	TOTAL
	7	8	9			
A. On-balance-sheet exposures	**14,473,906**	**6,699,371**	**6,723,045**	**24,237,593**	**45,609,297**	**300,045,921**
B. Derivative contracts	**2,036,284**	**37,890**	**21,721**	**175,145**	**214,955**	**4,236,584**
B.1 Financial derivative contracts	2,036,284	37,890	21,721	175,145	214,955	4,236,529
B.2 Credit derivative contracts	-	-	-	-	-	55
C. Guarantees given	**1,434,666**	**461,810**	**245,328**	**652,839**	**7,338,649**	**38,113,056**
D. Other commitments to disburse funds	**497,255**	**403,567**	**161,165**	**923,043**	**8,890,553**	**43,169,044**
E. Other	**-**	**-**	**-**	**-**	**308**	**9,247,295**
Total	**18,442,111**	**7,602,638**	**7,151,259**	**25,988,620**	**62,053,762**	**394,811,900**

INTERNAL CLASSES	PD RANGE				
1	0.0000%	<=	PD	<=	0.0036%
2	0.0036%	<	PD	<=	0.0208%
3	0.0208%	<	PD	<=	0.1185%
4	0.1185%	<	PD	<=	0.5824%
5	0.5824%	<	PD	<=	1.3693%
6	1.3693%	<	PD	<=	3.2198%
7	3.2198%	<	PD	<=	7.5710%
8	7.5710%	<	PD	<=	17.8023%
9	17.8023%	<	PD	<=	99.9999%

The table contains on- and off-balance sheet exposures grouped according to the counterparties' internal rating.

Ratings are assigned to individual counterparties using internally-developed models included in their credit risk management processes.

The internal models validated by the regulators are either 'Group-wide' (e.g. for banks, multinationals and sovereigns).

The various rating scales of these models are mapped onto a single master-scale of 9 classes (illustrated above) based on Probability of Default (PD).

Part E - Risks and Hedging Policies (CONTINUED)

A. 3 Breakdown of secured exposures by type of guarantee

A.3.1 Secured credit exposures with banks

	AMOUNTS AS AT 12.31.2013														
		COLLATERALS (1)				GUARANTEES (2)									
		PROPERTY				CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)				
							OTHER CREDIT DERIVATIVES								
	NET EXPOSURES	MORTGAGES	FINANCE LEASES	FINANCE LEASES	OTHER ASSETS	CREDIT LINK NOTES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	TOTAL (1)+(2)
1. Secured balance sheet credit exposures:															
1.1. totally secured	2,945,215	-	-	3,058,434	-	-	-	-	-	-	-	-	-	3,101	3,061,535
- *of which impaired*	*3,101*	-	-	-	-	-	-	-	-	-	-	-	-	*3,101*	*3,101*
1.2. partially secured	5,767	-	-	-	-	-	-	-	-	-	-	-	-	5,653	5,653
- *of which impaired*	5,767	-	-	-	-	-	-	-	-	-	-	-	-	5,653	5,653
2. Secured off balance sheet credit exposures:															
2.1. totally secured	406,926	-	-	19,200	387,726	-	-	-	-	-	-	-	-	-	406,926
- *of which impaired*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. partially secured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- *of which impaired*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.3.2 Secured credit exposures with customers

	AMOUNTS AS AT 12.31.2013														
		COLLATERALS (1)				GUARANTEES (2)									
		PROPERTY				CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)				
							OTHER CREDIT DERIVATIVES								
	NET EXPOSURES	MORTGAGES	FINANCE LEASES	SECURITIES	OTHER ASSETS	CREDIT LINK NOTES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ASSETS	TOTAL (1)+(2)
1. Secured balance sheet credit exposures:															
1.1. totally secured	139,066,116	261,447,534	-	32,144,334	2,424,802	-	-	-	-	-	81,201	279,563	71,448	19,580,705	**316,029,587**
- *of which impaired*	*16,543,817*	*34,734,216*	-	*78,750*	*324,839*	-	-	-	-	-	*5,848*	*39,424*	*816*	*3,937,984*	**39,121,877**
1.2. partially secured	6,216,945	213,743	-	1,024,580	407,642	-	-	-	-	-	135,813	123,713	9,809	1,673,474	**3,588,774**
- *of which impaired*	1,538,396	50,123	-	481,087	87,691	-	-	-	-	-	647	12,861	2,000	548,787	**1,183,196**
2. Secured off balance sheet credit exposures:															
2.1. totally secured	24,954,450	5,101,927	-	18,543,954	235,145	-	-	-	-	-	56,632	1,245	220,534	3,184,407	**27,343,844**
- *of which impaired*	*906,236*	*1,521,377*	-	*1,190*	*11,852*	-	-	-	-	-	-	*107*	*67,990*	*153,185*	***1,755,701***
2.2. partially secured	1,327,607	5,553	-	112,774	170,211	-	-	-	-	-	7,845	1,488	124,097	471,046	**893,014**
- *of which impaired*	*67,690*	*3,365*	-	*9,073*	*8,833*	-	-	-	-	-	-	-	*13,221*	*8,332*	***42,824***

B. DISTRIBUTION AND CONCENTRATION OF LOANS

B.1 Distribution by segment of Balance Sheet and off-Balance Sheet credit exposure to customers (book value)

COUNTERPARTS/ EXPOSURES	GOVERNMENTS NET EXPOSURE	GOVERNMENTS SPECIFIC WRITE-DOWNS	GOVERNMENTS PORTFOLIO ADJUSTMENTS	OTHER PUBLIC ENTITIES NET EXPOSURE	OTHER PUBLIC ENTITIES SPECIFIC WRITE-DOWNS	OTHER PUBLIC ENTITIES PORTFOLIO ADJUSTMENTS	FINANCIAL COMPANIES NET EXPOSURE	FINANCIAL COMPANIES SPECIFIC WRITE-DOWNS	FINANCIAL COMPANIES PORTFOLIO ADJUSTMENTS
A. Cash exposure									
A.1 Non-performing loans	239	86	X	437	1,525	X	53,631	157,553	X
A.2 Doubtful loans	847	557	X	89,509	38,790	X	180,747	155,593	X
A.3 Restructured exposures	-	-	X	-	-	X	18,809	24,529	X
A.4 Impaired past-due exposures	179	78	X	192	96	X	18,870	7,904	X
A.5 Other exposures	42,860,247	X	2,697	3,800,514	X	75,612	66,129,356	X	616,090
Total A	**42,861,512**	**721**	**2,697**	**3,890,652**	**40,411**	**75,612**	**66,401,413**	**345,579**	**616,090**
B. Off-balance sheet exposures									
B.1 Non-performing Loans	-	-	X	-	-	X	1,728	-	X
B.2 Doubtful loans	-	-	X	18,665	-	X	24,287	1	X
B.3 Other impaired assets	-	-	X	-	-	X	6,041	-	X
B.4 Other exposures	2,683,750	X	-	9,432,764	X	922	26,217,329	X	951,852
Total B	**2,683,750**	**-**	**-**	**9,451,429**	**-**	**922**	**26,249,385**	**1**	**951,852**
Total 12.31.2013	**45,545,262**	**721**	**2,697**	**13,342,081**	**40,411**	**76,534**	**92,650,798**	**345,580**	**1,567,942**
Total 12.31.2012	**36,096,300**	**653**	**1,137**	**13,366,960**	**17,166**	**31,936**	**91,730,516**	**244,575**	**1,212,408**

B.1 Distribution by segment of Balance Sheet and off-Balance Sheet credit exposure to customers (book value) continued

COUNTERPARTS/ EXPOSURES	INSURANCE COMPANIES NET EXPOSURE	INSURANCE COMPANIES SPECIFIC WRITE-DOWNS	INSURANCE COMPANIES PORTFOLIO ADJUSTMENTS	NON-FINANCIAL COMPANIES NET EXPOSURE	NON-FINANCIAL COMPANIES SPECIFIC WRITE-DOWNS	NON-FINANCIAL COMPANIES PORTFOLIO ADJUSTMENTS	OTHER ENTITIES NET EXPOSURE	OTHER ENTITIES SPECIFIC WRITE-DOWNS	OTHER ENTITIES PORTFOLIO ADJUSTMENTS
A. Cash exposure									
A.1 Non-performing loans	100	1,003	X	5,493,522	7,981,899	X	3,626,058	3,657,862	X
A.2 Doubtful loans	-	-	X	8,836,096	6,930,577	X	1,911,724	952,398	X
A.3 Restructured exposures	-	-	X	2,084,464	871,332	X	26,077	8,844	X
A.4 Impaired past-due exposures	-	-	X	1,321,957	410,002	X	560,919	147,187	X
A.5 Other exposures	143,142	X	52	73,676,914	X	1,016,218	63,081,857	X	385,334
Total A	**143,242**	**1,003**	**52**	**91,412,953**	**16,193,810**	**1,016,218**	**69,206,635**	**4,766,291**	**385,334**
B. Off-balance sheet exposures									
B.1 Non-performing Loans	-	-	X	126,155	32,590	X	1,712	-	X
B.2 Doubtful loans	-	-	X	1,122,768	146,353	X	3,173	22	X
B.3 Other impaired assets	-	-	X	445,721	13,251	X	651	26	X
B.4 Other exposures	45,066	X	10	29,873,764	X	114,700	3,203,769	X	2,036
Total B	**45,066**	**-**	**10**	**31,568,408**	**192,194**	**114,700**	**3,209,305**	**48**	**2,036**
Total 12.31.2013	**188,308**	**1,003**	**62**	**122,981,361**	**16,386,004**	**1,130,918**	**72,415,940**	**4,766,339**	**387,370**
Total 12.31.2012	**183,332**	**555**	**49**	**142,847,134**	**10,257,472**	**848,992**	**74,016,668**	**4,267,954**	**252,587**

Part E - Risks and Hedging Policies (Continued)

B.2 Distribution of Balance Sheet and Off-Balance Sheet credit exposures to customers by geographic area (book value)

EXPOSURES/ GEOGRAPHIC AREA	ITALY NET EXPOSURE	ITALY TOTAL WRITE-DOWNS	OTHER EUROPEAN COUNTRIES NET EXPOSURE	OTHER EUROPEAN COUNTRIES TOTAL WRITE-DOWNS	AMERICA NET EXPOSURE	AMERICA TOTAL WRITE-DOWNS	ASIA NET EXPOSURE	ASIA TOTAL WRITE-DOWNS	REST OF THE WORLD NET EXPOSURE	REST OF THE WORLD TOTAL WRITE-DOWNS
A. Balance sheet exposures										
A.1 Non-performing loans	9,155,659	11,696,043	17,453	100,442	380	2,134	53	110	443	1,198
A.2 Doubtful exposures	10,756,878	7,687,957	165,616	199,714	89,805	136,942	2,441	7,517	4,183	45,785
A.3 Restructured exposures	2,115,361	882,113	13,888	22,576	102	17	-	-	-	-
A.4 Impaired past due exposures	1,834,980	563,033	56,661	698	888	704	48	18	9,542	813
A.5 Other exposures	242,799,645	2,047,023	5,411,305	19,584	889,689	17,831	177,970	11,144	413,418	422
Total A	**266,662,523**	**22,876,169**	**5,664,923**	**343,014**	**980,864**	**157,628**	**180,512**	**18,789**	**427,586**	**48,218**
B. "Off-balance sheet" exposures										
B.1 Non-performing loans	128,344	32,590	1,251	-	-	-	-	-	-	-
B.2 Doubtful loans	1,106,274	85,792	12,327	684	50,293	59,900	-	-	-	-
B.3 Other impaired past due exposures	447,556	13,171	4,835	105	9	-	-	-	13	-
B.4 Other exposures	67,069,738	1,069,092	3,258,304	103	742,884	317	292,974	2	92,540	5
Total B	**68,751,912**	**1,200,645**	**3,276,717**	**892**	**793,186**	**60,217**	**292,974**	**2**	**92,553**	**5**
Total 12.31.2013	**335,414,435**	**24,076,814**	**8,941,640**	**343,906**	**1,774,050**	**217,845**	**473,486**	**18,791**	**520,139**	**48,223**
Total 12.31.2012	**344,264,492**	**16,734,661**	**9,710,059**	**224,330**	**2,029,698**	**101,857**	**657,642**	**27,816**	**579,019**	**46,823**

B.2 Distribution of Balance Sheet and Off-Balance Sheet credit exposures to customers by geographic area (book value) - Italy

EXPOSURES / GEOGRAPHICAL AREAS	NORTH-WEST ITALY NET EXPOSURE	NORTH-WEST ITALY TOTAL WRITE-DOWNS	NORTH-EAST ITALY NET EXPOSURE	NORTH-EAST ITALY TOTAL WRITE-DOWNS	CENTRAL ITALY NET EXPOSURE	CENTRAL ITALY TOTAL WRITE-DOWNS	SOUTH ITALY AND ISLANDS NET EXPOSURE	SOUTH ITALY AND ISLANDS TOTAL WRITE-DOWNS
A. Balance sheet exposures								
A.1 Non-performing loans	2,822,826	3,193,938	2,110,437	2,440,300	2,221,258	3,199,283	2,001,138	2,862,522
A.2 Doubtful exposures	2,915,743	1,920,543	2,454,349	1,676,496	2,550,846	1,991,437	2,835,940	2,099,481
A.3 Restructured exposures	1,290,823	538,266	484,487	143,692	279,024	177,144	61,027	23,011
A.4 Impaired past due exposures	354,562	103,467	417,268	103,654	589,783	168,452	473,367	187,460
A.5 Other exposures	57,791,253	410,230	54,267,676	864,565	104,248,114	426,621	26,492,602	345,607
Total A	**65,175,207**	**6,166,444**	**59,734,217**	**5,228,707**	**109,889,025**	**5,962,937**	**31,864,074**	**5,518,081**
B. "Off-balance sheet" exposures								
B.1 Non-performing loans	17,225	3,645	22,646	3,282	40,859	11,739	47,614	13,924
B.2 Doubtful loans	265,836	25,957	319,049	13,028	317,290	29,593	204,099	17,214
B.3 Other impaired past due exposures	287,257	11,092	48,798	905	77,564	1,024	33,937	150
B.4 Other exposures	14,315,118	15,872	13,070,494	1,042,941	37,080,139	7,200	2,603,987	3,079
Total B	**14,885,436**	**56,566**	**13,460,987**	**1,060,156**	**37,515,852**	**49,556**	**2,889,637**	**34,367**
Total 12.31.2013	**80,060,643**	**6,223,010**	**73,195,204**	**6,288,863**	**147,404,877**	**6,012,493**	**34,753,711**	**5,552,448**
Total 12.31.2012	**89,477,976**	**4,482,860**	**84,211,581**	**4,331,007**	**132,009,887**	**3,853,236**	**38,565,048**	**4,067,559**

B.3 Distribution of Balance Sheet and Off-Balance Sheet credit exposures to banks by geographic area (book value)

EXPOSURES/GEOGRAPHIC AREA	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. Balance sheet exposures										
A.1 Non-performing loans	-	-	155	376	-	-	-	-	-	-
A.2 Doubtful exposures	-	-	-	-	-	-	13,044	1,209	-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-	-	-
A.4 Impaired past due exposures	-	-	-	-	-	-	12	157	-	-
A.5 Other exposures	8,522,719	1,095	17,148,538	1,601	141,387	71	163,802	269	139,855	900
Total A	**8,522,719**	**1,095**	**17,148,693**	**1,977**	**141,387**	**71**	**176,858**	**1,635**	**139,855**	**900**
B. "Off-balance sheet" exposures										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired past due exposures	-	-	-	-	125	-	-	-	-	-
B.4 Other exposures	826,816	-	10,563,428	-	161,629	-	532,293	-	227,048	-
Total B	**826,816**	**-**	**10,563,428**	**-**	**161,754**	**-**	**532,293**	**-**	**227,048**	**-**
Total 12.31.2013	**9,349,535**	**1,095**	**27,712,121**	**1,977**	**303,141**	**71**	**709,151**	**1,635**	**366,903**	**900**
Total 12.31.2012	**24,632,628**	**507**	**35,350,924**	**1,304**	**372,998**	**3,213**	**858,050**	**2,443**	**430,916**	**259**

B.3 Distribution of Balance Sheet and Off-Balance Sheet credit exposures to banks by geographic area (book value) - Italy

EXPOSURES / GEOGRAPHIC AREAS	NORTH-WEST ITALY		NORTH-EAST ITALY		CENTRAL ITALY		SOUTH ITALY AND ISLANDS	
	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. Balance sheet exposures								
A.1 Non-performing loans	-	-	-	-	-	-	-	-
A.2 Doubtful exposures	-	-	-	-	-		-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-
A.4 Impaired past due exposures	-	-	-	-	-	-	-	-
A.5 Other exposures	7,748,492	680	571,626	414	200,825	-	1,776	1
Total A	**7,748,492**	**680**	**571,626**	**414**	**200,825**	**-**	**1,776**	**1**
B. "Off-balance sheet" exposures								
B.1 Non-performing loans	-	-	-	-	-	-	-	-
B.2 Doubtful loans	-	-	-	-	-	-	-	-
B.3 Other impaired past due exposures	-	-	-	-	-	-	-	-
B.4 Other exposures	493,465	-	68,543	-	264,806	-	2	-
Total B	**493,465**	**-**	**68,543**	**-**	**264,806**	**-**	**2**	**-**
Total 12.31.2013	**8,241,957**	**680**	**640,169**	**414**	**465,631**	**-**	**1,778**	**1**
Total 12.31.2012	**21,038,315**	**138**	**113,339**	**5**	**3,476,098**	**362**	**4,876**	**2**

B.4 Large exposures

	12.31.2013	12.31.2012
a) Book Value (€/000)	180,687,485	197,822,120
a.1) Weighted Value (€/000)	1,806,132	2,425,740
b) Number	2	2

Part E - Risks and Hedging Policies (Continued)

C. SECURISATION AND SALE TRANSACTIONS

C.1 SECURITISATION TRANSACTIONS

QUALITATIVE INFORMATION

In 2013 UniCredit S.p.A. carried out two traditional and three synthetic new securitization transactions:

- Large Corporate One	(traditional)
- Consumer Two	(traditional)
- Confidi Federconfidi	(synthetic)
- Confidi Federascomfidi	(synthetic)
- U-Propeller 2013-1	(synthetic).

Details of the transactions - traditional and synthetic -are set out in the following tables, including also those carried out in previous financial years.

It should be noted that “self-securitizations” are not included in the quantitative tables of Part C, as required by regulations.

Part of the portfolio are:
- own securitization transactions, including those carried out in previous years by the Banks absorbed by UniCredit S.p.A. as part of the ONE4C project for a book value of €3,543.2 million as at December 31, 2013;
- own securitization transactions acquired in 2007 from Capitalia S.p.A. (Trevi Finance, Trevi Finance 2, Trevi Finance 3, Entasi and Caesar Finance) for a book value of €549.1 million as at December 31, 2013;
- securities arising out of securitization transactions carried out by other Companies belonging to the UniCredit group, for a book value of €2,071.4 million as at December 31, 2013;
- some other third-party securitizations (including Fonspa securitizations), for a book value of €7.0 million as at December 31, 2013.

Finally, it should be reminded that, following the downgrade of UniCredit S.p.A. by ratings agencies between the end of 2011 and the 2012, it became necessary to carry out the novation of the swap counterparty from UniCredit S.p.A. to a third party outside the Group with respect to the Cordusio RMBS, Cordusio RMBS Securitisation - Serie 2006, Cordusio RMBS UCFin - Serie 2006, Cordusio RMBS Securitisation - Serie 2007 and BipCa Cordusio RMBS transactions, with the related recovery of the cash pledged as collateral for these vehicles.

TRADITIONAL OPERATIONS OF PERFORMING LOANS

STRATEGIES, PROCESSES AND GOALS:	The initiatives are a part of the Group's strategies, one of the objectives of which is to finance, at competitive rates (and in large amounts), the development of medium and long-term performing loan portfolios through the structuring of such portfolios and the resulting release of financial resources for new investments. The main advantages of the transactions can be summarized as follows: - improvement in the matching of asset maturities; - diversification of sources of financing; - broadening of investor base and resulting optimization of funding cost.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	UniCredit S.p.A. acts as "Servicer" for all transactions concerned. As per the agreements entered into with issuing companies (special purpose vehicles - SPV), servicing consists of performing, on behalf of these companies, administrative, collection and securitized loan collection activities as well as the management of any recovery procedures for impaired loans. Thus, as Servicer, UniCredit S.p.A. is charged with continually tracking cash flows from securitized loans and constantly monitoring their collection, with the assistance of third party companies of the Group (especially for the recovery of impaired loans. The company involved is UniCredit Credit Management Bank S.p.A., which operates as an assistant to the Servicer, governed by a special agreement). The Service provides the Special Purpose Vehicle (and other counterparties indicated in the servicing agreements) information on the activity performed by, periodically reports that indicate, among other things, the collection and transfer of the income stream sold, the amount of default positions and recoveries completed, overdue installments, etc., with all information broken down in relation to specific transactions. These reports (which are usually quarterly) are periodically checked (if contractually required) by an auditing firm.
ORGANIZATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	From a strategic point of view, the ABS & Covered Bond Unit established within the Group Finance Department is responsible for central coordination. In this context, ABS & Covered Bond unit also plays the role of proposer and provides support to the Bank's Divisions and to the individual Legal Entities in conducting transactions, cooperating with all the other departments (Planning & Control, Group Credit Treasury, Capital Management, Group Risk Management, etc..) in identifying the characteristics and the distinctive features of "true sale" securitizations of originally performing loans in order to achieve the targets set in the Group's Funding Plan, approved by the Board of Directors. Specific transactions are subject to prior approval by the competent departments of the Bank (during approval, among other things, the structure, costs and impacts in terms of liquidity and/or any capital relief are discussed and analyzed), and to final approval by the Board of Directors. The Bank has established a special coordination unit (Operative Securitization Management) within the Accounting Department. This unit has been tasked with the coordination and operational performance of the servicer-related duties, and to carry out these duties, it works in close cooperation with specific, qualified areas of the Bank (Group Risk Management, Legal & Compliance, etc.) and the Group (UniCredit Business Integrated Solutions S.C.p.A., UniCredit Credit Management Bank S.p.A., etc.). Operative Securitization Management also provides technical and operational support to network units. The information regarding the monitoring of collections and the performance of the securitized portfolio is periodically submitted to the Servicer's Board of Directors.
HEDGING POLICIES:	By agreement, securitized portfolios are protected from interest rate risk by means of the Special Purpose Vehicle entering into Interest Rate Swap (IRS) agreements to hedge a fixed-rate portfolio, and Basis Swaps to hedge an indexed rate portfolio. In connection with these swaps (with the exclusion of Impresa One, Consumer One, Large Corporate One and Consumer Two transactions), related back-to-back swap contracts are entered into between UniCredit S.p.A. and UniCredit Bank AG - London Branch as the swap counterparty.
OPERATING RESULTS:	At the end of December 2013, the operating results related to existing securitization transactions essentially reflected the performance of underlying portfolios and the resulting cash flows, and obviously are affected by the amount of defaults and prepayments during the period, which, moreover, are in line with the performance seen in other assets of this kind that are not securitized.

Part E - Risks and Hedging Policies (Continued)

ORIGINATOR: UniCredit S.p.A.
New transactions 2013

NAME:	CONSUMER TWO	
Type of securitisation:	True Sale	
Originator:	UniCredit S.p.A.	
Issuer:	Consumer TWO S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Personal Loans	
Quality of Asset:	Performing	
Closing date:	11/25/13	
Nominal Value of reference portfolio:	1,234,022,049 €	
Net amount of preexisting writedown/writebacks:	1,234,022,049 €	
Disposal Profit & Loss realized:	-	
Portfolio disposal price:	1.240.635.633 €	
Issue guarantees by the Bank:	-	
Issued guarantees by third parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted the SPV, with respect to this transaction, two subordinated loans amounting to €24.68 million and € 5 million.	
Other relevant information:	In the role of Servicer, UniCredit S.p.A. has had to hedge mingling risk, with a collateral amounting to € 55.12 million at December 2013	
Rating Agencies:	Moody's / Fitch	
Amount of CDS or other risk transferred:	-	
Amount and Condition of tranching:		
- ISIN	IT0004974983	IT0004974777
- Type of security	Senior	Senior
- Class	A1	A2
- Rating	A2/AA+	A2/AA+
- Quotation	-	-
- Issue date	11/27/2013	11/27/2013
- Legal maturity	12/31/2030	12/31/2030
- Call option	Clean-up Call	
- Expected duration	2.80	2.80
- Rate	Euribor 3m + 123 b.p.	Euribor 3m + 123 b.p.
- Subordinated level	-	-
- Reference Position	250,000,000 €	490,400,000 €
- Reference Position at the end of accounting period	250,000,000 €	490,400,000 €
- Security subscribers	Bank of America NA	HSBC Plc
Amount and Condition of tranching:		
- ISIN	IT0004974975	
- Type of security	Junior	
- Class	B	
- Rating	n.r.	
- Quotation	-	
- Issue date	11/27/2013	
- Legal maturity	12/31/2030	
- Call option	Clean-up Call	
- Expected duration	5.90	
- Rate	Euribor 3m + 500 b.p.	
- Subordinated level	Sub A1, A2	
- Reference Position	493,622,030 €	
- Reference Position at the end of accounting period	493,622,030 €	
- Security subscribers	UniCredit S.p.A.	

Distribution of securitised assets by area:		
Italy - Northwest	278,115,725 €	
- Northeast	331,136,014 €	
- Central	281,160,265 €	
- South and Islands	343,610,045 €	
Other European Countries - E.U. countries	-	
- not U.E. countries	-	
America	-	
Rest of the World	-	
TOTAL	**1,234,022,049 €**	
Distribution of securitised assets by business sector of the borrower:		
Governments	-	
other governments agencies	-	
Banks	-	
Finance Companies	-	
Insurance Companies	-	
Non-financial companies	-	
Other entities	1,234,022,049 €	
TOTAL	**1,234,022,049 €**	

(1) included accrued interests not paid.

The “Closing Date” is the date when the securitization transaction was completed i.e. the date when all contractual documents were signed.

Part E - Risks and Hedging Policies (CONTINUED)

ORIGINATOR: UniCredit S.p.A.
New transactions 2013

NAME:	LARGE CORPORATE ONE	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Large Corporate ONE S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	-	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Large Corporate Loans	
Quality of Asset:	Performing	
Closing date:	08/13/2013	
Nominal Value of reference portfolio:	278,606,012 €	
Net amount of preexisting writedown/writebacks:	278,606,012 €	
Disposal Profit & Loss realized:	-	
Portfolio disposal price:	279,037,476 €	
Issue guarantees by the Bank:	Senior Notes Guarantee € 304,000,000	
Issued guarantees by third parties:	-	
Bank Lines of Credit:	Interest Shortfall Facility € 15,000,000	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	Standard & Poor's	
Amount of CDS or other risk transferred:	-	
Amount and Condition of tranching:		
- ISIN	IT0004955776	IT0004955479
- Type of security	Senior	Junior
- Class	A	B
- Rating	BBB	--
- Quotation	Dublin	Dublin
- Issue date	08/21/2013	08/21/2013
- Legal maturity	10/31/2020	10/31/2027
- Call option	*Clean-up Call*	
- Expected duration	7.2	-
- Rate	300 b.p.	Euribor 3m + 500 b.p.
- Subordinated level	-	Sub A
- Nominal value issued	897,000,000 €	103,000,000 €
- Reference Position	250,000,000 €	28,706,800 €
- Reference Position at the end of accounting period	250,000,000 €	28,706,800 €
- Security subscribers	Generali Group	UniCredit S.p.A.
Distribution of securitised assets by area:		
Italy - Northwest	54,027,562 €	
- Northeast	208,390,110 €	
- Central	-	
- South and Islands	16,188,340 €	
Other European Countries - E.U. countries	-	
- not U.E. countries	-	
America	-	
Rest of the World	-	
TOTAL	**278,606,012 €**	

Distribution of securitised assets by business sector of the borrower:		
Governments	-	
other governments agencies	-	
Banks	-	
Finance Companies	-	
Insurance Companies	-	
Non-financial companies	278,606,012 €	
Other entities	-	
TOTAL	**278,606,012 €**	

(1) included accrued interests and fees not paid

The “Closing Date” is the date when the securitization transaction was completed i.e. the date when all contractual documents were signed.

Part E - Risks and Hedging Policies (Continued)

ORIGINATOR: UniCredit S.p.A.
Transactions from previous period

NAME	CONSUMER ONE		IMPRESA ONE	
Type of securitisation:	Traditional		Traditional	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	Consumer ONE S.r.l.		Impresa ONE S.r.l.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit Bank AG, London Branch		UniCredit Bank AG, London Branch	
Target transaction:	Funding / Counterbalancing capacity		Funding / Counterbalancing capacity	
Type of asset:	Consumer Loans		CLO SME	
Quality of Asset:	Performing		Performing	
Closing date:	07/29/2011		10/21/2011	
Nominal Value of disposal portfolio:	4,193,357,976 €		9,290,300,919 €	
Guarantees issued by the Bank:	-		-	
Guarantees issued by Third Parties:	-		-	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	UniCredit S.p.A. - London Branch has granted the SPV two subordinated loans amounting to € 420 million (at the end of accounting period the principal amount repaid was 223.53 million) and € 5 million (at the end of accounting period the principal amount repaid was € 3.58 million). UniCredit S.p.A. - London Branch , in May 2012, has granted a new subordinated loan amounting € 102.16 million (at the end of accounting period the principal amount repaid was € 6 million).		UniCredit S.p.A. - London Branch has granted the SPV, with respect to this transaction, two subordinated loans amounting to €232.3 million and €190 million.	
Other relevant information:	Self-securitisation		Self-securitisation. In May of 2013, after the revision of the rating grades contract signed in November 2012, and with the beginning of the redemption of the securities started in April 2013, which reduced the levels of liquidity transaction, UniCredit SpA again took the role of the Account Bank.	
Rating Agencies:	Moody's / DBRS		DBRS / Moody's.	
Amount of CDS or other supersenior risk transferred:				
Amount and Conditions of tranching:			-	
- ISIN	IT0004752116	IT0004751902	IT0004774433	IT0004774425
- Type of security	Senior	Junior	Senior	Mezzanine
- Class	A	B	A	B
- Rating	A2 / AAA	n.r.	AAA/A2	A/A2
- Nominal value issued	2,956,200,000 €	1,236,943,620 €	5,156,100,000 €	1,207,700,000 €
- Nominal value at the end of accounting period	2,320,536,000 €	1,236,943,620 €	1,585,454,861 €	1,207,700,000 €
- ISIN			IT0004774441	IT0004774458
- Type of security			Mezzanine	Junior
- Class			C	D
- Rating			BBB/Baa3	n.r.
- Nominal value issued			836,100,000 €	2,090,400,000 €
- Nominal value at the end of accounting period			836,100,000 €	2,090,400,000 €

The “Closing Date” is the date when the securitization transaction was completed i.e. the date when all contractual documents were signed.

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A.)

Transactions from previous periods

NAME:	CORDUSIO RMBS UCFIN - SERIE 2006 (EX CORDUSIO RMBS 3 - UBCASA 1)	
Type of securitisation:	Traditional	
Originator:	UniCredit Banca per la Casa S.p.A.	
Issuer:	Cordusio RMBS UCFin S.r.l. (ex Cordusio RMBS 3 - UBCasa 1 S.r.l.)	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Banca Mobiliare S.p.A.	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	11/16/2006	
Nominal Value of disposal portfolio:	2,495,969,425 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 14.976 million euro, at the end of accounting period that amount is fully reimboursed	
Other relevant information:	Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €160 million of funds into an eligible entity to maintain its role as an Account Bank.	
Rating Agencies:	Fitch / Moody's / Standard & Poor's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
- ISIN	IT0004144884	IT0004144892
- Type of security	Senior	Senior
- Class	A1	A2
- Rating	-	AA+/A2/AA
- Nominal value issued	600,000,000 €	1,735,000,000 €
- Nominal value at the end of accounting period	0 €	729,691,379 €
- ISIN	IT0004144900	IT0004144934
- Type of security	Mezzanine	Mezzanine
- Class	B	C
- Rating	AA/Baa2/AA	A+/Baa3/A+
- Nominal value issued	75,000,000 €	25,000,000 €
- Nominal value at the end of accounting period	75,000,000 €	25,000,000 €
- ISIN	IT0004144959	IT0004144967
- Type of security	Mezzanine	Junior
- Class	D	E
- Rating	BBB+/Ba2/BBB+	n.r.
- Nominal value issued	48,000,000 €	12,969,425 €
- Nominal value at the end of accounting period	48,000,000 €	12,969,425 €

The “Closing date” is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

Part E - Risks and Hedging Policies (CONTINUED)

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A., formerly UniCredit Banca S.p.A.)
Transactions from previous periods

NAME	CORDUSIO RMBS SECURITISATION - SERIE 2007		CORDUSIO RMBS SECURITISATION - SERIE 2006 (EX CORDUSIO RMBS 2)		CORDUSIO RMBS	
Type of securitisation:	Traditional		Traditional		Traditional	
Originator:	UniCredit Banca S.p.A.		UniCredit Banca S.p.A.		UniCredit Banca S.p.A.	
Issuer:	Cordusio RMBS Securitisation S.r.l.		Cordusio RMBS Securitisation S.r.l. (ex Cordusio RMBS 2 S.r.l.)		Cordusio RMBS S.r.l.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Bayerische Hypo und Vereinsbank AG, London Branch		UniCredit Banca Mobiliare S.p.A.		Euro Capital Structures Ltd	
Target transaction:	Funding / Counterbalancing capacity		Funding / Counterbalancing capacity		Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans		Private Mortgage Loans		Private Mortgage Loans	
Quality of Asset:	performing		performing		performing	
Closing date:	05/22/2007		07/06/2006		05/05/2005	
Nominal Value of disposal portfolio:	3,908,102,838 €		2,544,388,351 €		2,990,089,151 €	
Guarantees issued by the Bank:	-		-		-	
Guarantees issued by Third Parties:	-		-		-	
Bank Lines of Credit:	-		-		-	
Third Parties Lines of Credit:	-		-		-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 6.253 million euro. At the end of accounting period that amount si fully reimboursed.		UniCredit S.p.A. has granted SPV a subordinated loan of 6.361 million euro. At the end of accounting period that amount is fully reimboursed.		UniCredit S.p.A. has granted SPV a subordinated loan of 6.127 million euro. At the end of accounting period tha amount is fully reimboursed.	
Other relevant information:	Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €236 million of funds into an eligible entity to maintain its role as an Account Bank.		Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €170 million of funds into an eligible entity to maintain its role as an Account Bank.		Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €176 million of funds into an eligible entity to maintain its role as an Account Bank.	
Rating Agencies:	Fitch / Moody's / Standard & Poor's		Fitch / Moody's / Standard & Poor's		Fitch / Moody's / Standard & Poor's	
Amount of CDS or other supersenior risk transferred:	-		-		-	
Amount and Conditions of tranching:						
- ISIN	IT0004231210	IT0004231236	IT0004087158	IT0004087174	IT0003844930	IT0003844948
- Type of security	Senior	Senior	Senior	Senior	Senior	Senior
- Class	A1	A2	A1	A2	A1	A2
- Rating	-	AA+/A2/AA	-	AA+/A2/AA	-	AA+/A2/AA
- Nominal value issued	703,500,000 €	2,227,600,000 €	500,000,000 €	1,892,000,000 €	750,000,000 €	2,060,000,000 €
- Nominal value at the end of accounting period	0 €	657,852,827 €	0 €	579,748,532 €	0 €	340,017,832 €
- ISIN	IT0004231244	IT0004231285	IT0004087182	IT0004087190	IT0003844955	IT0003844963
- Type of security	Senior	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine
- Class	A3	B	B	C	B	C
- Rating	AA+/A2/AA	AA-/Baa2/AA	AA/Baa1/AA	BBB+/Ba3/BBB	AA+/A2/AA	BBB+/Baa3/BBB
- Nominal value issued	738,600,000 €	71,100,000 €	45,700,000 €	96,000,000 €	52,000,000 €	119,200,000 €
- Nominal value at the end of accounting period	738,600,000 €	71,100,000 €	45,700,000 €	96,000,000 €	52,000,000 €	119,200,000 €
- ISIN	IT0004231293	IT0004231301	IT0004087216		IT0003844971	
- Type of security	Mezzanine	Mezzanine	Junior		Junior	
- Class	C	D	D		D	
- Rating	A/Baa3/A	BB/B1/BBB	n.r.		n.r.	
- Nominal value issued	43,800,000 €	102,000,000 €	10,688,351 €		8,889,150 €	
- Nominal value at the end of accounting period	43,800,000 €	102,000,000 €	10,688,351 €		8,889,150 €	
- ISIN	IT0004231319	IT0004231327				
- Type of security	Mezzanine	Junior				
- Class	E	F				
- Rating	CCC/Caa1/BB	n.r.				
- Nominal value issued	19,500,000 €	2,002,838 €				
- Nominal value at the end of accounting period	19,500,000 €	2,002,838 €				

The "Closing date" is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A., formerly Bipop Carire Società per Azioni)
Transactions from previous periods

NAME	BIPCA CORDUSIO RMBS	
Type of securitisation:	Traditional	
Originator:	Bipop Carire, Società per Azioni	
Issuer:	Capital Mortgage S.r.l.	
Servicer:	UniCredit S.p.A	
Arranger:	Bayerische Hypo und Vereinsbank AG, London Branch	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	12/17/2007	
Nominal Value of disposal portfolio:	951,664,009 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 9.514 million euro. At the end of accounting period the amount of capital tranche is equal to 1.5 million euro.	
Other relevant information:	All securities issued outstanding from 12.31.2010 have been retained by UniCredit S.p.A. Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €59 million of funds into an eligible entity to maintain its role as an Account Bank.	
Rating Agencies:	Standard & Poor's / Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
- ISIN	IT0004302730	IT0004302748
- Type of security	Senior	Senior
- Class	A1	A2
- Rating	AA/A2	AA/A2
- Nominal value issued	666,300,000 €	185,500,000 €
- Nominal value at the end of accounting period	233,834,787 €	185,500,000 €
- ISIN	IT0004302755	IT0004302763
- Type of security	Mezzanine	Mezzanine
- Class	B	C
- Rating	AA/Baa2	A+/Ba1
- Nominal value issued	61,800,000 €	14,300,000 €
- Nominal value at the end of accounting period	61,800,000 €	14,300,000 €
- ISIN	IT0004302797	IT0004302854
- Type of security	Mezzanine	Mezzanine
- Class	D	E
- Rating	BBB/B1	B+/Caa1
- Nominal value issued	18,000,000 €	5,500,000 €
- Nominal value at the end of accounting period	18,000,000 €	5,500,000 €
- ISIN	IT0004302912	
- Type of security	Junior	
- Class	F	
- Rating	n.r.	
- Nominal value issued	250,000 €	
- Nominal value at the end of accounting period	250,000 €	

The “Closing date” is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

Part E - Risks and Hedging Policies (Continued)

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A., formerly Banca di Roma S.p.A.)

Transactions from previous periods

NAME	CAPITAL MORTGAGE 2007 - 1	
Type of securitisation:	Traditional	
Originator:	Banca di Roma S.p.A.	
Issuer:	Capital Mortgage S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	Capitalia S.p.A.	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	performing	
Closing date:	05/14/2007	
Nominal Value of disposal portfolio:	2,183,087,875 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 37.19 million euro (as Equity).	
Other relevant information:	Tranching based on an original assets portfolio € 2,479.4 million, reduced to € 2,183.1 million due to checks after closing date. Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid funds into an eligible entity amounting to €219.237 million at December 31, 2013 to maintain its role as Account Bank.	
Rating Agencies:	Standard & Poor's / Moody's / Fitch	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
- ISIN	IT0004222532	IT0004222540
- Type of security	Senior	Senior
- Class	A1	A2
- Rating	AA/Baa1/A	AA/Baa1/A
- Nominal value issued	1,736,000,000 €	644,000,000 €
- Nominal value at the end of accounting period	395,209,080 €	601,628,278 €
- ISIN	IT0004222557	IT0004222565
- Type of security	Mezzanine	Junior
- Class	B	C
- Rating	A/B1/B	D/Ca/CCC
- Nominal value issued	74,000,000 €	25,350,000 €
- Nominal value at the end of accounting period	74,000,000 €	25,350,000 €

The “Closing date” is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A., formerly FinecoBank S.p.A.)

Transactions from previous periods

NAME	F-E MORTGAGES 2005		F-E MORTGAGES SERIES 1-2003		HELICONUS	
Type of securitisation:	Traditional		Traditional		Traditional	
Originator:	FinecoBank S.p.A.		Fineco Banca ICQ S.p.A.		FinFinecoeco Banca ICQ S.p.A.	
Issuer:	F-E Mortgages S.r.l.		F-E Mortgages S.r.l.		Heliconus S.r.l	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	MCC S.p.A. - Group Capitalia		MCC S.p.A. - Group Capitalia		MCC S.p.A. - Group Capitalia	
Target transaction:	Funding / Counterbalancing capacity		Funding / Counterbalancing capacity		Funding / Counterbalancing capacity	
Quality of Asset:	performing		performing		performing	
Closing date:	04/06/2005		11/27/2003		11/08/2002	
Nominal Value of disposal portfolio:	1,028,683,779 €		748,630,649 €		408,790,215 €	
Guarantees issued by the Bank:	-		-		-	
Guarantees issued by Third Parties:	-		-		-	
Bank Lines of Credit:	-		UniCredit S.p.A. for € 20 million (jointly with The Royal Bank of Scotland Milan Branch). The amount of line of credit is totally redeemed.		UniCredit S.p.A. for € 10.22 million. The amount of the credit line is totally redeemed.	
Third Parties Lines of Credit:	-		-		-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 15.431 million euro (as Equity). At the end of accounting period the amount of capital tranche reimboursed is 10.84 million.		-		-	
Other relevant information:	-		Following the downgrade of Royal Bank of Scotland Plc by Moody's, on August 3, 2012 UniCredit S.p.A. made a reserve of € 20 million for the SPV corresponding to the liquidity line.		Following its downgrade by Moody's, on January 12, 2012 UniCredit S.p.A. made a reserve of € 10.22 million for the SPV corresponding to the liquidity line.	
Rating Agencies:	Standard & Poor's / Moody's / Fitch		Standard & Poor's / Moody's / Fitch		Standard & Poor's / Moody's / Fitch	
Amount of CDS or other supersenior risk transferred:	-		-		-	
Amount and Conditions of tranching:						
- ISIN	IT0003830418	IT0003830426	IT0003575039	IT0003575070	IT0003383855	IT0003383871
- Type of security	Senior	Mezzanine	Senior	Mezzanine	Senior	Mezzanine
- Class	A	B	A1	B	A	B
- Rating	AA/A2/AA+	AA/A2/A+	AA/A2/AA+	AA/A2/A	AA/A2/AA+	-- /A2/A+
- Nominal value issued	951,600,000 €	41,100,000 €	682,000,000 €	48,000,000 €	369,000,000 €	30,800,000 €
- Nominal value at the end of accounting period	215,712,114 €	36,863,691 €	114,193,500 €	48,000,000 €	59,446,302 €	30,800,000 €
- ISIN	IT0003830434		IT0003575088	IT0003575096	IT0003383939	
- Type of security	Junior		Mezzanine	Junior	Junior	
- Class	C		C	D	C	
- Rating	BBB+/Baa2/BBB-		A-/Baa2/BBB-	n.r.	n.r.	
- Nominal value issued	36,000,000 €		11,000,000 €	7,630,000 €	8,990,200 €	
- Nominal value at the end of accounting period	32,289,365 €		11,000,000 €	7,630,000 €	8,990,200 €	

The "Closing date" is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

Part E - Risks and Hedging Policies (Continued)

TRADITIONAL OPERATIONS OF NON-PERFORMING LOANS

STRATEGIES, PROCESSES AND GOALS:	The goals of the transactions were largely to finance non-performing loan portfolios, diversify sources of funding, improve asset quality and enhance the portfolio with management focused on recovery transactions.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The securitization portfolio is monitored on an ongoing basis as a part of servicing activities and is recorded in quarterly reports with a breakdown of loan status and the trend of recoveries.
ORGANIZATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	Reporting related to the monitoring of portfolio collections takes the form of a report to senior management and the board of directors.
HEDGING POLICIES:	Special purpose vehicles enter into IRS and interest rate cap contracts in order to hedge structure-related risk and risk due to the difference between the variable-rate return for the securities issued and the return anticipated from recoveries from the portfolio acquired.
OPERATING RESULTS:	At year-end 2012 profits from existing transactions largely reflected the impact of cash flows from collections for the original defaulting loan portfolio. To be specific, collections for the year totalled € 57.91 million (€ 19.98 million for Trevi Finance, € 14.71 million for Trevi 2 and € 23.22 million for Trevi 3).

ORIGINATOR: UniCredit S.p.A. (formerly Capitalia S.p.A., formerly Banca di Roma S.p.A.)

Transactions from previous periods

NAME	TREVI FINANCE		TREVI FINANCE 2	
Type of securitisation:	Traditional		Traditional	
Originator:	Banca di Roma S.p.A		Banca di Roma S.p.A. 89%, Mediocredito di Roma S.p.A. 11%	
Issuer:	Trevi Finance S.p.A.		Trevi Finance N. 2 S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Finanziaria Internazionale securitization Group S.p.A. PARIBAS		Finanziaria Internazionale securitization Group S.p.A., BNP Paribas Group, Banca di Roma S.p.A.	
Target transaction:	Funding		Funding	
Type of asset:	ordinary loans - mortgage loans		ordinary loans - mortgage loans	
Quality of asset:	non performing	special purpose loan	non performing	special purpose loan
Closing date:	07/21/1999		04/20/2000	
Nominal Value of disposal portfolio:	2,689,000,000 €	94,000,000 €	2,425,000,000 €	98,000,000 €
Guarantees issued by the Bank:	Redemption of mezzanine securities C1 and C2 in issue		Redemption of mezzanine securities in issue	
Guarantees issued by Third Parties:	-		-	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	All securities issued outstanding are retained by UniCredit S.p.A.		All securities issued outstanding are retained by UniCredit S.p.A.	
Rating Agencies:	Moody's / Duff & Phelps / Fitch		-	
Amount of CDS or other supersenior risk transferred:	-		-	
Amount and Conditions of tranching:				
- ISIN	XS0099839887	XS0099847633	XS0110624409	XS0110624151
- Type of security	Senior	Mezzanine	Senior	Senior
- Class	A	B	A	B
- Rating	-	Aaa/A-/AAA	-	-
- Nominal value issued	620,000,000 €	155,000,000 €	650,000,000 €	200,000,000 €
- Nominal value at the end of accounting period	0 €	0 €	0 €	0 €
- ISIN	XS0099850934	XS0099856899	XS0110774808	XS0110770483
- Type of security	Mezzanine	Mezzanine	Mezzanine	Junior
- Class	C1	C2	C	D
- Rating	n.r.	n.r.	n.r.	n.r.
- Nominal value issued	206,500,000 €	210,700,000 €	355,000,000 €	414,378,178 €
- Nominal value at the end of accounting period	0 €	473,168,126 €	822,826,175 €	217,499,112 €
- ISIN	IT0003364228			
- Type of security	Junior			
- Class	D			
- Rating	n.r.			
- Nominal value issued	343,200,000 €			
- Nominal value at the end of accounting period	173,255,590 €			

NAME	TREVI FINANCE 3		ENTASI	
Type of securitisation:	Traditional		Traditional	
Originator:	Banca di Roma S.p.A. 92.2%, Mediocredito Centrale S.p.A. 5.2% Leasing Roma S.p.A. 2.6%		Banca di Roma S.p.A	
Issuer:	Trevi Finance N. 3 Srl		Entasi Srl	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Finanziaria Internazionale securitization Group S.p.A. ABN AMRO, MCC S.p.A.		Capitalia S.p.A.	
Target transaction:	Funding		Funding	
Type of asset:	ordinary loans - mortgage loans		Collateralised bond obligation	
Quality of asset:	non performing	special purpose loan	Trevi Finance 3 classes C1 and C2 securities	
Closing date:	05/25/2001		06/28/2001	
Nominal Value of disposal portfolio:	2,745,000,000 €	102,000,000 €	320,000,000 €	
Guarantees issued by the Bank:	Redemption of mezzanine securities in issue		Commitment of UniCredit S.p.A. (formerly Capitalia S.p.A.) in case of events entitling to early redemption of securities in issue or to the repurchase of Trevi Finance 3 notes at a price sufficient to redeem Entasi securities. The same commitment applies if Trevi Finance 3 exercises the early redemption option of C1 securities.	
Guarantees issued by Third Parties:	-		-	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	The principal amount of the D-class security underwritten by the Bank is guaranteed up to its maturity by zero coupon Italian government bonds. The value of these collateral securities as at 12.31.2013 was € 214,802,428.21. The C1 and C2 classes were fully underwritten by the Bank and then restructured for their disposal. These securities were sold (for a nominal amount of €320 milllion) to Entasi Srl, which placed them in the market with institutional investors.		As at 12.31.2013 the portfolio of UniCredit S.p.A. (former Capitalia S.p.A.) includes ENTASI securities with a face value of € 110,087,000.	
Rating Agencies:	Moody's / S&P / Fitch		Moody's	
Amount of CDS or other supersenior risk transferred:	-		-	
Amount and Conditions of tranching:			ENTASI Series 2001-1	ENTASI Series 2001-2
- ISIN	XS0130116568	XS0130117020	IT0003142996	IT0003143028
- Type of security	Senior	Mezzanine	Senior	Senior
- Class	A	B	Serie 1	Serie 2
- Rating	Aaa/AAA/AAA	Aa1/AA/AA-	A1	A1
- Nominal value issued	600,000,000 €	150,000,000 €	160,000,000 €	160,000,000 €
- Nominal value at the end of accounting period	0 €	0 €	160,000,000 €	160,000,000 €
- ISIN	XS0130117459	XS0130117616		
- Type of security	Mezzanine	Mezzanine		
- Class	C1	C2		
- Rating	-	-		
- Nominal value issued	160,000,000 €	160,000,000 €		
- Nominal value at the end of accounting period	419,509,772 €	410,809,998 €		
- ISIN	IT0003355911			
- Type of security	Junior			
- Class	D			
- Rating	n.r.			
- Nominal value issued	448,166,000 €			
- Nominal value at the end of accounting period	448,166,000 €			

Part E - Risks and Hedging Policies (Continued)

STRATEGIES, PROCESSES AND GOALS:	The goals of the transaction were largely to finance portfolios, diversify sources of funding and improve asset quality.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The securitization portfolio is monitored on an ongoing basis by the servicing company and is recorded in quarterly reports with a breakdown of security status and the trend of repayments.
ORGANIZATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	Reporting produced by servicing companies on the monitoring of portfolio collections is forwarded to senior management and the board of directors.
HEDGING POLICIES:	Special purpose vehicles enter into IRS contracts in order to hedge rate risk related to the structure of underlying securities.
OPERATING RESULTS:	The results achieved up to the present are broadly in line with expectations; payments received from the portfolio acquired ensured punctual and full payment to security holders and other parties to the transaction.

NAME	CAESAR FINANCE	
Type of securitisation:	Traditional	
Originator:	Banca di Roma S.p.A	
Issuer:	Caesar Finance S.A.	
Servicer:	Bank of New York	
Arranger:	Donaldson, Lufkin & Jenrette	
Target transaction:	Funding	
Type of asset:	Collateralised bond obligation	
Quality of asset:	performing	
Closing date:	11/5/1999	
Nominal Value of disposal portfolio:	360,329,000 €	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	Fitch / Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
- ISIN	XS0103928452	XS0103929773
- Type of security	Senior	Junior
- Class	A	B
- Rating	AAA/Aaa	n.r.
- Nominal value issued	270,000,000 €	90,329,000 €
- Nominal value at the end of accounting period	0 €	56,428,590 €

SYNTHETIC TRANSACTIONS
ORIGINATOR: UniCredit S.p.A.
New transactions 2013

<table>
<tr><th>NAME</th><th colspan="2">U-PROPELLER 2013-1</th></tr>
<tr><td>Type of securitisation:</td><td colspan="2">Tranche Covered</td></tr>
<tr><td>Originator:</td><td colspan="2">UniCredit S.p.A.</td></tr>
<tr><td>Issuer:</td><td colspan="2">U-Propeller 2013 S.A.</td></tr>
<tr><td>Servicer:</td><td colspan="2">UniCredit S.p.A.</td></tr>
<tr><td>Arranger:</td><td colspan="2">UniCredit S.p.A.</td></tr>
<tr><td>Target transaction:</td><td colspan="2">Capital Relief and risk transfer for concentration risks</td></tr>
<tr><td>Type of asset:</td><td colspan="2">loans to rewnable energy project financers</td></tr>
<tr><td>Quality of Asset:</td><td colspan="2">Performing</td></tr>
<tr><td>Closing date:</td><td colspan="2">12/27/2013</td></tr>
<tr><td>Nominal Value of reference portfolio:</td><td colspan="2">916,000,000 €</td></tr>
<tr><td>Issue guarantees by the Bank:</td><td colspan="2">-</td></tr>
<tr><td>Issued guarantees bythird parties:</td><td colspan="2">cash collateral Mariner Investment Group LLC</td></tr>
<tr><td>Bank Lines of Credit:</td><td colspan="2">-</td></tr>
<tr><td>Third Parties Lines of Credit:</td><td colspan="2">-</td></tr>
<tr><td>Other Credit Enhancements:</td><td colspan="2">-</td></tr>
<tr><td>Other relevant information:</td><td colspan="2">This transaction can be characterized as a partial synthetic securitization of the individual loans included in the portfolio. The guarantee for U-Propeller 2013 S.A. hedges 100% of the Junior tranche, up to a maximum amount equal to 4.75% of the entire securitized portfolio.</td></tr>
<tr><td>Rating Agencies:</td><td colspan="2">No Rating Agency, use of Supervisory Formula Approach (*)</td></tr>
<tr><td>Amount of CDS or other risk transferred:</td><td colspan="2">-</td></tr>
<tr><td>Amount and Condition of tranching:</td><td></td><td></td></tr>
<tr><td>- ISIN</td><td>n.a</td><td>CLN</td></tr>
<tr><td>- Type of security</td><td>Senior</td><td>Junior</td></tr>
<tr><td>- Class</td><td>A</td><td>B</td></tr>
<tr><td>- Rating</td><td>n.r.</td><td>n.r.</td></tr>
<tr><td>- Reference Position</td><td>762,000,000 €</td><td>38,000,000 €</td></tr>
<tr><td>- Reference Position at the end of accounting period</td><td>762,000,000 €</td><td>38,000,000 €</td></tr>
<tr><td>- Security subscribers</td><td>UniCredit S.p.A.</td><td>coperto da protection seller</td></tr>
<tr><td>Distribution of securitised assets by area:</td><td></td><td></td></tr>
<tr><td>Italy - Northwest</td><td>916,000,000 €</td><td></td></tr>
<tr><td>- Northeast</td><td>-</td><td></td></tr>
<tr><td>- Central</td><td>-</td><td></td></tr>
<tr><td>- South and Islands</td><td>-</td><td></td></tr>
<tr><td>Other European Countries - E.U. countries</td><td>-</td><td></td></tr>
<tr><td>- not U.E. countries</td><td>-</td><td></td></tr>
<tr><td>America</td><td>-</td><td></td></tr>
<tr><td>Rest of the World</td><td>-</td><td></td></tr>
<tr><td>TOTAL</td><td>916,000,000 €</td><td></td></tr>
<tr><td>Distribution of securitised assets by business sector of the borrower:</td><td></td><td></td></tr>
<tr><td>Governments</td><td>-</td><td></td></tr>
<tr><td>other governments agencies</td><td>-</td><td></td></tr>
<tr><td>Banks</td><td>-</td><td></td></tr>
<tr><td>Finance Companies</td><td>-</td><td></td></tr>
<tr><td>Insurance Companies</td><td>-</td><td></td></tr>
<tr><td>Non-financial companies</td><td>916,000,000 €</td><td></td></tr>
<tr><td>Other entities</td><td>-</td><td></td></tr>
<tr><td>TOTAL</td><td>916,000,000 €</td><td></td></tr>
</table>

(*) Synthetic securitizations carried out used the Supervisory Formula Approach as required by Italian Regulator (Bank of Italy - Circular 263/2006). Where there is no eligible external rating, this approach requires the calculation of the regulatory capital requirement for each tranche of a securitization should use the following five elements:

1. The capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. The level of credit support of the tranche in question;
3. The thickness of the tranche;
4. The number of securitized assets;
5. Average LGD.

Using the Supervisory Formula Approach it is possible to calculate the amount of risk equivalent to the rating of a senior tranche, the remainder being subordinated and classified as junior.

Part E - Risks and Hedging Policies (Continued)

ORIGINATOR: UniCredit S.p.A.
New transactions 2013

NAME:	FEDERASCOMFIDI		FEDERCONFIDI	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.		UniCredit S.p.A.	
Target transaction:	Capital Relief and risk transfer for concentration risks		Capital Relief and risk transfer for concentration risks	
Type of asset:	Highly diversified and granular pool of UniCredit's loans to corporates.		Highly diversified and granular pool of UniCredit's loans to corporates.	
Quality of Asset:	Performing		Performing	
Closing date:	03/25/2013		03/25/2013	
Nominal Value of reference portfolio:	64,235,679 €		62,470,203 €	
Net amount of preexisting writedown/writebacks:	-		-	
Disposal Profit & Loss realized:	-		-	
Portfolio disposal price:	-		-	
Issue guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Financial guarantee to hedge the junior tranche in the form of a lien on fixed deposit account; financial guarantee to hedge the mezzanine tranche in the form of a personal guarantee.		Financial guarantee to hedge the junior tranche in the form of a lien on fixed deposit account; financial guarantee to hedge the mezzanine tranche in the form of a personal guarantee.	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	Financial guarantee to hedge the junior tranche is issued by a plurality of mutual credit guarantee consortia (confidi) belonging to the Federascom federation and hedges the 80% of the tranche which is equal to € 1,396,134.82. Financial guarantee to hedge the mezzanine is issued by European Investment Fund (EIF), hedges the 95% of the tranche which is equal to € 1,396,134.82.		Federcomfidi's guarantee hedges the 80% of the Junior tranche and the Junior tranche is equal to € 1,973,702.97. EIF's guarantee hedges the 95% of the Junior and the Junior tranche is equal to € 1,338,103.97.	
Rating Agencies:	No Rating Agency, use of Supervisory Formula Approach (*)		No Rating Agency, use of Supervisory Formula Approach (*)	
Amount of CDS or other risk transferred:	-		-	
Amount and Condition of tranching:				
- ISIN	n.a	n.a	n.a	n.a
- Type of security	Senior	Mezzanine	Senior	Mezzanine
- Class	A	B	A	B
- Rating	n.r.	n.r.	n.r.	n.r.
- Quotation	not listed	not listed	not listed	not listed
- Issue date	03/25/2013	03/25/2013	03/25/2013	03/25/2013
- Legal maturity	05/31/2030	03/25/2023	01/31/2030	03/25/2023
- Call option	Clean-up call, Regulatory Call		Clean-up call, Regulatory Call	
- Expected duration	2.3	5.3	2.3	5.3
- Rate	n.a	6.30%	n.a	6.30%
- Subordinated level	-	Sub A	-	Sub A
- Reference Position	61,430,455 €	1,402,612 €	59,141,910 €	1,344,765 €
- Reference Position at the end of accounting period	47,920,986,25	1,396,135 €	49,329,079,86	1,338,104 €
- Subscriber	UniCredit S.p.A.	partially hedged by *protection seller*	UniCredit S.p.A.	partially hedged by *protection seller*

- ISIN	n.a		n.a	
- Type of security	Junior		Junior	
- Class	C		C	
- Rating	n.r.		n.r.	
- Quotation	not listed		not listed	
- Issue date	03/25/2013		03/25/2013	
- Legal maturity	05/31/2030		01/31/2030	
- Call option	-		-	
- Expected duration	4,2		4,2	
- Rate	n.a.		n.a.	
- Subordinated level	Sub A, B		Sub A, B	
- Reference Position	1,402,612 €		1,983,528 €	
- Reference Position at the end of accounting period	1,396,135 €		1,973,703 €	
- Subscriber	partially hedged by *protection seller*		partially hedged by *protection seller*	
Distribution of securitised assets by area:				
Italy - Northwest	11,533,531 €		7,891,416 €	
- Northeast	33,345,850 €		27,942,487 €	
- Central	1,496,977 €		2,819,980 €	
- South and Islands	17,859,321 €		23,816,320 €	
Other European Countries - E.U. countries	-		-	
- not U.E. countries	-		-	
America	-		-	
Rest of the World	-		-	
TOTAL	**64,235,679 €**		**62,470,203 €**	
Distribution of securitised assets by business sector of the borrower:				
Governments	-		-	
other governments agencies	-		-	
Banks	-		-	
Finance Companies	-		-	
Insurance Companies	-		-	
Non-financial companies	64,235,679 €		62,470,203 €	
Other entities	-		-	
TOTAL	**64,235,679 €**		**62,470,203 €**	

(*) Synthetic securitizations carried out used the Supervisory Formula Approach as required by Italian Regulator (Bank of Italy - Circular 263/2006). Where there is no eligible external rating, this approach requires the calculation of the regulatory capital requirement for each tranche of a securitization should use the following five elements:

1. The capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. The level of credit support of the tranche in question;
3. The thickness of the tranche;
4. The number of securitized assets;
5. Average LGD.

Using the Supervisory Formula Approach it is possible to calculate the amount of risk equivalent to the rating of a senior tranche, the remainder being subordinated and classified as junior.

Part E - Risks and Hedging Policies (Continued)

QUANTITATIVE INFORMATION

C.1.1 - Exposure resulting from securitisation transactions broken down by quality of underlying assets

	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
QUALITY OF UNDERLYING ASSETS / EXPOSURES	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**971,719**	**2,323,348**	**3,091,267**	**384,890**	**1,620,654**	**1,384,098**
a) Impaired	-	-	2,991,615	151,188	838,921	244,567
b) Other	971,719	2,323,348	99,652	233,702	781,733	1,139,531
B. With third-party underlying assets:	**1,981,292**	**1,948,520**	**127,449**	**127,239**	**9,968**	**2,602**
a) Impaired	-	-	-	-	-	-
b) Other	1,981,292	1,948,520	127,449	127,239	9,968	2,602

In-house securitizations not involving derecognition of the assets are accounted for as retained risk, i.e. the difference between sold assets and the corresponding liabilities recognized under IAS 39.

C.1.1 - Exposure resulting from securitisation transactions broken down by quality of underlying assets - Continued

	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
QUALITY OF UNDERLYING ASSETS / EXPOSURES	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. Con attività sottostanti proprie:	**304,000**	**304,000**	**951,303**	**-**	**-**	**-**
a) Impaired	-	-	951,303	-	-	-
b) Other	304,000	304,000	-	-	-	-
B. Con attività sottostanti di terzi:	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-

C.1.1 - Exposure resulting from securitisation transactions broken down by quality of underlying assets - Continued

	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
QUALITY OF UNDERLYING ASSETS / EXPOSURES	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE	GROSS EXPOSURE	NET EXPOSURE
A. With own underlying assets:	**15,000**	**15,000**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	15,000	15,000	-	-	-	-
B. With third-party underlying assets:	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-

C.1.2 - Exposure from the main “in-house” securitisation transaction broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS / EXPOSURE		BALANCE-SHEET EXPOSURE					
		SENIOR		MEZZANINE		JUNIOR	
		CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A.	**Totally derecognised**	**109,638**	**-**	**151,188**	**-268,220**	**288,310**	**-**
A.1	**CLO/CBO OTHERS**	**109,638**	**-**	**-**	**-**	**43,743**	**-**
A.1	1 Caesar Finance	-	-	-	-	43,743	-
A.1	2 Entasi	109,638	-	-	-	-	-
A.2	**OTHERS**	**-**	**-**	**151,188**	**-268,220**	**244,567**	**-**
A.2	1 Trevi Finance	-	-	472	-153,084	-	-
A.2	2 Trevi Finance 2	-	-	63,396	-42,124	-	-
A.2	3 Trevi Finance 3	-	-	87,320	-73,012	244,567	-
B.	**Partially derecognised**	**-**	**-**	**-**	**-**	**-**	**-**
C.	**Not-derecognised**	**2,213,710**		**233,702**	**-**	**1,095,788**	**-10,738**
C.1	**RMBS Prime**	**1,352,078**	**-**	**233,650**	**-**	**537,130**	**-5,610**
C.1.	1 BIPCA Cordusio RMBS	419,335	-	99,600	-	30,595	349
C.1.	2 Capital Mortgage 2007 - 1	129,012	-		-	167,755	-2,377
C.1.	3 Cordusio RMBS	72,964	-	28,250	-	12,738	-1,813
C.1.	4 Cordusio RMBS UCFin - Serie 2006	163,371	-	28,250	-	99,509	-703
C.1.	5 Cordusio RMBS Securitisation - Serie 2006	168,332	-	17,650	-	24,205	-1,099
C.1.	6 Cordusio RMBS Securitisation - Serie 2007	373,430	-	59,900	-	83,457	-2,004
C.1.	7 F-E Mortgages 2003	9,140	-	-	-	41,126	884
C.1.	8 F-E Mortgages 2005	13,269	-	-	-	56,074	970
C.1.	9 Heliconus	3,225	-	-	-	21,671	183
C.2	**CLO/SME**	**861,632**	**-**	**52**	**-**	**674**	**-**
C.2	1 Federascomfidi	49,184	-	21	-	279	-
C.2	2 Federconfidi	50,382	-	31	-	395	-
C.2.	3 U - Propeller	762,066	-	-	-	-	-
C.3	**CLO OTHERS**	**-**	**-**	**-**	**-**	**29,072**	**591**
C.3	1 Large Corporate One	-	-	-	-	29,072	591
C.4	**CONSUMER LOANS**	**-**	**-**	**-**	**-**	**528,912**	**-5,719**
C.4	1 Consumer Two	-	-	-	-	528,912	-5,719

The carrying value is the net exposures shown in Table C.1.1. Writed-downs and write-backs, including depreciations and revaluations posted on the income statement or to reserves, refer to financial year 2013 only.

Part E - Risks and Hedging Policies (Continued)

C.1.2 - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure - Continued

TYPE OF SECURITISED ASSETS / EXPOSURE		GUARANTEES GIVEN					
		SENIOR		MEZZANINE		JUNIOR	
		CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A.	**Totally derecognised**	**-**	**-**	**-**	**-60,469**	**-**	**-**
A.1	**CLO/CBO OTHERS**	**-**	**-**	**-**	**-**	**-**	**-**
A.1	1 Caesar Finance	-	-	-	-	-	-
A.1	2 Entasi	-	-	-	-	-	-
A.2	**OTHERS**	**-**	**-**	**-**	**-60,469**	**-**	**-**
A.2	1 Trevi Finance	-	-	-	-	-	-
A.2	2 Trevi Finance 2	-	-	-	-	-	-
A.2	3 Trevi Finance 3	-	-	-	-60,469	-	-
B.	**Partially derecognised**	**-**	**-**	**-**	**-**	**-**	**-**
C.	**Not-derecognised**	**304,000**	**-**	**-**	**-**	**-**	**-**
C.1	**RMBS Prime**	**-**	**-**	**-**	**-**	**-**	**-**
C.1.	1 BIPCA Cordusio RMBS	-	-	-	-	-	-
C.1.	2 Capital Mortgage 2007 - 1	-	-	-	-	-	-
C.1.	3 Cordusio RMBS	-	-	-	-	-	-
C.1.	4 Cordusio RMBS UCFin - Serie 2006	-	-	-	-	-	-
C.1.	5 Cordusio RMBS Securitisation - Serie 2006	-	-	-	-	-	-
C.1.	6 Cordusio RMBS Securitisation - Serie 2007	-	-	-	-	-	-
C.1.	7 F-E Mortgages 2003	-	-	-	-	-	-
C.1.	8 F-E Mortgages 2005	-	-	-	-	-	-
C.1.	9 Heliconus	-	-	-	-	-	-
C.2	**CLO/SME**	**-**	**-**	**-**	**-**	**-**	**-**
C.2	1 Federascomfidi	-	-	-	-	-	-
C.2	2 Federconfidi	-	-	-	-	-	-
C.2.	3 U - Propeller	-	-	-	-	-	-
C.3	**CLO OTHERS**	**304,000**	**-**	**-**	**-**	**-**	**-**
C.3	1 Large Corporate One	304,000	-	-	-	-	-
C.4	**CONSUMER LOANS**	**-**	**-**	**-**	**-**	**-**	**-**
C.4	1 Consumer Two	-	-	-	-	-	-

C.1.2 - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure - Continued

TYPE OF SECURITISED ASSETS / EXPOSURE	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A. Totally derecognised	**-**	**-**	**-**	**-**	**-**	**-**
A.1 CLO/CBO OTHERS	**-**	**-**	**-**	**-**	**-**	**-**
A.1 1 Caesar Finance	-	-	-	-	-	-
A.1 2 Entasi	-	-	-	-	-	-
A.2 OTHERS	**-**	**-**	**-**	**-**	**-**	**-**
A.2 1 Trevi Finance	-	-	-	-	-	-
A.2 2 Trevi Finance 2	-	-	-	-	-	-
A.2 3 Trevi Finance 3	-	-	-	-	-	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Not-derecognised	**15,000**		**-**	**-**	**-**	**-**
C.1 RMBS Prime	**-**	**-**	**-**	**-**	**-**	**-**
C.1. 1 BIPCA Cordusio RMBS	-	-	-	-	-	-
C.1. 2 Capital Mortgage 2007 - 1	-	-	-	-	-	-
C.1. 3 Cordusio RMBS	-	-	-	-	-	-
C.1. 4 Cordusio RMBS UCFin - Serie 2006	-	-	-	-	-	-
C.1. 5 Cordusio RMBS Securitisation - Serie 2006	-	-	-	-	-	-
C.1. 6 Cordusio RMBS Securitisation - Serie 2007	-	-	-	-	-	-
C.1. 7 F-E Mortgages 2003	-	-	-	-	-	-
C.1. 8 F-E Mortgages 2005	-	-	-	-	-	-
C.1. 9 Heliconus	-	-	-	-	-	-
C.2 CLO/SME	**-**	**-**	**-**	**-**	**-**	**-**
C.2 1 Federascomfidi	-	-	-	-	-	-
C.2 2 Federconfidi	-	-	-	-	-	-
C.2. 3 U - Propeller	-	-	-	-	-	-
C.3 CLO OTHERS	**15,000**	**-**	**-**	**-**	**-**	**-**
C.3 1 Large Corporate One	15,000	-	-	-	-	-
C.4 CONSUMER LOANS	**-**	**-**	**-**	**-**	**-**	**-**
C.4 1 Consumer Two	-	-	-	-	-	-

Part E - Risks and Hedging Policies (Continued)

C.1.3 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure (*)

	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS / EXPOSURE	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A.01 EUROCONNECT ISSUER SME 2007						
- Corporate Loans	-	-	6,220	-	-	-
A.02 F-E GOLD CL. A2						
- Car / Equipments / Real Estate leasing	30,013	-	-	-	-	-
A.03 LOCAT SV - Serie 2011						
- Car / Equipments / Real Estate leasing	1,896,608	-	-	-	-	-
A.04 LOCAT SV - Serie 2006						
- Car / Equipments / Real Estate leasing	17,513	-	88,028	-	-	-
A.06 LOCAT SV Serie 2005						
- Car / Equipments / Real Estate leasing	-	-	31,560	-	-	-
A.06 OTHER 6 EXPOSURES	4,386	-	1,431	-	2,602	-

(*) list of details for exposures over € 3 million.

C.1.3 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure (*) (continued)

	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS / EXPOSURE	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A.01 EUROCONNECT ISSUER SME 2007						
- Corporate Loans	-	-	-	-	-	-
A.02 F-E GOLD CL. A2						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.03 LOCAT SV - Serie 2011						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.04 LOCAT SV - Serie 2006						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.06 LOCAT SV Serie 2005						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.07 OTHER 6 EXPOSURES	-	-	-	-	-	-

(*) list of details for exposures over € 3 million.

C.1.3 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure (*) (continued)

TYPE OF SECURITISED ASSETS / EXPOSURE	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS / WRITE-BACKS
A.01 EUROCONNECT ISSUER SME 2007						
- Corporate Loans	-	-	-	-	-	-
A.02 F-E GOLD CL. A2						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.03 LOCAT SV - Serie 2011						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.04 LOCAT SV - Serie 2006						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.06 LOCAT SV Serie 2005						
- Car / Equipments / Real Estate leasing	-	-	-	-	-	-
A.06 OTHER 6 EXPOSURES	-	-	-	-	-	-

(*) list of details for exposures over € 3 million.

C.1.4 Exposure resulting from securitisation transactions broken down by portfolio and type

EXPOSURE / PORTFOLIO	AMOUNTS AT 12.31.2013						12.31.2012
	TRADING	DESIGNATED AT FAIR VALUE	AVAILABLE FOR SALE	HELD-TO-MATURITY	LOANS	TOTAL	TOTAL
1. Balance-sheet exposures	**-**	**-**	**7,900**	**-**	**2,619,599**	**2,627,499**	**4,676,175**
- Senior	-	-	249	-	2,057,909	2,058,158	3,772,508
- Mezzanine	-	-	7,651	-	270,777	278,428	603,515
- Junior	-	-	-	-	290,913	290,913	300,152
2. Off-balance-sheet exposures	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Senior	-	-	-	-	-	-	-
- Mezzanine	-	-	-	-	-	-	-
- Junior	-	-	-	-	-	-	-

This table shows the carrying value only of exposures arising from in-house securitizations for which the assets sold have been derecognized as well as securitizations carried out by others.

Part E - Risks and Hedging Policies (Continued)

C.1.5 Securitised assets underlying junior securities or other forms of credit support

ASSET/SECURITIES	AMOUNT	
	TRADITIONAL	SYNTHETIC
A. Own underlying assets:	**8,247,113**	**21,134**
A.1 Totally derecognised	**475,127**	**X**
1. Non-performing loans	183,680	X
2. Doubtful loans	-	X
3. Restructured exposures	-	X
4. Past-due exposures	-	X
5. Other assets	291,447	X
A.2 Partially derecognised	**-**	**X**
1. Non-performing loans	-	X
2. Doubtful loans	-	X
3. Restructured exposures	-	X
4. Past-due exposures	-	X
5. Other assets	-	X
A.3 Non-derecognised	**7,771,986**	**21,134**
1. Non-performing loans	254,428	-
2. Doubtful loans	148,494	-
3. Restructured exposures	1	-
4. Past-due exposures	42,329	-
5. Other assets	7,326,734	21,134
B. Third party underlying assets:	**3,360**	**-**
B.1 Non-performing loans	4	-
B.2 Doubtful loans	457	-
B.3 Restructured exposures	-	-
B.4 Past-due exposures	547	-
B.5 Other assets	2,352	-

C.1.6 Stakes in special purpose vehicles

NAME	HEADQUARTERS	STAKE %
Augusto S.r.L.	Milan - Viale Luigi Majno, 45	5%
Colombo S.r.L.	Milan - Viale Luigi Majno, 45	5%
Diocleziano S.r.L	Milan - Viale Luigi Majno, 45	5%
Entasi S.r.l.	Roma - Via Barberini 47	100%
Eurofinance 2000 S.r.l.	Roma - Via Barberini 47	100%
Trevi Finance S.p.A.	Conegliano (TV) - via Vittorio Alfieri, 1	60%
Trevi Finance n. 2 S.p.A.	Conegliano (TV) - via Vittorio Alfieri, 1	60%
Trevi Finance n. 3 S.r.l.	Conegliano (TV) - via Vittorio Alfieri, 1	60%

C.1.7 Servicer activities - Collections of securitised loans and redemptions of securities issued by the special purpose vehicle

SERVICER	SPECIAL PURPOSE VEHICLE	SECURITISED ASSETS (YEAR END FIGURES)		LOANS COLLECTED DURING THE YEAR		PERCENTAGE OF SECURITIES REDEEMED (YEAR END FIGURES)					
						SENIOR		MEZZANINE		JUNIOR	
		IMPAIRED	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS
UniCredit S.p.A.	Capital Mortgage S.r.L.	161,475	1,589,445	5,046	155,359	-	56.18%	-	-	-	-
	Consumer Two S.r.L.	3,939	1,172,651	1	212,632	-	-	-	-	-	-
	Cordusio RMBS S.r.L.	21,794	503,855	3,015	154,251	-	87.90%	-	-	-	-
	Cordusio RMBS Securitisation S.r.L.	128,866	2,336,916	6,943	350,483	-	67.40%	-	-	-	-
	Cordusio RMBS UCFin S.r.L.	70,840	880,356	3,474	123,811	-	68.75%	-	-	-	-
	F-E Mortgage S.r.L.	51,036	492,170	3,603	50,763	-	79.80%	-	4.23%	-	8.51%
	Heliconus S.r.L.	7,303	102,022	866	12,356	-	83.89%	-	-	-	-
	Large Corporate One S.r.L.	-	249,320	-	31,369	-	-	-	-	-	-
	Trevi Finance S.p.A.	43,767	-	19,980	-	100.00%	-	-	-	-	-
	Trevi Finance n. 2 S.p.A.	37,843	-	14,706	-	100.00%	-	-	-	-	-
	Trevi Finance n. 3 s.p.A.	102,069	214,802	23,221	-	100.00%	-	-	68.08%	-	-
	Entasi S.r.L.	-	824,505	-	3,549	-	-	-	-	-	-

C.2 Sales Transactions

C.2.1 Financial assets sold and not derecognised

TYPE / PORTFOLIO	AMOUNTS AS AT 12.31.2013											
	FINANCIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS			AVAILABLE FOR SALE FINANCIAL ASSETS			HELD-TO-MATURITY INVESTMENTS		
	A	B	C	A	B	C	A	B	C	A	B	C
A. Balance-sheet assets	**98,610**	**-**	**-**	**-**	**-**	**-**	**10,833,707**	**-**	**-**	**2,423,675**	**-**	**-**
1. Debt securities	98,610	-	-	-	-	-	10,833,707	-	-	2,423,675	-	-
2. Equity securities	-	-	-	-	-	-	-	-	-	X	X	X
3. Investment fund	-	-	-	-	-	-		-	-	X	X	X
4. Loans	-	-	-	-	-	-	-	-	-	-	-	-
B. Derivatives	**-**	**-**	**-**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
Total 12.31.2013	**98,610**	**-**	**-**	**-**	**-**	**-**	**10,833,707**	**-**	**-**	**2,423,675**	**-**	**-**
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-
Total 12.31.2012	456,869	-	-	-	-	-	7,066,099	-	-	2,628,184	-	-
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-

C.2.1 Financial assets sold and not derecognised Continued

TYPE / PORTFOLIO	AMOUNTS AS AT 12.31.2013						TOTAL	
	LOANS AND RECEIVABLES WITH BANKS			LOANS AND RECEIVABLES WITH CUSTOMERS				
	A	B	C	A	B	C	12.31.2013	12.31.2012
A. Balance-sheet assets	**271,089**	**-**	**-**	**7,771,986**	**-**	**-**	**21,399,067**	**18,139,078**
1. Debt securities	271,089	-	-	-	-	-	13,627,081	11,064,893
2. Equity securities	X	X	X	X	X	X	-	-
3. Investment fund	X	X	X	X	X	X	-	-
4. Loans	-	-	-	7,771,986	-	-	7,771,986	7,074,185
B. Derivatives	**X**	**X**	**X**	**X**	**X**	**X**	**-**	**-**
Total 12.31.2013	**271,089**	-	-	**7,771,986**	-	-	**21,399,067**	-
of which impaired	-	-	-	*445,252*	-	-	*445,252*	*X*
Total 12.31.2012	*913,741*	-	-	*7,074,185*	-	-	-	*18,139,078*
of which impaired	-	-	-	*354,873*	-	-	*X*	*354,873*

LEGEND:
A = Financial assets sold and fully recognised (carrying value)
B = Financial assets sold and partially recognised (carrying value)
C = Financial assets sold and partially recognised (total value)

Loans (A.4) are assets sold and not derecognized under securitizations (see A.3. Table C.1.5.).
Debt securities (A.1.) are underlying REPO

Part E - Risks and Hedging Policies (Continued)

C.2.2 - Financial liabilities relating to financial assets sold and not derecognised

LIABILITIES / ASSET PORTFOLIOS	AMOUNTS AS AT 12.31.2013 FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	AVAILABLE FOR SALE FINANCIAL ASSETS	HELD-TO-MATURITY INVESTMENTS	LOANS AND RECEIVABLES WITH BANKS	LOANS AND RECEIVABLES WITH CUSTOMERS	TOTAL
1. Deposits from customers	**82,902**	**-**	**7,659,782**	**1,384,485**	**283,220**	**5,091,145**	**14,501,534**
a) relating to fully recognised assets	82,902	-	7,659,782	1,384,485	283,220	5,091,145	14,501,533
b) relating to partially recognised assets	-	-	-	-	-	-	-
2. Deposits from Banks	**15,124**	**-**	**3,144,970**	**1,060,972**	**-**	**-**	**4,221,066**
a) relating to fully recognised assets	15,124	-	3,144,970	1,060,972	-	-	4,221,066
b) relating to partially recognised assets	-	-	-	-	-	-	-
Total 12.31.2013	**98,026**	**-**	**10,804,752**	**2,445,457**	**283,220**	**5,091,145**	**18,722,600**
Total 12.31.2012	**456,390**	**-**	**6,973,054**	**2,624,078**	**883,713**	**4,766,696**	**15,703,931**

C.2.3 - Sales of assets not derecognised and associated financial liabilities with repayment only based on asset sold: fair value

TYPE/PORTFOLIOS	AMOUNTS AS AT 12.31.2013 FINACIAL ASSETS HELD FOR TRADING		FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS		AVAILABLE-FOR-SALE FINANCIAL ASSETS		HELD-TO-MATURITY INVESTMENTS	
	A	B	A	B	A	B	A	B
A. On Balance Sheet Assets	**98,610**	**-**	**-**	**-**	**10,833,707**	**-**	**2,419,908**	**-**
1. Debt securities	98,610	-	-	-	10,833,707	-	2,419,908	-
2. Equity securities	-	-	-	-	-	-	X	X
3. UCIS	-	-	-	-	-	-	X	X
4. Loans	-	-	-	-	-	-	-	-
B. Derivatives	**-**	**-**	**X**	**X**	**X**	**X**	**X**	**X**
Total assets	**98,610**	**-**	**-**		**10,833,707**	**-**	**2,419,908**	**-**
C. Associated financial liabilities	**98,026**	**-**	**-**	**-**	**10,804,752**	**-**	**2,445,457**	**-**
1. Deposits from customers	82,902	-	-	-	7,659,782	-	1,384,485	-
2. Deposits from banks	15,124	-	-	-	3,144,970	-	1,060,972	-
3. Debt securities in issue	-	-	-	-	-	-	-	-
Total liabilities	**98,026**	**-**	**-**	**-**	**10,804,752**	**-**	**2,445,457**	**-**
Total 12.31.2013	**584**	**-**	**-**	**-**	**28,955**	**-**	**-25,549**	**-**
Total 12.31.2012	**479**	**-**	**-**	**-**	**83,601**	**-**	**-82,874**	**-**

C.2.3. -Sales of assets not derecognised and associated financial liabilities with repayment only based on asset sold: fair value - continued

TYPE/PORTFOLIOS	AMOUNTS AS AT 12.31.2013 LOANS AND RECEIVABLES WITH BANKS		LOANS AND RECEIVABLES WITH CUSTOMERS		TOTAL	
	A	C	A	C	12.31.2013	12.31.2012
A. On Balance Sheet Assets	**273,128**	**-**	**7,963,015**	**-**	**21,588,368**	**18,759,887**
1. Debt securities	273,128	-	-	-	13,625,353	10,952,831
2. Equity securities	X	X	X	X	-	-
3. UCIS	X	X	X	X	-	-
4. Loans	-	-	7,963,015	-	7,963,015	7,807,056
B. Derivatives	**X**	**X**	**X**	**X**	**-**	**-**
Total assets	**273,128**		**7,963,015**	**-**	**21,588,368**	**18,759,887**
C. Associated financial liabilities	**283,220**	**-**	**4,449,988**	**-**	**X**	**X**
1. Deposits from customers	283,220	-	4,449,988	-	X	X
2. Deposits from banks	-	-	-	-	X	X
3. Debt securities in issue	-	-	-	-	X	X
Total liabilities	**283,220**	**-**	**4,449,988**	**-**	**18,081,443**	**14,865,204**
Total 12.31.2013	**-10,092**	**-**	**3,513,027**	**-**	**3,506,925**	**X**
Total 12.31.2012	**14,391**	**-**	**3,879,087**	**-**	**X**	**3,894,684**

LEGEND:
A = Financial assets sold and fully recognized
B = Financial assets sold and partially recognized

C.3 Covered Bond Transactions

QUALITATIVE INFORMATION

In 2008 UniCredit S.p.A. initiated a Covered Bond (OBG or *Obbligazioni Bancarie Garantite*) Program with residential mortgage loans as the underlying assets, in line with 1999 Law 130/99, the MEF decree dated December 14, 2006 and Banca d'Italia instructions dated May 17, as amended on March 24, 2010.

Under this program:
- UniCredit S.p.A. is issuer and also acts as transferor of suitable assets and servicer,
- UniCredit BpC Mortgage S.r.L. (a special purpose vehicle set up within the banking group as expressly authorized by Banca d'Italia) is guarantor of the OBG holders, within the limits of the cover pool and
- The auditing firm Mazars S.p.A. is Asset Monitor.

The Bank's main aims in issuing OBGs are to diversify its funding sources and fund at competitive rates. As with the securitizations, the difficulties in the markets made it advisable to use securitization as a means of increasing the Group's counterbalancing capacity by retaining part of the securities issued by the vehicle.

An integral feature of OBG Program management is maintaining a balance between the characteristics of the assets sold and the issues. This is necessary to maintain the efficacy of the guarantee given by the SPV to the bondholders.

Given the complexity of the transaction, a system of first- and second-level controls and procedures has been set up, as required by Banca d'Italia instructions, to identify units, functions, duties and responsibilities, and specific policies have been issued to this end. The policies were as approved by the competent committees, the Statutory Auditors and the Board of Directors of UniCredit S.p.A..

As required by Banca d'Italia instructions on controls:

a) UniCredit's Risk Management function is charged with the management of the issuer's risks and checks:
   - the quality, suitability and integrity of the assets sold to guarantee the OBGs
   - that the maximum ratio of OBGs issued to assets sold to guarantee them is adhered to
   - that limits on sales and supplementary sales procedures are followed
   - the effectiveness and adequacy of the hedges provided by any derivatives contracts entered into in relation to the Program and
   - the trend in the balance between the cash flow arising from the cover pool and that absorbed by the OBGs in issue.

b) The Asset Monitor is an outside independent entity charged with checking at least annually the regularity of the transactions and the integrity of the guarantee to the bondholders.

c) UniCredit's internal audit department is responsible for a complete audit (to be conducted at least once a year of the adequacy of the controls performed.

d) The results of the audits performed by the Asset Monitor and the issuer's internal audit department are submitted to the governing bodies.

Moreover, in order to create counterbalancing capacity, at the end of January 2012 UniCredit S.p.A. initiated a new Covered Bonds (OBG or Obbligazioni Bancarie Garantite) program ("New OBG Program"), without specific ratings and having residential mortgage loans and/or commercial mortgage loans. The contractual and supervisory structure and the counterparties of this program are modeled on the pre-existing program, with the exception of references to Ratings Agencies and the use of a new Special Purpose Vehicle, UniCredit OBG S.r.L..

At December 31, 2013 the series of covered bonds issued under the two programs totaled 30 and were worth €29,921 million, of which €16,590 million was retained by UniCredit S.p.A.. In addition, following the buy back, €2,267 million were placed as collateral for repos and, consequently, these are also shown under liability item 30 "Securities in issue".

Finally, it should be noted that, as part of the first OBG program, new covered bonds worth €1,500 million were issued and placed on the market in January 2014.

Part E - Risks and Hedging Policies (Continued)

NAME	COVERED BOND (OBBLIGAZIONI BANCARIE GARANTITE)
Originator:	UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A.)
Issuer:	UniCredit S.p.A.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank AG, London Branch
Target transaction :	Funding
Type of asset:	Private Mortgage loans
Quality of Asset:	performing
Book value of the underlying assets at the end of accounting period:	23,472,174,145.07 €
Covered Bonds issued at the end of accounting period:	13,331,000,000 €
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loans of total 24,675,276,946.85 euro.
Rating Agencies:	S & P - Moody's - Fitch
Rating:	AA (since 07/15/2013) - A2 (since 7/13/2012) - A+ (since 10/18/2013)

NAME	COVERED BOND (OBBLIGAZIONI BANCARIE GARANTITE) II PROGRAM
Originator:	UniCredit S.p.A.
Issuer:	UniCredit S.p.A.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank AG, London Branch
Target transaction :	Funding
Type of asset:	Private Mortgage loans
Quality of Asset:	performing
Book value of the underlying assets at the end of accounting period:	17,266,943,484.45 €
Covered Bonds issued at the end of accounting period:	16,590,000,000 €
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loans of total 19,040,418,607.97 euro.

Information on forbearance loans

In relation to ESMA document n. 2012/853 of 20 December 2012 for disclosure on IFRS financial statements of financial institutions on renegotiated exposures, it should be noted that the identification of the portfolio is relevant to allow the following:

- prompt action: with a solid and effective process for monitoring and reporting, the timely identification of possible credit quality deterioration enables the Group to promptly put in place either the necessary activities aimed at an eventual renegotiation or the restrictive measures at a stage prior to the potential "default" aimed at reappraising the level of risk; any activity aimed at a possible renegotiation has as objective the timely identification and consequently the proper management of exposures with an increased credit risk, when the bank has not yet launched legal enforcement actions still in presence of a full repayment capacity of the customer;
- proper evaluation of impaired loans, in order to define the actions and classification within the "default" classes;
- start of recovery actions depending on the type, the amount of exposure and the customer characteristics;
- ensure appropriate provisioning in the income statement, consistent with the outlook and recovery time of credit and type of exposure. This activity is in line with IAS 39 and "Basel II" rules;
- accurate and regular reporting to monitor over time the risk of the portfolio at the aggregate level.

As for the evaluation and the provisioning of the 'Forborne' exposures, the accounting policies follow the general principle in line with the provisions of IAS 39, i.e. whether there are objective evidences that it has incurred a loss for impairment of loans or financial assets held to maturity (booked at amortized cost), the amount of the loss is measured as the difference between the asset carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet incurred) discounted at the original effective interest rate of the financial asset. The amount of the loss is recognized in item 130. of the income statement under "Impairment losses" and the carrying amount of the asset is reduced accordingly.

ESMA disposals and provisions of IAS 39 are complemented by the instructions for financial reporting FINREP, recently issued by the European Banking Authority (EBA)[2], which introduced two new classifications for loans and debt securities in the financial statements: Forborne exposures and Non-performing exposures.

- Forborne exposures are defined as exposures containing measures of renegotiation (Forbearance), i.e. concessions in respect of a debtor who has faced - or is about to face - difficulty in meeting its financial commitments ("financial difficulties");

2. see. EBA/ITS/2013/03 of 21 of October 2013.

- Non-performing exposures under the new EBA definitions are those that meet one or both of the following criteria:
  a. material exposures overdue by more than 90 days;
  b. the bank assesses unlikely that the debtor can fulfill entirely to its credit obligations, without proceeding with the enforcement and realization of collateral, regardless of whether exposures are past due and/or overdue and regardless of days past due.

These two new classifications introduced by EBA are effective as of the financial reporting FINREP to supervisory authority of September 2014. UniCredit S.p.A. is involved, since the second half of 2013, in the UniCredit Group project activities aimed at implementing in the management and accounting systems the classification rules introduced by EBA. The new processes will allow to improve the compliance of the rules to the above legislation, monitor the dynamics of these exposures and report to the supervisory authority.

In line with the implementation plan, with reference to the balance sheet at 31 December 2013, the classification of loans into risk categories remained unchanged compared to the previous year and reflects the regulations issued by the Bank of Italy . Therefore, the classification by each entity in the different classes of "default" is done in accordance with the legal provisions and the regulations issued by the local Supervisory Authorities.

Regarding Forborne exposures, the full implementation of the new processes will lead to a precise identification of the Forborne performing exposures and to a subsequent verification, on the new identified portion of the portfolio, of any adjustments as may be appropriate in the internal rating systems and credit rating.

The disclosure on forbearance practices is an approximation of the outcome of the new EBA definition, based on the information currently available. Since the implementation of the processes that will lead to the application of the new definition is still underway, the following proxies were used in preparing this disclosure:
- With reference to the proxy adopted for the Forborne non performing category, please note that according to the Bank of Italy classification, with specific reference to forbearance practices, a position is classified as "restructured loan" when a restructuring agreement includes a the concession of a moratorium on payments of the loan or the renegotiation at interest rates below market, the conversion of part of a loan into shares and/or reduction of principal. Measurement of restructured loans is on a loan-by-loan basis, including in the provisions the discounted cost due to renegotiation of the interest rate at a lower level than the original contractual rate. Restructured exposures may be reclassified to "performing loans" when at least two years have elapsed from the closing of the restructuring agreement and a resolution has been taken by the competent corporate bodies stating that the borrower is again able to service the debt and no overdue amount is outstanding. In the below table the "restructured loans" classified according to the Bank of Italy classification have been reported as Forborne non performing exposures.
- As for the Forborne performing exposures, concessions granted to a debtor that is not able to honor his financial commitments ("troubled debt") were considered. In particular, these practices include:
  - a modification of the previous terms and conditions of a contract the debtor is considered unable to comply with due to its financial difficulties ("troubled debt") to allow for sufficient debt service ability, that would not have been granted without the presence of objective financial difficulties of the debtor;
  - a total or partial refinancing of a troubled debt that would not have been granted without the presence of financial difficulties of the debtor.

More specifically, for the UniCredit S.p.A. the following loan categories were taken into account in order to approximate the EBA definition of forborne performing exposures:

A. loans to customers subject to renegotiation under collective agreements[3] entered into by Banking Associations/Unions in compliance with the regulations in force;

B. other loans to customers subject to renegotiation in the context of internal initiatives relating to the suspension of payments for specific subgroups of debtors (e.g. initiatives aimed at retail customers designed to cope with adverse events such as job loss, etc.).

The approach used for identifying forborne performing loans, primarily involves the identification of the positions that meet the definitions of the above-mentioned items A. and B., which were granted a moratorium on payments in the last two years from the reporting date. These initiatives, in fact, take the form either of collective agreements or of unilateral offers of the Bank that the customer, potentially able to pay the installment, accepts on a voluntary basis. The features of these operations do not always have a direct link between the renegotiation and the financial difficulties of the debtor, that is instead required by the EBA definition of Forbearance (which implies a "concession" that the Bank would not have taken into consideration if the customer had not been in or close to financial difficulty). Therefore, given the perimeter as defined above, the objective financial difficulties ("troubled debt") of the debtor before the concession are assumed when at least one of the following conditions is met:
- the customer was "past due" for over 30 days at least once in the previous three months, with respect to the effective date of the suspension;
- the customer had been recorded as watch in the monitoring systems at least once in the previous three months, with respect to the effective date of the suspension.

3. see ABI-MEF agreement.

Part E - Risks and Hedging Policies (Continued)

These criteria were used for both the identification of exposures at 31.12.2012 and at 31.12.2013. Here below the resulting actual figures (in Euro millions).

FORBORNE EXPOSURE - Loans and receivable with customers

(€ million)

	AMOUNTS AS AT 12.31.2013									AMOUNTS AS AT 12.31.2012								
	IMPAIRED			PERFORMING			TOTAL			IMPAIRED			PERFORMING			TOTAL		
	GROSS EXPOSURE	WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	WRITEDOWNS	NET EXPOSURE
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial corporations	43	25	18	-	-	-	43	25	18	80	20	60	-	-	-	80	20	60
Non-financial corporations	2,956	871	2,085	485	20	465	3,441	891	2,550	3,668	693	2,975	296	6	290	3,964	699	3,265
Households	35	9	26	2,950	121	2,829	2,985	130	2,855	6	-	6	2,093	34	2,059	2,099	34	2,065
Total	**3,034**	**905**	**2,129**	**3,435**	**141**	**3,294**	**6,469**	**1,046**	**5,423**	**3,754**	**713**	**3,041**	**2,389**	**40**	**2,349**	**6,143**	**753**	**5,390**
Coverage ratio			**29.8%**			**4.1%**			**16.2%**			**19.0%**			**1.7%**			**12.3%**
% Forborne on total customer loans			**0.92%**			**1.42%**			**2.35%**			**1.17%**			**0.90%**			**2.07%**

Following the simplification introduced in the criteria for identification of Forborne exposures, particularly with regard to the component of non-performing loans, which are represented just by “restructured loans” according to Bank of Italy classification, the amount of Forborne performing exposures results to be particularly relevant.

The amount of net loans forborne at 31.12.2013 (5.423 million Euro) is 33 million Euro higher than at the end of 2012 (5.390 million Euro), corresponding to an increase of +0.6%. The same exposures gross of write downs, at the end of 2013, amount to 6.469 million Euro, 326 million higher (+5,3%) than at the end of 2012 (6.143 million Euro). In terms of mix the following trend is observed:

- a decrease of 720 million Euro (-19,2%) of impaired exposures (from 3.754 million at the end of 2012 to 3.034 million at the end of 2013);
- an increase of 1.046 million Euro (+43,8%) of performing exposures (increased from 2.389 million Euro at the end of 2012 to 3.435 million Euro at the end of 2013).

The major causes of the decrease of the Forborne impaired exposures - connected to the “restructured loans” - are mainly related to the usual monitoring activity and updating of the positions, which in the year triggered classifications to greater risk classes.

In line with the revision of the evaluation process of impaired loans implemented in 2013, also the coverage of Forborne impaired was increased from 19,0% at 31.12.2012 to 29,8% at 12.31.2013.

The increase in Forborne performing exposures is primarily concentrated in Households segment (EUR +857 million gross compared to 31.12.2012) and is mainly due to new concessions in 2013 on initiatives already in place vs private clients (also not linked to specific collective agreements) as well to additional initiatives to mitigate impact on customers affected by the natural disasters that have hit the Country (e.g.: Lucca and Massa Carrara earthquake, Sardinia flood, etc.).

Also on performing loans, the increase of the level of the coverage ratio from 1,7% (at 31.12.2012) to 4,1% (at 31.12.2013) is due to the update of the estimates of the value of the loans on the basis of most recent statistical evidence of the credit parameters used, for the purpose of a coherent representation of the current situation at the date of the balance sheet.

In this regard, for completeness, refer to the information provided in Part E - Information on risks and related risks management policies, below Table A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values).

Other transactions

With reference to the instructions in the Bank of Italy/Consob/IVASS document no. 6 of March 8, 2013 “Accounting treatment of long term structure repo transactions”, there are no transactions of this kind to report.

In addition, with reference to an investment of UniCredit S.p.A. in a debt security issued by the Italian Republic maturing on August 30, 2019 (ITALY 19EUR FRN) subscribed for during placement for a nominal amount of €750 million and with a book value of €731 million including accrued interest at December 31, 2013 (classified in the held-to-maturity portfolio in accordance with the economic purpose), a vanilla term repo (conducted in two stages) for a total nominal amount of €750 million, with a book value of liabilities of €761 million at December 31, 2013, was completed in 2012.

At the same time, a 4.25% BTP maturing in September 2019 was purchased under a vanilla term reverse repo (conducted in 2 stages) for a total nominal value of €750 million and a book value of €761 million at December 31, 2013, with the economic purpose of obtaining the availability of more liquid securities (compared with the security ITALY 19EUR FRN) - with the same maturity and similar underlying risks - that can be therefore used more easily for refinancing operations.

The term repo and the term reverse repo are subject to netting (whose value is collateralized by cash) in the event of the default of one of the two counterparties or of the Italian Republic. This clause is accounted for as a financial guarantee issued, in accordance with the nature of the commitments of the parties. The fair value at trade date - €22 million - was initially recorded in other liabilities and is amortized on a pro-rata basis according to the current accounting rules.

Information on Sovereign Exposures

In accordance with CONSOB Notice DEM/11070007 of August 5, 2011 (which in turn refers to ESMA document 2011/266 of July 28, 2011) concerning information to be disclosed in the financial reports on exposures held by listed companies in debt securities and sovereign financing as well as the current trend in global markets, details are provided on Sovereign Exposures[4] held by the Group as of December 31, 2013.
Altogether, the book value of Sovereign Exposures represented by "debt securities" as of December 31, 2013 was € 39,280 million, of which nearly 97% in connection with Italy.
This exposure is shown in the table below:

Breakdown of Sovereign Debt Securities by Country and Portfolio

(€ '000)

	AMOUNTS AS AT 12.31.2013		
COUNTRY / PORTFOLIO	NOMINAL VALUE	BOOK VALUE	FAIR VALUE
- Italy	**36,309,499**	**38,147,915**	**38,139,874**
financial assets/liabilities held for trading (net exposures[1])	1,553,070	1,581,885	1,581,885
financial assets at fair value through profit or loss	1,096	1,079	1,079
available for sale financial assets	31,501,811	33,329,905	33,329,905
loans and receivables	208,528	209,645	198,538
held to maturity investments	3,044,994	3,025,401	3,028,467

1. including exposures in Credit Derivatives.

The remaining 3% of total Sovereign Exposures to debt securities, equal to € 1,132 million, still in connection with the relative book value as of December 31, 2013, is spread over 14 countries, of which € 576 million to Poland and € 306 million to the Czech Republic; note that there are no Sovereign Exposures to Greece.

With respect to these exposures, as at December 31, 2013 there were no indications that impairment may have occurred, with the exception of an Argentinian government bond, which was written down by € 1,4 million. The book value of the net sovereign exposures to this country amounted to € 2,8 million as at December 31, 2013.

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

Breakdown of Sovereign Debt Securities by Portfolio

(€ '000)

	AMOUNTS AS AT 12.31.2013				
	FINANCIAL ASSETS AT FAIR VALUE	AVAILABLE FOR SALE FINANCIAL ASSETS	LOANS	HELD TO MATURITY INVESTMENTS	TOTAL
Book value	1,651,004	34,373,548	229,913	3,025,401	39,279,866
% Portfolio	13.06%	80.03%	0.10%	100.00%	13.55%

4. Sovereign Exposures means debt obligations issued by central and local governments, and government bodies as well as loans granted to them. For purposes of the current risk exposure any positions held through ABSs are excluded.

Part E - Risks and Hedging Policies (CONTINUED)

"Financing"[5] granted to central and local governments, and government entities must also be added to Sovereign Exposures in debt securities, as shown in the table below:

Breakdown of Sovereign Loans by Country

(€ '000)

	AMOUNTS AS AT 12.31.2013
COUNTRY	BOOK VALUE
- Italy	4,935,603
- Brazil	162,636
- Turkey	96,606
- Panama	9,424
- United Arab Emirates	8,086
- Indonesia	24
- Danmark	3
- Haiti	2
- Nigeria	1
- South Arabia	1
Total on-balance sheet exposures	**5,212,386**

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

Information on Structured Credit Products and OTC Derivatives

The deterioration of US subprime loans was one of the main causes of the financial markets crisis, which started in the 2007 second half.

This deterioration caused a general widening of credit spreads and a gradual transformation of the securitized credits market into an illiquid market characterized by forced sales.

Given this situation the market's need for information on the exposures held by banks increased with structured credit products being traded directly or through SPVs.

This need was advocated also by several international and Italian organisms and regulators (viz., the Financial Stability Board, the EBA - European Banking Authority, Banca d'Italia and CONSOB) which asked banks to increase their disclosure based on a proposal deriving from the analysis of the best practices on disclosure and reporting.

Starting with its Consolidated First Half 2008 Report, the UniCredit Group therefore provided this information, which has been updated to December 31, 2013 in Part (E) of the Notes to the Consolidated Accounts, which please see for details.

Please see Section C.1 above for information on the Company's activity as originator and investor in securitizations.

The Company does not hold either other exposures towards SPEs in addition to those reported in the section mentioned above or financial instruments having as underlying US residential mortgages, either prime, subprime or Alt-A.

Information on OTC derivatives with Customers follows.

OTC Trading Derivatives with Customers

The business model governing OTC derivatives trading with customers provides for centralization of market risk in the CIB Division, while credit risk is assumed by the Group company which, under the divisional or geographical segmentation model, manages the relevant customer's account.

The Group's operational model provides for customer trading derivatives business to be carried on, as part of each subsidiary's operational independence:

- by the commercial banks and divisions (Retail, F&SME, AM) that close transaction in OTC derivatives in order to provide non-institutional clients with products to manage currency, interest-rate and price risk. Under these transactions, the commercial banks transfer their market risks to the CIB Division by means of equal and opposite contracts, retaining only the relevant counterparty risk. The commercial banks also place or collect orders on behalf of others for investment products with embedded derivatives (e.g., structured bonds);
- by the CIB Division operating with large corporate and financial institutions, in respect of which it assumes and manages both market and counterparty risk;
- by CEE Banks, which transact business directly with their customers.

5. Excluding tax items.

UniCredit Group trades OTC derivatives on a wide range of underlyings, e.g.: interest rates, currency rates, share prices and indexes, commodities (precious metals, base metals, petroleum and energy materials) and credit rights.

OTC derivatives offer considerable scope for personalization: new payoff profiles can be constructed by combining several OTC derivatives (for example, a plain vanilla IRS with one or more plain vanilla or exotic options). The risk and the complexity of the structures obtained in this manner depend on the respective characteristics of the components (reference parameters and indexation mechanisms) and the way in which they are combined.

Credit and market risk arising from OTC derivatives business is controlled by the Chief Risk Officer competence line (CRO) in the Parent and/or in the Division or subsidiary involved. This control is carried out by means of guidelines and policies covering risk management, measurement and control in terms of principles, rules and processes, as well as by setting VaR limits.

This business with non-institutional clients does not entail the use of margin calls, whereas with institutional counterparties (dealt with by the CIB Division) recourse may be made to credit risk mitigation (CRM) techniques, for example “netting” and/or collateral agreements.

In addition to the information given in chapter 18 Other Information - Fair Value of Part A) Accounting Policies, it should be noted that write-downs and write-backs of derivatives to take account of counterparty risk are determined in line with the procedure used to assess other credit exposure, specifically:

- performing exposure to non-institutional clients of the Italian commercial banks is valued in terms of PD (Probability of Default) and LGD (Loss Given Default), in order to obtain a value in terms of ‘expected loss’ to be used for items designated and measured at fair value;
- non-performing positions are valued in terms of estimated expected future cash flow according to specific indications of impairment (which are the basis for the calculation of the amount and timing of the cash flow).

Here follows the breakdown of balance-sheet asset item 20 “Financial assets held for trading” and of balance-sheet liability item 40 “Financial liability held for trading”.

To make the distinction between customers and banking counterparties, the definition contained in Banca d’Italia Circular No. 262 as firstly updated on November 18, 2009 (which was used for the preparation of the accounts) was used as a reference.

Structured products were defined as derivative contracts that incorporate in the same instrument forms of contracts that generate exposure to several types of risk (with the exception of cross currency swaps) and/or leverage effects.

The balance of item 20 “Financial assets held for trading” with regard to derivative contracts totaled €8,344 million (with a notional value of €216,905 million) including €3,401million with customers. The notional value of derivatives with customers amounted to €60,706 million including €57,157 million in plain vanilla (with a fair value of €3,128 million) and €3,549 million in structured derivatives (with a fair value of €273 million). The notional value of derivatives with banking counterparties totaled €156,199 million (fair value of €4,942 million) including €1,624 million related to structured derivatives (fair value of €33 million).

The balance of item 40 “Financial liabilities held for trading” of the consolidated accounts with regard to derivative contracts totaled €8,544 million (with a notional value of €226,738 million) including €2,217 million with customers. The notional value of derivatives with customers amounted to €48,980 million including €47,201 million in plain vanilla (with a fair value of €2,184 million) and €1,778 million in structured derivatives (with a fair value of €33 million). The notional value of derivatives with banking counterparties totaled €177,759 million (fair value of €6,327 million) including €4,865 million related to structured derivatives (fair value of €571 million).

D. Credit risk measurement models

At the end of 2013 the expected loss on the credit risk perimeter was 0.91% of total Bank credit exposure. This trend is mitigated by the exposures which migrate to default and therefore do not enter in the calculation of expected loss. Besides, since risk measurement systems tend to be anti-cyclical, this may result in a smaller elasticity to the swift changes of the macroeconomic scenario. As of December 31, 2013, the Bank economic capital on the credit portfolio totaled 4.86% of total Bank credit exposures. The decrease compared to December 2012 (7.6%) was mainly due to the change in percentile in the calculation of economic capital in the Pillar 2; in December 2012 it was 99.97% and at December 2013 99.93%.

Part E - Risks and Hedging Policies (Continued)

Section 2 - Market risks

Generally speaking, banks' market risks are due to price fluctuations or other market risk factors affecting the value of positions on its own books, both the trading book and the banking book, i.e. those arising from business operations and strategic investment decisions. UniCredit Group's market risk management includes, therefore, all activities relating to cash and capital structure management, both in the Parent and in the individual Group companies.

The Parent monitors risk positions at the Group level. The individual Group companies, UniCredit S.p.A. included, monitor their own risk positions, within the scope of their specific responsibilities, in line with UniCredit Group supervision policies.

The individual companies produce detailed reports on business trends and related market risks on a daily basis, forwarding market risk documentation to the Parent company.

The Parent's Group Market Risk unit is responsible for aggregating this information and producing information on overall market risks.

Organizational Structure

The Parent's Board of Directors lays down strategic guidelines for taking on market risks by calculating capital allocation for the Parent company and its subsidiaries, depending on propensity for risk and value creation objectives in proportion to risks assumed.

The Parent's Risks Committee provides advice and recommendations in respect of decisions taken by the Chief Executive Officer and in drawing up proposals made by the Chief Executive Officer to the Board of Directors with regard to the following:
- the Group's risk appetite, including capitalization objectives, capital allocation criteria, risk-taking capacity, cost of equity and dividends policy, as well as internal capital limits;
- general strategies for the optimization of risks, general guidelines and general policies for Group risk management;
- internal models for measuring all types of risks to calculate regulatory capital;
- structure of limits by type of risk;
- strategic policies and funding plans.

Similarly, it decides on the following:
- the definition of guidelines relative to Group financial policies (asset and liability management strategies, including the Group-wide duration profile);
- the allocation of risk to the Business Units and to the Entities (UniCredit S.p.A. included), specific risk-related guidelines and strategies and consequently setting of limits for achieving objectives in terms of risk appetite and limits by type of risk;
- methods for the measurement and control of the Group's aggregate risks (deriving from the aggregation of individual types of risk);
- guidelines, policies and strategies for real estate risk, financial investment risk and business risk;
- intervention plans in the event of critical aspects shown in the initial validation reports and over time;
- topics involving the implementation of Basel 2 standards, as well as the respective project and process activities.

The Risk Committee comprises the following members: the Chief Executive (Chair of the Committee), the Deputy General Managers, the Chief Risk Officer (chairs the Committee in the absence of the Chief Executive) and the Chief Financial Officer, the Legal &Compliance Officer, the CEE Division Program Officer, and the Human Resources Officer. The Head of the Group Internal Audit Department also attends meetings of the Risk Committee, but is not entitled to vote.

Structure and organization

During the second quarter of 2013, in order to create a single reference point for the management of UniCredit Group financial risks and to ensure a more efficient steering, coordination and control through a single organizational structure, the "Group Financial Risk" department has been created, with direct report to "Group Risk Management" department.

The "Group Financial Risk" is responsible for the government and control of Group financial risks (liquidity, interest rate, market, counterparty and trading credit[6] risks) through the evaluation of strategies and the proposal to relevant Bodies of risk limits and Global/Local rules. The department is also responsible for the managerial coordination of the corresponding functions of Regional Centers (RCs), according to "GMGR"[7] and "GMGR Evolution", and for providing decisions and Non Binding Opinions (NBO), when specifically required, for all financial risks of the Group.

In addition, the "Group Financial Risk" department is responsible for the definition, set up and maintenance of Group methodologies and architectures for the measurement and control of financial risks and practices for Market Data Reference and Fair Value of financial instruments.

6. I.e. Pre-settlement, Settlement, Money Market and Issuer Risk.
7. Group Managerial Golden Rules.

The department ensures the compliance of the Financial Risk Management framework with regulatory requirements.

In order to effectively manage Group financial risks, the new organizational structure includes the following units:

- "Group Market & Trading Credit Risk Management" department, responsible for the governance and control of Group's market, trading credit and collateral risks, in charge of the following activities:
  - define Group market and trading credit risk management framework to be implemented by RCs;
  - ensure that counterparty and issuer risk strategies are integrated in the Group credit risk strategy and into the daily credit risk management processes of the RCs;
  - verify the sound implementation of market, counterparty and issuer risk framework and processes in the RCs;
  - steer the market and traded credit risk management of the RCs and ensuring a consistent Group-wide approach;
  - monitor the coherence of business strategy with the market risk strategy.

The department includes:

- "Market Risk Management" unit, responsible for market risk management at consolidated level and in charge of these activities:
  - coordinate the market risk identification process of the RCs and ensure the consistency with regulatory standards;
  - propose the Group market risk strategy and translate the strategy into the set up and allocation of global and granular limits at Group and RCs level;
  - assess market risk for new products and formulate NBOs on the issuance of such products for RCs;
  - control risks not included in internal models in cooperation with "Group Risk Methodologies & Architecture" unit;
  - verify the compliance of front office activity with Group market risk strategy through the analysis of P&L explanation and attributions and the daily supervision of the limits monitoring activity performed by RCs' market risk control functions, with the activation, in case of limit breach, of the escalation process and the definition of correct mitigation actions to be taken.
- "Portfolio Market Risk Management" unit, responsible for stress testing, monitoring and reporting of market risk profiles and limits, with the following activities:
  - coordinate the Group market risk stress test program to be implemented by RCs and ensure that it includes all material market risks of the Group;
  - perform stress testing for market risk at Group level, evaluating Group capacity to absorb market risk losses and opportunities to reduce risk;
  - produce market risk reports in order to provide an updated view of market risks at Group level, both in normal and stressed scenarios, in compliance with the requirements set by the "Group Financial Risk Standard & Practice" unit;
  - provide the relevant functions with the adequate information on Group market risk and ensure they are consistently integrated in Group capital planning and in all regulatory disclosures (ICAAP, Basel II Pillar III disclosures, notes to Financial Statements).
- "Group Price Control" team, responsible for Group-wide Market Data Reference and Fair Value framework for marking books and records. In particular, the team is responsible for the following activities:
  - define, set up and update Market Data Reference framework for the end-of-day market data assignment and Fair Value framework for the valuation of financial instruments for marking purposes, the latter in cooperation with "Group Risk Methodologies & Architecture" unit;
  - define the Group-wide Independent Price Verification (IPV) and Fair Value Adjustments (FVA) activities (for example: cooperation with competence centers and PF&A department, reporting);
  - verify the correct implementation and output quality of the above mentioned frameworks in the RCs and the congruity of the valuation criteria;
  - define, set up and update market conformity checks;
  - perform second level controls, for its area of competence, on money market rates contribution and FTP and end of day market data validation, market conformity checks, IPV and FVA processes for the RC Italy;
  - support UniCredit S.p.A, for the Country Chairman Italy perimeter, in the activities related to the enforcement of the MiFID application;
  - define and monitor risk limits and autonomy levels on portfolio models and building blocks used for management of segregated accounts and verify their allocation with respect to the investment strategies;
  - deliver the results of the monitoring activity to the Group Investment Committee and to the Board of Directors/CEO;
  - assess portfolio models and building blocks' performance data calculated by "Global Investment Strategy (GIS)" department;
  - provide, or approve if proposed by "Global Investment Strategy" (GIS) or "Investment Products Italy" department, the asset classification for financial instruments in the "Common Instrument Classification" (CIC) Management System.
- "Group Risk Methodologies & Architecture" unit, responsible for the methodologies and architecture at Group level for market, counterparty, interest rate and liquidity risks, through the following activities:
  - define, set up and update the financial risk measurement, management and stress testing methodologies (e.g. VaR, SVaR, IRC, CCR, EPE, CBC);
  - analyze and review of the models developed by "Planning, Finance & Administration" department, used for management and control of the balance sheet and liquidity risk;
  - develop prototypes for new financial risk management models and financial risk management and reporting applications;
  - define, set up and update the methodologies for Independent Price Verification (IPV) and Fair Value Adjustments (FVA), in cooperation with "Group Price Control" team;
  - manage the regulatory approval and review process for financial risks management models, addressing "Group Internal Validation" department and "Internal Audit" department recommendations related to such models;

Part E - Risks and Hedging Policies (CONTINUED)

- coordinate the Group-wide models' and architectures rollout and maintenance within the various RCs, verifying their correct implementation and output quality;
- develop risk metrics for those risks not correctly captured by internal models in cooperation with the "Market Risk Management" unit;
- support the competent functions in the measurement and analysis of counterparty, liquidity, interest rate and market risk economic capital for regulatory ICAAP process, strategic planning and budgeting process;
- support, in cooperation with the "CIB Division" and "PF&A" department, the competent functions in order to identify and exploit capital optimization opportunities;
- analyze Front Office developed models used for marking P&L, review their adequacy on an on-going basis and assess, in cooperation with "Group Price Control" team, the related model risk to quantify Fair Value Adjustments;
- define, set up and update the Group-wide financial risks management and Front Office reference market data (i.e. EOD, IPV, FVA, conformity checks) architectures;
- source, validate and supply market parameters for financial risks management models;
- support the "Group Market & Trading Credit Risk Management" department by configuring Group-wide stress test scenarios into the Group-wide risk measurement systems;
- maintain and monitor the performance of the Group-wide financial risks models, including back testing results carried out by the RCs and at a consolidated level, in cooperation with "Market Risk Validation" unit.

• "Financial Risk Italy" unit, responsible for the independent control of liquidity, interest rate, market, counterparty, trading credit and collateral risks at RC Italy level as well as for carrying out the stress tests required. In particular, the unit is responsible for the following activities:
- propose, in cooperation with the Group function, the setting and allocation for the RC Italy of market, interest rate and liquidity risk limits, monitoring breaches and evaluating also countermeasures/mitigation actions to be taken;
- verify the consistency of Front Office activity with the market risk strategy;
- perform exposure validation, credit lines monitoring, overnight and intra-day overdraft management for RC Italy trading credit and collateral risks, on FIBS counterparties;
- produce relevant reporting at RC Italy level;
- perform stress test program defined at Group level on RC Italy level for market, liquidity, trading credit and collateral risks and relevant internal models maintenance and back-testing for the RC Italy;
- monitor collateral management relating to derivative products and securities financing transactions with FIBS counterparties at RC Italy level;
- assess financial risks pertaining to new products in RC Italy and provide an opinion on the issuance of such products;
- limit monitoring in terms of mark up and hedging cost for corporate treasury sales business;
- perform largest 50 exposure plausibility checks on exposure data for RC Italy according to the required data model, for weekly and monthly official reporting to the Bank of Italy, for trading credit and collateral risks;
- perform second level controls, for its area of competence, on money market rates contribution and FTP, as indicated by internal processes and regulation in force.

• "Group Financial Risk Standard & Practice" unit, responsible for Global Policies and for the financial risk reporting coherence and coordination across the Group. In detail, the unit is in charge of the following activities:
- issue Global Policies in cooperation with the "Group Financial Risk" department;
- monitor the approval and the implementation of Global Policies on financial risks at local level with the cooperation of Legal Entities competent functions; these functions guarantee the implementation of local Policies in accordance to Global Policies;
- verify the approval and the implementation at local level of the Global Operational Instructions (GOI) leveraging on Legal entities' competent functions;
- set the reporting standards for the "Group Financial Risk" department, managing documentation to Group Committees identifying roles and responsibilities;
- track and coordinate activities related to "Group Financial Risk" department Audit findings;
- act as interface with Regulators/Management/relevant Bodies for the "Group Financial Risk" department, in coordination with Group and department's structures.

• "Group Interest Rate Risk Management" unit, responsible for the independent control of interest rate risks at Group level. Responsibilities include these activities:
- propose to the competent Bodies the limits for managing balance sheet interest rate risks at Group level and review the limits proposal at Regional Centre level;
- perform controls, analysis and limits monitoring for balance sheet relevant risk factors;
- verify the correct implementation of balance sheet risks management processes in the Regional Centers;
- define and coordinate scenario analysis for interest rate risk;
- produce relevant reporting at Group level to competent Bodies and to Regulators when required, in accordance to the standards and requirements set by the "Financial Risk Standard & Practice" unit.

Internal Model for Price, Interest Rate and Exchange Rate Risk of the Regulatory Trading Book

During 2013, UniCredit Group continued to improve market risk models in order to properly measure, represent and control the Group risk profile. In the last three years, in compliance with Basel Committee regulations and guidelines, state-of-the-art models for market risk measurement, such as Stressed VaR and Incremental Risk Charge, have been developed for both capital charge calculation and managerial purposes.

The main tool used to measure market risk on trading positions is Value at Risk (VaR), calculated using the Historical simulation method (new IMOD).

The Historical simulation method provides for the daily revaluation of positions on the basis of trends in market prices over an appropriate observation period. The empirical distribution of profits/losses deriving there from is analyzed to determine the effect of extreme market movements on the portfolios. The distribution value at the percentile corresponding to the fixed confidence interval represents the VaR measurement. The parameters used to calculate the VaR are as follows: 99% confidence interval; 1 day time horizon; daily update of time series; observation period of 500 days. Use of a 1-day time-horizon makes it possible to make an immediate comparison between profits/losses realized.

New IMOD is in use for risk steering purposes and starting from end of September 2013 it is used for calculating capital requirements regarding trading positions, after Bank of Italy formal approval.

In addition to VaR and Basel II 2.5 risk measures (Stressed VaR and Incremental Risk Charge), stress tests represent an important risk management tool that provides UniCredit with an indication of how much capital might be needed to absorb losses in case of large financial shocks. Stress testing forms an integral part of the Internal Capital Adequacy Assessment Process (ICAAP), which requires UniCredit to undertake rigorous, forward-looking stress testing that identifies possible events or changes in market conditions that could adversely impact the bank.

Within the organizational context described above, the policy implemented by the UniCredit Group within the scope of market risk management is aimed at the gradual adoption and use of common principles, rules and processes in terms of appetite for risk, ceiling calculations, model development, pricing and risk model scrutiny.

As for internal scenario analysis policies and procedures (i.e. “stress testing”), these procedures have been entrusted to the individual legal entities. Overall, however, a set of scenarios common to the Group as a whole, is applied to all positions in order to check on a monthly basis the potential impact that their occurrence could have on the global trading portfolio.

In April 2013, following Markets Business Model change a new trading book activity started in UniCredit Spa on market making and primary dealership mainly on Italian and Spanish governmental bonds, increasing trading book exposure.

Shown below are the VaR data on the market risk for the trading book in UniCredit S.p.A.

Daily VaR on Trading Book

(€ million)

		2013			2012
DECEMBER 31, 2013	12.31.2013	AVERAGE	MAX	MIN	AVERAGE
UniCredit S.p.A.	8,1	6,5	12,1	2,4	4,3

Shown below are the SVaR data on the market risk for the trading book in UniCredit S.p.A.

sVaR on Trading Book

(€ million)

		2013			2012
DECEMBER 27, 2013	12.27.2013	AVERAGE	MAX	MIN	AVERAGE
UniCredit S.p.A.	16,32	13,8	24,5	5,8	6,9

Shown below are the IRC data on the market risk for the trading book in UniCredit S.p.A.

IRC on Trading Book

(€ million)

		2013			2012
DECEMBER 27, 2013	12.27.2013	AVERAGE	MAX	MIN	AVERAGE
UniCredit S.p.A.	157,0	131,5	242,8	-	28,9

Part E - Risks and Hedging Policies (Continued)

2.1 Interest Rate Risk - Regulatory trading book

QUALITATIVE INFORMATION

A. General information
Interest rate risk arises from financial positions taken by specialist desks holding assigned market risk limits within certain levels of discretion. Apart from use of internal models in calculating capital requirements on market risks, risk positions are monitored and subject to limits assigned to the portfolios on the base of managerial responsibilities and not purely on regulatory criteria.

B. Risk Management Processes and Measurement Methods
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer also to introduction on internal models.

2.2 Interest Rate and Price Risk - Banking Book

Interest Rate Risk

QUALITATIVE INFORMATION

A. General aspects, operational processes and methods for measuring interest rate risk
Interest rate risk consists of changes in interest rates that are reflected in:
- interest income sources, and thus, the bank's earnings (cash flow risk);
- the net present value of assets and liabilities, due to their impact on the present value of future cash flows (fair value risk).

The Group daily measures and monitors this risk within the framework of a banking book interest rate risk policy that establishes consistent methodologies and models and limits or thresholds to focus on with regard to the sensitivity of net interest income and the Group's economic value.

Interest rate risk has an impact on all owned positions resulting from business operations and strategic investment decisions (banking book).

At December 31, 2013, the sensitivity of interest income to an immediate and parallel shift of +100bps was 102.6 million (and -11.8 million for a shift of -100bps).

The sensitivity of the economic value of shareholders' equity to an immediate and parallel change in interest rates ("parallel shift") of +200 bp was € 274,9 million at December 31, 2013.

The above managerial figures include modeled sensitivity estimates for assets and liabilities with well not defined maturities, such as sight and savings deposits.

The main sources of interest rate risk can be classified as follows:
- repricing risk - the risk resulting from timing mismatches in maturities and the repricing of the bank's assets and liabilities; the main features of this risk are:
  - yield curve risk - risk resulting from exposure of the bank's positions to changes in the slope and shape of the yield curve;
  - basis risk - risk resulting from the imperfect correlation in lending and borrowing interest rate changes for different instruments that may also show similar repricing characteristics;
- optionality risk - risk resulting from implicit or explicit options in the Group's banking book positions.

Some limits have been set out, in the above described organization, to reflect a risk propensity consistent with strategic guidelines issued by the Board of Directors. These limits are defined in terms of VaR (calculated using the methodology described above in relation to the trading portfolio), Sensitivity or Gap Repricing.

UniCredit S.p.A., like each of the Group's banks or companies, assumes responsibility for managing exposure to interest rate risk within its specified limits. Both micro- and macro-hedging transactions are carried out for this purpose.

At the consolidated level, Group HQ's Asset Liability Management Unit takes the following measures:

- It performs operating sensitivity analysis in order to measure any changes in the value of shareholders' equity based on parallel shocks to rate levels for all time buckets along the curve;
- Using static gap analysis (i.e., assuming that positions remain constant during the period), it performs an impact simulation on net interest income for the current period by taking into account different elasticity assumptions for demand items;
- It analyses interest income using dynamic simulation of shocks to market interest rates;
- It develops methods and models for better reporting of the interest rate risk of items with no contractual maturity date (i.e., demand items).

Group Risk Management performs second-level controls on the above mentioned analyses.

Financial Risk Italy sets interest rate risk limits using VaR methodologies and verifies compliance with these limits on a daily basis.

B. Fair value hedging operations

Hedging strategies aimed at complying with interest rate risk limits for the banking portfolio are carried out with listed or unlisted derivative contracts, and the latter, which are commonly interest rate swaps, are the type of contracts used the most.

Macro-hedging is generally used, meaning hedges related to the amounts of cash contained in asset or liability portfolios. Under certain circumstances, the impact of micro-hedges related to securities issued or individual financial assets are recognized (especially when they are classified in the available-for-sale portfolio).

C. Cash flow hedging operations

In certain instances, cash flow hedging strategies are also used as an alternative to fair value hedging strategies in order to stabilize income statement profits in the current and future years. Macro-hedging strategies are mainly used and they may also refer to the interest rate risk of the core portion of financial assets "on demand".

Part E - Risks and Hedging Policies (Continued)

QUANTITATIVE INFORMATION

1. Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities

	AMOUNTS AS AT 12.31.2013							
TYPE / RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Balance-sheet assets	**70,958,917**	**107,933,455**	**28,095,128**	**22,657,801**	**44,394,759**	**13,124,206**	**8,971,694**	**-**
1.1 Debt securities	648	11,548,870	8,418,823	8,222,146	22,735,058	3,483,865	490,550	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	648	11,548,870	8,418,823	8,222,146	22,735,058	3,483,865	490,550	-
1.2 Loans to banks	5,775,402	5,239,953	954,321	857,481	45,964	36,617	5	-
1.3 Loans to customers	65,182,867	91,144,632	18,721,984	13,578,174	21,613,737	9,603,724	8,481,139	-
- Current accounts	27,477,788	27,921	645,452	1,065,840	2,223,899	853,641	144,277	-
- Other loans	37,705,079	91,116,711	18,076,532	12,512,334	19,389,838	8,750,083	8,336,862	-
- With prepayment option	*27,900,817*	*36,484,569*	*11,815,568*	*2,978,030*	*13,195,511*	*6,126,642*	*7,471,801*	-
- Other	*9,804,262*	*54,632,142*	*6,260,964*	*9,534,304*	*6,194,327*	*2,623,441*	*865,061*	-
2. Balance-sheet liabilities	**130,704,808**	**108,435,080**	**14,617,897**	**15,565,615**	**33,521,703**	**13,494,888**	**1,003,234**	**-**
2.1 Deposits from customers	115,440,777	26,710,270	4,788,119	1,510,155	1,065,620	116,591	404,186	-
- Current accounts	106,341,773	65,732	-	8,438	-	-	-	-
- Other loans	9,099,004	26,644,538	4,788,119	1,501,717	1,065,620	116,591	404,186	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	*9,099,004*	*26,644,538*	*4,788,119*	*1,501,717*	*1,065,620*	*116,591*	*404,186*	-
2.2 Deposits from banks	14,796,838	27,823,276	2,003,797	2,050,320	572,680	29,705	102,080	-
- Current accounts	2,494,015	-	-	-	-	-	-	-
- Other loans	12,302,823	27,823,276	2,003,797	2,050,320	572,680	29,705	102,080	-
2.3 Debt securities in issue	449,268	53,901,534	7,825,981	12,005,140	31,883,403	13,348,592	496,968	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	449,268	53,901,534	7,825,981	12,005,140	31,883,403	13,348,592	496,968	-
2.4 Other liabilities	17,925	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	17,925	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Phisically settled financial derivatives								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	165,950	39,921	13,807	3,754,754	170,684	-	-
+ Short positions	-	152,329	44,577	12,145	3,473,712	164,226	-	-
3.2 Cash settled financial derivatives								
- Options								
+ Long positions	-	450,000	-	27,704	989,650	522,285	378,092	-
+ Short positions	-	450,000	-	27,704	989,650	522,285	378,092	-
- Other derivatives								
+ Long positions	10,255,420	188,631,944	29,467,282	22,831,618	78,962,382	30,775,151	3,198,302	-
+ Short positions	7,026,060	203,151,720	49,789,067	18,148,036	64,349,976	14,168,761	7,247,452	-
4. Other off-balance sheet								
+ Long positions	11,434,679	26,579,799	2,782,209	1,656,378	7,331,025	561,376	148,924	-
+ Short positions	39,855,702	5,821,754	2,860,573	1,956,361	-	-	-	-

1.1 Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities - Currency: *euro*

TYPE / RESIDUAL MATURITY	AMOUNTS AS AT 12.31.2013							
	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Balance-sheet assets	**68,219,858**	**105,688,016**	**27,352,669**	**22,616,944**	**44,050,790**	**12,890,470**	**8,911,774**	**-**
1.1 Debt securities	631	11,503,816	8,417,137	8,222,146	22,445,338	3,347,239	469,789	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	631	11,503,816	8,417,137	8,222,146	22,445,338	3,347,239	469,789	-
1.2 Loans to banks	3,512,398	4,539,483	936,601	853,404	43,569	32,230	5	-
1.3 Loans to customers	64,706,829	89,644,717	17,998,931	13,541,394	21,561,883	9,511,001	8,441,980	-
- Current accounts	27,222,832	27,920	645,198	1,065,759	2,222,188	853,486	144,276	-
- Other loans	37,483,997	89,616,797	17,353,733	12,475,635	19,339,695	8,657,515	8,297,704	-
- With prepayment option	*27,837,747*	*36,472,857*	*11,809,340*	*2,976,460*	*13,186,685*	*6,104,436*	*7,471,786*	-
- Other	*9,646,250*	*53,143,940*	*5,544,393*	*9,499,175*	*6,153,010*	*2,553,079*	*825,918*	-
2. Balance-sheet liabilities	**127,654,552**	**103,536,311**	**13,981,894**	**15,510,185**	**32,550,230**	**13,486,248**	**1,003,234**	**-**
2.1 Deposits from customers	114,084,124	26,321,885	4,783,903	1,497,394	1,005,410	116,591	404,186	-
- Current accounts	104,985,577	36,104	-	6,071	-	-	-	-
- Other loans	9,098,547	26,285,781	4,783,903	1,491,323	1,005,410	116,591	404,186	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	*9,098,547*	*26,285,781*	*4,783,903*	*1,491,323*	*1,005,410*	*116,591*	*404,186*	-
2.2 Deposits from banks	13,103,235	24,088,114	1,967,267	2,044,110	28,847	29,705	102,080	-
- Current accounts	1,886,092	-	-	-	-	-	-	-
- Other loans	11,217,143	24,088,114	1,967,267	2,044,110	28,847	29,705	102,080	-
2.3 Debt securities in issue	449,268	53,126,312	7,230,724	11,968,681	31,515,973	13,339,952	496,968	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	449,268	53,126,312	7,230,724	11,968,681	31,515,973	13,339,952	496,968	-
2.4 Other liabilities	17,925	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	17,925	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Phisically settled financial derivatives								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	6,206	-	-	2,092,727	147,799	-	-
+ Short positions	-	146,528	44,577	12,145	996,643	24,279	-	-
3.2 Cash settled financial derivatives								
- Options								
+ Long positions	-	450,000	-	27,704	989,650	522,285	378,092	-
+ Short positions	-	450,000	-	27,704	989,650	522,285	378,092	-
- Other derivatives								
+ Long positions	10,255,420	184,861,994	29,124,058	22,829,397	76,446,906	30,752,266	3,198,302	-
+ Short positions	4,705,706	201,339,399	49,728,215	18,121,863	63,961,680	14,008,103	7,247,452	-
4. Other off-balance sheet								
+ Long positions	11,098,924	26,234,196	2,705,841	1,513,297	7,070,469	538,622	133,309	-
+ Short positions	38,965,731	5,769,730	2,602,835	1,956,361	-	-	-	-

Part E - Risks and Hedging Policies (Continued)

1.2 Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities - Currency: *USD*

	AMOUNTS AS AT 12.31.2013							
TYPE / RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Balance-sheet assets	**2,564,699**	**1,795,915**	**677,621**	**39,387**	**340,315**	**233,113**	**59,905**	**-**
1.1 Debt securities	-	7,399	1,683	-	289,719	136,626	20,761	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	7,399	1,683	-	289,719	136,626	20,761	-
1.2 Loans to banks	2,103,292	608,378	17,720	4,077	2,395	4,387	-	-
1.3 Loans to customers	461,407	1,180,138	658,218	35,310	48,201	92,100	39,144	-
- Current accounts	247,494	-	247	76	1,688	133	1	-
- Other loans	213,913	1,180,138	657,971	35,234	46,513	91,967	39,143	-
- With prepayment option	*56,707*	*377*	*6,198*	*1,539*	*8,555*	*22,195*	-	-
- Other	*157,206*	*1,179,761*	*651,773*	*33,695*	*37,958*	*69,772*	*39,143*	-
2. Balance-sheet liabilities	**2,563,116**	**3,763,888**	**627,625**	**42,233**	**619,531**	**-**	**-**	**-**
2.1 Deposits from customers	1,154,733	281,126	378	554	600	-	-	-
- Current accounts	1,154,721	29,628	-	-	-	-	-	-
- Other loans	12	251,498	378	554	600	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	*12*	*251,498*	*378*	*554*	*600*	-	-	-
2.2 Deposits from banks	1,408,383	3,409,485	35,661	5,220	543,833	-	-	-
- Current accounts	458,062	-	-	-	-	-	-	-
- Other loans	950,321	3,409,485	35,661	5,220	543,833	-	-	-
2.3 Debt securities in issue	-	73,277	591,586	36,459	75,098	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	73,277	591,586	36,459	75,098	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Phisically settled financial derivatives								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	2,900	36,256	1,813	1,813	14,502	-	-
+ Short positions	-	5,801	-	-	2,441,085	139,946	-	-
3.2 Cash settled financial derivatives								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	3,214,325	339,559	2,222	1,161,990	14,502	-	-
+ Short positions	2,320,354	1,812,284	60,852	26,173	352,312	160,658	-	-
4. Other off-balance sheet								
+ Long positions	334,469	285,316	62,805	115,455	183,296	22,753	15,616	-
+ Short positions	716,651	45,682	257,378	-	-	-	-	-

1.3 Banking portfolio: distribution by maturity (repricing date) of financial assets and liabilities - Currency: *Other currencies*

	AMOUNTS AS AT 12.31.2013							
TYPE / RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. Balance-sheet assets	**174,357**	**449,523**	**64,840**	**1,470**	**3,653**	**623**	**15**	**-**
1.1 Debt securities	16	37,655	3	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	16	37,655	3	-	-	-	-	-
1.2 Loans to banks	159,712	92,093	-	-	-	-	-	-
1.3 Loans to customers	14,630	319,775	64,837	1,470	3,653	623	15	-
- Current accounts	7,462	-	8	6	24	22	-	-
- Other loans	7,168	319,775	64,829	1,464	3,629	601	15	-
- With prepayment option	*6,363*	*11,335*	*31*	*31*	*270*	*11*	*15*	-
- Other	*805*	*308,440*	*64,798*	*1,433*	*3,359*	*590*	-	-
2. Balance-sheet liabilities	**487,141**	**1,134,880**	**8,377**	**13,197**	**351,942**	**8,640**	**-**	**-**
2.1 Deposits from customers	201,920	107,258	3,838	12,207	59,610	-	-	-
- Current accounts	201,475	-	-	2,367	-	-	-	-
- Other loans	445	107,258	3,838	9,840	59,610	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	*445*	*107,258*	*3,838*	*9,840*	*59,610*	-	-	-
2.2 Deposits from banks	285,221	325,677	868	990	-	-	-	-
- Current accounts	149,861	-	-	-	-	-	-	-
- Other loans	135,360	325,677	868	990	-	-	-	-
2.3 Debt securities in issue	-	701,945	3,671	-	292,332	8,640	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	701,945	3,671	-	292,332	8,640	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Phisically settled financial derivatives								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	156,844	3,666	11,995	1,660,214	8,383	-	-
+ Short positions	-	-	-	-	35,984	-	-	-
3.2 Cash settled financial derivatives								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	555,625	3,666	-	1,353,486	8,383	-	-
+ Short positions	-	37	-	-	35,984	-	-	-
4. Other off-balance sheet								
+ Long positions	1,286	60,287	13,564	27,626	77,260	-	-	-
+ Short positions	173,320	6,341	360	-	-	-	-	-

Part E - Risks and Hedging Policies (Continued)

Price Risk

QUALITATIVE INFORMATION

A. General Aspects, Price Risk Management Processes And Measurement Methods
Banking Book price risk primarily originates from equity interests held by UniCredit Spa. as a stable investment, as well as units in mutual investment funds not included in the trading book in so far as they are also held as a stable investment.

In the whole aggregated banking and trading book portfolio assessment of UniCredit S.p.A. this kind of risk is also considered.

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer to introduction on internal models.

Information about the shareholding in the Bank of Italy
UniCredit S.p.A. holds the 22.114% of the Shareholders Capital of Bank of Italy, classified in Balance Sheet Item 40 - Available-for-sale financial assets.

Following the issuance of D.L. no. 133 ("D.L. 133") in November 2013 (enacted into Law no. 5 of January 29, 2014) and subsequent changes to the by-law approved on 23 December 2013 by the Extraordinary Shareholders' Meeting, Bank of Italy executed a capital increase of Euro 7.5 billion (using pre-existing reserves), through the replacement of the existing shares (that have been cancelled) with new shares having nominal value of Euro 25,000.

The D.L. no. 133 has introduced the following by-law changes, that set relevant discontinuity in the regulation of shares and result in dramatic changes in the contents and features of the shares and their related rights:
- property rights related to new shares are limited to shareholders' capital and annual dividends resulting from the Shareholders' resolution;
- regarding shares remuneration, it has been decided that dividends can be attributed only in presence positive net results and up to 6% of the shareholders issued capital;
- changes to the regulation of voting rights have been made;
- list of counterparties entitled to hold shares have been modified;
- in case of transfer of shares the acceptance-clause formerly retained by the issuer has been cancelled;
- it has been introduced an upper limit of 3% to the property (direct or indirect) of shares for each shareholder;
- the issuer may temporarily buy back own shares in order to help reducing shareholders' stake within the above mentioned limit of 3%.

These changes also carried to a change in the quality of the expected future cash flows: the absolute maximum percentage of remuneration before- and after-reform, amounts to 4% and 6% respectively, applied:
- before-reform, to the amount of ordinary and extraordinary reserves as per last fiscal year (2012, Euro 14.9 bn), within the limit of annual returns from the investments of the reserves;
- after-reform, to the extent of the after-reform share capital (Euro 7.5 bn), provided that only if this amount is lower than the net result of the year.

In the light of consideration the exceptional and unique nature of the legal framework governing the share capital of Bank of Italy, of D.L. 133 and of the changes to the by-law described above (including the capital increase), and considering the lack of clear guidance within IFRS to precisely rule this transaction, the accounting treatment is the results of a complex interpretation and valuation process.

In this respect Consob has issued a recommendation on 10 March 2014, underlying that, with reference to the IFRS interpretation issues arisen at European level and pending further ongoing investigation on the application of the regulation, it is required to provide in the financial statements the most complete disclosure regarding the accounting approach adopted. The present disclosure has the intention to address Consob recommendation.

In the preparation of UniCredit S.p.A. Separated and Consolidated Financial Statements as of 31 December 2013, the Directors have assessed that the most appropriate accounting treatment is recognize in P&L the revaluation of Bank of Italy share. This interpretation, also confirmed by high level law and accounting experts, considers capital increase as a realized exchange of shares, as the transaction fulfill the conditions of IAS 39 (paragraph 17) for the derecognition. In particular:
- expiry of the right incorporated in the original shares and their replacement with different rights embedded in the new shares;
- discontinuity from the perspective of the shareholders' expected cash inflows (and therefore the risk related to these cash flows) before and after the reform.

Consistently to this interpretation, in UniCredit S.p.A. separate and consolidated 2013 Financial Statements:
- the existing shares have been derecognized and the new shares have been initially recognized at their nominal value, that equals the fair value;

- a Level 3 has been attributed to the shares in terms of fair value hierarchy as required by IFRS 13, in consideration of the characteristics of the instrument and the parameters used in the valuation;
- the difference between the fair value of the initial recognition of the new shares Euro 1,659 million) and the carrying amount of the former cancelled shares (Euro 285 million) has been recognized in the Income statements (Item 100 - Gains and losses on disposal of available-for-sale financial assets). This carried to a positive effect on the net result of the year equal to € 1,190 million (net of Euro 184 million taxes). The taxes have been determined using the 12% tax rate as set by the Stability law of 27 December 2013;
- following the issuance of a clarification by the Italian tax Authority (Agenzia delle Entrate) last 24 February, the new shares have been classified in in Balance Sheet Item 40 - Available-for-sale financial assets, in compliance with IAS 39 requirements and contrary to D.L. 133, that would require the classification into item 20 - Financial Assets Held for trading.
- the transaction has no impact on the Regulatory Capital as of December 31, 2013.

Should the Directors have applied a different interpretation of IFRS to this transaction, the alternative treatment would have resulted in the recognition of the revaluation through Revaluation reserves of the Available-for-sale financial assets. Such alternative treatment is based on an interpretation where the continuity of rights and cash flows from the shares (before- and after-reform) would prevail. The reform has the intention to be fair, i.e. not to modify the shareholders' economic rights (granting a future inflow of dividends having a net present value equal to the estimated current value of the shares of Bank of Italy before the reform). Under this alternative accounting treatment, no discontinuity has occurred between the shares before-reform and the new shares, based on the prevalence of the substance over the legal form of the transaction, in line with the requirements of the IFRS framework. Following the alternative treatment, there would have been no derecognition of the existing shares (nor initial recognition of the newly issued ones) and the revaluation gain would have been recognized within Equity (against Revaluation reserve). Accordingly, reported loss would have been higher for Euro 1,190 million and an increase of Other Comprehensive Income (Revaluation reserves of the Available-for-sale financial assets) of the same amount would have been reported.

With reference to the measurement of fair value of the shares, it has to be noted that the regulation, in order to facilitate a more balanced distribution of the shares, has set a limit of 3% for each shareholding, defining that no voting rights nor dividends will be entitled to shares exceeding this limit, after an adjusting period of 36 months (during the adjusting period the exceeding shares won't be entitled with voting rights but will still have rights to dividends). Even if the reform has set the basis to remove the precedent situation of immobilization, at the current state, there is no obligation for Bank of Italy to buy back or to intermediate the disposal of the exceeding, nor any definition of the terms and conditions for the eventual buy back have been defined. For the purpose of 2013 financial statements, the Directors have assessed that the conditions to determine reliably a fair value exist. In particular, the fair value of the shares (corresponding to a valuation of 100% of the shares amounting to Euro 7.5 billion) has been determined, as highlighted above, from an internal valuation, based on a long term Dividend Discount Model and a liquidity discount that reflects a limited circulation of the shares. As any valuation of a non-listed financial instrument defined through the use of models and non-observable variables, there is a certain level of uncertainty and professional judgment. The valuation took into consideration also the result of the evaluation exercise performed on November 2013 by the group of high-level experts on behalf of Bank of Italy; this evaluation exercise had identified a value bracket for the shares between Euro 5 and Euro 7.5 billion. It is clear that the appearance of transactions on the shares will qualify as a factor of uncertainty in the context of the valuation in the coming periods.

For the sake of completeness, we highlight that the content of D.L. no. 133 are currently subject to further investigations by the European Union, that sent in the last days of February 2014 a letter to the Ministry of Treasury, where asked information in order to evaluate if there are the requirement for the public aids in favor of some banks. It should also be noted that Codacons during February 2014, filed a lawsuit in the Regional Administrative Court of Lazio for the nullification of both the resolution passed on December 23, 2013 by the Bank of Italy Extraordinary Shareholders Meeting and the evaluation document mentioned above issued.

It cannot be excluded that future pronouncements of the competent authorities would lead to changes to the assumptions used as the basis the for the adopted accounting treatment, thus pointing out a different accounting treatment.

Part E - Risks and Hedging Policies (Continued)

2.3 Exchange Rate Risk

QUALITATIVE INFORMATION

A. General Aspects, Exchange Rate Risk Management Processes and Measurement Methods
Exchange risk originates from currency trading activities, for both trading and banking book, performed through the negotiation of the various market instruments is constantly monitored and measured by using internal models developed by group companies.

B. Hedging Exchange Rate Risk
UniCredit Spa. performs hedge strategies for profits and dividends arising from its subsidiaries not belonging to the euro zone. The hedging strategies takes into account market circumstances.

QUANTITATIVE INFORMATION

1.Distribution by currency of assets and liabilities and derivatives

	AMOUNTS AS AT 12.31.2013					
	CURRENCIES					
ITEMS	USD	GBP	YEN	CHF	CNY	OTHER CURRENCIES
A. Financial assets	**5,799,443**	**127,202**	**101,251**	**175,852**	**107,022**	**173,723**
A.1 Debt securities	456,288	37,673	-	3,219	-	-
A.2 Equity securities	88,351	-	-	61,896	-	-
A.3 Loans to banks	2,740,249	39,225	47,042	105,972	11,860	91,782
A.4 Loans to customers	2,514,555	50,304	54,209	-	95,162	81,941
A.5 Other financial assets	-	-	-	4,765	-	-
B. Other assets	**1,262,133**	**191,903**	**551**	**-**	**82,275**	**5,603**
C. Financial liabilities	**7,616,398**	**850,137**	**70,740**	**263,572**	**141,125**	**678,646**
C.1 Deposits from banks	5,402,582	195,901	44,369	175,245	60,045	137,196
C.2 Deposits from customers	1,437,396	210,334	5,498	35,782	81,080	52,183
C.3 Debt securities in issue	776,420	443,902	20,873	52,545	-	489,267
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**200,966**	**23,520**	**1,634**	**1,307**	**1,667**	**10,421**
E. Financial derivatives						
- Options						
- Long positions	*1,254,638*	*258,576*	*58,803*	*1,059*	*295,806*	*11,727*
- Short positions	*1,254,926*	*258,576*	*58,803*	*1,059*	*295,806*	*11,727*
- Other						
- Long positions	*63,837,559*	*30,162,973*	*10,188,170*	*4,950,776*	*4,954*	*986,168*
- Short positions	*64,354,888*	*28,831,534*	*10,228,150*	*4,895,185*	*58,274*	*484,045*
Total assets	**72,153,773**	**30,740,654**	**10,348,775**	**5,127,687**	**490,057**	**1,177,221**
Total liabilities	**73,427,178**	**29,963,767**	**10,359,327**	**5,161,123**	**496,872**	**1,184,839**
Difference (+/-)	**(1,273,405)**	**776,887**	**(10,552)**	**(33,436)**	**(6,815)**	**(7,618)**

Credit Spread Risk

QUALITATIVE INFORMATION

A. General Information
As described above, risk relating to credit spreads included in both trading book and banking book, originates from positions taken by UniCredit S.p.A. holding assigned market risk limits within certain levels of discretion.

B. Risk Management Processes and Measurement Methods
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer to introduction on internal models.

Credit spread sensitivity is calculated by assuming a worsening of creditworthiness seen in a parallel shift of +1bp in the credit spread curves.

These sensitivities are calculated both inclusively, assuming a parallel shift of all the credit spread curves, and in respect of specific rating classes and economic sectors.

Stress testing
Stress tests complement the sensitivity analysis and VaR results in order to assess the potential risks in a different way. A stress test performs the evaluation of a portfolio under both simple scenarios (assuming change to single risk factors) and complex scenarios (assuming simultaneous changes in a number of risk factors).

What follows contains the description of complex scenarios, which combine changes in interest rate, price, exchange-rate and credit spread risk factors. For the description of simple scenarios, please refer to the previous paragraphs. As far as complex scenarios are concerned, different scenarios have been applied to the whole Group Trading Book on a monthly basis and reported to top management.

Greece Exit first
This scenario, introduced in June 2012 and updated in December 2013, assumes that Greece exits from the EMU without however bringing the Eurozone to a collapse. While recent developments have greatly reduced the near-term probability of such an event, Greece remains in a difficult situation and exit from EMU in the medium term remains a non-negligible possibility. The exit of Greece from the EMU would negatively affect GDP growth in the Eurozone through several channels, mainly related to financial markets. Rising volatility and the generalized increase in risk premia would make it harder for businesses to plan investment decisions. Credit for the real economy would be more expensive as a consequence of the severe intensification of funding difficulties in the banking system (including via renewed deposit outflows and tensions in the inter-bank market). This would strengthen the negative feedback loop between sovereign risk, banks and the real economy.
- On the fixed income side, a flight-to-quality demand would be observed, with the focus on German and US bonds, for which we expect a significant richening vs swap (20 bp).
- As for peripheral countries, spreads would come under pressure. The Italian swap spread would widen 300bp, reaching the 500bp area, while Spain would widen 250bp.
- Equity markets would plunge and, at the same time, a steady increase in volatility is expected.
- With respect to FX rates, EUR is expected to sharply depreciate across the board as a Greek exit would clearly undermine confidence in the common currency. The most serious losses are expected to be against the USD (with an approximate 30% depreciation), as the USD will likely continue to be perceived as the reference safe-haven currency in the case of escalating turmoil in the eurozone. However, EUR would also probably lose ground to a significant extent vs. JPY and CHF. On the other hand, EUR fall against sterling should be less significant (-20%), since the UK economy would also be heavily affected by developments in the EMU.

Widespread Contagion
In this scenario, updated in December 2013, we assume that debt crisis escalates again, with high pressures hitting Spain and Italy. The recent step-up in government commitment towards building a credible firewall against contagion and the ECB's introduction of the OMT (Outright Monetary Transactions) should provide some cushion against spread widening. However, market volatility and the ensuing financial market disruption would still lead to a severe tightening in financial conditions euro-wide. Due to the important trade links between eurozone countries, the financial shock would be amplified and cause a deeper recession. Such an escalation in tensions would lead Spain to tap EFSF/ESM. Tensions in Italy would call for a more radical and systemic response from European authorities. This should avert a sovereign default or an EMU break-up in the following two years.

The shock originated in financial markets would have a severe impact on GDP growth in EU periphery. As for as Financial markets are concerned:
- on the Fixed Income side, we would initially observe a flight-to-quality-style demand, with focus on German and US bonds. Credit Spreads would fall by around 20/30 bp for these issuers. All other government bonds would come under pressure due to credit risk repricing, Italian and Spanish bonds would widen around 180/230 bp vs Bund. Spread widening is expected also for corporate bonds; the shift in credit risk preference would lead to strong pressure on high-yield bonds;
- Equity markets would experience a moderate downturn, coupled with an increase in volatility;
- Contagion spreading across the eurozone should weight on EUR-USD even though Fed would keep rates on hold. GBP-USD would be less affected then EUR-USD, while EUR-GBP would suffer as well as sterling may be perceived as an EMU hedge. In CEE, as response to lower growth and deteriorating fundamentals, we would expect policy-makers to favor some local currency devaluation to promote growth.

Sovereign Debt Tension Scenario
In this scenario, introduced in June 2010 and updated in December 2011, we envisage the occurrence of an escalation of the sovereign debt crisis, with no systemic contagion. This is motivated by the fact that, while the setup of the European Financial Stabilization Fund and the liquidity injection by the ECB seem to have ruled out the possibility of an outright default, market tensions still persist. Such tensions may create a challenging environment at a time in which many European countries are consolidating their public finances. In such a scenario, the EMU sovereign debt crisis would have spillover effects on the US economy as well and the flight-to-quality would lead to a further bond rally on both sides of the Atlantic. In terms of financial market variables, this scenario assumes:
- credit spreads: higher risk aversion would imply a tightening of core issuers versus swap. Periphery would be under pressure: Italy spreads would widen further while Spanish bonds would be less under pressure; all credit spreads, in the corporate bond universe, would come under pressure;

Part E - Risks and Hedging Policies (Continued)

- world stock markets to plunge (fall); this would combine with an increase in equity volatilities;
- USD and EUR interest rate curve are expected to flatten. In this scenario, an increase in interest rate volatilities is also assumed;
- USD is expected to appreciate, mostly against EUR; depreciation of CEE currencies against EUR.

Emerging Markets Slowdown

This scenario, introduced in June 2011, covers the period 2011, 2012 and 2013. It assumes a shock coming from the real economy, namely a sharp slowdown in the growth rate of emerging economies starting in 2011 and intensifying during 2012. This would negatively affect EMU GDP growth and, to a lesser extent, the US, where the weight of the manufacturing sector and trade openness is lower. As a result of weaker economic activity and lower oil prices, inflation would slow down. The combination of weaker GDP growth and lower inflation would lead to a considerable slowdown in the normalization of monetary policy rates.

In terms of macro-economic variables, this scenario assumes:
- credit spreads: as for European sovereign spreads the deterioration is not severe compared to the Sovereign Tensions scenario because the shock would affect credit-risk premium only indirectly. The shock would reflect more on oil companies which are not included in the “iTraxx main”. The widening of the iTraxx Financial Senior and Sub is also important;
- the shock has no impact on the Japanese yield curve. The impact on the US, EU and UK curves is that of a fall in yields which will bull flatten as the time bucket increases. This reflects the worsening growth outlook and the resulting more positive inflation outlook. The Euribor curve is the most reactive of the three as the risk aversion gives further support to Bunds;
- the performance of stock markets will lower and equity volatilities will increase;
- the EUR is expected to depreciate against the US Dollar, Japanese Yen and Swiss Franc (because of the demand for safe-havens) and to appreciate versus the other European currencies and Turkish Lira.

Shown below are the Stress Test data on the market risk for the trading book in UniCredit S.p.A.

Stress Test on trading book
December 31, 2013
Scenario

(€ million)

	2013			
12.31.2013	SOVEREIGN TENSIONS	EMERGING MARKET SLOWDOWN	GREXIT	WIDESPREAD CONTAGION
UniCredit S.p.A.	-31	-15	-114	-54

2. 4 Derivative instruments

A. FINANCIAL DERIVATIVES

A.1 Regulatory trading portfolio: end of period notional amounts

DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	AMOUNTS AS AT			
	12.31.2013		12.31.2012	
	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
1. Debt securities and interest rate indexes	**217,941,578**	**5,624,872**	**235,163,657**	**5,091,000**
a) Options	5,419,466	-	6,216,801	-
b) Swap	209,713,514	-	226,306,216	-
c) Forward	2,808,598	1,979,372	2,640,640	-
d) Futures	-	3,645,500	-	5,091,000
e) Others	-	-	-	-
2. Equity instruments and stock indexes	**5,875,938**	**-**	**680,013**	**-**
a) Options	5,875,937	-	679,957	-
b) Swap	-	-	-	-
c) Forward	1	-	56	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Gold and currencies	**167,220,289**	**-**	**84,440,043**	**-**
a) Options	4,276,555	-	2,518,561	-
b) Swap	1,769,888	-	1,067,394	-
c) Forward	161,173,846	-	80,854,088	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**602,195**	**-**	**198,937**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**
Total	**391,640,000**	**5,624,872**	**320,482,650**	**5,091,000**
Average amounts	**356,061,325**	**5,357,936**	**331,640,440**	**2,545,500**

Part E - Risks and Hedging Policies (Continued)

A.2.1 Banking book: end of period notional amounts and average - Hedging derivatives

DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	AMOUNTS AS AT 12.31.2013 OVER THE COUNTER	12.31.2013 CLEARING HOUSE	12.31.2012 OVER THE COUNTER	12.31.2012 CLEARING HOUSE
1. Debt securities and interest rate indexes	**325,274,533**	**-**	**321,732,697**	**-**
a) Options	5,631,362	-	947,350	-
b) Swap	319,643,171	-	320,785,347	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity instruments and stock indexes	**13,248**	**-**	**13,248**	**-**
a) Options	13,248	-	13,248	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Gold and currencies	**6,734,572**	**-**	**5,420,768**	**-**
a) Options	-	-	-	-
b) Swap	3,470,905	-	3,947,413	-
c) Forward	3,263,667	-	1,473,355	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**
Total	**332,022,353**	**-**	**327,166,713**	**-**
Average amounts	**329,594,533**	**-**	**278,870,972**	**-**

A.2.2 Banking book: end of period notional amounts and average - Other derivatives

DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	AMOUNTS AS AT 12.31.2013 OVER THE COUNTER	12.31.2013 CLEARING HOUSE	12.31.2012 OVER THE COUNTER	12.31.2012 CLEARING HOUSE
1. Debt securities and interest rate indexes	**36,261,443**	**-**	**24,025,340**	**-**
a) Options	107,700	-	107,700	-
b) Swaps	36,153,743	-	23,917,640	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity instruments and stock indexes	**4,226,474**	**-**	**7,907,027**	**-**
a) Options	2,944,526	-	6,625,211	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	1,281,948	-	1,281,816	-
3. Gold and currencies	**650,167**	**-**	**816,613**	**-**
a) Options	-	-	-	-
b) Swap	-	-	66,932	-
c) Forwards	650,167	-	749,681	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
A.4 Commodities	**-**	**-**	**-**	**-**
A.5 Other underlyings	**-**	**-**	**-**	**-**
Total	**41,138,084**	**-**	**32,748,980**	**-**
Average amounts	**36,943,532**	**-**	**55,142,423**	**-**

A.3 Financial derivatives: gross positive fair value - breakdown by product

TRANSACTION TYPES/UNDERLYINGS	POSITIVE FAIR VALUE AMOUNTS AS AT 12.31.2013 OVER THE COUNTER	12.31.2013 CLEARING HOUSE	12.31.2012 OVER THE COUNTER	12.31.2012 CLEARING HOUSE
A. Regulatory trading portfolio	**7,902,088**	**1,301**	**9,133,729**	**527**
a) Options	146,802	-	130,346	-
b) Interest rate swaps	5,165,462	-	7,900,771	-
c) Cross currency swap	136,544	-	93,746	-
d) Equity swaps	-	-	-	-
e) Forward	2,436,187	944	1,001,412	-
f) Futures	-	357	-	527
g) Others	17,093	-	7,454	-
B. Banking portfolio - Hedging derivatives	**5,389,229**	**-**	**8,047,016**	**-**
a) Options	8,642	-	5,982	-
b) Interest rate swaps	5,231,076	-	7,848,397	-
c) Cross currency swap	142,938	-	101,928	-
d) Equity swaps	-	-	-	-
e) Forward	6,573	-	90,709	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking portfolio - Other derivatives	**352,263**	**-**	**346,207**	**-**
a) Options	84,552	-	77,440	-
b) Interest rate swaps	258,017	-	258,599	-
c) Cross currency swap	-	-	9,456	-
d) Equity swaps	-	-	-	-
e) Forward	9,694	-	712	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
Total	**13,643,580**	**1,301**	**17,526,952**	**527**

A.4 Financial derivates: gross negative fair value - breakdown by product

PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	NEGATIVE FAIR VALUE AMOUNTS AS AT 12.31.2013 OVER THE COUNTER	12.31.2013 CLEARING HOUSE	12.31.2012 OVER THE COUNTER	12.31.2012 CLEARING HOUSE
A. Regulatory trading portfolio	**7,857,169**	**2,464**	**9,359,701**	**565**
a) Options	148,039	-	134,250	-
b) Interest rate swaps	5,372,231	-	8,091,901	-
c) Cross currency swap	145,240	-	102,217	-
d) Equity swaps	-	-	-	-
e) Forward	2,174,066	581	1,023,594	-
f) Futures	-	1,883	-	565
g) Others	17,593	-	7,739	-
B. Banking portfolio - Hedging derivatives	**5,796,744**	**-**	**7,946,477**	**-**
a) Options	52,315	-	68,266	-
b) Interest rate swaps	5,567,286	-	7,767,877	-
c) Cross currency swap	109,800	-	88,309	-
d) Equity swaps	-	-	-	-
e) Forward	67,343	-	22,025	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking portfolio - Other derivatives	**657,992**	**-**	**714,712**	**-**
a) Options	84,551	-	80,343	-
b) Interest rate swaps	279,271	-	289,661	-
c) Cross currency swap	-	-	1,583	-
d) Equity swaps	-	-	-	-
e) Forward	5,700	-	13,484	-
f) Futures	-	-	-	-
g) Others	288,470	-	329,641	-
Total	**14,311,905**	**2,464**	**18,020,890**	**565**

Part E - Risks and Hedging Policies (Continued)

A.5 OTC Financial derivatives: regulatory trading portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreement

CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2013						
	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1) Debt securities and interest rate indexes							
- notional amount	452,211	1,140,298	3,104,949	66,847,924	-	18,368,640	149,095
- positive fair value	1,251	95,296	1,976	1,961,632	-	1,026,280	513
- negative fair value	-	2,610	67,346	1,937,656	-	106,808	78
- future exposure	-	9,489	1,245	271,155	-	115,275	20
2) Equity instruments and stock indexes							
- notional amount	-	-	844,059	18,299	-	4,444	5,009,137
- positive fair value	-	-	5,721	29	-	8	2,551
- negative fair value	-	-	847	-	-	-	6,686
- future exposure	-	-	48,732	-	-	-	54,693
3) Gold and currencies							
- notional amount	-	-	3,025,424	428,264	-	4,753,310	97,828
- positive fair value	-	-	22,139	87,772	-	115,317	85
- negative fair value	-	-	50,345	11,182	-	37,579	85
- future exposure	-	-	26,308	16,283	-	83,186	177
4) Other instruments							
- notional amount	-	-	301,097	-	-	301,097	-
- positive fair value	-	-	12,565	-	-	4,527	-
- negative fair value	-	-	4,765	-	-	12,828	-
- future exposure	-	-	30,328	-	-	30,328	-

A.6 OTC Financial derivatives: Regualatory trading portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts included in netting agreement

CONTRACTS INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2013						
	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1) Debt securities and interest rate indexes							
- notional amount	-	-	127,878,461	-	-	-	-
- positive fair value	-	-	2,157,492	-	-	-	-
- negative fair value	-	-	3,339,063	-	-	-	-
2) Equity instruments and stock indexes							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
3) Gold and currencies							
- notional amount	-	-	158,915,464	-	-	-	-
- positive fair value	-	-	2,406,933	-	-	-	-
- negative fair value	-	-	2,279,291	-	-	-	-
4) Other instruments							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

A.7 OTC Financial derivatives: banking portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreements

CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2013						
	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1) Debt securities and interest rate indexes							
- notional amount	-	-	15,586,879	9,145,484	-	-	698,697
- positive fair value	-	-	198,231	83,038	-	-	3,560
- negative fair value	-	-	215,677	1,884	-	-	26,451
- future exposure	-	-	9,881	22,476	-	-	3,107
2) Equity instruments and stock indexes							
- notional amount	-	-	1,494,948	124	-	83	1,719,275
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	298,559	-	-	-	70,724
- future exposure	-	-	102,556	6	-	4	-
3) Gold and currencies							
- notional amount	-	-	743,089	-	-	2,386	-
- positive fair value	-	-	9,694	-	-	-	-
- negative fair value	-	-	10,353	-	-	100	-
- future exposure	-	-	77,946	-	-	18	-
4) Other instruments							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.8 OTC Financial derivatives: banking portfolio - notional amounts, positive and negative gross fair value by counterparty - contracts included in netting agreements

CONTRACTS INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2013						
	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1) Debt securities and interest rate indexes							
- notional amount	-	-	335,530,916	574,000	-	-	-
- positive fair value	-	-	5,216,703	-	-	-	-
- negative fair value	-	-	5,528,153	130,446	-	-	-
2) Equity instruments and stock indexes							
- notional amount	-	-	1,025,292	-	-	-	-
- positive fair value	-	-	80,756	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
3) Gold and currencies							
- notional amount	-	-	6,639,265	-	-	-	-
- positive fair value	-	-	149,512	-	-	-	-
- negative fair value	-	-	172,390	-	-	-	-
4) Other instruments							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

A.9 OTC financial derivatives - residual life: notional amounts

UNDERLYING/RESIDUAL MATURITY	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEAR	OVER 5 YEAR	TOTAL
A. Regulatory trading portfolio	**203,274,522**	**105,624,464**	**82,741,015**	**391,640,001**
A.1 Financial derivative contracts on debt securities and interest rates	34,576,172	101,524,755	81,840,651	217,941,578
A.2 Financial derivative contracts on equity securities and stock indexes	4,817,440	1,058,498	-	5,875,938
A.3 Financial derivative contracts on exchange rates and gold	163,410,136	2,909,790	900,364	167,220,290
A.4 Financial derivative contracts on other values	470,774	131,421	-	602,195
B. Banking portfolio	**142,240,912**	**165,989,047**	**64,930,476**	**373,160,435**
B.1 Financial derivative contracts on debt securities and interest rates	137,226,467	159,656,393	64,653,115	361,535,975
B.2 Financial derivative contracts on equity securities and stock indexes	949,396	3,185,042	105,283	4,239,721
B.3 Financial derivative contracts on exchange rates and gold	4,065,049	3,147,612	172,078	7,384,739
B.4 Financial derivative contracts on other values	-	-	-	-
Total as at 12.31.2013	**345,515,434**	**271,613,511**	**147,671,491**	**764,800,436**
Total as at 12.31.2012	**250,350,171**	**274,361,790**	**155,686,381**	**680,398,342**

Part E - Risks and Hedging Policies (Continued)

B. CREDIT DERIVATIVES

B.1 Credit derivatives: end of period notional amounts and average

TRANSACTION CATEGORIES	REGULATORY TRADING PORTFOLIO		BANKING PORTFOLIO	
	WITH A SINGLE COUNTERPARTY	WITH MORE THAN ONE COUNTERPARTY (BASKET)	WITH A SINGLE COUNTERPARTY	WITH MORE THAN ONE COUNTERPARTY (BASKET)
1. Protection buyer's contracts				
a) Credit default products	-	-	-	-
b) Credit spread products	-	-	-	-
c) Total rate of return swap	-	-	-	-
d) Other	-	-	5,000	-
Total as at 12.31.2013	**-**	**-**	**5,000**	**-**
Average amounts	**-**	**-**	**5,000**	**-**
Total as at 12.31.2012	**-**	**-**	**5,000**	**-**
2. Protection seller's contracts				
a) Credit default products	-	-	5,000	-
b) Credit spread products	-	-	-	-
c) Total rate of return swap	-	-	-	-
d) Other	-	-	-	-
Total as at 12.31.2013	**-**	**-**	**5,000**	**-**
Average amounts	**-**	**-**	**5,000**	**-**
Total as at 12.31.2012	**-**	**-**	**5,000**	**-**

B.2 Credit derivatives:gross positive fair value - breakdown by product

PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	POSITIVE FAIR VALUE	
	AMOUNTS AS AT	
	12.31.2013	12.31.2012
A. Regulatory trading portfolio	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
B. Banking portfolio	**55**	**107**
a) Credit default products	55	107
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
Total	**55**	**107**

B.3 Credit derivatives:gross negative fair value - breakdown by product

PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	NEGATIVE FAIR VALUE	
	AMOUNTS AS AT	
	12.31.2013	12.31.2012
A. Regulatory trading portfolio	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
B. Banking portfolio	**55**	**107**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	55	107
Total	**55**	**107**

B.4 OTC Credit derivatives:gross FV (positive and negative) by counterpart - contracts not in netting agreement

CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2013						
	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
Regulatory trading portfolio							
1) Protection purchase							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
2) Protection sale							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
Banking portfolio							
1) Protection purchase							
- notional amount	-	-	-	-	-	-	5,000
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	55
2) Protection sale							
- notional amount	-	-	5,000	-	-	-	-
- positive fair value	-	-	55	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

B.6. Credit derivatives residual life: notional amount

UNDERLYING / RESIDUAL MATURITY	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A. Regulatory trading portfolio	**-**	**-**	**-**	**-**
A.1 Credit derivatives with "qualified reference obligation"	-	-	-	-
A.2 Credit derivatives with "not qualified reference obligation"	-	-	-	-
B. Banking portfolio	**10,000**	**-**	**-**	**10,000**
B.1 Credit derivatives with "qualified reference obligation"	10,000	-	-	10,000
B.2 Credit derivatives with "not qualified reference obligation"	-	-	-	-
Total 12.31.2013	**10,000**	**-**	**-**	**10,000**
Total 12.31.2012	**-**	**10,000**	**-**	**10,000**

C. FINANCIAL AND CREDIT DERIVATIVES

C.1 OTC Financial and credit derivatives: net fair value and future exposure by counterparty

	AMOUNTS AS AT 12.31.2013						
	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIE
1) Netting agreements related to Financial Derivatives							
- positive fair value	-	-	515,225	-	-	-	-
- negative fair value	-	-	1,822,727	130,446	-	-	-
- future exposure	-	-	1,612,252	3,444	-	-	-
- net counterparty risk	-	-	2,127,476	3,444	-	-	-
2) Netting agreements related to Credit Derivatives							
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
- net counterparty risk	-	-	-	-	-	-	-
3) Cross Product netting agreements							
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
- net counterparty risk	-	-	-	-	-	-	-

Part E - Risks and Hedging Policies (Continued)

Section 3 - Liquidity risk

QUALITATIVE INFORMATION

Liquidity risk is defined as the risk that the Bank may find itself unable to fulfil its expected or unexpected payment obligations (by cash or delivery) current and future without jeopardizing its day-to day operations or its financial condition.

The key principles

The Liquidity Centres

The Bank aims to maintain liquidity at the level enabling to conduct safe operations, to fund its operations at the best rate conditions under normal operating circumstances, and to remain always in a position to meet payment obligations.

To this end, the Bank complies accurately with the legal and regulatory provisions imposed by the national Central Banks and by the national authorities of each country where it operates.

In addition to local legal and regulatory requirements the Bank, under the responsibility of its Risk Management, defines policies and metrics to ensure a sound liquidity position.

The Group is organized on a managerial perspective, according to the concept of the Liquidity Centres.

The Liquidity Centres are Legal Entities that act in their responsibility as liquidity hub. They are in charge:
- of the liquidity management and concentration process of liquidity flows of the Legal Entities falling within their perimeter of responsibility;
- of the funding optimization carried out on the relevant local markets and are responsible to coordinate the access to short term and medium long term markets of the legal entities belonging to their perimeter;
- finally, of the implementation of the Group's liquidity rules at local level in line with Group's Governance Guideline and Policy and with local regulations.

A particularly important role is played by the Parent Company, as a "supervisory and overarching liquidity centre" with its role of steering, coordinating, and controlling all the aspects regarding liquidity for the whole Group. This role is played by Financial Risk Italy. UniCredit S.p.A., moreover, acts as the Liquidity Centre Italy, therefore manages and runs in an integral manner the liquidity risk of all the other legal entities belonging to its perimeter (UniCredit S.p.A., UniCredit Bank Ireland PLC, UniCredit Luxembourg, Fineco Bank, UniCredit Factoring, UniCredit Leasing, UniCredit Credit Management Bank).

The principle of "self-sufficiency"

This kind of organization allows self-sufficiency of the Group by accessing the local and global markets for liquidity in a controlled and coordinated way. According to Group policies, structural liquidity excesses generated in a Regional Liquidity Centre should be upstreamed to the Holding Company unless legal requirements prevent it.

The so called "Large Exposure Regime", applied throughout Europe, along with specific national laws like the "German Stock Corporation Act", are examples of legal constraints to the free circulation of funds within a cross-border banking Group[8].

For these reasons, the Group Liquidity Policy provides for a further principle in order to enhance a sound liquidity risk management; that is, each Legal Entity (in particular those located in a country different from the one of its Liquidity Centre of reference), has to increase its liquidity self-sufficiency in an on-going basis and under stressed conditions, fostering each Legal Entity to exploit its strengths, in term of products and markets, in order to optimize the cost of funds of the Group.

This type of organization allows the Group that the Legal Entities are self-sufficient by accessing the local and global markets for liquidity in a controlled and coordinated way, whilst optimizing: i) the liquidity surpluses and deficits within the Group's legal entities ii) the overall costs of funding across the Group.

Roles and responsibilities

Three main functions are identified in the management of the liquidity: the Group Risk Management competence line (through the Financial Risk Italy unit), the "Finance" function (within Planning, Finance & Administration competence line), and the "Treasury" function (within the "Markets" Business Unit), each with different roles and responsibilities. In particular, the operational responsibilities reside in the Finance and the Treasury functions, while the Risk Management function has responsibilities of independent controls and independent reporting compared to the operational functions (in line with the requirements of Bank of Italy 263 Circular).

8. Also the Bank of Italy Rules, Circolare 263, foresees that the liquidity reserves are placed in each Legal Entity in order to minimize the transfers of cash reserves (Title V, chapter 2, Section III. 7 before last paragraph).

More specifically, Treasury acts as main coordinator in the management of infra-group flows, stemming from liquidity deficits or surplus of the various Group's Legal Entities, and applies the appropriate transfer prices to such funds movements. By doing so, Treasury ensures a disciplined and efficient access to the markets.

Optimisation of liquidity risks is pursued through the setting of specific limits on the standard banking activity of transforming short, medium and long-term maturities. This is implemented in accordance with legal and regulatory framework and internal rules and policies, through management.

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

Risk measurement and reporting systems

Techniques for risk measurement

Liquidity risk, for its particular nature, is addressed by means of gap analyses, liquidity stress testing, and complementary measures (mainly through a calculation of ratios/indices: e.g. loan to deposit, leverage). In particular, gap analyses are performed within two distinct time horizons:

- liquidity imbalance mismatch approach on a daily basis, which controls for the short term liquidity risk arising from the overnight up to a 3 months maturity;
- gap ratios on a monthly basis, which control the medium to long term risk (structural liquidity) from the 1Y maturity onwards.

The liquidity metrics

The Group's Liquidity Framework is based upon the Liquidity Risk Mismatch Model which is characterized by the following fundamental principles:

1. Short-term liquidity risk management (operational liquidity), which considers the events that will impact upon the Bank's liquidity position from 1 day up to one year. The primary objective is to maintain the Bank's capacity to fulfill its ordinary and extraordinary payment obligations while minimizing the relevant costs.
2. Structural liquidity risk management (structural risk), which considers the events that will impact upon the Bank's liquidity position over one year. The primary objective is to maintain an adequate ratio between medium/long term liabilities and medium to long-term assets, with a view to avoiding pressures on short-term funding sources (both current and future), while in the meantime optimizing the cost of funding.
3. Stress tests: Liquidity risk is a low probability, high impact event. Therefore stress testing is an excellent tool to reveal potential vulnerabilities in the Balance Sheet. The Bank uses several scenarios ranging from general market crisis to idiosyncratic crisis, and combinations hereof.

In this context, UniCredit S.p.A. takes into account all of the assets, liabilities, off-balance sheet positions and present and future events which generate certain or potential cash flows, thereby protecting the Bank from risks related to the transformation of maturity.

Short term liquidity management

Short-term liquidity management aims at ensuring that the Bank remains in a position to fulfill its cash payment obligations always, whether expected or unexpected, focused on the exposure for the first 12 months.

The standard measures taken for such purposes are the following:

- management of the access to payment systems (operational liquidity management);
- management of cash payments to be made and monitoring of the level of liquidity reserves and the extent of their utilization (analysis and active management of the maturity ladder).

The Bank calculate also the indicator "Cash Horizon" which is a synthetic indicator of the short term liquidity risk levels; this indicator is monitored through the Operative Maturity Ladder, which measures the cash-in and outflows affecting the monetary base, with details of the main temporal buckets. The Cash Horizon identifies the number of days after which the Bank is no longer able to meet its liquidity obligations as expressed in the operative Maturity Ladder, after having exhausted the available Counterbalancing Capacity. The objective of the Bank is to guarantee a cash horizon of at least 3 months.

The Cash Horizon is one of the liquidity metrics included in the Group's Risk Appetite Framework. At the same time, different sensitivity analysis are performed, for example to verify the impact of 1 and 2 bln Euro inflows or outflows on the Cash Horizon or to estimate the additional liquidity needed in the event of downgrades by rating agencies.

Structural liquidity management

The Bank's structural liquidity management aims to limit refinancing long term exposures with liabilities with short maturities, avoiding an higher pressure on the short term funding sources (therefore financing the medium long term assets with liabilities with same or longer term maturities). The structural Liquidity Ratio over 1 year is one of the liquidity metrics included in the Group's Risk Appetite Framework. The maintenance of an adequate ratio between medium to long-term liabilities and assets aims to avoid pressures on short-term sources, whether present or future.

The standard measures taken for such purposes are the following:

1. the spreading of the maturity of funding operations in order to reduce the usage of less stable funding sources, while in the meantime optimizing the cost of funding (integrated management of strategic liquidity and tactical liquidity);

Part E - Risks and Hedging Policies (Continued)

2. the financing of growth through strategic funding activities, setting the most appropriate maturities (Yearly Funding Plan);
3. the balancing of medium- to long-term wholesale funding requirements with the need to minimize costs, by diversifying sources, national markets, currencies of issuance and instruments used (realization of the Yearly Funding Plan).

Liquidity Stress Test
Stress testing is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific event and/or movement in a set of financial variables. As a forward looking tool, liquidity stress testing diagnostics the institution's liquidity risk. In particular the results of the Stress tests are used to:
- assess the adequacy of liquidity limits both in quantitative and qualitative terms;
- plan and carry out alternative sourcing transactions for purposes of off-setting liquidity outflows;
- structure/modify the liquidity profile of the Bank's assets;
- provide support to the development of the liquidity contingency plan.

For Liquidity Centre Italy and its perimeter, Financial Risk Italy calculates Liquidity Stress test according to the approved Group rules.

In order to execute Stress tests that are consistent across the Liquidity Centres, the Group has a centralised approach to stress testing, requiring each local Liquidity Centre to run the same scenario set under the coordination of the Group Liquidity Risk Management.

At the Liquidity Centre level the use of statistical/quantitative behavioural models are accepted, provided they are validated by the local Risk Management or equivalent structure with same responsibilities.

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

The Group runs liquidity scenarios and sensitivity analyses on a regular basis, the latter by assessing the impact on an institution's financial condition of a move in one particular risk factor, the source of the shock not being identified, whereas scenario tests tend to consider the impact of simultaneous moves in a number of risk factors, based on a hypothetical, well defined and consistent stress scenario.

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

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

Behavioral modeling of Asset and Liabilities
UniCredit Group developed specific behavioral models to estimate the maturity profile of those assets and liability which do not have a defined contractual due date. Indeed, what is perceived to be sight maturing in reality shows some stickiness.

Asset and liability modeling aims to build a replicating profile that best reflects the behavioral features. Examples include loans with embedded option and sight items. For loans with embedded options like mortgages the amortisation profile takes into account projected prepayments. For sight items the maturity projections reflects the perceived stickiness. This estimate taken into account factors as historical volume stability.

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

Risk mitigation

Mitigation factors

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

The main liquidity mitigation factors for UniCredit S.p.A. are:
• an accurate short term and medium to long term liquidity planning monitored monthly;
• an effective Contingency Liquidity Policy (CLP) with feasible and up-to-date Contingency Action Plan (CAP) to be executed in case of crisis;
• a liquidity buffer to face unexpected outflows;
• robust and regular up to date stress testing performed on a high frequency.

Funding Plan

The Funding Plan plays a fundamental role in the overall liquidity management influencing both the short term and the structural position. The Funding Plan is developed consistently with a sustainable uses and sources analysis both on short term and structural position. One of the objectives of accessing the medium and long term channels is to avoid also the pressure on the short term liquidity position. The Funding Plan is updated at least on a yearly basis and is approved by the Board of Directors. Moreover, it is aligned with the Budgeting process and the Risk Appetite framework.

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

Planning Finance and Administration (PFA) can access the markets for medium and long term funding, in order to increase its self-sufficiency, exploit market opportunities and functional specialization, safeguarding the optimization of cost of funds of the Bank.

PFA is responsible for the elaboration of the Funding Plan. Risk Management function is responsible for providing an independent assessment of the Funding Plan. Financial Risk Italy unit is responsible for providing an independent assessment on the Funding Plan related to LC Italy perimeter.

UniCredit Group considers the metrics requested by the Regulator, such as the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), as integral part of the overall liquidity management process. The necessity to meet Basel 3 ratios is effectively managed within the Group Funding Plan as well as within the Group Risk Appetite Framework by the means of a dedicated metric: The Core Banking Book Funding Gap[9].

Contingency Liquidity Policy

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

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

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

The Contingency Liquidity Policy (CLP) has the objective of ensuring effective interventions starting from the very outset (initial hours) of the liquidity crisis, through the clear identification of individuals, powers, responsibilities, communication, and reporting criteria, with a view of increasing significantly the probability of successfully overcoming the state of emergency. This is achieved through:
• activation of extraordinary liquidity governance and operating model;
• consistent internal and external communication;
• a set of available standby mitigating liquidity actions;
• a set of specific risk indicators that may point towards a developing crisis.

A fundamental part of the Contingency Liquidity Policy is the Contingency Funding Plan. Such a plan consists of a set of potential but concrete management actions. Such actions should be described in terms of a menu of actions together with sizes, instruments, and timing of execution aimed at improving the bank's liquidity position mainly during times of crisis. The Contingency Funding Plan has to be developed on the basis of the annual Funding Plan.

9. Defined as Customer loans and customer deposits net of (reverse) repos but including Network Bonds net issues and other Commercial Securities (eg. CDs).

Part E - Risks and Hedging Policies (Continued)

QUANTITATIVE INFORMATION

1.Time breakdown by contractual residual maturity of financial assets and liabilities

	AMOUNTS AS AT 12.31.2013									
ITEMS/MATURITIES	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Balance sheet assets	**40,252,113**	**14,523,538**	**8,033,701**	**10,955,220**	**24,594,675**	**21,347,520**	**30,507,734**	**87,138,590**	**70,746,209**	**1,734,450**
A.1 Government securities	24,340	-	30,926	96,195	599,349	5,460,179	7,658,091	20,393,987	6,134,588	-
A.2 Other debt securities	8,434	235	7,358	25,480	417,426	217,772	740,578	11,704,581	6,057,616	3,498
A.3 Units in investment funds	872,585	-	-	-	-	-	-	-	-	-
A.4 Loans	39,346,754	14,523,303	7,995,417	10,833,545	23,577,900	15,669,569	22,109,065	55,040,022	58,554,005	1,730,952
- Banks	5,735,564	638,417	380,187	412,765	1,080,226	1,012,305	1,026,724	901,065	47,032	1,717,495
- Customers	33,611,190	13,884,886	7,615,230	10,420,780	22,497,674	14,657,264	21,082,341	54,138,957	58,506,973	13,457
Balance sheet liabilities	**124,206,038**	**12,608,100**	**9,558,703**	**12,978,427**	**16,581,248**	**13,239,231**	**17,788,121**	**88,892,582**	**27,420,730**	**-**
B.1 Deposits and current accounts	122,752,086	1,476,426	2,181,441	2,242,324	2,042,887	1,597,725	2,643,843	740,021	449,956	-
- Banks	14,392,775	1,055,671	1,902,930	1,929,606	1,533,736	1,277,473	2,055,013	35,782	2,690	-
- Customers	108,359,311	420,755	278,511	312,718	509,151	320,252	588,830	704,239	447,266	-
B.2 Debt securities	183,247	225,174	1,419,469	2,004,545	6,619,191	7,776,261	13,105,189	70,842,315	20,583,281	-
B.3 Other liabilities	1,270,705	10,906,500	5,957,793	8,731,558	7,919,170	3,865,245	2,039,089	17,310,246	6,387,493	-
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	962	18,951,493	13,441,832	15,664,601	56,705,359	37,141,686	34,110,896	7,117,476	1,382,872	87,019
- Short positions	963	19,492,957	13,470,635	15,683,847	56,983,925	36,337,903	33,876,112	6,702,463	1,404,574	84,617
C.2 Cash settled financial derivatives										
- Long positions	10,733,571	19,502	82,463	365,100	705,180	809,440	1,798,108	-	-	-
- Short positions	10,979,915	41,138	28,295	238,495	777,066	833,406	1,383,786	-	-	-
C.3 Deposit to be received										
- Long positions	364,956	4,652,403	3,835,696	1,043,682	739,951	-	-	-	-	-
- Short positions	-	3,134,528	44,766	1,881,495	758,965	2,860,573	1,956,361	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	3,103,117	12,400,545	495,718	337,650	2,961,964	2,857,690	3,612,524	10,936,615	2,230,843	921,038
- Short positions	39,395,302	170,675	-	-	-	-	-	-	-	919,545
C.5 Written guarantees	40,869	1	-	27,741	26,242	7,752	26,870	48,642	12,967	-
C.6 Financial guarantees received	2,883	-	-	2,652	681	51	3,894	8,041	716	-
C.7 Physically settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	-	14	14	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

1.1 Time breakdown by contractual residual maturity of financial assets and liabilities - *Currency:* ***Euro***

	AMOUNTS AS AT 12.31.2013									
ITEMS/MATURITIES	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Balance sheet assets	**37,640,537**	**14,122,535**	**7,862,684**	**10,413,538**	**23,953,593**	**20,580,321**	**30,429,485**	**86,155,282**	**70,387,317**	**1,733,946**
A.1 Government securities	24,310	-	23,891	93,889	599,349	5,457,788	7,652,316	20,254,604	5,994,993	-
A.2 Other debt securities	1,908	235	6,959	25,480	414,411	217,582	738,907	11,564,458	6,010,743	3,498
A.3 Units in investment funds	784,234	-	-	-	-	-	-	-	-	-
A.4 Loans	36,830,085	14,122,300	7,831,834	10,294,169	22,939,833	14,904,951	22,038,262	54,336,220	58,381,581	1,730,448
- Banks	3,473,551	547,578	379,913	381,153	1,046,389	993,248	1,020,914	354,705	42,391	1,717,495
- Customers	33,356,534	13,574,722	7,451,921	9,913,016	21,893,444	13,911,703	21,017,348	53,981,515	58,339,190	12,953
Balance sheet liabilities	**121,170,134**	**11,954,169**	**8,388,525**	**11,509,934**	**15,676,716**	**13,120,940**	**17,653,562**	**87,669,494**	**26,446,036**	**-**
B.1 Deposits and current accounts	119,866,323	822,495	1,017,048	823,222	1,224,429	1,548,608	2,608,941	739,420	448,882	-
- Banks	12,827,167	664,500	831,076	534,148	735,668	1,240,944	2,048,803	35,782	2,690	-
- Customers	107,039,156	157,995	185,972	289,074	488,761	307,664	560,138	703,638	446,192	-
B.2 Debt securities	183,247	225,174	1,413,684	1,955,154	6,533,117	7,707,087	13,005,532	70,179,559	19,710,322	-
B.3 Other liabilities	1,120,564	10,906,500	5,957,793	8,731,558	7,919,170	3,865,245	2,039,089	16,750,515	6,286,832	-
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	526	9,196,202	4,111,692	6,589,201	21,442,764	13,121,868	14,033,280	3,974,074	917,909	74,609
- Short positions	619	7,085,514	7,924,272	5,987,245	20,855,150	14,716,512	13,567,404	3,437,260	822,542	11,753
C.2 Cash settled financial derivatives										
- Long positions	10,533,083	19,502	82,463	364,682	703,818	774,038	1,761,008	-	-	-
- Short positions	10,722,394	41,138	28,295	234,973	767,314	822,662	1,359,256	-	-	-
C.3 Deposit to be received										
- Long positions	317,500	4,390,097	3,835,696	1,043,682	739,951	-	-	-	-	-
- Short positions	-	3,127,277	-	1,881,488	758,965	2,602,835	1,956,361	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	3,074,539	12,378,066	495,623	300,683	2,805,643	2,766,864	3,459,807	10,610,074	2,208,389	868,043
- Short positions	38,004,688	95,000	-	-	-	-	-	-	-	868,043
C.5 Written guarantees	38,545	1	-	27,741	20,777	7,752	26,750	46,751	12,967	-
C.6 Financial guarantees received	2,883	-	-	2,652	681	51	3,894	8,041	716	-
C.7 Physically settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	-	14	14	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

Part E - Risks and Hedging Policies (Continued)

1.2 Time breakdown by contractual residual maturity of financial assets and liabilities - ***Currency: USD***

	AMOUNTS AS AT 12.31.2013									
ITEMS/MATURITIES	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Balance sheet assets	**2,443,358**	**294,227**	**156,549**	**331,275**	**564,619**	**700,750**	**75,438**	**972,084**	**314,114**	**-**
A.1 Government securities	-	-	7,035	2,306	-	2,389	5,775	139,384	139,595	-
A.2 Other debt securities	6,526	-	400	-	1,081	190	1,671	140,123	10,889	-
A.3 Units in investment funds	88,351	-	-	-	-	-	-	-	-	-
A.4 Loans	2,348,481	294,227	149,114	328,969	563,538	698,171	67,992	692,577	163,630	-
- Banks	2,102,208	33,692	90	3,295	27,348	19,058	5,810	546,360	4,641	-
- Customers	246,273	260,535	149,024	325,674	536,190	679,113	62,182	146,217	158,989	-
Balance sheet liabilities	**2,614,419**	**470,848**	**1,032,257**	**1,395,580**	**785,796**	**101,714**	**84,550**	**620,122**	**544,511**	**-**
B.1 Deposits and current accounts	2,464,843	470,848	1,026,472	1,357,906	771,829	38,942	14,553	600	678	-
- Banks	1,327,703	266,347	958,063	1,350,090	766,100	35,661	5,220	-	-	-
- Customers	1,137,140	204,501	68,409	7,816	5,729	3,281	9,333	600	678	-
B.2 Debt securities	-	-	5,785	37,674	13,967	62,772	69,997	75,689	543,833	-
B.3 Other liabilities	149,576	-	-	-	-	-	-	543,833	-	-
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	29	5,490,731	5,607,376	6,580,519	20,704,680	12,341,033	12,401,409	1,255,135	284,655	1,402
- Short positions	343	7,391,046	3,200,208	6,350,497	19,671,685	11,797,005	13,079,850	3,001,165	410,107	72,628
C.2 Cash settled financial derivatives										
- Long positions	181,010	-	-	418	1,362	35,402	37,099	-	-	-
- Short positions	237,856	-	-	3,522	9,752	10,744	24,530	-	-	-
C.3 Deposit to be received										
- Long positions	47,096	255,965	-	-	-	-	-	-	-	-
- Short positions	-	7,251	38,431	-	-	257,378	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	28,578	22,478	94	36,033	110,494	76,586	125,091	249,442	22,454	45,400
- Short positions	599,994	74,749	-	-	-	-	-	-	-	41,907
C.5 Written guarantees	894	-	-	-	5,438	-	-	1,240	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Physically settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

1.3 Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: *Other currencies*

ITEMS/MATURITIES	AMOUNTS AS AT 12.31.2013 ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
Balance sheet assets	**168,218**	**106,778**	**14,469**	**210,408**	**76,463**	**66,451**	**2,811**	**11,225**	**44,777**	**504**
A.1 Government securities	30	-	-	-	-	3	-	-	-	-
A.2 Other debt securities	-	-	-	-	1,934	-	-	-	35,984	-
A.3 Units in investment funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	168,188	106,778	14,469	210,408	74,529	66,448	2,811	11,225	8,793	504
- Banks	159,805	57,148	184	28,317	6,489	-	-	-	-	-
- Customers	8,383	49,630	14,285	182,091	68,040	66,448	2,811	11,225	8,793	504
Balance sheet liabilities	**421,486**	**183,083**	**137,920**	**72,914**	**118,737**	**16,575**	**50,009**	**602,964**	**430,184**	**-**
B.1 Deposits and current accounts	420,920	183,083	137,920	61,197	46,630	10,174	20,349	-	397	-
- Banks	237,904	124,824	113,790	45,368	31,968	868	990	-	-	-
- Customers	183,016	58,259	24,130	15,829	14,662	9,306	19,359	-	397	-
B.2 Debt securities	-	-	-	11,717	72,107	6,401	29,660	587,066	329,126	-
B.3 Other liabilities	566	-	-	-	-	-	-	15,898	100,661	-
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	407	4,264,560	3,722,764	2,494,881	14,557,914	11,678,785	7,676,207	1,888,267	180,307	11,009
- Short positions	-	5,016,398	2,346,155	3,346,105	16,457,090	9,824,386	7,228,858	264,037	171,924	237
C.2 Cash settled financial derivatives										
- Long positions	19,478	-	-	-	-	-	-	-	-	-
- Short positions	19,665	-	-	-	-	-	-	-	-	-
C.3 Deposit to be received										
- Long positions	360	6,341	-	-	-	-	-	-	-	-
- Short positions	-	-	6,335	7	-	360	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	-	-	-	933	45,828	14,240	27,626	77,099	-	7,595
- Short positions	790,619	926	-	-	-	-	-	-	-	9,595
C.5 Written guarantees	1,430	-	-	-	27	-	120	651	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Physically settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

Part E - Risks and Hedging Policies (Continued)

2. Disclosures about encumbered assets recognized in the Financial Statements

TYPE OF TRANSACTIONS	ENCUMBERED ASSETS		UNENCUMBERED ASSETS		TOTAL 12.31.2013	TOTAL 12.31.2012
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE		
1. Cash and cash balances	-	X	3,226,549	X	3,226,549	
2. Debt securities	27,292,823	27,335,967	31,517,099	31,603,711	58,809,922	
3. Equity instruments	-	-	2,397,808	2,427,334	2,397,808	
4. Loans	60,576,194	-	180,659,805	-	241,235,999	
5. Other financial assets	701	X	68,423,105	X	68,423,806	
6. Non financial assets	-	X	24,213,166	X	24,213,166	
Total 12.31.2013	**87,869,718**	**27,335,967**	**310,437,532**	**34,031,045**	**459,674,262**	**X**
Total 12.31.2012					**X**	**-**

3. Disclosures about own encumbered assets not recognized in the Financial Statements

	ENCUMBERED ASSETS	UNENCUMBERED ASSETS	TOTAL 12.31.2013	TOTAL 12.31.2012
1. Financial assets	61,672,485	66,236,943	127,909,428	
- Securities	61,672,485	66,236,943	127,909,428	
- Others	-	-	-	
2. Non financial assets	-	-	-	
Total 12.31.2013	**61,672,485**	**66,236,943**	**127,909,428**	**X**
Total 12.31.2012			**X**	**-**

Section 4 - Operational risks

QUALITATIVE INFORMATION

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

Operational risk definition
Operational risk is the risk of loss due to errors, infringements, interruptions, damages caused by internal processes or personnel or systems or caused by external events. This definition includes legal and compliance risks, but excludes strategic and reputational risk.

For example, losses arising from the following can be defined as operational: internal or external fraud, employment practices and workplace safety, client claims, products distribution, fines and penalties due to regulation breaches, damage to the company's physical assets, business disruption and system failures, process management.

Group operational risk framework
UniCredit Group sets the operational risk management framework as a combination of policies and procedures for controlling, measuring and mitigating the operational risk of the Group and controlled entities.

The operational risk policies, applying to all Group entities, are common principles defining the roles of the company bodies, the operational risk management function as well as the relationship with other functions involved in operational risk monitoring and management.

The Parent company coordinates the Group entities according to the internal regulation for operational risk control and management. Specific risk committees (Risk Committee, Operational & Reputational Risk Committee) are set up to monitor risk exposure, mitigating actions and measurement and control methods.

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

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

The compliance of the Group Operational risk control and measurement system with external regulations and Group standards is assessed through an internal validation process under the responsibility of the Group Internal Validation department of the Holding company and independent from the Group Operational & Reputational Risks department.

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

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

The Group Operational & Reputational Risk Committee, chaired by the Group Chief Risk Manager, is made up of permanent and guest members. The list of participants of the Committee has been updated in 2012, also in the light of the changes in the organizational structure of the Group.

The mission of the Group Operational & Reputational Risk Committee relative to operational risk, is to define proposals and opinions for the Group Risk Committee, for:
- the Group risk appetite including capitalization targets and capital allocation criteria for Group operational risks;
- the structure and definition of limits for Group operational risk for achieving risk allocation targets across Business Functions, Legal Entities and portfolios;
- initial approval and fundamental modifications of risk control and measurement systems and applications for operational risk, including possible action plans, processes, IT and data quality requirements, supported by the related internal validations;
- overall strategies for operational risk optimization, "Governance Guidelines" and general "Policies" for the management of Group operational risk;
- action plans to address possible critical findings related to risk control and measurement system resulting from "Group Internal Validation" and Internal Audit activities, with regard to internal control system and risk measurement;
- status update of relevant Basel II project activities and processes on operational risk topics;
- ICAAP topics for operational risks;
- yearly Regulatory Internal Validation Report on operational risk.

Part E - Risks and Hedging Policies (Continued)

The Group Operational & Reputational Risk Committee, relative to operational risk, meets with approval functions instead for the following topics:
- special operational and reputational risk "Policies";
- corrective actions for balancing the Group operational risk positions, including the planned mitigation actions, within the limits defined by the competent Bodies;
- Group insurance strategies, including renewals, limits and franchises;
- initial approval and fundamental modifications of the methodologies for the measurement and control of operational risk, supported by the related internal validations.

The Group Operational & Reputational Risks department reports to Group Risk Management (Group CRO) and supervises and manages the overall profile of the operational and reputational risks (including operational risks bordering on credit risk and market risk) in the Group by defining the strategies, methodologies and limits, thus granting the compliance to regulatory requirements.

The department is structured in three units.
- Operational and Reputational Risk Oversight unit , responsible for defining the principles and rules for identification, assessment and control of operational risk and reputational risk (including operational risks bordering on credit risk and market risk), and monitoring their correct application by the Legal Entities.
- Operational and Reputational Risk Strategies & Mitigation unit, responsible for defining operational risk strategies, defining and controlling limits, as well as proposing mitigation actions and monitoring their effectiveness.
- Operational and Reputational Risk Analytics unit, responsible for defining risk capital measurement approaches, calculating operational risk capital and the corresponding economic capital, as well as conducting quantitative analysis of the Group's exposure to operational risk and reputational risk, and providing suitable reporting to the functions concerned.

The Operational & Reputational Risk Management Italy Unit depends on CRO Italy and is responsible for the evaluation of the operational and reputational risks exposure of UniCredit S.p.A., for granting on those risks a continuous and independent presidium, for defining strategies aiming the mitigation and loss control, complying to Global Rules defined by Group Operational & Reputational Risks department.

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

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

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

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

All the validation outcomes on the operational risk control and measurement system, both at Holding Company and controlled entities level, are annually consolidated within the Group Validation report which, along with the annual Internal Audit report, is presented to the UniCredit Board of Directors.

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

Reporting
A reporting system has been developed by ORM function to inform senior management and relevant control bodies on the operational risk exposure and the risk mitigation actions.

In particular, quarterly updates are provided on operational losses, capital-at-risk estimates, the main initiatives undertaken to mitigate operational risk in the various business areas, operational losses suffered in the credit linked processes ("cross-credit" losses).

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

The results of the main scenario analyses carried out at Group level and the relevant mitigation actions undertaken are also submitted to the attention of the Group Operational & Reputational Risk Committee.

Operational risk management

Operational risk management exploits process reengineering to reduce the risk exposure and insurance policies management, defining proper deductibles and policies limits. Regularly tested business continuity plans assure sound operational risk management in case of interruption of main business services.

Compliant to Group Guidelines on operational risk matters, UniCredit SpA set up a permanent work group - PWG composed by relevant functions for the operational risk monitoring (ORM function, Organization, Security, Compliance and Internal Controls); this PWG regularly meets in order to detect critical areas the company is exposed and, consequently, implements specific mitigating actions.

Risk capital measurement and allocation mechanism

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

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

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

QUANTITATIVE INFORMATION

Detailed below is the percentage composition, by type of event, of operational risk sources as defined by the New Basel Capital Accord and acknowledged by the New Regulations for the Prudential Supervision of Banks issued by the Bank of Italy in December 2006 (Circular No. 263) and in successive updates.

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

DISTRIBUTION PER RISK EVENT TYPE	PERCENTAGE
Clients	43.37%
Executions	23.92%
Internal fraud	23.39%
External fraud	5.82%
Employment practices	2.98%
Asset damages	0.35%
IT systems	0.17%
Total	**100.0%**

In 2013, the main source of operational risk was "Clients, products and professional practices", a category which includes losses arising from the non-fulfillment of professional obligations towards clients or from the nature or characteristics of the products or services provided.

Part E - Risks and Hedging Policies (Continued)

The second largest contribution to losses came from execution. Internal frauds are mainly affected by one event for the 64%, concerning an internal fraud occurred in 2005 in the former Banca di Roma (further merged in UniCredit); the verdict in June on the related lawsuit have heavily compromised the possibility to recover a big amount of perpetrated losses.

In decreasing order of total impact, losses for external fraud, legal and labour disputes have been booked. Losses on asset damages and It failures represents the residual part of operational risk.

B. Legal Risks

UniCredit S.p.A. is involved in legal proceedings (which include adversarial regulatory matters and investigations). From time to time, past and present directors, officers and employees may be involved in civil or criminal proceedings the details of which UniCredit may not lawfully know about or communicate.

The Bank is also required to deal appropriately with various legal and regulatory requirements in relation to issues such as conflicts of interest, ethical issues, anti-money laundering laws, US and international sanctions, client assets, privacy and information security rules and others. Failure to do so may lead to additional litigation and investigations and subject the Bank to damages claims, regulatory fines, other penalties or reputational damage.

In many cases, there is substantial uncertainty regarding the outcome of the proceedings and the amount of any possible losses. These cases include also criminal proceedings, administrative proceedings brought by the relevant supervisory authority and claims in which the petitioner has not specifically quantified the penalties requested (for example, in putative class action in the United States). In such cases, given the infeasibility of predicting possible outcomes and estimating losses (if any) in a reliable manner, no provisions have been made. However, where it is possible to reliably estimate the amount of possible losses and the loss is considered likely, provisions have been made in the financial statements based on the circumstances and consistent with international accounting standards IAS.

To protect against possible liabilities that may result from pending lawsuits (excluding labour law, tax cases or credit recovery actions), UniCredit has set aside a provision for risks and charges of € 507.4 million as at December 31, 2013. The estimate for reasonably possible liabilities and this provision are based upon currently available information but, given the numerous uncertainties inherent in litigation, involve significant elements of judgment. In some cases it is not possible to form a reliable estimate, for example where proceedings have not yet been initiated or where there are sufficient legal and factual uncertainties to make any estimate purely speculative. Therefore, it is possible that this provision may not be sufficient to entirely meet the legal costs and the fines and penalties that may result from pending legal actions, and the actual costs of resolving pending matters may prove to be substantially higher.

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

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

In accordance with IAS 37 information which would seriously prejudice the relevant company's position in the dispute may be omitted.

Madoff

Background

In March 2009 Bernard L. Madoff ("Madoff"), former chairman of the NASDAQ Exchange and owner of Bernard L. Madoff Investment Securities LLC ("BLMIS"), pled guilty to operating what has been described as a Ponzi scheme. In December of 2008, a bankruptcy administrator (the "SIPA Trustee") for the liquidation of BLMIS was appointed in accordance with the U.S. Securities Investor Protection Act of 1970.

As at the date of Madoff's arrest in December 2008, the Alternative Investments division of Pioneer ("PAI"), an indirect subsidiary of UniCredit S.p.A., acted as investment manager and/or investment adviser for the Primeo funds (including the Primeo Fund Ltd (now in Official Liquidation),"Primeo") and various funds-of-funds ("FoFs"), which were non-U.S. funds that had invested in other non-U.S funds with accounts at BLMIS. PAI also owned the founder shares of Primeo since mid-2007. Previously, the investment advisory functions had been performed by BA Worldwide Fund Management Ltd ("BAWFM"), an indirect subsidiary of UniCredit Bank Austria AG ("BA"). For a period of time, BAWFM performed investment advisory functions for Thema International Fund plc, a non-U.S. fund that had an account at BLMIS.

UniCredit Bank AG (then HypoVereinsbank) issued several tranches of notes whose potential return was to be calculated by reference to the performance of a synthetic hypothetical investment in the Primeo fund. Some BA customers purchased shares in Primeo funds that were held in their accounts at BA. BA owned a 25 percent stake in Bank Medici AG ("Bank Medici"), a defendant in certain proceedings described below. Bank Medici is alleged to be connected, inter alia, to the Herald Fund SPC, a non-U.S. fund that had an account at BLMIS.

Proceedings in the United States

Purported Class Actions

UniCredit S.p.A., BA, PAI and Pioneer Global Asset Management S.p.A. ("PGAM"), a UniCredit S.p.A. subsidiary, were named among some 70 defendants in one or more of three putative class action lawsuits filed in the United States District Court for the Southern District of New York (the "Southern District") between January and March 2009, purporting respectively to represent investors in three investment fund groups (the "Herald" funds - jointly responsible, "Herald" -, the "Primeo" and the "Thema" funds - jointly responsible, "Thema") which were invested, either directly or indirectly, in BLMIS. It was principally alleged that the defendants breached common law duties misrepresenting the monitoring that would be done of Madoff and plaintiffs' investments, and disregarding purported "red flags" of Madoff's fraud, failing to exercise due care in connection with the plaintiffs' investments, and, in the Herald case, that the defendants, including UniCredit S.p.A., violated the United States Racketeer Influenced and Corrupt Organizations Act ("RICO"), causing the class some $2 billion in damages, which plaintiffs sought to treble under RICO. Plaintiffs sought damages in unspecified amounts (other than under RICO, as noted above) and other relief.

On November 29, 2011, the Southern District dismissed, all three purported class action complaints on grounds, with respect to UniCredit S.p.A., PGAM, PAI and BA, that the United States is not the most convenient forum for resolution of plaintiffs' claims. On September 16, 2013, the United States Court of Appeals for the Second Circuit (the "Second Circuit") affirmed the dismissal of the cases brought by the Thema and Herald investors (the Primeo litigants did not appeal and agreed to follow the results of Herald appeal). On September 30, 2013, the plaintiffs in the Thema and in the Herald action requested that the decision to affirm the dismissal be reviewed again by the plenary court - a rehearing en banc. That request remains pending.

Claims by the SIPA Trustee

In December 2010, the SIPA Trustee filed two cases (the "HSBC" and the "Kohn" case, respectively) in the United States Bankruptcy Court in the Southern District of New York (the "Bankruptcy Court") against several dozen defendants. Both cases were later removed to the non-bankruptcy federal trial court, i.e., the Southern District.

In the HSBC case, the SIPA Trustee sought to recover from some 60 defendants, including UniCredit S.p.A., BA, BAWFM, PAI, certain current or formerly affiliated persons, and Bank Medici amounts to be determined at trial, allegedly representing so-called avoidable transfers to initial transferees of funds from BLMIS, subsequent transfers of funds originating from BLMIS (including alleged management, performance, advisory, administrative and marketing fees, said to exceed $400 million in aggregate for all defendants), and compensatory and punitive damages against certain defendants on a joint and several basis, including the abovementioned, alleged to be in excess of $2 billion. In addition to avoidable transfers, the SIPA Trustee sought to recover in the HSBC case unspecified amounts (said to exceed several billion dollars) for common law claims, including aiding and abetting BLMIS's breach of fiduciary duty and BLMIS's fraud, and contribution. The common law and contribution claims were dismissed on July 28, 2011. Certain claims (primarily avoidance claims) remain pending in the Bankruptcy Court. On June 20, 2013, the Second Circuit affirmed the Southern District's dismissal.

On October 9, 2013, the SIPA Trustee petitioned the United States Supreme Court ("Supreme Court") to review the decision by the Second Circuit. On January 13, 2014, the Supreme Court invited the United States Solicitor General ("Solicitor General") to express the opinion of the United States on whether review should be granted. The Solicitor General has yet to express a view on the matter, and the SIPA Trustee's petition remains under consideration.

In the Kohn case, the SIPA Trustee seeks to recover from more than 70 defendants, including UniCredit S.p.A., BA, PGAM, BAWFM, Bank Austria Cayman Islands, certain current or formerly affiliated persons , and Bank Medici unspecified avoidable transfers from BA as initial transferee from BLMIS, and from UniCredit S.p.A., BA and other affiliated individual defendants as subsequent transferees of funds likewise originating from BLMIS. The complaint further asserts common law claims and RICO violations, and seeks under RICO three times the reported net $19.6 billion losses allegedly suffered by all BLMIS investors, as well as fees received, compensatory, exemplary and punitive damages, and costs of suit as against the defendants on a joint and several basis.

On February 21, 2012, the Southern District dismissed the RICO and common law claims in respect of UniCredit S.p.A., BA, PGAM, and the former CEO of UniCredit (who had also been named as a defendant). Certain claims (primarily avoidance claims) remain pending in the Bankruptcy Court. On March 21, 2012, the SIPA Trustee appealed the Southern District's dismissal of the RICO and common law claims to the Second Circuit, but the appeal has been stayed subject to potential reinstatement by April 2014.

The current or formerly affiliated persons named as defendants in the HSBC and Kohn cases, who had not been previously served, have now been served. The current or formerly affiliated persons may have similar defenses to the claims as UniCredit S.p.A. and its affiliated entities, and may have rights to indemnification from those parties.

Part E - Risks and Hedging Policies (Continued)

Proceedings Outside the United States
On July 22 2011, the Joint Official Liquidators of Primeo (the "Primeo Liquidators") issued proceedings against PAI in the Grand Court of the Cayman Islands, Financial Services Division. In that claim the Primeo Liquidators alleged that PAI was liable under the terms of an investment advisory agreement between Primeo and PAI for alleged breaches of duties by PAI and also as a result of alleged acts and omissions by BLMIS for which PAI was alleged to be responsible. The Primeo Liquidators also made claims in relation to fees paid to PAI. In aggregate, the Primeo Liquidators claimed approximately $262 million plus additional unquantified damages, as well as interest and costs. Subject to Court approval, PAI and the Primeo Liquidators have agreed to settle the claims on confidential terms. PAI has made a provision for the amount payable pursuant to this agreement.

Numerous civil proceedings (with the claimed amount totalling about €150 million) have been initiated in Austria by numerous investors related to Madoff's fraud in which BA, among others, has been named as defendant; different types of claims are asserted, including prospectus liability claims. The plaintiffs invested in investment funds that, in turn, invested directly or indirectly with Bernard L. Madoff Investments Securities LLC and Bernard L. Madoff Securities LLC (collectively referred to as "BMIS"). Several judgments have been issued in favour of BA in various instances, some are already legally binding. Other judgments have been handed down against BA, but none of them is final so far as appeals are pending. With respect to those cases currently on appeal no estimate can be made as to their potential outcomes nor the effects, if any, which the appeal decisions may have on other cases pending against BA. In four recent Supreme Court cases, different senates of the Austrian Supreme Court have held in favour of Bank Austria and rejected claims based on various theories of liability and related to prospectus liability. At this stage, it is not possible to forecast what effect these decisions may have on other cases.

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

BA has been named as a defendant in criminal proceedings in Austria which concern the Madoff case. These proceedings were initiated by a complaint filed by the FMA (the Austrian Financial Market Authority) to the Austrian prosecutor. Subsequently complaints were filed by purported investors in funds which were invested, either directly or indirectly, in BMIS. These complaints allege, amongst other things, that BA breached provisions of the Austrian Investment Fund Act as prospectus controller of the Primeo Fund. These criminal proceedings are still at the pre-trial stage. In addition, the fee structure and the prospectuses themselves have been examined by an expert appointed by the prosecution.

UniCredit Bank AG issued several tranches of notes whose potential return was to be calculated by reference to the performance of a synthetic hypothetical investment in the Primeo fund. The nominal value of the notes issued by UniCredit Bank AG is around €27 million. Legal proceedings have been commenced in Germany in connection with the issuance of said Primeo-linked notes, which also named UniCredit Bank AG as a defendant. One case has been decided in favour of UniCredit Bank AG at first instance and one case in favour of UniCredit Bank AG also at second instance; both rulings are not final and binding as of today. One case has been abandoned by the plaintiff.

Subpoenas and Investigations
UniCredit S.p.A. and several of its subsidiaries have received subpoenas orders and requests to produce information and documents from the United States Securities Exchange Commission ("SEC"), the U.S. Department of Justice and the SIPA Trustee in the United States, the Austrian Financial Market Authority, the Irish Supervisory Authority for financial markets and BaFin in Germany related to their respective investigations into Madoff's fraud.

Similar such subpoenas, orders and requests may be received in the future by UniCredit S.p.A. its affiliates, and some of their employees or former employees, in the foregoing markets or in places where proceedings related to Madoff investments are pending.

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

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

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

Cirio
In April 2004, the extraordinary administration of Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.) ("Cirio") served notice on Sergio Cragnotti and various banks, including Capitalia S.p.A. (absorbed by UniCredit S.p.A.) and Banca di Roma S.p.A. (now UniCredit S.p.A.), of a petition to declare invalid an allegedly illegal agreement with Cirio S.p.A. regarding the sale of the dairy company Eurolat to Dalmata S.r.l. ("Parmalat"). The extraordinary administration subsequently requested that Capitalia S.p.A. and Banca di Roma S.p.A. jointly refund €168 million and that all defendants jointly pay

damages of €474 million. In the alternative, it sought the revocation of the settlement made by Cirio S.p.A. and/or repayment by the banks of the amount paid for the agreement in question, on the grounds of "undue profiteering".

Despite no preliminary investigation being conducted, in February 2008, the Court ordered Capitalia S.p.A. and Sergio Cragnotti to pay €223.3 million plus currency appreciation and interest from 1999. UniCredit S.p.A. appealed the decision. It also requested a stay of execution of the lower court's judgment which was successfully obtained in January 2009.

In January 2014 UniCredit and the Cirio Group signed a settlement agreement aimed at closing the whole "Cirio" matter including this dispute without any additional charges.

*****

In April 2007, certain Cirio group companies in extraordinary administration filed a petition against Capitalia S.p.A. (now UniCredit S.p.A.), Banca di Roma S.p.A., UBM (now UniCredit S.p.A.) and other banks for compensation for damage resulting from their role as arrangers of bond issues by Cirio group companies, although, according to the claimants, they were already insolvent at the time.

Damages were quantified as follows:
- the damages incurred by the petitioners due to a worsening of their financial condition were calculated within a range of €421.6 million to €2.082 billion (depending upon the criteria applied);
- the damages incurred because of the fees paid to the lead managers for bond placements were calculated at a total of €9.8 million;
- the damages, to be determined during the proceedings, incurred by Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.), for losses related to the infeasibility of recovering, through post-bankruptcy clawback, at least the amount used between 1999 and 2000 to cover the debt exposure of some of the Cirio group companies;

plus interest and currency revaluation from the date owed to the date of payment.

In the ruling of November 3, 2009, the judge denied the claimants' claim that the companies of the Cirio group in extraordinary administration be held jointly liable for reimbursement of legal expenses, in favour of the defendant banks. The extraordinary administration appealed against the ruling. This proceeding was settled being part of the whole settlement agreement signed with the Cirio Group in January 2014 without any additional charges.

New Mexico CDO-Related Litigation

Claims brought or threatened by or on behalf of the state of New Mexico or any of its agencies or funds

In August 2006, the New Mexico Educational Retirement Board (ERB) and the New Mexico State Investment Council (SIC), both US state funds, invested $90 million in Vanderbilt Financial, LLC (VF), a vehicle sponsored by Vanderbilt Capital Advisors, LLC (VCA). The purpose of VF was to invest in the equity tranche of various collateralized debt obligations (CDOs) managed primarily by VCA. The equity investments in VF, including those made by the ERB and SIC, became worthless. VF was later liquidated.

Beginning in 2009, several lawsuits were threatened or filed on behalf of the state of New Mexico, including by private parties who claimed a right to sue in a representative capacity. The suits relate to losses suffered by the ERB and/or SIC on their VF investments, with additional claims threatened in relation to further losses suffered by SIC on its earlier investments in other VCA-managed CDOs. The lawsuits allege fraud and kickback practices. Damages claimed in the filed lawsuits are computed based on multiples of the original investment, up to a total of $365 million. In 2012, VCA reached an agreement in principle with the ERB, SIC and State of New Mexico to settle all claims brought or threatened by or on behalf of the state of New Mexico or any of its agencies or funds. The settlement is contingent on the court's approval, but that process is temporarily on hold pending the determination of a legal question in a lawsuit brought against a different set of defendants in other proceedings. A decision is expected in 2014. In the interim, all the suits are stayed or held in abeyance.

Other litigation

In November 2011, Bruce Malott, the former chairman of the ERB, brought suit in New Mexico state court against persons allegedly involved with "pay to play" or kickback practices at the ERB, alleging damages to his reputation in earning capacity as a result of his association with the challenged practices. Among the defendants are VCA, VF, PIM US and two former officers of VCA. No damages amount is specified, but Malott seeks treble damages and punitive damages (as applicable) in addition to any actual damages he might prove. In June 2013, Malott's claims were dismissed without prejudice. Malott filed a further amended complaint in August 2013 which, in October 2013, the defendants once again moved to dismiss.

Divania S.r.l.

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

Part E - Risks and Hedging Policies (Continued)

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

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

In 2010 the report of the Court named expert witness submitted a report which broadly confirms UniCredit's position stating that there was a loss on derivatives amounting to about €6,400,000 (which would increase to about €10,884,000 should the out-of-court settlement, challenged by the claimant, be judged unlawful and thus null and void). The expert opinion states that interest should be added in an amount between €4,137,000 (contractual rate) and €868,000 (legal rate). A hearing was held on December 10, 2012, a decision of the Court was then expected, but, instead, the Court ordered the expert witness to supplement his opinion.

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

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

GBS S.p.A.
At the beginning of February 2008, General Broker Service S.p.A. ("GBS S.p.A.") initiated arbitration proceedings against UniCredit S.p.A. for the alleged unlawful behaviour of the Bank with regards to the insurance brokerage relationship allegedly deriving from the exclusive agreement signed in 1991.

In a decision issued on 18 November 2009, UniCredit S.p.A. was ordered to pay GBS S.p.A. €144 million, as well as legal costs and the costs of an expert's report. UniCredit S.p.A. determined that the decision ordered by the arbitrator was unsound and groundless, and has lodged an appeal together with a request for a stay of execution.

In September 2013, the lawsuit was settled.

ADDITIONAL RELEVANT INFORMATION

The following section sets out further pending proceedings against UniCredit S.p.A. and/or employees (even former employees) that UniCredit considers relevant and which, at present, are not characterized by known economic demand or for which the economic request cannot be quantified.

Proceedings arising out of the purchase of UCB AG by UniCredit SpA and the related group reorganization.
Proceedings in Germany challenging the validity of UCB AG shareholder resolutions
By resolutions adopted at UCB AG's Extraordinary Shareholders' Meeting of October 25, 2006 (the "2006 EGM"), various sale and purchase agreements were approved (the "2006 Resolutions"). Those agreements transferred (1) the shares held by UCB AG in BA and in HVB Bank Ukraine to UniCredit S.p.A. (2) the shares held by UCB AG in International Moscow Bank and AS UniCredit Bank Riga to BA and (3) the Vilnius and Tallin branches of UCB AG to AS UniCredit Bank Riga. In 2008, these resolutions were confirmed by a UCB AG Shareholders' Meeting (the "2008 Resolutions").

The validity of the 2006 Resolutions, as well as of the 2008 Resolutions, is currently being challenged by several of UCB AG's former minority shareholders in two sets of proceedings in the German courts against UCB AG (the "2006 Proceedings" and the "2008 Proceedings").

The bases for their challenges include allegations that (1) there are defects in the formalities relating to the calling of and conduct of the 2006 EGM and (2) the price paid for the various transactions was too low. In the 2006 Proceedings, several of UCB AG's former minority shareholders also seek a declaratory ruling that a business combination agreement between UCB AG and UniCredit S.p.A. should be regarded as a de facto domination agreement.

In the 2008 Proceedings, the Court has directed that there be an expert appraisal of the price paid for the various transactions. The 2006 proceedings have been stayed pending the resolution of the 2008 proceedings. The 2006 Resolutions, like the 2008 Resolutions, will remain valid and binding unless and until found void by a court of final instance. It is not possible to say when a final decision can be expected in either the 2006 or the 2008 Proceedings.

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

The first hearing took place on April 15, 2010. The proceedings are still pending and are expected to last for a number of years.

Squeeze-out of Bank Austria's minority shareholders
After a settlement was reached on all legal challenges to the squeeze-out in Austria, the resolution passed by the BA shareholders' meeting approving the squeeze-out of the ordinary shares held by minority shareholders (with the exception of the so-called "golden shareholders" holding the registered shares in BA) was recorded in the Vienna Commercial Register on 21 May 2008 and UniCredit S.p.A. became the owner of 99.995% of BA's share capital.

The minority shareholders received the squeeze-out payment of approximately €1,045 million including the related interest.

Several shareholders then initiated proceedings before the Commercial Court of Vienna claiming that the squeeze-out price was inadequate, and asking the Court to review the adequacy of the amount paid (appraisal proceedings).

At present the proceedings are pending before the Commercial Court of Vienna which appointed a panel, the so called "Gremium", to investigate the facts of the case in order to review the adequacy of the cash compensation. The expert appointed by the Gremium, employing six different methods, determined that the adequate compensation would have been in a range from an amount lower than that actually paid by UniCredit S.p.A. and an amount that is € 10 per share higher than that amount. UniCredit, considering the nature of the valuation methods employed, still believes that the amount paid to the minority shareholders was adequate. Nevertheless, it is not possible to predict how the Gremium will decide upon concluding its investigation.

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

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

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

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

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

On July 4, 2011 the Court of Rome ordered UniCredit, together with the individuals involved, to pay CIRIO S.p,A.'s extraordinary administration €200 million as provisional payment and to pay the bondholders and the shareholders - civil complainants in the criminal proceedings - an amount equal to 5% of the nominal value of the securities owned.

Taking into account the settlement with the investors, this decision only applies to a limited number of investors.

UniCredit, as "legally liable", and the other defendants appealed the decision and requested a stay of execution.

The settlement agreement with the Cirio Group in extraordinary administration of January 2014 resolved the "legal liability" of UniCredit towards the Cirio Group in the criminal proceeding as well.

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

Companies of the Parmalat group in extraordinary administration and numerous Parmalat investors are the claimants in the civil suits in the aforementioned proceedings. All of the civil claimants' lawyers have reserved the right to quantify damages at the conclusion of the first instance trials. In the "Ciappazzi" and "Parmatour" proceedings, several companies of the UniCredit group have been cited as legally liable.

Part E - Risks and Hedging Policies (Continued)

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

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

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

On October 4, 2011 UniCredit S.p.A. reached a settlement agreement with the trustee of Cosal S.r.l.
On November 29, 2011 (Ciappazzi) and on December 20, 2011 (Parmatour) the Court of Parma issued a judgment ordering UniCredit, severally with other involved parties, a provisional payment, in favor of the investors of Parmalat - civil complainants in the criminal proceedings - in an amount equal to 4% of the nominal value of the securities owned.

Both UniCredit and the individuals involved appealed the decisions.

Taking into account the settlements with the investors, these decisions apply only to a limited number of them.

On 7 June 2013 the Court of Appeal of Bologna confirmed the decision of the Court of Parma of 29 November 2011 (Ciappazzi). The “Parmatour” proceeding is in the appellate phase.

The “Eurolat” proceeding is in the trial phase.

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

Disputes relates to derivatives
In the years preceding the 2007 financial crisis, financial institutions, including the companies of the UC group, entered into numerous derivatives contracts both with institutional and non-institutional investors. In Germany and Italy such derivative contracts have been challenged most notably by non-institutional investors where those contracts are out of the money. This affected the financial sector generally and is not specific to UniCredit and its group companies. It is impossible to assess the full impact of such legal challenges on the Group.

Brontos - criminal proceeding
With regard to the transactions known as “Brontos” there is a criminal proceeding pending in respect of which the Rome Prosecutor has jurisdiction. and which concerns the conduct of present and former officers/employees of UniCredit.

***

Following the outcome of the review of contingent assets conducted on the year-end balances, in compliance with the requirements of the Bank of Italy set out in the Technical Memo of August 7, 2012, for the preparation of the financial statements at December 31, 2013, €214 million in contingent assets recognized under the asset item 150-Other Assets, as well as the corresponding provisions, were eliminated.

C. Risks arising from employment law cases

The Group is involved in employment law disputes. In general, for all employment law disputes provisions have been made in order to meet any disbursements incurred and in any case the Group does not believe that any liabilities related to the outcome of the pending proceedings could have a significant impact on its economic and/or financial standing.

Lawsuits filed against UniCredit S.p.A. by some members of the former Cassa di Risparmio di Roma Fund
Lawsuits are pending before the Court of Rome whose main purpose is to request that the funding level of the former Cassa di Risparmio di Roma Fund be restored and that the individual social security accounts of each member be assessed and quantified. With reference to the main claim, the relief sought is estimated at €384 million. No provisions were made as these actions are considered to be unfounded.

Lawsuit filed against UniCredit S.p.A. by some members of the former Credito Romagnolo’s Supplementary Pension Fund
A lawsuit - currently pending before the Court of Rome - was filed by 16 members of the former Credito Romagnolo’s Supplementary Pension Fund to challenge UniCredit’s reduction of the funds of the aforementioned former Credito Romagnolo’s Supplementary Pension Fund in breach of art. 2117 of the Civil Code and to request that UniCredit be ordered to reallocate €48,243,825.00 plus interest to the Fund. No provisions were made as this action is considered to be unfounded.

D. Tax disputes

In the Annual Reports for the previous years disclosure, several notices of assessment were provided, for IRES income tax and IRAP corporate tax, served on UniCredit S.p.A. - both in its own name and as holding company of Capitalia S.p.A., UniCredit Banca S.p.A., UniCredit Banca di Roma S.p.A. and Banco di Sicilia S.p.A. - by the Italian Revenue Agency (Liguria, Emilia Romagna, Lazio and Sicily Regional Divisions) in relation to structured finance transactions conducted by certain UniCredit Group companies during the 2005 tax year.

The disputes are based on the notion of “abuse of rights”, for the purposes of the reclassification, solely for tax effects, of the above-mentioned transactions.

With regard solely to UniCredit Banca S.p.A., the Emilia Romagna Regional Division and the Liguria Regional Division had served notices of assessment for IRES and IRAP, for the 2004 tax year, for a total of €136.3 million. The notices were immediately challenged and the related proceedings are pending before the competent Provincial Tax Commission.

At December 31, 2013 the proceedings are still pending and the first instance decision has not been issued or event filed.

Pending cases arising during the year

During the year UniCredit S.p.A., on its own behalf and in its capacity as the holding company of various group companies, was served several notices of assessment for alleged taxes and related interest and penalties totaling around €49 million.

The company decided to appeal to the competent local tax commissions against these notices.

The matters of particular significance include those served with regard to:

1) substitute tax on medium and long-term loans and registration tax, for a total of €13.3 million, taxes and ancillary expenses, relating to loan agreements entered into outside of Italy;
2) higher registration tax allegedly due for two disposals of companies undertaken with UBIS S.C.p.A. and UniCredit Bank A.G. - Italian Branch, respectively. The total amount claimed for taxes and ancillary expenses is € 8.5 million;
3) higher IRES allegedly due by Capitalia S.p.A. relating to “DB Vantage” structured finance transactions undertaken independently by Capitalia in 2004, identical in nature to those contested against UniCredit Banca S.p.A. for the same tax period, mentioned above. The total amount claimed for taxes and ancillary expenses is € 20 million;
4) higher IRES and IRAP for 2008 relating to UniCredit Private Banking S.p.A., for disputes pertaining to alleged differences in transfer pricing and the alleged non-deductibility of interest expense, for a total claim, for taxes and ancillary expenses, of € 2.6 million;
5) IRES for 2008, demanded from UniCredit S.p.A. as the consolidating entity of FinecoBank S.p.A., for a total of € 0.7 million, relating to the alleged non-deductibility of amounts paid to customers as compensation for damages caused by financial advisors or employees of the bank.

Though the Company considers the risk represented by these potential liabilities overall, it nevertheless made additional provisions of around € 10.5 million for them.

Updates on pending disputes and tax audits

The previous year’s Annual Report disclosed notices of assessment served on UniCredit S.p.A. as the consolidating entity of Pioneer Investment Management SGR for the financial years 2006 and 2007, for around € 33 million and € 30.5 million, respectively. These notices regard IRES and essentially claim the alleged difference in transfer pricing applied with several group companies resident in Ireland, Luxembourg and the U.S.A. Nonetheless, no penalties were imposed for this, as the documentation relating to said pricing, drawn up pursuant to and in accordance with the provisions of Decree Law 78/2010, was deemed valid.

The appeals submitted to the competent Tax Commissions for both tax years are still pending. However, during the year, administrative suspension of the tax collection for the tax period 2007 was ordered pending the petition for the initiation of amicable dispute resolution pursuant to the Arbitration Conventions against double taxation between Italy and Ireland and Italy and Luxembourg.

The previous year’s Annual Report also provided disclosure on the tax audit report served on December 28, 2012 on conclusion of the tax audit by the Italian Revenue Agency of Genoa against the former UniCredit Real Estate S.C.p.A.(URE) for the year 2009.

The audit, which is general in nature, but whose main objective is to check the transfers of properties to real estate funds, which took place in the year 2009, claims that an amount of €12.8 million should be made subject to (substitute) taxation, with a corresponding tax amount of €2.5 million. In relation to said report - and with a view to settlement and, in any event, to reaching a reasonable solution to a situation marked by particularly misleading, specious claims - UniCredit S.p.A. allocated provisions of € 5.1 million.

On December 30, 2013, also with a view to reasonably bringing an end to a situation marked by particularly misleading, specious claims, the tax audit report was settled through a tax settlement proposal pursuant to Italian Legislative Decree 218/1997, by paying a total amount of € 3.7 million for taxes and ancillary expenses, reserving the right to recover excess taxes paid during the year subject to the claims based on the arguments set out in said tax audit report.

Part E - Risks and Hedging Policies (CONTINUED)

Moreover, on November 6, 2013, the Liguria Regional Division served a tax audit report for 2008 equivalent to the one previously served for 2009, for a total amount of € 0.8 million. Subsequently, the related notice of assessment was served.

Provisions were made of € 0.8 million in the expectation that - also for said year, and again with a view to reaching a reasonable solution to a situation marked by particularly misleading, specious claims - a concessional settlement may be reached through a tax settlement proposal.

The abovementioned provisions, offset by uses and releases of € 5.5 million, are the result of an additional allocation of € 10.0 million during the year and previous allocations for € 15.6 million for risks relating to pending tax disputes and sundry operational risks.

Considering that provisions of € 18 million were previously allocated for payments due pending the ruling on the dispute on structured finance transactions which has not been settled, as well as the provisions of € 53.9 million allocated to cover the possible disallowal of interest accrued on tax credits, there are now provision to cover tax risks for disputes and audits for over € 103 million.

Following the outcome of the review of contingent assets conducted on the year-end balances, in compliance with the requirements of the Bank of Italy set out in the Technical Memo of August 7, 2012, for the preparation of the financial statements at December 31, 2013, €84 million in contingent assets recognized under the asset item 150-Other Assets, as well as the corresponding provisions, were eliminated.

Lastly, as regards the other group companies in Italy, the outcomes of the most important audits concluded in 2013 are shown below:
1) FinecoBank S.p.A. (2008-2011): claim of € 6.2 million in alleged higher taxes due to company reorganization (partly already followed by notices of assessment);
2) UniCredit Bank Austria A.G. - Milan Branch (2010): € 1.8 million in higher taxes have been claimed, allegedly due as a result of differences in transfer pricing;
3) UniCredit Bank A.G. - Milan Branch (2008): reclassification for tax purposes of several financial transactions implemented by the company, with the claim of € 50 million in higher taxes allegedly due;
4) Pioneer Investment Management SGR (2008): € 26 million in higher taxes allegedly due as a result of differences in transfer pricing; the situation is the same as that at the start of this paragraph.

E. Extrajudicial procedures
With reference to the extrajudicial procedure relating to Istituto per il Credito Sportivo (ICS), about which disclosure was provided in the financial statements as at December 31, 2012, it should be noted that on March 12, 2013 the Prime Minister's Office also informed the parties concerned that the "Ministry for Regional Affairs, Tourism and Sport" and the "Ministry for Arts and Culture", in concert with the Ministry of Economy and Finance, had adopted the interdepartmental Decree of March 6, 2013 annulling the ICS Statute of 2005.

This ruling - which, if confirmed, would result in the dilution of UniCredit S.p.A.'s shareholding in the company and give ICS the right to recover the sums distributed as profits from 2005 onwards - was promptly challenged by the banks having shareholdings in the company.

For the time being, the Bank considers the risk to be only possible.

F. Carlo Tassara S.p.A. restructuring process
On December 23, 2013 Carlo Tassara and the creditor banks signed the third amendment agreement on the moratorium on debt payments.

The purpose of this transaction is to allow the company to better enhance certain assets under disposal, whose proceeds will be used to pay its financial debts.

The main terms and conditions of the Amendment Agreement include:
1. the postponement of the final expiry of the agreements to December 31, 2016;
2. the appointment of the 9 members composing the Board of Directors, with 6 independent members in accordance with the new corporate governance;
3. the conversion of the creditor banks' exposures into Strumenti Finanziari Partecipativi ("SFP") for a total amount of €650 million. The SFP, which can be traded once the restructuring agreement expires, have no maturity date and 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 was 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 was determined on the basis of the 6-month average share price before the closing of the restructuring agreement;
4. the commitment of the creditor banks to subscribing additional SFP 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 commitment of the creditor banks 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;
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) remained in place after the signing of the above-mentioned agreements.

On December 27, 2013, following the fulfillment of the conditions precedent to the effectiveness of the third amendment agreement, the banks subscribed the SFP worth €650 million.

UniCredit subscribed 63,131,974 SFP worth €1.00 (nominal value) each and totaling €63 million, issued by the Company pursuant to the resolution of the Extraordinary Meeting of December 23, 2013 and agreed to contemporaneously pay up these SFP by voluntarily offsetting a portion of its loans (nominal value) to Carlo Tassara totaling €63,131,974, reducing the Bank's overall exposure to Carlo Tassara.

As a result of the above-mentioned offsetting, part of the Bank's loans to the Company (€63 million) was paid off and the Company's outstanding debts to the Bank decreased, with effect from December 27, 2013, by €63 million.

After the conversion, UniCredit's exposure amounted to €463 million of which impairment losses of €91 million at the same date.

On December 23, 2013, in compliance with the governance provisions, the members of Carlo Tassara S.p.A.'s new Board of Directors were appointed.

Part F - Shareholders' Equity

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

Section 1 - Shareholders' Equity

A. QUALITATIVE INFORMATION

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

- planning and budgeting processes:
  - proposals to risk propensity and capitalisation objectives;
  - analysis of risk associated with value drivers and allocation of capital to business areas and units;
  - assignment of risk-adjusted performance objectives;
  - analysis of the impact on the Group's value and the creation of value for shareholders;
  - preparation and proposal of the capital plan and dividend policy;
- monitoring processes:
  - analysis of performance achieved at Group and business unit level and preparation of management reports for internal and external use;
  - analysis and monitoring of limits;
  - analysis and performance monitoring of the capital ratios of the Group and individual companies.

The Group's strategic guidelines are aimed at optimizing the composition of its business portfolio. This goal is pursued through a process of capital allocation to each business line in relation to its specific risk profile and ability to generate extra income measured as EVA, which is the main performance indicator related to TSR (Total Shareholder Return).

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

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

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

Capital is managed dynamically: the Capital Management unit prepares the capital plan, monitors capital ratios for regulatory purposes.

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

The dynamic management approach aims at identifying the capital instruments (ordinary shares and other capital instruments) most suitable for achieving the defined targets. If there is a capital shortfall, the gaps to be filled and capital generation measures are indicated, and their efficiency are measured using RAPM methodology (Risk Adjusted Performance Management).

B. QUANTITATIVE INFORMATION

Further information about Shareholders' equity of UniCredit S.p.A. are represented in Part B) Section 14 - Shareholders' equity - Items 130, 150, 160, 170, 180, 190 and 200.

B.1 Company Shareholders' Equity: breakdown

ITEMS/VALUES	12.31.2013	12.31.2012
1. Share capital	**19,654,856**	**19,647,949**
2. Share premium reserve	**23,879,202**	**32,877,938**
3. Reserves	**13,480,904**	**5,284,519**
- from profits	8,361,310	6,461,114
a) legal	1,517,514	1,517,514
b) statutory	1,195,845	-
c) treasury shares	-	-
d) other	5,647,951	4,943,600
- other *	5,119,594	(1,176,595)
4. Equity instruments	**-**	**-**
5. (Treasury shares)	**(2,440)**	**(2,440)**
6. Revaluation reserves	**666,512**	**201,965**
- Available-for sale financial assets	217,228	(367,807)
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash flow hedges	326,346	491,874
- Exchange differences	-	-
- Non-current assets classified held for sale	-	-
- Actuarial gains (losses) on definited benefit plans	(154,082)	(199,122)
- Changes in valuation reserve pertaining to equity method investments:	-	-
- Special revaluation loans	277,020	277,020
7. Net profit (loss)	**(11,601,111)**	**(219,783)**
Total	**46,077,923**	**57,790,148**

(*) "Reserves - other" include the "Reserve of treasury shares" (2,440 thousand), originally formed with the withdrawal from the "Share premium reserve", as well as a part of the "Legal reserve" (2,413,457 thousand) also constituted, as resolved by the approval of the OrdinaryShareholders' Meeting of May 11, 2013,with the withdrawal from the "Share premium Reserve".
The comparative figures at December 31, 2012 have been restated to reflect the introduction of the accounting standard IAS19R as described in Part A - Accounting Policies of A2) The main item of the Accounts.

Shareholders' Equity at December 31, 2013, in addition to the free capital increase of €6,907 thousand, completed through a withdrawal from the specifically constituted reserve, for the issue of 2,097,587 ordinary shares connected to the medium term incentive plan for Group Personnel, as approved by the Board of Directors on March 15, 2013, reflected the changes resulting from the Ordinary Shareholders' Meeting resolutions last May 11 which resulted in:

1. the allocation to the Legal Reserve of an amount of €2,413,457 thousand, taken from the Share Premium reserve;
2. the making-up of the negative reserves through the use of the Share Premium reserve, by a total amount of €3,962,124 thousand;
3. the reallocation of the loss for the year shown in the Annual Report and Accounts at December 31, 2011 - in substitution of the decision resolved upon by the Shareholders' Meeting of May 11, 2012 - exclusively through the use of the Share Premium Reserve for an amount of €6,348,649 thousand and the consequent reinstatement of the Statutory Reserve in the amount of €1,195,845 thousand, of the Reserve for allocating profits to Shareholders through the issuance of new free shares in the amount of €1,193,962 thousand and of Other reserves in the amount of €13,564 thousand.

The Shareholders' Meeting of May 11, 2013 also resolved to:

- make-up the loss for the year 2012 through the use of the Share Premium reserve by an amount of €219,783 thousand;
- distribute to shareholders a total amount of €512,535 thousand, taken from reserves from profits.

B.2 Revaluation reserves for available-for-sale assets: breakdown

	12.31.2013			12.31.2012		
ASSETS/VALUES	POSITIVE RESERVE	NEGATIVE RESERVE	TOTAL	POSITIVE RESERVE	NEGATIVE RESERVE	TOTAL
1. Debt securities	317,714	(260,806)	56,908	152,235	(642,756)	(490,521)
2. Equity securities	163,527	(2,320)	161,207	115,823	(248)	115,575
3. Units in investment funds	3,911	(4,798)	(887)	11,836	(4,697)	7,139
4. Loans	-	-	-	-	-	-
Total	**485,152**	**(267,924)**	**217,228**	**279,894**	**(647,701)**	**(367,807)**

Part F - Shareholders' Equity (Continued)

B.3 Revaluation reserves for available-for-sale assets: annual changes

	12.31.2013				
	DEBT SECURITIES	EQUITY SECURITIES	UNITS IN INVESTMENT FUNDS	LOANS	TOTAL
1. Opening balance	**(490,521)**	**115,575**	**7,139**	**-**	**(367,807)**
2. Positive changes	**718,771**	**68,587**	**4,304**	**-**	**791,662**
2.1 Fair value increases	678,169	64,770	203	-	743,142
2.2 Reclassification through profit or loss of negative provision	37,210	248	4,098	-	41,556
- due to impairment	-	248	4,098	-	4,346
- following disposal	37,210	-	-	-	37,210
2.3 Other changes	3,392	3,569	3	-	6,964
3. Negative changes	**171,342**	**22,955**	**12,330**	**-**	**206,627**
3.1 Fair value reductions	109,509	19,808	7,963	-	137,280
3.2 Impairment losses	-	2,853	354	-	3,207
3.3 Reclassification through profit or loss of positive allowances: following disposal	60,990	211	4,011	-	65,212
3.4 Other changes	843	83	2	-	928
4. Closing balance	**56,908**	**161,207**	**(887)**	**-**	**217,228**

B.4 Revaluation Reserve on Defined benefit obligations: annual changes

	12.31.2013
1. Net opening balance	**(199.122)**
2. Positive changes	**49.939**
2.1. Fair value increase	49.939
2.2 Other changes	-
3. Negative changes	**4.899**
3.1 Fair value reductions	4.899
3.2 Other changes	-
4. Closing balance	**(154.082)**

Section 2 - Shareholders' Equity and Regulatory Banking Ratios

2.1 Capital for regulatory purposes

A. QUALITATIVE INFORMATION

The tables below provide the main contractual details of innovative instruments included, together with capital and reserves, in Tier 1, Tier 2 and Tier 3 Capital.

1. Tier 1 Capital

Breakdown of subordinated instruments

MATURITY	CURRENCY	INTEREST RATES	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	TOTAL CAPITAL 12.31.2013 (€/000)
Innovative capital instruments					
1) Perpetual	EURO	4.028% p.a. for the first 10 years then 3-month euribor + 176 bps	CALL 10.27.15	121,174,000	121,174
2) Perpetual	GBP	5.396% p.a. for the first 10 years then sterling libor 3m + 176 bps	CALL 10.27.15	49,697,000	59,610
3) Perpetual	GBP	8.6125% p.a.	CALL 06.27.18	34,224,000	41,051
4) Perpetual	EURO	8.145% p.a. act/act for the first 10 years then 3-month euribor + 665 bps	CALL 12.10.19	67,513,000	67,513
5) Perpetual	EURO	9.375% p.a. act/act for the first 10 years then 3-month euribor + 749 bps	CALL 07.21.20	500,000,000	325,176
Total innovative capital instruments (Tier I)					**614,524**

2. Tier 2 Capital

Breakdown of subordinated instruments

MATURITY		CURRENCY	INTEREST RATE	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	CONTRIBUTION TO REGULATORY CAPITAL AS AT 12.31.2013 (€/000)
Hybrid capitalisation instruments						
1)	02.01.2016	EURO	3,95%	-	735,250,000	734,288
2)	02.01.2016	GBP	5,00%	-	222,197,000	266,255
3)	06.05.2018	EURO	6,70%	-	692,422,000	690,780
4)	06.25.2018	EURO	6-month euribor + 1.70% p.a.	-	75,000,000	75,000
Total hybrid capitalisation instruments (Upper Tier II)						**1,766,323**
Subordinated loans						
1)	06.30.2015	EURO	Year 1: gross fixed interest rate 3% p.a. Year 2: variable coupon equal to 75% of the 10-year annual swap rate	CALL 06.30.10	147,286,400	140,230
2)	03.30.2016	EURO	Gross fixed interest rate: 3.50% p.a. Year 2: variable coupon equal to 75% of 10-Y annual swap rate	CALL 03.30.11	99,805,200	93,781
3)	03.30.2016	EURO	Gross fixed interest rate: 4.00% p.a. Year 2: variable coupon equal to 65% of 10-Y annual swap rate	CALL 03.30.11	129,856,800	122,017
4)	09.26.2017	EURO	5.75% p.a.	-	906,523,000	797,938
5)	10.30.2017	EURO	5.45% p.a.	-	10,000,000	8,000
6)	10.30.2017	EURO	5.45% p.a.	-	10,000,000	8,000
7)	11.13.2017	EURO	5.54% p.a.	-	10,000,000	8,000
8)	11.27.2017	EURO	5.70% p.a.	-	500,000	400
9)	11.27.2017	EURO	5.70% p.a.	-	5,000,000	4,000
10)	11.27.2017	EURO	5.70% p.a.	-	5,000,000	4,000
11)	11.27.2017	EURO	5.70% p.a.	-	5,000,000	4,000
12)	11.27.2017	EURO	5.70% p.a.	-	5,000,000	4,000
13)	11.27.2017	EURO	5.70% p.a.	-	20,000,000	16,000
14)	11.27.2017	EURO	5.70% p.a.	-	20,000,000	16,000
15)	11.27.2017	EURO	5.70% p.a.	-	20,000,000	16,000
16)	11.27.2017	EURO	5.70% p.a.	-	40,000,000	32,000
17)	12.04.2017	EURO	EUR_CMS(10Y), calculated on the basis of a formula as set out in the regulations	-	168,250,000	136,600
18)	12.11.2017	EURO	EUR_10Y_CMS, calculated on the basis of a formula as set out in the regulations	-	100,000,000	100,000
19)	09.22.2019	EURO	4.5% p.a. act/act for years 1-10 3-month euribor + 95 bps p.a. for years 11-15	CALL 09.22.14	449,927,000	449,220
20)	01.30.2018	EURO	5.74% p.a.	-	10,000,000	9,992
21)	01.30.2018	EURO	5.74% p.a.	-	10,000,000	9,992
22)	03.03.2023	EURO	6.04% p.a.	-	118,550,000	118,478
23)	04.10.2018	EURO	EUR_10Y_CMS vs. 6m euribor fixed in advance	-	15,000,000	15,000
24)	04.24.2018	EURO	EUR_10Y_CMS, calculated on the basis of a formula as set out in the regulations	-	100,000,000	80,000
25)	01.31.2017	USD	6.05% p.a.	-	750,000,000	543,833
26)	03.31.2019	GBP	9.3725% p.a.	CALL 03.31.14	125,000,000	149,934
27)	04.25.2022	EURO	5.05% p.a.	-	50,000,000	50,000
28)	04.26.2020	EURO	4.75% p.a.	-	50,000,000	49,693

Part F - Shareholders' Equity (Continued)

Breakdown of subordinated instruments (continued)

	MATURITY	CURRENCY	INTEREST RATE	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	CONTRIBUTION TO REGULATORY CAPITAL AS AT 12.31.2013 (€/000)
29)	05.31.2020	EURO	3.00% p.a. for year 1			
			3.25% p.a. for year 2			
			3.50% p.a. for year 3			
			3.75% p.a. for year 4			
			4.00% p.a. for year 5			
			4.40% p.a. for year 6			
			4.70% p.a. for year 7			
			5.07% p.a. for year 8			
			5.40% p.a. for year 9			
			6.00% p.a. for year 10	-	332,927,000	332,861
30)	06.14.2017	EURO	3.00% p.a. for year 1			
			3.25% p.a. for year 2			
			3.50% p.a. for year 3			
			3.80% p.a. for year 4			
			4.10% p.a. for year 5			
			4.40% p.a. for year 6			
			4.70% p.a. for year 7	-	261,307,200	261,304
31)	06.14.2020	EURO	5.16% p.a.	-	50,000,000	50,000
32)	04.21.2021	EURO	5% p.a.	-	50,000,000	50,000
33)	03.31.2018	EURO	5% p.a. for years 1 - 2			
			3 month euribor +1.00% p.a.	CALL. 03.31.14	464,169,000	464,169
34)	03.31.2018	EURO	4.10% p.a. for year 1			
			4.30% p.a. for year 2			
			4.50% p.a. for year 3			
			4.70% p.a. for year 4			
			4.90% p.a. for year 5			
			5.05% p.a. for year 6			
			5.10% p.a. for year 7	CALL. 03.31.14	758,580,000	758,424
35)	04.19.2021	EURO	6.125% p.a.	-	750,000,000	745,450
36)	06.30.2018	EURO	3 month euribor +1,00% p.a.	-	393,513,000	393,506
37)	07.21.2018	EURO	3 month euribor +2.6370% p.a.	-	10,000,000	10,000
38)	07.05.2018	EURO	3 month euribor +2.50% p.a.	-	20,000,000	19,982
39)	08.19.2018	EURO	4.40% p.a. for year 1			
			4.60% p.a. for year 2			
			4.80% p.a. for year 3			
			5.00% p.a. for year 4			
			5.30% p.a. for year 5			
			5.65% p.a. for year 6			
			6.00% p.a. for year 7	CALL. 08.19.14	157,016,000	157,013
40)	10.31.2018	EURO	5.60% p.a. for year 1			
			5.90% p.a. for year 2			
			6.10% p.a. for year 3			
			6.30% p.a. for year 4			
			6.50% p.a. for year 5			
			6.80% p.a. for year 6			
			7.20% p.a. for year 7	CALL. 10.31.14	414,273,000	414,265
41)	01.31.2019	EURO	3 month euribor + 6.2208% p.a.	-	517,521,000	517,473

Breakdown of subordinated instruments (continued)

MATURITY		CURRENCY	INTEREST RATE	CLAUSE OF ADVANCE REFUND	FACE VALUE IN ORIGINAL CURRENCY	CONTRIBUTION TO REGULATORY CAPITAL AS AT 12.31.2013 (€/000)
42)	10.31.2022	EURO	6.95% p.a.		1,500,000,000	1,493,102
43)	12.05.2019	EURO	6% p.a. until 2015 3 month euribor +2.15% p.a.		538,534,000	538,534
44)	12.28.2020	EURO	3.60% p.a. for year 1.2 m 3.80% p.a. for year 2 4.00% p.a. for year 3 4.20% p.a. for year 4 4.40% p.a. for year 5 4.60% p.a. for year 6 5.00% p.a. for year 7		189,190,000	189,190
45)	06.30.2020	EURO	3.25% p.a. for year 1 3.50% p.a. for year 2 4.00% p.a.for year 3 4.50% p.a. for year 4 5.00% p.a. for year 5 5.50% p.a. for year 6 6.50% p.a. for year 7		338,143,000	338,143
46)	07.15.2020	EURO	3.25% p.a. for year 1 3.50% p.a. for year 2 4.00% p.a.for year 3 4.50% p.a. for year 4 5.00% p.a. for year 5 5.50% p.a. for year 6 6.50% p.a. for year 7		399,997,000	399,997
47)	07.15.2020	EURO	3.35% p.a. until 2016		554,497,000	543,790
48)	07.30.2023	SGD	5.50% p.a.	CALL 06.30.2018	297,000,000	169,691
49)	10.28.2025	EUR	5.75% p.a.	CALL 10.28.2020	1,000,000,000	994,799
50)	05.02.2023	USD	6.375% p.a.		750,000,000	541,359
51)	06.30.2020	EURO	4.50% p.a.		240,693,000	240,293
52)	10.13.2020	EURO	3.75% p.a.		297,369,000	297,369
Total subordinated loans - Lower Tier II						**12,907,822**
Total						**14,674,145**

3. Tier 3 Capital

As at December 31, 2012, there are not subordinated loans Tier 3.

Part F - Shareholders' Equity (Continued)

B. QUANTITATIVE INFORMATION

Solvency filters

		12.31.2013	12.31.2012
A.	**Tier 1 before solvency filters**	**45,870,515**	**55,035,556**
B.	**Tier 1 solvency filters**	**(1,398,050)**	**(100,080)**
	B.1 Positive IAS/IFRS solvency filters (+) (1)	95,970	-
	B.2 Negative IAS/IFRS solvency filters (-) (2) (3)	(1,494,020)	(100,080)
C.	**Tier 1 after solvency filters (A+B)**	**44,472,465**	**54,935,476**
D.	**Deductions from tier 1**	**1,483,053**	**2,513,857**
E.	**Total TIER 1 (C - D)**	**42,989,412**	**52,421,619**
F.	**Tier 2 before solvency filters**	**16,046,550**	**14,873,825**
G.	**Tier 2 solvency filters**	**(108,991)**	**(71,436)**
	G.1 Positive IAS/IFRS solvency filters (+)	-	-
	G.2 Negative IAS/IFRS solvency filters (-)	(108,991)	(71,436)
H.	**Tier 2 after solvency filters (F+G)**	**15,937,559**	**14,802,389**
I.	**Deductions from tier 2**	**1,483,053**	**2,513,857**
L.	**Total TIER 2 (H - I)**	**14,454,506**	**12,288,532**
M.	**Deductions from tier 1 e tier 2**	**-**	**782,666**
N.	**Total capital (E + L - M)**	**57,443,918**	**63,927,485**
O.	**TIER 3**	**-**	**-**
P.	**Total capital + TIER 3 (N+ O)**	**57,443,918**	**63,927,485**

(1) From January 1, 2013, as a result of the entry into force of the amendments to IAS 19 (IAS 19R), the elimination of the corridor method - with the resulting recognition of the present value of the defined benefit obligation - had an impact on the Group's shareholders' equity due to the recognition of net actuarial losses in revaluation reserves, which were not previously recognized, in application of said method. In regulatory terms, those revaluation reserves - amounting to around €154 million - were classified under other negative items of Tier 1 capital, and subject to positive solvency filters of €96 million, as per the Bank of Italy communicated of May 9, 2013.

(2) With reference to revaluation reserves arising from debt securities issued by central governments of EU member countries, on May 18, 2010 the Bank of Italy recognized, for the purposes of the calculation of regulatory capital (solvency filters), the possibility of completely neutralizing unrealized gains and losses arising in the revaluation reserves after December 31, 2009 ("symmetric" approach). UniCredit adopted this method starting from the regulatory capital calculation made in June 2010 and thereby replaced the "asymmetric" approach previously in use. At December 31, 2013 net unrealized losses sterilized amounted to €0.1 million.
Furthermore, with regard to the clarifications and indications provided in the Bank of Italy Supervisory Bulletin of December 12, 2013 on the transitional provisions concerning own funds relating to the treatment, for the purpose of calculating regulatory capital, of unrealized gains and losses relating to exposures to Central Governments classified under "Available-for-sale Financial Assets (AFS) in IAS 39 approved by the EU, UniCredit SpA exercised the right provided in Part Two, Chapter 14, Section II, par. 2, sentence of Circular no. 285 setting out "Supervisory provisions for banks" in relation to consolidated own funds (as well as individual own funds of all the Banks in the Banking Group subject to supervision by the Bank of Italy).
In accordance with the application of the above right, from March 31, 2014 and in line with the previous periods, UniCredit SpA shall - limited to securities issued by Central Governments of countries in the European Union included in the "Available-for-sale Financial Assets (AFS)" portfolio - ensure that no unrealized gains or losses relating to exposures to Central Governments classified under "Available-for-sale Financial Assets" of IAS 39 approved by the EU, according to the procedures set forth in Article 467 of the CRR, are included in any items of own funds.

(3) Includes €226 million for the effect of the negative filter relating to the "multiple detaxation" as per the Bank of Italy Communication of May 9, 2013. The amount refers to the first two years of application of the filter (2012/2013, equal to 2/5 of the total amount being deducted).

(4) The amount for the year 2013 includes the effects of negative filter connected to the neutralization of the positive effects from the revaluation of the share in the capital of the Bank of Italy. The amount of the filter, equal to €1,190 million, is after tax (€184 million).

2.2 Capital adequacy

A. QUALITATIVE INFORMATION

Regarding Qualitative Information, please refer to Consolidated Notes to the Accounts.

B. QUANTITATIVE INFORMATION

CATEGORIES/ITEMS	12.31.2013 NON WEIGHED AMOUNTS	12.31.2013 WEIGHED AMOUNTS / REQUIREMENTS	12.31.2012 NON WEIGHED AMOUNTS	12.31.2012 WEIGHED AMOUNTS / REQUIREMENTS
A. RISK ASSETS				
A.1 Credit and counterparty risk	**424,104,235**	**164,550,154**	**465,376,443**	**188,067,648**
1. Standardized approach	218,511,740	96,052,625	245,975,739	109,656,452
2. IRB approaches	201,705,219	67,572,479	214,488,972	77,171,352
2.1 Fundation	-	-	-	-
2.2 Advanced	201,705,219	67,572,479	214,488,972	77,171,352
3. Securization	3,887,276	925,050	4,911,732	1,239,844
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk		**13,164,012**		**15,045,412**
B.2 Market Risk		**479,100**		**78,582**
1. Standardized approach		4,582		78,582
2. Internal models		474,518		-
3. Concentration risk		-		-
B.3 Operational risk		**1,237,897**		**1,223,912**
1. Basic indicator approach (BIA)		19,799		18,588
2. Traditional standardized approach (TSA)		-		-
3. Advanced measurement approach (AMA)		1,218,098		1,205,324
B.4 Other capital requirements		**-**		**-**
B.5 Other calculation items		**-2,324,434**		**-4,086,976**
B.6 Total capital requirements		**12,556,575**		**12,260,930**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Weighed risk assets		**156,957,184**		**153,261,623**
C.2 Tier 1 / Weighed risk assets (Tier 1 capital ratio)		**27.39%**		**34.20%**
C.3 Regulatory capital included Tier 3 / Weighed risk assets (Total capital ratio)		**36.60%**		**41.71%**

Part G - Business Combinations

Part G - Business Combinations

Section 1 - Business Combinations Completed in 2013

1.1 Business combinations

Business combinations with counterparties outside the Group are performed using the "purchase method" as required by IFRS 3 "Business Combinations", cited in part A.2 concerning the main balance-sheet items. These cases have not occurred in the current year.

With regard to business combinations completed in 2013, we report that as part of the process of reorganization of the Group's Italian businesses, for the purpose of simplification, in July 2012 UniCredit launched a rationalization plan for a select range of operations performed by Italian subsidiaries, centralizing these activities within the Parent Company.

This plan was executed last March 1 via the merger through incorporation of four wholly-owned subsidiaries into UniCredit S.p.A.:
- UniCredit Audit S.C.p.A., a company that provides audit services for the Italian companies;
- UniManagement S.C.r.l., a company that provides management training services for the Group;
- UniCredit Merchant S.p.A., a company that manages certain minority interests and other investments for Principal Investments;
- UniCredit Logistics S.r.l., a company engaged in the development of infrastructure and logistics services.

Also for the same purpose of reorganizing the Italian businesses, the subsidiary Localmind S.p.A. was placed in voluntary liquidation last April, and the mergers of Joinet S.r.l. (an e-commerce service company) into I-Faber S.p.A. and of Esperti in Mediazione S.r.l. into UniCredit Credit Management Bank S.p.A took effect on July 1.

In 2013 the merger deeds took effect for the execution of the mergers of Fineco Leasing S.p.A. (specializing in real estate leasing) into UniCredit Leasing S.p.A., effective in April 2014.

As part of the project for the rationalization of the Group's presence in CEE, during 2013 disposals and acquisitions were completed with Group companies that under the continuity principle resulted in the recognition of specific equity reserves in the respective financial statements of the transferor/transferee, for the differences between the disposal price and the carrying amounts of the items disposed of.
- acquisition by Bank Pekao of the equity investment in PJSC UniCredit Bank (Bank Ucraina);
- acquisition by UniCredit Bank AG of control (99.53%) of the equity investment in Bavaria Servicos de Representacao Comercial LTDA
- sale to UniCredit Bulbank A.D. of the equity investment UniCredit Consumer Financing A.D.
- sale to UniCredit Tiriac Bank S.A. of part of the equity investment in UniCredit Consumer Financing S.A.

Section 2- Business Combinations Completed after December 31, 2013

As part of the rationalization of support operations for the Parent Company performed by the subsidiary UBIS and to favor, in a manner consistent with the recent changes in supervisory regulations, the concentration in UniCredit of strategic control over ITC operations and achieve synergies in operating processes pertaining to security, the following business units were transferred by UBIS to UniCredit, effective from January 1, 2014:
- the "Group ICT and Operations" Business Unit concerning support operations for the Parent Company UniCredit in governing instrumental ICT and Operations services.
- the "Security Network Services" Business Unit, concerning specialized security operations carried out in Italy.

Part H - Related-Party Transactions

Part H - Related-Party Transactions (amounts in thousands of €)

As required by the Commission Regulation (EU) No. 632/2010 of July 19, 2010, the revised IAS 24 - which simplifies and clarifies the definition of related party and the criteria aimed at identifying correctly the nature of the relationship with the reporting entity - is applied to financial reporting for annual periods beginning on or after January 1, 2011. Pursuant to IAS 24, UniCredit S.p.A.'s related parties include:
- companies belonging to the UniCredit group and companies controlled by UniCredit but not consolidated;
- associates and joint-ventures;
- UniCredit's key management personnel;
- close family members of key management personnel and companies controlled (or jointly controlled) by key management personnel or their close family members;
- Group employee post-employment benefit plans.

Details of key management personnel's remuneration and of related-party transactions are given below, pursuant to IAS 24. Key management personnel are persons having authority and responsibility for planning, directing, and controlling UniCredit's activities, directly or indirectly. Key management personnel include the Chief Executive Officer and the other members of the Board of Directors, the Standing Auditors, the General Manager and the other members of UniCredit's Executive Management Committee, as well as the Head of Internal Audit, in office in 2011.

1. Details of Top Managers' Compensation

Total compensation paid to Directors and top managers in 2013 is given below pursuant to IAS 24 and to the circular no. 262 issued by the Bank of Italy on December 22, 2005 (2nd update on 21 January 2014) requiring that also the Statutory Auditors' compensation be included.

Remuneration paid to key management personnel (including directors)

	2013	2012
a) short-term employee benefits	18,618	18,581
b) post-retirement benefits	1,809	1,738
of which: under defined benefit plans	-	-
of which: under defined contribution plans	*1,809*	*1,738*
c) other long-term benefits	50	50
d) termination benefits	-	2,515
e) share-based payments	2,473	3,486
Total	**22,950**	**26,370**

In the above reported data are included the compensation paid to Directors (€ 7,076), Statutory Auditors (€ 656), General Manager (€ 1,549) and other Managers with strategic responsibility (€ 7,521), as shown in the Annual compensation report enclosed in the 2014 Group compensation Policy, and € 6,148 relating to other costs borne in 2013 (the company share of social security contributions, allocations to severance pay funds and share-based payments using UniCredit and its subsidiaries' equity instruments).

The decrease year on year of the compensation is linked mainly to the reduction of the value of share based payments for the Chief Executive Officer, General Manager and other Executives with strategic responsibilities, additionally to the absence of severance payments. Furthermore, as already happened in 2011 and 2012, the above mentioned executives did not receive any bonus under the 2013 Group Incentive System.

2. Related-Party transactions

The Company's well-established operating policy is to consistently comply with principles of transparency and material accuracy and to follow fair procedures in conducting related-party transactions in line with the legal and regulatory provisions applicable from time to time.

- In particular UniCredit, as a listed issuer, has adopted the "Global Policy for the management of transactions with persons in conflict of interest" that is designed to define preliminary and conclusive rules with respect to transactions initiated by UniCredit, including those conducted through subsidiaries, with related parties (CONSOB) and associated persons (Bank of Italy), and the manner in which information is disclosed to corporate bodies and the market. This Policy - which is published on the UniCredit website (www.unicredit.eu) - identifies, inter alia, in compliance with the "Regulations on related-party transactions" issued by Italy's CONSOB resolution 17221 of March 12, 2010 (as amended/supplemented) and Bank of Italy Circular no. 263/2006 (Title V, Chapter 5 - "Procedures for the management of risk activities and conflicts of interest with associated persons"): the independence of UniCredit's Directors who may be asked to express their opinions on related-party transactions (CONSOB) and transactions with associated persons (Bank of Italy); the scope of related parties (CONSOB) and associated persons (Bank of Italy), together defined as the "Combined Perimeter";
- transactions with significant parties included in the Combined Perimeter;
- instances of exemption and exclusion utilized by UniCredit;
- the manner in which transactions with parties included in the Combined Perimeter are started and approved, even when they are initiated by Italian or foreign subsidiaries;
- the manner and timing information on related-party transactions is conveyed to Independent Directors as well as Administration and Regulatory Bodies;
- transparency obligations towards Management, Regulatory Authorities and the market.

The above-mentioned provisions also require that documents containing internal control policies be communicated to the Shareholders' Meeting and kept available for any requests from the Bank of Italy. In relation to the above, please note that on December 18, 2012 the Board of Directors of UniCredit, upon recommendation of the Related-Parties and Equity Investments Sub-Committee and the Board of Statutory Auditors, approved the Internal policies on controls for risk activities and conflicts of interests with associated persons, which are made available to the Shareholders.

Subject to compliance with the principle set forth in Article 2391 of the Italian Civil Code regarding Directors' interests, the provisions of Article 136 of Legislative Decree 385/93 (Consolidated Banking and Lending Act) also necessarily apply to the Bank, according to which corporate officers may directly or indirectly take on obligations towards the bank they manage, direct or control, only upon unanimous approval by the bank's management body, passed by vote in favor of all members of the controlling body. To that end, the aforesaid members are required to disclose persons with whom relationships may take root that would give rise to the type of material obligation provided for by Article 136 of Legislative Decree 385/93 (intervening individuals or legal entities).

Please note that during the reporting period no transactions with parties included in the Combined Perimeter that would qualify as major according to the *"Global Policy for the management of transactions with persons in conflict of interest"* referred to above were carried out. In 2013 transactions were carried out within the group and/or generally with Italian and foreign related parties that fall within the ordinary course of business and related financial activity; as a rule, they were performed on the same terms and conditions as those applied to transactions entered into with independent third parties. All intra-group transactions were carried out based on assessments of mutual economic benefit, and the applicable terms and conditions were established in accordance with fair dealing criteria, with a view to the common goal of creating value for the entire UniCredit Group. The same principle was applied to intra-group services, as well as the principle of charging on a minimal basis for these services, solely with a view to recovering the respective production costs.

For the purposes of financial disclosure, in accordance with the Commission Regulation (EU) 632/2010 of July 19, 2010, the text of IAS 24 applies, which defines the concept of related party and identifies the relations between that party and the entity producing the financial statements. IAS 24 also explains that the disclosure must include transactions entered into with subsidiaries of associates and subsidiaries of joint ventures.

Part H - Related-Party Transactions (Continued)

Accordingly, the table below provides the additional information required by IAS 24 at December 31, 2013:

Related-party disclosure

	AMOUNTS AS AT 12.31.2013								
	SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON COMPANY ACCOUNTS	SHAREHOLDERS (*)	% ON COMPANY ACCOUNTS
Financial assets held for trading	2,448,263	-	2,203	-	259	2,450,725	20.00%	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Avalaible-for-sale-financial assetd	-	-	25,880	-	10,375	36,255	0.08%	-	-
Loans and receivables with banks	16,052,559	24,782	-	-	431,754	16,509,095	75.49%	12,899	0.06%
Loans and receivables with customers	23,868,411	2	481,716	2,516	39,402	24,392,047	10.55%	123,367	0.05%
Other assets	147,884	2,483	12,749	1	305	163,422	2.55%	31	-
Total assets	**42,517,117**	**27,267**	**522,548**	**2,517**	**482,095**	**43,551,544**	**10.93%**	**136,297**	**0.03%**
Deposits from banks	19,415,007	14,752	36,045	-	2,040	19,467,844	41.09%	150,990	0.32%
Deposits from customers	557,646	44	250,098	6,331	85,244	899,363	0.60%	196,030	0.13%
Securities and financial liabilities	25,290,438	-	2	-	102	25,290,542	21.09%	-	-
Other liabilities	600,612	3	172	2	5,091	605,880	5.49%	1,585	0.01%
Total liabilities	**45,863,703**	**14,799**	**286,317**	**6,333**	**92,477**	**46,263,629**	**11.62%**	**348,605**	**0.09%**
Guarantees issued and commitments	**12,962,860**	**1,149,166**	**64,506**	**-**	**5,550**	**14,182,082**	**17.45%**	**139,605**	**0.17%**

(*) Shareholders and related companies holding a stake in UniCredit with voting right exceeding 2% of share capital.

With regard to the aforesaid transactions, and separately by type of related party, the impact on income statement items are also detailed below.

	12.31.2013								
	SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON COMPANY ACCOUNTS	SHAREHOLDERS (*)	% ON COMPANY ACCOUNTS
Interest income and similar revenues	1,576,313	(228)	1,834	17	6,306	1,584,242	16.83%	1,909	0.02%
Interest expenses and similar chages	(673,545)	(38)	(252)	(72)	(2,606)	(676,513)	12.48%	(6,795)	0.13%
Fee and commission income	661,923	1,791	433,841	5	2,257	1,099,817	29.15%	8,922	0.24%
Fee and commission expenses	(113,371)	(8)	(9,907)	(1)	(7)	(123,294)	29.28%	(117)	0.03%
Gains and losses on financial assets and liabilities held for trading	191,360	-	541	-	-	191,901	n.s.	-	-
Fair value adjustments in hedge accounting	(827,386)	-	-	-	-	(827,386)	n.s.	-	-
Net write-downs of loans and provisions for guarantees and commitments	(3,882)	-	(55,471)	(1)	(241)	(59,595)	0.60%	(188)	-
Staff expenses	11,263	1,911	1,158	-	-	14,332	-0.42%	-	-
Other administrative expenses	(1,516,089)	(1)	(12,272)	-	-	(1,528,362)	56.55%	-	-
Other operating expenses	(50,027)	(64)	-	-	-	(50,091)	28.42%	-	-
Other operating income	51,655	1,882	(5,068)	1	966	49,436	6.17%	86	0.01%

(*) Shareholders and related companies holding a stake in UniCredit with voting right exceeding 2% of share capital.

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

Note that the "Senior Management" category refers to UniCredit's "key management personnel", i.e. those persons holding powers and responsibility - directly and indirectly - for planning, directing and monitoring UniCredit's operations (this means members of the Board of Directors, including the Chief Executive Officer, the Standing Auditors, members of the Executive Management Committee and the Head of Internal Audit in office during the reporting period).

On the other hand, the category "Other related parties" consists of information on:
- close family members of key management personnel (i.e., relatives who could be expected to influence, or be influenced by, the party involved);
- companies controlled (also jointly) by "key management personnel" or their close family members;
- post-employment benefit plans for employees of the UniCredit group.

Not all related parties identified by IAS 24 are subject to the provisions of CONSOB's "Regulations on related-party transactions" (as referred to in Resolutions 17221 and 17389 of 2010, which are based on the definition of related party mentioned in the previous version of IAS 24 effective as of the entry into force of said Regulations).

Specifically, below are some observations on major related-party transactions.

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

Against this backdrop, on February 15, 2013 the Board of Directors of UBIS approved the executive plan relating to the "Invoice Management" transaction aimed at the formation of a joint venture with the partner Accenture S.p.A. (Accenture) for the provision of back office services with respect to 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 the controlling shareholder).

Afterwards, on April 19, 2013, the Board of Directors of UBIS approved the executive plan of the project aimed at the formation of a joint venture with another major player in the industry, IBM Italia S.p.A. (IBM), for the provision of technological infrastructure services (hardware, data center, etc.) to Commercial Banking. The transaction was completed when UBIS transferred - with effect from September 1, 2013 - its "Information Technology" business unit to the company formed and controlled by IBM Italia S.p.A. and called "Value Transformation Services S.p.A." (V-TServices). Following the transaction, UBIS holds 49% of V-TServices's share capital; the remaining 51% is held by IBM (which is therefore the controlling shareholder).

Please note that in May 2012 a corporate partnership was entered into with the 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") through the company "ES Shared Service Center S.p.A.", whose share capital is held by UBIS (49%) and IBM, which is the controlling shareholder (51%).

The services provided to the UniCredit group by the above-mentioned companies result in an exchange of fees (administrative expenses).

In order to ensure compliance with the commitments undertaken by UniCredit S.p.A. during the "squeeze-out" process, under the "ReboRa Agreement", in 2010, following the sale of UniCredit CAIB AG by Bank Austria to UniCredit Bank AG, UniCredit S.p.A. and Bank Austria entered into a "Compensation Agreement", a derivative contract valid from January 1, 2010 to a date between January 1, 2015 and March 31, 2016 (at the discretion of the parties) which includes a commitment by UniCredit S.p.A. to pay 14.5% of Profit Before Tax of the CIB Division - Markets Segment (excluding Poland) of Bank Austria in return for the commitment by the latter to pay 12 month Euribor + 200bps recorded annually on a notional value of €1.28 billion. UniCredit S.p.A. has made a commitment to paying, upon expiry of the agreement, any increase attributable to 14.5% of the CIB Markets perimeter with respect to the value established at the time of sale, up to a maximum of €384 million. This agreement was recognized in the balance sheet under trading derivatives and valued using a valuation model which takes account of all the flows described.

With reference to the relationships with Mediobanca S.p.A. ("Mediobanca"), in addition to the transactions falling within the ordinary course of business and financial activity, UniCredit S.p.A. has entered into a thirty-year usufruct agreement on UniCredit shares with Mediobanca, under which Mediobanca gives back to UniCredit S.p.A., in return for a consideration (recorded as a reduction in Shareholders' Equity), the right to vote and receive dividends on the UniCredit S.p.A. shares subscribed for by Mediobanca in January 2009, as part of the capital increase approved by UniCredit in November 2008. These shares were concomitantly used in support of the issuance of convertible securities denominated "CASHES".

Following the resolutions of UniCredit S.p.A.'s Extraordinary Meeting of December 2011, the number of shares underlying the usufruct agreement and the formula for calculating the remuneration fees in favor of Mediobanca were adjusted to reflect (i) the reverse split of UniCredit S.p.A. shares and (ii) the free capital increase of December 2011 carried out through the allocation to capital of an equivalent amount transferred from the issue-premium reserve recorded in January 2009. Since the conditions of the contract were fulfilled, the first three instalments of the usufruct fee (€105 million) were paid in the financial year.
As part of the "CASHES" transaction, Mediobanca also acts as a custodian of the shares issued by UniCredit S.p.A.
At December 31, 2013, since the conditions for an impairment test were met, the value in use of the equity investment in Mediobanca was determined, according to the methods described in Part A of the Notes to the Consolidated Accounts. The impairment test confirmed the carrying value of the equity investment.

At December 31, 2013 the Group's exposure to Italpetroli Group, considered part of the intragroup transactions, consisted mainly of the credit exposure. In this regard, it should be noted that during the first half of 2013 UniCredit S.p.A., in order to allow the company to meet the minimum capital requirements provided for by the Civil Code, made a capital contribution of €18 million to fully cover the 2012 loss. A further €10 million was paid during the second half of 2013. These contributions were recognized as an increase in the carrying value of UniCredit S.p.A.'s investment in "Compagnia Italpetroli S.p.A.".

Part H - Related-Party Transactions (Continued)

NEEP ROMA HOLDING S.p.A. ("NEEP") acquired control of the companies already belonging to the "Media" division of Italpetroli Group (A.S. Roma S.p.A., ASR Real Estate S.r.l. and Brand Management S.r.l.).

It should be noted that NEEP and some of its subsidiaries were granted credit lines and loans.

It should be noted that on August 1, 2013 UniCredit S.p.A. sold 9% of NEEP's share capital to Raptor HoldCo LLC, reducing its stake from 40% to 31%. In addition, some credit exposures to A.S. Roma S.p.A. were sold to ASR TD SPV LLC.

Under Articles 311, paragraph 2, and 317 of the German Stock Corporation Act (Aktiengesetz, AktG), applicable to groups including a German company when no domination agreements are in place, which provide for (i) the parent company's obligation to compensate, or commit to compensating, the subsidiary for any damages arising from measures or transactions (or lack thereof) ordered by the parent company and that the subsidiary would not have adopted/conducted had it not belonged to the group and (ii) the subsidiary's obligation to claim a compensation from the parent company and, if no compensation is received, to prepare a report ("dependency report") on the status of all harmful measures and compensation not yet awarded, in 2013 UniCredit S.p.A. entered into two separate agreements with UniCredit Bank AG to ensure the fulfillment of these requirements on the part of UniCredit Bank AG.

In March 2013 UniCredit S.p.A. signed a "compensation agreement" with UniCredit Bank AG to pay for services provided to UniCredit Bank Russia, Ukrsotsbank and UniCredit Bank Austria and compensate for the damages caused by the cessation of funding for Russian and Ukrainian companies by UniCredit Bank AG. UniCredit S.p.A. acted as guarantor, committing to paying the amount due to UniCredit Bank AG in case the latter and UniCredit Bank Austria failed to reach a deal. The agreement did not result in any disbursements on the part of UniCredit S.p.A. since UniCredit Bank AG and UniCredit Bank Austria later entered into agreements that did not make it necessary to activate the guarantee.

In December 2013 UniCredit S.p.A. signed another "compensation agreement" with UniCredit Bank AG to compensate for damages identified in 2013 in relation to specific activities relating to (i) Loan Syndication, (ii) Global Account Management, (iii) guarantees issued and (iv) secondment of human resources carried out by UniCredit Bank AG in favor of UCI S.p.A. and other Group companies (mainly UniCredit Bank Austria, Pekao and other companies in the CEE area). The contract also provides for UniCredit S.p.A.'s guarantee with respect to claims directed to other Group companies if the parties fail to reach a remuneration/compensation agreement by March 31, 2014 and the amounts claimed are not paid by April 15, 2014.

With respect to this commitment, as at December 31, 2013 UniCredit S.p.A. booked €89 million in its separate financial statements.

In April 2013, UniCredit S.p.A. started to act as "primary dealer" and "market maker" on the Italian, Portuguese, Spanish and Greek government bond markets (these roles were previously played by UniCredit Bank AG). In light of the fact that the model developed provides for the regular provision by UCB AG of services in support of the activity now carried out by UniCredit S.p.A., an agreement ("cooperation agreement") on the remuneration for these services was entered into.

In the period 2008/2009 UniCredit S.p.A. (on its own behalf and as the Parent Company of the former segment banks later absorbed) and Aspra (later merged into UniCredit Credit Management Bank (UCCMB)) concluded deals for the sale to UCCMB of loans incorporating guarantees and indemnities, later extended and partially modified in 2011 by varying the operational conditions for the implementation of these guarantees and indemnities. The original sale contracts signed by each transferring bank include certain statements and guarantees that, if not observed, will result in the return of the loans in question or the activation of indemnities with subsequent claims for damages on the part of UCCMB against UniCredit S.p.A. based on the original sale prices. In the light of the rights and obligations contained in the current agreements, the best estimate at December 31, 2013 of risks associated with these guarantees and indemnities, obtained on the basis of the information provided by UCCMB (which, it should be noted, is charged with managing the loans sold), resulted in the recognition of a provision for risks and charges in the separate financial statements of UniCredit S.p.A.. This provision was recognized in the separate financial statements of UniCredit S.p.A. because the claim for damages on the part of the subsidiary UCCMB against UniCredit S.p.A. (IAS 37) was deemed probable. The item was therefore derecognized from the Group's consolidated financial statements, where the analytical valuation of the loans in question, carried out by UCCMB, prevails over the original purchase price (IAS 39).

On February 19, 2013, the Board of Directors of UniCredit S.p.A. approved the acquisition by UniCredit S.p.A. of 100% of the shares (worth €157 million) held by Bank Pekao S.A. (Pekao) in UniCredit Bank Ukraine (Ukraine) and gave its approval to the subsequent merger of UniCredit Bank Ukraine into Ukrsotsbank (Ukrosotsbank), a 98.31%-owned subsidiary of Bank Austria.

In December 2013 the conditions provided for by IFRS 5 were met for the purposes of the classification as asset classified as held for sale of a portion (equal to €61 million corresponding to 20.07%) of the stake in the associate SIA S.p.A. Following the sale, UniCredit S.p.A.'s shareholding will decrease from 24.07% (€74 million) to 4%, resulting in the loss of significant influence over the company. Since the company was recognized at a lower value than the sale price, there were no impacts on UniCredit S.p.A.'s separate financial statements as at December 31, 2013.

In June 2013 UniCredit S.p.A., together with Intesa Sanpaolo, became involved as a financial partner in the establishment of Lauro Sessantuno S.p.A., which, 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.
In this regard, it should be noted that with respect to this takeover bid UniCredit S.p.A. and Intesa Sanpaolo committed to irrevocably and unconditionally issuing a guarantee (Cash Confirmation) pursuant to art. 37 of the Issuers' Regulations, up to a maximum of €245 million; as a consequence, as at December 31, 2013 the stake acquired by UniCredit S.p.A. in Lauro Sessantuno was 18.85% (€115 million).

It should also be noted that capital contributions of €300 million and €25 million were made to the subsidiaries UniCredit Factoring S.p.A. and Fineco Leasing S.p.A., respectively.

It should be noted that distribution agreements concerning insurance products were signed with the following associates:
- Aviva S.p.A.;
- CNP UniCredit Vita S.p.A.;
- Creditras Assicurazioni S.p.A.;
- Creditras Vita S.p.A.

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

Part I - Share-based Payments

Part I - Share-based Payments

A. Qualitative information

1. Description of payment agreements based on own equity instruments

1.1 Outstanding instruments
Group Medium & Long Term Incentive Plans for selected employees include the following categories:
- Equity-Settled Share Based Payments;
- Cash Settled Share Based Payments[1].

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

The second category includes synthetic "Share Appreciation Rights" linked to the share-value and performance results of some Group-Companies[2].

1.2 Measurement model
1.2.1 Stock Options and Performance Stock Options
The Hull and White Evaluation Model has been adopted to measure the economic value of Stock Options.

This model is based on a trinomial tree price distribution using the Boyle's algorithm and estimates the early exercise probability on the basis of a deterministic model connected to:
- reaching a Market Share Value equals to an exercise price- multiple (M);
- probability of beneficiaries' early exit (E) after the end of the Vesting Period.

Any new Stock Options' Plans and Performance Stock Options haven't been granted during 2013.

1.2.2 Other equity instruments - Performance Shares
The economic value of Performance Shares is measured considering the share market price at the grant date less the present value of the future dividends, not available to beneficiaries, during the performance period. Parameters are estimated by applying the same model used for Stock Options measurement.

Any new Performance Shares' Plans haven't been granted during 2013.

1.2.3 Other equity instruments - Share Plan for Talent
The plan offers three "Free UniCredit Shares" installments, having subsequent annual vesting, to selected beneficiaries.
The economic value of Performance Shares is measured considering the share market price at the grant date less the present value of the future dividends, not available to beneficiaries, during the performance period. Parameters are estimated by applying the same model used for Stock Options measurement.
During 2013 a new Share for Talent Plan has been assigned. This plan will be defined in 2014 on a basis of performance conditions defined by plan rules (non-market vesting conditions).
Economic effects and Net Equity will be accrued during the instruments' vesting period.

1.2.4 Group Executive Incentive System
The amount of the incentive will be determined on a basis of the achievement of quantitative and qualitative goals stated by the plan. In particular, the overall evaluation of the Employee's relevant Manager shall be expressed as a percentage, from a minimum of 0% to a maximum of 150% (non market vesting conditions).

1. Linked to the economic value of instruments representing a subsidiaries Shareholders' Equity.
2. Pioneer Global Asset Management.

This percentage, adjusted by the application of a risk/opportunity factor - Group Gate - at first payment, multiplied by the Bonus Opportunity will determine the effective amount that will be paid to the beneficiary.
Economic and Net Equity effects will be accrued on a basis of instrument' vesting period.

Group Executive Incentive System 2012 - Shares

The economic value of Performance Shares is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period.
Parameters are estimated following stock options' measurement model.

	SHARES GRANTED GROUP EXECUTIVE INCENTIVE SYSTEM 2012		
	1ST INSTALLMENT (2015)	2ND INSTALLMENT (2016)	3RD INSTALLMENT (2017)[1]
Date of Bonus Opportunity Economic Value granting *(Grant Date)*	27-Mar-2012	27-Mar-2012	27-Mar-2012
Date of Board resolution (to determine number of shares)	11-Apr-2013	11-Apr-2013	11-Apr-2013
Vesting Period Start-Date	1-Jan-2012	1-Jan-2012	1-Jan-2012
Vesting Period End-Date	31-Dec-2014	31-Dec-2015	31-Dec-2016
UniCredit Share Market Price [€]	3.52	3.52	3.52
Economic Value of Vesting conditions [€]	-0.19	-0.37	-0.63
Performance Shares' Fair Value per unit @ Grant Date [€]	**3.33**	**3.15**	**2.89**

(1) referred only to Executive Vice President assignations.

Group Executive Incentive System 2013

Variable incentive related to 2013 defined on the basis of:
- individual performance, as well as results at business level and, as relevant, at country and/or Group level;
- definition of a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and in shares;
- distributions of share payments which take into account the applicable regulatory requirements regarding the application of share retention periods. In particular, the payment structure has been defined in line with Regulatory provisions requiring a share retention period of 2 years for upfront shares and of 1 year for deferred shares;
- application of an overall risk/sustainability factor, related to Group and/or concerning every single Business/Country profitability, solidity and liquidity results ("Group Gate") as well as a Zero Factor related to future Group and/or concerning every single Business/Country profitability, solidity and liquidity results as approved in the BoD of UniCredit S.p.A.

All Profit and Loss and Net Equity effects related to the plan will be booked during the vesting period.

1.2.5 Employee Share Ownership Plan (Let's Share 2012)

The following tables show the measurements and parameters used in relation to Free Shares (or rights to receive them) connected to the "Employee Share Ownership Plan" approved in 2012.

Measurement of Free Shares ESOP 2012

	FREE SHARES 1ST ELECTION WINDOW	FREE SHARES 2ND ELECTION WINDOW
Date of Free Shares delivery to Group employees	5-Feb-2013	5-Aug-2013
Vesting Period Start-Date	1-Jan-2013	1-Jul-2013
Vesting Period End-Date	1-Jan-2014	1-Jul-2014
Discount Shares' Fair Value per unit [€]	**4.35**	**3.78**

All Profit and Loss and Net Equity effects related to free shares will be booked during the vesting period (except adjustments, according to Plan Rules, that will be booked during the next closing after vesting period).
The UniCredit free ordinary shares assigned in plan rules applications had been acquired on the market.

1.2.6 PGAM Shared-Based Incentive Plan 2012

In September 2012, Pioneer Global Asset Management's Board of Directors approved a long term incentive plan to be assigned to Pioneer Group key talent resources. In February 2013 each beneficiary has been granted with Restricted Units that gave the right to receive Pioneer Global Asset Management shares having restricted economic and administrative rights (Restricted Shares), or other financial instruments (or the cash-equivalent amount). These shares will vest after the fourth year anniversary starting from the granting.

Restricted Shares' value is evaluated on a basis of Pioneer Group EBITDA.

Beneficiaries are allowed in selling the Restricted Shares to UniCredit S.p.A. who agrees to buy the Restricted Shares on a basis of plan rules.
Economic burden will be backed by Pioneer, that will refund UniCredit S.p.A. disbursement.

Part I - Share-based Payments (Continued)

B. Quantitative information

1. Annual changes

UniCredit Stock Options and Performance Stock Options:

ITEMS/NUMBER OF OPTIONS AND EXERCISE PRICE	YEAR 2013[1] NUMBER OF OPTIONS	YEAR 2013[1] AVERAGE EXERCISE PRICE [€]	YEAR 2013[1] AVERAGE MATURITY	YEAR 2012[1] NUMBER OF OPTIONS	YEAR 2012[1] AVERAGE EXERCISE PRICE [€][2]	YEAR 2012[1] AVERAGE MATURITY[2]
A. Outstanding at beginning of period	**45,544,658**	**18,971**	**Dec-2019**	**37,492,303**	**22.644**	**Jun-2019**
B. Increases	**-**			**9,222,891**		
B.1 New issues	-	-		9,222,891	4.010	
B.2 Other				-		
C. Decreases	**531,829**			**1,170,536**		
C.1 Forfeited	531,829	18,993		1,170,536	21.518	
C.2 Exercised				-		
C.3 Expired				-		
C.4 Other				-		
D. Outstanding at end of period	**45,012,829**	**18,971**	**Dec-2019**	**45,544,658**	**18.971**	**Dec-2019**
E. Vested Options at end of period	**36,065,412**	**22,682**	**May-2019**	**24,635,563**	**27.866**	**Aug-2018**

1. The information related to Number of options and Average exercise price had been modified following the grouping operation resolved by UniCredit Annual General Meeting on December 15, 2011 and following the application of "adjustment factors" for:
- as the free capital increase resolved by the UniCredit Annual General Meeting on April 29, 2009 ("scrip dividend"), implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0.88730816;
- as the capital increase resolved by the UniCredit Extraordinary Shareholder Meeting on November 16, 2009 and finalized on February 24, 2010, implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0.95476659.
- as the capital increase resolved by the UniCredit Extraordinary Shareholder Meeting on December 15, 2011 and finalized in 2012 implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0.6586305.

2. Values express the weighted average consistent with those of 2013.

Other UniCredit equity instruments: Performance Shares

ITEMS/NUMBER OF OTHER EQUITY INSTRUMENTS AND EXERCISE PRICE	YEAR 2013 NUMBER OF OTHER EQUITY INSTRUMENTS	YEAR 2013 AVERAGE EXERCISE PRICE [€]	YEAR 2013 AVERAGE MATURITY	YEAR 2012 NUMBER OF OTHER EQUITY INSTRUMENTS	YEAR 2012 AVERAGE EXERCISE PRICE [€][(3)]	YEAR 2012 AVERAGE MATURITY[3]
A. Outstanding at beginning of period	**25,139,867**	**-**	**Mar-2014**	**5,540,207**	**-**	**May-2013**
B. Increases	**19,986,661**			**22,888,744**		
B.1 New issues	19,986,661			22,888,744		
B.2 Other	-			-		
C. Decreases	**3,752,063**			**3,289,084**		
C.1 Forfeited	1,654,476			747,417		
C.2 Exercised[1]	2,097,587			84,023		
C.3 Expired				2,457,644		
C.4 Other	-			-		
D. Outstanding at end of period[2]	**41,374,465**	**-**	**Feb-2015**	**25,139,867**	**-**	**Mar-2014**
E. Vested instruments at end of period	**8,547,038**			**8,186,150**		

(1) As far as concern 2013 movement, the average market price at the exercise date is equal to €3.82 (€ 4.02 was the price observed at exercise dates for 2012 movimentation).
(2) UniCredit undertakes to grant, conditional upon achieving performance targets set in the Strategic Plan, 41,374,465 ordinary shares at the end of 2012 (25,139,867ordinary shares at the end of 2012).
(3) Values express the weighted average consistent with those of 2013.

According to Let's Share (ESOP) 2012 Plan Rules, in January 2013 had been delivered to Group Participants 640,128 Free Shares and in July 2013 had been assigned 153,413 related to services rendered during the period 2012-2015.

The said above UniCredit free ordinary shares are not included in above tables because had been acquired on the market.

2. Other information

Let's Share for 2014 (ex 2013) - Employee Share Ownership Plan for 2014

In May 2013 the Ordinary Shareholders' Meeting approved the "UniCredit Group Employee Share Ownership Plan for 2014" ("Let's Share for 2014") that offers to eligible Group employees the opportunity to purchase UniCredit ordinary shares at favourable conditions, starting from January 2014, in order to reinforce employees' sense of belonging and commitment to achieve the corporate goals.

Let's Share for 2014 was launched on November 27, 2013 in 11 countries across the Group (Austria, Bulgaria, Czech Republic, Germany, Hungary, Italy, Poland, Serbia, UK, Slovakia, and Luxemburg) with a participation rate of about 3.4% of the eligible employees.

Let's Share for 2014 is a broad based share plan under which:
- during the "Enrolment Periods" (from January 2014 to December 2014) the Participants can buy UniCredit ordinary shares ("Investment Shares") by means of monthly or one-off contributions (via one installment in January or July 2014) taken from their Current Account. In case, during this Enrolment Period, a Participant leaves the Plan, he/she will lose the right to receive any free ordinary shares at the end of the Enrolment Period;
- at the first month of the Enrolment Period (January 2014/July 2014), each Participant will receive a discount of 25% on overall amount of shares purchased; the Free Shares will be locked up for one year. The Participant will lose the entitlement to the Free Share if, during the holding period, he/she will no longer be an employee of a UniCredit Group Company unless the employment has been terminated for one of the specific reasons stated in the Rules of the Plan. In some countries, for fiscal reasons, it will not be possible to grant the Free Shares at the beginning of the Enrolment Period: in that case an alternative structure is offered that provides to the Participants of those countries the right to receive the Free Shares at the end of the Holding Period ("Alternative Structure");
- during the "Holding Period" (from January 2014 to January 2015 or from July 2014 to July 2015), the Participants can sell the Investment Shares purchased at any moment, but they will lose the corresponding Free Shares (or right to receive them).

The Free Shares are qualified as "Equity Settled Share-based Payments" as Participants, according to Plan's Rules, will receive UniCredit Equity Instruments as consideration for the services rendered to the legal entity where they are employed. The fair value will be measured at the beginning of Enrolment Period according to the price paid by Participants to acquire the first installment of the Investment Shares on the market.

All Profit and Loss and Net Equity effects related to Let's Share for 2014 will be booked during the holding period.

Let's Share for 2014 has not been produced any effect on 2013 Consolidated Financial Statement.

Effects on Profit and Loss

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

Financial statement presentation related to share based payments (€ thousand)

	2013		2012	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
(Costs)/Revenues	**1,960**		**(32,629)**	
- connected to Equity Settled Plans[1]	*1,960*		*(32,629)*	
- connected to Cash Settled Plans[2]	-		-	
Debts for Cash Settled Plans[2]	**19,205**	**-**	**5,132**	**-**

(1) The reverse sign value in 2013 is due to Performance Stock Option and Performance Share plans' non- assignment occurred during the year; the non-assignment is due to performances conditions not achievement (non-market condition).

(2) Costs are borne by Pioneer Group Entities, according to Plan rules.

Part L - Segment Reporting

Part L - Segment Reporting

Segment Reporting of UniCredit S.p.A., Parent Company of the UniCredit banking group, is provided in Part L of the consolidated notes to the accounts, in accordance to the IFRS 8.

Annexes

Reconciliation of Condensed Account to Mandatory Reporting Schedule (Amounts in million of €)

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

Balance sheet

	AMOUNTS AS AT		SEE NOTES TO THE ACCOUNTS
	12.31.2013	2012 HISTORICAL	
Assets			Part B) Assets
Cash and cash balances = *item 10*	3,227	2,214	Table 1.1
Financial assets held for trading = *item 20*	12,254	10,536	Table 2.1
Loans and receivables with banks = *item 60*	21,869	27,936	Table 6.1
Loans and receivables with customers = *item 70*	231,171	260,850	Table 7.1
Financial investments	97,716	94,647	
30. Financial assets at fair value through profit or loss	*389*	*373*	*Table 3.1*
40. Available-for-sale financial assets	*42,952*	*31,635*	*Table 4.1*
50. Held-to maturity invstments	*3,025*	*3,348*	*Table 5.1*
100. Investments in associates and joint ventures	*51,350*	*59,291*	*Table 10.2*
Hedging instruments	7,858	10,840	
80. Hedging derivatives	*5,389*	*8,047*	*Table 8.1*
90. Changes in fair value of portfolio hedged items	*2,469*	*2,793*	*Table 9.1*
Property, plant and equipment = *item 110*	2,666	2,755	Table 11.1
Goodwill = *item 120 - intangible assets net of which: goodwill*	-	2,815	Table 12.1
Other intangible assets = *item 120 - Intangible assets net of goodwill*	1	26	Table 12.1
Tax assets = *item 130*	14,766	12,292	
Non-current assets and disposal groups classified as held for sale = *item 140*	368	-	Table 14.1
Other assets = *item 150*	6,411	6,417	Table 15.1
Total assets	**398,307**	**431,328**	
Liabilities and shareholders' equity			Part B) Liabilities
Deposits from banks = *item 10*	47,379	56,446	Table 1.1
Deposits from customers and debt securities in issue	270,751	279,347	
20. Deposits from customers	*150,840*	*151,925*	*Table 2.1*
30. Debt securities in issue	*119,911*	*127,422*	*Table 3.1*
Financial liabilities held for trading = *item 40*	10,804	10,078	Table 4.1
Financial liabilities at fair value through profit or loss = *item 50*	-	-	Table 5.1
Hedging instruments	8,141	11,936	
60. Hedging derivatives	*5,797*	*7,946*	*Table 6.1*
70. Changes in fair value of portfolio hedged items	*2,344*	*3,990*	*Table 7.1*
Provisions for risks and charges = *item 120*	2,284	1,945	Table 12.1
Tax liabilities = *item 80*	862	2,617	
Liabilities included in disposal group classifid as held for sale = *item 90*	-	-	
Other liabilities	12,008	11,169	
100. Other liabilities	*11,043*	*10,135*	*Table 10.1*
110. Provision for employee severance pay	*965*	*1,034*	*Table 11.1*
Shareholders' equity	46,078	57,790	Part F) Shareholders' Equity
- Capital and reserves	57,290	58,085	
130. Revaluation reserves, of which: Special revaluation laws	*277*	*277*	*Table B.1*
160. Reserves	*13,481*	*5,284*	
170. Share premium	*23,879*	*32,878*	
180. Issued capital	*19,655*	*19,648*	*Table B.1*
190. Treasury shares	*-2*	*-2*	*Table B.1*
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	389	-75	
130. Revaluation reserves, of which: Available-for-sale financial assets	*217*	*-368*	*Table B.1*
130. Revaluation reserves, of which: Cash-flow hedges	*326*	*492*	*Table B.1*
130. Revaluation reserves, of which: Defined benefit plans	*-154*	*-199*	
- Net profit = *item 200*	-11,601	-220	
Total liabilities and shareholders' equity	**398,307**	**431,328**	

Income statement

(€ million)

	YEAR 2013	YEAR 2012 HISTORICAL	SEE NOTES TO THE ACCOUNTS
			Part C)
Net interest = item 30. Net interest margin	3,994	4,276	Tables 1.1 and 1.4
Dividends and other income from equity investments	3,180	1,707	
70. Dividend income and similar revenue	3,180	1,707	Table 3.1
less: dividends from held for trading equity investmens included in item 70	-	-	Table 3.1
Net fees and commissions	3,487	3,540	
Net fees and commissions = item 60	3,352	3,490	Tables 2.1 and 2.3
+ Other operating income - of which: recovery of costs - Commissioni di istruttoria veloce (CIV)	135	50	Table 13.2
Net trading, hedging and fair value income	355	96	
80. Gains and losses on financial assets and liabilities held for trading	-21	-346	Table 4.1
+ dividends from held for trading equity investments included in item 70	-	-	Table 3.1
90. Fair value adjustments in hedge accounting	-5	-341	Table 5.1
100. Gains and losses on disposal of b) available-for-sale financial assets	1,474		Table 6.1
- Income from equity investment in the Bank of Italy	-1,374		
100. Gains and losses on disposal of: d) financial liabilities	261	781	Table 6.1
110. Gains and losses on financial assets and liabilities at fair value through profit or loss	20	2	Table 7.1
Net other expenses/income	32	75	
190. Other net operating income	625	448	Tables 13.1 and 13.2
+ gains and losses on disposal / repurchase on loans and receivablese - not impaired position (from item 100)	49	59	
less: Other operating income - of which: recovery of costs	-679	-473	Table 13.2
less: Other operating expense - of which on leashold improvements	37	41	Table 13.1
OPERATING INCOME	**11,048**	**9,694**	
Payroll costs	-3,245	-3,306	
150. Administrative costs - a) staff expenses	-3,398	-3,415	Table 9.1
less: integration costs	153	109	
Other administrative expenses	-2,739	-2,797	
150. Administrative costs - b) other administrative expenses	-2,702	-2,756	Table 9.5
less: integration costs	-	-	
+Other operating expense - of which on leashold improvements	-37	-41	Table 13.1
Recovery of expenses = item 190. Other net operating income	544	423	
- of which: Operating income - recovery of costs	679	473	Table 13.2
less :commissioni istruttoria veloce (CIV)	-135	-50	Table 13.2
Amortisation, depreciation and impairment losses on intangible and tangible assets	-166	-169	
170. Impairment/Write-backs on property, plant and equipment	-144	-167	Table 11.1
less:Impairment losses/write backs on property owned for investment	3	1	Table 11.1
180. Impairment/Write-backs on intangible assets	-25	-3	Table 11.2
Operating costs	**-5,606**	**-5,849**	
OPERATING PROFIT (LOSS)	**5,442**	**3,845**	
Net impairment losses on loans and provisions for guarantees and commitments	-9,915	-6,966	
100. Gains and losses on disposal of a) loans	10	42	Table 6.1
less: gains and losses on disposal / repurchase on loans and receivablese - not impaired position (from item 100)	-49	-59	
130. Impairment losses on a) loans	-9,798	-6,677	Table 8.1
130. Impairment losses on d) other financial assets	-78	-272	Table 8.4
NET OPERATING PROFIT (LOSS)	**-4,473**	**-3,121**	
Net provisions for risks and charges	-665	-169	
160. Net provisions for risks and charges	-665	-169	Table 10.1
Integration costs	-153	-109	
Net income from investments	-5,866	47	
100. Gains and losses on disposal of b) available-for-sale financial assets		163	Table 6.1
- Income from equity investment in the Bank of Italy	1,374		
130. Impairment losses on: b) available-for-sale financial assets	-57	-23	Table 8.2
+impairment losses/write backs on property owned for investment	-3	-1	Table 11.1
210. Profit (loss) of associates - of which: Write-backs (write-downs) of equity investments	-7,431	-123	Table 14.1
210. Profit (loss) of associates - of which: gains (losses) on disposal of equity investments	238	15	Table 14.1
240. Gains and losses on disposal of investments	13	16	Table 17.1
NET PROFIT BEFORE TAX	**-11,157**	**-3,352**	
Income tax for the period = item 260. Tax expense (income) related to profit or loss from continuing operations	2,371	3,132	Table 18.1
230. Impairment of goodwill	-2,815	-	Table 16.1
NET PROFIT (LOSS) FOR THE PERIOD	**-11,601**	**-220**	

Disclosure of External Auditors' Fees - UniCredit S.p.A. - Financial Year 2013 - Deloitte network

(pursuant to article 149-duodecies, CONSOB Regulation no. 11971/99, as supplemented)

DISCLOSURE OF EXTERNAL AUDITORS' FEES - UNICREDIT S.P.A. - FINANCIAL YEAR 2013 - DELOITTE NETWORK					
As prescribed by §149-duodecies of the Consob Issuers Regulation, the following table gives fees paid in 2013 for audit services rendered by external auditors and firms in its network.					
	SERVICE PROVIDER	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE			
EXTERNAL AUDITING	NAME OF AUDITING FIRM	COMPANY NAME	DESCRIPTION OF SERVICE		FEES[1] (€'000)
Auditing Firm	Deloitte & Touche S.p.A.	UniCredit Sp.A.	Audit of Company and Consolidated Accounts and First Half Report, accounting checks and foreign branches [(2)]		2,393
Auditing Firm Total					**2,393**
External Auditing Total					**2,393**
	SERVICE PROVIDER	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE			
CHECKING FOR THE PURPOSES OF OTHER OPINIONS	NAME OF AUDITING FIRM	COMPANY NAME	DESCRIPTION OF SERVICE		FEES[1] (€'000)
Auditing Firm	Deloitte &Touche S.p.A.	UniCredit S.p.A.	Issuing comfort letters concerning bond issues, limited review of the sustainability report, signing the Italian tax declaration forms (Modello Unico, Modello 770 S/O and Modello Consolidato Nazionale), as well as of the lending transactions report and letter adressed to Board of Directors of UniCredit S.p.A., regarding principal issues of accounting of "Gibson project" as requested by Banca d'Italia.		570
Auditing Firm Total					**570**
Network Auditing Firm(s)					**-**
Network Auditing Firm(s) Total					**-**
Data Checking Total					**570**
	SERVICE PROVIDER	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE			
OTHER NON-AUDITING SERVICES	NAME OF THE AUDITING FIRM	COMPANY NAME	DESCRIPTION OF SERVICE	TYPE	FEES[1] (€'000)
Auditing Firm	Deloitte &Touche S.p.A.	UniCredit S.p.A.	Checking the English and German translation of the Company and Consolidated Accounts and checking the english translation of the Company and Consolidated First Half Report.	Checking	35
Auditing Firm Total					**35**
Network Auditing Firm(s)	Studio Tributario e Societario and Deloitte Consulting S.r.l.	UniCredit S.p.A.	Support the activities of collection Transfer Pricing documentation of 2012 transactions, support to the projects GIV, NARI and FTP analysis and advisory on valuation squeeze out of Bank Austria (previous name of UniCredit Bank Austria AG)	Checking and other services	829
Network Auditing Firm(s) Total					**829**
Other Non-Auditing Services Total					**864**
Grand Total					**3,827**

1. Net of VAT and out-of-pocket expenses.
2. Contract authorized by the Resolution of the Shareholders' Meeting of 11 May 2012 for a total amount of € 2,206,600. Following the merger of former UniCredit Real Estate SpA, Family Credit Network SpA, UniCredit Merchant SpA and UniCredit Audit ScpA a further contract will imply a total cost of € 160,000 (plus ISTAT indexation, amounting to € 26,479) to be approved by a resolution of a next Board of Directors.

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Amounts in thousands of €)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2013	NO. OF MEMBERS AS AT 12.31.2013	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Pension Fund for the employees of Cassa di Risparmio di Trieste Collections Division" Registration no. 9081	86	-	Defined benefit		-
Opening balance as at 12.31.2012				**4,780**	
Provisions for the year:					
- interest cost				142	
Benefits paid in the year				391	
Actuarial (gains)/losses recognised in the year				(298)	
Balance as at 12.31.2013				**4,233**	
"Supplementary Pension Fund for employees of Cassa di Risparmio di Torino in liquidation" Registration no. 9084	4	-	Defined benefit		-
Opening balance as at 12.31.2012				**462**	
Provisions for the year:					
- interest cost				14	
Benefits paid in the year				21	
Actuarial (gains)/losses recognised in the year				(15)	
Balance as at 12.31.2013				**440**	
"Supplementary Pension Fund for the collection management staff of Cassa di Risparmio di Torino" Registration no. 9085	147	-	Defined benefit		-
Opening balance as at 12.31.2012				**10,983**	
Provisions for the year:					
- interest cost				328	
Benefits paid in the year				865	
Actuarial (gains)/losses recognised in the year				(98)	
Balance as at 12.31.2013				**10,348**	

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2013	NO. OF MEMBERS AS AT 12.31.2013	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary Company Pension Fund of the general obligatory insurance for the employees of the credit section of Cassa di Risparmio di Trento e Rovereto Spa, the Social Security Fund for employees of the agencies of the Tax Collections Service, and for the employees of the tax collection agency of Cassa di Risparmio di Trento e Rovereto Spa" Section A Registration no. 9131	401	-	Defined benefit		–
Opening balance as at 12.31.2012				**41,700**	
Provisions for the year:					
- interest cost				1,232	
Benefits paid in the year				4,063	
Actuarial (gains)/losses recognised in the year				(679)	
Balance as at 12.31.2013				**38,190**	
"Contract for Pensions and Social Security for Staff belonging to the Management/Senior Management, Officers, Managers, Employees, Subordinate employee and Auxiliary staff categories of Cariverona Banca Spa" Registration no. 9013	829	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2012				**75,824**	
Provisions for the year:					
- interest cost				2,246	
Benefits paid in the year				6,847	
Actuarial (gains)/losses recognised in the year				(2,653)	
Balance as at 12.31.2013				**68,570**	

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2013	NO. OF MEMBERS AS AT 12.31.2013	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary pension fund of the obligatory insurance, invalidity, widows and survivors insurance (managed by the INPS) of the Cassa di Risparmio di Ancona" (absorbed on 1/10/89 by Cariverona Banca Spa) - Registration no. 9033	41	-	Defined benefit		–
Opening balance as at 12.31.2012				**3,078**	
Provisions for the year:					
- interest cost				91	
Benefits paid in the year				311	
Actuarial (gains)/losses recognised in the year				25	
Balance as at 12.31.2013				**2,883**	
"Pension fund for employees, clerks and auxiliary workers of Banca Cuneese Lamberti Meinardi & C. - Cuneo" (absorbed on 1/8/92 by Cariverona Banca Spa) - Registration no. 9012	29	5 (*)	Defined benefit		Payable by the Company on the basis of the technical accounts Payable by Employees: 1%
Opening balance as at 12.31.2012				**4,808**	
Provisions for the year:					
- current service cost (gross)				8	
- interest cost				144	
Benefits paid in the year				306	
Employees contributions				2	
Actuarial (gains)/losses recognised in the year				(121)	
Balance as at 12.31.2013				**4,535**	

(*) of which:2 deferred benefit

"Pension fund for the employees of the former Credito Fondiario delle Venezie Spa" Registration no. 9067	8	-	Defined benefit		–
Opening balance as at 12.31.2012				**1,552**	
Provisions for the year:					
- interest cost				46	
Benefits paid in the year				109	
- actuarial (gains)/losses recognised in the year				(76)	
Balance as at 12.31.2013				**1,413**	

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2013	NO. OF MEMBERS AS AT 12.31.2013	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Agreement for the regulation of the social security benefits of the employees of the Istituto Federale delle Casse di Risparmio delle Venezie Spa" - Registration no. 9068	55	-	Defined benefit		–
Opening balance as at 12.31.2012				**5,292**	
Provisions for the year:					
- interest cost				156	
Benefits paid in the year				502	
Actuarial (gains)/losses recognised in the year				(113)	
Balance as at 12.31.2013				**4,833**	
"Internal Company Fund (FIA) of the former Credito Romagnolo" + CIP former Banca del Friuli - Registration no. 9151	1,062	-	Defined benefit		–
Opening balance as at 12.31.2012				**113,271**	
Provisions for the year:					
- interest cost				3,371	
Benefits paid in the year				9,329	
Actuarial (gains)/losses recognised in the year				(2,896)	
Balance as at 12.31.2013				**104,417**	
(*) of which: Actual value of the obligation stipulated by the Agreement dated 31.1.1990 item 18				-	

"Supplementary Pension Fund for the employees of the former Carimonte Banca Spa" - Registration no. 9147	136	-	Defined benefit		–
Opening balance as at 12.31.2012				**13,713**	
Provisions for the year:					
- interest cost				409	
Benefits paid in the year				1,044	
- actuarial (gains)/losses recognised in the year				(608)	
Balance as at 12.31.2013				**12,470**	

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2013	NO. OF MEMBERS AS AT 12.31.2013	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Fund for the employees of Magazzini Generali" Registration no. 9148	1	-	Defined benefit		–
Opening balance as at 12.31.2012				**112**	
Provisions for the year:					
- interest cost				3	
Benefits paid in the year				9	
Actuarial (gains)/losses recognised in the year				n.s.	
Balance as at 12.31.2013				**106**	
"Supplementary retirement benefits in favour of the members of the General Management of Credito Italiano who retired between 1 January 1963 and 30 September 1989 attributed to UniCredito Italiano" - Registration no. 9029	13	-	Defined benefit		–
Opening balance as at 12.31.2012				**10,536**	
Provisions for the year:					
- interest cost				311	
Benefits paid in the year				987	
- actuarial (gains)/losses recognised in the year				(1,491)	
Balance as at 12.31.2013				**8,369**	
"Company Social Security Fund supplementing INPS benefits. Additional--benefit reserve accounts for employees of former Banca dell'Umbria 1462 S.p.A." included the Tax Collection Service SORIT - Registration no. 9021 and no. 9020	120	-	Defined benefit		–
Opening balance as at 12.31.2012				**11,491**	
Provisions for the year:					
- interest cost				342	
Benefits paid in the year				927	
- actuarial (gains)/losses recognised in the year				(120)	
Balance as at 12.31.2013				**10,786**	

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2013	NO. OF MEMBERS AS AT 12.31.2013	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Social Security Fund supplementing INPS benefits of Cassa Risparmio Carpi SpA Defined-benefit reserve account for former employees" - Registration no. 9022	46	-	Defined benefit		
Opening balance as at 12.31.2012				**3,771**	–
Provisions for the year:					
- interest cost				111	
Benefits paid in the year				374	
Actuarial (gains)/losses recognised in the year				(251)	
Balance as at 12.31.2013				**3,257**	
"Pension fund for the employees of former UniCredit Banca Mediocredito" - Registration no. 9127	34	-	Defined benefit		
Opening balance as at 12.31.2012				**2,890**	
Provisions for the year:					–
- interest cost				84	
Benefits paid in the year				385	
Actuarial (gains)/losses recognised in the year				142	
Balance as at 12.31.2013				**2,731**	
Pension fund for the employees of Capitalia Head Office (former Banco di S.Spirito, former Banco di Roma and former Cassa di Risparmio di Roma)" - Registration no. 9165	104	11 (*)	Defined benefit		
Opening balance as at 12.31.2012				**103,094**	Payable by the Company on the basis of the technical accounts
Provisions for the year:					
- current service cost(gross)				252	
- interest cost				3,087	
Benefits paid in the year				7,738	
Actuarial (gains)/losses recognised in the year				(8,271)	
Balance as at 12.31.2013				**90,424**	

(*) of which: 4 deferred benefit.

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2013	NO. OF MEMBERS AS AT 12.31.2013	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
Statement post-employment benefits and pensions for staff of the Cassa di Risparmio di Roma - Registration no. 9096	1,411	230 (*)	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2012				**165,356**	
Provisions for the year:					
- Current service cost				293	
- interest cost				4,897	
Benefits paid in the year				11,226	
Actuarial (gains)/losses recognised in the year				(7,480)	
Balance as at 12.31.2013				**151,840**	

(*) of which: 118 deferred benefit

Statement of "Post-employment benefit for staff of Banco di Sicilia" - Registration no. 9161	3,042	207 (*)	Defined benefit		Payable by the Company on the basis of the technical accounts Payable by employees: Senior Management: 0,8% Management (3rd and 4th grade): 0,6% Management (1st and 2nd grade): 0,30% Other Staff: 0,15%
Opening balance as at 12.31.2012				**165,998**	
Provisions for the year:					
- interest cost				4,901	
Employees contributions				18	
Benefits paid in the year				15,259	
Actuarial (gains)/losses recognised in the year				3,799	
Balance as at 12.31.2013				**159,457**	

(*) of which:78 deferred benefit.

Statement of the "FIP former Sicilcassa - supplementary pension fund for staff of Cassa Centrale di Risparmio V.E. per le province siciliane" - Registration no. 9063	2,617	-	Defined benefit		Payable by the Company on the basis of the technical accounts
Opening balance as at 12.31.2012				**87,196**	
Provisions for the year:					
- interest cost				2,576	
Benefits paid in the year				8,267	
Actuarial (gains)/losses recognised in the year				(348)	
Balance as at 12.31.2013				**81,157**	

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2013	NO. OF MEMBERS AS AT 12.31.2013	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
Statement of the "Pension fund for employees of the former Banca di Roma - London Branch	3	23 (*)	Defined benefit		
Opening balance as at 12.31.2012				**5,437**	
Provisions for the year:					
- interest cost				208	
- performance of plan assets				-89	
Benefits paid in the year				459	–
Exchange rate effect				-32	
Actuarial (gains)/losses recognised in the year				(1,565)	
Balance as at 12.31.2013				**3,500**	
Present value of the liabilities				**8,161**	
Present value of plan assets				**4,661**	
Net Liability				**3,500**	

(*) of which: 23 deferred benefit.

"Pension fund for the employees of the London Branch" (ex Credito Italiano)	18	73 (*)	Defined benefit		
Opening balance as at 12.31.2012				**5,569**	
Provisions for the year:					
- corrent service cost (gross)				252	
- interest cost				861	
- performance of plan assets				-684	
Benefits paid in the year				3,250	–
Actuarial (gains)/losses recognised in the year				(6)	
Balance as at 12.31.2013					
Present value of the liabilities				2,742	
Present value of plan assets				**20,715**	
Net Liability				**17,973**	
Passività netta al 12.31.2013				**2,742**	

(*) of which: 68 deferred benefit.

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2013	ACTIVE MEMBERS AS AT 12.31.2013	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Supplementary Pension Fund of the general obligatory insurance for the employees of the credit section of Cassa di Risparmio di Trento e Rovereto Spa, the Social Security Fund for the employees of the tax collection agencies of the Tax Collection Service and for the employees of the tax collection agency of Cassa di Risparmio di Trento e Rovereto Spa" Sections B e C - Registration no. 9131	-	508	Defined contribution - individual capitalisation		Payable by the Company for employees ante(*): min. 2% max 14.35% for employees post(*): min. 2% - max 2.35% + empl. sever. pay + average monthly Euribor rate on equity Payable by employees: by employees ante 0.50% by employees post 2%
Opening balance as at 12.31.2012				**41,750**	
Decreases:				**4,794**	
Capital paid out in the year				4,783	
Other changes:				11	
Increases;				**2,330**	
Performance of liquid assets net of operating costs and replacement tax				33	
Other changes:					
- contributions paid by employees and the Company (1)				1,968	
- contributions paid by other Group Companies (1)				329	
Balance as at 12.31.2013				**39,286**	

FUND ASSETS		
Liquid assets	39,253	
Items to be settled	33	
Total assets	**39,286**	

(1) includes employee severance pay.

* ante/post employees: those who joined the complementary social security fund before/after 28.4.1993, when Legislative Decree 124/93 came into force.

Internal Pension Funds: Statement of Changes in the Year and Final Accounts (Continued)

(Statement of changes in internal pension funds - continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2013	ACTIVE MEMBERS AS AT 12.31.2013	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
"Company Pension Fund supplementing INPS benefits. Defined-contribution account of former Banca dell'Umbria 1462 S.p.A." - Registration no. 9021	-	2	Defined contribution		Employees "ante": (*) - payable by the employee 0.25% with the option to contribute also the employee severance pay - payable by the Company: from 2% to 6.28% Employees "post": (*) - payable by the employee min. 0.25% + sever. pay - payable by the Company: 2%
Opening balance as at 12.31.2012				**170**	
Decreases:				**-**	
Capital paid out in the year				-	
Increases:				**8**	
Performance of liquid assets net of operating costs and replacement tax				1	
Other changes:					
- contributions paid by other Group Companies (1)				7	
Balance as at 12.31.2013				**178**	
FUND ASSETS					
Liquid assets				177	
Items to be settled				1	
Total assets				**178**	

(1) includes employee severance pay.

* ante/post employees: those who joined the supplementary social security fund before/after 28.4.1993, when Legislative Decree 124/93 came into force.

"Company Social Security Fund supplementing INPS benefits. Defined-contribution account - (cost of living) of former Banca dell'Umbria 1462 S.p.A." - Registration no. 9021			Defined contribution		
Opening balance as at 12.31.2012				**206**	
Provisions for the year				-	
Balance as at 12.31.2013				**206**	

Company pension funds

Retirements during 2013 have further reduced the ratio between active subscribers and those in retirement; in 2012 the active population was 2.7% of employees in retirement.

In light of the gradual depletion of the active population (at the end of 2012 there were about 250 people in defined benefit pension funds) - a natural process given that internal pension funds at UniCredit have never been open to new subscribers - the attention of the Company, for the purposes of administrative simplification and cost rationalization, is focused on the amounts paid out to individuals in order to identify opportunities to modify the current installment system.

The initial and end values show the present value of the net obligation in application of the Revised IAS 19.

Understand

Customer needs and quick responses.

“I received a call from a new Customer who told me his company’s employees were having trouble withdrawing money from ATM machines. I wanted to solve the problem as quickly as possible, so I went that evening to check in person. I found that the ATM was only allowing Customers to insert cards one way.
I helped a Customer who was having trouble withdrawing cash.
But I knew that our ATMs were supposed to allow Customers to insert cards in either direction, so I immediately called the ATM company to resolve the issue. **By quickly responding to a client’s problem, everyone was helped**.”

Sergey Chekhonadskikh - ZAO UniCredit Bank Ekaterinburg - RUSSIA

Certification

Annual financial statements certification pursuant to Article 81-ter of Consob Regulation no. 11971/99, as amended

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

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

   of the administrative and accounting procedures employed to draw up the 2013 Annual Financial Statements.

2. The adequacy of the administrative and accounting procedures employed to draw up the 2013 Annual Financial Statements has been evaluated by applying a model developed by UniCredit S.p.A., in accordance with the "Internal Controls - Integrated Framework (CoSO)" and the "Control Objective for IT and Related Technologies (Cobit)," which represent generally accepted international standards for internal control system and for financial reporting in particular.

3. The undersigned also certify that:

   3.1 the 2013 Annual Financial Statements:

   a) were prepared in compliance with applicable international accounting standards recognized by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002, of July 19, 2002;

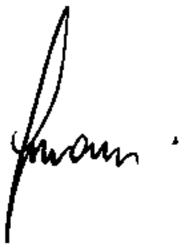
   b) correspond to the results of the accounting books and records;

   c) are suitable to provide a fair and correct representation of the economic and financial situation of the issuer;

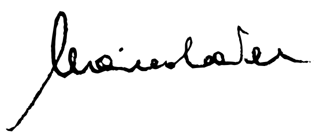
   3.2 the Report on Operations includes a reliable analysis of the operating trend and results as well as of the situation of the issuer, together with a description of the main risks and uncertainties they are exposed to.

Milan, March 11, 2014

Federico Ghizzoni



Marina Natale



Innovate

Processes and time savings that serve people's goals.

Thanks to us, farmers can now get funds more rapidly. The Ministry of Agriculture has developed a faster method to make state incentive payments, based on a proposal from our bank.
The method is related to an existing program that allows Customers who meet certain requirements to obtain a **fast-track loan**. When the loan is approved, they can access their funds on the same day. This **innovative solution** is **meeting the needs of more than 2,300** farmers.

Legal Support for the Area Corporate Banking
UniCredit Bank Banja Luka - BOSNIA AND HERZEGOVINA

Reports and Resolutions

Report of the Board of Statutory Auditors

Report of the Board of Statutory Auditors

English translation of the Italian original document

UNICREDIT S.p.A.
REPORT OF THE BOARD OF STATUTORY AUDITORS
TO THE SHAREHOLDERS
IN THE GENERAL MEETING DATED MAY 13 2014
(pursuant to § 153 law 58/1998 and § 2429, paragraph 2, of the Italian Civil Code)

To the Shareholders:

Under § 153 Law 58/1998 (the Consolidated Finance Act known as the "TUF"), and § 2429.2 Italian Civil Code, the Board of Statutory Auditors is required to report to the Shareholders in General Meeting on its oversight activities during the year and on any omissions or censurable facts that were found. The Board of Statutory Auditors is also entitled to make remarks and proposals in respect of the Financial Statements, their approval and all matters within its competence.

In 2013 the Board of Statutory Auditors carried out its statutory duties as required by the Civil Code, by Law 385/1993 (the Consolidated Banking Act, known as the "TUB"), by Law 58/1998 (the Consolidated Finance Act known as the "TUF"), by Legislative Decree 39/2010 (Testo Unico della Revisione Legale), by the Company's By-Laws and by the regulations issued by public authorities vested with supervisory and control functions, also taking into consideration the standards of conduct recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Board of Certified Public Accountants).

Given the foregoing, this report provides the information required by Consob Communication 1025664/2001, as amended and supplemented.

Appointment of the Board of Statutory Auditors
This Board of Statutory Auditors was appointed by the Shareholders in General Meeting on 11 May 2013. Its members are Maurizio Lauri (Chairman), Giovanni Battista Alberti, Cesare Bisoni, Enrico Laghi and Maria Enrica Spinardi.

Activity of the Board of Statutory Auditors
During the year the Board of Statutory Auditors carried out its supervisory activity by holding 48 meetings, each lasting 5 hours on average, as well as attending 13 meetings of the Board of Directors and 14 meetings of the Internal Control & Risk Committee.

At the Board of Directors' meetings, at which the most important business, financial and capital transactions carried out by UniCredit S.p.A. and/or by its subsidiaries were discussed, the Board of Statutory Auditors received the information detailed in § 150.1 TUF.

Based on the information acquired through its oversight, the Board of Statutory Auditors noted no transactions performed not in compliance with the principles of proper management, or resolved and carried out not in compliance with the law and the Company's By-Laws, or not in the Company's interest, or not in accordance with Shareholders' resolutions, or manifestly imprudent or reckless, or lacking the necessary information where Directors' interests were involved, or prejudicial to the Company's equity.

Significant Transactions
The most significant transactions are described in the Directors Report on Operations. In particular, it should be noted that:

Strategic Plan 2014-2018
During its meeting held on 11 March 2014, the Board of Directors approved the strategic plan 2014-2018 designed to ensure a sustainable growth of business, anticipating the effects of Basel 3, with the aim of achieving a Group Result on Tangible Assets amounting to 13% and a CET1 Ratio of 10%. The Strategic Plan is defined on the basis of a multi-year risk appetite which through the definition of proper metrics - regarding risk ownership and competition positioning, profitability and risk, control on specific risks, risk culture -, analyses the main risk profiles to be addressed by the Group in order to ensure growth.

Gibson project
In the framework of the rationalization of the structures and of the Global Banking Services companies, the subsidiary UniCredit Business Integrated Solutions S.C.p.A. (UBIS) is the core for the service provision.
In 2013 a partnership was implemented between UBIS and IBM Italia S.p.A. (IBM – one of the main company of this sector), for the provision to UBIS of services regarding the management and maintenance of the technological infrastructure. In this regard, UBIS transferred the "information technology" area to Value Transformation Services S.p.A. (VTS) and transferred to IBM the control of VTS, performing controls on the services provided by VTS in line with the regulatory provisions in place.

Disposal of the Kazakh Bank
On 2 May 2013 UniCredit Bank Austria AG completed the disposal of 99.75% held by the Kazakh Bank (JSC ATF) to KazNitrogenGaz LLP.
The National Bank of Kazakhstan had approved the disposal on 29 March 2013.

Untypical or Unusual Transactions
The Directors Report on Operations, as well as the information submitted to the Board of Directors during its meetings and received by the Chairman, the CEO, the Company's management, the subsidiaries' Statutory Auditors, and the External Auditors, revealed no untypical and/or unusual transactions, including intercompany or related-party transactions.

Intercompany or related-party transactions
The intercompany or related-party transactions are reported in the Report on Operations. In particular the following should be noted:

Global Policy for the management of transactions with subjects having conflicts of interest
The Board of Directors, prior to the favorable opinion of the Related Parties and Equity Investments Committee, exclusively composed by Independent Directors, by means of a resolution dated 24 September 2013, approved a combined Global Policy for the management of transactions with persons having conflicts of interest pursuant to CONSOB Regulation 17221/2010, to Bank of Italy Circular 263/2006 and to § 136 of Legislative Decree 385/1993, which replaces and repeals the Procedures for the management of transactions with related parties and the Procedures approved by the Board of Directors on 9 November 2010 and 25 June 2012 respectively.
The aim of the combined Global Policy is to systematically define the rules and principles to comply with for the control of risk arising from situations of possible conflict of interest in accordance with the mentioned regulations, integrating in only one document CONSOB and Bank of Italy Provisions.
The combination and alignment of criteria and principles strengthen the efficacy of the Group rules and realize a significant rationalization of the internal regulations, simplifying its consultation and widespread and homogeneous application by its addressees, in compliance with the local laws in force.

The Board of Directors, subject to a positive opinion given by the above mentioned Committee, with a decision dated 8 April 2014, also approved new internal policies on controls on risk activities and on conflicts of interest towards related parties (Internal Controls Policies), which complete the ones approved on 18 December 2012, in order to adjust them to the changes made in the reference internal regulations with the adoption of a single Global Policy mentioned in the previous paragraphs.

The Internal Controls Policy aims at the following:
- to regulate specific organizational processes aimed at comprehensively identifying and recording associated persons;
- to identify areas of activity and types of economic relations that may generate conflicts of interest;
- to set up adequate levels of risk appetite, consistently with the strategic and organizational structure of UniCredit S.p.A. and the Group;
- to define situations where new risk taking should be supported by appropriate mitigation techniques;
- to set internal control processes aiming at ensuring an effective measurement and management of the risk exposures with associated persons.

In the framework of the definition of the Group Risk Appetite for 2014, the levels of risk appetite and exposure towards related parties were revised.

The Board of Statutory Auditors recommended providing the responsible Functions with appropriate technological resources in order to allow the Parent Company to perform an on-going and automated monitoring activity on the consolidated limits of risk activities with associated persons.

Reorganisation of leasing activities
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, on 15 March 2013 the Board of Directors approved the project for the reorganization of the leasing activities in the CEE countries and in Austria.
The project provides for the disposal of the leasing companies and activities of the CEE area by UniCredit Leasing S.p.A. to the respective local banks of the same CEE countries. The project depends on the positive result of some controls and conditions at local level.
Once the project is completed, UniCredit Leasing S.p.A. will cease being a sub-holding company, and after the incorporation of Fineco Leasing S.p.A. it will act as the Italian leasing company of the Group. In addition, the reorganization project currently envisages the transfer to UniCredit of the 31% minority stake held by UniCredit Bank Austria in UniCredit Leasing S.p.A., after which UniCredit S.p.A. will acquire full control of the Italian leasing company.

Reorganisation of the activities in Ukraine
With the aim of rationalizing the presence of the Group in the CEE area, UniCredit decided to concentrate the subsidiaries in Ukraine. In Ukraine, the project, which envisaged the rationalization of the activities of the two banks that operate in the same market through the absorption of Public Joint Stock Company UniCredit Bank (UniCredit finalized its acquisition from Bank Pekao on July 16, 2013) into Public Joint Stock Company Ukrsotsbank (subsidiary of UniCredit Bank Austria AG), was completed on 2 December 2013.

Transactions approved pursuant to § 136 of the Consolidated Banking Act
With reference to the transactions approved by the Board of Directors pursuant to § 136 of Law 385/93, the competent Risk Management structures have always conducted an analysis on the credit worthiness of each company examined, expressing a positive opinion on the submission of the related proposals to the Board of Directors for approval and specifying that the transactions to be approved by the Board expressed market conditions in line with the conditions provided for the customers having the same risk profile and belonging to the same economic sector.

Report of the Board of Statutory Auditors (CONTINUED)

Debt/equity swap transactions and reorganisation of participation portfolio
During 2013:
- 20 new D/E transactions have been authorized for a total of € 418.9 mln of debt to potentially convert;
- 8 new equity participations have actually been acquired and one equity participation has been increased for a total of € 185 mln of converted debt;
- 10 equity participations have been disposed, of which 6 entirely and 4 partially, corresponding to € 111 mln of originally converted debt.

As per December 31st, 2013, the Group-wide portfolio consists of 47 equity participations acquired for € 898 mln of converted debt and having a book value of € 218 mln.

Compensation agreement with UniCredit Bank AG
During 2013 a compensation agreement concerning the compensation to UniCredit Bank AG in relation to certain specific activities carried out by the latter that, in its view should have been compensated by UniCredit S.p.A. and the other Group Companies, in the amount of approximately euro 88 mil, of which euro 43 mil related to the Holding Company was signed.

The agreement provides:
- with respect to claims for services allegedly rendered to UniCredit S.p.A., that UniCredit S.p.A. is bound to pay the amount required plus interests for late payment no later than April 30, 2014;
- with respect to services allegedly rendered to other Group companies, that UniCredit S.p.A. is bound to pay only if, and to the extent that, an agreement on the remuneration for the services in question is not concluded by March 31, 2014 and the amounts required are not paid (by the Group company involved) by April 15, 2014.

Global Policy on the principles for the management of transactions to be carried out by Special Purpose Vehicles (SPV)
The Board of Directors held on 10 June 2013 approved the Global Policy "Principles for the governance of operations realized through Special Purpose Vehicles" which defines new rules, at Group level, for the identification of the SPV, the classification of risk classes of the related transactions, the issuance of Non-Binding Opinion by the Holding Company structure, as well as the accounting and regulatory treatment of the SPVs.

On the basis of the Global Policy the Group SPVs are identified according to an assessment carried out by the competent Business function according to predefined criteria, and in case with an involvement of the Holding Function. All SPVs should be subjected by the competent operational units to the consolidation test, in accordance with the accounting principles.

The Board of Statutory Auditors obtained confirmation on the fact that proper control activities are performed for the purpose of periodically monitoring SPVs - mapping of the existing ones, consolidation test, mapping of credit relation with the SPV - as well as procedures which link the SPV database with the statements released by the heads of subsidiaries with reference to the consolidated financial statements.

The external auditor involved in this issue informed the Board of Statutory Auditors that SPVs had been included in the category of significant review risks performing specific activities on them.

The Board of Statutory Auditors recommended the utmost attention to the mapping process performed on all SPVs, both consolidated and unconsolidated, since it considered necessary to check on an on-going basis whether unconsolidated vehicles should be considered for consolidation purposes. The focus should be in particular on those vehicles in which the Company does not hold a controlling interest.

Supervisory activities pursuant to the Testo Unico della revisione legale dei conti
With the approval of the *Testo Unico della revisione legale dei conti*, the Board of Statutory Auditors (which the Act defines as the "Internal Control and Audit Committee") is required to oversee: (i) the financial information process; (ii) the effectiveness of the internal control system, internal audit and risk management; (iii) the annual statutory audit of the Company and Consolidated Accounts; and (iv) the independence of the external auditors, specifically when they provide non-audit services.

The Board of Statutory Auditors examined the reports prepared by Deloitte & Touche S.p.A., whose activity completes the general frame of the control functions set by the regulations with reference to the financial disclosure process.

These reports, released on 7 April 2014 pursuant to § 14 of Law 39/2010, highlight that the separate financial statements and the financial statements of UniCredit Group are prepared based on the internal accounting principles IAS/IFRS issued by the International Accounting Standards Board and adopted by the European Union, in force since 31 December 2013, as well as in compliance with the provisions issued pursuant to § 9 of Legislative Decree 38/2005. These principles were prepared based on the instructions issued by Bank of Italy with Circular No. 262 of 22 December 2005, as amended. They are therefore clear and give a fair and true view of the financial and capital situation, the result of its operations and the cash flows for the year ended on 31 December 2013. In addition, according to Deloitte, the Report on management activites and the information mentioned in paragraph 1, letters c), d), f), m) and in paragraph 2, letter b) of § 123 bis of the Legislative Decree 58/1998, included in the Report on corporate governance, are consistent with the financial statements documents.

The Board of Statutory Auditors also examined the report released on 14 April 2014 by Deloitte, pursuant to § 19 of the Legislative Decree 39/2010, from which it can be deduced that there are no significant audit adjustments or relevant criticalities within the internal control system regarding the financial disclosure process.

Deloitte – regularly met pursuant to § 150, paragraph 3 of the Single Finance Act (TUF), for the purpose of the exchange of mutual information – showed to the Board of Statutory Auditors no deeds or events considered as censurable or irregularities requiring specific reporting pursuant to § 155, paragraph 2 of TUF.

At the end of October 2013 Deloitte & Touche S.p.A. gave to the Board of Statutory Auditors a document regarding the points of attention identified during the review of the Half-year Consolidated Report, which was submitted to the Internal Controls & Risk Committee during the meeting of 11 November 2013 with the aim of an exchange of information among the corporate bodies.

With reference to the IAS 36 principle, to the joint document of Bank of Italy/Consob/ISVAP no.4 of 3 March 2010 and to the internal regulations which adopted Law 262/2005, the Board of Statutory Auditors noted that the Board of Directors approved independently and before the approval of the financial statements, the impairment procedure.

During the exchange of information with the external auditor, the Board of Statutory Auditors acknowledged that the goodwill impairment test and the test of other intangible assets was performed applying a methodology based on the outlook of future revenues and the RWAs underlying the Strategic Plan approved by the Board of Directors on 11 March 2014.

The impairment test was conducted on intangible assets with an undefined cycle - goodwill and brands - on the intangible assets with a defined cycle - core deposits and customer relationships - as well as on the highest items included in assets and liabilities on the occasion of corporate aggregation, using the Group's organisational structure as at 31 December 2013, since the reorganization defined within the strategic plan had not yet been approved as at that date. However, the test was also conducted on the basis of the organisational structure in place as at 1 January 2014 and the related results showed no further need of impairment.

The test showed the need to assess the following:
- consolidated financial statements of UniCredit Group, of the goodwill amounting to €7,999 million (€7,985 net of minorities' quota) and of all the other intangible assets amounting to €1,298 million (net of taxes);
- UniCredit S.p.A. Financial Statement, of the goodwill amounting to €2,815 million. In line with the result of the goodwill impairment test at consolidated level, the assessment of the controlling shareholdings showed the need to make write-downs amounting to €7,375 million.

The Board of Statutory Auditors noted that the Financial Statements documents also reflect the effects of the update of the credit assessment criteria of UniCredit S.p.A. as approved by the Group Risk Committee applying the Global Policy "Principles and methodologies for client classification and evaluation in Italy" and the "Methodology for Non Performing and Doubtful Loans evaluation" approved by the Board of Directors on 17 December 2013.

The assessment parameters were updated considering the evolution of the economic environment, with particular reference to the real estate market, a recent market analysis, and the regulatory changes introduced by Bank of Italy with the latest update of Circular No. 263. In this regard the company acquired an eminent independent opinion on the related accounting treatment.

The accounting treatment of the quota held in Bank of Italy's capital following the publication of decree No. 133/2013 – which led to the inclusion of a net significant profit of €1,190 million net of taxes calculated using a tax rate of 12% in the company and consolidated income statement as at 31 December 2013 – is described in the explanatory notes of the individual and consolidated financial statements and is based, on the one hand, on eminent opinions and, on the other hand, on the internal assessment of quota (in line with the assessment made by a dedicated commission established by Bank of Italy).

With regard to the composition of equity, please note that UniCredit S.p.A. qualified the share premium reserve arising from the business combination with Capitalia S.p.A., exceeding the net equity of the latter, and the higher market value of the shares granted to shareholders of UniCredit Bank AG and UniCredit Bank Austria AG compared to the value of the report referred to in Article 2343 of the Civil Code, as available to cover losses and the distribution to shareholders on a pari passu basis to the profit reserves, as the net assets arising from such business combinations have already been – entirely or partially – collected or written down with a charge to the income statement, without using the reserve in question.

Supervisory activities on the independency of the external auditors

The Board of Statutory Auditors examined the report on the independency of the external auditors pursuant to article 17 of Legislative Decree 39/2010, released on 7 April 2014, which showed no situations compromising the independency or incompatibility pursuant to articles 10 and 17 of the above mentioned Decree and the related implementation provisions.

Report of the Board of Statutory Auditors (Continued)

Based on a statement of the external auditors, the Board of Statutory Auditors noted that in 2013, additionally to the auditing tasks regarding the company and consolidated financial statements, the half-year report and the check of the regularity of accounting activities and the proper identification of management activities in the entries, a fee for the following non-auditing services was paid:

Non-auditing services provided to UniCredit S.p.A. in 2013

TYPE	AUDITING FIRM	DESCRIPTION	FEES (EURO/K)
Checking for the Purposes of Other Opinions	Deloitte & Touche S.p.A.	Issuing comfort letters concerning bond issues	325
Checking for the Purposes of Other Opinions	Deloitte & Touche S.p.A.	Signing the Italian tax declaration forms	40
Checking for the Purposes of Other Opinions	Deloitte & Touche S.p.A.	Letter adressed to Board of Directors of UniCredit S.p.A. regarding principal issues of accounting of "Gibson project"	50
Checking for the Purposes of Other Opinions	Deloitte ERS S.r.l.	Limited review of the sustainability report	155
Data Checking Total			**570**
Other Services	Deloitte Financial Advisory GmbH	Support in relation to squeeze out proceedings	54
Other Services	Studio Tributario e Societario	Support the activities of collection Transfer Pricing documentation	51
Other Services	Deloitte Consulting S.r.l	Support to the projects ALM and Finanacial Planning and Fund Transfer Prices analysis	64
Other Services	Deloitte Consulting S.r.l	Support to the projects Group Internal Validation	549
Other Services	Deloitte Consulting S.r.l	Support to the projects Network Audit	79
Other Services	Deloitte Consulting S.r.l	Support to the projects in relation to the update Fund Transfer Prices and Benchmarking	32
Other Services Total			**829**

Non-auditing services rules are described in the "Terms and Conditions" document attached to each agreement stipulated by UniCredit S.p.A. and each of the Group's subsidiaries with the "member firm" of the Deloitte network.
With reference to this internal regulation the following should be noted: (i) monitoring of the observance of the maximum ratio 1:1 set by the auditing and non-auditing services based on which the Group's subsidiaries cannot assign non-auditing services with an higher amount than auditing services; (ii) the reporting of non-auditing services to the Secretary to the Board of Statutory Auditors of UniCredit S.p.A. having priority compared to the competent decision of the controlling body of the subsidiary, in order to allow the Board of Statutory Auditors to express its opinion; (iii) the periodic reports to the Secretary to the Board of Statutory Auditors on the services assigned.

The application of the new agreement showed some delays by subsidiaries as well as the need for an analysis – currently being conducted - of the modalities of charging of non-auditing services requested by UniCredit Business Integrated Solutions to the Deloitte network and used by other subsidiaries of UniCredit Group.

In light of the regulatory guidelines being issued at European level, UniCredit Group observed in each country the 1:1 ratio between auditing and non-auditing services.

Supervisory activities on the financial disclosure process
The Board of Statutory Auditors examined the internal regulations regarding the process which allows the Manager charged with preparing company's financial reports, appointed pursuant to Law No. 262/2005 and the Chief Executive Officer releasing the statements provided by article 154-bis of Legislative Decree No. 58/1998.

The administrative and accounting procedures for the preparation of the separate and consolidated financial statements and any other financial communication were defined under the responsibility of the Manager charged with preparing company's financial reports, who together with the Chief Executive Officer, tests the adequacy and the application.

The Board of Statutory Auditors identified the need for greater clarity in the internal rules concerning the scope of responsibility with respect to the creation, implementation, supervision, monitoring and maintenance of processes, and recommended that internal rules be changed accordingly.

During periodical meetings held with the Board of Statutory Auditors aimed at exchanging information, the Manager charged with preparing company's financial reports reported no significant deficiencies within the operational and control processes which might jeopardise the adequacy and application of administrative-accounting procedures for the purpose of a proper economic, capital and financial representation of management activities in compliance with international accounting principles.

During periodical meetings aimed at exchanging information, as well as in the report prepared pursuant to article 19 of the Legislative Decree No. 39/2010, the external auditors reported no significant criticalities of the internal control system regarding the financial disclosure process.

The Manager charged with preparing company's financial reports and the Chief Executive Officer subscribed with dedicated reports the statements regarding the separate and consolidated financial statements as at 31 December 2013 set by article 81-ter of Consob Regulation No. 11971 of 14 May 1999, as amended, which recalls article 154 bis of Legislative Decree No. 59/1998.

The staff of the Manager charged with preparing company's financial reports declared that as at 31 December 2013 it had 7 resources located within Accounting. Although recruiting activities are underway, the Board of Statutory Auditors recommended the timely completion of the Staff structure in order to allow the alignment with the optimal sizing identified by the corporate structures.

During the monitoring activities set by the Policy, the staff of the Manager charged with preparing company's financial reports continued performing in 2013 controls on the modalities for the conduction of control application tests (ToE). The Board of Statutory Auditors recommended a further strengthening of these activities as well as defining adequate corrective actions for the removal of the anomalies identified by the tests.

It is also necessary to strengthen some aspects of the administrative/accounting system (policies, accounting manual, presentation of information pursuant to Law 262/2005, decision-making protocols and corporate information system), particularly with regard to the governance of the process of preparing the financial statements, by better defining roles, responsibilities and steering and coordination activities concerning the Group, the implementation and documentation of certain administrative processes, in some cases still carried out manually, the enhancement of some monitoring and evaluation processes, the refinement of some data subject to supervisory reporting, the complete updating of IT procedures, the fine-tuning of certain processes aimed at the preparation of reports to be disclosed to the public and the formalization of Group rules on the consolidation of financial statements.

In light of the information received and the documents examined, the Board of Statutory Auditors, having recommended the timely implementation of the corrective actions planned by Management, gave a substantially adequate rating to the financial disclosure preparation process.

Supervisory activities on the adequacy of the internal control system

The Board of Statutory Auditors noted what had been reported in the Report on corporate governance on the adequacy and functioning of the internal control system and examined the 2013 Report of the Internal Audit function.

Based on the activities performed in 2013, the functionalities of the Internal Control System (ICS) at Group level was rated overall "satisfactory", as well as the one relating to UniCredit S.p.A..

The "Not Satisfactory" rating of the ICS is confirmed for Ukrsotsbank due to the persisting weaknesses of IT security in the Credit Risk area.

With particular reference to UniCredit Leasing S.p.A., the main reason underlying the confirmation of an "unsatisfactory" Internal Control System was the uncertainty in releasing the new target IT system (Euroleasing 2.0), in spite of the significant improvements achieved in the implementation of the mitigating actions realized, since there are still some risks in some corporate processes which are not yet completely mitigated.

The ICS rating of Cordusio Fiduciaria is once again "unsatisfactory" because of some anomalies that revealed the need to consolidate operational processes, risk culture, as well as first and second level controls, with particular reference to the AML risk control.

With reference to all the aforementioned criticalities, corrective action plans had been prepared, requiring the utmost attention by all the involved corporate bodies. According to the Board of Statutory Auditors, their implementation was fundamental and could no longer be postponed.

In 2013, some recurrent criticalities emerged, which were highlighted as the main causes for some negative ratings of process audits: weaknesses in data quality, inadequate IT support and non-adequate processes.

Significant improvements were needed in the IT area, which was characterized by some weaknesses at Security level, mainly due to the unsatisfactory management of access rights, and by some system stability problems.

The Board of Statutory Auditors recommended fully exploiting the potential of information systems in the strategic management and in the steering and monitoring activities of the Group, assigning resources to this objective consistent with the real needs, also in light of the recent outsourcing of the technological infrastructure systems.

The Board of Statutory Auditors performed some checks following a special investigation carried out by Internal Audit on UniCredit Securities Ltd (Cyprus), which had shown significant weaknesses as regards the supervision and governance of the associated company.
After a more in-depth analysis of the Parent Company's and Sub-Holding UniCredit Bank Austria AG's structures, the Board of Statutory Auditors recommended that:

- UniCredit Bank Austria AG's detection and monitoring activities be extended to include not only directly associated companies but also indirectly associated companies, escalating the information chain to UCBA AG's Management Board;
- UniCredit Bank Austria AG's internal control functions receive a complete information flowon all companies included in the controlled perimeter, also with reference to outsourced activities.

Report of the Board of Statutory Auditors (Continued)

On this occasion the Board of Statutory Auditors highlighted the issue linked to “peripheral businesses”, i.e. subsidiaries, often indirectly controlled, with registered offices under jurisdictions in which the Group presence was not significant. Such peripheral businesses, due to their small size, lacked an appropriate risk control structure (they also had no adequate internal control system). The Parent Company Management agreed on the need to pay particular attention to these companies.

The Board of Statutory Auditors welcomed the implementation of an ICS Master Plan aiming to (i) support and promote a consistent and wide Group approach regarding the existing risks and the structure of the relevant controls and (ii) monitor ongoing initiatives and the implementation progress of corrective action plans, increasing and consolidating the ICS effectiveness.

The ICS Master Plan mainly focused on structural interventions aimed at (i) defining and managing at Group level the managerial assessment of ICS in order to guarantee the compliance with a further key requirement of the ICS framework governance, (ii) ensuring that some priority activities (regarding Usury, Transparency, AML, Anti-corruption, Conflicts of Interest, etc.) be appropriately addressed and (iii) promoting corrective plan monitoring initiatives.

The Board of Statutory Auditors examined the 2013 Report of the Supervisory Body (Organismo di Vigilanza) on the implementation of the organizational and managerial model adopted by UniCredit S.p.A. pursuant to Law 231/2001.

The checks carried out by the Supervisory Body in 2013 revealed no significant violations of internal regulations; however, the need for changes to the protocols was highlighted due to sensitive activities not correctly described or to deficiencies in the control framework.
The Model, modified in 2013, will be further updated in 2014 after the risk assessment of sensitive processes.

In July 2013 with issuance of the 15° revision of Circular 263/2006 (New regulations for the prudential supervision of banks), Bank of Italy decided that the Board of Statutory Auditors, in general, has to perform the functions assigned to the Supervisory Body pursuant to Legislative Decree No. 231/2001 and that the Banks could assign these functions to a body established for this aim, providing appropriate reasons therefor.

With reference to this provision, in force starting from 1 July 2014, the Board of Directors in its meeting held on 17 December 2013 decided to assign the tasks set by Legislative Decree no. 231/2001 to the Supervisory Body already established: this decision was taken due to the number and complexity of the topics already included in the activities performed by the Board of Statutory Auditors and by the specific tasks of the Supervisory Body.

Based on the documents examined and the information received while performing supervisory activities, although situations requiring corrective actions were found, the Board of Statutory Auditors identified no critical situation or events which might lead to an overall unsatisfactory internal control system.

This rating was issued considering the initiatives designed to achieve a general improvement in terms of the effectiveness of the internal control system. In particular it is referred to the initiatives recently realized regarding internal controls with the aim of increasing risk culture and compliance with Group’s regulations, through the establishment of an integrated internal control system and the assignment of its steering and control activities to the Internal Controls Coordination Committee (ICCC), chaired by the General Manager of UniCredit S.p.A.

Supervisory activities on the adequacy of risk management systems
The Board of Statutory Auditors examined the Annual Report of the Internal Validation function on “Basel 2 – Credit Risk” together with the Annual Report of the Internal Audit function on the analysis of the methodology based on internal ratings (IRB) and the standardized approach (STD).

During its meeting of 17 December 2013, the Board of Directors approved the new Global Policy “Principles and methodologies for client classification and valuation in Italy”, addressed to UniCredit S.p.A. and the Legal Entities of the Group’s Italian perimeter.
In this regard new “Methodologies for Non Performing and Doubtful loans evaluation” (valid for UniCredit S.p.A.) were defined, in order to ensure a higher consistency between the levels of impaired loans coverage based on the loss risk, type of loan and characteristics of collaterals.

The new methodologies, except for the Time Value calculation of unclaimed doubtful loans, have been applied for the purpose of the loan assessment since 31 December 2013, in force for 2013 company and consolidated financial statements.
The Internal Validation function rated the Group IRB systems as sufficiently adequate, being overall compliant with the reference regulatory provisions.
The report of the Internal Audit function showed that rating systems regarding approaches based on internal ratings and the standardized methodology overall met the minimum requirements set by Bank of Italy provisions and that the internal validation process was rated adequate in relation to the regulatory requirements. However, the general functioning of the rating systems in place was still rated not fully satisfactory, although significant improvements were noted compared to the past.

The Board of Statutory Auditors recommended a complete support to all the functions involved in the abovementioned improvement activities of the qualititative and quantitative profiles of the IRB systems, through the provision of adequate human and technological resources, in order to check that the corrective measures planned in UniCredit S.p.A. and in the involved Legal Entities are successfully completed in line with the set deadlines.

For this purpose, the Board of Statutory Auditors recommended focussing in particular on the deficiencies detected at the level of IRB systems governance. In this regard, the projects – being implemented – included in the 2014 Group Risk Management activity plan approved by the Board of Directors on 13 February 2014 have a strategic relevance and their definition within the set deadline is essential.

With reference to market risk, the Board of Statutory Auditors noted the satisfactory ratings expressed by the competent functions on the compliance with regulatory requirements. The Board of Statutory Auditors recommended that the corrective actions in place designed to further strengthen the market risk management system should be concluded in the short term in line with the set planning.

The Board of Statutory Auditors noted the overall satisfactory rating expressed by the competent functions in light of the improvements occurred within the internal model for the measurement of capital requirements covering operational risks and the relevant changes made to the internal model, process and to the IT infrastructure.

The Board of Statutory Auditors also noted that the authorisation application for the new model for the measurement of capital requirements covering operational risks.

With reference to all the advanced internal models for the measurement os risks, there is still some room for improvement, in particular with reference to the adoption of a uniform regulatory framework designed to ensure unitarity of systems' management activities of the various Group's Entities.

The Board of Statutory Auditors recommended that the areas of improvement should be monitored and that the related results are periodically submitted to the Board of Directors for their analysis.

In this regard the implementation of the activity plan of Group Risk Management is particularly relevant. The Board of Statutory Auditors recommended that it should be equipped with consistent resources able to ensure the completion of corrective actions highlighted by the control structures within the set deadline.

The Board of Statutory Auditors also recommended updating the internal regulations which define tasks and responsibilities following the reorganization of the competence area of the Chief Risk Officer.

With the entry into force of CRD IV, the Group decided to adopt an advanced method for the calculation of capital requirements for counterparty and own risk.

According to the latest update of Circular 263 of Bank of Italy, an assessment of some behavioural models used for the liquidity and interest rate risk management was performed. These models were rated sufficiently adequate. In addition, Group Risk Appetite and the related framework were approved by the Board of Directors in its meeting of 17 October 2013 and confirmed in its meeting of 21 January 2014. Also a quarterly disclosure activity was planned in order to ensure the constant coverage of these risk profiles.
The risk appetite is linked to the incentive systems set by the Group compensation policy, with the aim of including risk management activities in the elements for the bonus definition.

In January 2013 the Basel Committee released a set of principled designed to strengthen the aggregation skills and the practices regarding the internal reporting of risk data as well as decision processes of banks' risk management having systemic global relevance to which they should adjust by 1 January 2016.

In order to allow an adjustment to the abovementioned principles, UniCredit S.p.A. prepared an integrated master plan approved in December 2013 by the Group Risk Committee. The activities mentioned therein are particularly relevant for the purpose of supervisory reporting, in particular considering the evolution of European regulations which will strengthen the timeliness and the level of detail of the reporting.

Regarding compliance risk, the Board of Directors in its meeting of 12 July 2011 had approved a new "Global Compliance Framework" to be implemented in a 30-month-period. This program was completed within the set deadline and led to the strengthening of the second level compliance control systems and of a uniform compliance culture at Group level.

The Board of Statutory Auditors recommended that the Compliance function should continue committing itself, improving the quality of resources and supporting the growth of compliance culture within the Group, in particular with reference to the Russian subsidiary.

There is still some room for improvement for which managerial actions are underway, regarding MiFID, mainly in Germany and Italy, with the aim of aligning models and procedures to the instructions provided by the European Securities and Markets Authority.
Similarly some activities aimed to reach some improvements with reference to compliance regarding AML, embargo (especially in Germany), transparency and usury are being performed.

Regarding legal risks, the Board of Statutory Auditors recalled the information included in the Explanatory Notes to the Financial Statements.

Report of the Board of Statutory Auditors (Continued)

Pursuant to Circular 263 of Bank of Italy and in line with the aim of defining a risk appetite level on the non-significant residual compliance risk, the Board of Directors, in its meeting of 11 March 2014, approved the activity plan of the Compliance function for 2014 whose accurate realisation is considered essential by the Board of Statutory Auditors.

Supervisory activities on the adequacy of the internal audit systems
The Board of Statutory Auditors noted that in January 2013 an independent expert rated the activities performed by the Internal Audit function substantially compliant with the best practices in place, both in terms of efficiency and effectiveness.

The Internal Audit function prepared a five-year audit plan (2013-2017) based on the main corporate risks.

The Board of Statutory Auditors noted the update of the Group audit charter, approved by the Board of Directors in its meeting of 17 October 2013. This document includes the mission, responsibility, independence and powers of the Internal Audit function within the Group.

It was necessary to update this charter following the publication of the document titled "Internal Audit function in banks", issued in June 2012 by the Basel Committee, and of the International Standards for the Professional Practice of Internal Auditing, updated in January 2013.

Supervisory activities with regard to the appropriateness of the organisational model
The Board of Statutory Auditors examined the document on the assessment of the appropriateness of the organisational model of UniCredit S.p.A. prepared by the Organization function.

The document highlighted the existence of (i) a well-structured system of delegations, used in compliance with the set roles and organisational processes, (ii) procedures aimed to ensure that resources have the appropriate skills to perform the assigned tasks, and (iii) internal regulations governing the performance of activities by each managerial function and an assessment on the adequacy of the organisational structure of UniCredit S.p.A..

Within the framework of a more incisive role which the Organisation function should play, following the definition of a co-responsibility in the design of processes, the Board of Statutory Auditors recommended completing the audits underway aimed to improve processes in terms of effectiveness and efficiency.

Based on the examined documentation and on the information collected during the performance of supervisory activities, the Board of Statutory Auditors rated the organisational model overall satisfactory. This rating took also into consideration the changes recently approved with regard to the roles and responsibilities of the Organisation function and the completion of the improvement activities in place.

Compensation Policy
In light of the regulatory provisions on compensation and incentive schemes, the Board of Statutory Auditors verified the appropriateness and compliance with the regulatory framework of the compensation policies and practices adopted by UniCredit S.p.A..

The Board of Statutory Auditors examined the 2013 Report drawn up by the Board of Directors in compliance with Bank of Italy Regulation dated 30 March 2011 governing "Bank's remuneration and incentive policies and practices".

On 11 March 2014 the Board of Directors approved the 2014 Group Compensation Policy and, in particular, the proposal made by the Shareholders' meeting regarding the 2:1 ratio between variable and fix compensation contained therein.

The 2014 Group Compensation Policy defines the principles and standards used for designing, implementing and monitoring Group compensation systems and is based on the consideration that the instructions identified during the consultancy activities promoted by the Bank of Italy with the aim of acknowledging the new elements introduced by CRD IV.

In particular, it described the new Group incentive system, based on a bonus pool approach, defines the criteria for the identification of identified staff and provides information on the role and activities of the Remuneration Committee and of the Compliance, Internal Audit and Risk Management functions in 2013.

In line with the new regulatory requirements provided by the European Banking Authority, UniCredit S.p.A. performed the yearly assessment of categories of staff whose professional activities have a material impact on an institution's risk profile. The self-assessment was performed at local and Group level, as requested by Bank of Italy, and is fully documented in the Group Compensation Policy.

The Board of Statutory Auditors noted the report issued by the Internal Audit function "2013 Compensation Policies and Practices", which was rated "Satisfactory".

Considering the particular situation of the 2013 Group performance, the Board of Directors, upon proposal of the Remuneration Committee, decided to apply a mechanism for the bonus definition which differs from the original one for the determination of bonuses, preferring a selective approach aimed at motivating and retaining key resources by assigning bonuses to the areas of the Group which have shown a positive performance.

The Board of Statutory Auditors recommended that for the future the access conditions as well as the application parameters of the new incentive system should be clearly described in details, in order to ensure transparency and consistency in the application.

Board of Statutory Auditors' Additional Activity and Information Requested by Consob

In the performance of its duties, as prescribed by § 2403 Civil Code and § 149 of the TUF as follows:

- the Board of Statutory Auditors exercised oversight in respect of the implementation of the corporate governance rules contained in the codes of conduct to which UniCredit S.p.A. publicly declares its adherence. UniCredit S.p.A. adheres to the Corporate Governance Code promoted by Borsa Italiana S.p.A.. Pursuant to § 123-bis TUF UniCredit S.p.A. has drawn up its annual report on corporate governance and its shareholder structure, including information regarding (i) the corporate governance practices followed, (ii) the main characteristics of its risk management and internal control systems, (iii) the working mechanisms of the Shareholders' Meeting, the powers of the Meeting, the rights of shareholders and how they are exercised, and (iv) the composition and functioning of the management and control bodies, as well as the other information required by § 123-bis TUF;
- the Board of Statutory Auditors exercised oversight in respect of the fitness for purpose of the instructions given to subsidiaries pursuant to § 114.2 TUF. The Board of Statutory Auditors examined the 2013 report of Internal Audit, which showed that the Parent Company's steering, control and coordination of its subsidiaries were only partially effective. The Board of Statutory Auditors recommended to the relevant Holding functions to steer subsidiaries towards full adoption and implementation of all Group policies. For this reason the Board of Statutory Auditors recommended carefully monitoring the different interpretations and applications by the subsidiaries; the Board of Statutory Auditors proposed the completion of the internal regulations through the issuance of specific operating instructions and minimum implementative standards to be sent to all the subsidiaries;
- the Board of Statutory Auditors exchanged information with its counterparts in directly controlled companies as required by § 151.2 TUF and the Bank of Italy's supervisory directives and received no proof of significant facts to be specifically reported in this Report;
- the Board of Statutory Auditors exercised oversight through inspections of regional offices in Italy;
- in compliance with supervisory directives, specifically the required checks of branches operating outside Italy, the Board of Statutory Auditors inspected the Paris's and London's branches. These foreign branches' operations showed room for improvement, for which the necessary corrective actions were being implemented;
- the Board of Statutory Auditors noted that UniCredit S.p.A. was inspected by the Regulators, both domestic and foreign, resulting in criticalities in certain management, organization, control, and compliance areas. Prompted by the Board of Statutory Auditors, among others, UniCredit S.p.A. identified corrective measures involving specific projects (multi-annual plans) to be completed within the timeframe indicated by the Regulator;
- the Board of Statutory Auditors noted the Half-year report issued by the Internal Audit function, regarding weaknesses identified by the Supervisory Authority to non-Italian subsidiaries. The Board of Statutory Auditors noted that the overall situation of existing findings in the major Group companies showed some delays in removing the weaknesses highlighted by the various Supervisory Authorities. The reasons provided by Management of companies involved in the delayed completion of planned corrective actions were shared with the competent Internal Audit Functions which had not expressed any particular comments.
- the Board of Statutory Auditors received a complaint under § 2408 of the Civil Code from the shareholder Mr. Carlo Fabris per letter dated 5 May 2013. Mr. Fabris complained about the inappropriate deadline within which it was possible to exercise the "right to raise questions before the meeting" under § 127 ter TUF, as well as about the way the Board of Statutory Auditors performed checks on the occasion of the complaint made by the shareholder Roberto Bellantoni on 2 November 2012 under § 2408 of the Civil Code. The Board of Statutory Auditor promptly tried to obtain the necessary information, in order to check the legitimacy of the shareholders' complaints, and it concluded, also following the investigations performed by the Corporate Law Function upon request, that no irregularities had occurred;
- the Board of Statutory Auditors received a complaint under § 2408 of the Civil Code from Mr. Francesco Rimbotti on behalf of the shareholder Maria Luisa Iannantuono, by letter dated 27 May 2013. Mr. Rimbotti complained about the procedure adopted by UniCredit (which Mr. Rimbotti considered to be irregular) for the purpose of answering the questions raised by the shareholder before the Shareholders' Meeting. UniCredit S.p.A. answered to the shareholder by communications dated 10 May 2013 and 22 May 2013. After analyzing such documents, the Board of Statutory Auditors concluded that no irregularities had occurred;
- the Board of Statutory Auditors received a new complaint under § 2408 of the Civil Code from Mr. Francesco Santoro regarding investment services, which was dated 23 August 2013. This was a complaint against the Chief Executive Officer's statement during the last Shareholders' Meeting of 11 May 2013, according to which certain deposit certificates had been replaced by UniCredit S.p.A. without any notification to the relevant deposit certificate holders. The matter had already been highlighted by Mr. Santoro, and it had already been tackled by the Board of Statutory Auditors when processing Bank of Italy's request to provide any useful information in this regard. Considering the repetition of this request, the Board of Statutory Auditors assigned the Internal Audit function the task of performing the necessary analyses. Based on the results of controls and assessments, the Board of Statutory Auditors concluded that there were no irregularities.
- The Board of Statutory Auditors was called to give its mandatory opinion on the following matters:
  a) compliance with the requirements for continuous use of the advanced internal systems for the management of market, credit, counterparty and operational risks for the determination of the relevant capital requirements;
  b) controls at Group level for preventing anti-money laundering;
  c) appointing the Head of the Anti-Money Laundering Function of UniCredit S.p.A. for the Italian perimeter;
  d) compliance with the regulatory requirements relating to the "Powers of direction and coordination of the Parent Company of a Banking Group over the asset management companies"
  e) Global Policy for the management of transactions with persons in conflict of interest.

Report of the Board of Statutory Auditors (Continued)

In addition, the Board of Statutory Auditors informed of the following:
- It noted that the Board of Directors had resolved that its size and composition and functioning were fit for purposes, thus fulfilling the request expressed by Bank of Italy in its letter, protocol n.23078/12. The Board of Statutory Auditors recommended that in the Board of Directors' meetings appropriate time is dedicated to the discussion of strategic decisions and to the periodical controls of their implementation and of the Group's risk profile, on the basis of proper and timely information flows;
- the Board of Statutory Auditors verified – as required by the Corporate Governance Code issued by Borsa Italiana – that its members possess the same requisites of independence required for Directors;
- It has found that the criteria and procedures establishing the requisites adopted by the Board of Directors for the annual assessment of the independence of its members were correctly applied. Prompted by the Board of Statutory Auditors, among others, a procedure aimed at structuring the process relating to the assessment of independency requirements, regulating the activities relating to the collection and analysis of information useful to this purpose, was approved;
- the Board of Statutory Auditors verified that the Board of Directors performed controls on the offices covered for the purpose of interlocking prohibition pursuant to § 36 of Legislative Decree 201/2011;
- that transactions undertaken with persons having administrative, managerial or control functions were always conducted in compliance with § 136 TUB and regulatory requirements;
- It verified that – in compliance with the provisions of § 36 of the Market Regulation approved by CONSOB resolution 16191/2007 and subsequent amendments and additions, subsidiaries incorporated and regulated by the laws of countries not belonging to the European Union properly transmit their profit, equity and finance data to the management of the Company for the purposes of the Consolidated Accounts.

In compliance with Bank of Italy's communication dated 16 March 2011 relating to the "Outsourcing of cash handling activities", the Board of Statutory Auditors noted the reports prepared by the Internal Audit and Compliance functions, relating to the overall control structure of outsourced activities.

Based on annual reports of Compliance and Internal Audit functions issued in compliance with the Provision of the Bank of Italy dated 23 October 2009, relating to "Steering and coordination activities performed by the Parent Company of a banking group on asset management companies belonging to the Group", the Board of Statutory Auditors noted that no significant issues were highlighted to be included in this report.

During the Board of Directors' meeting dated 11 March 2014 the Board of Statutory Auditors noted the Report on the investment services, investment activities and ancillary services, as well as activities relating to the distribution of financial products issued by insurance companies or banks, in compliance with CONSOB Resolution no. 17297/2010.

The Board of Statutory Auditors noted that on 13 February 2014 the Board of Directors, in compliance with Circular letter 263 of Bank of Italy, approved the Global Policy on outsourcing, so as to control risks arising from decisions taken and maintain the ability to control and be responsible for outsourced activities.

In this regard, the Board of Statutory Auditors pointed out that, in order to avoid the risk of losing control on outsourced functions, appropriate human, qualitative and quantitative resources should always be ensured to the relevant functions, so as to effectively control outsourced functions and finalize the development of tools monitoring the service quality. The Board of Statutory Auditors also recommended "increasing supervision" in the management of outsourced activities.

During the Board of Directors' meeting of 21 January 2014 the Board of Statutory Auditors noted that the 2013 Financial Plan had been fully realized and that both the Financial Plan and the Group Emergency Financial Plan for 2014 had been approved, aiming at supporting the evolution of the Group financial structure, thus guaranteeing a prudent management of short-term and structural liquidity.

The Board of Statutory Auditors noted that the Board of Directors, during its meeting on 17 December 2013, regarding the definition by the Financial Stability Board as a Global Systemically Important Financial Institution, prepared and approved the Group Recovery and Resolution Plan, with the double aim of assessing various options in order to restore the Group independent sustainability in case of financial crisis and provide all necessary information in order to start a well-structured Group restoration without any negative economic consequences and without creating any losses for taxpayers.

The oversight of the Board of Statutory Auditors revealed no censurable actions, omissions or irregularities requiring to be noted in this Report.

The Board of Statutory Auditors does not believe that it is necessary to exercise the option of making proposals to the Shareholders' Meeting pursuant to § 153.2 TUF.

Having regard to the foregoing, the Board of Statutory Auditors, having examined the reports drawn up by the External Auditors, having noted the joint attestation made by the Chief Executive Officer and the Manager charged with preparing company's financial reports within its competence finds that there is no impediment to the approval of the Financial Statements as at 31 December 2013 submitted by the Board of Directors, and to the proposal relating to the allocation of the UniCredit S.p.A. 2013 operating result.

Milan, 16 April 2014

The Board of Statutory Auditors

Maurizio Lauri
Giovanni Battista Alberti
Cesare Bisoni
Enrico Laghi
Maria Enrica Spinardi

Report of the External Auditors

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
UNICREDIT S.p.A.

1. We have audited the financial statements of UniCredit S.p.A. which comprise the balance sheet as of December 31, 2013, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and the related explanatory notes. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   The financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, the Company's Directors restated some of the corresponding figures included in the prior year financial statements audited by other auditors whose report was issued on April 11, 2013. We have examined the methods used to restate the prior year corresponding figures and the related disclosures for the purposes of expressing an opinion on the financial statements as of December 31, 2013.

3. In our opinion, the financial statements give a true and fair view of the financial position of the UniCredit S.p.A. as of December 31, 2013, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005.

4. The Directors of UniCredit S.p.A. are responsible for the preparation of a report on operations and a report on the corporate governance and proprietary structures, published in the "Governance" section of UniCredit S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and the information required by article 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) disclosed in the report on the corporate governance and proprietary structures, with the financial statements to which they refer, as required by law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information required by article 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) disclosed in the report on the corporate governance and proprietary structures are consistent with the financial statements of the UniCredit S.p.A. as of December 31, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Riccardo Motta
Partner

Milan, Italy

April 7, 2014

This report has been translated into the English language solely for the convenience of international readers.

Ordinary Shareholders' Meeting resolution of May 13, 2014

Ordinary Shareholders’ Meeting resolution of May 13, 2014

The UniCredit S.p.A. Shareholders Meeting, held on May 13, 2014, approved, in its ordinary session, the financial statements as of December 31, 2013, based on the Reports of the Board of Directors, the External Auditors and the Board of Statutory Auditors, which reported a loss of the financial year of €11,601,110,636.

The UniCredit S.p.A. Shareholders’ Meeting, in its ordinary session, furthermore resolved to:

- cover the loss of the financial year 2013 by using €3,818,208,503 from the reserve related to business combinations within the Group and €7,782,902,133 from the issue-premium reserve;
- distribute to shareholders a scrip dividend from reserves from profits, for a total of €570,332,795.10, as described and according to the terms and conditions set forth in the Directors’ Report, using the portion of reserves from profits entitled “reserve for allocating profits to Shareholders through the issuance of new free shares.” The dividend shall be paid on June 6, 2014, with an ex-dividend date of May 19, 2014;
- increase the legal reserve by €119,695,259 using the issue-premium reserve;
- appoint Prof. Pierpaolo Singer as Alternate Statutory Auditor;
- ensure that the Company shall pay, for the three-year period 2014-2016, the annual compensation for the Common Representative of Savings Shareholders, confirming said compensation in the amount of €25,000;
- set the ratio of the variable component and the fixed component of individual compensation of personnel at 2:1 or, if lower, at the maximum ratio permitted by laws and regulations in force. The effectiveness of the resolution shall be subject to the issue by the Bank of Italy of the new provisions on remuneration policies and practice in implementation of the Directive 2013/36/EU (CRD IV) and compliance with all the conditions required by said Authorities;
- approve the “Group Compensation Policy”;
- adopt the Group’s 2014 Incentive System;
- adopt the Employee Share Ownership Plan 2014 (Let’s Share 2015).

Sorter pages: UniCredit
Creative concept: Orange 021

Graphic development and Composition:
MERCURIO GP© - Milan

May 2014

The emissions related to the printing and distribution of the 2013 UniCredit S.p.A. Report and Accounts, 2013 Consolidated Report and Accounts, and 2013 Sustainability Report, have been compensated with the support of Officinae Verdi, which uses Gold Standard credits gained through the development of a landfill gas capture project in China. The Gold Standard is supported by WWF as it is the most rigorous global certification standard for carbon offset projects.

officinæ verdi
Green Energy | Efficiency | Financial Assessment

UniCredit WWF

The Gold Standard®
Premium quality carbon credits
Project 397

FSC MIX
Paper from responsible sources
FSC® C009012

PH NEUTRAL
SELECTED SECONDARY FIBERS
LONG-LIFE ISO 9706
HEAVY METAL ABSENCE CE 94/62