One Bank One UniCredit

2017

Consolidated Reports and Accounts

Banking that matters. | UniCredit

Banking that matters. | UniCredit

One Bank,
One UniCredit.

We are a simple, successful Pan European Commercial Bank, with a fully plugged-in CIB, delivering a unique Western, Central and Eastern European network to our extensive franchise of 25 million clients.
Our strategy is long-term. We are transforming the Group through decisive actions to lay the groundwork for the future, changing the way we work to anticipate our clients' medium-term evolution. Everything we do is designed to make UniCredit a true Pan European Winner.

Contents

Notes
The following conventional symbols have been used in the tables:
- a dash (-) indicates that the item/figure is inexistent;
- two stops (..), "n.s." or "n.m." when the figures do not reach the minimum considered significant or are not in any case considered significant;
- "n.a." indicates that the figure is not available.

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

Introduction

Strengthen and optimise capital.

Following a € 13 billion capital increase, we confirmed a 2019 fully loaded CET1 ratio target above 12.5 percent and an organic capital generation that will fully absorb the expected regulatory impacts: our capital position is stronger and in line with best in class G-SIFIs.

Board of Directors, Board of Statutory Auditors and External Auditors as at 31 December 2017

	Board of Directors
Giuseppe Vita	Chairman
Vincenzo Calandra Buonaura	Deputy Vice Chairman
Jean Pierre Mustier	CEO
Mohamed Hamad Al Mehairi Sergio Balbinot Cesare Bisoni Henryka Bochniarz Martha Boeckenfeld Alessandro Caltagirone Luca Cordero di Montezemolo Lucrezia Reichlin Fabrizio Saccomanni(*) Clara-C. Streit Paola Vezzani Alexander Wolfgring Anthony Wyand Elena Zambon	Directors
Gianpaolo Alessandro	Company Secretary
	Board of Statutory Auditors
Pierpaolo Singer	Chairman
Antonella Bientinesi(**) Angelo Rocco Bonissoni Benedetta Navarra Guido Paolucci(***)	Standing Auditors
Francesco Giordano	**Manager in charge with preparing the financial reports**
Deloitte & Touche S.p.A.	**External Auditors**

(*) Co-opted on 8 November 2017 in place of Mr. Fabrizio Palenzona.
(**) Ms. Antonella Bientinesi, already an Alternate Auditor, replaced, as per article 2401 of Italian Civil Code, Standing Auditor Maria Enrica Spinardi who resigned from his office with effect from 26 October 2017, and confirmed by the Shareholders' Meeting on 4 December 2017.
(***) Mr. Guido Paolucci, already an Alternate Auditor, replaced, as per article 2401 of Italian Civil Code, Standing Auditor Enrico Laghi who resigned from his office with effect from 2 May 2017, and confirmed by the Shareholders' Meeting on 4 December 2017.

UniCredit S.p.A.
A joint stock company
Registered Office and Head Office: Piazza Gae Aulenti, 3 - Tower A - 20154 Milano
Share capital €20,880,549,801.81 fully paid in
Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group, with cod. 02008.1
Cod. ABI 02008.1
Fiscal Code, VAT number and Registration number with the Company Register of Milan-Monza-Brianza-Lodi: 00348170101
Member of the National Interbank Deposit Guarantee Fund and of the National Compensation Fund
Stamp duty paid virtually, if due - Auth. Agenzia delle Entrate, Ufficio di Roma 1, No.143106/07 of 12.21.2007

Chairman's message

"Today, UniCredit is a leading pan-European bank, well-equipped to address the future, and I thank all those who helped us achieve this result."

Giuseppe Vita
Chairman

Dear Shareholders,

after six years as Chairman of UniCredit, I will be stepping down at the next Annual General Meeting, confident in the knowledge that UniCredit today is a much changed and stronger Group, poised for future growth and success. During my time here, the whole banking sector has faced unparalleled challenges and undergone a significant evolution. UniCredit has seized on this and taken the opportunity to undertake an in-depth long-term transformation of the Group, in order to create a true pan-European winner.

Having worked closely with all the UniCredit teams, I have developed an enormous respect and appreciation for the people within the Group. Thanks to them, UniCredit will be able to achieve its remarkable potential. The work of UniCredit's teams, under the strong leadership of our CEO Jean Pierre Mustier has made our Group one of Europe's most solid financial institutions. I would like to sincerely thank Jean Pierre for accelerating the transformation of our business model at a time when every company, including banks, must evolve. I greatly appreciate his constructive work with the board to define a clear long-term strategy, which has been well-received by investors and all other stakeholders.

The past year saw an improved economic situation at both global and European level, and although interest rates remained persistently low, UniCredit experienced positive dynamics across the Group. Thanks to decisive actions, the Group is now significantly better positioned to address the future.

In 2017, UniCredit launched and began implementing its Transform 2019 plan, the start of a long-term process to ensure UniCredit becomes a true pan-European winner. I am pleased that the plan is already delivering tangible results by improving both our Group's profitability and capital base, by changing the way we work and by allowing our teams to focus even more on our customers.
We redefined UniCredit's perimeter, while remaining one of the few true pan-European banks with a global reach. At the same time, we greatly reduced our portfolio of impaired loans, significantly improving our risk profile. The Group is making decisive strides forward in the area of technology, thanks to a series of key investments that will allow us to stay ahead of our customers' evolving behaviors and needs.

UniCredit's decisive actions benefitted all the Group's stakeholders and the entire Italian banking system as well as Italy as a whole.

Our progress has allowed us to announce a gradual increase of our dividend as of financial year 2019. In our dividend policy, we have taken into account the evolving regulatory framework, current monetary policies and the changing competitive scenario. Even as these factors have exerted greater pressure on the profitability of our sector, we are confident we have taken the best decisions for our investors, especially all our long-term shareholders.

We have charted a clear course toward change, and our progress was accelerated in 2017 by two extraordinary shareholders' meetings, which lay the groundwork for a new, stronger UniCredit.

The first meeting, in January 2017, saw the approval of the largest capital increase in history by a company based in Italy. I thank you for this act of trust in the bank, which helped us plan for the future with rigor and determination.

The second meeting, in December 2017, allowed for the improvement of UniCredit's governance, delivering far-reaching positive implications for the bank. The decision at that December meeting to empower the Board of Directors to submit its own list of candidates, to increase the number of board members drawn from the second list of candidates from one to two, to eliminate the 5 percent limit on voting rights, and to convert savings shares into ordinary shares aligned the Group with international best practices.

Among other notable changes was the cooptation of Fabrizio Saccomanni to our Board of Directors. I warmly welcome him to the board and I am certain that UniCredit will greatly benefit from his outstanding experience in the banking sector and his in-depth knowledge of European regulatory regimes.

These changes, like the others we have made in recent years, bring us closer to our ultimate goal: to make UniCredit a more efficient, more flexible and more profitable bank, able to seize opportunities to create sustainable value.

In light of what we have achieved and what we intend to accomplish, I am confident that the future will bring benefits to our shareholders and to all UniCredit's stakeholders. Thanks to our people, our bank possesses extraordinary strengths. Together, we will successfully ensure UniCredit is and remains a true pan-European winner.

Sincerely,

Giuseppe Vita
Chairman
UniCredit S.p.A.

Chief Executive Officer's message

"We are transforming through decisive actions. Everything we do is designed to make UniCredit a true pan European Winner."

Jean Pierre Mustier
Chief Executive Officer

Dear Shareholders,

I would like to thank you for your ongoing support during our transformation. At UniCredit, we are taking decisive actions to become more competitive and build a strong, sustainable Bank, poised for future growth. We have executed on all our commitments in 2017, including a successful €13bn capital increase and the disposals of Pioneer Investments and Bank Pekao stakes. We concluded FINO Phase 1, with the sale of a €17.7bn portfolio. Everything we do is designed to make UniCredit a true pan European Winner.

Our strategy is to be One Bank, One UniCredit: a simple, successful, pan European commercial bank, with a fully plugged in CIB, delivering a unique Western, Central and Eastern European network to our extensive client franchise.

This strategy is long-term. What we are doing today to implement Transform 2019 - our strategic plan - is laying the groundwork for the future. It is changing the way we work to anticipate our clients' medium-term evolution, including their use of multiple channels.

Our investments in digital aim to improve the customer experience as we continue to optimise our processes and our cost base. New commercial dynamics are driving how we train and develop our people.

Our management is clear on this vision and their actions are underpinned by a strict long-term incentives structure based on the plan's key performing indicators. All our people are focused on the ongoing execution of Transform 2019. It is their energy, commitment and hard work which allow UniCredit to deliver tangible results.

As presented to investors at the 2017 Capital Markets Day in December, our performance is fully on track and we have confirmed all the Transform 2019 key targets, with a better risk profile and an improved dividend payout.

We have **strengthened our capital position**, resulting in a lower SREP Pillar 2 Requirement and an S&P upgrade to a BBB rating with a stable outlook. We have confirmed our 2019 CET1 ratio target whilst anticipating additional regulatory headwinds during the plan period. Post 2019, the CET1 ratio will remain above 12.5 per cent, thanks to an organic capital generation that will fully absorb the expected regulatory impacts.

In terms of **asset quality**, we signed binding agreements to reduce our stake in FINO to below 20 per cent. A more disciplined risk management strategy and underwriting processes are driving significant improvements in all our asset quality metrics. Finally, as announced, we are improving on our original Group Gross NPEs' target, cutting a further €4.0bn by the end of 2019. The full rundown of the Non Core portfolio, which will occur by end 2025, is entirely self-funded.

In terms of **transforming our operating model**, we have confirmed our overall revenues and cost targets. Our FTE and branch reductions are ahead of schedule and our digital and IT transformation is fully on track.

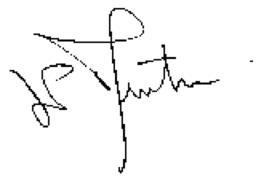
We continue to **maximise commercial bank value**, with the ongoing transformation resulting in higher productivity. Our activities in Western Europe continue to benefit from the revamped network with new service models for retail and SME customers as well as a strong multichannel strategy. Cost reductions are progressing according to plan. In two other core divisions, CEE and CIB, we have further strengthened our leadership positions while keeping a strong focus on risk.

Finally, In terms of **adopting a lean but steering centre**, decisions taken at our latest EGM concerning, for example, a simplified share structure, position us as best in class in terms of European corporate governance.

Finally, on behalf of the Board of Directors and the whole Group, I would like to extend a special thanks to Giuseppe Vita, whose successful tenure as the Chairman of UniCredit is coming to a close. Giuseppe's significant contributions over the past six years have been very precious to our development. His vision and support have enabled UniCredit to grow into one of the few truly pan European commercial banks.

Sincerely,

Jean Pierre Mustier
Chief Executive Officer
UniCredit S.p.A.



Highlights

UniCredit is a simple successful Pan European Commercial Bank, with a fully plugged in CIB, delivering a unique Western, Central and Eastern European network to our extensive client franchise: 25 million clients.
UniCredit offers local expertise as well as an international one reaching and supporting its clients globally, providing them with unparalleled access to leading banks in its 14 core markets as well as in other 18 countries worldwide. UniCredit European banking network includes Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia and Turkey.

Financial Highlights[1]

Operating income
€ 19,619 m

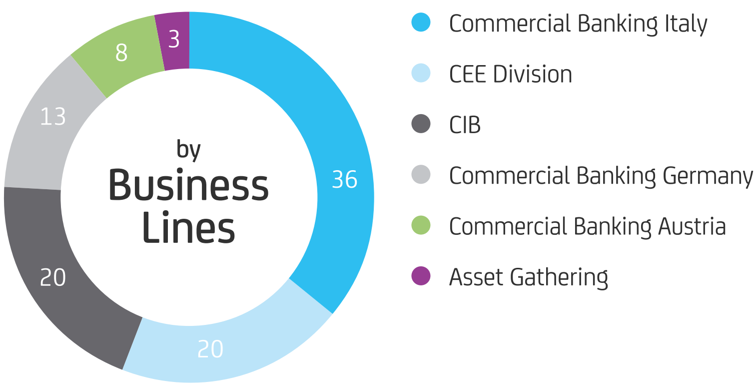
Net profit (loss)
€ 5,473 m

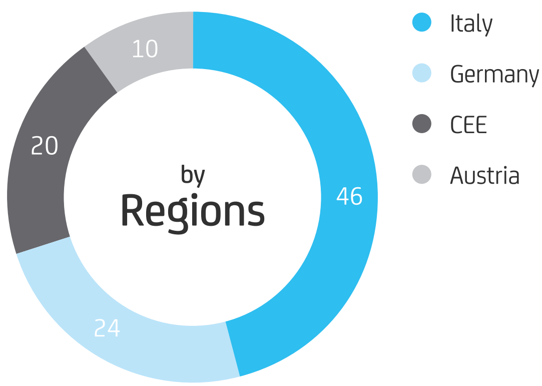
Shareholders' equity
€ 59,331 m

Total assets
€ 836,790 m

Common Equity Tier 1 ratio*
13.60%

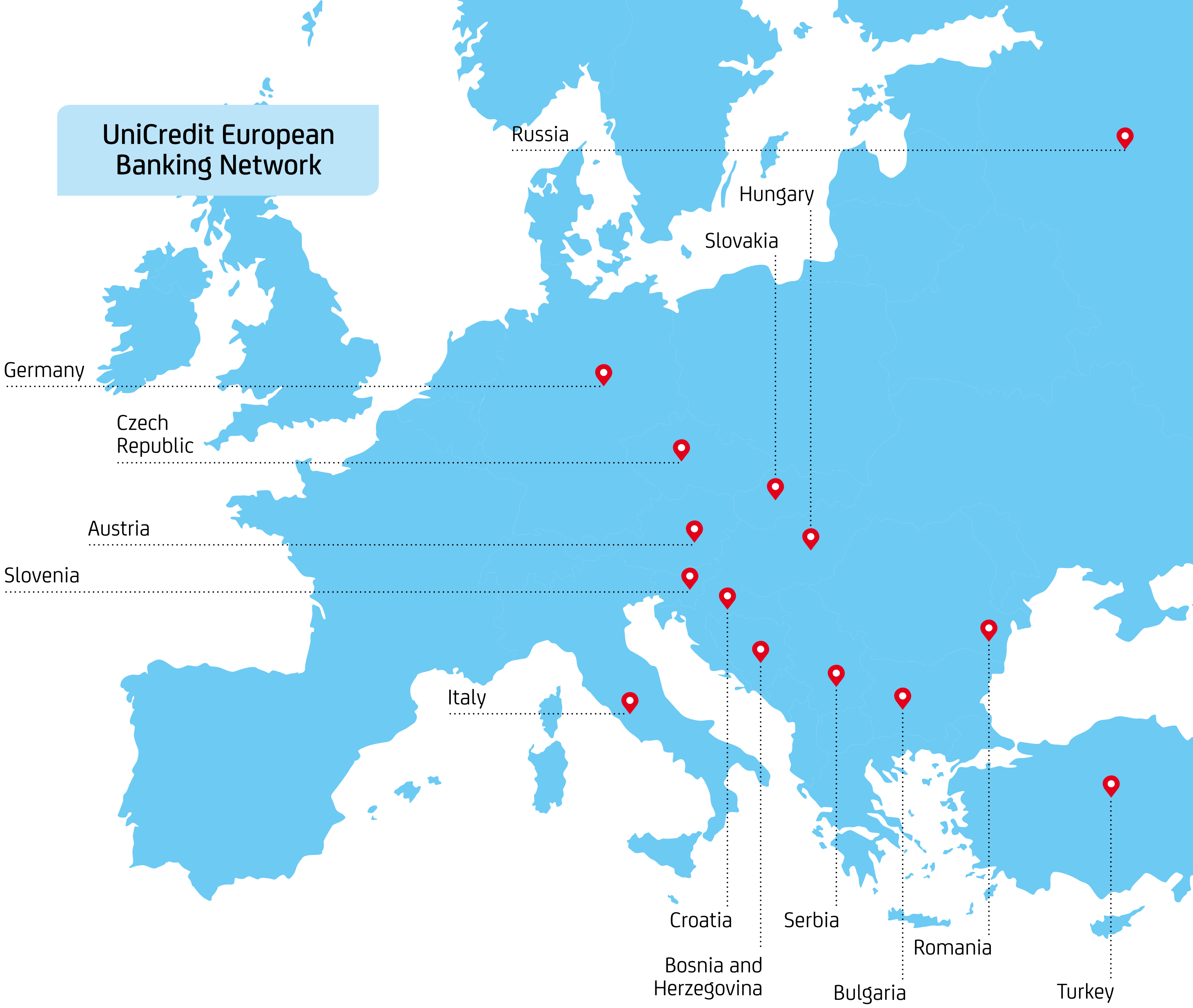
Revenues[1] (%)



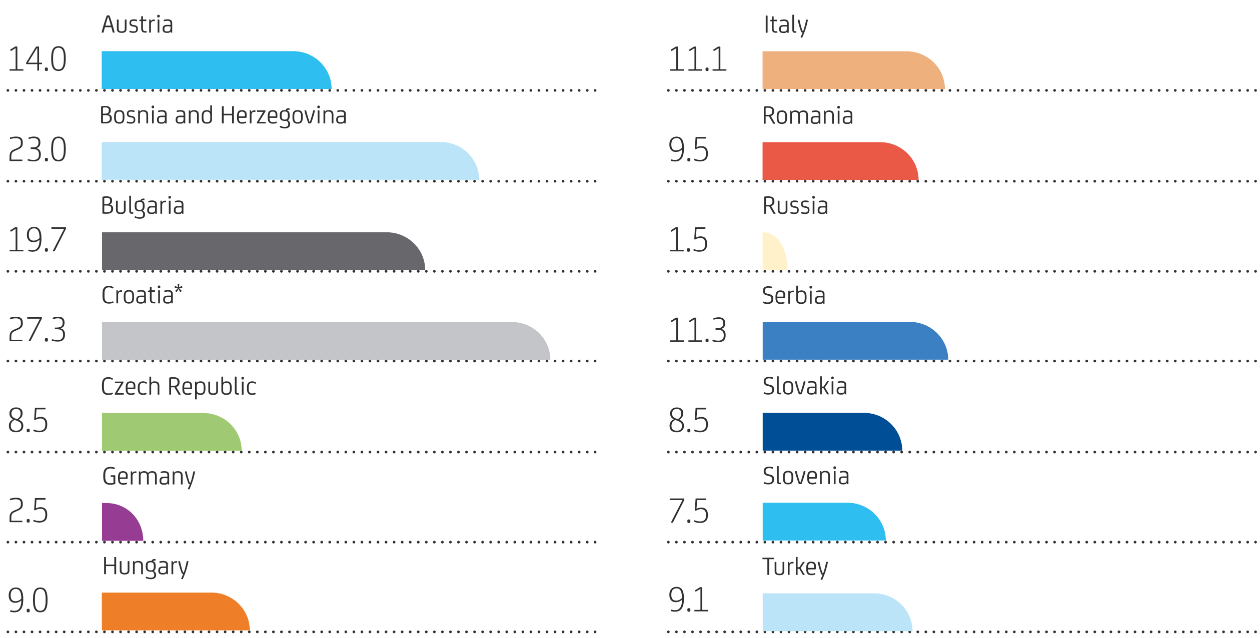


1. Data as at December 31, 2017. In accordance with IFRS5, the profit/loss of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies till the date of the deconsolidation, were recognized in Income Statement under item "Profit (loss) after tax from discontinued operation".
Disposals were finalized during 2017.
* Fully loaded CET1 ratio.

UniCredit European Banking Network



Market Shares[2] (%)



2. Market Shares in terms of Total Loans as at November 2017.
* data as at October 2017.
Source Company data, National Central Banks.

Transform 2019 Milestones

Transform 2019 - our strategic plan - is yielding tangible results.

Our strategy is to be One Bank, One UniCredit: a simple, successful, Pan European Commercial Bank, with a fully plugged in CIB, delivering a unique Western, Central and Eastern European network to our extensive client franchise.

2016 CAPITAL MARKETS DAY

Strengthen and Optimise Capital — **02.03**

CAPITAL INCREASE

Successful **€13bn capital increase**

Strengthen and Optimise Capital — **07.06**

STRENGTHEN CAPITAL

Disposal of 32.8% stake in **Bank Pekao**

Transform Operating Model — **01.07**

UBIS REORGANISATION

UBIS reorganisation brings improved accountability and simplified processes to further improve customer experience

Strengthen and Optimise Capital — **03.07**

STRENGTHEN CAPITAL

Disposal of **Pioneer Investments** to Amundi

Improve Asset Quality — **17.07**

FINO PHASE 1 SUCCESSFULLY CLOSED

FINO Phase 1 definitive agreements signed with Pimco and Fortress for the sale of €17.7bn portfolio

Improve Asset Quality — **21.09**

STRENGTHEN RISK CONTROLS

New Risk Management structure in place to further strengthen the effectiveness of risk controls

Adopt Lean but Steering Corporate Center — **04.12**

CORPORATE GOVERNANCE SIMPLIFICATION

Strengthened corporate governance and simplified share capital structure to position UniCredit as best in class in terms of European **corporate governance**

2017 CAPITAL MARKETS DAY

Improve Asset Quality

The banking industry is evolving but our core business will always be to support client growth with a unique proposition linked to credit. It is our responsibility to provide advice and support so that companies can develop and globalise - while ensuring sustainable growth. This also means looking beyond purely economic returns, to drive investments with a positive impact on society.

In UniCredit, **"Improve Asset Quality"** is a key pillar of our strategic plan.
- We are focused on the proactive de-risking of our balance sheet
- A strong risk discipline safeguards the quality of future origination
- A new risk management structure further strengthens the effectiveness of our risk controls.

Key Asset Quality Metrics

	2016	2017	2019
Coverage ratio	55.6%	56.2%	>54%
Group Gross NPEs ratio	11.8%	10.2%	7.8%
FINO* portfolio disposal	FINO Phase 1 signed in December 2016	FINO Phase 1 concluded with **€ 17.7bn**	FINO Phase 2 signed to sell down below **20%**

* FINO stands for: Failure Is Not an Option.

Improve asset quality.

We addressed Italian legacy issues through the sale of a € 17 billion portfolio (FINO) and proactive bad loans management. A more disciplined risk management strategy and underwriting processes are driving significant improvements in all our asset quality metrics.

Note to the Consolidated Report on Operations and Consolidated Financial Statements

General aspects

The UniCredit group's Consolidated Financial Statements as at 31 December 2017 were drafted in accordance with the IAS/IFRS international accounting standards, in compliance with the instructions of Banca d'Italia in circular No.262 of 22 December 2005 (fourth update dated 15 December 2015). These instructions are binding for the Accounts tables and the methods of completion, as well as for the minimal content of the notes to the Accounts.

The Consolidated Financial Statements comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of changes in Shareholders' Equity, the Cash Flow Statement, the Notes to the Accounts, as well as a Report on Operations, the economic results achieved, the Group's financial situation and Annexes.

Included in this report are also:
- a section on Corporate Governance;
- the Consolidated Financial Statements Certification pursuant to Art.81-ter of Consob Regulation No.11971/99 as amended;
- the Independent Auditor's Report pursuant to Art.14 of Legislative Decree No.39 of 27 January 2010 and Art.10 of the EU Regulation No.537/2014.

UniCredit's website also contains the press releases concerning the main events of the period, the market presentation of Group results and the UniCredit group Disclosure (Pillar III).

For the declaration of a non-financial nature, refer to the Integrated Report published on the company website.

Any discrepancy between data disclosed in this report are solely due to the effect of rounding.

General principles followed in the preparation of the Consolidated Report on Operations

To further illustrate the results for the period, the Consolidated Report on Operations includes reclassified balance sheet and income statement, prepared using the same criteria adopted for previous periods quarterly report.
The reconciliation with the primary statements, as required by Consob Notice No.6064293 of 28 July 2006, is presented in Annex 1.

The Consolidated Report on Operations includes financial information inter alia Group Highlights, Reclassified Accounts and their Quarterly Figures, Segment Reporting, Group historical data, UniCredit Share and comments on Group Results and Results by Business Segment. In order to provide further details about the performance achieved by the Group, this information is supported by some alternative performance indicators ("API") as: Cost/income ratio, EVA, Net bad loans to customers/Loans to customers, Net Non-Performing loans to customers/Loans to customers, Absorbed Capital, ROAC, Cost of risk.
Although some of this information, including certain APIs, are not extracted nor directly reconciled with Consolidated Financial Statements, in the Consolidated Report on Operations and in Annexes are inserted explanatory descriptions of the contents and, in case, of the calculation methods used, in accordance with European Securities and Markets Authority Guidelines (ESMA/2015/1415) of 5 October 2015.

Reconciliation principles followed for the Reclassified Balance Sheet and Income Statement

The Reclassified Balance Sheet and Income Statement have substantially led to the restatement, as shown in the reconciliation tables annexed to this report, of the accounting items mainly relating to:

Balance Sheet

- the aggregation of Financial assets at fair value through profit or loss", "Available-for-sale financial assets", "Held-to-maturity investments" and "Equity investments" as "Financial investments";
- grouping under "Hedging instruments", both assets and liabilities, of "Hedging derivatives" and "Changes in fair value of portfolio hedged items";
- the inclusion of "Provision for employee severance pay" under "Other liabilities".

Note to the Consolidated Report on Operations and Consolidated Financial Statements

Income Statement

- the inclusion in “Dividends and other income from equity investments” of “Profit (Loss) of equity investments valued at equity” and the exclusion of “Dividends from held for trading equity instruments” which are included in “Net trading income”;
- the exclusion among the “Net other expenses/income” 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 fees and commissions”;
- the inclusion in the “Net other operating expenses/income”, excluding “Recovery of expenses” which is classified under its own item;
- the inclusion among “Net trading income” of trading, hedging and fair value activities as well as the gains/losses realised on available-for-sale financial assets and on financial liabilities;
- the exclusion among “Net other expenses/income” of the costs for “Write-downs on leasehold improvements” classified among “Other administrative expenses”;
- presentation of “Payroll costs”, “Other administrative expenses”, “Amortisation, depreciation and impairment losses on tangible and intangible assets” and “Other charges and Provisions” net of any “Integration costs” relating to the reorganisation operations, classified as a separate item;
- the exclusion from the “Other administrative expenses” of the Contributions to the Resolution Funds (SRF), the Deposit Guarantee Schemes (DGS), the Bank Levies and the Guarantee fees for DTA reclassified in item “Other charges and provision”;
- the exclusion from “Amortisation, depreciation and impairment losses on intangible and tangible assets” of property owned for investment, which are reclassified among “Net income from investments”;
- the inclusion in “Net income from investments” of write-downs and write-backs on available-for-sale financial assets and held-to-maturity investments, gains (losses) on disposal of investments, gains (losses) on tangible and intangible assets measured at fair value as well as gains (losses) on equity investments and on disposal of investments;
- the reclassification in “Net other expenses/income” of result of industrial companies;
- the reclassification of the consolidation effects arising from the intercompany commissions versus Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups’ companies from item “Net fees and commissions” and "Income tax for the period" in item “Profit (Loss) from non-current assets held for sale, after tax" as well as indemnities recognised for resolution of non-performing loans management from item "Net fees and commissions" to item "Net other expenses/income".

Scope of consolidation

During 2017 the following overall changes have been recorded in the consolidation perimeter:

- the number of fully consolidated companies , including those ones classified as non-current assets and asset disposal groups, changed from 680 at the end of 2016 to 590 at December 2017 (24 incoming and 114 exited), presenting a decrease of 90 (exits are mainly attributable to disposals of Pekao and Pioneer groups);
- the number of companies consolidated using the equity method, excluding those ones classified as non-current assets and asset disposal groups, changed from 65 at the end of 2016 to 62 at December 2017 (1 incoming and 4 exited), presenting a decrease of 3. As of 31 December 2017 companies classified as non-current assets and asset disposal groups were 4.

For further details see Notes to the accounts - Part A - Accounting Policies; A.1 - General, Section 3 - Consolidation scope and methods and Part B - Consolidated Balance Sheet - Assets, Section 10 - Equity investments (Item 100).

Non-current assets and disposal groups classified as held for sale

In the Balance Sheet at 31 December 2017, the main reclassified assets, based on the IFRS5 accounting principle, as non-current assets and asset disposal groups refer to:

- regarding the individual asset and liabilities held for sale:
  - the subsidiaries Mobility Concept GmbH, BA Betriebsobjekte Praha Spol.S.R.O. and i-Faber S.p.A.;
  - the real estate properties held by certain companies in the Group;
- regarding the data relating to groups of assets held for sale and associated liabilities:
  - the companies of the Pioneer Group Baroda Pioneer Asset Management Company Ltd. and Baroda Pioneer Trustee Company PVT Ltd.;
  - the companies of the Immobilien Holding group (Austria).

For additional information, reference is made to Notes to the accounts - Part B - Consolidated Balance Sheet - Assets, Section 15 - Non-current assets and disposal groups classified as held for sale (Item 150 - Assets and Item 90 - Liabilities).

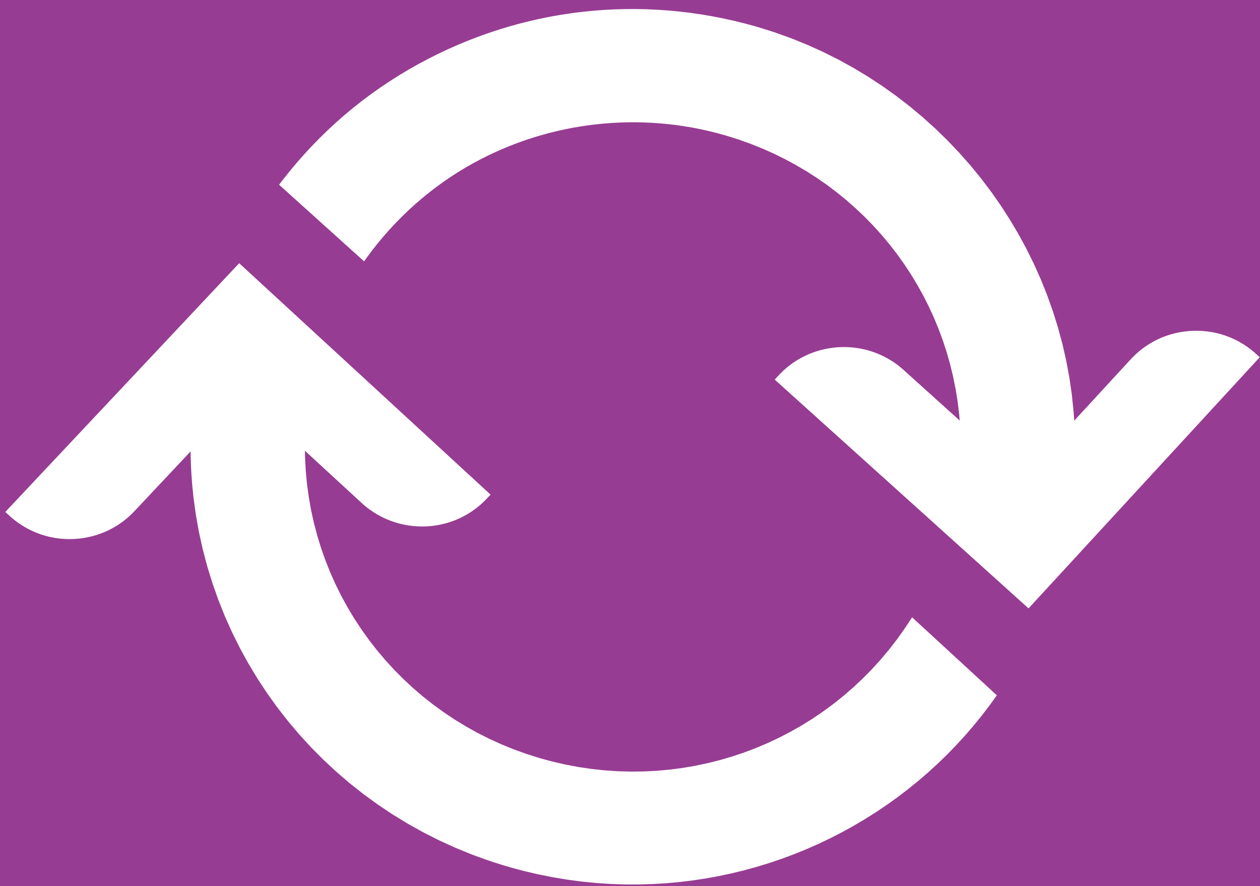
Segment Reporting

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

- Commercial Banking Italy;
- Commercial Banking Germany;
- Commercial Banking Austria;
- CEE Division;
- CIB;
- Fineco;
- Non-core;
- Group Corporate Centre (including COO Services, Corporate Centre Global Functions, inter-segment adjustments and consolidation adjustments not attributable to individual segments).

The Non-core segment includes selected assets of Commercial Banking Italy and some special vehicles for securitisation operations.

Transform operating model.



The transformation of our operating model is fully on track, including cost discipline and efficiency measures to reduce the cost income ratio. Our FTE and branch reductions are ahead of schedule – as we further improve on customer focus, services and products. The digital and IT transformation is fully on track, investments supporting the business transformation with digitalization as a key enabler.

Consolidated Report on Operations

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

Group Highlights

Income Statement

(€ million)

	YEAR		
	2017	2016	% CHANGE
Operating income	19,619	19,595	+ 0.1%
of which: - net interest	*10,299*	*10,307*	*- 0.1%*
- dividends and other income from equity investments	*638*	*844*	*- 24.4%*
- net fees and commissions	*6,708*	*6,263*	*+ 7.1%*
Operating costs	(11,350)	(12,453)	- 8.9%
Operating profit	8,268	7,143	+ 15.8%
Profit (loss) before tax	4,148	(10,183)	n.s.
Group net profit (loss)	**5,473**	**(11,790)**	**n.s.**

The figures in this table refer to reclassified income statement.

Balance Sheet

(€ million)

	AMOUNTS AS AT		
	12.31.2017	12.31.2016	% CHANGE
Total assets	836,790	859,533	- 2.6%
Financial assets held for trading	74,686	87,467	- 14.6%
Loans and receivables with customers	447,727	444,607	+ 0.7%
of which: - Non-Performing loans	*21,192*	*24,995*	n.s.
Financial liabilities held for trading	55,784	68,361	- 18.4%
Deposits from customers and debt securities in issue	561,498	567,855	- 1.1%
of which: - deposits from customers	*462,895*	*452,419*	*+ 2.3%*
- securities in issue	*98,603*	*115,436*	*- 14.6%*
Group Shareholders' Equity	**59,331**	**39,336**	**+ 50.8%**

The figures in this table refer to reclassified balance sheet.

For further details on “Non-Performing loans” see paragraph "Net write-downs on loans and provisions for guarantees and commitments" in this Consolidated Report on Operations.

Staff and Branches

	AS AT		
	12.31.2017	12.31.2016	CHANGE
Employees(1)	91,952	98,304	-6,352
Branches(2)	4,778	6,221	-1,443
of which: - Italy	*3,106*	*3,524*	*-418*
- Other countries	*1,672*	*2,697*	*-1,025*

Notes:
(1) "Full time equivalent" data (FTE): number of employees counted for the rate of presence. Please consider that Group FTEs are shown excluding all companies that have been classified as "discontinued operations" under IFRS5 and Ocean Breeze. Figures as at 31 December 2016 were restated accordingly to increase comparability.
(2) Figures do not include the branches of the Koç/Yapi Kredi group (Turkey). The decrease in number, compared to 31 December 2016, mainly depends on the exit of Bank Pekao from the Group, occurred in 2017.

Profitability Ratios

	YEAR 2017	YEAR 2016	CHANGE
EPS[1] (€)	2.794	(19.820)	22.614
Cost/income ratio	57.9%	63.5%	-5.70 bp
EVA[2] (€ million)	(582)	(12,109)	+ 11,527
ROA[3]	0.69%	-1.32%	2.01 bp

Notes:
(1) For further details please refer to Part C - Section 24 Earnings per share.
(2) Economic Value Added: equal to the difference between NOPAT (net operating profit after tax) and the cost of capital.
(3) Return on assets: calculated as the Net profit (loss) attributable to the Group to Total assets pursuant to art. 90 of CRD IV.

Risk Ratios

	AS AT 12.31.2017	AS AT 12.31.2016
Net bad loans to customers/Loans to customers	2.12%	2.46%
Net Non-Performing loans to customers/Loans to customers	4.73%	5.62%

For the amounts refer to table “Loans to customers - Asset quality” in paragraph “Group Results” of this Consolidated Report on Operations.

Transitional Capital Ratios

	AS AT 12.31.2017(*)	AS AT 12.31.2016(*)
Total own funds (€ million)	64,454	45,150
Total risk-weighted assets (€ million)	356,100	387,136
Common Equity Tier 1 Capital Ratio	**13.73%**	**8.15%**
Total Capital Ratio	**18.10%**	**11.66%**

Note:
(*) Transitional own funds and capital ratios including all transitional adjustments according to the yearly applicable percentages.

For more details see paragraph “Capital and Value Management - Capital Ratios” of this Consolidated Report on Operations.

Ratings

	SHORT-TERM DEBT	MEDIUM AND LONG-TERM	OUTLOOK	STANDALONE RATING
Fitch Ratings	F2	BBB	stable	bbb
Moody's Investors Service	P-2	Baa1	positive	ba1
Standard & Poor's	A-2	BBB	stable	bbb

Data as at 8 January 2018.

Reclassified Consolidated Accounts

Reclassified Consolidated Balance Sheet

(€ million)

	AMOUNTS AS AT		CHANGE	
ASSETS	**12.31.2017**	**12.31.2016**	**AMOUNT**	**%**
Cash and cash balances	64,493	13,858	+ 50,636	n.s.
Financial assets held for trading	74,686	87,467	- 12,781	- 14.6%
Loans and receivables with banks	70,983	74,692	- 3,709	- 5.0%
Loans and receivables with customers	447,727	444,607	+ 3,119	+ 0.7%
Financial investments	138,664	149,004	- 10,340	- 6.9%
Hedging instruments	5,676	6,872	- 1,196	- 17.4%
Property, plant and equipment	8,449	9,092	- 642	- 7.1%
Goodwill	1,484	1,484	-	-
Other intangible assets	1,902	1,708	+ 194	+ 11.4%
Tax assets	12,658	15,161	- 2,503	- 16.5%
Non-current assets and disposal groups classified as held for sale	1,111	45,854	- 44,743	- 97.6%
Other assets	8,958	9,735	- 778	- 8.0%
Total assets	**836,790**	**859,533**	**- 22,743**	**- 2.6%**

(€ million)

	AMOUNTS AS AT		CHANGE	
LIABILITIES AND SHAREHOLDERS' EQUITY	**12.31.2017**	**12.31.2016**	**AMOUNT**	**%**
Deposits from banks	123,244	103,852	+ 19,393	+ 18.7%
Deposits from customers	462,895	452,419	+ 10,476	+ 2.3%
Debt securities in issue	98,603	115,436	- 16,833	- 14.6%
Financial liabilities held for trading	55,784	68,361	- 12,578	- 18.4%
Financial liabilities designated at fair value	3,011	2,497	+ 514	+ 20.6%
Hedging instruments	6,610	9,405	- 2,796	- 29.7%
Provisions for risks and charges	8,650	10,541	- 1,891	- 17.9%
Tax liabilities	1,093	1,399	- 306	- 21.9%
Liabilities included in disposal groups classified as held for sale	185	35,869	- 35,684	- 99.5%
Other liabilities	16,491	16,566	- 75	- 0.5%
Minorities	894	3,853	- 2,959	- 76.8%
Group Shareholders' Equity:	59,331	39,336	+ 19,995	+ 50.8%
- capital and reserves	*54,588*	*51,881*	*+ 2,707*	*+ 5.2%*
- available-for-sale assets fair value reserve, cash-flow hedging reserve and defined benefits plans reserve	*(731)*	*(755)*	*+ 25*	*- 3.3%*
- net profit (loss)	*5,473*	*(11,790)*	*+ 17,263*	*n.s.*
Total liabilities and Shareholders' Equity	**836,790**	**859,533**	**- 22,743**	**- 2.6%**

As at 31 December 2016, in accordance with IFRS5, the assets and liabilities of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies were recognised under items "Non-current assets and disposal groups classified as held for sale" and "Liabilities included in disposal groups classified as held for sale" as a result of their classification as "discontinued operations".
As at 31 December 2017 the abovementioned subgroups are no longer shown in the items above as a result of the disposals.

As at 31 December 2016 the credit exposures belonging to the so-called "FINO Portfolio" were recognised in item "Non-current assets and disposal groups classified as held for sale". As at 31 December 2017 these credit exposures were no longer included in the balance sheet assets, following the disposal occurred in July 2017.
For a more detailed disclosure on "FINO Project", see the information provided in Part E - Information on risks and hedging policies - Section 1 - Credit risk, below the Table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net amounts)".

Reclassified Consolidated Income Statement

(€ million)

	YEAR		CHANGE		
	2017	2016	P&L	%	% AT CONSTANT FX(*) RATES
Net interest	10,299	10,307	- 9	- 0.1%	- 0.8%
Dividends and other income from equity investments	638	844	- 206	- 24.4%	- 15.9%
Net fees and commissions	6,708	6,263	+ 445	+ 7.1%	+ 6.8%
Net trading income	1,818	2,080	- 262	- 12.6%	- 13.0%
Net other expenses/income	156	102	+ 55	+ 53.7%	+ 62.2%
OPERATING INCOME	**19,619**	**19,595**	**+ 23**	**+ 0.1%**	**- 0.0%**
Payroll costs	(6,905)	(7,124)	+ 219	- 3.1%	- 3.4%
Other administrative expenses	(4,398)	(4,900)	+ 502	- 10.3%	- 10.5%
Recovery of expenses	760	768	- 8	- 1.0%	- 1.0%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(807)	(1,196)	+ 389	- 32.5%	- 32.9%
Operating costs	**(11,350)**	**(12,453)**	**+ 1,102**	**- 8.9%**	**- 9.2%**
OPERATING PROFIT (LOSS)	**8,268**	**7,143**	**+ 1,126**	**+ 15.8%**	**+ 16.0%**
Net write-downs on loans and provisions for guarantees and commitments	(2,605)	(12,207)	+ 9,602	- 78.7%	- 78.9%
NET OPERATING PROFIT (LOSS)	**5,664**	**(5,064)**	**+ 10,728**	n.s.	n.s.
Other charges and provisions	(1,064)	(2,078)	+ 1,014	- 48.8%	- 49.0%
Integration costs	(147)	(2,132)	+ 1,985	- 93.1%	- 93.1%
Net income from investments	(305)	(910)	+ 605	- 66.5%	- 66.7%
PROFIT (LOSS) BEFORE TAX	**4,148**	**(10,183)**	**+ 14,332**	**n.s.**	**n.s.**
Income tax for the period	(609)	(734)	+ 125	- 17.0%	- 18.0%
NET PROFIT (LOSS)	**3,539**	**(10,917)**	**+ 14,456**	**n.s.**	**n.s.**
Profit (Loss) from non-current assets held for sale, after tax	2,251	(144)	+ 2,394	n.s.	n.s.
PROFIT (LOSS) FOR THE PERIOD	**5,790**	**(11,061)**	**+ 16,850**	**n.s.**	**n.s.**
Minorities	(313)	(464)	+ 151	- 32.6%	- 33.7%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**5,477**	**(11,524)**	**+ 17,002**	**n.s.**	**n.s.**
Purchase Price Allocation effect	(4)	(5)	+ 1	- 20.0%	- 20.0%
Goodwill impairment	-	(261)	+ 261	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**5,473**	**(11,790)**	**+ 17,263**	**n.s.**	**n.s.**

Note:
(*) Foreign Exchange.

Starting from 30 September 2017 the following have been reclassified:
- the consolidation effects arising from the intercompany commissions versus Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies from item "Net fees and commissions" and "Income tax for the period" in item "Profit (Loss) from non-current assets held for sale, after tax";
- indemnities recognised for resolution of non-performing loans management from item "Net fees and commissions" to item "Net other expenses/income".

The previous periods have been restated accordingly to ensure the comparability.

Reclassified Consolidated Accounts - Quarterly Figures

Reclassified Consolidated Balance Sheet

(€ million)

	AMOUNTS AS AT				AMOUNTS AS AT			
ASSETS	**12.31.2017**	**09.30.2017**	**06.30.2017**	**03.31.2017**	**12.31.2016**	**09.30.2016**	**06.30.2016**	**03.31.2016**
Cash and cash balances	64,493	48,982	48,428	32,261	13,858	15,582	11,904	8,793
Financial assets held for trading	74,686	81,493	79,529	86,191	87,467	93,433	104,047	97,239
Loans and receivables with banks	70,983	67,888	65,225	77,968	74,692	75,473	67,452	85,442
Loans and receivables with customers	447,727	450,509	450,298	452,766	444,607	452,849	462,069	455,756
Financial investments	138,664	136,617	138,209	142,123	149,004	148,859	157,463	154,422
Hedging instruments	5,676	5,665	5,975	6,231	6,872	8,017	8,025	8,451
Property, plant and equipment	8,449	8,812	8,947	9,054	9,092	9,220	9,229	9,285
Goodwill	1,484	1,484	1,484	1,484	1,484	1,744	1,744	1,744
Other intangible assets	1,902	1,790	1,763	1,687	1,708	1,885	1,905	1,893
Tax assets	12,658	13,347	14,252	15,293	15,161	15,368	15,604	15,601
Non-current assets and disposal groups classified as held for sale	1,111	1,671	4,052	46,603	45,854	43,540	43,179	43,386
Other assets	8,958	8,841	8,966	9,424	9,735	8,557	8,857	10,192
Total assets	**836,790**	**827,099**	**827,128**	**881,085**	**859,533**	**874,527**	**891,477**	**892,203**

(€ million)

	AMOUNTS AS AT				AMOUNTS AS AT			
LIABILITIES AND SHAREHOLDERS' EQUITY	**12.31.2017**	**09.30.2017**	**06.30.2017**	**03.31.2017**	**12.31.2016**	**09.30.2016**	**06.30.2016**	**03.31.2016**
Deposits from banks	123,244	128,110	129,844	138,581	103,852	113,838	112,038	111,175
Deposits from customers	462,895	438,334	433,017	437,996	452,419	441,033	443,968	449,360
Debt securities in issue	98,603	106,383	110,664	109,103	115,436	119,426	123,569	127,628
Financial liabilities held for trading	55,784	58,806	55,505	60,631	68,361	67,800	79,304	71,154
Financial liabilities designated at fair value	3,011	2,960	3,045	3,027	2,497	1,509	1,465	1,217
Hedging instruments	6,610	6,859	7,245	8,202	9,405	11,545	12,427	12,014
Provisions for risks and charges	8,650	8,680	8,665	10,055	10,541	9,733	9,723	9,357
Tax liabilities	1,093	1,190	1,188	1,443	1,399	1,378	1,299	1,534
Liabilities included in disposal groups classified as held for sale	185	161	618	36,031	35,869	35,418	35,453	34,861
Other liabilities	16,491	17,039	21,354	18,980	16,566	17,704	18,933	19,959
Minorities	894	872	822	4,312	3,853	3,906	3,174	3,513
Group Shareholders' Equity:	59,331	57,705	55,161	52,723	39,336	51,237	50,123	50,431
- capital and reserves	*54,588*	*53,729*	*53,955*	*52,948*	*51,881*	*50,409*	*49,812*	*49,998*
- available-for-sale assets fair value reserve, cash-flow hedging reserve and defined benefits plans reserve	*(731)*	*(696)*	*(647)*	*(1,132)*	*(755)*	*(941)*	*(1,011)*	*27*
- net profit (loss)	*5,473*	*4,672*	*1,853*	*907*	*(11,790)*	*1,768*	*1,321*	*406*
Total liabilities and Shareholders' Equity	**836,790**	**827,099**	**827,128**	**881,085**	**859,533**	**874,527**	**891,477**	**892,203**

In 2016, in accordance with IFRS5, the assets and liabilities of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies were recognised under items "Non-current assets and disposal groups classified as held for sale" and "Liabilities included in disposal groups classified as held for sale" as a result of their classification as "discontinued operations". In 2017 the abovementioned subgroups are no longer shown in the items above as a result of the disposals occurred in the second and in the third quarter of 2017 respectively for Bank Pekao S.A. and Pioneer.

As at 31 December 2016 the credit exposures belonging to the so-called "FINO Portfolio" were recognised in item "Non-current assets and disposal groups classified as held for sale". In 2017 these credit exposures are no longer included in the balance sheet assets, following the disposal occurred in July 2017.
For a more detailed disclosure on "FINO Project", see the information provided in Part E - Information on risks and hedging policies - Section 1 - Credit risk, below the Table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net amounts)".

Reclassified Consolidated Income Statement

(€ million)

	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	2,583	2,500	2,652	2,564	2,415	2,591	2,670	2,631
Dividends and other income from equity investments	120	165	183	170	148	189	295	212
Net fees and commissions	1,683	1,592	1,730	1,703	1,499	1,527	1,603	1,633
Net trading income	384	381	462	590	405	478	860	337
Net other expenses/income	73	7	49	28	(62)	49	37	77
OPERATING INCOME	**4,842**	**4,646**	**5,076**	**5,055**	**4,405**	**4,835**	**5,464**	**4,890**
Payroll costs	(1,701)	(1,704)	(1,744)	(1,755)	(1,665)	(1,791)	(1,837)	(1,832)
Other administrative expenses	(1,124)	(1,078)	(1,081)	(1,114)	(1,561)	(1,112)	(1,122)	(1,105)
Recovery of expenses	246	171	167	176	207	191	194	176
Amortisation, depreciation and impairment losses on intangible and tangible assets	(214)	(201)	(199)	(193)	(536)	(228)	(218)	(214)
Operating costs	**(2,794)**	**(2,813)**	**(2,858)**	**(2,886)**	**(3,555)**	**(2,940)**	**(2,982)**	**(2,976)**
OPERATING PROFIT (LOSS)	**2,049**	**1,833**	**2,218**	**2,168**	**850**	**1,896**	**2,482**	**1,914**
Net write-downs on loans and provisions for guarantees and commitments	(772)	(598)	(564)	(670)	(9,586)	(977)	(884)	(760)
NET OPERATING PROFIT (LOSS)	**1,277**	**1,235**	**1,654**	**1,498**	**(8,736)**	**919**	**1,599**	**1,154**
Other charges and provisions	(193)	(273)	(135)	(463)	(973)	(247)	(477)	(381)
Integration costs	(103)	(31)	(8)	(5)	(1,771)	(26)	(83)	(252)
Net income from investments	(151)	(5)	(173)	24	(885)	(8)	(0)	(18)
PROFIT (LOSS) BEFORE TAX	**830**	**926**	**1,338**	**1,054**	**(12,364)**	**638**	**1,039**	**504**
Income tax for the period	(66)	(181)	(143)	(219)	(103)	(277)	(160)	(194)
NET PROFIT (LOSS)	**764**	**745**	**1,195**	**835**	**(12,468)**	**361**	**880**	**310**
Profit (Loss) from non-current assets held for sale, after tax	96	2,126	(133)	162	(707)	190	184	190
PROFIT (LOSS) FOR THE PERIOD	**860**	**2,871**	**1,062**	**997**	**(13,175)**	**551**	**1,064**	**500**
Minorities	(58)	(50)	(116)	(89)	(121)	(103)	(147)	(93)
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**802**	**2,821**	**946**	**909**	**(13,296)**	**448**	**917**	**407**
Purchase Price Allocation effect	(1)	(1)	(1)	(1)	(2)	(1)	(1)	(1)
Goodwill impairment	-	-	-	-	(261)	-	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**801**	**2,820**	**945**	**907**	**(13,558)**	**447**	**916**	**406**

Starting from 30 September 2017 the following have been reclassified:

- the consolidation effects arising from the intercompany commissions versus Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies from item "Net fees and commissions" and "Income tax for the period" in item "Profit (Loss) from non-current assets held for sale, after tax";
- indemnities recognised for resolution of non-performing loans management from item "Net fees and commissions" to item "Net other expenses/income".

The previous periods have been restated accordingly to ensure the comparability.

Reclassified Consolidated Accounts - Quarterly Figures

Reclassified Consolidated Income Statement - Comparison of Q4 2017/Q4 2016

(€ million)

	Q4		CHANGE		
	2017	2016	P&L	%	% AT CONSTANT FX(*) RATES
Net interest	2,583	2,415	+ 168	+ 7.0%	+ 6.9%
Dividends and other income from equity investments	120	148	- 28	- 19.1%	- 9.4%
Net fees and commissions	1,683	1,499	+ 184	+ 12.3%	+ 12.3%
Net trading income	384	405	- 21	- 5.2%	- 5.0%
Net other expenses/income	73	(62)	+ 134	n.s.	n.s.
OPERATING INCOME	**4,842**	**4,405**	**+ 437**	**+ 9.9%**	**+ 10.4%**
Payroll costs	(1,701)	(1,665)	- 36	+ 2.2%	+ 2.1%
Other administrative expenses	(1,124)	(1,561)	+ 437	- 28.0%	- 28.1%
Recovery of expenses	246	207	+ 38	+ 18.6%	+ 18.6%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(214)	(536)	+ 322	- 60.1%	- 60.3%
Operating costs	**(2,794)**	**(3,555)**	**+ 762**	**- 21.4%**	**- 21.5%**
OPERATING PROFIT (LOSS)	**2,049**	**850**	**+ 1,198**	**+ 140.9%**	**+ 145.6%**
Net write-downs on loans and provisions for guarantees and commitments	(772)	(9,586)	+ 8,814	- 91.9%	- 92.0%
NET OPERATING PROFIT (LOSS)	**1,277**	**(8,736)**	**+ 10,013**	**n.s.**	**n.s.**
Other charges and provisions	(193)	(973)	+ 780	- 80.2%	- 80.3%
Integration costs	(103)	(1,771)	+ 1,668	- 94.2%	- 94.2%
Net income from investments	(151)	(885)	+ 734	- 82.9%	- 82.9%
PROFIT (LOSS) BEFORE TAX	**830**	**(12,364)**	**+ 13,194**	**n.s.**	**n.s.**
Income tax for the period	(66)	(103)	+ 38	- 36.4%	- 33.9%
NET PROFIT (LOSS)	**764**	**(12,468)**	**+ 13,232**	**n.s.**	**n.s.**
Profit (Loss) from non-current assets held for sale, after tax	96	(707)	+ 803	n.s.	n.s.
PROFIT (LOSS) FOR THE PERIOD	**860**	**(13,175)**	**+ 14,035**	**n.s.**	**n.s.**
Minorities	(58)	(121)	+ 62	- 51.7%	- 52.6%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**802**	**(13,296)**	**+ 14,097**	**n.s.**	**n.s.**
Purchase Price Allocation effect	(1)	(2)	+ 1	- 62.3%	- 62.3%
Goodwill impairment	-	(261)	+ 261	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**801**	**(13,558)**	**+ 14,359**	**n.s.**	**n.s.**

Note:
(*) Foreign Exchange.

Starting from 30 September 2017 the following have been reclassified:
- the consolidation effects arising from the intercompany commissions versus Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies from item "Net fees and commissions" and "Income tax for the period" in item "Profit (Loss) from non-current assets held for sale, after tax";
- indemnities recognised for resolution of non-performing loans management from item "Net fees and commissions" to item "Net other expenses/income".

The previous periods have been restated accordingly to ensure the comparability.

Segment reporting

Key Figures by Business Segment

(€ million)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CEE DIVISION	CIB	FINECO	GROUP CORPORATE CENTRE[1]	NON-CORE	CONSOLIDATED GROUP TOTAL
Income Statement									
OPERATING INCOME									
2017	7,415	2,726	1,550	4,188	4,066	586	(761)	(151)	**19,619**
2016	*7,434*	*2,472*	*1,639*	*4,166*	*4,233*	*558*	*(633)*	*(273)*	***19,595***
OPERATING COSTS									
2017	(4,438)	(1,835)	(1,085)	(1,544)	(1,627)	(233)	(462)	(126)	**(11,350)**
2016	*(4,573)*	*(1,903)*	*(1,236)*	*(1,496)*	*(1,730)*	*(226)*	*(1,128)*	*(160)*	***(12,453)***
OPERATING PROFIT									
2017	2,977	891	465	2,644	2,440	353	(1,224)	(277)	**8,268**
2016	*2,860*	*568*	*403*	*2,669*	*2,504*	*332*	*(1,761)*	*(432)*	***7,143***
PROFIT BEFORE TAX									
2017	1,778	656	427	1,867	1,985	315	(1,760)	(1,120)	**4,148**
2016	*(553)*	*189*	*(334)*	*1,710*	*1,338*	*305*	*(3,447)*	*(9,391)*	***(10,183)***
Balance Sheet									
CUSTOMERS LOANS (NET REPOS AND IC)									
as at 31 December, 2017	138,435	80,927	44,336	60,042	79,234	1,927	2,650	14,296	**421,846**
as at 31 December, 2016	*134,906*	*80,519*	*44,984*	*59,935*	*75,611*	*910*	*2,041*	*18,962*	***417,868***
CUSTOMERS DEPOS (NET REPOS AND IC)									
as at 31 December, 2017	141,982	91,582	46,272	62,406	47,932	20,059	2,513	1,046	**413,791**
as at December 31, 2016	*134,495*	*86,043*	*47,096*	*59,175*	*46,331*	*18,570*	*3,300*	*970*	***395,979***
TOTAL RISK WEIGHTED ASSETS[2]									
as at 31 December, 2017	85,516	34,023	20,939	85,996	75,557	2,332	30,024	21,714	**356,100**
as at 31 December, 2016	*79,043*	*35,970*	*23,675*	*91,403*	*75,143*	*1,890*	*53,816*	*26,196*	***387,136***
EVA									
2017	137	179	290	386	523	65	(1,076)	(1,085)	**(582)**
2016	*(801)*	*(87)*	*(192)*	*340*	*503*	*69*	*(2,265)*	*(9,677)*	***(12,109)***
Cost/income ratio									
2017	59.9%	67.3%	70.0%	36.9%	40.0%	39.8%	n.s.	n.s.	**57.9%**
2016	*61.5%*	*77.0%*	*75.4%*	*35.9%*	*40.9%*	*40.6%*	*n.s.*	*n.s.*	***63.5%***
Employees									
as at 31 December, 2017	32,372	10,091	4,966	24,089	3,316	1,082	15,573	464	**91,952**
as at 31 December, 2016	*35,222*	*10,910*	*5,486*	*24,302*	*3,480*	*1,052*	*17,324*	*529*	***98,304***

Note:
(1) COO Services, Corporate Centre Global Functions, inter-segment adjustments and consolidation adjustments not attributable to individual segments.

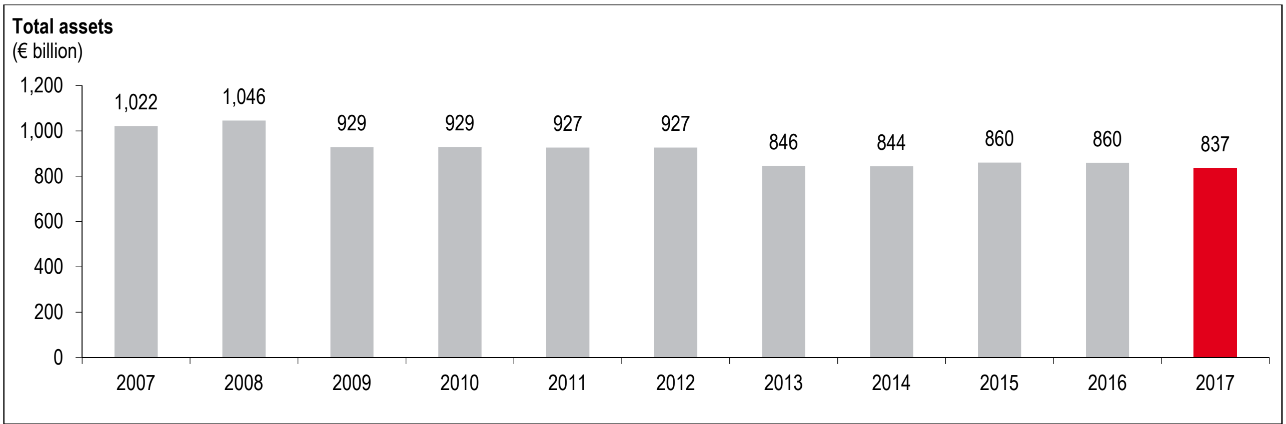
Figures were recasted, where necessary, on a like-to-like basis to consider changes in scope of business segment and methodological rules.

Group historical data

Group Figures 2007 - 2017

	IAS/IFRS										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Income Statement (€ million)											
Operating income	19,619	18,801	22,405	22,513	23,973	25,049	25,200	26,347	27,572	26,866	25,893
Operating costs	(11,350)	(12,453)	(13,618)	(13,838)	(14,801)	(14,979)	(15,460)	(15,483)	(15,324)	(16,692)	(14,081)
Operating profit (loss)	8,268	6,348	8,787	8,675	9,172	10,070	9,740	10,864	12,248	10,174	11,812
Profit (loss) before income tax	4,148	(10,978)	2,671	4,091	(4,888)	317	2,060	2,517	3,300	5,458	9,355
Net profit (loss) for the period	5,790	(11,061)	2,239	2,669	(3,920)	1,687	644	1,876	2,291	4,831	6,678
Net profit (loss) attributable to the Group	5,473	(11,790)	1,694	2,008	(13,965)	865	(9,206)	1,323	1,702	4,012	5,961
Balance Sheet (€ million)											
Total assets	836,790	859,533	860,433	844,217	845,838	926,827	926,769	929,488	928,760	1,045,612	1,021,758
Loans and receivables with customers	447,727	444,607	473,999	470,569	503,142	547,144	559,553	555,653	564,986	612,480	574,206
of which: Non-Performing loans	*9,499*	*10,945*	*19,924*	*19,701*	*18,058*	*19,360*	*18,118*	*16,344*	*12,692*	*10,464*	*9,932*
Deposits from customers and debt securities in issue	561,498	567,855	584,268	560,688	571,024	579,965	561,370	583,239	596,396	591,290	630,533
Shareholders' Equity	59,331	39,336	50,087	49,390	46,841	62,784	51,479	64,224	59,689	54,999	57,724
Profitability ratios (%)											
Operating profit (loss)/Total assets	0.99	0.74	1.02	1.03	1.08	1.09	1.05	1.17	1.32	0.97	1.16
Cost/income ratio	57.9	66.2	60.8	61.5	61.7	59.8	61.4	58.8	55.6	62.1	54.4

Information in the table are "historical figures". They don't allow comparison because they are not recasted or adjusted following to new accounting principles or perimeter changes.



IAS/IFRS

UniCredit Share

Share Information

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Share price (€)(*)											
- maximum	18.350	25.733	32.824	34.427	28.213	22.440	65.912	76.243	87.212	151.942	204.632
- minimum	12.160	8.785	24.605	25.583	16.227	11.456	21.157	49.212	19.283	40.138	136.484
- average	15.801	13.820	29.509	30.015	22.067	16.520	42.923	63.702	59.078	99.949	174.068
- end of period	15.580	13.701	25.733	26.735	26.961	18.572	21.190	51.093	73.819	46.507	151.355
Number of outstanding shares (million)											
- at period end(1)	2,226	618	5,970	5,866	5,792	5,789	1,930	19,297.6	16,779.3	13,368.1	13,278.4
- shares cum dividend	2,216	608	5,873	5,769	5,695	5,693	1,833	18,330.5	18,329.5	13,372.7	13,195.3
of which: savings shares	*0.25*	*0.25*	*2.48*	*2.45*	*2.42*	*2.42*	*2.42*	*24.2*	*24.2*	*21.7*	*21.7*
- average(1)	1,957	611	5,927	5,837	5,791	5,473	1,930	19,101.8	16,637.8	13,204.6	11,071.6
Dividend											
- total dividends (€ million)	726	-	706	697	570	512	(***)	550	550	(**)	3,431
- dividend per ordinary share	0.320	-	0.120	0.120	0.100	0.090	(***)	0.030	0.030	(**)	0.260
- dividend per savings share	-	-	0.120	1.065	0.100	0.090	(***)	0.045	0.045	(**)	0.275

Notes:
(1) The number of shares is the precise one, net of Treasury shares, and included No.9.676 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 Banca d'Italia's paper dated 2 March 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;
- the 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 the distribution to Shareholders.

The Shareholders' Meeting of 13 May 2014 approved a scrip dividend scheme under which the holders of ordinary shares and the holders of savings shares will be allocated one new share for every sixty shares held and one new share for every eighty-four shares held, respectively. The new shares were allocated through a free share capital increase, without prejudice to the shareholders' right to opt for a cash payout (€0.10 for each ordinary and savings share) in lieu of the allocation of the new shares.

The Shareholders' Meeting of the 13 May 2015, approved the payment of dividends in the form of a scrip dividend, with the assignment to shareholders who hold ordinary shares of one new share per fifty shares held, and to holders of savings shares one new share per seventy-two shares held. The assignment of the new shares occurred following a free share-capital increase, without affecting the shareholders' right to request payment of the dividend in cash (€0.12 per ordinary and savings share), in place of assignment of shares.
The Shareholders' Meeting also approved the partial distribution of 2014 and previous years profits, with payment of €0.945 per savings share, as preferred dividend.

The Shareholders' Meeting of the 14 April 2016, approved the payment of dividends in the form of a scrip dividend, with the assignment to shareholders who hold ordinary shares of one new share per twenty-three shares held, and to holders of savings shares one new share per fifty-four shares held. The assignment of the new shares occurred following a free share-capital increase, without affecting the shareholders' right to request payment of the dividend in cash (€0.12 per ordinary and savings share), in place of assignment of shares.

UniCredit Share

In 2017 the following operations were carried out:

- 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;
- the €13,000 million fully subscribed capital increase, of which €16 million as share capital and €12,984 as share premium, through the issuance of No.1,606,876,817 new ordinary shares.

Shareholders' Meeting held on 4 December 2017 resolved mandatory conversion of the existing No.252,489 savings shares into ordinary shares with a conversion ratio of 3.82 ordinary shares each 1 savings share subject to the conversion, assigning newly issued shares and/or treasury shares and in any case without variation of the share capital value. The conversion will become effective at the end of the period for exercising the withdrawal rights.

The Shareholders' Meeting of 12 April 2018 approved the payment of dividends to the holders of ordinary shares a dividend of €0.32 for each share outstanding and entitled to dividend at payment date, for a maximum amount of €726 million, from allocation of 2017 net profit.

Earnings Ratios

	IAS/IFRS										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Shareholders' Equity (€ million)	59,331	39,336	50,087	49,390	46,841	62,784	51,479	64,224	59,689	54,999	57,724
Group portion of net profit (loss) (€ million)	5,473	(11,790)	1,694	2,008	(13,965)	865	(9,206)	1,323	1,702	4,012	5,961
Net worth per share (€)	26.65	6.36	8.39	8.42	8.09	10.85	26.67	3.33	3.56	4.11	4.35
Price/Book value	0.58	4.30	0.61	0.63	0.67	0.34	0.16	3.06	4.14	2.37	7.28
Earnings per share[(1)] (€)	2.794	(1.982)	0.27	0.34	(2.47)	0.15	(5.12)	0.06	0.10	0.30	0.53
Payout ratio (%)	13.3	-	41.7	34.7	-4.1	59.2	-	41.6	32.3	(*)	58.1
Dividend yield on average price per ordinary share (%)	2.03	-	2.04	2.00	2.27	2.73	-	1.55	1.58	(*)	3.98

Notes:
(1) For further details please refer to Part C - Section 24 Earnings per share.

(*) 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).

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

The 2008 EPS figure published in the consolidated report as at 31 December 2008 was €0.30 and has now been amended to €0.26 due to the increase in the number of shares following the capital increase (IAS33 § 28). From 2009 for the purposes of calculating EPS, due to disbursements made in connection with the foreseen use of treasury shares agreed under the 'cashes' transaction, and charged to equity, net profit for the period was reduced by the following amounts: for 2009 of €131 million, for 2010 of €156 million, for 2011 of €172 million, for 2012 of €46 million, for 2013 of €105 million, for 2014 of €35 million, for 2015 of €100 million, for 2016 of €128 million and for 2017 of €32 million.

IAS/IFRS

Group Results

Macroeconomic situation, banking and financial markets

International situation

USA/Eurozone

In the second half of 2017, the global recovery has picked up further momentum, expanding at an annualised pace of about 3.5%. For the first time since the beginning of the recovery, the upturn is highly synchronised across the advanced and emerging world. This lift to global growth, supported by policy stimulus, is being accompanied by solid employment gains, a moderate upturn in investment and a pick-up in trade growth. Both in Japan and in the US, economic activity remains strong and the labor market continues to be tight, whereas in the UK the economic environment is deteriorating as a result of the Brexit-related uncertainty. Economic activity in China remains robust and the Congress of the Communist Party confirmed Xi as President. Now, Beijing will probably focus more on quality growth and not just on its pace.

In the Euro area, the recovery continues and is now broadening among sectors and countries. The latest economic indicators, particularly business surveys, remain elevated, confirming the expectation of robust growth in the second half of 2017.Annualised real GDP growth was likely above 2% in the last two quarters of the year. Private consumption is continuing to increase and remains a key driver of the ongoing economic expansion, together with a solid expansion in exports and, in turn, in investment. Also employment is on the mend, as a result of an overall improving macroeconomic environment.

Inflationary pressure remains moderate in the Eurozone, at around 1.5% yoy. Core inflation seems to be on track for a slight increase to 1.0%. Energy prices are putting upward pressure on headline inflation, while food prices are pulling in the opposite direction. At its October meeting, the European Central Bank recalibrated its asset purchase programme (APP), which was reduced to €30 billion from €60 billion per month, starting in January 2018 until September 2018. The Governing Council reiterated its readiness to increase the APP in terms of the size of purchases and/or the duration of the programme if the outlook becomes less favorable, or if financial conditions become inconsistent with further progress towards a sustained adjustment in the path of inflation. The Governing Council also confirmed that the Eurosystem would reinvest the principal payments from maturing securities purchased under the APP for an extended period of time after the end of its net asset purchases.

The US is currently enjoying one of the longest recoveries on record. As the drag of past exchange rate appreciation and oil price movements abated, economic growth picked up pace in mid-2017. Private consumption remains robust, supported by wealth gains from buoyant asset prices and stronger income growth. In the business sector, confidence remains strong and business investment is rebounding. Given the buoyant macroeconomic performance, the Fed raised its policy rates for the third time in the year.

Banking and financial markets

During the course of 2017, the improvement in the dynamic of bank loans in the Eurozone continued, with the credit recovery having progressively benefited from the strengthening of economic growth. In 2017, the credit recovery has become increasingly widespread in the Eurozone, where both loans to non-financial corporations and loans to households have been approaching annual growth of close to 3.0%. The annual pace of growth in bank credit has now returned to the level observed in 2009, decisively shaking off the persistent weakness that endured following both the global financial crisis and the sovereign debt crisis. Regarding the three core countries of the group, credit dynamics strengthened most in Germany and Austria, which exhibited a sustained pace of expansion that was higher than the Eurozone average, both for loans to non-financial corporations and loans to households. In contrast, in Italy, in 2017 a dichotomy continued to prevail between the dynamic of loans to households, which saw an increasing annual growth rate, in line with that in the Eurozone, and loans to non-financial corporations, which just showed a stabilisation before returning to slightly negative growth towards the end of the year.

With regard to the dynamics of bank funding, deposits have continued to expand at a good pace in 2017, in all three countries of the group. Deposit development continues to be mainly driven by sustained growth in sight deposits, while medium to longer-term funding has contracted, although there have been some signs of improvement towards the end of the year in savings deposits in Germany and deposits redeemable with notice in Italy. The extensive recourse to sight deposits remains fully explained by the ECB's accommodative monetary policy and hence the ongoing low yields on bank liabilities.

Group Results

In addition, the current accommodative monetary policy has further fueled a downward trend in bank interest rates towards the end of 2017. Interest rates on both bank loans and deposits declined, repeatedly hitting new historical lows in all of the core countries of the Group. As a consequence, bank spreads (the difference between the average rate on loans and the average rate on deposits) remained largely stable throughout 2017.

Financial markets in the Euro area have experienced reduced volatility and uncertainty over the latter part of 2017. This was accompanied by a marked improvement in stock market performance, which has been satisfactory in 2017. The Austrian stock market has achieved the most solid performance among the three core countries, with an increase of about 30% compared to December 2016. The performance of the Italian and German markets was more moderate, but still very positive, showing an increase of 16% year-to-date.

CEE Countries

2017 was the best year since the financial crisis for CEE, with all economies growing above potential. However, the reasons for good performance were very different.

In EU-CEE[1], a combination of strong demand from the Eurozone, loose monetary conditions and expansionary fiscal policy[2] helped all countries eliminate the remaining slack. Growth exceeded 4% and was broad-based, with consumption leading the way. Tight labour market conditions led to a sharp drop in unemployment while wages outpaced productivity. In addition, investment benefited from rising EU fund inflows, with Hungary standing out. Prices and output in real estate markets rose in double digits as households continued to transfer wealth to real assets. Although exports benefited from good Eurozone demand, they were outpaced by imports.

Fast economic growth was achieved without threatening macroeconomic balances. Private-sector releveraging was slow, despite improving financial conditions for both households and companies. At the same time, governments kept public spending in check, although the structure of spending changed further to favour social security spending over public investment. Structural budget deficits widened throughout the region, but remained below 3% of GDP in most countries. Large trade surpluses added to EU fund inflows and FDI to keep extended basic balances (EBB) at 3-10% of GDP, with Hungary, Slovenia and Bulgaria standing out. Romania is the notable laggard. Populist policies led to the re-emergence of twin deficits, low public investment and the only EBB deficit in EU-CEE.

Low imported inflation, a dovish ECB and strong external positions allowed central European central banks to remain on hold in 2017. The exception was the CNB, which started normalising interest rates as inflation rose above target and labour market conditions became the tightest in the EU. Convinced that inflation will remain inside target ranges, central banks in Hungary and Poland decided to wait for hawkish signals from the ECB before hiking. In Romania, the NBR remained behind the curve, failing to react to fast reflation.

In Turkey, above 6%-economic growth was explained by base effects, a large credit impulse and fiscal easing. Last year's failed coup boosted third quarter 2017 growth to 11.1% yoy, the fastest growth rate since 2011. Banks increased lending to SMEs by 8% of GDP, backed by Treasury guarantees via the Credit Guarantee Fund. Finally, the government increased spending, especially for public consumption, social security and public construction projects. All these measures managed to keep growth safely above the 5% threshold that the government is targeting in the run-up to presidential elections expected in 2019.

The credit and fiscal impulses led to a wider C/A deficit, 70% of which was financed with portfolio flows. Good risk appetite stabilised the TRY between February and mid-September, but lower portfolio inflows brought about another episode of TRY depreciation in the last four months of the year. Growth-supporting measures pushed inflation to the highest level in fourteen years amid surging core inflation and a large pass-through from TRY depreciation. While the CBRT increased the late liquidity window lending rate by a cumulative 1.75pp in 2017, this failed to stabilise the currency and inflation.

1 Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia.
2 With the exception of Croatia and Slovenia.

In Russia, above-potential growth in 2017 marked the rebound from recession, rather than the beginning of a sustained growth episode. In fact, the recovery lost steam in the second half of the year, with household income continuing to fall in real terms and investment in machinery and building tanking. Exports recovered in line with oil prices, but were outpaced by imports. Public spending was kept in check, with the government targeting a gradual reduction in the primary deficit until 2020.

A negative output gap and tight monetary conditions helped the CBR lower inflation below the 4% target. The central bank continued to cut interest rates cautiously, its improving credibility being mirrored by falling inflation expectations. The correlation between the RUB and oil prices weakened as the MinFin purchased FX in the market to sterilise the revenues from oil and gas in excess of budgeted prices. Thus, Russia is one of the few commodity exporters that managed to adjust to the terms-of-trade shock of 2014-15.

The positive macro picture in CEE was clouded by political risks. Populism continued to make inroads in EU-CEE, with controversial judicial changes setting Poland and Romania on a collision course with European institutions. However, the punishment may come only with the 2021-27 EU budget, which is likely to see a cut in cohesion and investment funds allotted to CEE-EU. Turkey’s tense relations with the EU and the US were further strained by the trial of Mehmet Hakan Atilla, accused of breaching US sanctions against Iran.

Group Results

Main results and performance for the period

Introduction

During the 2017 the activities of the Group have been focused to the achievement of the objectives on which the new Strategic Plan 2016 - 2019 Transform 2019 is founded.

- **Strengthen and optimise capital**
  On 2 March, the capital increase of €13 billion was carried out, with the subscription of the 99.8% of the total new shares offered.
  On 7 June the disposal of the 32.8% shareholding held in Bank Pekao S.A. to Powszechny Zakład Ubezpieczeń S.A. ("PZU") e Polski Fundusz Rozwoju S.A. ("PFR") has been completed.
  On 3 July the sale of Pioneer to Amundi was perfected, with the generation of about €2.1 billion capital gain.
  On 11 December with the sale of the share of Pioneer Pekao Investment Management SA and Dom Inwestycyjny Xelion SP. Z O.O. to Bank Pekao, the disposal of the asset management activities in Poland was completed.
  On 12 December, the Group reduced its position in the FINO portfolio below 20%, through agreements for the sale of shares held in ONIF S.r.l. vehicles to the Generali Group and Fino 1 Securitisation S.r.l. and Fino 2 Securitisation S.r.l. to funds managed by King Street Capital Management LP.
  These initiatives, jointly with the profit generation and with the RWA dynamic, brought the CET 1 fully loaded index to 13.60%.
- **Improve the asset quality**
  During the year, the proactive risk reduction measures continued, leading the Non Performing Exposure (NPE) ratio to 10.15% at the end of December, in comparison to the 11.78% of the end of 2016, with a coverage ratio increased to 56.2%, compared to 55.6% of the end 2016.
- **Transform the operating model**
  The Group remained focused on the cost cutting, achieving results in line with the plan's targets.
  In particular the branch network rationalisation programme has positively progressed. The branch closures have achieved the 682 units starting from 2015, corresponding to the 72% of the 944 branch closures targeted by 2019 in the Strategic Plan.
  During the year the staff has been reduced by 6,352 FTEs, leading the overall decrease to about 9,000 FTEs starting from the end of 2015 and equivalent to the 64% of the 14,000 exits planned by the year 2019.
- **Maximise commercial bank value**
  Commercial initiatives are ongoing in all Group geographies, together with some strategic initiatives, among which:
  - the partnership with Amundi aimed at supporting the Asset Under Management (AUM) sales and to strengthen the bank's commercial proposition;
  - the partnership with Apple Pay in Italy addressed to 6 million UniCredit cardholders;
  - the focus on multichannel approach to customers;
  - the end-to-end processes optimisation, that concerned relevant products such as the current accounts, the credit cards and the receivable financing. The review has been also activated for the processes of the residential mortgages, advisory and asset under management, corporate mortgages and debit cards.
- **Adopt a lean but strong steering Group Corporate Centre**
  The Group Corporate Centre operating costs have been reduced by the 10.8% compared to the 2016 net of the extraordinary components (down by 59% the change gross) and the staff streamlining action continued, with a decrease of 1,751 FTEs (down by 10.1% compared to 2016).
  The incidence of the Group Corporate Centre costs was equal to the 4.1%, decreasing by 31 basis points in comparison to the previous year net of the extraordinary components and approaching the target of 3.5% set for the 2019.

Also thanks to the mentioned initiatives, the Group in 2017 achieved a net profit of €5,473 million, in comparison to the net loss of -€11,790 million of the 2016.

It is worth reminding that the negative result of 2016 was generated by the charges related to the provisions of the non-performing loans of FINO and PORTO and by the operations related to Bank Pekao, jointly with further impairments of participations and other devaluations and accruals. Net of these extraordinary components, the year 2016 would have achieved a net profit of €1,297 million.

The net profit of 2017 has instead benefitted from the capital gains related to the sale of Pioneer for about €2.1 billion and the Polish subsidiaries for €102 million, partially balanced by the reclassification through profit and loss of Bank Pekao negative exchange effects as a result of dismissal occurred in the first half 2017 for -€310 million, by a non-recurring cost related to the FINO transaction for -€80 million and by transfer price adjustments of Pioneer and Pekao for -€9 million. Net of the extraordinary elements the yearly net profit would have been €3,708 million, almost tripling the rectified result of 2016.

It should be stated that according to the IFRS5 accounting principle, Pioneer and Bank Pekao, subject to selling to third parties, have been classified already since 2016 as dismissal legal entities and their economic results have been accounted to the item "Profit (Loss) from non-current assets held for sale, after tax", while their assets and liabilities have been respectively recognised under the item "Non-current assets and disposal groups classified as held for sale" and the item "Liabilities included in disposal groups classified as held for sale".

Always according to the IFRS5 accounting principle the positions involved by the "FINO Project" have been classified in 2016 and until the sale took place in July 2017 as "Non-current assets and disposal groups classified as held for sale".

Operating income

In 2017 Group's revenues were €19,619 million, increasing by 0.1% over 2016 (stable at constant exchange rates). The growth would have been 1.7% in comparison to the 2016 adjusted figures for the extraordinary revenues (mainly the termination of a securitisation transaction and the disposal of VISA shares).
This result is mainly due to the positive dynamic of the fees and the resilience of the net interest margin.

In particular, net interest was equal to €10,299 million, decreasing by 0.1% over the previous year (down by 0.8% at constant exchange rates).
It is worth remembering that the 2017 benefitted from a release of interests on fiscal related accruals in Germany with regards to the years 2005-2008, that proved to be in excess, for an amount of €90 million.
Once again, during the 2017, net interest was characterised by the reduction of interests income on lending to customers, as an effect of the rates reduction, only partially offset by the reduction of the average cost of funding from customers and of bond issues, as well as by the benefit recognised on the value of the TLTRO (Targeted Long Term Refinancing Operation) financing with ECB.
During the year the reduction of credit spreads has furtherly progressed, in an environment of interest rates remained in a negative territory (average 3 months Euribor equal to -0.33% compared with -0.26% of the year 2016).

Net interests result has took place in an overall upturning loans dynamic (€447.7 billion as of 31 December 2017, up by 0.7% over last year), more than balancing the €4.6 billion reduction of the Non-Core component, on which have operated the initiatives aimed to the Non-Performing Exposure (NPE) reduction.
A better trend was highlighted by the stock of loans to customers net of repos, that was growing by 1.0% compared to the last year, or 2.2% net of the Non-Core component.
At a geographic level the positive loan trend of the region Italy has been confirmed, with a 3.3% growth, net of Non-Core Division contribution, compared to the 2016. The loans to customers net of repos increased also in Austria, up by 2.0%, while they remained stable in Germany. Slightly increasing the CEE Division's countries (up by 0.1% at constant exchange rates), characterised by a drop of Russia (down by 2.8% at constant exchange rates), of Croatia (down by 3.9% at constant exchange rates) and of Bulgaria (down by 2.5% at constant exchange rates), while widespread growth was recorded in the remaining countries, in particular Czech Republic (up by 0.3% at constant exchange rates), Romania (up by 12.8% at constant exchange rates), Serbia (up by 15.4% at constant exchange rates) and Hungary (up by 8.3% at constant exchange rates).
Non-Core Division recorded a further reduction of customers loans net of repos from €19.0 billion of end 2016, to €14.3 billion of end 2017 (down by 24.6%).
Deposits from customers have been growing by 2.3% (up by 2.3% also at constant exchange rates) compared to 2016. The increase has been more accentuated on the deposits from customers net of repos: up by 4.5% both at current and constant exchange rates over the previous year.
More specifically, Italy grew up by 4.7% (net of Non-Core Division), Germany increased by 7.4%, while the deposits from customers net of repos decreased in Austria by 1.8%. The CEE Division deposits from customers net of repos grew by 5.5% (up by 5.6% at constant exchange rates) compared to 2016, driven Romania (up by 23.6% at constant exchange rates), Hungary (up by 5.9% at constant exchange rates), Bulgaria (up by 4.5% at constant exchange rates), Bosnia (up by 13.1% at constant exchange rates), Serbia (up by 14.2% at constant exchange rates) and Russia (up by 6.2% at constant exchange rates, but down by 1.6% at current exchange), while Czech Republic registered a drop (down by 1.4% at constant exchange rates).

Dividends (which include the profits of the companies accounted at equity method) in 2017 amounted at €638 million, decreasing by 24.4% compared with 2016. In particular the contributions from Banca d'Italia and Yapi Kredi group (down due to the exchange rate effect) have been lower than previous year.

The net fees and commissions in 2017 amounted to €6,708 million, growing by 7.1% (up by 6.8% at constant exchange rates) over the previous year. Determinant has been the investment services trend (up by 15.8% compared to 2016), inside of which the remix between the asset under management fees (up by 22.4% over 2016) and the asset under custody fees (down by 24.5% over 2016) has continued.
Transactional services fees showed a positive trend too (up by 6.3% in comparison to 2016).
Financing services were decreasing, resulting down by 3.7% over 2016, mainly as an effect of the commission income on the restructuring of a big real estate ticket, in charge to the German CIB Division, accounted in the first half of 2016 and of lower "Money supply" fees accounted in the current year.

Group Results

The net trading income in 2017 was €1,818 million, decreasing by 12.6% over 2016 (down by 13.0% at constant exchange rate). On the 2016 result the disposal of VISA Europe stakes (€246 million) and the effects related to the termination of securitisation transactions had been accounted. Net of these components, 2017 would have registered a growth of 3.5%.
Finally, net other expenses/income in 2017 amounted to €156 million, up by €55 million over 2016, mainly thanks to the sale of the mortgage loans portfolio of a German subsidiary.

Operating income

(€ million)

	YEAR		%	2017	% CHANGE
	2016	2017	CHANGE	Q4	ON Q3 2017
Net interest	10,307	10,299	- 0.1%	2,583	+ 3.3%
Dividends and other income from equity investments	844	638	- 24.4%	120	- 27.5%
Net fees and commissions	6,263	6,708	+ 7.1%	1,683	+ 5.7%
Net trading income	2,080	1,818	- 12.6%	384	+ 0.8%
Net other expenses/income	102	156	+ 53.7%	73	n.s
Operating income	**19,595**	**19,619**	**+ 0.1%**	**4,842**	**+ 4.2%**

Operating costs

Group's operating costs in 2017 were equal to €11,350 million, decreasing by 8.9% compared with 2016 (down by 9.2% at constant exchange rates). Net of the extraordinary charges recorded in 2016, the 2017 improvement would have been 4.0%, thanks to the initiatives of staff resizing and the administrative expenses control actions.

Analysing more in detail the single cost components, staff expenses of 2017 were €6,905 million, decreasing by 3.1% over the 2016 (down by 3.4% at constant exchange rates).
Such a result was achieved mainly thanks to the resolute dynamic of employees reduction, characterised by a drop of 6,352 FTEs compared to 2016, equal to -6.5%.

Concerning conversely the other administrative expenses, in 2017 they amounted to €4,398 million, decreasing by 10.2% in comparison to 2016 (down by 10.5% at constant exchange rates). Excluding the extraordinary charges of 2016, the cost decrease of 2017 would amount to 4.2%. Lower costs have been recorded mainly among the legal expenses and litigations, the communication and marketing expenses, the real estate expenses, as well as the indirect taxes.

The expenses recovery in 2017 was €760 million, in comparison to the €768 million of last year.

Finally, the write-downs on tangible and intangible assets in 2017 were €807 million, down by 32.5% (down by 32.9% at constant exchange rates) over 2016, also thanks to the extraordinary devaluations of applications internally developed by the UBIS subsidiary and of real estates in Austria, which have been carried out in 2016. Excluding these extraordinary items, the 2017 improvement would be 8.1%.

Operating costs

(€ million)

	YEAR		%	2017	% CHANGE
	2016	2017	CHANGE	Q4	ON Q3 2017
Payroll costs	(7,124)	(6,905)	- 3.1%	(1,701)	- 0.2%
Other administrative expenses	(4,900)	(4,398)	- 10.3%	(1,124)	+ 4.3%
Recovery of expenses	768	760	- 1.0%	246	+ 44.0%
Write downs of tangible and intangible assets	(1,196)	(807)	- 32.5%	(214)	+ 6.5%
Operating costs	**(12,453)**	**(11,350)**	**- 8.9%**	**(2,794)**	**- 0.7%**

The dynamics of the revenues substantially stable and of the decreasing costs led to €8,268 million Group gross operating profit in 2017, up by 15.8% over 2016 (up by 16.0% at constant exchange rates). Excluding the extraordinary charges of 2016, a 10.7% growth of the gross operating profit would have been recorded.

The cost income ratio of 2017 amounted to 57.9%, improving by 5.7 percentage points over 2016. Excluding the extraordinary items of 2016, the cost income 2017 would be anyway improving by 3.4 percentage points in comparison to 2016.

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

Net write-downs on loans and provisions for guarantees and commitments of the Group in 2017 were €2,605 million, compared to €12,207 million of 2016 (down by 78.7%).
It must be remembered that the provisions of 2016 had been affected by the charges related to FINO (€3.6 billion) and PORTO (€3.9 billion) projects, as well as by other extraordinary provisions, for a total of €8.1 billion, accounted in fourth quarter, aimed at addressing the legacy of the Italian credit portfolio and at accelerating the run-down of the Non-Core portfolio. Net of the extraordinary items of 2016, the net write-downs on loans and provisions for guarantees and commitments of the Group in 2017 would be down by 38.1%.

In 2017 the cost of risk was equal to 58 basis points, in comparison to 269 basis points of 2016. Net of extraordinary items of 2016, the Group cost of risk of 2017 would be improving by 35 basis points.
On geographical basis, in 2017 Italy recorded a cost of risk of 90 basis points (in comparison to 142 basis points of 2016 net of the extraordinary items), Germany of 13 basis points, Austria of -1 basis points and CEE Division of 95 basis points.

The Group gross impaired loans at 31 December 2017 were decreasing by €8.0 billion compared to 31 December 2016, thanks to the proactive risk reduction measures carried out during the year.
Thanks to this decrease, the gross impaired loans on total loans ratio improved, moving from 11.78% in December 2016 to 10.15% in December 2017. Gross non-performing loans stock was at €27.8 billion, decreasing by €4.0 billion over December 2016.

The Group coverage ratio as of 31 December 2017 was furtherly improved by 60 basis points, reaching 56.24% in comparison to 55.64% as of 2016 year end.

With reference to the FINO Project, for which a more detailed disclosure is provided in Part E - Information on risks and hedging policies - Section 1 - Credit Risk, under table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)", additionally to those described in the Consolidated First Half Financial Report as at 30 June 2017, in the third quarter 2017 negative economic effects have been recognised in net write-downs on loans and provisions for guarantees and commitments for an amount of about €31 million; also in the fourth quarter 2017 positive economic effects for about €6 million have been recognised in the same item. Therefore, the total amount recognised in the second half 2017 in net write-downs on loans and provisions for guarantees and commitments amounts to about €25 million, mainly referring to the evaluation of the Deferred Purchase Prices classified in the Balance Sheet in item "70. Loans and receivables with customers" and measured at amortised cost on the basis of the expected cash flows, in line with IAS39 principle.

Loans to customers - Asset Quality

(€ million)

	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE	TOTAL(*) NON-PERFORMING	PERFORMING	TOTAL LOANS
As at 12.31.2017						
Gross Exposure	27,805	19,522	1,105	**48,432**	428,550	**476,982**
as a percentage of total loans	*5.83%*	*4.09%*	*0.23%*	***10.15%***	*89.85%*	
Writedowns	18,306	8,494	441	**27,240**	2,015	**29,255**
as a percentage of face value	*65.84%*	*43.51%*	*39.89%*	***56.24%***	*0.47%*	
Carrying value	9,499	11,028	664	**21,192**	426,535	**447,727**
as a percentage of total loans	*2.12%*	*2.46%*	*0.15%*	***4.73%***	*95.27%*	
As at 12.31.2016						
Gross Exposure	31,799	23,165	1,378	**56,342**	421,804	**478,146**
as a percentage of total loans	*6.65%*	*4.84%*	*0.29%*	***11.78%***	*88.22%*	
Writedowns	20,854	10,021	472	**31,347**	2,192	**33,539**
as a percentage of face value	*65.58%*	*43.26%*	*34.25%*	***55.64%***	*0.52%*	
Carrying value	10,945	13,144	906	**24,995**	419,612	**444,607**
as a percentage of total loans	*2.46%*	*2.96%*	*0.20%*	***5.62%***	*94.38%*	

Note:
(*) The perimeter of Non-Performing loans is equivalent to the perimeter of EBA NPE exposures.

Any discrepancy in the data shown in this table is solely due to roundings.

Group Results

From net operating profit to profit before tax

As a consequence of a gross operating profit increasing by €1,126 million and net write-downs on loans down by €9,602 million over 2016, 2017 Group's net operating profit amounted to €5,664 million, improving by €10,728 million compared to 2016.

Group's provisions for risk and charges were -€1,064 million, compared to -€2,078 million of 2016.
This item includes legal cases and estimated liabilities of various nature totaling -€475 million, including a non-recurring cost related to the FINO transaction for -€80 million, in addition to the systemic charges, amounting to -€588 million. These last include the contributions to the Single Resolution Fund (SRF), the harmonised guarantee schemes charges (i.e Deposits Guarantee Scheme - DGS) and the not-harmonised ones, as well as the Bank Levies.

Integration costs were -€147 million, mainly related to write-downs and works on properties undergoing disposal, in comparison to -€2,132 million recorded in 2016, that included the charges related to the pension scheme restructuring which took place in Bank Austria and to the managers exit plan in Italy.

Finally, net income from investments in 2017 was -€305 million, versus -€910 million of 2016. The item trend of 2017 was mainly affected by the Atlante stake carrying value impairment for -€137 million, some value adjustments on real estate and other write-downs of investments.

As an effect of the items above mentioned, in 2017 the Group registered a profit before tax of €4,148 million, compared to -€10,183 million loss of 2016. The 2017 result is more than double in comparison to the amount recorded in 2016 net of extraordinary items, amounting to €1,811 million.

Profit before tax by business segment

(€ million)

	OPERATING INCOME	OPERATING COSTS	NET WRITE-DOWNS ON LOANS AND PROVISIONS	NET OPERATING PROFIT	PROFIT BEFORE TAX YEAR 2016	PROFIT BEFORE TAX YEAR 2017
Commercial Banking Italy	7,415	(4,438)	(945)	2,032	(553)	1,778
Commercial Banking Germany	2,726	(1,835)	(108)	783	189	656
Commercial Banking Austria	1,550	(1,085)	32	497	(334)	427
Central Eastern Europe	4,188	(1,544)	(574)	2,071	1,710	1,867
Corporate & Investment Banking	4,066	(1,627)	(246)	2,193	1,338	1,985
Fineco	586	(233)	(5)	347	305	315
Group Corporate Centre	(761)	(462)	(37)	(1,261)	(3,447)	(1,760)
Non-Core	(151)	(126)	(722)	(999)	(9,391)	(1,120)
Group Total	**19,619**	**(11,350)**	**(2,605)**	**5,664**	**(10,183)**	**4,148**

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

Profit (Loss) attributable to the Group

In 2017 Group's income taxes were -€609 million, in comparison to -€734 million of 2016 (that was affected by the missing DTAs inscription, related to the Italian fiscal perimeter, on the fiscal loss recorded in the year and by a partial devaluation of the DTAs previously registered). It is worth to remember that the tax of the 2017 benefitted from a release of fiscal accruals related to the years 2005-2008 in Germany, for a net amount of €80 million.

Profit from discontinued operations net of taxes in 2017 was €2,251 million in comparison to -€144 million of 2016 and is referred to the sales of Pioneer group (€2,050 million), of Bank Pekao, of the asset management companies in Poland and to Immobilien Holding group, classified according to the IFRS5 accounting principle.

The profit for the period of the 2017 was €5,790 million, in comparison to the -€11,061 million loss recorded in 2016.

Minorities in 2017 were -€313 million, against -€464 million of 2016.

Purchase price allocation was -€4 million, decreasing in comparison to the -€5 million accounted in 2016.

Consequently, in 2017 a net profit attributable to the Group of €5,473 million was registered, compared to the loss of -€11,790 million registered in 2016. Netting both the years from the extraordinary items, the net profit attributable to the Group in 2017 would be almost tripled in comparison to the previous year, moving from €1,297 million of 2016 to €3,708 million of 2017.

Profit (Loss) attributable to the Group

(€ million)

	YEAR		%	2017	% CHANGE
	2016	2017	CHANGE	Q4	ON Q3 2017
Operating income	19,595	19,619	+ 0.1%	4,842	+ 4.2%
Operating costs	(12,453)	(11,350)	- 8.9%	(2,794)	- 0.7%
Operating profit (loss)	**7,143**	**8,268**	**+ 15.8%**	**2,049**	**+ 11.8%**
Net write-downs on loans and provisions for guarantees and commitments	(12,207)	(2,605)	- 78.7%	(772)	+ 29.1%
Net operating profit (loss)	**(5,064)**	**5,664**	**n.s.**	**1,277**	**+ 3.4%**
Provisions for risks and charges	(2,078)	(1,064)	- 48.8%	(193)	- 29.2%
Integration costs	(2,132)	(147)	- 93.1%	(103)	n.s.
Net income from investment	(910)	(305)	- 66.4%	(151)	n.s.
Profit (Loss) before tax	**(10,183)**	**4,148**	**n.s.**	**830**	**- 10.4%**
Income tax for the period	(734)	(609)	- 17.0%	(66)	- 63.8%
Net profit (loss) of discontinued operations	(144)	2,251	n.s.	96	- 95.5%
Profit (Loss) for the period	**(11,061)**	**5,790**	**n.s.**	**860**	**- 70.1%**
Minorities	(464)	(313)	- 32.6%	(58)	+ 17.1%
Net profit (loss) attributable to the Group before PPA	**(11,524)**	**5,477**	**n.s.**	**801**	**- 71.6%**
Purchase Price Allocation effects	(5)	(4)	- 20.0%	(1)	- 13.9%
Goodwill impairment	(261)	-	- 100.0%	-	n.s.
Net profit (loss) attributable to the Group	**(11,790)**	**5,473**	**n.s.**	**801**	**- 71.6%**

Capital and Value Management

Principles of value creation and disciplined capital allocation

In order to create value for the shareholders, the Group's strategic guidelines are aimed at optimizing the composition of the 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 sustainable earnings measured as EVA (Economic Value Added), which is the main performance indicator related to TSR (Total Shareholder Return). Capital Allocated to Business Segment is quantified applying internal capitalisation targets to regulatory capital requirements (Regulatory Capital), with the exception of the capital allocated to Asset Gathering which is determined as the highest between the Regulatory Capital and Internal Capital, i.e. the capital needed to cover, with an high level of confidence, the risks faced by the Group measured according to internal models.

The development of Group operations with a view to value creation requires a process for allocating and managing capital governed by different phases in the process of planning and control, articulated as:

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

Group Results

Capital Ratios

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

Transitional Own Funds and Capital Ratios

(€ million)

	AS AT	
	12.31.2017(*)	12.31.2016(*)
Common Equity Tier 1 Capital	48,880	31,537
Tier 1 Capital	54,703	35,005
Total own funds	64,454	45,150
Total RWA	356,100	387,136
Common Equity Tier 1 Capital Ratio	**13.73%**	**8.15%**
Tier 1 Capital Ratio	**15.36%**	**9.04%**
Total Capital Ratio	**18.10%**	**11.66%**

Note:
(*)Transitional own funds and capital ratios including all transitional adjustments according to the yearly applicable percentages.

The economic and financial crisis, which began in 2007, has raised an intense debate on the need to promote a stronger financial system, more resilient to external shocks.
Therefore, over the last years, global regulators introduced a series of new regulatory requirements that have contributed greatly to re-shape the financial markets landscape. In particular, in December 2010, the Basel Committee for Banking Supervision (BCBS) published an additional series of significant changes relating to the global standard requirements for banking institutions on capital and liquidity, also known as “Basel 3”. The regulatory changes introduced by the Basel 3 framework define more stringent rules for capital requirements levels and introduce for the first time liquidity and leverage limits. According to the Basel 3 framework, the new rules are introduced gradually in order to allow the banking system to comply with the new requirements and contain the impact on the real economy. In Europe, the Basel 3 framework has been translated into law by means of two separate legislative instruments applied from 1 January 2014: Directive 213/36/EU (CRD) and Regulation 575/2013/EU (CRR). In addition, in December 2013 Banca d’Italia published Circular 285, which updated and adjusted to the new international regulation framework the rules applicable to Italian banks and banking groups.
In addition, Council Regulation 1024/2013/EU of 15 October 2013 (Regulation “SSM” - Single Supervisory Mechanism) conferred specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.
Over the years, several regulations delegated by the Commission and regulations of the European Central Bank were published with the aim of disciplining specific regulatory issues.

Pursuant to article 92 of CRR, the following minimum capital requirements should be met: Common Equity Tier 1 (CET1) ratio at 4.5%, Tier 1 ratio at 6% and Total Capital ratio at 8%.

Additionally to these minimum requirements, also the combined buffer requirement should be met, as defined in article 128(6) of Directive 2013/36/EU. Failure to comply with such combined buffer requirement triggers restrictions on distributions, requiring to apply the calculation of the Maximum Distributable Amount (MDA), and the need to adopt a capital conservation plan.

The combined buffer requirement applicable to UniCredit at consolidated level includes the following reserves:
- a Capital Conservation Buffer (CCB) set at 1.25% for all the Italian Banking Groups[3];
- an institution specific Countercyclical Capital Buffer (CCyB) to be applied in periods of excessive credit growth, for UniCredit group equal to 0.03% as at 31 December 2017. This buffer is calculated on a quarterly basis, depending on the geographical distribution of the relevant Group’s credit exposures and on the national authorities’ decisions which define country-specific buffers. As of 31 December 2017 only the national authorities of Sweden, Iceland, Norway, Czech Republic, Slovakia and Hong Kong have defined countercyclical capital buffers different from 0% (respectively 2%, 1.25%%, 2%, 0.5%, 0.5% and 1.25%). According to the transitional rules set by Banca d’Italia, the maximum capital requirement (cap) for 2017 is equal to 1.25%, to be covered by Common Equity Tier 1 capital; the requirement will increase by 0.625% per year and will reach 2.5% from 1 January 2019;

3 Based on the 18th update of Circular 285 of Banca d’Italia (published on 6 October 2016) which provides for the modification of capital preservation requirement, national regulations are aligned with the transitional rules as required by the CRD both at UniCredit S.p.A. and Group level: the reserve of capital preservation equal to 1.25% for 2017 will be subsequently increased annually by 0.625% until the achievement of 2.5% by 1 January 2019.

- a Global Systemically Important Institutions ("G-SII") capital buffer; for UniCredit group, identified by Banca d'Italia as G-SII authorised to operate in Italy[4], the requirement is equal to 0.50% for 2017. This buffer will have to increase annually by 0.25% per year, in order to reach 1% from 1 January 2019. UniCredit group is classified in the first subcategory of the Systemically Important Institutions according to the transitional provisions as defined by Directive 2013/36/EU (Capital Requirements Directive IV - CRD IV);
- an Other Systemically Important Institutions ("O-SII") buffer, equal to 0%. Banca d'Italia identified UniCredit group, Intesa Sanpaolo and Monte dei Paschi di Siena banking groups as O-SIIs authorised to operate in Italy. This "O-SII buffer" for UniCredit will be increased by 0.25% from 1 January 2018 annually in order to reach 1% no later than 1 January 2021[5]. However, it should be considered that article 131, paragraph 14 of CRD IV requires that the highest buffer between G-SII and O-SII is applied. Therefore UniCredit group will have to comply with the requirement linked to the G-SII capital reserve, equal to 0.50% for 2017;
- a capital reserve against systemic risk (Systemic Risk Buffer) aimed at preventing and mitigating the systemic or macro-prudential non-cyclical risk in the long run, not included in CRR (not applicable at 31 December 2017).

Additionally, UniCredit group is required to satisfy the capital requirements that are defined on a yearly basis, following the results of the Supervisory Review and Evaluation Process (SREP) performed by the European Central Bank, in application of article 16(2) of SSM Regulation.

Following the results of SREP 2016, the ECB has set a Pillar 2 Requirement (P2R) for UniCredit group equal to 2.5%. As a consequence, from 1 January 2017, based on the application of Directive EBA/GL/2014/13 (European Banking Authority), the following Total SREP Capital Requirements (TSCR), which encompass the minimum capital requirements and Pillar 2 Requirements, apply to UniCredit on a consolidated basis:
- 7% CET 1 ratio;
- 8.5% Tier 1 ratio;
- 10.5% Total Capital ratio.

Similarly, the following Overall Capital Requirements (OCR), which encompass both the TSCR and the Combined Buffer Requirement, apply to UniCredit on a consolidated basis:
- 8.78% CET 1 ratio;
- 10.28% Tier 1 ratio;
- 12.28% Total Capital ratio.

The abovementioned requirements are the ones which are relevant for MDA purposes for UniCredit group as of 31 December 2017.

As of 31 December 2017, UniCredit group's ratios are compliant with all the above requirements.

For 2017, the Board of Directors, proposes to distribute dividend for €726 million, equal to a share of 20% of the net profit of the period, excluding the P&L impact arising from the disposal of equity investments in Bank Pekao S.A., of the shares in equity investments in the Polish companies (Pioneer Pekao Investment Management S.A., Pekao Pioneer PTE S.A. and Dom Inwestycyjny Xelion Sp. Z.o.o.) and of "Pioneer Investments".

SREP 2017

Within the Supervisory Review and Evaluation Process (SREP) 2017, the Single Supervisor has lowered UniCredit's SREP Pillar 2 Capital Requirement (P2R) by 50 basis points to 200 basis points; as a consequence, UniCredit is required to meet the following transitional capital requirements on a consolidated basis from 2018:
- 9.19% CET1 ratio;
- 10.69% Tier 1 ratio;
- 12.69% Total Capital ratio.

- All transitional capital ratios are inclusive of 2.00% P2R, 1.88% Capital Conservation Buffer (CCB), 0.75% G-SII buffer and an estimated 0.06%
- Countercyclical Capital Buffer (CCyB).

4 The decision was taken pursuant to Circular 285 of Banca d'Italia on prudential regulations for banks. The Circular implements the CRD IV rules in Italy and specifies the criteria on which the G-SIIs identification methodology is based. This methodology applied to identify and classify the G-SIIs among the various subcategories is defined in the delegated Regulation No.1222/2014 of the European Commission. The regulation contains provisions consistent with the rules set by the Basel Committee on Banking Supervision and the Financial Stability Board (FSB), in order to ensure that each year the banks identified as G-SIIs correspond to the European banks included on the FSB list, also published annually.
5 The decision to identify the three banking groups as O-SIIs was taken pursuant to Banca d'Italia Circular 285 on prudential regulations for banks, which implements Directive 2013/36/EU (Capital Requirements Directive, CRD IV) in Italy and specifies the criteria on which the O-SIIs identification methodology is based.
The assessment was carried out following the European Banking Authority Guidelines (EBA/GL/2014/10), which set out the criteria and the data required to identify the O-SIIs in the European Union jurisdictions. The Guidelines are consistent with the rules set by the Basel Committee on Banking Supervision to identify systemically important banks at national level, the goal being uniformity in the identification process at international level.

Group Results

Shareholders' Equity attributable to the Group

The Shareholders' Equity of the Group, including the profit of the period of €5,473 million, amounted to €59,331 million at 31 December 2017, compared to €39,336 million at 31 December 2016.
The statement of changes in Shareholders' Equity is included in the Consolidated Accounts.

The following table shows the main changes occurred in 2017.

Shareholders' Equity attributable to the Group (€ million)

Shareholders' Equity as at 31 December 2016	**39,336**
Capital increase (net of capitalised costs)(*)	12,722
Equity instruments	2,227
Disbursements related to Cashes transaction ("canoni di usufrutto")	(32)
Dividend payment	-
Forex translation reserve(**)	125
Change in afs/cash-flow hedge reserve	(217)
Others(***)	(304)
Net profit (loss) for the period	5,473
Shareholders' Equity as at 31 December 2017	**59,331**

Notes:
(*) Please note that the capital increase is 12,999.6 million.
(**)This positive effect is mainly due to the negative impact of the Ruble for €219 million and the reclassification throught profit and loss, for €310 million, of the negative exchange reserve of Zloty related to the polish subsidiaries due to the loss of control occured in 7 June 2017.
(***) This includes mainly:
- the positive change in the reserves relating to the actuarial gains/losses on defined benefit plans of €241 million net of taxes;
- the negative change in the valuation reserve of the companies accounted for using the equity method for €475 million, mainly due to the depreciation of the items in Turkish Lira;
- the positive change of the reserve related of non current assets classified as held for sale for €37 million mainly due to the sale of the polish subsidiary and to the disposal of the subsidiaries belonging to Pioneer Group to Amundi;
- the negative change of the reserve related to the coupon paid to subscribers of the AT1 instruments, net of taxes for €163 milion;
- the positive effect of €29 million related to the disposal of Pekao SA' share (1.04%) due to the early redemption of mandatory settled equity-linked certificates occurred in the first quarter 2017.

For further information, refer to Section "Consolidated Accounts - Statement of changes in Shareholders' Equity".

Capital Strengthening

On 12 January 2017, the Shareholders' Meeting approved the share capital increase, completed on 2 March 2017 through the issuance of No.1,606,876,817 no par value new ordinary shares for an overall amount of €12,999,633,449.53 (of which €16,068,768.17 as share capital and €12,983,564,681.36 as share premium). The issue is one of the pillars of the 2016-2019 Strategic Plan and allowed a significant strengthening of the Group's capital ratios.
The Shareholders' Meeting also approved a reverse stock split of ordinary and savings shares based on a ratio of 1 new ordinary or savings share for every 10 existing ordinary or savings shares.
On 13 March 2017 UniCredit's Board of Directors, pursuant to the powers conferred by the Extraordinary Shareholders' Meeting of 11 May 2012, Extraordinary Shareholders' Meeting of 11 May 2013, Extraordinary Shareholders' Meeting of 13 May 2014 and the Extraordinary Shareholders' Meeting of 13 May 2015, resolved to increase the share capital by €17,587,596.70 by issuing No.1,034,172 ordinary shares to be granted to the employees of UniCredit group.

The share capital, fully subscribed and paid up amounts to €20,880,549,801.81 divided into No.2,225,945,295 shares with no face value, of which No.2,225,692,806 ordinary shares and No.252,489 savings shares.

On 4 December 2017 UniCredit S.p.A. Extraordinary Shareholders' Meeting and the Special Meeting of Savings Shareholders approved actions to strengthen its own corporate governance and to simplify the Bank's share capital structure, along with the consequent amendments to the Company Articles of Association:

Elimination of the 5% limit for the exercise of the voting rights.
The elimination of the 5% limit for the exercise of the ordinary shareholders voting rights aligns the UniCredit governance to the principle in which the voting system is proportional to the invested capital (the so-called "one share one vote" principle). Said principle, besides being in line with the international best practices, is generally considered desirable as it aligns economic interests with voting power and supports a higher active role of the shareholders in the decision-making process.

Mandatory conversion of savings shares into ordinary shares
Mandatory conversion of the outstanding No.252,489 saving shares into ordinary shares, with a conversion ratio of No.3.82 ordinary shares with regular dividend rights for each No.1 savings share converted, plus an additional cash adjustment equal to €27.25 per savings share.
The conversion of savings shares into ordinary shares strengthens the share capital, as the said shares do not concur in the calculation of the Core Tier 1, and aims at simplifying the capital structure and the corporate organisation of the Company, with subsequently cost savings. The aforementioned simplification carries out benefits for all the shareholders and, with specific reference to the current savings shares, their holders, who, under the conditions required by law, are entitled to exercise the right of withdrawal pursuant Art.2437 of the Italian Civil code, will benefit from the significant increase of the liquidity of the shares held. In fact, the conversion of relatively non liquid savings shares will lead them to hold ordinary shares having a significantly higher liquidity.
The conversion will not involve variation of the share capital value; cash adjustment will be paid through Share Premium Reserve.

During 2017 UniCredit S.p.A. placed additional issues of Additional Tier 1 instruments (so-called Non-Cumulative Temporary Write-Downs) to institutional investors, with a "perpetual" duration (maturity linked to the corporate duration of UniCredit S.p.A.), in particular:
- on 22 May 2017 UniCredit S.p.A. placed Additional Tier 1 notes, for a total amount of €1,250 million callable by the Issuer after 5.5 years (June 2023) and thereafter at any interest payment date. Notes pay fixed rate coupons of 6.625% per annum for the initial 5.5 years on a semi-annual basis; if not redeemed, coupon will be reset every 5 years to the then 5-Years Mid-Swap rate +638.7bps;
- on 20 December 2017 a further placement of Additional Tier 1 notes for a total amount of €1,000 million callable by the Issuer after 7.5 years (3 June 2025) and thereafter at any interest payment date. Notes pay fixed rate coupons of 5.375% per annum for the initial 7.5 years on a semi-annual basis; if not redeemed, coupon will be reset every 5 years to the then 5-Years Mid-Swap rate +492.57bps.

The additional Tier 1 instruments contribuited to strengthening the Tier 1 Ratio of UniCredit S.p.A. and reach the minimum requirement of 1.50% of AT1. These latest issues are part of the €3.5 billion of additional Tier 1 forecast for 2017-19, of which only €750 million remain to be made.
In line with the regulatory requirements, the coupon payments are fully discretionary.

Reconciliation of the Parent Company's Accounts to the Consolidated Accounts
The following table reconciles the Parent Company's Shareholders' Equity and Net profit to the corresponding consolidated figures.

Reconciliation of Parent Company to Consolidated Accounts (€ million)

	SHAREHOLDERS' EQUITY	*of which: NET PROFIT*
Balance as at 31 December 2017 as per UniCredit S.p.A. Accounts	**53,508**	***6,236***
Surplus over carrying values:	6,450	*3,206*
- subsidiaries (consolidated)	*4,229*	*2,546*
- associates accounted for at net equity	*2,221*	*660*
Dividends received in the period by the Holding Company	-	*(3,883)*
Other reclassification on consolidation	(627)	*(86)*
Balance as at 31 December 2017 attributable to the Group	**59,331**	***5,473***
Minorities	894	*313*
Balance as at 31 December 2017 (minorities included)	**60,225**	***5,786***

Result by Business Segment

Commercial Banking Italy

Commercial Banking Italy is composed by UniCredit S.p.A. commercial network, except CIB clients, Leasing and Factoring and local Corporate Centre with supporting functions for the Italian business. In relation to individual clients (Households and clients of specialised network Private Banking), Commercial Banking Italy's goal is to offer a full range of products and services to fulfill transactional, investments and credit needs, relying on branches and multichannel services thanks to new technologies. In relation to corporate customers, Commercial Banking Italy operates trying to guarantee both the support to the economic and entrepreneurial system and the profitability and quality of its portfolio.

Income Statement, Key Ratios and Indicators

(€ million)

COMMERCIAL BANKING ITALY	YEAR 2016	YEAR 2017	% CHANGE	2017 Q4	% CHANGE ON Q3 2017
Operating income	7,434	7,415	- 0.2%	1,873	+ 6.5%
Operating costs	(4,573)	(4,438)	- 3.0%	(1,091)	- 1.5%
Net write-downs on loans	(2,003)	(945)	- 52.8%	(266)	+ 26.9%
Net operating profit	857	2,032	+ 137.0%	516	+ 16.9%
Profit before tax	(553)	1,778	n.s.	499	+ 43.2%
Customers loans (net Repos and IC)	134,906	138,435	+ 2.6%	138,435	+ 0.9%
Customer depos (net Repos and IC)	134,495	141,982	+ 5.6%	141,982	+ 3.1%
Total RWA Eop	79,043	85,516	+ 8.2%	85,516	+ 4.9%
EVA (€ million)	(801)	137	n.s.	41	n.s.
Absorbed Capital (€ million)	7,992	9,926	+ 24.2%	10,761	+ 10.7%
ROAC(*)	- 6.04%	+ 11.91%	1794 bp	+ 12.49%	279 bp
Cost/Income	+ 61.5%	+ 59.9%	-167 bp	+ 58.2%	-474 bp
Cost of Risk	1.47%	0.69%	-78 bp	0.77%	16 bp
Full Time Equivalent (eop)	35,222	32,372	- 8.1%	32,372	- 3.5%

Note:
(*) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level). See also Annex 4 - Definition of Term and Acronyms.

Commercial Banking Germany

Commercial Banking Germany provides all German customers, except CIB clients, with a complete range of banking products and services. Commercial Banking Germany holds large market shares and a strategic market position in retail banking, private banking and especially in business with local corporate customers (including factoring and leasing). The segment also includes the local Corporate Centre, which performs tasks as sub-holding towards other sub-group legal entities.

Income Statement, Key Ratios and Indicators

(€ million)

COMMERCIAL BANKING GERMANY	YEAR 2016	YEAR 2017	% CHANGE	2017 Q4	% CHANGE ON Q3 2017
Operating income	2,472	2,726	+ 10.3%	635	- 3.7%
Operating costs	(1,903)	(1,835)	- 3.6%	(444)	- 2.2%
Net write-downs on loans	44	(108)	n.s.	(56)	n.s.
Net operating profit	612	783	+ 27.9%	136	- 34.0%
Profit before tax	189	656	n.s.	84	- 58.6%
Customers loans (net Repos and IC)	80,519	80,927	+ 0.5%	80,927	- 0.7%
Customer depos (net Repos and IC)	86,043	91,582	+ 6.4%	91,582	+ 6.1%
Total RWA Eop	35,970	34,023	- 5.4%	34,023	- 2.7%
EVA (€ million)	(87)	179	n.s.	(20)	n.s.
Absorbed Capital (€ million)	3,527	4,280	+ 21.4%	4,374	+ 4.9%
ROAC(*)	+ 1.40%	+ 13.56%	1216bp	+ 10.93%	-252bp
Cost/Income	+ 77.0%	+67.3%	-971bp	+ 69.9%	109 bp
Cost of Risk	-0.05%	0.13%	19 bp	0.27%	27 bp
Full Time Equivalent (eop)	10,910	10,091	- 7.5%	10,091	- 2.0%

Note:
(*) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level). See also Annex 4 - Definition of Term and Acronyms.

Commercial Banking Austria

Commercial Banking Austria provides all Austrian customers, except CIB clients, with a complete range of banking products and services. The goal of Commercial banking Austria is to strengthen regional responsibility, to increase synergies, effectiveness and to improve time-to-market; therefore customer service teams can now adjust more quickly to local market changes.
Commercial Banking Austria holds significant market shares and a strategic market position in retail banking, private banking and especially in business with local corporate customers and is one of the leading providers of banking services in Austria.

Income Statement, Key Ratios and Indicators

(€ million)

COMMERCIAL BANKING AUSTRIA	YEAR 2016	YEAR 2017	% CHANGE	2017 Q4	% CHANGE ON Q3 2017
Operating income	1,639	1,550	- 5.4%	397	+ 3.3%
Operating costs	(1,236)	(1,085)	- 12.2%	(269)	+ 3.2%
Net write-downs on loans	(32)	32	n.s.	(35)	+ 148.4%
Net operating profit	371	497	+ 34.0%	93	- 15.4%
Profit before tax	(334)	427	n.s.	91	- 20.3%
Customers loans (net Repos and IC)	44,984	44,336	- 1.4%	44,336	- 0.5%
Customer depos (net Repos and IC)	47,096	46,272	- 1.7%	46,272	- 0.9%
Total RWA Eop	23,675	20,939	- 11.6%	20,939	- 3.0%
EVA (€ million)	(192)	290	n.s.	28	- 76.9%
Absorbed Capital (€ million)	2,400	2,645	+ 10.2%	2,464	- 6.3%
ROAC(*)	- 13.59%	+ 19.64%	3323bp	+ 14.43%	-1231bp
Cost/Income	+ 75.4%	+ 70.0%	-540 bp	+ 67.7%	-3bp
Cost of Risk	0.07%	-0.07%	-13 bp	0.31%	19 bp
Full Time Equivalent (eop)	5,486	4,966	- 9.5%	4,966	- 4.5%

Note:
(*) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level). See also Annex 4 - Definition of Term and Acronyms.

CEE Division

The Group operates, through the CEE business segment, in 12 Central and Eastern Europe countries: Azerbaijan, Bosnia -Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia and Turkey, having in addition Leasing activities in the 3 Baltic countries. The CEE business segment through its branches offers a wide range of products and services to retail, corporate and institutional clients in these countries.

Income Statement, Key Ratios and Indicators

(€ million)

CEE DIVISION	YEAR 2016	YEAR 2017	% CHANGE	2017 Q4	% CHANGE ON Q3 2017
Operating income	4,166	4,188	+ 0.5%	1,004	- 3.4%
Operating costs	(1,496)	(1,544)	+ 3.2%	(398)	+ 5.7%
Net write-downs on loans	(793)	(574)	- 27.7%	(147)	- 8.6%
Net operating profit	1,877	2,071	+ 10.3%	460	- 8.6%
Profit before tax	1,710	1,867	+ 9.2%	420	- 12.9%
Customers loans (net Repos and IC)	59,935	60,042	+ 0.2%	60,042	+ 0.4%
Customer depos (net Repos and IC)	59,175	62,406	+ 5.5%	62,406	+ 3.3%
Total RWA Eop	91,403	85,996	- 5.9%	85,996	- 0.8%
EVA (€ million)	340	386	+ 13.6%	57	- 50.9%
Absorbed Capital (€ million)	9,162	10,444	+ 14.0%	10,183	- 0.8%
ROAC(*)	+ 11.84%	+ 13.96%	212 bp	+ 12.50%	-225bp
Cost/Income	+ 35.9%	+ 36.9%	94 bp	+ 39.6%	342 bp
Cost of Risk	1.34%	0.95%	-40 bp	0.97%	-9 bp
Full Time Equivalent (eop)	24,302	24,089	- 0.9%	24,089	- 0.2%

Note:
(*) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level). See also Annex 4 - Definition of Term and Acronyms.

Result by Business Segment

CIB

Corporate & Investment Banking (CIB) is dedicated to Multinational and Large Corporate clients with highly sophisticated financial profile and needs for investment banking services, as well as institutional clients of UniCredit group. Moreover CIB acts as products and solutions provider for the commercial network, provides structured financing, hedging and treasury solutions for corporate and investment products for private and retail.
The organisational structure of CIB is based on a matrix that integrates market coverage (carried out through an extensive network in Western, Central and Eastern Europe and an international network of branches and representative offices) and product offering (divided into three Product Lines, Financing and Advisory, Markets, Global Transaction Banking that consolidate the breadth of the Group's CIB know-how).

Income Statement, Key Ratios and Indicators

(€ million)

CORPORATE & INVESTMENT BANKING	YEAR 2016	YEAR 2017	% CHANGE	2017 Q4	% CHANGE ON Q3 2017
Operating income	4,233	4,066	- 3.9%	995	+ 11.8%
Operating costs	(1,730)	(1,627)	- 5.9%	(387)	- 2.7%
Net write-downs on loans	(566)	(246)	- 56.5%	(121)	+ 119.3%
Net operating profit	1,938	2,193	+ 13.2%	487	+ 11.3%
Profit before tax	1,338	1,985	+ 48.4%	431	+ 0.8%
Customers loans (net Repos and IC)	75,611	79,234	+ 4.8%	79,234	+ 1.1%
Customer depos (net Repos and IC)	46,331	47,932	+ 3.5%	47,932	+ 8.4%
Total RWA Eop	75,143	75,557	+ 0.6%	75,557	+ 5.7%
EVA (€ million)	503	523	+ 4.0%	96	+ 0.8%
Absorbed Capital (€ million)	7,761	8,925	+ 15.0%	9,000	+ 2.7%
ROAC(*)	+ 12.12%	+ 15.29%	317 bp	+ 15.83%	275 bp
Cost/Income	+ 40.9%	+ 40.0%	-85 bp	+ 38.9%	-578 bp
Cost of Risk	0.53%	0.22%	-31 bp	0.44%	24 bp
Full Time Equivalent (eop)	3,480	3,316	- 4.7%	3,316	- 1.6%

Note:
(*) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level). See also Annex 4 - Definition of Term and Acronyms.

Fineco

Fineco is the UniCredit group's direct multichannel: it offers an integrated business model combining direct banking and financial advice, with a full range of banking, credit, trading and investment services which are also available through mobile applications.

Income Statement, Key Ratios and Indicators

(€ million)

FINECO	YEAR 2016	YEAR 2017	% CHANGE	2017 Q4	% CHANGE ON Q3 2017
Operating income	558	586	+ 4.9%	156	+ 5.1%
Operating costs	(226)	(233)	+ 3.0%	(59)	+ 9.4%
Net write-downs on loans	(4)	(5)	+ 22.7%	(2)	+ 36.3%
Net operating profit	328	347	+ 6.0%	95	+ 2.1%
Profit before tax	305	315	+ 3.2%	89	+ 26.1%
Customers loans (net Repos and IC)	910	1,927	+ 111.6%	1,927	+ 26.1%
Customer depos (net Repos and IC)	18,570	20,059	+ 8.0%	20,059	+ 1.3%
Total RWA Eop	1,890	2,332	+ 23.4%	2,332	+ 6.8%
TFAs Outstading Stock (eop)	60,195	67,185	+ 11.6%	67,185	+ 2.8%
TFAs Net Sales	5,036	5,958	+ 18.3%	1,784	+ 39.3%
EVA (€ million)	69	65	- 5.7%	21	+ 61.9%
Absorbed Capital (€ million)	93	118	+ 27.1%	133	+ 12.5%
ROAC(*)	+ 79.45%	+ 62.70%	-1675 bp	+ 66.29%	1180 bp
Cost/Income	+ 40.6%	+ 39.8%	-73 bp	+ 37.7%	148 bp
Full Time Equivalent (eop)	1,052	1,082	+ 2.9%	1,082	+ 1.3%

Note:
(*) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level). See also Annex 4 - Definition of Term and Acronyms.

Non-core

Non-core segment reports separately assets that the Group considers not strategic and with a poor fit to the Group's risk-adjusted returns framework. These businesses are managed with the final goal of reducing the overall exposure in the course of time and to improve the risk profile. Specifically, the segment includes selected assets of Commercial Banking Italy (identified on a single deal/client basis) to be managed with a risk mitigation approach and some special vehicles for securitisation transactions.

Income Statement, Key Ratios and Indicators

(€ million)

NON-CORE	YEAR 2016	YEAR 2017	% CHANGE	2017 Q4	% CHANGE ON Q3 2017
Operating income	(273)	(151)	- 44.5%	(33)	+ 18.5%
Operating costs	(160)	(126)	- 21.0%	(8)	- 85.6%
Net write-downs on loans	(8,847)	(722)	- 91.8%	(128)	- 7.3%
Net operating profit	(9,280)	(999)	- 89.2%	(169)	- 23.0%
Profit before tax	(9,391)	(1,120)	- 88.1%	(175)	- 41.8%
Customers loans (net Repos and IC)	18,962	14,296	- 24.6%	14,296	- 8.3%
Net Impaired Loans(percentage of total net loans Non-	71.65%	78.34%	668.5 bp	78.34%	32.0 bp
Total RWA Eop	26,196	21,714	- 17.1%	21,714	-
EVA (€ million)	(9,677)	(1,085)	- 88.8%	(222)	- 20.6%
Absorbed Capital (€ million)	2,788	2,810	+ 0.8%	2,606	- 2.3%
ROAC(*)	- 269.24%	- 26.60%	n.s.	- 22.18%	756 bp
Cost/Income	n.s	n.s	n.s.	n.s	n.s.
Cost of Risk	29.31%	4.26%	n.s.	3.38%	-3 bp
Full Time Equivalent (eop)	529	464	- 12.2%	464	- 6.4%

Note:
(*) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level). See also Annex 4 - Definition of Term and Acronyms.

Other information

Report on corporate governance and ownership structure
Within the meaning of Art.123-bis par.3 of the Legislative Decree No.58 dated 24 February 1998, the "Report on corporate governance and ownership structure" is available in the "Governance" section of the UniCredit website (http://www.unicreditgroup.eu).
An explanatory chapter on the corporate governance structure is likewise included below in this document ("Corporate Governance").

Report on remuneration
Pursuant to Art.123-ter of the Legislative Decree dated 24 February 1998 No.58 and of Art.84-quater, of the Consob Issuers' Regulations, the "Report on remuneration" is available on UniCredit's website (http://www.unicreditgroup.eu).

Non-financial information
Pursuant to articles 3 and 4 of Legislative Decree 254/2016, the Integrated Report, published on UniCredit website (http://www.unicreditgroup.eu) constitutes the Non-financial Declaration.

Research and development projects
In 2017, UniCredit S.p.A.'s Research & Development Department primarily focused on:
- the development of a low latency e-Trading FX platform, commissioned by the CIB Division;
- evolving a digital tool allowing the mapping and analysis of financial conglomerates by integrating internal and external data sources, to the benefit of the CEE Division;
- the development of a tool for HR Rewards & Benefits that tracks stocks owned by the Group's Senior Management;
- researching FPGA-based hybrid architectures and how those can be employed to accelerate computations in the financial domain.

Group activities development operations and other corporate transactions

Initiatives deemed to sustain new Strategic Plan

Bank Pekao

On 7 June 2017, the sale of the stake (32.8%) held in Bank Pekao was completed at Powszechny Zaklad Ubezpieczen S.A. ("PZU") and Polski Fundusz Rozwoju S.A. ("PFR") at the agreed price per share (PLN 123) and therefore a total consideration of PLN 10.6 billion which implied the loss of control; a residual 6.3% stake has been consequently recognised into “Financial asset at fair value through profit or loss” with a carrying value, as at 31 December 2017, of €509.4 million.
The transaction, already described in the consolidated financial statements as of 31 December 2016, coincides with the issue in December 2016 of mandatory settled equity-linked certificates guaranted as pledge on the remaining shares held by Bank Pekao. This operation allows to complete by December 2019 the entire shareholding in Bank Pekao and to maintain an exposure to the potential appreciation of Bank Pekao's shares due to the additional value that can be made by the two new shareholders (PZU and PFR).
On 11 December 2017, the transfer to the same Bank Pekao of the shares in the Polish companies (Pioneer Pekao Investment Management S.A., Pekao Pioneer S.A. and Dom Inwestycyjny Xelion Sp. Z.o.o.) was finalised at a total price of €142 million, completing therefore the process of disposal of activities in Poland.

Pioneer Investments

On 3 July 2017, pursuant to the agreement signed in December 2016, Pioneer Global Asset Management ("PGAM") completed the sale of Pioneer Investments operating companies to Amundi, at the price of €3.5 billion. This operation has been already described in the consolidated financial statements at 31 December 2016.
The transaction, that impacted results of the third quarter of 2017, generated a net capital gain of approximately €2.1 billion for the Group.
As part of the transaction, UniCredit and Amundi formed a strategic partnership for the distribution of asset management products underpinned by a 10-year distribution agreement for Italy, Germany and Austria. UniCredit will re-focus on its distribution business model while retaining exposure to the commission income generated from the distribution of asset management products.
With an aim to simplify the structure of the Group as well as to reduce its costs, the merger of PGAM (a wholly-owned subsidiary which, following the transaction with Amundi, had lost the role of sub-holding) into UniCredit was completed on 1 November 2017. Following the incorporation of PGAM, UniCredit holds direct control of some non-operating companies, as well as of the two companies in India, for which the sale and purchase agreement with Bank of Baroda was signed in December 2016.

FINO Project

The “Transform 2019” 2016-2019 Strategic Plan includes the “FINO Project”, aimed at divesting a significant amount of "Non-Core" assets belonging to UniCredit group through a market transaction. It pertains to credit exposures originally classified as Bad Exposures that originate from different sectors and were grouped into a portfolio conventionally referred to as "FINO Portfolio", with a net nominal value of €17,700 million at 30 June 2016.
The FINO Project, which is analysed in more depth in the disclosure in 2016 Consolidated Reports and Accounts, consists of 2 phases, whose guidelines were defined in the Framework Agreements signed by UniCredit S.p.A. with two qualified third-party investors (Pimco and Fortress) in December 2016.
“Phase 1” consisted in initiating several securitisation transactions entailing the issuing of Asset-Backed Securities (Senior, Mezzanine and Junior) by Special Purpose Vehicles (SPVs or Vehicles) that are transferees of the receivables included in the FINO Portfolio, and with their relevant subscription by UniCredit S.p.A. (49.9% of all the classes of the securities issued) and by third-party Investors (50.1% of all the classes of the securities issued).
“Phase” 2 entailed the application for a public rating to Senior and Mezzanine securities and granting of a GACS guarantee (Garanzia sulla Cartolarizzazione delle Sofferenze) on the Senior securities , as well as the gradual sale to third-party investors by UniCredit S.p.A. of securities that it had subscribed.
On 1 February 2017, the Bank's Board of Directors approved the FINO Project on the basis of the features and contents detailed in the aforementioned Framework Agreements (and relevant documentation attached), and tasked the Directors with implementing the initiatives required for its execution.
In full respect with the timing of the transaction, during the second half of 2017:

- "Phase 1" of the Project was finalised, through the sale of the receivables included in the FINO Portfolio and the issue of ABS securities by the SPV assignees of the receivables and the related underwriting by UniCredit S.p.A. (49.9% of all the classes of ABS securities issued) and third-party investors (for 50.1% of all the classes of ABS securities issued). The conditions required by IAS39 for the application of the accounting derecognition from the Balance Sheet of UniCredit S.p.A. were thus implemented, since the rights to cash out the cash flows deriving from the Portfolio have been transferred (the receivables were previously recognised in "Non-current assets and disposal groups classified as held for sale");

Other information

- as part of "Phase 2", it was pursued, also thanks to the GACS guarantee (following the MEF Decree of 20 December 2017) on the senior tranche (Class A) issued by one of the assignee SPVs of the receivables included in the FINO Portfolio, the progressive sell down to third party investors of the ABS securities originally underwritten by UniCredit S.p.A., in order to reduce the amount held below the threshold of 20% through multiple arm's length transactions settled by January 2018.

For a more detailed disclosure on FINO Project, see the information provided in Part E - Information on risks and hedging policies - Section 1 - Credit risk, under table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net amounts)".

Agreement with the Italian Trade Unions
On 4 February 2017 UniCredit announced it has reached an agreement with the Italian Trade Unions related to the announced Italian 3,900 FTEs redundancies part of the "Transform 2019" plan.
The redundancy programme in Italy consists of a voluntary preretirement plan through the access to the Financial sector Solidarity Fund.
To ensure a positive generational turnover the Group is committed to hire 1,300 people over the next 3 years

Sales of non-performing portfolios initiatives
The portfolios' sale is part of the overall UniCredit group's on-going strategy to reduce non-performing exposure ("NPE") and to sell non-core assets aimed to strengthen its risk profile as part of UniCredit Group's Transform 2019 plan.

UniCredit Bulbank (Bulgaria) sells non-performing credit portfolio to Debt collection agency EAD (DCA), the Bulgarian subsidiary of B2Holding ASA
On 17 January 2017 UniCredit reached an agreement with B2 KAPITAL in relation to the disposal on a non-recourse basis (prosoluto) of a portfolio composed of secured/unsecured nonperforming loans granted by UniCredit Bulbank (Bulgaria) to corporate customers.
The portfolio consists entirely of Bulgarian loans with a Legal Claim value of approximately €93 million.

Yapi Kredi sells non-performing credit portfolio to Güven Varlık Yönetim A.Ş.
On 2 March 2017 Yapi Ve Kredi Bankasi AS ("Yapi Kredi"), its Turkish jointly owned entity, reached an agreement (the "Transaction") with Güven Varlık Yönetim A.Ş. in relation to the disposal of a Non-Performing Loan (NPL) portfolio composed of credit cards and individual loans amounting to TL 531 million (approx. €140 million).
The Transaction will not impact UniCredit group's NPE ratio, as Yapi Kredi is accounted for by the Equity Method.

UniCredit Bank Hungary sold non-performing credit portfolio composed of residential mortgages
On 20 March 2017 UniCredit Bank Hungary concluded an agreement in relation to the disposal on a non-recourse basis (pro-soluto) of a portfolio composed of retail mortgage receivables with a locally-licensed Hungarian financial enterprise. The transaction was financed by investment funds managed by Balbec Capital LP and APS Holding.
The portfolio consists entirely of Hungarian loans. The total claim value of the portfolio is approximately €138.9 million (HUF 42.7 billion).

UniCredit Leasing sold non-performing credit portfolio to MBCredit Solution S.p.A.
On 10 May 2017 UniCredit Leasing S.p.A. concluded an agreement with MBCredit Solution S.p.A. (Legal Entity of Mediobanca Group) in relation to the disposal a portfolio relating of Leasing residual claims with a gross book value of approximately €500 million unsecured.

Zagrebacka banka sold non-performing exposures portfolio granted to corporate and individual customers
On 22 May 2017 Zagrebačka banka d.d. ("the Bank",) has concluded an agreement with APS Delta s.r.o. (owned by APS Holding a.s., Czech Republic) in relation to the disposal of a portfolio composed by fully impaired and partially impaired loans granted to corporate and private individual customers, for a total gross balance sheet exposure HRK 3.34 billion on 30 April 2014 (equivalent to approximately €450 million) (the "Agreement").
The Agreement has been signed upon obtaining a positive opinion by the Croatian National Bank on complying with the conditions for sale of material amount of placements.

UniCredit announces the sale of an Italian Consumer unsecured non-performing credit portfolio
On 16 June 2017 UniCredit S.p.A. has reached an agreement with MBCredit Solutions ("MBCS") in relation to the disposal on a non-recourse basis (pro-soluto) of a non-performing unsecured consumer credit portfolio, in Italy.
The portfolio consists entirely of Italian unsecured consumer credits with a gross book value of approximately €310 million. UniCredit and MBCS have also reached an agreement for the disposal of Italian unsecured consumer loans of the same nature, originated in the course of 2017. These further disposals have been partially realised in October 2017 for a nominal amount of €47 million.

Yapi Kredi sells non-performing credit portfolio to a selection of asset management companies
On 23 June 2017 Yapi Ve Kredi Bankasi AS ("Yapi Kredi"), its Istanbul-based jointly owned entity (Yapi Kredi is 81.8% owned by Koc Finansal Hizmetler AS, which is in turn 50% owned by UniCredit group and 50% by Koç Group), has reached an agreement (the "Transaction") with a selection of asset management companies in relation to the disposal of a Non-Performing Loan (NPL) portfolio amounting to TL 518 million principal amount (approx. €132 million).

UniCredit Bulbank (Bulgaria) sells non performing credit portfolio to DCA, part of the B2Holding group
On 7 November 2017 UniCredit announced it has reached an agreement with DCA in relation to the disposal on a non-recourse basis (pro-soluto) of a portfolio composed of secured/unsecured non-performing loans granted by UniCredit Bulbank (Bulgaria) to private individuals, SME's and Corporate customers.
The portfolio consists entirely of Bulgarian loans with a Legal Claim value of approximately €84 million.

UniCredit announces the sale of an Italian Small Medium Enterprise ("SME") secured and unsecured non performing credit portfolio
On 27 November 2017 UniCredit announced an agreement with MBCredit Solutions ("MBCS") and an affiliate of Cerberus Capital Management, L.P. ("Cerberus") in relation to the disposal on a non-recourse basis (pro-soluto) of a portfolio of Italian Small and Medium Enterprise ("SME") non performing secured and unsecured loans.
The portfolio consists entirely of Italian credits with a gross book value ("GBV") of approximately €715 million. MBCS has bought the unsecured portion with a GBV of approximately €450 million and Cerberus has bought the secured portion with a GBV of approximately €265 million.

UniCredit Bank Hungary and UniCredit Jelzalogbank sold non performing credit portfolio composed of retail mortgages
In 4 December 2017 UniCredit announced that UniCredit Bank Hungary and UniCredit Jelzálogbank have concluded an agreement in relation to the disposal on a non-recourse basis (pro-soluto) of a portfolio composed of retail mortgage receivables with a locally-licensed Hungarian financial enterprise, EOS Faktor Zrt.
The portfolio consists entirely of Hungarian loans. The total claim, gross of write offs, value of the portfolio is approximately €44.3 million (HUF 13.6 billion).

UniCredit Leasing sold non performing credit portfolio to MBCredit Solution S.p.A.
On 21 December 2017 UniCredit announced the conclusion of an agreement with MBCredit Solutions S.p.A. (Legal Entity of Mediobanca Group) in relation to the disposal a portfolio relating of Leasing residual claims with a gross book value of approximately €250 million unsecured.

Other transactions and initiatives involving shareholdings

Contribution to Atlante and Italian Recovery Fund (former Atlante II)
Atlante is an Italian closed-end alternative investment fund, reserved for institutional investors (“Atlante Fund”) and managed by Quaestio Capital Management SGR S.p.A. (“Questio SGR”). Total funds at the inception were €4.2 billion of which UniCredit contributed with a stake of 19.9%.
The investment policy of Atlante foresees that the fund may be invested (i) in banks with regulatory capital ratios lower than the minimum level set down in the SREP process and, thus, realise, upon request of the supervisory authority, actions of capital strengthening through capital increases and (ii) in Non-Performing Loans (NPLs) of a plurality of Italian banks.

Other information

As at 31 December 2017 UniCredit has been holding No.845 shares of Atlante Fund (out of 4,249 total shares) classified as financial assets available for sale with a carrying value of €95 million net of additional impairment of 137 million (following the 547 million recognised in December 2016) following investments of 779 million, of which €93 million carried in 2017, and a residual commitment to invest €66 million.
In August 2016 Atlante II following renamed Italian Recovery Fund on 27 October 27 2017 was established; an alternative closed-end investment fund reserved for institutional investors and managed by Quaestio SGR as well. Italian Recovery Fund is allowed, unlike the Atlante fund, only to invest into NPLs and other instruments related to junior and mezzanine notes issued by SPVs of NPL securitisations from Italian banks (in line with institutional investors criteria) aiming at reducing the risk.

As at 31 December 2017 UniCredit, following the subscription of additional No.40 shares under the Fourth Closing in September 2017, has been holding No. 195 shares with a carrying value, in line with subscription price, of €99 million, and a residual commitment to invest €96 million. As at 31 December 2017, total funds of Italian Recovery Fund were €2.48 billion (UniCredit stake 7.9%).

Constitution of an Irish asset management company

In July 2017, the subsidiary FinecoBank approved the start of the project to establish a new investment company under Irish law (Asset Management Company), wholly owned, dedicated to the management of UCITS (Collective Investment Savings Bodies).
The objective of the project is to further increase the competitiveness of FinecoBank through a vertically integrated business model, diversify and improve the offer that will be made up of UCITS with a strategy focused on the definition of strategic asset allocation and selection of the best international managers, in order to offer its customers a range of more efficient, more flexible and more driven solutions with respect to investment objectives and the risk/return profile.

Buddy Servizi molecolari

After having been approved on 6 July 2017 by the Board of Directors of UniCredit S.p.A., the merger by incorporation of Buddy Molecular Services into UniCredit it was finalised on 1 August 2017, while preserving the original objectives of the initiative by creating a channel dedicated to digital customers within UniCredit as a commercial bank.

Sale of F2i and FII (Fondo Italiano di Investimento) SGR S.p.A. funds

During 2017 were completed the sales of the units held by the UniCredit group in funds:
- F2i, with a positive impact on P&L of €87 million in the third quarter;
- FII, with a positive impact on P&L of €21 million in the fourth quarter.

Sale of pledge credit in Italy

In November 2017, UniCredit signed a binding agreement with Dorotheum (Austrian auction house with a history of more than 310 years) for the sale of pledge loans in Italy.
The transaction involves the payment by Dorotheum of a consideration of €141 million at closing, as well as a potential earn-out in favor of UniCredit of up to €10 million to be paid out after three years of the sale.
Dorotheum, primary operator in the pledge credit sector that with this operation will become the largest operator in Europe, intends to expand its activities in Italy, leveraging its international experience and the skills of current workers, in order to further develop the business and the sector.
The transaction is expected to close during the first half of 2018 by transferring the assets to a new financial company that will be held entirely by the purchaser. The transaction is subject to the usual conditions precedent including the authorisation by the Supervisory Authority.

Istituto Europeo di Oncologia S.r.l.

UniCredit , in the context of the Social Impact Banking programme aimed at improving the welfare of the communities in which UniCredit operates and financing projects that have positive impact on people, decided to support the initiative promoted by Mr. Leonardo Del Vecchio with the aim to realise a foundation that contributes at the development and the improvement of the Istituto Europeo di Oncologia S.r.l. ("IEO" - "non profit" clinical institute carrying out its activity in the research sector and oncology therapy).
In this context UniCredit transferred substantially its entire stake of 12.376% of IEO to Delfin H S.r.l., company that, after the Authority approval, will be transformed in the above foundation.

Sale of the investment in i-Faber S.p.A.

Following a broader review aimed at rationalising the Group's equity investments, as well as focusing on core business, in the last quarter of 2017 UniCredit signed a letter of intent for the sale of the entire investment held in i-Faber S.p.A. to a primary sector operator. In consideration of the advanced status of the negotiations and the forecast of the disposal completion within 12 months, the investment was classified among assets held for sale (IFRS5) at 31 December 2017.

Contract renegotiation with ES Shared Service Center S.p.A

ES Shared Service Center S.p.A. ("ES SSC") is a joint venture established in 2012 between UniCredit Business Integrated Solutions S.c.p.A. ("UBIS"), with a 49% stake, and Hewlett Packard Enterprise with the remaining 51% stake. The company is responsible for providing services in the Human Resources area for the companies of the UniCredit group in Italy and Austria through a 15-year outsourcing contract. In line with the new HR Transformation programme led by UniCredit HR Transformation & Operations Office, a considerable review of the relationship with the company was negotiated.

In particular, the renegotiation of the service contract for UBIS involves the inclusion of a termination for convenience clause, which will allow UBIS, starting from July 2018, to exit the current contractual relationship by the payment of a termination fee and waiver of the collecting the put option, currently existing, relating to the sale of the UBIS's share in ES SSC joint venture.

Other information on Group activities

"Cooperative compliance" scheme

On 21 July 2017 UniCredit and FinecoBank were the first banks in Italy to have been admitted to the cooperative compliance scheme pursuant to articles 3-7 of Legislative Decree 128/2015.

This important achievement has been reached thanks to the match of both the subjective and objective requirements, that means to have an effective system for identifying, measuring, managing and controlling tax risk in line with the "essential" requirements of the Tax Control Framework envisaged by law, Revenue Agency ordinances and by the OECD documents published on the subject.

This scheme, deemed to be effective as of 2016, the year in which the application was submitted, establishes a closer relationship of trust and cooperation with the Revenue Agency, helping to increase the level of certainty on significant tax issues under conditions of full transparency, through ongoing and prior discussions on situations likely to generate tax risks for UniCredit and FinecoBank.

Security breach

On 26 July 2017 UniCredit announced it has been the victim of a security breach in Italy due to unauthorised access through an Italian third party provider to Italian customer data related to personal loans only.

A first breach seems to have occurred in September and October 2016 and a second breach which has been identified in June and July 2017. Data of approximately 400,000 customers in Italy is assumed to have been impacted during these two periods. No data, such as passwords allowing access to customer accounts or allowing for unauthorised transactions, has been affected, whilst some other personal data and IBAN numbers might have been accessed.

UniCredit has carried out an audit and has informed all the relevant authorities. UniCredit else also filed a claim with the Milan Prosecutor's office. The bank has also taken immediate remedial action to close this breach.

Euromoney Cash Management Survey

Last September 2017 UniCredit communicated to have been ranked number one in Cash Management in 11 countries by the Euromoney Cash Management Survey 2017. The bank demonstrated its dominance and market leadership in Europe region with first-place rankings in Austria, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Italy, Romania, Serbia, Slovakia, and Turkey.

The 2017 Euromoney Cash Management Survey is the 16th annual survey of the leading providers of cash management products and services across the world. With responses this year from over 25,000 businesses and 2,500 financial institutions, the survey is the most authoritative and comprehensive ranking in the cash management industry.

UniCredit signed a memorandum of understanding with Société Générale Securities Services

On 23 November 2017 UniCredit and Société Générale Securities Services (SGSS) announced their intention to renew their strategic partnership on securities services. Both partners have signed a memorandum of understanding on the extension of the current service management agreement for an additional 7 years. The agreement, in place since September 2006, covers custody, settlement and market data management services.

The extension of this partnership marks a milestone in the relationship between UniCredit and Société Générale and supports the sustainable and long-term growth of both institutions.

Other information

UniCredit to strengthen and promote best in class corporate governance

Last 4 December 2017 UniCredit Shareholders approved the corporate governance amendments proposed by the Board of Directors. In particular:
- the granting the Board of Directors with the power to submit its own list of candidates for the Director's office and increase to two Directors selected from the second list receiving the highest votes;
- the elimination of the 5% limit for the exercise of the voting rights;
- the mandatory conversion of savings shares into ordinary shares;
- the transfer of the registered office from Rome to Milan.

Further details on UniCredit official website as well as, for what relating to share capital, to the paragraph “Capital Stregthening” of this Consolidated Report on Operations.

Renewal of the Bancassurance partnership with CNP Assurances

On December 20 2017, UniCredit S.p.A. and CNP Assurances SA announced the renewal of partnership in the life insurance business in Italy through the company CNP UniCredit Vita S.p.A., 57.5% held by CNP Assurances SA, 38.8% held by UniCredit S.p.A. and 3.7% held by BNP Paribas Cardif Vita Compagnia di Assicurazione e Riassicurazione S.p.A. (“Cardif”). With a duration of 7 years starting from 1 January 2018 (i.e. through 31 December 2024), the partnership takes the form of a shareholders’ pact among CNP Assurances SA, UniCredit S.p.A. and Cardif, supplemented by a distribution agreement between UniCredit S.p.A. and CNP UniCredit Vita S.p.A. The geographical perimeter remains unchanged compared to previous agreements, covering mainly Central and Southern Italy, including Sardinia and Sicily.

Organisational model

Significant organisational changes in 2017

On 21 September 2017, the Board of Directors approved a new organisational role: the Chief Lending Officer responsible for coordinating and managing all credit granting activities for UniCredit S.p.A.

Organisational structure

UniCredit group organisation reflects an organisational and business model that maintains a divisional structure for the governance of the Corporate Investment Banking business/products and the business in the CEE Countries, as well as overall control over the COO functions, by ensuring the autonomy of the Countries/Banks for specific activities, in order to guarantee increased proximity to the client and faster decision-making processes. Specifically:
- the **Chief Executive Officer (CEO)** maintain a direct supervision on the definition of Group Strategy, Risks Compliance, Human Resources, on the optimisation of structure costs and on the main operating activities;
- the **General Manager (GM)** is responsible for all the business activities (Retail, Corporate, Global CIB, Asset Gathering and relevant Countries where the Group is present) focusing on the ongoing development of clients services aiming to maximise the cross selling and leading the Group digital strategies, as well as defining the new service model of the Bank;
- the **Chief Operating Office (COO)**, position covered by two co-Heads (co-Chief Operating Officers) who lead the oversight of the operational machine with a specific focus on Costs and on IT & Operations; in particular the two co-Heads are respectively responsible for Finance & Cost Management and for IT & Operations, Security and Internal Controls;
- the **CIB Division**, position covered by two co-Heads directly reporting to General Manager, has a coverage role for the multinational customers ("Multinational"), for selected "Large corporate" clients with a strong potential demand for investment banking products, for the Financial and Institutional Groups (FIG) customers, “Global Family Office” and for the Global Lines "Global Transaction Banking (GTB)", "Global Financing & Advisory (F & A)", "Markets" and for internationalisation activities;
- the **CEE Division** coordinates the Group’s activities in the countries of Central and Eastern Europe, aligning them to a single comprehensive business vision in the area;
- **Group Institutional & Regulatory Affairs** is responsible for developing the relations with institutional counterparts of interest for Group activities and managing the relationship with European Banking Supervisory Authorities (e.g. EBA, ECB) and Banca d’Italia;
- as far as the Italian perimeter is concerned, the **co-Heads Italy**, directly reporting to General Manager, are responsible for the definition of the business strategies of the “commercial banking” and the assignment of such strategies to the territories and to the client segments (Family, First, Business First, Corporate and Private Banking);
- the functions called **Competence Lines** (Internal Audit, Planning, Finance & Administration, Risk Management, Legal, Compliance, and Identity & Communications, Human Capital) oversee the guidance, coordination and control of UniCredit group’s activities and manage the related risks.

Conversion of DTAs into tax credit

UniCredit S.p.A. closed 2016 financial year with a net loss of €11,460.1 million; so, the conditions for a new conversion of Deferred Tax Assets (DTA) into tax credits, pursuant to Art.2, paragraph 55, of Law Decree No.225 29 December 2010, were met.

The conversion was carried out by UniCredit S.p.A. for an amount of €2,859.3 million. At Group level also UniCredit Leasing S.p.A. converted an amount equal to €159.6 million.

In order to preserve for the future the regime of conversion of DTAs into tax credits, and in order to overcome the issues raised by the European Commission in connection to the application of State Aid rules, Art.11 of DL 3 May 2016 No.59 (so-called "Banks Decree", converted into Law 30 June 2016 No.119), introduced the possibility, starting from 2016 since 2030, to opt for the payment of an annual fee to the extent of 1.5% of an aggregate amount deriving from the difference between:

- the increase in convertible DTAs recognised at the end of the fiscal year and the convertible DTA existing as of 31 December 2007, for IRES tax, and as of 31 December 2012 for IRAP tax, taking into account the amounts already converted into tax credits;
- taxes:
  - IRES paid by tax group starting from 1 January 2008;
  - IRAP paid registered starting from 1 January 2013 by Legal Entities included in Tax Group with convertible DTAs;
  - substitute taxes that generated convertible DTAs.

The fee has been settled on the 28 June 2017 for an amount of €116.6 million for the whole Italian Tax Group, of which 111.8 million for UniCredit S.p.A. Considering the provisions of 2016, made accordingly the legislation in force at the date and equal to €127 million, a positive impact of approximately €10 million has been recorded in the income statement among Administrative costs: b) Other administrative expenses arising from the reversal of the above-said provision and the accounting of the amount paid.
For further details refer to Notes to the Consolidated Accounts - Part C - Section 11.

Certifications and other communications

With reference to the “Rules of Markets organised and managed by Borsa Italiana S.p.A.” dated 3 October 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 12 March 2010, as subsequently amended by Resolution No.17389 of 23 June 2010), it should be noted that:

a) according to the “Global policy for the management of transactions with persons in conflict of interest” adopted by the Board of Directors of UniCredit S.p.A. on 13 March 2017, and published on the website www.unicreditgroup.eu, during 2017 Bank’s Presidio Unico received a report of one transaction of greater importance ended in the period;

b) during 2017, no transactions with related parties as defined by article 2427, paragraph 22-bis of the Civil Code were conducted, under different conditions from normal market conditions and materially affecting the Group’s financial and economic situation;

c) during 2017, 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 Notes to the Consolidated Accounts - Part H of this document.

Subsequent events and Outlook

Subsequent events[6]

Pursuant to the obligations undertaken vis-a-vis its co-shareholders in UniCredit Bank Austria AG ("Bank Austria") and in Bank Austria itself, in the course of the demerger of the CEE Banking Business to UniCredit S.p.A. from Bank Austria to UniCredit S.p.A. that took place in 2016, on 19 January 2018 a pledge agreement and a related collateral management agreement were signed among UniCredit, Bank Austria and the Foundation of the City of Vienna AVZ. On the basis of these agreements, UniCredit pledged an amount of €3.9 billion of collateral to secure the obligations that Bank Austria has towards its pensioners.

On 22 January 2018 the Board of Directors of UniCredit informed that, following the expiry of the period for exercising the withdrawal right reserved to shareholders and relating to the elimination of the 5% limit for the exercise of the voting right, since the number of shares subject to withdrawal exceeded the limit, resolved to waive the stop-loss condition to which the effectiveness of the resolution was subject and therefore the resolution has become effective.
The No.6,304,964 withdrawing ordinary shares are offered on an option right basis to the shareholders, on the basis of a ratio of No.1 withdrawing ordinary share for each No.352 owned shares, during the option offer period from 23 January 2018 and until 21 February 2018.
Furthermore, with reference to mandatory conversion of savings shares in ordinary shares, in the same option offer period were offered on an option right basis to the savings shareholders with a ratio of No.1 withdrawing savings share for each No.14,851 owned savings shares.
For further detail see paragraph "Capital Strengthening" of this Consolidated report on operations.

UniCredit completed the final phase of Project Fino. Following the press release issued on 12 December 2017, announcing the binding agreements entered with funds and affiliates of Fortress Investment Group as well as with funds managed by King Street Capital management, L.P, UniCredit announced that the disposal of a portion of its retained exposure in Class B, C and D Notes issued by the vehicles Fino 1 Securitisation S.r.l. and Fino 2 Securitisation S.r.l. (the "Fino B-C-D Notes") has been settled.
In addition, further to previously disclosed information, UniCredit also announced the completion of the placement of the Senior Guaranteed Notes (the "Fino Senior Guaranteed Notes") issued by FINO 1 Securitisation S.r.l. vehicle (the "SPV") which benefit from the Garanzia sulle Cartolarizzazioni delle Sofferenze (GaCS) and has the highest rating assigned in Italy in the context of GaCS securitisation (A2 by Moody's and BBB (high) by DBRS).
The total amount issued by the SPV of Fino Senior Guaranteed Notes placed is €617.5 million at a price of 100.00 and coupon of 3 months Euribor +150bps, that represents the full senior tranche net of 5 per cent retention. The transaction was oversubscribed with settlement finalised on 25 January 2018.
A syndicate of banks composed of UniCredit together with HSBC, Natixis, Natwest, and Mediobanca supported in the placement process on the GaCS transaction. On FINO, Financial Arrangers to UniCredit were UniCredit Bank A.G. and Morgan Stanley. Mediobanca was Financial Arranger to Fortress.
The placement of the Fino Senior Guarantee Notes will be instrumental in the establishment of a liquid ABS market backed by Italian NPL exposures, as it is the first such tranche offered to investors.
With the settlement of the Fino B-C-D Notes and the placement of the Fino Senior Guaranteed Notes, UniCredit has successfully completed the second and final phase of Project Fino, resulting in the Bank's overall position in the Fino portfolio being below 20 per cent.
Thanks to these successful milestones, and as already communicated on 12 December 2017, UniCredit has notified the European Central Bank (the "ECB") of the intention to recognise the "Significant Risk Transfer" ("SRT") as of 31 March 2018. The necessary documentation is being finalised in accordance to regulation and procedures.
For additional information refer to the explanatory notes presented in Part E, at the bottom of Table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net amounts)".

On 1 February 2018 UniCredit signed a "Youth Plan" with Italian trade unions to employ roughly 550 young people with permanent contracts or apprenticeships. The "Youth Plan" foresees 1:1 re-hiring for any exit. These positions will be part of a generational turnover to meet operational and development needs, primarily in the Bank's commercial network.

6 Up to the date of approval by the Board of Directors' Meeting of 7 February 2018.

Outlook

In the second half of 2017, the global recovery has picked up further momentum, expanding at an annualised pace of about 3.5%. For the first time since the beginning of the recovery, the upturn is highly synchronised across the advanced and emerging world. Synchronised economic expansions tend to reinforce each other via positive spill-over effects and to be more durable and more robust against ad-hoc shocks or economic policy mistakes. The greatest degree of synchronisation in global growth is evident in business and consumer confidence, reaching multi-year highs in many countries. A continuation of the strong global growth is expected in 2018, global real GDP should grow by 3.9% in 2018, up from the 3.6% likely in 2017, with the US enjoying a short-term boost from tax cuts, the Eurozone retaining solid momentum and emerging economies in general benefitting from positive environment. Major central banks are likely to withdraw stimulus, but very gradually.

In the Eurozone, the economic recovery continues and is now broadening among sectors and countries. The latest economic indicators remain at high levels, confirming the expectation of robust growth in the second half of 2017, with an annualised real GDP growth that was likely above 2%. The broad-based recovery is likely to continue in 2018 with some slowdown in 2019 only. Consumption and investment are set to increasingly feed into each other generating further positive effects in 2018, while solid global growth provides a good buffer against a stronger Euro. In 2018, a broadly stable growth in the three largest Euro area countries is expected. In particular, after a slow start, growth has finally peaked also in Italy, showing annualised growth of 1.6% on average, fuelled by both external and domestic demand. Export has been accelerating, more than benefitting from the global demand growth, creating a very promising environment for businesses, with the latest manufacturing confidence indicators hitting at 2017 year end their highest level since 2011. No substantial change in global trade growth or to the ECB's monetary policy sets the premises for the maintenance in 2018 of the positive growth pace recorded this year. Regarding domestic demand, while we expect a moderate slowdown in private consumption, mainly due to a deceleration in real disposable income, the prospects appear to be more upbeat for fixed investment, where growth might accelerate in 2018. A continuation of the credit recovery is expected, despite a dichotomy between a sustained growth in loans to households, in line with that of the Eurozone average, and a very weak growth of loans to non-financial corporations. Accelerating economic activity might increasingly spill over to non-financial corporations lending growth, with positive feedbacks for the overall growth in Italy.

Inflationary pressure remains moderate in Eurozone, at around 1.5% on yearly basis. Core inflation seems to be on track for a slight increase to 1.0%. Energy prices are putting upward pressure on headline inflation, while food prices are pulling in the opposite direction. At its October meeting, the ECB recalibrated its Asset Purchase Program (APP), which was reduced to €30 billion from €60 billion per month, starting in January 2018 until September 2018 or further, if necessary. The Governing Council reiterated its readiness to increase the APP in terms of the size of purchases and/or the duration of the programme, if the outlook becomes less favourable, or if financial conditions become inconsistent with further progress towards a sustained adjustment in the path of inflation. The Governing Council also confirmed that the Euro-system would reinvest the principal payments from maturing securities purchased under the APP for an extended period of time after the end of its net asset purchases.

In 2018, the Group results should be sustained by a favourable macroeconomic environment, in line with the general recovery signs recorded in 2017.
The level of interest rates is expected to remain low throughout 2018 with implications on the dynamic of the net interest income.
After having successfully completed the Capital increase and the sale of subsidiaries (Pekao and Pioneer) to fulfil the first Pillar of Transform 2019 ("Strengthen and optimise Capital"), the Group confirms its commitment in pursuing the actions envisaged in the Strategic Plan, with particular attention to cost reduction and to de-risking and risk-monitoring.
In addition, Group results will continue to benefit from wide cross-selling synergies as well as geographical and product diversification, which should be further underpinned by the broad-based pick-up in the European macroeconomic environment.

Milan - 7 February 2018

THE BOARD OF DIRECTORS

CHAIRMAN
GIUSEPPE VITA

CEO
JEAN PIERRE MUSTIER

Corporate Governance

Governance organisational structure

Introduction

UniCredit's overall corporate governance framework, i.e. the system of rules and procedures that its corporate bodies refer to steer the principles of their behaviour and fulfil their various responsibilities towards the Group's stakeholders, has been defined in compliance with current legal provisions and the recommendations contained in the Corporate Governance Code for listed companies (hereinafter, also the "Code"). The Code, according to the major international markets' experience, identifies the corporate governance standards and best practices for listed companies recommended by the Italian Corporate Governance Committee, to be applied according to the "comply or explain" principle that requires the explanation in the corporate governance report of the reasons of failure to comply with one or more recommendations contained in its principles or criteria.
Moreover, UniCredit is subject to the provisions contained in the Supervisory Regulations issued by Banca d'Italia and, in detail, with regards to *corporate governance* issues, to the Supervisory Regulations on banks' corporate governance (Circular No.285/2013, Part I, Title IV, Chapter 1). In compliance with the aforementioned Supervisory Regulations UniCredit, as significant bank subject to the direct prudential supervision of the ECB, as well as a listed bank, is qualifiable as bank of a major size or operational complexity and consequently complies with the provisions applicable to such kind of bank.

Since 2001, UniCredit has adopted the Code which is available to the public on the Corporate Governance Committee website (http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015engclean.en.pdf).

UniCredit yearly draws up a corporate governance report meant for its shareholders, institutional and non-institutional investors and the market. The report supplies suitable information on the UniCredit own Corporate Governance system.

Consistently with the relevant legal and regulatory obligations, as well as in line with the provisions of the Code, in its latest edition approved in July 2015, the 2017 Report on corporate governance and ownership structure has been drafted in accordance with Section 123/bis of Legislative Decree No.58 dated 24 February 1998 (hereinafter, also the "TUF").

The Report on Corporate Governance and ownership structure approved by the Board of Directors (in the meeting held on 5 March 2018) is published at the same time as the Consolidated Report on Operations on the Issuer's website (https://www.unicreditgroup.eu/en/governance/governance-system-and-policies.html). For further information on the UniCredit Corporate Governance system please see the first of the above documents.

UniCredit, as issuer of shares also listed on the Frankfurt and Warsaw regulated markets, also fulfils the legal and regulatory obligations relating to listings on said markets as well as the provisions on corporate governance contained in the Polish Corporate Governance Code issued by the Warsaw Stock Exchange.

The information provided, unless otherwise specified, refers to the financial year 1 January/31 December 2017.

Since its establishment, UniCredit has adopted the so-called traditional management and control system.

The distinctive feature of this model is that the strategic supervision and the management of the company, the overseeing of its management and the legal accounting supervision are separated. In particular, the Board of Directors is solely responsible for the strategic supervision and the management of the Company, while the Board of Statutory Auditors is entrusted with supervising its management. Legal accounting supervision on the Company is assigned to an external audit firm by the Shareholders' Meeting on the basis of a proposal from the Board of Statutory Auditors, in compliance with relevant current laws.

The reasons behind the choice of such governance model are that it has proven capable of managing the business efficiently, while ensuring effective controls. That is, it creates the conditions for UniCredit S.p.A. to be able to guarantee the sound and prudent management of a complex and global banking group, such as the UniCredit Group.
Moreover, the traditional management ascribes certain aspects to the sole responsibility of the Shareholders' Meeting, creating in this way an opportunity for dialogue and debate between shareholders and management about the fundamental elements of governance. These include the appointment and dismissal of directors, the appointment of the Board of Statutory Auditors members, the granting of a mandate for the external auditing to an audit firm, the setting of the related remuneration, as well as the approval of the financial statements, the profit allocations, the resolutions on the remuneration and incentive policies and practices provided for by current provisions and the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office.

Shareholders' Meeting

The Ordinary Shareholders’ Meeting of UniCredit is convened at least once a year within 180 days of the end of the financial year, in order to resolve upon the issues that current laws and the Articles of Association make it responsible for. An Extraordinary Shareholders’ Meeting is convened, instead, whenever it is necessary to resolve upon any of the matters that are exclusively attributed to it by current laws.

The Agenda of the Shareholders’ Meeting is established pursuant to legal requirements and to the UniCredit Articles of Association by whoever exercises the power to call a Meeting.

The Ordinary Shareholders’ Meeting has adopted Regulations governing Ordinary and Extraordinary Meetings in a functional and regular way. The Regulations are available on the Governance/Shareholders Meeting Section of the UniCredit website.

Board of Directors

The Board of Directors of UniCredit may be comprised of between a minimum of 9 up to a maximum of 24 members. As at 5 March 2018, UniCredit has 17 Directors.

Their term in office is 3 financial years, unless a shorter term is established at the time they are appointed, and ends on the date of the Shareholders’ Meeting called upon to approve the financial statements relating to the latest year in which they were in office.

The term in office of the current Board of Directors, which was appointed by the Shareholders’ Meeting of 13 May 2015, will expire on the date of the Shareholders’ Meeting called upon to approve the 2017 financial statements.

UniCredit Directors shall be appointed, according to the current legal and regulatory provisions, on the basis of a proportional representation mechanism (“voto di lista”) abiding by the membership criteria concerning minority and independent Directors, apart from abiding by the rules on the balance between genders envisaged by Law No.120/2011, pursuant to the procedures specified in Clause 20 of the UniCredit Articles of Association. The legitimate parties who are entitled to submit lists are the Board of Directors and the shareholders, who individually or collectively with others represent at least 0.5% of share capital in the form of ordinary shares with voting rights at ordinary Shareholders’ Meetings.

The Board establishes its qualitative and quantitative composition deemed optimal for the effective completion of the duties and responsibilities entrusted to the board of directors by law, by the Supervisory Provisions and by the UniCredit Articles of Association, according to the current provisions of both laws and regulations, and more specifically to the Supervisory Regulations on banks’ corporate governance, also concerning limits on the aggregate number of directorships that UniCredit Directors may hold.

Moreover, Directors must take into account the provisions of Section 36 of Law Decree No.201/2011 (“ban on interlocking directorships”), approved as statute by Law No. 214/2011 which establishes that holders of a seat in managerial, supervisory and controlling bodies, as well as top management officers in companies or group of companies active in banking, insurance and financial markets are forbidden to hold, or to exercise, similar duties, in competing companies or groups of companies.
The function and competencies of the Board of Directors are set forth in the UniCredit Corporate Bodies Regulations. The Corporate Bodies Regulations are available on the Governance/Governance system & policies Section of the UniCredit website.

Independence of Directors

In compliance with the criteria established by Section 3 of the Code (which coincide with those envisaged by the UniCredit Articles of Association) and the provisions set out by Section 148 of the TUF, the Directors’ independence shall be assessed by the Board of Directors every time the Board is renewed, as well as on an annual basis and whenever a person is appointed as Director, on the basis of the information provided by the Director him/herself or, however, available to the Issuer. The outcome of the assessments of the Board shall be notified after the appointment, through a press release disclosed to the market and, subsequently, within the Corporate Governance Report.

With reference to the Board of Directors’ members in office as of the approval date of this document, the Corporate Governance, Nomination and Sustainability Committee and the Board of Directors, the latter at the annual verification carried out at its meeting on 6 July 2017, as well as at the verification of individual directors made on 9 February and 11 December 2017, carried out the assessment of the Directors’ independence requirements based on the statements made by the parties concerned and on the information available to the Company. In that regard, with special reference to the independence requirements indicated in the Code and the Articles of Association, information relating to the existence of direct or indirect relationships (credit relationships, significant offices held, employee relationships and business/professional relationships) of the Directors with UniCredit and Group Companies was taken into account.

Governance organisational structure

In order to assess the possible significance of the abovementioned relationships, the Board of Directors has decided not to proceed with merely identifying predefined economic targets, which if simply exceeded could automatically indicate that independence has been compromised. It is considered that such check requires an overall assessment of aspects which are equally subjective as well as objective. Therefore, for this purpose, the following criteria should be taken into account: (i) the nature and characteristics of the relationship; (ii) the amount in absolute and relative terms of the transactions; and (iii) the subjective profile of the relationship.

In particular, when assessing the significance of the relationship, the following information, if available, is considered by the Board:
- as far as credit relations are concerned, the amount in absolute value of the credit granted, its weighting in relation to the system and, where appropriate, the economic and financial situation of the borrower;
- as far as professional/commercial relations are concerned, the characteristics of the transaction/relationship, the amount of the consideration and, where appropriate, the economic and financial situation of the counterparty.

In both cases, the parties involved (Director or family member; UniCredit or Group Company) and, for relationships with companies/entities, the related kind of “connection" with the Director or the family member (post held/control participation) were taken into account.

As a result of such assessments, the number of independent Directors according to the provisions of the Code is equal to 12.

The outcome was the following:
- Independent Directors pursuant to the Articles of Association and Section 3 of the Code: Mr. Al Mehairi, Mr. Bisoni, Ms. Bochniarz, Ms. Böckenfeld, Mr. Caltagirone, Mr. Cordero di Montezemolo, Ms. Reichlin, Mr. Saccomanni, Ms. Streit, Ms. Vezzani, Mr. Wolfgring and Ms. Zambon;
- Independent Directors pursuant to Section 148 of the TUF: Mr. Vita, Mr. Calandra Buonaura, Mr. Al Mehairi, Mr. Balbinot, Mr. Bisoni; Ms. Bochniarz, Ms. Böckenfeld, Mr. Caltagirone, Mr. Cordero di Montezemolo, Ms. Reichlin, Mr. Saccomanni, Ms. Streit, Ms. Vezzani, Mr. Wolfgring, Mr. Wyand and Ms. Zambon.

According to the Code, the Board of Statutory Auditors, in its 16 February 2017, 19 July 2017 (annual verification) and 9 January 2018 meetings, ascertained, with a positive outcome, the proper application of the criteria and procedures adopted by the Board of Directors to assess the independence of its own members.

Status and activities of the Directors

In the following chart the information regarding the members of the Board of Directors in office at the approval date of this document is reported.

POSITION	MEMBERS	IN OFFICE		SLATE (M/m) (*)	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT AS PER ARTICLES OF ASSOCIATION AND CODE	INDEPENDENT AS PER TUF	BOARD MEETINGS ATTENDANCE % (**)	NUMBER OF OTHER POSITIONS (***)
		SINCE	UNTIL							
Chairman	Vita Giuseppe	05.13.2015	Approval of 2017 financial statements	m		X		X	100	1
Deputy Vice Chairman	Calandra Buonaura Vincenzo	05.13.2015	Approval of 2017 financial statements	m		X		X	100	--
CEO ◊	Mustier Jean Pierre	06.30.2016(1)	Approval of 2017 financial statements	--	X				100	--
Director	Al Mehairi Mohamed Hamad	10.15.2015(2)	Approval of 2017 financial statements	--		X	X	X	86.67	7
Director	Balbinot Sergio	06.09.2016(3)	Approval of 2017 financial statements	--		X		X	86.67	7
Director	Bisoni Cesare	05.13.2015	Approval of 2017 financial statements	m		X	X	X	93.33	--
Director	Bochniarz Henryka	05.13.2015	Approval of 2017 financial statements	m		X	X	X	93.33	2
Director	Böchenfeld Martha Dagmar	09.22.2016(4)	Approval of 2017 financial statements	--		X	X	X	80	7
Director	Caltagirone Alessandro	05.13.2015	Approval of 2017 financial statements	m		X	X	X	86.67	5
Director	Cordero di Montezemolo Luca	05.13.2015(5)	Approval of 2017 financial statements	m		X	X	X	100	4
Director	Reichlin Lucrezia	05.13.2015	Approval of 2017 financial statements	M		X	X	X	93.33	4
Director	Saccomanni Fabrizio	11.08.2017(6)	Approval of 2017 financial statements	--		X	X	X	100	--
Director	Streit Clara C.	05.13.2015	Approval of 2017 financial statements	m		X	X	X	80	4
Director	Vezzani Paola	05.13.2015	Approval of 2017 financial statements	m		X	X	X	100	--
Director	Wolfgring Alexander	05.13.2015	Approval of 2017 financial statements	m		X	X	X	100	3
Director	Wyand Anthony	05.13.2015	Approval of 2017 financial statements	m		X		X	93.33	2
Director	Zambon Elena	05.13.2015	Approval of 2017 financial statements	m		X	X	X	80	12
Directors that left off during the Period										
Director	Palenzona Fabrizio	05.13.2015(7)	Approval of 2017 financial statements	m		X		X	92.86	2
Quorum required for the submission of the slates for the latest appointment: 0.5%										
Number of meetings held during the financial year: 15										

Note:
(*) M = Member elected from the slate that obtained the majority of the Shareholders' votes;
m = Member elected from the slate voted by the minority;
(**) Number of meeting attended/number of meetings held during the concerned party's term of office with regard to the Period;
(***) Number of positions as Director or Auditor held in other companies listed on regulated markets (both in Italy and abroad), including financial services companies, banks, insurance companies or other large companies. There is a list of such companies for each Director attached to the Report on corporate governance and ownership structure.
◊ Director in charge of the internal controls and risks management system.

(1) Co-opted on 30 June 2016 in place of Mr. Manfred Bischoff and confirmed by the Shareholders' Meeting on 12 January 2017. Mr. Mustier as from 12 July 2016, has taken on the office as Chief Executive Officer, in place of Mr. Federico Ghizzoni, who at the same date stepped down from the Board of Directors.
(2) Co-opted on 15 October 2015 in place of Mr. Mohamed Badawy Al-Husseiny and confirmed by the Shareholders' Meeting on 14 April 2016.
(3) Co-opted on 9 June 2016 in place of Ms. Helga Jung and confirmed by the Shareholders' Meeting on 12 January 2017.
(4) Co-opted on 22 September 2016, bringing back the number of the Board of Directors members to the one resolved upon with the resolution taken by the Shareholders' Meeting of 13 May 2015; confirmed by the Shareholders' Meeting on 12 January 2017.
(5) Mr. Cordero di Montezemolo stepped down from his role as Vice Chairman on 20 April 2017.
(6) Co-opted on 8 November 2017 in place of Mr. Fabrizio Palenzona.
(7) Resigned effective as from 8 November 2017. Mr. Palenzona stepped down from his role as Vice Chairman on 1 March 2017.

Governance organisational structure

Committees of the Board of Directors

In order to foster an efficient information and advisory system to enable the Board of Directors better to assess the topics for which it is responsible, also pursuant to the provisions of the Code, the following four committees are established among Board members, vested with research, advisory and proposal-making powers diversified by sector of competence: the Internal Controls & Risks Committee, the Corporate Governance, Nomination and Sustainability Committee, the Remuneration Committee and the Related-Parties and Equity Investments Committee.

The Internal Controls & Risks Committee, the Corporate Governance, Nomination and Sustainability Committee and the Remuneration Committee have been set up in compliance with the provisions contained in Banca d'Italia Supervisory Regulations on banks' corporate governance envisaging 3 specialist committees, one on appointments, one on risks and one on remuneration, while the Related-Parties and Equity Investments Committee, established for overseeing issues concerning transactions with related-parties and with associated parties, as well as issues concerning investments in non-financial equities, has been set up in compliance with CONSOB regulatory provisions and the Banca d'Italia Supervisory Regulations.
The committee on appointments also supervises the sustainability issues linked to the activity exercised by UniCredit and to the dynamics of the interactions of the latter with all the stakeholders.

As regards the above specialist committees on appointments, on risks and on remuneration, none of the functions of one or more Board Committees envisaged by the Code has been reserved to the Board of Directors. Moreover, none of the abovementioned Committees, per se, performs the multiple functions of two or more committees as envisaged by the Code. The Committee functions have not been allocated amongst the various Committees in a different manner vis-à-vis the provisions of the Code.

The Committees may operate according to the procedures considered appropriate and may inter alia split into Sub-Committees.

The Board Committees' composition, functions and competencies are set forth in the Corporate Bodies Regulations.

Internal Controls & Risks Committee

The Internal Controls & Risks Committee is comprised of 9 Directors, all non-executive and the majority of whom are independent pursuant to the Corporate Governance Code and the Articles of Association. All members of the Committee, in its current composition, are independent pursuant to Section 148, paragraph 3, of the TUF. The majority of the members (6 out of 9) also meet the independence requirements prescribed by the Code, which coincide with those envisaged by the UniCredit Articles of Association. The Chairman of the Committee is independent pursuant to Section 148, paragraph 3, of the TUF and to the Code. The work of the Committee is coordinated by the Chairman, chosen from the independent members. The Chairman of the Board of Directors is member by right.
Under the Corporate Bodies Regulations, the Committee members must have the knowledge, skills and experience to be able to fully understand and monitor the bank's strategies and risk appetite; furthermore, at least one member must possess appropriate experience in accounting and finance or risk management, which must be assessed by the Board of Directors at such time as they are appointed to the Committee.

The members of the Internal Controls & Risks Committee must also ensure that any other corporate positions they hold with other companies are compatible with the availability and commitment required of them to serve as a Committee member.

The composition of the Committee as at the approval date of this document is the following: Mr. Giuseppe Vita (member by right as Chairman of the Board of Directors); Mr. Alexander Wolfgring (Chairman), Mr. Vincenzo Calandra Buonaura, Mr. Cesare Bisoni, Ms. Lucrezia Reichlin, Mr. Fabrizio Saccomanni, Ms. Clara C. Streit, Ms. Paola Vezzani and Mr. Anthony Wyand.

The Committee meetings are as a rule convened once every month by the Chairman, or upon request of at least 2 members or 2 Statutory Auditors.

The Chairman of the Board of Statutory Auditors and the other Statutory Auditors attend the Committee meetings; in addition, the CEO, the General Manager, the Head of the Internal Audit function, the Group Compliance Officer, the Group Chief Risk Officer, the Manager in charge of drafting the company financial reports, and the Board Secretary take part in the meetings as permanent guests.

The Corporate Bodies Regulations also establish that the Vice Chairmen of the Board of Directors may attend the Committee meetings as guests, unless they are already members of the Committee.

The External Auditors may also be invited to attend.

In 2017, the Committee held 12 meetings.

Duties

The Committee supports the Board of Directors on risk and internal audit-related systems.

Among other things, the Committee:

a) Drawing on input from the Corporate Governance, Nomination and Sustainability Committee, identifies and proposes to the Board who should be appointed Head of Group Compliance, Internal Audit and Group Risk Management; issues its opinion on setting remuneration for the Head of Internal Audit in line with company policy;
b) In advance, examines activity programmes (including the audit plan) and annual reports from Group Compliance, Internal Audit and Group Risk Management destined for the Board, as well as periodical reports prepared by these functions above and beyond legal or regulatory requirements;
c) Evaluates and issues opinions to the Board on compliance with the principles pursuant to which the internal audit and corporate organisations system must be harmonised, and the requirements that must be complied with by the Group Compliance, Internal Audit and Group Risk Management functions, drawing the Board's attention to any weaknesses and consequent corrective actions to be implemented; for this purpose, it assesses proposals put forward by the CEO;
d) Through valuations and opinions, contributes to defining company policy on the outsourcing of the internal control functions;
e) Verifies that the Group Compliance, Internal Audit and Group Risk Management functions correctly comply with the Board's indications and guidelines, assisting the Board in drafting the coordination documents envisaged under Circular No.285 issued by Banca d'Italia;
f) Examines and assesses the correct use of accounting principles and their uniformity with regard to drafting the main accounting documents (such as, by way of example, operating and consolidated financial statements, interim operating reports), for this purpose coordinating with the manager in charge of drafting company's accounting documents and the Board of Statutory Auditors;
g) Examines the work carried out by the Group external auditor and the results stated in their reports and any letters and suggestions;
h) Assesses any findings that may emerge in reports from Internal Audit and Group Compliance, or from the Board of Statutory Auditors and Group companies or from enquiries and/or investigations carried out by third parties;
i) May seek specific audit interventions, at such time informing the Chairman of the Board of Statutory Auditors;
j) Analyses Group guidelines for the Group Compliance function that fall within its sphere of competence, monitoring that they have been adopted and implemented;
k) Requests that the Head of Internal Audit draft any proposals for the qualitative and quantitative improvement of the function itself.

With a special focus on risk management and control-related issues, the Committee offers a support function to the Board of Directors in:

- Defining and approving strategic orientations and risk governance policies with special reference to risk appetite and risk tolerance. For this purpose, it also examines the annual budget drafting guidelines;
- Verifying that risk strategies, governance policies and the Risk Appetite Framework (RAF) have correctly been implemented;
- Defining policies and processes for evaluating corporate activities, including verification that the price and conditions of client operations comply with the risk-related business model and strategies.

Without prejudice to the competencies of the Remuneration Committee, the Committee checks that the incentives underlying the remuneration and incentives system comply with the RAF, particularly taking into account risks, capital and liquidity.

The Chairman of the Committee reports to the Board of Directors at its first available meeting on the activities carried out during the committee meetings. Moreover, the Committee reports to the Board of Directors on the status and effectiveness of the Group's internal controls system.

Related-Parties and Equity Investments Committee

The Related-Parties and Equity Investments Committee shall comprise 3 Directors having the requisites of independence as defined by the Code and shall appoint a Chairman from among them.

The Related-Parties and Equity Investments Committee shall be called by its Chairman whenever deemed necessary. The Chairman of the Committee reports to the Board of Directors at its first available meeting on the activities carried out during the committee meetings.

The composition of the Committee as at the approval date of this document is the following: Mr. Cesare Bisoni (Chairman), Ms. Lucrezia Reichlin and Ms. Paola Vezzani.

In 2017 the Committee held 13 meetings.

Governance organisational structure

Duties

The Committee operates on a consultative and proposition-making basis. The Committee oversees issues concerning transactions with related parties pursuant to CONSOB Regulation No.17221/2010 and transactions with associated parties pursuant to Banca d'Italia Circular No.263/2006 (Title V, Chapter 5), as well as issues concerning investments in non-financial equities pursuant to Banca d'Italia Circular No.285/2013 (Third Part, Chapter 1), within the limitations of the role attributed to independent directors by the aforementioned provisions.

As far as transactions with related and associated parties are concerned, the Committee:

- issues advance and justified opinions, also binding, in view of the Board resolution, on the overall adequacy of internal procedures governing the identification and management of transactions with related parties and/or associated parties undertaken by UniCredit and/or Group companies, as well as relevant amendments, pursuant to CONSOB Regulation for transactions with related parties, Banca d'Italia Regulation for transaction with associated parties and Section 136 of Legislative Decree No.385/1993 for transactions with corporate officers;
- issues advance and justified opinions as expressly envisaged, including any interest in completing transactions with related parties and/or associated parties undertaken by UniCredit and/or Group companies, as well as on the convenience and substantive propriety of the conditions associated;
- in the case expressly envisaged of the transactions with related parties and/or associated parties undertaken by UniCredit and/or Group companies, the Committee is involved, if deemed necessary through one or more delegated members, already during the negotiations stage and during due diligence, receiving a full and timely flow of information, and including the power to request information and make comments to the delegated bodies and parties assigned to perform the negotiations or due diligence;
- expresses its opinion, on the basis of the information made available by the competent office of the Bank, about significant topics concerning the Group *Perimetro Unico* on related and associated parties.

The Committee works with an assurance that constant monitoring takes place of transactions envisaged by the procedures for the identification and management of transactions with related parties and/or associated parties, including for the purpose of enabling it to propose any corrective actions.

As regards investments in non-financial equities, the Committee acts in an assessment, support and proposition-making role with regard to organising and enacting internal controls on overall activities of making and managing equity investments in non-financial companies, in addition to overall verification of compliance within the sphere of these equity investments in terms of strategic and operational guidelines.

a) <u>Temporary replacement in cases of conflict of interest</u>

For each individual transaction, Committee members must not be associated with the counterparty, its associated parties and/or entities associated with it.

If a Committee member is a counterparty in the transaction under examination (or is related/associated with the counterparty), he/she must promptly inform the Chairman of the Board of Directors and the Committee Chairman (if he/she is not in conflict), and abstain from attending further Committee proceedings with regard to the transaction in which the relationship exists. Having consulted with the Committee Chairman (if he/she is not in conflict), the Chairman of the Board of Directors shall immediately take steps to replace the member who has this conflict of interest with another member from the Board of Directors who qualifies as independent pursuant to the Corporate Governance Code, after contacting them beforehand, in order to restore the Committee to three non-related and non-associated independent directors.

b) <u>Temporary replacement of members who are not available in the event of urgent convocation</u>

For transactions for which completion is urgent that require intervention from the Related-Parties and Equity Investments Committee during negotiations and due diligence and/or in the opinions phase, having acknowledged this urgency and noted that the majority or all members are unable to meet and in any event carry out the required activity within the deadline for concluding the transaction, the Committee Chairman shall promptly inform the Chairman of the Board of Directors of this situation.

In any event, this must be communicated no later than the day after the day on which the Committee Chairman was informed that the majority or all Committee members were not available.

Having consulted the CEO for his/her assessment that the transaction cannot be delayed, the Chairman of the Board of Directors immediately takes steps to find three directors to sit on the Committee and follow the process envisaged for temporary substitutions in cases of conflict of interest.

As regards sections a) and b) above, it should be noted that:
- replacements must be provided with all available information in good time before the meeting at which the Committee is due to express its opinion on the transaction;
- replacements undertake the duties allocated to them until the conclusion of the decision-making process on the transaction for which they were involved, and remain involved in the decisions taken by the Committee.

Corporate Governance, Nomination and Sustainability Committee

The Corporate Governance, Nomination and Sustainability Committee is comprised of 7 Directors, all non-executive and the majority of whom are independent pursuant to the Corporate Governance Code and the Articles of Association. The work of the Committee is coordinated by the Chairman, chosen from the independent members. The Chairman of the Board is member by right.

Committee meetings shall be scheduled on a monthly basis. The Chairman of the Committee reports to the Board of Directors at its first available meeting on the activities carried out during the committee meetings.

The composition of the Committee as at the approval date of this document is the following: Mr. Giuseppe Vita (member by right as Chairman of the Board of Directors); Mr. Luca Cordero di Montezemolo (Chairman), Mr. Vincenzo Calandra Buonaura, Mr. Alessandro Caltagirone, Mr. Fabrizio Saccomanni, Ms. Clara C. Streit and Ms. Elena Zambon.

In 2017, the Committee held 13 meetings.

Duties

The Corporate Governance, Nomination and Sustainability Committee provides opinions to Board, amongst other issues on:
a) defining the UniCredit corporate governance system, corporate structure and Group governance models and guidelines;
b) defining the self-assessment process, the qualitative and quantitative composition of the Board deemed to be optimal, and the maximum number of posts held at other companies considered compatible with effectively fulfilling these roles at UniCredit;
c) verifying that UniCredit Directors meet the statutory and Articles of Association-based requirements (including requirements on interlocking directorates envisaged under applicable law), and verifying the correspondence between the qualitative and quantitative composition of the Board considered optimal and the outcome downstream from the appointments process;
d) appointing the CEO, General Manager, Deputy General Managers and other directors with strategic responsibilities, as well as Senior Executive Vice Presidents;
e) defining policy on the appointment and succession plan for the CEO, General Manager, Deputy General Managers and other directors with strategic responsibilities, Senior Executive Vice Presidents, Group Management Team (Executive Vice Presidents) and Leadership Team (Senior Vice Presidents);
f) defining policy for the appointment of corporate officers (members of the Boards of Directors, Boards of Statutory Auditors and Supervisory Boards) at Group companies;
g) designating corporate officers (members of the Boards of Directors, Boards of Statutory Auditors and Supervisory Boards) at the main companies (UniCredit Bank AG, UniCredit Bank Austria, Fineco Bank, Mediobanca, Associazione Bancaria Italiana, UniCredit Foundation and UniCredit & Universities);
h) identifying candidates for the post of UniCredit Director in the case of co-optation, and, in case the Board should present a list of candidates for the position of independent Director for submission to the UniCredit Shareholders' Meeting, taking into account any indications from shareholders;
i) appointing members to the other Board Committees.

Furthermore, the Committee:
- Sets targets for the least-well represented gender, and prepares a plan to increase this proportion up to a set target;
- Prepares proposals for the Board of Directors on the selection of staff appointed to conduct the Board's self-assessment process;
- Provides support, coordinating with the Internal Controls & Risks Committee, in order to propose to the Board of Directors who should be appointed as the Head of Internal Audit, Group Compliance and Group Risk Management;
- Undertakes research to help the Board of Directors prepare a succession plan for executive directors.

The Committee further supervises the sustainability issues linked to the activity exercised by UniCredit and to the dynamics of the interactions of the latter with all the stakeholders. Within this scope, in particular, the Committee:
- in advance, examines the yearly Integrated Report to be submitted for approval to the Board of Directors;
- makes proposals with regard to the Group environmental and social strategy, annual objectives and targets to reach, monitoring over time that they have been implemented;
- supervises the sustainability evolution also in light of the international guidelines and principles on the subject, monitoring the Group position.

Governance organisational structure

Remuneration Committee

The Remuneration Committee is comprised of 5 Directors, all non-executive and the majority of whom are independent pursuant to the Corporate Governance Code and the Articles of Association. The work of the Committee is coordinated by the Chairman, chosen from the independent members. The Chairman of the Board of Directors is member by right.

The Corporate Bodies Regulations provide for at least one member of the Committee to have adequate knowledge and experience in finance or remuneration policies for the Board of Directors, to be assessed at such time as he/her is appointed to the Committee.

Committee meetings shall be scheduled on a quarterly basis. The Chairman of the Committee reports to the Board of Directors at its first available meeting on the activities carried out during the committee meetings.

In order that the incentive contained in the compensation and incentive schemes are consistent with the Bank's risk, capital and liquidity management, the Committee may avail itself of experts, even external experts, on such matters.

The Group Chief Risk Officer is invited to attend Committee meetings to ensure that incentive schemes are appropriately updated to take into account all of the risks that the Bank has taken on, pursuant to methodologies that comply with the methodologies adopted by the Bank in managing risk for regulatory and internal purposes.

The Chairman of the Board of Statutory Auditors or another Auditor designated by the Chairman may also attend meetings, as indeed may other Auditors.

The composition of the Committee as at the approval date of this document is the following: Mr. Giuseppe Vita (member by right as Chairman of the Board of Directors); Mr. Alessandro Caltagirone (Chairman), Ms. Henryka Bochniarz, Mr. Alexander Wolfgring and Mr. Anthony Wyand.

In 2017, the Committee held 8 meetings.

Duties

Among other things, the Committee:
- Formulates proposals to the Board on remuneration of members of the Board of Directors, the General Manager, Deputy General Managers, the Heads of corporate control functions and the personnel whose remuneration and incentive systems are decided upon by the Board;
- With regard to the CEO's earnings, serves in an advisory capacity in terms of setting the performance targets associated with thevariable portion of the CEO's remuneration;
- Acts in an advisory capacity on setting criteria for remunerating the most significant employees, as identified pursuant to applicable Banca d'Italia provisions.

The Committee further issues opinions to the Board on:
a) The remuneration policy for Senior Executive Vice Presidents, the Group Management Team (Executive Vice Presidents) and the Leadership Team (Senior Vice Presidents);
b) Approves Group incentive schemes based on financial instruments;
c) Remuneration policy for corporate officers (members of Boards of Directors, Boards of Statutory Auditors and Supervisory Boards) at Group companies.

Members of the Committee regarding whom the Committee is called upon to express its opinion on their remuneration as a result of their specific assignments shall not attend meetings at which the proposal for such remuneration is calculated.

Furthermore, the Committee:
- Directly supervises the correct application of rules regarding the remuneration of the Heads of internal control functions, working closely with the Board of Statutory Auditors;
- Works with the other committees, particularly the Internal Controls & Risks Committee in relation to the tasks assigned to the same with regard to the verification that the incentive contained in the compensation and incentive schemes are consistent with the RAF, ensuring the involvement of the corporate functions responsible for drawing up and controlling remuneration and incentive policies and practices;
- Provides appropriate feedback on its operations to the Board of Directors, Board of Statutory Auditors and the Shareholders' Meeting;
- Where necessary drawing on information received from relevant corporate functions, expresses an opinion on the achievement of the performance targets associated with incentive schemes, and on the checking of the other conditions set for bonus payments.

Board Committees

				INTERNAL CONTROLS & RISKS COMMITTEE		REMUNERATION COMMITTEE		CORPORATE GOVERNANCE, NOMINATION AND SUSTAINABILITY COMMITTEE		RELATED-PARTIES AND EQUITY INVESTMENTS COMMITTEE	
MEMBERS	**EXEC.**	**NON EXEC.**	**INDEP. AS PER ARTICLES OF ASSOCIATION AND CODE**	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Vita Giuseppe		X		M	100%	M	100%	M	100%		
Calandra Buonaura Vincenzo		X		M	91.67%			M	92.31%		
Mustier Jean Pierre	X										
Al Mehairi Mohamed Hamad		X	X								
Balbinot Sergio		X									
Bisoni Cesare		X	X	M	100%					C	100%
Bochniarz Henryka		X	X			M	100%				
Böchenfeld Martha Dagmar		X	X								
Caltagirone Alessandro		X	X			C	87.50%	M	76.92%		
Cordero di Montezemolo Luca		X	X					C	100%		
Reichlin Lucrezia		X	X	M	75%					M	84.62%
Saccomanni Fabrizio		X	X	M(1)	--			M(1)	--		
Streit Clara C.		X	X	M	83.33%			M	100%		
Vezzani Paola		X	X	M	100%					M	100%
Wolfgring Alexander		X	X	C	100%	M	100%				
Wyand Anthony		X		M	91.67%	M	100%				
Zambon Elena		X	X					M	84.62%		
----- Members that left off during the Period -----											
Palenzona Fabrizio		X		M(2)	72.73%			M(2)	90.91%		
No. of meetings held during the financial year				***IC&RC: 12***		***RC: 8***		***CGN&S: 13***		***RP&EIC: 13***	

Notes:
(*) A "C" (Chairman) or an "M" (Member) in this column shows that the member of the Board of Directors belongs to the Committee and also indicates his/her position.
(**) Meetings' attendance percentage (number of meetings attended/number of meetings held during the concerned party's term of office with regard to the Period).

(1) Office held since 11 December 2017. No meeting was held during the term of office of Mr. Saccomanni.
(2) Office held until 8 November 2017.

Board of Statutory Auditors

Pursuant to the UniCredit Articles of Association, the Ordinary Shareholders' Meeting appoints 5 permanent Statutory Auditors, among whom the Chairman, and 4 substitute Statutory Auditors. Both the permanent and substitute Statutory Auditors may be re-elected.

Permanent and substitute members of the Board of Statutory Auditors are appointed on the basis of a proportional representation mechanism ("voto di lista") in abidance by the composition criteria regarding the appointment of the Chairman of the Board by the minority shareholders and according to the rules on the balance of genders envisaged by Law No.120/2011, as established by the UniCredit Articles of Association, and in compliance with current legal provisions. In detail, the candidate who has obtained the highest share of votes among the candidates belonging to the slate that obtained the highest number of votes among the minority slates, as defined by current provisions (also regulatory) in force, shall be selected by the Shareholders' Meeting as Chairman of the Board of Statutory Auditors.

Their term in office is three financial years and ends on the date of the Shareholders' Meeting called upon to approve the financial statements for the third year of office.

Members of the Board of Statutory Auditors shall meet the professional experience, integrity and independence requirements laid down by law and they can hold administrative and control appointments with other companies within the limits set by current laws and regulations.

The Shareholders' Meeting of 14 April 2016, appointed the permanent and substitute Statutory Auditors for the 2016 - 2018 financial years, with term of office until the date of the Shareholders' Meeting called upon to approve the 2018 financial statements.

Governance organisational structure

In the following chart the information regarding the members of the Board of Statutory Auditors in office at the approval date of this document is reported.

Statutory Auditors

POSITION	MEMBERS	IN OFFICE SINCE	IN OFFICE UNTIL	SLATE (M/m) (*)	INDEPENDENT AS PER CODE	% (**)	NUMBER OF OTHERS POSITIONS (***)
Chairman	Singer Pierpaolo	04.14.2016	Approval of 2018 financial statements	m	X	100%	--
Permanent Statutory Auditor	Bonissoni Angelo	04.14.2016	Approval of 2018 financial statements	M	X	92.50%	--
Permanent Statutory Auditor	Navarra Benedetta	04.14.2016	Approval of 2018 financial statements	M	X	97.50%	2
Permanent Statutory Auditor	Paolucci Guido(1)	12.04.2017	Approval of 2018 financial statements	M	X	96.15%	--
Permanent Statutory Auditor	Bientinesi Antonella(2)	12.04.2017	Approval of 2018 financial statements	m	X	100%	1
Substitute Statutory Auditor	Manes Paola	04.14.2016	Approval of 2018 financial statements	M	X		--
Substitute Statutory Auditor	Talamonti Maria	04.14.2016	Approval of 2018 financial statements	m	X		2
Substitute Statutory Auditor	Pagani Raffaella(3)	12.04.2017	Approval of 2018 financial statements	--	X		3
Substitute Statutory Auditor	Amato Myriam(3)	12.04.2017	Approval of 2018 financial statements	--	X		1
Statutory Auditors that left off during the Period							
Permanent Statutory Auditor	Laghi Enrico	04.14.2016	05.02.2017	M	X	42.86%	2
Permanent Statutory Auditor	Spinardi Maria Enrica	04.14.2016	10.26.2017	m	X	100%	1
Quorum required for the submission of the slates for the latest appointment: 0.5%							
Number of meetings held during the financial year: 40							

Notes:
(*) M = Member elected from the slate obtaining the majority of the Shareholders' votes;
m = Member elected from the slate voted by a minority.
(**) Meetings' attendance percentage (number of meetings attended/number of meetings held during the concerned party's term of office with regard to the Period).
(***) Number of positions as Director or Auditor held by the concerned party pursuant to Section 148/bis of the TUF. A complete list of such positions is published by the CONSOB on its website pursuant to Section 144-quinquiesdecies of the CONSOB Issuers Rules.

(1) He took office under Article 2401 of the Italian Civil Code in replacement of Mr. Enrico Laghi who resigned on 2 May 2017 and was appointed as Statutory Auditor by the Shareholders' Meeting held on 4 December 2017.
(2) She took office under Article 2401 of the Italian Civil Code in replacement of Ms. Maria Enrica Spinardi who resigned on 26 October 2017 and was appointed as Statutory Auditor by the Shareholders' Meeting held on 4 December 2017.
(3) Appointed by the Shareholders' Meeting held on 4 December 2017.

Major Shareholders

On the basis of the results from the Shareholders Register, completed with the communications received according to Section 120 of the TUF and other information known to the Company, updated to 31 December 2017, UniCredit major shareholders (shareholders owning more than 3%) were as follows:

DECLARANT	DIRECT SHAREHOLDER	% OF ORDINARY CAPITAL	% OF VOTING CAPITAL
Capital Research and Management Company	**Capital Research and Management Company**	**5.072%**	**5.072%**
Mubadala Investment Company PJSC	**Aabar Luxembourg S.a.r.l.**	**5.038%**	**5.038%**

According to the communications received pursuant to current provisions, the above shareholders hold significant shareholdings that exceed 3%, not falling within the disclosure exemptions (Section 119/bis of the Consob Regulation No.11971/99).

SHARE CAPITAL (AS AT 31 DECEMBER 2017)	SHARES	EURO
Total shares	2,225,945,295	20,880,549,801.81
Ordinary shares	2,225,692,806	20,878,181,320.81
Savings shares	252.490	2,368,481.00

On 4 December 2017 the UniCredit Shareholders' Meeting in its extraordinary session approved the mandatory conversion of the outstanding 252,489 savings shares into ordinary shares of the Company with regular economic rights and having the same features of the ordinary shares outstanding at the date of the transaction. The same decision was taken on the same date by the Special Meeting of Savings Shareholders called to approve the before mentioned conversion pursuant to Section 146, paragraph 1, lett. b) of the TUF. At the approval date of this document the mandatory conversion process into ordinary shares is underway at a conversion ratio of no. 3.82 ordinary shares for each savings share.

Participation Rights

Eligible to attend Shareholders' Meetings are those who hold voting rights and in respect of whom the Company has received, from the broker holding the relevant securities account, the notification within the deadline set forth by applicable law (record date, i.e. seven market trading days before the Shareholders' Meeting date).

Those who hold voting rights may arrange to be represented in the Shareholders' Meeting, in compliance with the provisions of the prevailing law.

UniCredit has always encouraged its shareholders to exercise their participation and voting rights and; for that reason, some time ago it adopted the Regulations governing Shareholders' Meetings to ensure their regular conduct. Said Regulations are available on UniCredit website on the Governance/Shareholders' Meeting Section.

Senior Executive Management Team

JEAN PIERRE MUSTIER

Chief Executive Officer

GIANNI FRANCO PAPA

General Manager

Senior Executive Vice Presidents

GIANPAOLO ALESSANDRO

Head of Group Legal Secretary of the BoD

CARLO APPETITI

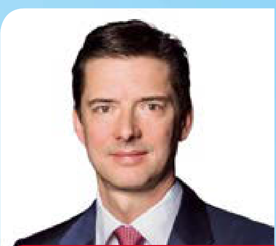
Group Compliance Officer

MIRKO BIANCHI**

Group Chief Financial Officer

GIANFRANCO BISAGNI

Co-Head of CIB Division



MARCO BIZZOZERO**

Head of Group Wealth Management

ANDREA CASINI

Co-Head Italy

PAOLO CORNETTA

Head of Group Human Capital

SERENELLA DE CANDIA*

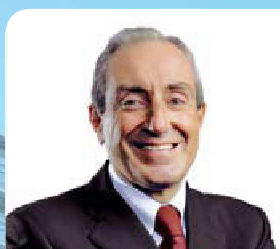
Head of Internal Audit

RANIERI DE MARCHIS

Co-Chief Operating Officer

MICHAEL DIEDERICH

Country Chairman Germany



ALESSANDRO FOTI

Head of Asset Gathering

FRANCESCO GIORDANO

Co-Chief Operating Officer

OLIVIER KHAYAT

Co-Head of CIB Division

TJ LIM

Group Chief Risk Officer

GIOVANNI RONCA

Co-Head Italy

ANDREA UMBERTO VARESE

Chief Lending Officer

CARLO VIVALDI

Head of CEE Division

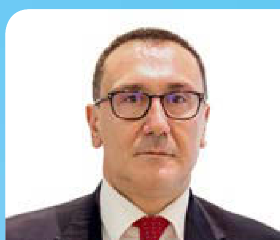
ROBERT ZADRAZIL

Country Chairman Austria

Executive Vice Presidents

MAURIZIO BERETTA**

Head of Group Institutional Affairs



AURELIO MACCARIO**

Head of Group Regulatory Affairs

ANDREA FRANCESCO MAFFEZZONI**

Head of Strategy and M&A

* Not EMC Member
** EMC Permanent Guests

Group Management Team

List of other members of Group Management Team*

EXECUTIVE
VICE PRESIDENT

CENTRAL EASTERN EUROPE
Mikhail Alekseev
Chief Executive Officer - Russia

Graziano Cameli
General Manager - Russia

Claudio Cesario
General Manager - Croatia

Marco Cravario
General Manager - Romania

Andrea Diamanti
Head of CEE CIB

Levon Hampartzoumian
Chief Executive Officer - Bulgaria

Marco Iannaccone
General Manager - Hungary

Paolo Iannone
General Manager - Czech Republic

Jiri Kunert
Chief Executive Officer - Czech Republic

Enrico Maria Minniti
General Manager - Bulgaria

Mihaly Patai
Chief Executive Officer - Hungary

Rasvan Radu
Chief Executive Officer - Romania

Luca Rubaga
Head of CEE CIO & CSO

Niccolò Ubertalli
General Manager - Turkey

Arcangelo Michele Vassallo
Head of CEE Bank Assurance

Ivan Vlaho
Head of CEE Retail

Miljenko Zivaljic
Chief Executive Officer - Croatia

CORPORATE & INVESTMENT BANKING
Giuseppe Aquaro
Head of CIB Business and Process Transformation

Richard Burton
Co-Head Global F&A

Jan Kupfer
Co-Head Global Transaction Banking (GTB)

Guy Laffineur
Head of Markets & Research

Andreas Mayer
Co-Head Global F&A

Patrick Soulard
Country Head France

COUNTRY AUSTRIA – UNICREDIT BANK AUSTRIA AG
Romeo Collina
Deputy Chief Executive Officer/Chief Operating Officer

Dieter Hengl
Head of CIB Austria

Juergen Kullnigg
Chief Risk Officer

Doris Tomanek
Head of HR Austria

COUNTRY GERMANY – UNICREDIT BANK AG
Sandra Betocchi
Head of GBS (Coo)

Diego Biondo
Head of SRM CIB & Large Commercial Banking Credits

Bernhard Brinker
Head of Private Banking (Private Clients Bank)

Peter Buschbeck
Head of Privatkunden (Privat Clients) Bank

Emanuele Buttà
Head of Retail Banking Sales (Privatkunden)

Ljiljana Cortan
Chief Risk Officer

Joachim Dobrikat
Head of Accounting, Shareholding & Regulatory Reporting

Andreas Frueh
Head of Legal, Corporate Affairs & Documentation Germany

Angelika Plauk
Head of Audit Management

Robert Schindler
Head of Unternehmer (Corporate) Bank

Guglielmo Zadra
Chief Financial Officer

FINECOBANK
Mauro Albanese
Head of PFA Network

Paolo Di Grazia
Deputy GM - Head of Global Business

Carlo Giausa
Head of Investment and Private Banking Services

Fabio Milanesi
Deputy GM - Head of GBS

Lorena Pelliciari
Chief Financial Officer

ITALY
Giovanni Forestiero
Regional Manager Centro

Stefano Giorgini
CEO UniCredit Subito Casa

Elena Goitini
Regional Manager Sud

Lucio Izzi
Head of Corporate Sales & Marketing

Paolo Langé
CEO Cordusio Sim

Mauro Maschio
Head of E2E Delivery Unit

Sebastiano Musso
Regional Manager Nord Est

Ferdinando Natali
Head of Corporate Sud & Sicilia

Rodolfo Ortolani
CEO Cordusio Fiduciaria

Corrado Piazzalunga
Head of Corporate Operating Model

Salvatore Pisconti
Head of Private Banking Sales & Advisory

Dario Prunotto
Head of Territorial Development & Relations

Giovanni Solaroli
Regional Manager Lombardia

Remo Taricani
Head of Retail Sales & Marketing

CEO FUNCTIONS

INTERNAL AUDIT
Jurgen Dennert
Head of Audit and Corporate Bodies Support & QAR

GROUP COMPLIANCE
Martin Boehm
Head of Group CIB Compliance & Monitoring

Giovanni Buson
Group Compliance Advisory & Country Italy Management

GROUP HUMAN CAPITAL
Angelo Carletta
Head of HR Coo Area

Cihangir Kavuncu
HR Transformation and Operations Office

Luigi Luciani
Head of HR Italy & CEO Functions

Ivan Tardivo
Head of HR CIB

Andrea Vintani
Head of Planning & Reward

Roberto Vergnano
Pension Funds

GROUP IDENTITY & COMMUNICATION
Silvio Santini
Head of Group Brand Management & Digital Governance

Laura Spotorno
Head of Group Internal Communication

GROUP LEGAL
Leila Canetta Roeder
Head of Group CIB Legal

GROUP RISK MANAGEMENT
Mario Agostini
CRO Italy

Maurizio Maria Francescatti
Head of Group Financial Risks

Giandomenico Miceli
Head of Group Operational & Reputational Risks

Corrado Pavanati
Head of Group Credit Risk Governance

Wolfgang Schilk
CRO CEE

OTHER FUNCTIONS

Gaspare Amico
Head of Management Committee Staff

COO AREA
Danilo Augugliaro
UniCredit Business Integrated Solutions - Head of Group Operations

Stefano Ceccacci
Head Group Tax Affairs

Fabio Cesaretti
UniCredit Business Integrated Solutions - CIO CIB & Germany

Salvatore Greco
Head of Group Real Estate

Massimo Milanta
Head of Group ICT and Security Office

Roberto Monachino
Group Data Officer

Stefano Porro
Head of Group Administrative & Analytics Office

Marcello Vittorio Ronco
UniCredit Business Integrated Solutions - CIO Commercial Banking & Italy

Daniele Tonella
UniCredit Business Integrated Solutions - Chief Executive Officer

* Data as at 5 March 2018

Maximise commercial bank value.

We continue to maximise commercial bank value, with the ongoing transformation resulting in higher productivity. Our activities in Western Europe are benefitting from the revamped network with new service models for retail and SME customers as well as a strong multichannel strategy. We have further strengthened our leadership positions in CEE and CIB, while keeping a strong focus on risk.

Consolidated Financial Statements

In addition to what has already been specified in the Notes at the bottom of the Contents, please note that:
- "X" indicates an item not to be populated (under Banca d'Italia instructions);
- unless otherwise indicated, all amounts are in **thousands of euros**.

Consolidated Accounts

Consolidated Balance Sheet

Consolidated Balance Sheet

(€ '000)

BALANCE SHEET - ASSETS	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
10. Cash and cash balances	64,493,411	13,857,831
20. Financial assets held for trading	74,685,890	87,466,838
30. Financial assets at fair value through profit or loss	22,073,343	28,701,661
40. Available-for-sale financial assets	104,101,031	110,180,074
50. Held-to-maturity investments	6,277,022	3,963,222
60. Loans and receivables with banks	70,982,743	74,691,847
70. Loans and receivables with customers	447,726,913	444,607,482
80. Hedging derivatives	3,431,070	4,514,597
90. Changes in fair value of portfolio hedged items (+/-)	2,244,685	2,357,447
100. Equity investments	6,212,142	6,158,551
110. Insurance reserves attributable to reinsures	-	-
120. Property, plant and equipment	8,449,288	9,091,558
130. Intangible assets	3,385,310	3,191,380
of which: - goodwill	*1,483,721*	*1,483,721*
140. Tax assets	12,658,279	15,161,189
a) current tax assets	*2,039,696*	*1,142,944*
b) deferred tax assets	*10,618,583*	*14,018,245*
of which for purposes of L. 214/2011	*8,315,432*	*11,339,783*
150. Non-current assets and disposal groups classified as held for sale	1,110,960	45,853,911
160. Other assets	8,957,637	9,735,186
Total assets	**836,789,724**	**859,532,774**

As at 31 December 2016 the credit exposures belonging to the so-called “FINO Portfolio” were recognised in item “150. Non-current assets and disposal groups classified as held for sale”. As at 31 December 2017 these credit exposures were no longer included in the balance sheet assets, following the disposal occurred in July 2017.
For a more detailed disclosure on "FINO Project", see the information provided in Part E - Information on risks and hedging policies - Section 1 - Credit risk, below the Table “A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net amounts)”.

continued: Consolidated Balance Sheet

(€ '000)

BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT	
	12.31.2017	**12.31.2016**
10. Deposits from banks	123,244,080	103,851,521
20. Deposits from customers	462,895,261	452,419,189
30. Debt securities in issue	98,602,632	115,435,500
40. Financial liabilities held for trading	55,783,725	68,361,337
50. Financial liabilities at fair value through profit or loss	3,010,529	2,496,732
60. Hedging derivatives	3,567,845	4,921,464
70. Changes in fair value of portfolio hedged items (+/-)	3,041,990	4,484,034
80. Tax liabilities	1,092,905	1,398,525
a) current tax liabilities	*651,263*	*896,901*
b) deferred tax liabilities	*441,642*	*501,624*
90. Liabilities included in disposal groups classified as held for sale	184,829	35,868,601
100.Other liabilities	15,573,476	15,440,363
110. Provision for employee severance pay	917,284	1,125,758
120. Provisions for risks and charges	8,650,468	10,541,448
a) post retirement benefit obligations	*4,522,188*	*5,241,807*
b) other provisions	*4,128,280*	*5,299,641*
130. Insurance reserves	-	-
140. Revaluation reserves	(4,327,092)	(4,039,304)
150. Share capital repayable on demand	-	-
160. Equity instruments	4,610,073	2,383,463
170. Reserves	19,296,907	17,553,781
180. Share premium	13,399,799	14,384,918
190. Share capital	20,880,550	20,846,893
200. Treasury shares (-)	(2,695)	(4,107)
210. Minorities (+/-)	894,083	3,852,752
220. Net profit (loss) for the year (+/-)	5,473,075	(11,790,094)
Total liabilities and Shareholders' Equity	**836,789,724**	**859,532,774**

As at 31 December 2016, in accordance with IFRS5, the assets and liabilities of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies were recognised under items "150. Non-current assets and disposal groups classified as held for sale" and "90. Liabilities included in disposal groups classified as held for sale" as a result of their classification as "discontinued operations". As at 31 December 2017 the abovementioned subgroups are no longer shown in the items above as a result of the disposals.

Consolidated Income Statement

Consolidated Income Statement

(€ '000)

ITEMS	YEAR 2017	YEAR 2016
10. Interest income and similar revenues	14,759,711	15,964,800
20. Interest expenses and similar charges	(4,461,650)	(5,657,789)
30. Net interest margin	**10,298,061**	**10,307,011**
40. Fees and commissions income	7,663,454	6,778,422
50. Fees and commissions expenses	(1,271,029)	(1,193,190)
60. Net fees and commissions	**6,392,425**	**5,585,232**
70. Dividend income and similar revenues	314,807	405,223
80. Gains (Losses) on financial assets and liabilities held for trading	1,075,435	1,205,730
90. Fair value adjustments in hedge accounting	57,344	(7,786)
100. Gains (Losses) on disposal and repurchase of:	98,963	641,573
a) loans	*(433,732)*	*(60,244)*
b) available-for-sale financial assets	*533,353*	*699,106*
c) held-to-maturity investments	*10*	-
d) financial liabilities	*(668)*	*2,711*
110. Gains (Losses) on financial assets/liabilities at fair value through profit or loss	(91,007)	(80,187)
120. Operating income	**18,146,028**	**18,056,796**
130. Net losses/recoveries on impairment:	(2,412,669)	(12,790,521)
a) loans	*(2,090,607)*	*(11,929,784)*
b) available-for-sale financial assets	*(334,642)*	*(707,377)*
c) held-to-maturity investments	*6,387*	*204*
d) other financial assets	*6,193*	*(153,564)*
140. Net profit from financial activities	**15,733,359**	**5,266,275**
150. Premiums earned (net)	-	-
160. Other income (net) from insurance activities	-	-
170. Net profit from financial and insurance activities	**15,733,359**	**5,266,275**
180. Administrative costs:	(12,069,279)	(15,432,240)
a) staff expenses	*(6,930,132)*	*(9,315,458)*
b) other administrative expenses	*(5,139,147)*	*(6,116,782)*
190. Net provisions for risks and charges	(508,576)	(964,376)
200. Impairment/write-backs on property, plant and equipment	(759,679)	(808,517)
210. Impairment/write-backs on intangible assets	(407,384)	(731,972)
220. Other net operating income	1,035,651	1,094,975
230. Operating costs	**(12,709,267)**	**(16,842,130)**
240. Profit (Loss) of investments	576,326	97,209
250. Gains (Losses) on tangible and intangible assets measured at fair value	(613)	(1,537)
260. Impairment of goodwill	-	(260,510)
270. Gains (Losses) on disposal of investments	99,835	495,837
280. Profit (Loss) before tax from continuing operations	**3,699,640**	**(11,244,856)**
290. Tax expense (income) related to profit or loss from continuing operations	(595,662)	(711,568)
300. Profit (Loss) after tax from continuing operations	**3,103,978**	**(11,956,424)**
310. Profit (Loss) after tax from discontinued operations	2,681,598	630,111
320. Net profit (loss) for the year	**5,785,576**	**(11,326,313)**
330. Minorities	(312,501)	(463,781)
340. Profit (Loss) for the year attributable to the Parent Company	**5,473,075**	**(11,790,094)**

Earnings per share (€)	2.794	(19.820)
Diluted earnings per share (€)	2.779	(19.730)

For further information on please see Notes to the Accounts, Part C - Consolidated Income Statement - Section 24; related amounts, referred to the previous period, were restated according to IAS33 § 64, to reflect the effects of reverse stock split.

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income

(€ '000)

ITEMS	YEAR 2017	YEAR 2016
10. Net profit (loss) for the year	**5,785,576**	**(11,326,313)**
Other comprehensive income after tax not reclassified to profit or loss		
20. Property, plant and equipment	-	-
30. Intangible assets	-	-
40. Defined benefit plans	238,653	(418,338)
50. Non-current assets classified as held for sale	(45)	(10,392)
60. Portion of revaluation reserves from investments valued at equity	(17,895)	88
Other comprehensive income after tax that may be reclassified to profit or loss		
70. Hedges of foreign investments	-	-
80. Exchange differences	306,928	1,077,503
90. Cash flow hedges	(126,985)	(125,670)
100. Available-for-sale financial assets	(84,396)	(277,883)
110. Non-current assets classified as held for sale	40,960	(109,332)
120. Valuation reserves from investments accounted for using the equity method	(456,037)	(387,704)
130. Total other comprehensive income after tax	**(98,817)**	**(251,728)**
140. Comprehensive income after tax (Item 10+130)	**5,686,759**	**(11,578,041)**
150. Consolidated comprehensive income attributable to minorities	(522,041)	(264,196)
160. Consolidated comprehensive income attributable to the Parent Company	5,164,718	(11,842,237)

Statement of changes in the Consolidated Shareholders' Equity

Statements of changes in the Consolidated Shareholders' Equity include Group and minorities portion.

Statement of changes in Consolidated Shareholders' Equity as at 31 December 2017

	BALANCE AS AT 12.31.2016	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2017	ALLOCATION OF PROFIT FROM PREVIOUS YEAR	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS
Issued capital:					
a) ordinary shares	21,371,076	-	21,371,076	-	-
b) other shares	8,517	-	8,517	-	-
Share premiums	15,833,467	-	15,833,467	(11,460,133)	-
Reserves:					
a) from profits	13,648,993	-	13,648,993	(67,363)	-
b) other	5,531,632	-	5,531,632	-	-
Revaluation reserves	(4,255,598)	-	(4,255,598)	-	-
Advanced dividends	-	-	-	-	-
Equity instruments	2,383,463	-	2,383,463	-	-
Treasury shares	(6,935)	-	(6,935)	-	-
Net profit (loss) for the year	(11,326,313)	-	(11,326,313)	11,527,496	(201,183)
Total Shareholders' Equity	**43,188,302**	**-**	**43,188,302**	**-**	**(201,183)**
Group Shareholders' Equity	39,335,550	-	39,335,550	-	(2,000)
Minorities Shareholders' Equity	3,852,752	-	3,852,752	-	(199,183)

The amounts disclosed in column "Stock Options" represent the effects of the delivery of shares (Stock Options, Performance Shares, Discount and Matching Shares connected with the ESOP Plans and other Group Executive Incentive Plans).
The cumulated change of revaluation reserve includes the positive effect for €239 million of actuarial gain (losses) from the measurement of the actuarial liabilities (defined benefit plans), the negative effect of €84 million of the reserve on AFS financial assets, the negative effects of the cash flow hedges reserve for €127 million and the positive effects of the reserve on non-current assets classified as held for sale for €68 million mainly due to the sale of the Polish subsidiary and to the disposal to Amundi of the subsidiaries belonging to Pioneer Group.
This change includes furthermore the positive effect of exchange differences reserve for €307 million, mainly related to negative effect of Ruble for €219 million and the reduction for €494 million of the negative exchange differences reserve of Zloty, €310 million referred to Group portion, related to the Polish subsidiary due to the loss of control occurred on 7 June 2017. This positive effect is partially net of the negative change in the valuation reserve of the companies accounted for using the equity method for €475 million, mainly due to the depreciation of the items in Turkish Lira for €427 million.
The column "Changes in reserves" for items "Reserves", "Issued Capital" e "Share premiums" represent the coverage of the loss included in "Reserves - other" through the use of Share Premium reserve for €2,509 million. The reduction of "Issued Capital", "Share premiums" and "Reserves from profit" related to minorities refers to the sale of the Polish subsidiary for €3,462 million.

The changes in shareholdings relate to the effects of the disposal of Pekao SA' share (1.04%) due to the early redemption of mandatory settled equity-linked certificates occurred in the first quarter of 2017.

For further details about the Shareholders' Equity changes see Part B - Consolidated Balance Sheet - Liabilities - Section 15 of the Consolidated Financial Statement, Note to the Consolidated Accounts.
Any discrepancies in this table and between data shown are solely due to the effect of rounding.

(€ '000)

CHANGES DURING THE YEAR												
	SHAREHOLDERS' EQUITY TRANSACTIONS											
CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	ADVANCED DIVIDENDS	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS	CHANGES IN SHAREHOLDINGS	COMPREHENSIVE INCOME 2017	TOTAL SHAREHOLDERS' EQUITY AS AT 12.31.2017	GROUP SHAREHOLDERS' EQUITY AS AT 12.31.2017	MINORITIES SHAREHOLDERS' EQUITY AS AT 12.31.2017
(213,836)	39,805	-	-	-	-	-	-	3,307	-	21,200,353	20,878,182	322,171
-	(6,149)	-	-	-	-	-	-	-	-	2,368	2,368	-
(3,891,425)	12,983,565	-	-	-	-	-	-	22,586	-	13,488,060	13,399,799	88,261
(2,105,128)	(17,588)	-	-	-	-	-	-	60,821	-	11,519,736	11,473,248	46,488
2,340,559	-	-	-	-	-	-	78,339	-	-	7,950,530	7,823,659	126,871
25,380	-	-	-	-	-	-	-	-	(98,817)	(4,329,035)	(4,327,092)	(1,943)
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	2,226,610	-	-	-	-	4,610,073	4,610,073	-
3,974	-	-	-	-	-	-	-	-	-	(2,961)	(2,695)	(266)
-	-	-	-	-	-	-	-	-	5,785,576	5,785,576	5,473,075	312,501
(3,840,476)	**12,999,633**	**-**	**-**	**-**	**2,226,610**	**-**	**78,339**	**86,714**	**5,686,759**	**60,224,700**	**59,330,617**	**894,083**
(501,227)	12,999,633	-	-	-	2,226,610	-	78,339	28,992	5,164,718	59,330,617		
(3,339,249)	-	-	-	-	-	-	-	57,722	522,041	894,083		

Statement of changes in the Consolidated Shareholders' Equity

Statement of changes in the Consolidated Shareholders' Equity as at 31 December 2016

	BALANCE AS AT 12.31.2015	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2016	ALLOCATION OF PROFIT FROM PREVIOUS YEAR	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS
Issued capital:					
a) ordinary shares	20,722,005	-	20,722,005	-	-
b) other shares	8,418	-	8,418	-	-
Share premiums	17,233,697	-	17,233,697	(1,441,449)	-
Reserves:					
a) from profits	9,964,255	-	9,964,255	3,159,844	-
b) other	5,635,868	-	5,635,868	-	-
Revaluation reserves	(4,001,980)	-	(4,001,980)	-	-
Advanced dividends	-	-	-	-	-
Equity instruments	1,888,463	-	1,888,463	-	-
Treasury shares	(11,152)	-	(11,152)	-	-
Net profit (loss) for the year	2,045,948	-	2,045,948	(1,718,395)	(327,553)
Total Shareholders' Equity	**53,485,523**	**-**	**53,485,523**	**-**	**(327,553)**
Group Shareholders' Equity	50,086,743	-	50,086,743	-	(2,654)
Minorities Shareholders' Equity	3,398,780	-	3,398,780	-	(324,899)

The amounts disclosed in column "Stock Options" represent the effects of the delivery of shares (Stock Options, Performance Shares, Discount and Matching Shares connected with the ESOP Plans and other Group Executive Incentive Plans).

The cumulated change of revaluation reserve includes the negative effects for €417 million of actuarial gain (losses) from the measurement of the actuarial liabilities (defined benefit plans), the negative effects of €278 million of the reserve on AFS financial assets, the negative effects of the cash flow hedges reserve for €125 million and the negative effects of the reserve on non-current assets classified as held for sale for €122 million.
This change includes furthermore the positive effect of exchange differences reserve for €1.078 million, mainly related to positive effect of Ruble for €569 million, the negative effect of Zloty for €234 million and the positive impact for €759 million of UAH (Ukraine) (related for €718 million to the negative exchange fluctuations reserve accounted in 2016 P&L losses due to the sale of the equity investment in Public Joint Stock Company Ukrsotsbank and its subsidiaries) and the negative change in the valuation reserve of the companies accounted for using the equity method for €389 million, mainly due to the depreciation of the items in Turkish Lira for €420 million.

The change of other reserves includes the negative effect due to the reclassification of actuarial gain (losses) (valuation reserve) to equity reserves negative for €57 million, related to settlement of part of the defined benefit obligations (active employees) related to Italian pension funds.

The changes in shareholdings relate to the effects of the sale of 10% of Pekao S.A. and 30% of FinecoBank S.p.A.; as of 31 December 2016 UniCredit still had a controlling interest in both companies.

Any discrepancies in this table and between data shown are solely due to the effect of rounding.

(€ '000)

CHANGES DURING THE YEAR												
	SHAREHOLDERS' EQUITY TRANSACTIONS											
CHANGES IN RESERVES	ISSUE OF NEW SHARES	ACQUISITION OF TREASURY SHARES	ADVANCED DIVIDENDS	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS	CHANGES IN SHAREHOLDINGS	COMPREHENSIVE INCOME 2016	TOTAL SHAREHOLDERS' EQUITY AS AT 12.31.2016	GROUP SHAREHOLDERS' EQUITY AS AT 12.31.2016	MINORITIES SHAREHOLDERS' EQUITY AS AT 12.31.2016
(37,083)	589,126	-	-	-	-	-	-	97,028	-	21,371,076	20,838,376	532,700
-	99	-	-	-	-	-	-	-	-	8,517	8,517	-
(190,669)	-	-	-	-	-	-	-	231,887	-	15,833,467	14,384,918	1,448,549
(14,881)	(589,226)	-	-	(157,630)	-	-	-	1,286,632	-	13,648,993	12,149,020	1,499,973
(158,305)	-	-	-	-	-	-	54,068	-	-	5,531,632	5,404,761	126,871
(1,890)	-	-	-	-	-	-	-	-	(251,728)	(4,255,598)	(4,039,304)	(216,294)
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	495,000	-	-	-	-	2,383,463	2,383,463	-
4,217	-	-	-	-	-	-	-	-	-	(6,935)	(4,107)	(2,828)
-	-	-	-	-	-	-	-	-	(11,326,313)	(11,326,313)	(11,790,094)	463,781
(398,611)	**-**	**-**	**-**	**(157,630)**	**495,000**	**-**	**54,068**	**1,615,547**	**(11,578,041)**	**43,188,302**	**39,335,550**	**3,852,752**
(209,586)	-	-	-	(157,630)	495,000	-	54,068	911,847	(11,842,237)	39,335,550		
(189,025)	-	-	-	-	-	-	-	703,700	264,196	3,852,752		

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement (indirect method)

(€ '000)

	YEAR	
	2017	2016
A. OPERATING ACTIVITIES		
1. Operations	**10,370,919**	**7,189,637**
- profit (loss) of the year (+/-)	5,473,075	(11,790,094)
- capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities designated at fair value through profit and loss (+/-)	212,862	(1,000,453)
- capital gains (losses) on hedging operations (+/-)	(57,344)	7,786
- net losses/recoveries on impairment (+/-)	4,345,256	15,214,317
- net write-offs/write-backs on tangible and intangible assets (+/-)	1,167,676	1,542,026
- provisions and other incomes/expenses (+/-)	390,210	235,730
- uncollected net premiums (-)	-	-
- other uncollected incomes and expenses from insurance activities (+/-)	-	-
- unpaid taxes and tax credits (+/-)	274,083	516,697
- impairment/write-backs on discontinued operations, net of tax (-/+)	(1,739,601)	1,415,365
- other adjustments (+)	304,702	1,048,263
2. Liquidity generated/absorbed by financial assets	**19,635,267**	**(9,916,058)**
- financial assets held for trading	12,571,386	3,662,631
- financial assets at fair value	6,559,653	5,545,548
- available-for-sale financial assets	5,611,395	(5,890,724)
- loans and receivables with banks	3,217,078	2,638,331
- loans and receivables with customers	(6,606,690)	(10,965,894)
- other assets	(1,717,555)	(4,905,950)
3. Liquidity generated/absorbed by financial liabilities	**2,493,222**	**7,706,462**
- deposits from banks	20,608,680	(5,755,980)
- deposits from customers	9,747,803	29,830,326
- debt certificates including bonds	(16,163,807)	(17,940,267)
- financial liabilities held for trading	(12,544,782)	307,218
- financial liabilities designated at fair value	513,797	2,042,076
- other liabilities	331,531	(776,911)
Net liquidity generated/absorbed by operating activities	**32,499,408**	**4,980,041**
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by	**7,694,211**	**1,041,066**
- sales of equity investments	44,937	51,893
- collected dividends on equity investments	131,409	131,022
- sales of financial assets held to maturity	36,700	61,723
- sales of tangible assets	291,830	342,540
- sales of intangible assets	12,790	36,940
- sales of subsidiaries and divisions	7,176,545	416,948
2. Liquidity absorbed by	**(3,898,008)**	**(2,377,014)**
- purchases of equity investments	(57,322)	(38,871)
- purchases of financial assets held to maturity	(2,431,805)	(510,650)
- purchases of tangible assets	(781,419)	(1,277,902)
- purchases of intangible assets	(627,462)	(549,591)
- purchases of sales/purchases of subsidiaries and divisions	-	-
Net liquidity generated/absorbed by investment activities	**3,796,203**	**(1,335,948)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	12,590,744	-
- issue/purchase of equity instruments	2,226,610	495,000
- distribution of dividends and other scopes	(477,993)	(780,410)
Net liquidity generated/absorbed by funding activities	**14,339,361**	**(285,410)**
NET LIQUIDITY GENERATED/ABSORBED DURING THE YEAR	**50,634,972**	**3,358,683**

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

continued: Consolidated Cash Flow Statement (indirect method)

Reconciliation

(€ '000)

	YEAR	
ITEMS	2017	2016
Cash and cash equivalents at the beginning of the period	**13,857,831**	**10,303,334**
Net liquidity generated/absorbed during the year	50,634,972	3,358,683
Cash and cash equivalents: effect of exchange rate variations	608	195,814
Cash and cash equivalents at the end of the year	**64,493,411**	**13,857,831**

For further details related to the change of the Funding activities regarding the issue/purchase of equity instruments, refer to Part B - Consolidated Balance Sheet - Liabilities - Section 15 of the Notes to the Consolidated Accounts.

The item "Cash and cash equivalents" refers to the definition according to Banca d'Italia (Circular No.262, 22 December 2005).

The information related to the significant restrictions are provided in Part A - Accounting Policies - A.1 - General - Section 3 - Consolidation scope and methods.

Notes to the Consolidated Accounts

Part A - Accounting Policies

Part A - Accounting Policies

A.1 - General

Section 1 - Statement of Compliance with IFRSs

These Consolidated 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 31 December 2017, pursuant to EU Regulation No.1606/2002 which was incorporated into Italian legislation through Legislative Decree No.38 of 28 February 2005 (see Section 5 - Other matters).

The Consolidated Accounts are an integral part of the Annual Financial Statements as required by Art.154-ter, par.1 of the Single Finance Act (TUF, Legislative Decree No.58 of 24 February 1998).

In its circular No.262 of 22 December 2005 and subsequent amendments Banca d'Italia laid down the formats for the financial statements and explanatory notes used to prepare these Accounts.

On 15 December 2015, the fourth update of this circular was issued, adapting the notes on "credit quality" to the definitions of impaired loans as "non-performing exposures" and "forborne exposures" laid down by the European Commission in Regulation 2015/227, as recommended by EBA. In addition, with this update some of the previously applicable templates of the tables have been rationalised.
In particular, the main rationalisation changes to the disclosure templates concerned the following areas:

- in Part B - Consolidated Balance Sheet:
  - tables relating to annual changes to the financial instruments presented in the assets and liabilities of the balance sheet (for example, table "2.3 On-balance-sheet financial assets held for trading: annual changes");
- in Part E - Information on risks and related risk management policies:
  - tables relating to the securitisation transactions provided for in Section 1 Credit risk - C. Securitisation transactions (for example, tables "C.1 Exposures deriving from securitisation transactions broken down by quality of underlying assets", "C.4 Exposures deriving from securitisation transactions broken down by portfolio and type", and "C.5 Total amount of securitised assets underlying junior securities or other forms of credit support");
  - in Section 1 Credit risk - A. Credit quality of the consolidated financial statements, tables "A.1.1. "Breakdown of financial assets by portfolio and credit quality (carrying value)" and "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)", no distinction is made between "Banking group" and "Other companies".

Section 2 - General Preparation Criteria

As mentioned above, these Consolidated 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:

- The Conceptual Framework for Financial Reporting;
- Implementation Guidance, Basis for Conclusions, IFRICs and any other documents prepared by the IASB or International Financial Reporting Interpretations Committee (IFRIC) supplementing the IFRSs;
- Interpretative documents on the application of IAS/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 Consolidated Accounts include 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") and the Notes to the Accounts, together with the Consolidated Report on Operations and Annexes.

In addition, pursuant to Art.123-bis par.3 of TUF, as reported in chapter "Other information" of the Consolidated Report on Operations, the Report on Corporate Governance and Ownership Structures is available in the "Governance" section of UniCredit website:
https://www.unicreditgroup.eu/it/governance/governance-system-and-policies.html - Italian version and
https://www.unicreditgroup.eu/en/governance/governance-system-and-policies.html - English version.

Figures in the financial statements and Notes to the Accounts are given in **thousands of euros**, unless otherwise specified.

In their joint Document No.4 of 3 March 2010, Banca d'Italia, Consob and Isvap made a few observations on the current situation of the markets and businesses and requested to disclosure in the financial statements information which are essential for a better understanding of business trends and outlook.

In this regard, the Directors, based on the 2016-2019 Strategic Plan as well as on the results of the capital increase fully subscribed with effect from 2 March 2017, identified no symptoms in the capital and financial structure and in the economic performance that could indicate uncertainty about the ability to continue as a going-concern and therefore believe with reasonable certainty that the Group will continue to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS1, the Consolidated Financial Statements as at 31 December 2017 have been prepared on a going-concern basis.

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 compared with the previous year.

Risk and uncertainty relating to the use of estimates

Pursuant to IFRSs, Management must make judgments, estimates and assumptions that affect the application of accounting principles and the amounts of assets, liabilities, income and expenses reported in the accounts, as well as the disclosure concerning potential assets and liabilities. Estimates and the 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.

In particular estimated figures have been used for the recognition of some of the largest value-based items in the Consolidated Accounts at 31 December 2017, as required by the accounting policies and regulations described above.
These estimates are largely based on calculations of future recoverability of the values recognised 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 confirm the carrying values at 31 December 2017. Valuation is particularly difficult because of the uncertainty in the macroeconomic and market environment.

The parameters and information used to check the above-mentioned values were 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 recognised 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 recognised accordingly in both current and future periods.

Uncertainty affecting estimates is generally inherent in the measurement of:

- fair value of financial instruments not listed in active markets;
- loans and receivables, equity investments and, in general, any other financial assets/liabilities;
- 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 - Operational risk);
- goodwill and other intangible assets;
- assets and liabilities relating to insurance contracts;
- deferred tax assets;
- property held for investment;

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

Please note that the economic and political uncertainty in Turkey and Russia were taken into account during the assessment of the net assets owned by the Group in these countries. Please see Part E - Information on risks and hedging policies - Section 5 - Other Risks - Top and emerging risks.

With specific reference to future cash flow projections used in the valuation of goodwill, other intangible assets and deferred tax 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 - Consolidated Balance Sheet - Assets - Section 13 - 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.

Part A - Accounting Policies

Section 3 - Consolidation scope and methods

The consolidation criteria and principles used to prepare the Consolidated Accounts at 31 December 2017 are described below.

Consolidated Accounts

For the preparation of the Consolidated Accounts as at 31 December 2017 the following sources have been used:

- UniCredit S.p.A. draft accounts as at 31 December 2017;
- the accounts as at 31 December 2017, approved by the competent bodies and functions, of the other fully consolidated subsidiaries duly reclassified and adjusted to take account of consolidation needs and, where necessary, to align them to the Group accounting principles;
- the sub-consolidated Accounts of Nuova Compagnia di Partecipazioni Group, including Nuova Compagnia di Partecipazioni S.p.A. (formerly Compagnia Italpetroli S.p.A.), and Capital Dev Group, including Capital Dev S.p.A., and their direct and indirect subsidiaries, as at 31 December 2017.

Amounts in foreign currencies are converted at closing exchange rates in the balance sheet, whereas the average exchange rate for the year is used for the income statement.

The accounts and explanatory notes of the main fully consolidated subsidiaries prepared under IAS/IFRS are subject to limited review by leading audit companies.

Subsidiaries

Entities, including structured entities, over which the Group has direct or indirect control, are considered subsidiaries.

Control over an entity entails:

- the existence of power over the relevant activities;
- the exposure to the variability of returns;
- the ability to use the power exercised in order to influence the returns to which th Group is exposed.

In order to verify the existence of control, the Group considers the following factors:

- the purpose and establishment of the investee, in order to identify which are the entity's objectives, the activities that determine its returns and how these activities are ruled;
- the power, in order to understand whether the Group has contractual rights that attribute the ability to rule the relevant activities; to this end only substantial rights that provide practical ability to rule are considered;
- the exposure held in relation to the investee, in order to assess whether the Group has relationships with the investee, the returns of which are subject to changes depending on the investee's performance;
- the existence of potential “principal - agent” relationships.

If the relevant activities are ruled through voting rights, the existence of control is verified considering the voting rights held, including the potential ones, and the existence of any shareholders' or other agreements which attribute the right to control the majority of the voting rights, to appoint the majority of the governing body or in any case the power to determine the entity's financial and operating policies.

Subsidiaries may also include any “structured entity” in which the voting rights are not significant for establishing control, including special purpose entities and investment funds.

In the case of structured entities, the existence of control is ascertained considering both the contractual rights that enable governance of the relevant activities of the entity (or those that contribute most to the results) and the Group's exposure to the variability of returns deriving from these activities.

The carrying amount of an equity interest in a fully consolidated entity held by the Parent Company or another Group company is eliminated - against the recognition of the assets and liabilities of the investee, as an offsetting entry to the corresponding portion of net equity of the subsidiary attributable to the Group.

Intragroup balances, the off-balance sheet transactions, the income and expenses, and the gain/losses between consolidated companies are eliminated in full, according to the method of consolidation adopted.

A subsidiary’s income and expenses are included in the consolidation from the date in which the Parent company acquires the control. On disposal of a subsidiary, its income and expenses are consolidated up to the date of the disposal, i.e. until the Parent company ceases to control the subsidiary. The difference between the consideration received of the subsidiary and the carrying amount of its net assets at the same date is recognised in the Income Statement under item “270. Gains (Losses) on the disposal of investments” for fully consolidated companies.

The portion attributable to non-controlling interests is presented in the Balance Sheet under item 210. “Minorities”, separately from the liabilities and net equity attributable to the Group. In the Income Statement, the portion attributable to minorities is also presented separately under item “330. Minorities”.
With respect to companies included in the consolidation scope for the first time, the fair value of the cost paid to obtain control of this equity interest, including ancillary expenses, is measured at the acquisition date.

The difference between the consideration received of an interest held in a subsidiary and the carrying amount of the net assets is recognised in the Net Equity, if the sale does not entail loss of control.

Joint arrangements

A joint arrangement is a contractual agreement under the terms of which two or more counterparties arrange to jointly control an entity.
Joint control is the sharing of control of an arrangement contractually agreed, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control.
According to IFRS11 - Joint Arrangements, such agreements should be classified as Joint Operations or Joint Ventures according to the contractual rights and obligations held by the Group.

A Joint Operation is a joint arrangement in which the parties have rights on the assets and obligations with respect to the liabilities of the arrangement.
A Joint Venture is a joint arrangement in which the parties have rights on the net assets of the arrangement.

The Group has assessed the nature of the joint arrangements and has determined that its jointly controlled equity investments are of the Joint Venture type. These equity investments are recognised using the equity method.
Carrying amount of the Joint Ventures is tested in accordance with IAS36 as a single asset, by comparing it with the corresponding recoverable amount (i.e. higher of VIU and FV less cost to sell).

Associates

An associate is an entity over which the investor has significant influence and which are not subsidiaries or joint ventures.
Significant influence is presumed when the investor:

- holds, directly or indirectly, at least 20% of the share capital of another entity, or
- is able, also through shareholders' agreements, to exercise significant influence through:
  - representation on the governing body of the company;
  - participation in the policy-making process, including participation in decisions about dividends or other distributions;
  - the existence of significant transactions;
  - interchange of managerial personnel;
  - provision of key technical information.

It shold be noted out that only companies which are governed through voting rights can be classified as subject to significant influence.
Investments in associates are recognised using the equity method. Carrying amount of Associates is tested in accordance with IAS36 as a single asset, by comparing it with the corresponding recoverable amount (i.e. higher of VIU and FV less cost to sell).

Equity method

Equity investments in companies measured using the equity method include the goodwill (net of any impairment loss) paid for the purchase. The investor’s share of the profit and loss of the investee after the date of acquisition is recognised in the Income Statement under item “240. Profit (Loss) of investments”. Any dividends distributed reduce the carrying amount of the equity investment.

If the investor’s share of an investee’s losses is equal to or higher than its carrying amount, no further losses are recognised, unless the investor has incurred specific obligations or made payments on behalf of the investee.

Gains and losses on transactions with associates or joint arrangements are eliminated according to the percentage interest in the company itself.

Any changes in the revaluation reserves of associates or joint arrangements, which are recorded as a contra item to changes in value of the events relevant to this purpose, are reported separately in the Statement of Comprehensive Income.

The following table shows the companies included in the scope of consolidation.

Part A - Accounting Policies

1. Investments in Subsidiaries

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP: HELD BY	OWNERSHIP RELATIONSHIP: HOLDING %	VOTING RIGHTS % (2)
	A. LINE BY LINE METHOD						
1	**UNICREDIT SPA** Issued capital EUR 20,880,549,801.81	**ROME**	**MILAN**		**HOLDING**		
2	A&T-PROJEKTENTWICKLUNGS GMBH & CO. POTSDAMER PLATZ BERLIN KG Issued capital EUR 613,550	MUNICH	MUNICH	1	GRUNDSTUCKSAKTIENGESELLSCHAFT AM POTSDAMER PLATZ (HAUS VATERLAND)	100.00	
3	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. OBERBAUM CITY KG Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	..	1.89
					SIRIUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	100.00	98.11
4	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. PARKKOLONNADEN KG Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	A&T-PROJEKTENTWICKLUNGS GMBH & CO. POTSDAMER PLATZ BERLIN KG	100.00	98.11
					ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	..	1.89
5	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. STUTTGART KRONPRINZSTRASSE KG Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	..	1.89
					HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	98.11
6	AGROB IMMOBILIEN AG Issued capital EUR 11,689,200	ISMANING	ISMANING	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	52.72	75.02
7	AI BETEILIGUNGS GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
8	ALLEGRO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
9	ALLIB LEASING S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
10	ALLIB NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA Issued capital HRK 20,000	ZAGREB	ZAGREB	1	LOCAT CROATIA DOO	100.00	
11	ALMS LEASING GMBH. Issued capital EUR 36,000	VIENNA	SALZBURG	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
12	ALPINE CAYMAN ISLANDS LTD. Issued capital EUR 798	GRAND CAYMAN	GEORGE TOWN	1	UNICREDIT BANK AUSTRIA AG	100.00	
13	ALTUS ALPHA PLC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
14	ALV IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
15	AMBASSADOR PARC DEDINJE D.O.O. BEOGRAD Issued capital RSD 98,672,974	BELGRADE	BELGRADE	1	UCTAM D.O.O. BEOGRAD	100.00	
16	ANTARES IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
17	ANTHEMIS EVO LLP Issued capital EUR 27,730,471	LONDON	LONDON	4	UNICREDIT SPA	..	(3)
18	ANTUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB PROJEKT GMBH	90.00	

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
19	AO UNICREDIT BANK Issued capital RUR 41,787,805,174	MOSCOW	MOSCOW	1	UNICREDIT SPA	100.00	
20	ARABELLA FINANCE DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
21	ARANY PENZUEGYI LIZING ZRT. Issued capital HUF 60,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
22	ARENA NPL ONE S.R.L. (CARTOLARIZZAZIONE 2014)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
23	ARGENTAURUS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH Issued capital EUR 511,300	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
24	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
25	ARRONDA IMMOBILIENVERWALTUNGS GMBH Issued capital EUR 511,500	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
26	ATLANTERRA IMMOBILIENVERWALTUNGS GMBH Issued capital EUR 1,023,000	MUNICH	MUNICH	1	HVB PROJEKT GMBH	90.00	
27	AUFBAU DRESDEN GMBH Issued capital EUR 260,000	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
28	AUSTRIA LEASING GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	0.40	
					GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.40	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
29	B.I. INTERNATIONAL LIMITED Issued capital EUR 792	GEORGE TOWN	GEORGE TOWN	1	TRINITRADE VERMOGENSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG	100.00	
30	BA ALPINE HOLDINGS, INC. Issued capital USD 74,435,918	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AUSTRIA AG	100.00	
31	BA BETRIEBSOBJEKTE GMBH Issued capital EUR 5,630,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
32	BA BETRIEBSOBJEKTE GMBH & CO BETA VERMIETUNGS OG Issued capital EUR 1,000	VIENNA	VIENNA	1	BA BETRIEBSOBJEKTE GMBH	94.00	
					MY DREI HANDELS GMBH	6.00	
33	BA BETRIEBSOBJEKTE PRAHA, SPOL.S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	BA BETRIEBSOBJEKTE GMBH	100.00	
34	BA CA LEASING (DEUTSCHLAND) GMBH Issued capital EUR 153,388	HAMBURG	HAMBURG	1	UNICREDIT LEASING SPA	94.90	
					TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	5.10	(4)
35	BA CA SECUND LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
36	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 363,364	VIENNA	VIENNA	1	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	100.00	
37	BA GEBAEUDEVERMIETUNGSGMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	BA GVG-HOLDING GMBH	89.00	
					BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	
					PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	1.00	

Part A - Accounting Policies

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
38	BA GVG-HOLDING GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 18,168						
39	BA IMMO GEWINNSCHEIN FONDS1	VIENNA	VIENNA	4	UNICREDIT BANK AUSTRIA AG	..	(3)
40	BA-CA ANDANTE LEASING GMBH	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 36,500						
41	BA-CA FINANCE (CAYMAN) II LIMITED	GEORGE TOWN	GEORGE TOWN	1	ALPINE CAYMAN ISLANDS LTD.	100.00	
	Issued capital EUR 15,000						
42	BA-CA FINANCE (CAYMAN) LIMITED	GEORGE TOWN	GEORGE TOWN	1	ALPINE CAYMAN ISLANDS LTD.	100.00	
	Issued capital EUR 15,000						
43	BA-CA LEASING DREI GARAGEN GMBH	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
	Issued capital EUR 35,000				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
44	BA-CA LEASING MAR IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
45	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 127,177						
46	BA-CA PRESTO LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
47	BA-CA WIEN MITTE HOLDING GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 35,000						
48	BA/CA-LEASING BETEILIGUNGEN GMBH	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 454,000				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
49	BACA CENA IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
50	BACA HYDRA LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
51	BACA KOMMUNALLEASING GMBH	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 36,500						
52	BACA LEASING ALFA S.R.O.	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital CZK 110,000						
53	BACA LEASING CARMEN GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
54	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	98.80	
	Issued capital EUR 18,287				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
55	BACAL ALPHA DOO ZA POSLOVANJE NEKRETNINAMA	ZAGREB	ZAGREB	1	LOCAT CROATIA DOO	100.00	
	Issued capital HRK 20,000						
56	BAL CARINA IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
57	BAL HESTIA IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
58	BAL HORUS IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
59	BAL HYPNOS IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
60	BAL LETO IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
61	BAL OSIRIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
62	BAL SOBEK IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	99.80	
63	BANK AUSTRIA CREDITANSTALT LEASING IMMOBILIENANLAGEN GMBH	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
64	BANK AUSTRIA FINANZSERVICE GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 490,542						
65	BANK AUSTRIA HUNGARIA BETA LEASING KORLATOLT FELELOSSEGUE TARSASAG	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 3,000,000						
66	BANK AUSTRIA LEASING ARGO IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	99.80	
67	BANK AUSTRIA LEASING HERA IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,337				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
68	BANK AUSTRIA LEASING IKARUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
69	BANK AUSTRIA LEASING MEDEA IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
70	BANK AUSTRIA REAL INVEST CLIENT INVESTMENT GMBH	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
	Issued capital EUR 145,500						
71	BANK AUSTRIA REAL INVEST IMMOBILIEN-KAPITALANLAGE GMBH	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
	Issued capital EUR 5,000,000						
72	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	94.95	
	Issued capital EUR 10,900,500						
73	BANK AUSTRIA WOHNBAUBANK AG	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 18,765,944						
74	BARD ENGINEERING GMBH	EMDEN	EMDEN	4	BARD HOLDING GMBH	..	(3)
75	BARD HOLDING GMBH	EMDEN	EMDEN	4	UNICREDIT BANK AG	..	(3)
76	BARODA PIONEER ASSET MANAGEMENT COMPANY LTD	MUMBAI	MUMBAI	1	UNICREDIT SPA	51.00	
	Issued capital INR 949,440,640						

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	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
77	BARODA PIONEER TRUSTEE COMPANY PVT LTD Issued capital INR 500,000	MUMBAI	MUMBAI	1	UNICREDIT SPA	51.00	
78	BAULANDENTWICKLUNG GDST 1682/8 GMBH & CO OEG	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	1.00	
	Issued capital EUR 58,000				CALG IMMOBILIEN LEASING GMBH	99.00	
79	BAVARIA SERVICOS DE REPRESENTACAO COMERCIAL LTDA.	SAO PAULO	SAO PAULO	1	UNICREDIT (U.K.) TRUST SERVICES LTD	0.47	
	Issued capital BRL 351,531				UNICREDIT SPA	99.53	
80	BAYERISCHE WOHNUNGSGESELLSCHAFT FUER HANDEL UND INDUSTRIE, GESELLSCHAFT MIT BESCHRAENKTER HAFTUNG Issued capital EUR 51,150	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
81	BERTRAM PROJEKT UNODECIMA TECHNIKZENTRUM GMBH & CO. KG	HANNOVER	HANNOVER	1	ROLIN GRUNDSTUCKSPLANUNGS- UND - VERWALTUNGSGESELLSCHAFT MBH	87.00	
	Issued capital EUR 10,000				WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	6.00	
					WEALTHCAP MANAGEMENT SERVICES GMBH	1.00	
82	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
83	BF NINE HOLDING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	ALLEGRO LEASING GESELLSCHAFT M.B.H.	100.00	
84	BIL LEASING-FONDS GMBH & CO VELUM KG	GRUNWALD	GRUNWALD	1	BIL LEASING-FONDS VERWALTUNGS-GMBH	..	33.33
	Issued capital EUR 2,556				UNICREDIT BANK AG	100.00	33.33
85	BIL LEASING-FONDS VERWALTUNGS-GMBH Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
86	BORGO DI PEROLLA SRL Issued capital EUR 2,043,952	MASSA MARITTIMA	MASSA MARITTIMA	1	FONDIARIA LASA SPA	100.00	
87	BREWO GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	UNICREDIT PEGASUS LEASING GMBH	100.00	
88	BUITENGAATS HOLDING B.V.	EEMSHAVEN	EEMSHAVEN	4	BARD ENGINEERING GMBH	..	(3)
89	BV GRUNDSTUCKSENTWICKLUNGS-GMBH Issued capital EUR 511,300	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
90	BV GRUNDSTUCKSENTWICKLUNGS-GMBH & CO. VERWALTUNGS-KG Issued capital EUR 511,292	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
91	C.E.CO.S. COMPLETAMENTO EDILIZIO CORSO SICILIA SPA Issued capital EUR 103,300	CATANIA	CATANIA	1	ISTITUTO IMMOBILIARE DI CATANIA SPA	100.00	
92	CA-LEASING OVUS S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
93	CA-LEASING SENIOREN PARK GMBH	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
94	CA-ZETA REAL ESTATE DEVELOPMENT LIMITED LIABILITY COMPANY Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
95	CABET-HOLDING GMBH Issued capital EUR 290,909	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
96	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CABET-HOLDING GMBH	100.00	
	Issued capital EUR 35,000						
97	CALG 307 MOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	100.00	
	Issued capital EUR 18,286						
98	CALG 443 GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
	Issued capital EUR 36,336				CALG IMMOBILIEN LEASING GMBH	1.00	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
99	CALG 445 GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 18,168				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
100	CALG 451 GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
101	CALG ALPHA GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
102	CALG ANLAGEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
103	CALG ANLAGEN LEASING GMBH & CO GRUNDSTUECKVERMIETUNG UND - VERWALTUNG KG	MUNICH	MUNICH	1	CALG ANLAGEN LEASING GMBH	99.90	
	Issued capital EUR 2,326,378						
104	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
	Issued capital EUR 36,336				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
105	CALG GAMMA GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 36,337				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
106	CALG GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
107	CALG IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
	Issued capital EUR 254,355				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
108	CALG MINAL GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
	Issued capital EUR 18,286				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
109	CAPITAL DEV SPA	ROME	ROME	1	UNICREDIT SPA	100.00	
	Issued capital EUR 272,000						
110	CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE : BIPCA CORDUSIO RMBS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
111	CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE : CAPITAL MORTGAGE 2007 - 1)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
112	CARD COMPLETE SERVICE BANK AG	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	50.10	
	Issued capital EUR 6,000,000						
113	CARDS & SYSTEMS EDV-DIENSTLEISTUNGS GMBH	VIENNA	VIENNA	1	CARD COMPLETE SERVICE BANK AG	5.00	
	Issued capital EUR 75,000				DC BANK AG	1.00	
					UNICREDIT BANK AUSTRIA AG	52.00	

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	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
114	CASTELLANI LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
	Issued capital EUR 1,800,000				UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
115	CAVE NUOVE SPA	ROME	ROME	1	CAPITAL DEV SPA	100.00	
	Issued capital EUR 140,000						
116	CENTAR KAPTOL DOO	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
	Issued capital HRK 46,830,400						
117	CHARADE LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
118	CHEFREN LEASING GMBH	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 36,500						
119	CIVITAS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
120	COMMUNA - LEASING GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	REAL-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,337				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
121	COMPAGNIA FONDIARIA ROMANA - SOCIETA' A RESPONDABILITA' LIMITATA	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
	Issued capital EUR 103,400						
122	CONSUMER THREE SRL (CARTOLARIZZAZIONE : CONSUMER THREE)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
123	CONTRA LEASING-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,500				JAUSERN-LEASING GESELLSCHAFT M.B.H.	25.00	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
124	CORDUSIO RMBS - UCFIN SRL (CARTOLARIZZAZIONE : CORDUSIO RMBS UCFIN - SERIE 2006)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
125	CORDUSIO RMBS SECURITISATION SRL (CARTOLARIZZAZIONE : CORDUSIO RMBS SECURITISATION - SERIE 2006)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
126	CORDUSIO RMBS SECURITISATION SRL (CARTOLARIZZAZIONE : CORDUSIO RMBS SECURITISATION - SERIE 2007)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
127	CORDUSIO SIM SPA	MILAN	MILAN	1	UNICREDIT SPA	96.10	
	Issued capital EUR 56,282,051						
128	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	MILAN	MILAN	1	UNICREDIT SPA	100.00	
	Issued capital EUR 520,000						
129	CORIT - CONCESSIONARIA RISCOSSIONE TRIBUTI S.P.A. IN LIQUIDAZIONE	ROME	ROME	1	UNICREDIT SPA	60.00	
	Issued capital EUR 1,243,732						
130	CRIVELLI SRL	MILAN	MILAN	1	UNICREDIT SPA	100.00	
	Issued capital EUR 10,000						
131	CUMTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
	Issued capital EUR 26,000				UNICREDIT BANK AG	6.15	
132	CUXHAVEN STEEL CONSTRUCTION GMBH	CUXHAVEN	CUXHAVEN	4	BARD ENGINEERING GMBH	..	(3)

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
133	DBC SP.Z O.O. Issued capital PLN 50,000	WARSAW	WARSAW	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
134	DC BANK AG Issued capital EUR 5,000,000	VIENNA	VIENNA	1	CARD COMPLETE SERVICE BANK AG	99.94	
135	DC ELEKTRONISCHE ZAHLUNGSSYSTEME GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H.	100.00	
136	DEBO LEASING IFN S.A. Issued capital RON 724,400	BUCHAREST	BUCHAREST	1	UNICREDIT CONSUMER FINANCING IFN S.A.	0.01	
					UNICREDIT LEASING CORPORATION IFN S.A.	99.99	
137	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT ALPHA MANAGEMENT KG Issued capital EUR 255,650	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
138	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT BETA MANAGEMENT KG Issued capital EUR 255,650	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
139	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT GAMMA MANAGEMENT KG Issued capital EUR 255,650	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
140	DINERS CLUB CS, S.R.O. Issued capital EUR 995,000	BRATISLAVA	BRATISLAVA	1	DC BANK AG	100.00	
141	DINERS CLUB POLSKA SP.Z.O.O. Issued capital PLN 7,500,000	WARSAW	WARSAW	1	DC BANK AG	100.00	
142	DIRANA LIEGENSCHAFTSVERWERTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 17,500	VIENNA	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
143	DLV IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
144	DUODEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
145	ELEKTRA PURCHASE NO. 44 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
146	ELEKTRA PURCHASE NO. 54 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
147	ELEKTRA PURCHASE NO. 55 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
148	ELEKTRA PURCHASE NO. 57 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
149	ELEKTRA PURCHASE NO. 58 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
150	ELEKTRA PURCHASE NO. 718 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
151	ELEKTRA PURCHASE NO. 28 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
152	ELEKTRA PURCHASE NO. 31 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
153	ELEKTRA PURCHASE NO. 32 S.A.	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
154	ELEKTRA PURCHASE NO. 32 S.A. - COMPARTEMENT 2	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
155	ELEKTRA PURCHASE NO. 33 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)

Part A - Accounting Policies

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP [1]	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % [2]
156	ELEKTRA PURCHASE NO. 34 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	[3]
157	ELEKTRA PURCHASE NO. 35 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	[3]
158	ELEKTRA PURCHASE NO. 36 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	[3]
159	ELEKTRA PURCHASE NO. 37 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	[3]
160	ELEKTRA PURCHASE NO. 38 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	[3]
161	ELEKTRA PURCHASE NO. 39 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	[3]
162	ELEKTRA PURCHASE NO. 40 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	[3]
163	ELEKTRA PURCHASE NO. 41 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	[3]
164	ELEKTRA PURCHASE NO. 42 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	[3]
165	ELEKTRA PURCHASE NO. 43 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	[3]
166	ELEKTRA PURCHASE NO. 46 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	[3]
167	ELEKTRA PURCHASE NO. 47 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	[3]
168	ELEKTRA PURCHASE NO. 48 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	[3]
169	ELEKTRA PURCHASE NO. 911 LTD	ST. HELIER	ST. HELIER	4	UNICREDIT BANK AG	..	[3]
170	ERSTE ONSHORE WINDKRAFT BETEILIGUNGSGESELLSCHAFT MBH & CO. WINDPARK GREFRATH KG	OLDENBURG	OLDENBURG	1	WEALTHCAP INVESTORENBETREUUNG GMBH	0.07	
	Issued capital EUR 1,043,889				WEALTHCAP PEIA MANAGEMENT GMBH	99.93	68.20
171	ERSTE ONSHORE WINDKRAFT BETEILIGUNGSGESELLSCHAFT MBH & CO. WINDPARK KRAHENBERG KG	OLDENBURG	OLDENBURG	1	WEALTHCAP INVESTORENBETREUUNG GMBH	0.05	
	Issued capital EUR 1,393,806				WEALTHCAP PEIA MANAGEMENT GMBH	68.49	68.24
172	ERSTE ONSHORE WINDKRAFT BETEILIGUNGSGESELLSCHAFT MBH & CO. WINDPARK MOSE KG	OLDENBURG	OLDENBURG	1	WEALTHCAP INVESTORENBETREUUNG GMBH	0.05	0.06
	Issued capital EUR 1,270,305				WEALTHCAP PEIA MANAGEMENT GMBH	68.48	68.23
173	EUROLEASE AMUN IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
174	EUROLEASE ANUBIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
175	EUROLEASE ISIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
176	EUROLEASE MARDUK IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
177	EUROLEASE RA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
178	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,336				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
179	EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.) Issued capital HUF 100,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	

					OWNERSHIP RELATIONSHIP		
	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	HELD BY	HOLDING %	VOTING RIGHTS % (2)
180	EUROPA INGATLANBEFEKTETESI ALAP (EUROPE REAL-ESTATE INVESTMENT FUND)	BUDAPEST	BUDAPEST	4	UNICREDIT BANK HUNGARY ZRT.	..	(3)
181	EUROPEAN-OFFICE-FONDS	MUNICH	MUNICH	4	UNICREDIT BANK AG	..	(3)
182	EUROVENTURES-AUSTRIA-CA-MANAGEMENT GESMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	CABET-HOLDING GMBH	100.00	
183	EXPANDA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
184	F-E MORTGAGES SRL (CARTOLARIZZAZIONE : F-E MORTGAGES 2005)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
185	F-E MORTGAGES SRL (CARTOLARIZZAZIONE : F-E MORTGAGES SERIES 1 - 2003)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
186	FACTORBANK AKTIENGESELLSCHAFT Issued capital EUR 3,000,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
187	FCT UCG TIKEHAU	PARIS	PARIS	4	UNICREDIT SPA	..	(3)
188	FINECO AM LIMITED Issued capital EUR 500,000	DUBLIN	DUBLIN	1	FINECOBANK SPA	100.00	
189	FINECO VERWALTUNG AG (IN LIQUIDATION) Issued capital EUR 50,000	MUNICH	MUNICH	1	UNICREDIT SPA	100.00	
190	FINECOBANK SPA Issued capital EUR 200,545,404	MILAN	REGGIO EMILIA	1	UNICREDIT SPA	35.39	
191	FINN ARSENAL LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.60	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	0.20	
192	FMC LEASING INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
193	FMZ SAVARIA SZOLGALTATO KORLATOLT FELELOESSEG TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT LEASING KFT	75.00	
194	FMZ SIGMA PROJEKTENTWICKLUNGS GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
195	FOLIA LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
196	FONDIARIA LASA SPA Issued capital EUR 3,102,000	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
197	FOOD & MORE GMBH Issued capital EUR 100,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
198	FUGATO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
199	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. Issued capital EUR 27,434	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
200	GARAGE AM HOF GESELLSCHAFT M.B.H. Issued capital EUR 220,000	VIENNA	VIENNA	1	IMMOBILIEN HOLDING GMBH	90.60	
					SCHOELLERBANK AKTIENGESELLSCHAFT	2.00	

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	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
201	GEBAEUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
202	GELDILUX-TS-2013 S.A.	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
203	GELDILUX-TS-2015 S.A.	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
204	GEMEINDELEASING GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. Issued capital EUR 18,333	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	37.30	
					CALG IMMOBILIEN LEASING GMBH	37.50	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
205	GEMMA VERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG Issued capital EUR 68,272,038	PULLACH	PULLACH	4	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	..	(3)
206	GENERAL LOGISTIC SOLUTIONS LLC Issued capital RUB 2,342,309,444	MOSCOW	MOSCOW	1	UCTAM RU LIMITED LIABILITY COMPANY	100.00	
207	GIMMO IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH Issued capital EUR 25,600	MUNICH	MUNICH	1	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	100.00	
208	GOLF- UND COUNTRY CLUB SEDDINER SEE IMMOBILIEN GMBH Issued capital EUR 52,500	MUNICH	MUNICH	1	ANTUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	6.00	
					HVB PROJEKT GMBH	94.00	
209	GRUNDSTUCKSAKTIENGESELLSCHAFT AM POTSDAMER PLATZ (HAUS VATERLAND) Issued capital EUR 4,086,245	MUNICH	MUNICH	1	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	98.24	
210	GRUNDSTUCKSGESELLSCHAFT SIMON BESCHRANKT HAFTENDE KOMMANDITGESELLSCHAF Issued capital EUR 51,500	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
211	GRUNDSTUECKSVERWALTUNG LINZ-MITTE GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
212	H & B IMMOBILIEN GMBH & CO. OBJEKTE KG Issued capital EUR 5,000	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
213	H.F.S. IMMOBILIENFONDS GMBH Issued capital EUR 25,565	EBERSBERG	EBERSBERG	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
214	H.F.S. LEASINGFONDS DEUTSCHLAND 1 GMBH & CO. KG (IMMOBILIENLEASING) Issued capital EUR 97,154,824	MUNICH	MUNICH	4	BIL IMMOBILIEN FONDS GMBH	99.43	
215	H.F.S. LEASINGFONDS DEUTSCHLAND 7 GMBH & CO. KG Issued capital EUR 56,605,126	MUNICH	MUNICH	4	HVB PROJEKT GMBH	..	(3)
					WEALTHCAP REAL ESTATE MANAGEMENT GMBH	0.08	
216	H.F.S. LEASINGFONDS GMBH Issued capital EUR 26,000	EBERSBERG	EBERSBERG	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
217	HAWA GRUNDSTUCKS GMBH & CO. OHG HOTELVERWALTUNG Issued capital EUR 276,200	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	99.50	
					TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	0.50	
218	HAWA GRUNDSTUCKS GMBH & CO. OHG IMMOBILIENVERWALTUNG Issued capital EUR 54,300	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	99.50	
					TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	0.50	

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
219	HELICONUS SRL (CARTOLARIZZAZIONE : HELICONUS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
220	HERKU LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
221	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 25,000						
222	HONEU LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,336				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
223	HUMAN RESOURCES SERVICE AND DEVELOPMENT GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 18,168						
224	HVB CAPITAL LLC	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 10,000						
225	HVB CAPITAL LLC II	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 14						
226	HVB CAPITAL LLC III	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 10,000						
227	HVB CAPITAL PARTNERS AG	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 2,500,000						
228	HVB EXPORT LEASING GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 25,600						
229	HVB FUNDING TRUST	WILMINGTON	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
230	HVB FUNDING TRUST II	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 2,428						
231	HVB FUNDING TRUST III	WILMINGTON	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
232	HVB GESELLSCHAFT FUR GEBAUDE BETEILIGUNGS GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 25,000						
233	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 10,000,000						
234	HVB HONG KONG LIMITED	HONG KONG	HONG KONG	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 129						
235	HVB IMMOBILIEN AG	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 520,000						
236	HVB INVESTMENTS (UK) LIMITED	GEORGE TOWN	GEORGE TOWN	1	UNICREDIT BANK AG	100.00	
	Issued capital GBP 2						
237	HVB LEASING CZECH REPUBLIC S.R.O.	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital CZK 49,632,000						
238	HVB LONDON INVESTMENTS (AVON) LIMITED (IN LIQUIDAZIONE)	LONDON	LONDON	1	UNICREDIT BANK AG	100.00	
	Issued capital GBP 2						

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	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
239	HVB PROFIL GESELLSCHAFT FUR PERSONALMANAGEMENT MBH Issued capital EUR 26,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
240	HVB PROJEKT GMBH Issued capital EUR 24,543,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	94.00	
					UNICREDIT BANK AG	6.00	
241	HVB SECUR GMBH Issued capital EUR 50,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
242	HVB TECTA GMBH Issued capital EUR 1,534,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	94.00	
					UNICREDIT BANK AG	6.00	
243	HVB VERWA 4 GMBH Issued capital EUR 26,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
244	HVB VERWA 4.4 GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB VERWA 4 GMBH	100.00	
245	HVB-LEASING FORTE INGATLANHASNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
246	HVB-LEASING GARO INGATLANHSZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,100,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
247	HVB-LEASING JUPITER INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
248	HVB-LEASING ROCCA INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
249	HVB-LEASING RUBIN KFT. Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
250	HVB-LEASING SMARAGD KFT. Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
251	HVBFF INTERNATIONAL GREECE GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVBFF INTERNATIONALE LEASING GMBH	100.00	
252	HVBFF INTERNATIONALE LEASING GMBH Issued capital EUR 26,000	MUNICH	MUNICH	1	HVBFF OBJEKT BETEILIGUNGS GMBH	10.00	
					WEALTHCAP PEIA MANAGEMENT GMBH	90.00	
253	HVBFF OBJEKT BETEILIGUNGS GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
254	HVZ GMBH & CO. OBJEKT KG Issued capital EUR 148,090,766	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
255	HYPO-BANK VERWALTUNGSZENTRUM GMBH Issued capital EUR 25,600	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
256	HYPO-BANK VERWALTUNGSZENTRUM GMBH & CO. KG OBJEKT ARABELLASTRASSE Issued capital EUR 25,600	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
257	HYPO-REAL HAUS- UND GRUNDBESITZ GESELLSCHAFT MBH & CO. IMMOBILIEN-VERMIETUNGS KG Issued capital EUR 7,669,500	MUNICH	MUNICH	1	HVB PROJEKT GMBH	80.00	
258	I-FABER SPA Issued capital EUR 5,652,174	MILAN	MILAN	1	UNICREDIT SPA	88.32	

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
259	IDEA FIMIT SGR FONDO SIGMA IMMOBILIARE Issued capital EUR 180,100,960	ROME	ROME	4	UNICREDIT SPA	..	(3)
260	IMMOBILIEN HOLDING GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
261	IMMOBILIEN RATING GMBH Issued capital EUR 50,000	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	61.00	
					UNICREDIT BANK AUSTRIA AG	19.00	
					UNICREDIT LEASING (AUSTRIA) GMBH	19.00	
262	IMMOBILIENLEASING GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H.	74.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
263	INTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
					UNICREDIT BANK AG	6.15	
264	INTRO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
265	ISB UNIVERSALE BAU GMBH Issued capital EUR 6,288,890	BERLIN	BERLIN	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
266	ISTITUTO IMMOBILIARE DI CATANIA SPA Issued capital EUR 7,700,000	CATANIA	CATANIA	1	CAPITAL DEV SPA	93.92	
					UNICREDIT SPA	1.12	
267	ISTITUTO PER L'EDILIZIA POPOLARE DI SAN BERILLO SRL IN LIQUIDAZIONE Issued capital EUR 154,800	CATANIA	CATANIA	1	ISTITUTO IMMOBILIARE DI CATANIA SPA	99.90	
268	IVONA BETEILIGUNGSVERWALTUNG GMBH Issued capital EUR 18,168	VIENNA	VIENNA	1	BA IMMO GEWINNSCHEIN FONDS1	100.00	
269	JAUSERN-LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
270	JOHA GEBAEUDE- ERRICHTUNGS- UND VERMIETUNGS- GESELLSCHAFT M.B.H. IN LIQ. Issued capital EUR 37,000	VIENNA	VIENNA	1	BACA INVESTOR BETEILIGUNGS GMBH	0.97	
					UNO-EINKAUFSZENTRUM-VERWALTUNGSGESELLSCHAFT M.B.H. IN LIQU.	99.03	
271	KAISERWASSER BAU- UND ERRICHTUNGS GMBH UND CO OG Issued capital EUR 36,336	VIENNA	VIENNA	1	RAMSES-IMMOBILIENHOLDING GMBH	..	100.00
					UNICREDIT BANK AUSTRIA AG	99.80	..
272	KLEA ZS-IMMOBILIENVERMIETUNG G.M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
					UNICREDIT BANK AUSTRIA AG	99.80	
273	KLEA ZS-LIEGENSCHAFTSVERMIETUNG G.M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
					UNICREDIT BANK AUSTRIA AG	99.80	
274	KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H. Issued capital EUR 44,000	VIENNA	VIENNA	1	CARD COMPLETE SERVICE BANK AG	100.00	
275	KUNSTHAUS LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	KUTRA GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	5.00	
					UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
276	KUTRA GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	

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	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	OWNERSHIP RELATIONSHIP HOLDING %	VOTING RIGHTS % (2)
277	LAGERMAX LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
278	LAGEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
279	LARGE CORPORATE ONE SRL (CARTOLARIZZAZIONE: LARGE CORPORATE ONE)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
280	LARGO LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
					VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.	98.80	
281	LASSALLESTRASSE BAU-, PLANUNGS-, ERRICHTUNGS- UND VERWERTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	1.00	
	Issued capital EUR 36,336				UNICREDIT BANK AUSTRIA AG	99.00	
282	LEASFINANZ ALPHA ASSETVERMIETUNG GMBH	VIENNA	VIENNA	1	LEASFINANZ GMBH	100.00	
	Issued capital EUR 35,000						
283	LEASFINANZ BANK GMBH	VIENNA	VIENNA	1	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
	Issued capital EUR 36,500						
284	LEASFINANZ GMBH	VIENNA	VIENNA	1	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
	Issued capital EUR 218,019						
285	LEGATO LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
286	LELEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
287	LIFE MANAGEMENT ERSTE GMBH	MUNICH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
	Issued capital EUR 25,000						
288	LIFE MANAGEMENT ZWEITE GMBH	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
	Issued capital EUR 26,000						
289	LINO HOTEL-LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
290	LIPARK LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
291	LIVA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
292	LOCAT CROATIA DOO	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
	Issued capital HRK 39,000,000						
293	LOCAT SV SRL (CARTOLARIZZAZIONE : SERIE 2006)	CONEGLIANO	CONEGLIANO	4	UNICREDIT LEASING S.P.A.	..	(3)
294	LOCAT SV SRL (CARTOLARIZZAZIONE : SERIE 2016)	CONEGLIANO	CONEGLIANO	4	UNICREDIT LEASING S.P.A.	..	(3)
295	M. A. V. 7., BANK AUSTRIA LEASING BAUTRAEGER GMBH & CO.OG.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	1.96	
	Issued capital EUR 3,707				UNICREDIT LUNA LEASING GMBH	98.04	

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
296	MARTIANEZ COMERCIAL, SOCIEDAD ANONIMA Issued capital EUR 3,449,740	PUERTO DE LA CRUZ	PUERTO DE LA CRUZ	1	BF NINE HOLDING GMBH	100.00	
297	MBC IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
298	MCL RE LJUBLJANA, POSLOVNI NAJEM NEPREMI NIN, D.O.O. Issued capital EUR 7,500	LJUBLJANA	LJUBLJANA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
299	MENUETT GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
300	MERKURHOF GRUNDSTUCKSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG Issued capital EUR 5,112,919	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
301	MILLETERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
302	MM OMEGA PROJEKTENTWICKLUNGS GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
303	MOBILITY CONCEPT GMBH Issued capital EUR 4,000,000	OBERHACHING	OBERHACHING	1	UNICREDIT LEASING GMBH	60.00	
304	MOC VERWALTUNGS GMBH & CO. IMMOBILIEN KG Issued capital EUR 5,112,940	MUNICH	MUNICH	4	HVB PROJEKT GMBH	..	(3)
305	MOEGRA LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
306	MOMENTUM ALLWEATHER STRATEGIES - LONG TERM STRATEG	HAMILTON	HAMILTON	4	UNICREDIT SPA	..	(3)
307	MOMENTUM LONG TERM VALUE FUND	HAMILTON	HAMILTON	4	UNICREDIT SPA	..	(3)
308	MOVIE MARKET BETEILIGUNGS GMBH I.L. Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
309	MY DREI HANDELS GMBH Issued capital EUR 17,500	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
310	NAGE LOKALVERMIETUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
311	NF OBJEKT FFM GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
312	NF OBJEKT MUNCHEN GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
313	NF OBJEKTE BERLIN GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
314	NOE HYPO LEASING ASTRICTA GRUNDSTUECKVERMIETUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
315	NORDBAHNHOF PROJEKTE HOLDING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	7.00	
					UNICREDIT BANK AUSTRIA AG	93.00	

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316	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA Issued capital EUR 200,000	ROME	ROME	1	UNICREDIT SPA	100.00	
317	OCEAN BREEZE ASSET GMBH & CO. KG Issued capital EUR 2,000	BREMEN	BREMEN	1	OCEAN BREEZE ENERGY GMBH & CO. KG	100.00	
318	OCEAN BREEZE ENERGY GMBH & CO. KG Issued capital EUR 2,000	BREMEN	BREMEN	1	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH	100.00	
319	OCEAN BREEZE FINANCE S.A. - COMPARTMENT 1	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
320	OCEAN BREEZE GMBH Issued capital EUR 25,000	BREMEN	BREMEN	1	OCEAN BREEZE ENERGY GMBH & CO. KG	100.00	
321	OCT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
322	OLG HANDELS- UND BETEILIGUNGSVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
323	OMNIA GRUNDSTUCKS-GMBH & CO. OBJEKT EGGENFELDENER STRASSE KG Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
324	OMNIA GRUNDSTUCKS-GMBH & CO. OBJEKT HAIDENAUPLATZ KG Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	94.00	
					UNICREDIT BANK AG	6.00	
325	OMNIA GRUNDSTUECKS-GMBH & CO. OBJEKT PERLACH KG Issued capital EUR 5,125,701	MUNICH	MUNICH	1	OMNIA GRUNDSTUCKS-GMBH	..	0.99
					ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	94.78	93.87
					WEALTHCAP LEASING GMBH	5.22	5.14
326	OOO UNICREDIT LEASING Issued capital RUR 149,160,248	MOSCOW	MOSCOW	1	AO UNICREDIT BANK	100.00	
327	ORBIT PERFORMANCE STRATEGIES - ORBIT US CLASSE I U	HAMILTON	HAMILTON	4	UNICREDIT SPA	..	(3)
328	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH Issued capital EUR 10,149,150	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
329	OTHMARSCHEN PARK HAMBURG GMBH & CO. CENTERPARK KG Issued capital EUR 51,129	MUNICH	MUNICH	1	HVB PROJEKT GMBH	10.00	
					T & P FRANKFURT DEVELOPMENT B.V.	30.00	
					T & P VASTGOED STUTTGART B.V.	60.00	
330	OTHMARSCHEN PARK HAMBURG GMBH & CO. GEWERBEPARK KG Issued capital EUR 51,129	MUNICH	MUNICH	1	HVB PROJEKT GMBH	10.00	
					T & P FRANKFURT DEVELOPMENT B.V.	30.00	
					T & P VASTGOED STUTTGART B.V.	60.00	
331	PAI (BERMUDA) LIMITED Issued capital USD 12,000	HAMILTON	HAMILTON	1	UNICREDIT SPA	100.00	
332	PAI MANAGEMENT LTD Issued capital EUR 1,032,000	DUBLIN	DUBLIN	1	UNICREDIT SPA	100.00	
333	PALAIS ROTHSCHILD VERMIETUNGS GMBH & CO OG Issued capital EUR 2,180,185	VIENNA	VIENNA	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
334	PARCO DELLE ACACIE DUE S.P.A. Issued capital EUR 90,000	ROME	ROME	1	CAPITAL DEV SPA	100.00	

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
335	PARSEC 6 SPA	ROME	ROME	1	CAPITAL DEV SPA	100.00	
	Issued capital EUR 90,000						
336	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 36,336						
337	PELOPS LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,337				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
338	PENSIONSKASSE DER HYPO VEREINSBANK VVAG	MUNICH	MUNICH	4	UNICREDIT BANK AG	..	(3)
339	PERIKLES 20092 VERMOGENSVERWALTUNG GMBH	BREMEN	BREMEN	1	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH	100.00	
	Issued capital EUR 25,000						
340	PIANA LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
341	PIONEER ALTERNATIVE INVESTMENTS (ISRAEL) LIMITED IN VOLUNTARY LIQUIDATION	RAMAT GAN	RAMAT GAN	1	UNICREDIT SPA	100.00	
	Issued capital ILS 50,000						
342	PIONEER ALTERNATIVE INVESTMENTS (NEW YORK) LTD	DOVER	NEW YORK	1	UNICREDIT SPA	100.00	
	Issued capital USD 1						
343	PIONEER GLOBAL FUNDS DISTRIBUTOR LTD	HAMILTON	HAMILTON	1	UNICREDIT SPA	100.00	
	Issued capital EUR 12,900						
344	PIRTA VERWALTUNGS GMBH	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
	Issued capital EUR 2,067,138						
345	PISANA S.P.A.	ROME	ROME	1	CAPITAL DEV SPA	100.00	
	Issued capital EUR 1,000,000						
346	POLLUX IMMOBILIEN GMBH	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
	Issued capital EUR 36,500				UNICREDIT BANK AUSTRIA AG	99.80	
347	POMINVEST DD	SPLIT	SPLIT	1	ZAGREBACKA BANKA D.D.	88.66	88.95
	Issued capital HRK 17,434,000						
348	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
	Issued capital EUR 500,013,550						
349	PORTIA GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
	Issued capital EUR 25,600						
350	POSATO LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
351	PRELUDE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
352	PRO WOHNBAU GMBH	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.31	
	Issued capital EUR 23,621,113				IMMOBILIEN HOLDING GMBH	99.69	

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353	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H.	74.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
354	PRVA STAMBENA STEDIONICA DD ZAGREB Issued capital HRK 80,000,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
355	QUADEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
356	QUART Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
357	QUINT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
358	RAMSES IMMOBILIEN GESELLSCHAFT M.B.H. & CO OG Issued capital EUR 36,500	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.50	
					RAMSES-IMMOBILIENHOLDING GMBH	0.20	
					UNICREDIT BANK AUSTRIA AG	99.30	
359	RANA-LIEGENSCHAFTSVERWERTUNG GMBH Issued capital EUR 72,700	VIENNA	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	99.90	
360	REAL ESTATE MANAGEMENT POLAND SP. Z O.O. Issued capital PLN 124,500	WARSAW	WARSAW	1	UNICREDIT LEASING S.P.A.	100.00	
361	REAL INVEST EUROPE D BA RI KAG	VIENNA	VIENNA	4	UNICREDIT BANK AUSTRIA AG	..	(3)
362	REAL INVEST IMMOBILIEN GMBH Issued capital EUR 36,400	VIENNA	VIENNA	1	BACA INVESTOR BETEILIGUNGS GMBH	1.00	
					TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	99.00	
363	REAL INVEST PROPERTY GMBH & CO SPB JOTA KG Issued capital EUR 30,200,000	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	..	32.07
					TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	44.55	
364	REAL-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
365	REAL-RENT LEASING GESELLSCHAFT M.B.H. Issued capital EUR 73,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
366	REGEV REALITAETENVERWERTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 726,728	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
367	RHOTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
					UNICREDIT BANK AG	6.15	
368	RIGEL IMMOBILIEN GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
					UNICREDIT BANK AUSTRIA AG	99.80	
369	ROLIN GRUNDSTUCKSPLANUNGS- UND -VERWALTUNGSGESELLSCHAFT MBH Issued capital EUR 30,677	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
370	RONCASA IMMOBILIEN-VERWALTUNGS GMBH Issued capital EUR 256,000	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
371	ROSENKAVALIER 2008 GMBH	FRANKFURT	FRANKFURT	4	UNICREDIT BANK AG	..	(3)
372	ROSENKAVALIER 2015 UG	FRANKFURT	FRANKFURT	4	UNICREDIT BANK AG	..	(3)
373	RSB ANLAGENVERMIETUNG GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	100.00	

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
374	S. MARIA DELLA GUARDIA S.R.L. Issued capital EUR 210,000	CATANIA	CATANIA	1	ISTITUTO IMMOBILIARE DI CATANIA SPA	51.00	
375	SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG SAARLAND Issued capital EUR 1,533,900	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
376	SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG VERWALTUNGSZENTRUM Issued capital EUR 2,300,850	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	97.78	
					TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	2.22	
377	SALVATORPLATZ-GRUNDSTUECKSGESELLSCHAFT MIT BESCHRAENKTER HAFTUNG Issued capital EUR 511,300	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
378	SAMAR SPA Issued capital EUR 50,000	ROME	ROME	1	CAPITAL DEV SPA	100.00	
379	SANITA' - S.R.L. IN LIQUIDAZIONE Issued capital EUR 5,164,333	ROME	ROME	1	UNICREDIT SPA	99.60	
380	SAS-REAL INGATLANUEZEMELTETOE ES KEZELOE KFT. (ENGLISH :SAS-REAL KFT) Issued capital HUF 750,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
381	SCHOELLERBANK AKTIENGESELLSCHAFT Issued capital EUR 20,000,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
382	SCHOELLERBANK INVEST AG Issued capital EUR 2,543,549	SALZBURG	SALZBURG	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
383	SECA-LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	74.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
384	SEDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
385	SELFOSS BETEILIGUNGSGESELLSCHAFT MBH Issued capital EUR 25,000	GRUNWALD	GRUNWALD	1	HVB PROJEKT GMBH	100.00	
386	SEXT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
387	SHOPPING PALACE BRATISLAVA, V.O.S. Issued capital EUR 400.000	BRATISLAVA	BRATISLAVA	1	REAL INVEST PROPERTY GMBH & CO SPB JOTA KG	100.00	
388	SIA UNICREDIT INSURANCE BROKER Issued capital EUR 15,080	RIGA	RIGA	1	SIA UNICREDIT LEASING	100.00	
389	SIA UNICREDIT LEASING Issued capital EUR 15,569,120	RIGA	RIGA	1	UNICREDIT SPA	100.00	
390	SIGMA LEASING GMBH Issued capital EUR 18,286	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.40	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	0.40	
391	SIMON VERWALTUNGS-AKTIENGESELLSCHAFT I.L. Issued capital EUR 2,556,459	MUNICH	MUNICH	1	UNICREDIT BANK AG	99.98	
392	SIRIUS IMMOBILIEN GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
					UNICREDIT BANK AUSTRIA AG	99.80	

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	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	OWNERSHIP RELATIONSHIP HOLDING %	VOTING RIGHTS % (2)
393	SIRIUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	MUNICH	MUNICH	1	HVB PROJEKT GMBH	5.00	
	Issued capital EUR 30,000				SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG	95.00	
394	SOCIETA' DI GESTIONI ESATTORIALI IN SICILIA SO.G.E.SI. S.P.A. IN LIQ. Issued capital EUR 36,151,500	PALERMO	PALERMO	1	UNICREDIT SPA	80.00	
395	SOCIETA' ITALIANA GESTIONE ED INCASSO CREDITI S.P.A. IN LIQUIDAZIONE Issued capital EUR 341,916	ROME	ROME	1	UNICREDIT SPA	100.00	
396	SOFIGERE SOCIETE PAR ACTIONS SIMPLIFIEE (IN LIQUIDAZIONE) Issued capital EUR 40,000	PARIS	PARIS	1	UNICREDIT SPA	100.00	
397	SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG Issued capital EUR 35,800	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
398	SONATA LEASING-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H.	1.00	
	Issued capital EUR 36,336				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	98.80	
399	SPECTRUM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
400	SPREE GALERIE HOTELBETRIEBSGESELLSCHAFT MBH Issued capital EUR 511,300	MUNICH	MUNICH	1	ARGENTAURUS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH	100.00	
401	STEWE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	24.00	
	Issued capital EUR 36,337				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	75.80	
402	STRUCTURED INVEST SOCIETE ANONYME Issued capital EUR 125,500	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
403	SUCCESS 2015 B.V.	AMSTERDAM	AMSTERDAM	4	UNICREDIT LEASING (AUSTRIA) GMBH	..	(3)
404	SVILUPPO IMMOBILIARE PESCACCIO - SOCIETA' A RESPONSABILITA' LIMITATA Issued capital EUR 10,000	ROME	ROME	1	CAVE NUOVE SPA	100.00	
405	T & P FRANKFURT DEVELOPMENT B.V. Issued capital EUR 4,938,271	AMSTERDAM	AMSTERDAM	1	HVB PROJEKT GMBH	100.00	
406	T & P VASTGOED STUTTGART B.V. Issued capital EUR 10,769,773	AMSTERDAM	AMSTERDAM	1	HVB PROJEKT GMBH	87.50	
407	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG Issued capital EUR 920,400	MUNICH	MUNICH	1	HVB TECTA GMBH	75.00	
408	TERRONDA DEVELOPMENT B.V. Issued capital EUR 1,252,433	AMSTERDAM	AMSTERDAM	1	HVB PROJEKT GMBH	100.00	
409	TERZ Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
410	TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT Issued capital EUR 6,240,000	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	99.67	
411	TRANSTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
					UNICREDIT BANK AG	6.15	
412	TREDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
413	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 365,000	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
414	TREUCONSULT PROPERTY EPSILON GMBH IN LIQU. Issued capital EUR 35,000	VIENNA	VIENNA	1	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	100.00	
415	TRICASA GRUNDBESITZ GESELLSCHAFT MBH & CO. 1. VERMIETUNGS KG Issued capital EUR 6,979,476	MUNICH	MUNICH	1	HYPO-REAL HAUS- UND GRUNDBESITZ GESELLSCHAFT MBH	..	
					ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	
416	TRICASA GRUNDBESITZGESELLSCHAFT DES BURGERLICHEN RECHTS NR. 1 Issued capital EUR 13,687,272	MUNICH	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	
417	TRIESTE ADRIATIC MARITIME INITIATIVES SRL Issued capital EUR 6,232,500	TRIESTE	TRIESTE	3	UNICREDIT SPA	36.68	
418	TRINITRADE VERMOGENSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG Issued capital EUR 102,300	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
419	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG Issued capital EUR 10,000	VIENNA	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	90.00	
					BA-CA ANDANTE LEASING GMBH	10.00	
420	UCTAM AIRPORT BUILDING S.R.O Issued capital CZK 100,000	PRAGUE	PRAGUE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
421	UCTAM BALTICS SIA Issued capital EUR 4,265,585	RIGA	RIGA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
422	UCTAM BH D.O.O. Issued capital BAM 2,000	MOSTAR	MOSTAR	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
423	UCTAM BULGARIA EOOD Issued capital BGN 20,000	SOFIA	SOFIA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
424	UCTAM CZECH REPUBLIC SRO Issued capital CZK 45,500,000	PRAGUE	PRAGUE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.96	
					UNICREDIT TURN-AROUND MANAGEMENT GMBH	0.04	
425	UCTAM D.O.O. BEOGRAD Issued capital RSD 631,564,325	BELGRADE	BELGRADE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
426	UCTAM HUNGARY KFT Issued capital HUF 10,300,000	BUDAPEST	BUDAPEST	1	EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.)	1.00	
					UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.00	
427	UCTAM RETAIL HUNGARY KFT. Issued capital HUF 10,000,000	BUDAPEST	BUDAPEST	1	EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.)	1.00	
					UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.00	
428	Issued capital RON 30,257,830	BUCHAREST	BUCHAREST	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
					UNICREDIT TURN-AROUND MANAGEMENT GMBH	..	

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	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
429	UCTAM RU LIMITED LIABILITY COMPANY Issued capital RUB 4,000,000	MOSCOW	MOSCOW	1	AO UNICREDIT BANK	..	
					UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
430	UCTAM SVK S.R.O. Issued capital EUR 5,000	BRATISLAVA	BRATISLAVA	1	UCTAM BALTICS SIA	15.00	0.01
					UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	85.00	99.99
431	UCTAM UPRAVLJANJE D.O.O. Issued capital EUR 7,500	LJUBLJANA	LJUBLJANA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
432	UFFICIUM IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	KUTRA GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	5.00	
					UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
433	UNI IT SRL Issued capital EUR 1,000,000	TRENTO	TRENTO	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	51.00	
434	UNICOM IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
435	UNICREDIT (CHINA) ADVISORY LIMITED (IN LIQUIDAZIONE) Issued capital CNY 826,410	BEIJING	BEIJING	1	UNICREDIT BANK AG	100.00	
436	UNICREDIT AURORA LEASING GMBH Issued capital EUR 219,000	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
437	UNICREDIT BANK A.D. BANJA LUKA Issued capital BAM 97,055,000	BANJA LUKA	BANJA LUKA	1	UNICREDIT SPA	98.46	
438	UNICREDIT BANK AG Issued capital EUR 2,407,151,016	MUNICH	MUNICH	1	UNICREDIT SPA	100.00	
439	UNICREDIT BANK AUSTRIA AG Issued capital EUR 1,681,033,521	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
440	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S. Issued capital CZK 8,754,617,898	PRAGUE	PRAGUE	1	UNICREDIT SPA	100.00	
441	UNICREDIT BANK D.D. Issued capital BAM 119,195,000	MOSTAR	MOSTAR	1	ZAGREBACKA BANKA D.D.	99.35	99.31
442	UNICREDIT BANK HUNGARY ZRT. Issued capital HUF 24,118,220,000	BUDAPEST	BUDAPEST	1	UNICREDIT SPA	100.00	
443	UNICREDIT BANK IRELAND PLC Issued capital EUR 1,343,118,650	DUBLIN	DUBLIN	1	UNICREDIT SPA	100.00	
444	UNICREDIT BANK S.A. Issued capital RON 1,101,604,066	BUCHAREST	BUCHAREST	1	UNICREDIT SPA	98.33	
445	UNICREDIT BANK SERBIA JSC Issued capital RSD 23,607,620,000	BELGRADE	BELGRADE	1	UNICREDIT SPA	100.00	
446	UNICREDIT BANKA SLOVENIJA D.D. Issued capital EUR 20,383,765	LJUBLJANA	LJUBLJANA	1	UNICREDIT SPA	100.00	
447	UNICREDIT BETEILIGUNGS GMBH Issued capital EUR 1,000,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
448	UNICREDIT BIZTOSITASKOEZVETITO KFT Issued capital HUF 5,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
449	UNICREDIT BPC MORTAGE SRL (COVERED BONDS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
450	UNICREDIT BPC MORTGAGE S.R.L.	VERONA	VERONA	1	UNICREDIT SPA	60.00	
	Issued capital EUR 12,000						
451	UNICREDIT BROKER D.O.O. SARAJEVO BROKERSKO DRUSTVO U OSIGURANJU	SARAJEVO	SARAJEVO	1	UNICREDIT BANK D.D.	49.00	
	Issued capital BAM 7,823				UNICREDIT INSURANCE MANAGEMENT CEE GMBH	51.00	
452	UNICREDIT BROKER S.R.O.	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
	Issued capital EUR 8,266						
453	UNICREDIT BULBANK AD	SOFIA	SOFIA	1	UNICREDIT SPA	99.45	
	Issued capital BGN 285,776,674						
454	UNICREDIT BUSINESS INTEGRATED SOLUTIONS AUSTRIA GMBH	VIENNA	VIENNA	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	100.00	
	Issued capital EUR 1,200,000						
455	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	MILAN	MILAN	1	CORDUSIO SIM SPA	..	
	Issued capital EUR 237,523,160				CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	..	
					FINECOBANK SPA	..	
					UNICREDIT BANK AG	..	
					UNICREDIT FACTORING SPA	..	
					UNICREDIT SPA	100.00	
456	UNICREDIT CAPITAL MARKETS LLC	NEW YORK	NEW YORK	1	UNICREDIT U.S. FINANCE LLC	100.00	
	Issued capital USD 100,100						
457	UNICREDIT CENTER AM KAISERWASSER GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 35,000						
458	UNICREDIT CONSUMER FINANCING EAD	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
	Issued capital BGN 2,800,000						
459	UNICREDIT CONSUMER FINANCING IFN S.A.	BUCHAREST	BUCHAREST	1	UNICREDIT BANK S.A.	50.10	
	Issued capital RON 103,269,200				UNICREDIT SPA	49.90	
460	UNICREDIT DIRECT SERVICES GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 767,000						
461	UNICREDIT FACTORING CZECH REPUBLIC AND SLOVAKIA, A.S.	PRAGUE	PRAGUE	1	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	100.00	
	Issued capital CZK 222,600,000						
462	UNICREDIT FACTORING EAD	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
	Issued capital BGN 1,000,000						
463	UNICREDIT FACTORING SPA	MILAN	MILAN	1	UNICREDIT SPA	100.00	
	Issued capital EUR 414,348,000						
464	UNICREDIT FLEET MANAGEMENT EOOD	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
	Issued capital BGN 100,000						
465	UNICREDIT FLEET MANAGEMENT S.R.O.	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital CZK 5,000,000						
466	UNICREDIT FLEET MANAGEMENT S.R.O.	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
	Issued capital EUR 6,639						
467	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	VIENNA	VIENNA	1	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 57,000				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
468	UNICREDIT GLOBAL LEASING EXPORT GMBH	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
	Issued capital EUR 36,336						

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	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
469	UNICREDIT GLOBAL LEASING PARTICIPATION MANAGEMENT GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UNICREDIT LEASING SPA	100.00	
470	UNICREDIT INGATLANLIZING ZRT Issued capital HUF 82,000,000	BEKESCABA	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
471	UNICREDIT INSURANCE BROKER EOOD Issued capital BGN 5,000	SOFIA	SOFIA	1	UNICREDIT LEASING EAD	100.00	
472	UNICREDIT INSURANCE BROKER SRL Issued capital RON 150,000	BUCHAREST	BUCHAREST	1	UNICREDIT LEASING CORPORATION IFN S.A.	100.00	
473	UNICREDIT INSURANCE MANAGEMENT CEE GMBH Issued capital EUR 156,905	VIENNA	VIENNA	1	PIRTA VERWALTUNGS GMBH	100.00	
474	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA Issued capital EUR 13,333,300	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT SPA	100.00	
475	UNICREDIT JELZALOGBANK ZRT. Issued capital HUF 3,000,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
476	UNICREDIT KFZ LEASING GMBH Issued capital EUR 648,000	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	100.00	
477	UNICREDIT LEASING (AUSTRIA) GMBH Issued capital EUR 17,296,134	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	
					PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.02	
					UNICREDIT BANK AUSTRIA AG	89.98	
478	UNICREDIT LEASING ALPHA ASSETVERMIETUNG GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
479	UNICREDIT LEASING AVIATION GMBH Issued capital EUR 1,600,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
480	UNICREDIT LEASING CORPORATION IFN S.A. Issued capital RON 90,989,013	BUCHAREST	BUCHAREST	1	UNICREDIT BANK S.A.	99.96	
					UNICREDIT CONSUMER FINANCING IFN S.A.	0.04	
481	UNICREDIT LEASING CROATIA D.O.O. ZA LEASING Issued capital HRK 28,741,800	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
482	UNICREDIT LEASING CZ, A.S. Issued capital CZK 981,452,000	PRAGUE	PRAGUE	1	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	100.00	
483	UNICREDIT LEASING EAD Issued capital BGN 2,605,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
484	UNICREDIT LEASING FINANCE GMBH Issued capital EUR 17,580,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
485	UNICREDIT LEASING FLEET MANAGEMENT S.R.L. Issued capital RON 680,000	BUCHAREST	BUCHAREST	1	PIRTA VERWALTUNGS GMBH	90.02	
					UNICREDIT LEASING CORPORATION IFN S.A.	9.98	
486	UNICREDIT LEASING FUHRPARKMANAGEMENT GMBH Issued capital EUR 364,000	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
487	UNICREDIT LEASING GMBH Issued capital EUR 15,000,000	HAMBURG	HAMBURG	1	UNICREDIT BANK AG	100.00	

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
488	UNICREDIT LEASING HUNGARY ZRT	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
	Issued capital HUF 500,000,000						
489	UNICREDIT LEASING IMMOTRUCK ZRT.	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 52,500,000						
490	UNICREDIT LEASING INSURANCE SERVICES S.R.O.	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
	Issued capital EUR 5,000						
491	UNICREDIT LEASING KFT	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 3,100,000						
492	UNICREDIT LEASING LUNA KFT	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	80.00	
	Issued capital HUF 3,000,000						
493	UNICREDIT LEASING MARS KFT	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	80.00	
	Issued capital HUF 3,000,000						
494	UNICREDIT LEASING S.P.A.	MILAN	MILAN	1	UNICREDIT SPA	100.00	
	Issued capital EUR 1,670,131,062						
495	UNICREDIT LEASING SLOVAKIA A.S.	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital EUR 26,560,000						
496	UNICREDIT LEASING SRBIJA D.O.O. BEOGRAD	BELGRADE	BELGRADE	1	UNICREDIT BANK SERBIA JSC	100.00	
	Issued capital RSD 1,078,133,000						
497	UNICREDIT LEASING TECHNIKUM GMBH	VIENNA	VIENNA	1	LEASFINANZ GMBH	99.80	
	Issued capital EUR 35,000				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
498	UNICREDIT LEASING URANUS KFT	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	80.00	
	Issued capital HUF 3,000,000						
499	UNICREDIT LEASING VERSICHERUNGSSERVICE GMBH & CO KG	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 36,500						
500	UNICREDIT LEASING, LEASING, D.O.O.	LJUBLJANA	LJUBLJANA	1	UNICREDIT BANKA SLOVENIJA D.D.	100.00	
	Issued capital EUR 25,039,658						
501	UNICREDIT LUNA LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
502	UNICREDIT LUXEMBOURG S.A.	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 238,000,000						
503	UNICREDIT MOBILIEN UND KFZ LEASING GMBH	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
504	UNICREDIT OBG S.R.L.	VERONA	VERONA	1	UNICREDIT SPA	60.00	
	Issued capital EUR 10,000						
505	UNICREDIT OBG SRL (COVERED BONDS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
506	UNICREDIT OPERATIV LIZING KFT	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
	Issued capital HUF 3,000,000						
507	UNICREDIT PARTNER D.O.O. BEOGRAD	BELGRADE	BELGRADE	1	UNICREDIT BANK SERBIA JSC	100.00	
	Issued capital RSD 2,001,875						

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	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
508	UNICREDIT PARTNER D.O.O. ZA TRGOVINU I USLUGE	ZAGREB	ZAGREB	1	UNICREDIT INSURANCE MANAGEMENT CEE GMBH	20.00	
	Issued capital HRK 200,000				UNICREDIT LEASING CROATIA D.O.O. ZA LEASING	80.00	
509	UNICREDIT PARTNER LLC	KIEV	KIEV	1	UNICREDIT INSURANCE MANAGEMENT CEE GMBH	100.00	
	Issued capital UAH 53,557						
510	UNICREDIT PEGASUS LEASING GMBH	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
511	UNICREDIT POJISTOVACI MAKLERSKA SPOL.S R.O.	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital CZK 510,000						
512	UNICREDIT POLARIS LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
513	UNICREDIT RENT D.O.O. BEOGRAD	BELGRADE	BELGRADE	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital RSD 3,285,948,900						
514	UNICREDIT SUBITO CASA SPA	MILAN	MILAN	1	UNICREDIT SPA	100.00	
	Issued capital EUR 500,000						
515	UNICREDIT TECHRENT LEASING GMBH	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.00	
	Issued capital EUR 36,336				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
516	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	VIENNA	VIENNA	1	UNICREDIT TURN-AROUND MANAGEMENT GMBH	100.00	
	Issued capital EUR 750,000						
517	UNICREDIT TURN-AROUND MANAGEMENT GMBH	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
	Issued capital EUR 72,673						
518	UNICREDIT U.S. FINANCE LLC	WILMINGTON	NEW YORK	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 130						
519	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
520	UNICREDIT-LEASING HOSPES KFT	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 3,000,000						
521	UNICREDIT-LEASING NEPTUNUS KFT	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	96.35	
	Issued capital HUF 3,010,000						
522	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 32,715,000						
523	UNO-EINKAUFSZENTRUM-VERWALTUNGSGESELLSCHAFT M.B.H. IN LIQU.	LEONDING	LEONDING	1	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	100.00	
	Issued capital EUR 37,000						
524	V.M.G. VERMIETUNGSGESELLSCHAFT MBH	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
	Issued capital EUR 25,565						
525	VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
526	VERMIETUNGSGESELLSCHAFT MBH & CO OBJEKT MOC KG	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	89.28	89.23
	Issued capital EUR 48,728,161				LANDOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	..	0.06

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
527	VERWALTUNGSGESELLSCHAFT KATHARINENHOF MBH Issued capital EUR 511,292	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
528	VICOVARO RE SRL Issued capital EUR 10,000	ROME	ROME	1	CAPITAL DEV SPA	100.00	
529	VISCONTI SRL Issued capital EUR 11,000,000	MILAN	MILAN	1	UNICREDIT SPA	76.00	
530	WEALTH MANAGEMENT CAPITAL HOLDING GMBH Issued capital EUR 26,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
531	WEALTHCAP AIRCRAFT 27 GMBH & CO KG	GRUNWALD	GRUNWALD	1	WEALTHCAP AIRCRAFT 27 KOMPLEMENTAR GMBH	49.95	33.33
	Issued capital USD 2,000				WEALTHCAP INVESTORENBETREUUNG GMBH	50.00	33.33
					WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	0.05	33.33
532	WEALTHCAP AIRCRAFT 27 KOMPLEMENTAR GMBH Issued capital EUR 25,000	GRUNWALD	GRUNWALD	1	WEALTHCAP ENTITY SERVICE GMBH	100.00	
533	WEALTHCAP ENTITY SERVICE GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	100.00	
534	WEALTHCAP EQUITY GMBH Issued capital EUR 500,000	MUNICH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
535	WEALTHCAP EQUITY MANAGEMENT GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP EQUITY GMBH	100.00	
536	WEALTHCAP FONDS GMBH Issued capital EUR 512,000	MUNICH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
537	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	MUNICH	MUNICH	1	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	100.00	50.00
	Issued capital EUR 5,000				WEALTHCAP VORRATS-2 GMBH	..	50.00
538	WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	MUNICH	MUNICH	1	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	94.34	50.00
	Issued capital EUR 10,600				WEALTHCAP VORRATS-2 GMBH	5.66	50.00
539	WEALTHCAP IMMOBILIENFONDS DEUTSCHLAND 36 KOMPLEMENTAR GMBH Issued capital EUR 25,565	GRUNWALD	MUNICH	1	H.F.S. LEASINGFONDS GMBH	100.00	
540	WEALTHCAP IMMOBILIENFONDS DEUTSCHLAND 38 KOMPLEMENTAR GMBH Issued capital EUR 25,000	GRUNWALD	GRUNWALD	1	WEALTHCAP ENTITY SERVICE GMBH	100.00	
541	WEALTHCAP INITIATOREN GMBH Issued capital EUR 1,533,876	MUNICH	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
542	WEALTHCAP INVESTMENT SERVICES GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	10.00	
	Issued capital EUR 4,000,000				WEALTH MANAGEMENT CAPITAL HOLDING GMBH	90.00	
543	WEALTHCAP INVESTMENTS INC. Issued capital USD 312,000	WILMINGTON	ATLANTA	1	WEALTHCAP FONDS GMBH	100.00	
544	WEALTHCAP INVESTORENBETREUUNG GMBH Issued capital EUR 60,000	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
545	WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH Issued capital EUR 125,000	MUNICH	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
546	WEALTHCAP LEASING GMBH Issued capital EUR 25,000	GRUNWALD	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	

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	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
547	WEALTHCAP LOS GATOS 131 ALBRIGHT WAY L.P. Issued capital USD 1,000	WILMINGTON	WILMINGTON	1	WEALTHCAP INVESTMENTS INC.	100.00	
548	WEALTHCAP MANAGEMENT SERVICES GMBH Issued capital EUR 50,000	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
549	WEALTHCAP OBJEKT-VORRAT 20 GMBH & CO. KG Issued capital EUR 10,000	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	6.00	25.00
					WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	6.00	25.00
					WEALTHCAP MANAGEMENT SERVICES GMBH	88.00	25.00
					WEALTHCAP OBJEKT-VORRAT 20 KOMPLEMENTAER GMBH	..	25.00
550	WEALTHCAP OBJEKT-VORRAT 21 GMBH & CO. KG Issued capital EUR 10,000	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	6.00	25.00
					WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	6.00	25.00
					WEALTHCAP MANAGEMENT SERVICES GMBH	88.00	25.00
					WEALTHCAP OBJEKT-VORRAT 21 KOMPLEMENTAER GMBH	..	25.00
551	WEALTHCAP OBJEKTE SUEDWEST GMBH & CO. KG Issued capital EUR 10,000	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	6.00	33.33
					WEALTHCAP IMMOBILIEN 40 KOMPLEMENTAER GMBH	..	33.33
					WEALTHCAP MANAGEMENT SERVICES GMBH	94.00	33.33
552	WEALTHCAP PEIA KOMPLEMENTAR GMBH Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
553	WEALTHCAP PEIA MANAGEMENT GMBH Issued capital EUR 1,023,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	6.00	
					WEALTH MANAGEMENT CAPITAL HOLDING GMBH	94.00	
554	WEALTHCAP PORTLAND PARK SQUARE, L.P. Issued capital USD 1,000	WILMINGTON	WILMINGTON	1	WEALTHCAP INVESTMENTS INC.	99.90	
					WEALTHCAP PORTLAND PARK SQUARE GP INC.	0.10	
555	WEALTHCAP REAL ESTATE MANAGEMENT GMBH Issued capital EUR 60,000	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
556	WEALTHCAP STIFTUNGSTREUHAND GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP FONDS GMBH	100.00	
557	WEALTHCAP USA IMMOBILIEN VERWALTUNGS GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP FONDS GMBH	100.00	
558	WEALTHCAP VORRATS-2 GMBH Issued capital EUR 25,000	GRUNWALD	BAD SODEN	1	WEALTHCAP FONDS GMBH	100.00	
559	WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
560	WOHNPARK BRANDENBURG-GORDEN GMBH Issued capital EUR 51,150	BRANDENBURG	BRANDENBURG	1	IMMOBILIEN HOLDING GMBH	100.00	
561	Z LEASING ALFA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
562	Z LEASING ARKTUR IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
563	Z LEASING AURIGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
564	Z LEASING CORVUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
565	Z LEASING DORADO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CALG GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
566	Z LEASING DRACO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
567	Z LEASING GAMA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
568	Z LEASING GEMINI IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
569	Z LEASING HEBE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	GEBAEUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
570	Z LEASING HERCULES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
571	Z LEASING IPSILON IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
572	Z LEASING ITA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
573	Z LEASING JANUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
574	Z LEASING KALLISTO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
575	Z LEASING KAPA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
576	Z LEASING LYRA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
577	Z LEASING NEREIDE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
578	Z LEASING OMEGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
579	Z LEASING PERSEUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
	Issued capital EUR 36,500				UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
580	Z LEASING SCORPIUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
581	Z LEASING TAURUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 73,000				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
582	Z LEASING VENUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
583	Z LEASING VOLANS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT PEGASUS LEASING GMBH	99.80	

Part A - Accounting Policies

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
584	ZABA PARTNER DOO ZA POSREDOVANJE U OSIGURANJU I REOSIGURANJU Issued capital HRK 1,500,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
585	ZAGREB NEKRETNINE DOO Issued capital HRK 5,000,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
586	ZAGREBACKA BANKA D.D. Issued capital HRK 6,404,839,100	ZAGREB	ZAGREB	1	UNICREDIT SPA	84.48	
587	ZANE BH DOO Issued capital BAM 131,529	SARAJEVO	SARAJEVO	1	ZAGREB NEKRETNINE DOO	100.00	
588	ZAO LOCAT LEASING RUSSIA Issued capital RUR 107,000,000	MOSCOW	MOSCOW	1	OOO UNICREDIT LEASING	100.00	
589	ZAPADNI TRGOVACKI CENTAR D.O.O. Issued capital HRK 20,000	RIJEKA	RIJEKA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
590	ZB INVEST DOO Issued capital HRK 4,000,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	

Notes to the table regarding the companies included in the scope of line-by-line consolidation:

1. Type of relationship:
   1 = majority of voting rights at ordinary shareholders' meeting;
   2 = dominant influence at ordinary shareholders' meeting;
   3 = agreements with other shareholders;
   4 = other types of control;
   5 = centralised management pursuant to paragraph 1 of Art.26 of "Legislative decree 87/92";
   6 = centralised management pursuant to paragraph 2 of Art.26 of "Legislative decree 87/92";
2. Voting rights available in the general meeting. Voting rights are disclosed only if different from the percentage of ownership.
3. Entities consolidated line by line under IFRS10 as a result of the simultaneous availability of power to govern the relevant activities and exposures to variability of related returns.
4. In the consolidated financial statements the Group's stake is 100% as the trust company does not share in the profits. The voting rights are held by the grantor, a Group company.

In should be noted that, starting from 1 January 2014, after the endorsement of IFRS11 the option to consolidate joint controlled entities proportionally has been cancelled, imposing the net equity method for those companies falling under the scope of the aforementioned IFRS11.

Changes in the scope of consolidation

Companies consolidated line by line, including the Parent Company and the ones classified as non-current assets and disposal groups classified as held for sale decreased by 90 entities compared to 31 December 2016 (24 inclusions and 114 exclusions as a result of disposals, changes of the consolidation method and mergers) turning from 680 as at 31 December 2016 to 590 as at 31 December 2017.

It should be also noted that 14 entities consolidated line by line are classified among "Non-current assets and disposal groups classified as held for sale".

Wholly-owned subsidiaries

The following table shows the changes in equity investments in wholly-owned subsidiaries (consolidated line by line).

Equity investments in wholly-owned subsidiaries (consolidated line by line): annual changes

	NUMBER OF COMPANIES
A. Opening balance (from previous year)	**680**
B. Increased by	**24**
B.1 Newly established companies	3
B.2 Change of the consolidation method	-
B.3 Entities consolidated for the first time in the year	21
C. Reduced by	**114**
C.1 Disposal/Liquidation	85
C.2 Change of the consolidation method	3
C.3 Absorption by other Group entities	26
D. Closing balance	**590**

The tables below analyse the increases occurred during the year relating to newly established companies and entities consolidated for the first time in the year:

Newly established companies

COMPANY NAME	MAIN OFFICE
B A I PROJEKTENTWICKLUNG GMBH	VIENNA
FINECO AM LIMITED	DUBLIN
UCTAM BH D.O.O.	MOSTAR

Entities consolidated for the first time in the year

COMPANY NAME	MAIN OFFICE
VICOVARO RE SRL	ROME
UNICREDIT LEASING ALPHA ASSETVERMIETUNG GMBH	VIENNA
ELEKTRA PURCHASE NO. 718 DAC	DUBLIN
ELEKTRA PURCHASE NO. 55 DAC	DUBLIN
ORBIT PERFORMANCE STRATEGIES - ORBIT US CLASSE I U	HAMILTON
REAL INVEST PROPERTY GMBH & CO SPB JOTA KG	VIENNA
WEALTHCAP OBJEKT-VORRAT 21 GMBH & CO. KG	MUNICH
H.F.S. LEASINGFONDS GMBH	EBERSBERG
UCTAM AIRPORT BUILDING S.R.O	PRAGUE
ELEKTRA PURCHASE NO. 57 DAC	DUBLIN
ELEKTRA PURCHASE NO. 44 DAC	DUBLIN
CANDOUR FIVE GMBH & CO KG	VIENNA
LEASFINANZ ALPHA ASSETVERMIETUNG GMBH	VIENNA
ELEKTRA PURCHASE NO. 32 S.A. - COMPARTEMENT 2	LUXEMBOURG
MOMENTUM LONG TERM VALUE FUND	HAMILTON
MOMENTUM ALLWEATHER STRATEGIES - LONG TERM STRATEG	HAMILTON
SHOPPING PALACE BRATISLAVA, V.O.S.	BRATISLAVA
WEALTHCAP IMMOBILIENFONDS DEUTSCHLAND 36 KOMPLEMENTAR GMBH	GRUNWALD
WEALTHCAP IMMOBILIENFONDS DEUTSCHLAND 38 KOMPLEMENTAR GMBH	GRUNWALD
ELEKTRA PURCHASE NO 54 DAC	DUBLIN
ELEKTRA PURCHASE NO 58 DAC	DUBLIN

The following tables analyse the decreases occurred during the year relating to disposal/liquidation, change of the consolidation method and absorption by other Group entities.

Part A - Accounting Policies

Disposal/Liquidation

COMPANY NAME	MAIN OFFICE
KUR- UND SPORTHOTEL GESELLSCHAFT M.B.H.	KITZBUHEL
EKAZENT GEBAEUDEVERMIETUNG GMBH	VIENNA
CA-LEASING EURO, S.R.O.	PRAGUE
LOCAT SV SRL (CARTOLARIZZAZIONE: SERIE 2005)	CONEGLIANO
DONAUMARINA PROJEKTENTWICKLUNG GMBH	VIENNA
HBF PROJEKTENTWICKLUNG DREI GMBH & CO KG	VIENNA
B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	VIENNA
FORUM POLSKIEGO BIZNESU MEDIA SP.Z O.O.	WARSAW
HBF PROJEKTENTWICKLUNG ZWEI GMBH & CO KG	VIENNA
HBF PROJEKTENTWICKLUNG EINS GMBH & CO KG	VIENNA
DR. W. W. DONATH IMMOBILIENVERWALTUNG GMBH	VIENNA
U2 ASPERN BAUPLATZ 1 BETEILIGUNGS-GMBH	VIENNA
EUROGATE BETEILIGUNGSVERWALTUNG GMBH	VIENNA
PEKAO PROPERTY SA	WARSAW
PEKAO FAKTORING SP. ZOO	LUBLIN
PEKAO FINANCIAL SERVICES SP. ZOO	WARSAW
PEKAO INVESTMENT BANKING SA	WARSAW
CENTRUM BANKOWOSCI BEZPOSREDNIEJ SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSC	KRAKOW
HVB-LEASING MAESTOSO INGATLANHASZNOSITO KFT.	BUDAPEST
GBS GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA
PIONEER INVESTMENT MANAGEMENT SOC. DI GESTIONE DEL RISPARMIO PER AZ	MILAN
PIONEER INVESTMENT MANAGEMENT USA INC.	WILMINGTON
PIONEER FUNDS DISTRIBUTOR INC	BOSTON
PIONEER GLOBAL INVESTMENTS LIMITED	DUBLIN
PIONEER GLOBAL INVESTMENTS (AUSTRALIA) PTY LIMITED	SYDNEY
PIONEER INSTITUTIONAL ASSET MANAGEMENT INC	WILMINGTON
VANDERBILT CAPITAL ADVISORS LLC	WILMINGTON
PIONEER INVESTMENT FUND MANAGEMENT LIMITED	BUDAPEST
CANDOUR FIVE GMBH & CO KG	VIENNA
OSI OFF-SHORE SERVICE INVEST GMBH	HAMBURG
OWS WINDLIFT 1 CHARTER GMBH & CO. KG	EMDEN
OWS NATALIA BEKKER GMBH & CO. KG	EMDEN
SALONE SPA	ROME
CALG IMMOBILIEN LEASING GMBH & CO. 1120 WIEN, SCHOENBRUNNER SCHLOSSSTRASSE 38-42 OG	VIENNA
UCTAM UKRAINE LLC	KIEV
UNTERNEHMENGEWINNSCHEINFOND 1	VIENNA
TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H. U. CO. ARBEITERHEIM FAVORITEN REVITALISIERUNGS KG	VIENNA
CAFU VERMOEGENSVERWALTUNG GMBH & CO OG	VIENNA
BAL DEMETER IMMOBILIEN LEASING GMBH	VIENNA
LOCAT SV SRL (CARTOLARIZZAZIONE: SERIE 2014)	CONEGLIANO
PIONEER PEKAO INVESTMENT FUND COMPANY SA (POLISH NAME: PIONEER PEKAO TFI SA)	WARSAW
WMC AIRCRAFT 27 LEASING LIMITED "IN LIQUIDATION"	DUBLIN
PEKAO PIONEER P.T.E. SA	WARSAW

COMPANY NAME	MAIN OFFICE
EKAZENT REALITAETENGESELLSCHAFT M.B.H.	VIENNA
UNICREDIT LEASING TOB	KIEV
DOMUS CLEAN REINIGUNGS GMBH	VIENNA
BANKHAUS NEELMEYER AG	BREMAN
INV TOTALUNTERNEHMER GMBH	VIENNA
EUROGATE PROJEKTENTWICKLUNG GMBH & CO AREA BETA KG	VIENNA
B 03 IMMOBILIEN GMBH & CO KG	VIENNA
BAREAL IMMOBILIENTREUHAND GMBH	VIENNA
BAI WOHNUNGSEIGENTUMSGESELLSCHAFT M.B.H.	VIENNA
DOBLERHOF IMMOBILIEN GMBH & CO KG	VIENNA
EUROGATE PROJEKTENTWICKLUNG GMBH	VIENNA
U2 ASPERN BAUPLATZ 1 GMBH & CO KG	VIENNA
NEWSTONE MORTGAGE SECURITIES NO.1 PLC	LONDON
PEKAO BANK HIPOTECZNY S.A.	WARSAW
PEKAO LEASING SP ZO.O.	WARSAW
CDM CENTRALNY DOM MAKLERSKI PEKAO SA	WARSAW
CENTRUM KART SA	WARSAW
IMU IMMOBILIENENTWICKLUNG MUTHGASSE GMBH & CO KG	VIENNA
PEKAO FUNDUSZKAPITA OWY SP. Z O.O. IN LIQUIDATION	WARSAW
BANK PEKAO SA	WARSAW
PIONEER INVESTMENT MANAGEMENT LIMITED	DUBLIN
PIONEER INVESTMENT COMPANY AS	PRAGUE
PIONEER INVESTMENT MANAGEMENT INC	WILMINGTON
PIONEER ASSET MANAGEMENT SA	LUXEMBOURG
PIONEER ASSET MANAGEMENT AS	PRAGUE
PIONEER GLOBAL INVESTMENTS (TAIWAN) LTD.	TAIPEI
PIONEER INVESTMENTS KAPITALANLAGEGESELLSCHAFT MBH	MUNICH
PIONEER INVESTMENTS (SCHWEIZ) GMBH	ZURICH
PIONEER INVESTMENTS AUSTRIA GMBH	VIENNA
OWS OFF-SHORE WIND SOLUTIONS GMBH	EMDEN
OWS LOGISTIK GMBH	EMDEN
OWS OCEAN ZEPHYR GMBH & CO. KG	EMDEN
BACA-LEASING AQUILA INGATLANHASNOSITO KORLATOLT FELELOSSEGUE TARSASAG	BUDAPEST
CALG IMMOBILIEN LEASING GMBH & CO. PROJEKT VIER OG	VIENNA
F-E GOLD SRL (CARTOLARIZZAZIONE : F-E GOLD)	MILAN
PIONEER ASSET MANAGEMENT S.A.I. S.A.	BUCHAREST
ELEKTRA PURCHASE NO. 17 S.A. - COMPARTEMENT 2	LUXEMBOURG
GRAND CENTRAL FUNDING CORPORATION	NEW YORK
CONSUMER TWO SRL (CARTOLARIZZAZIONE: CONSUMER TWO)	VERONA
UNICREDIT LUXEMBOURG FINANCE SA	LUXEMBOURG
PIONEER PEKAO INVESTMENT MANAGEMENT SA	WARSAW
DOM INWESTYCYJNY XELION SP. Z O.O.	WARSAW

Change of the consolidation method

COMPANY NAME	MAIN OFFICE
HVB-LEASING LAMOND INGATLANHASZNOSITO KFT (IN LIQUIDAZIONE)	BUDAPEST
REDSTONE MORTGAGES LIMITED	LONDON

COMPANY NAME	MAIN OFFICE
WEALTHCAP SPEZIAL-AIF 5 GMBH & CO. GESCHLOSSENE INVESTMENT KG	MUNICH

It should be noted that the company Redstone Mortgages Limited is deconsolidated, following the full repayment of the mortgage loan and the distribution of the dividends.

Absorption by other Group entities

COMPANY NAME OF THE MERGERED ENTITY	MAIN OFFICE		COMPANY NAME OF THE TAKING IN ENTITY	MAIN OFFICE
SUVREMENE POSLOVNE KOMUNIKACIJE D.O.O	ZAGREB	>>>	ZAGREB NEKRETNINE DOO	ZAGREB
RVT BAUTRAEGER GESELLSCHAFT M.B.H.	VIENNA	>>>	IMMOBILIEN HOLDING GMBH	VIENNA
HVB ASSET MANAGEMENT HOLDING GMBH	MUNICH	>>>	HVB VERWA 4 GMBH	MUNICH
BALEA SOFT GMBH & CO. KG	HAMBURG	>>>	UNICREDIT LEASING GMBH	HAMBURG
BALEA SOFT VERWALTUNGSGESELLSCHAFT MBH	HAMBURG	>>>	UNICREDIT LEASING GMBH	HAMBURG
STRUCTURED LEASE GMBH	HAMBURG	>>>	UNICREDIT LEASING GMBH	HAMBURG
UNICREDIT LEASING D.O.O.	SARAJEVO	>>>	UNICREDIT BANK D.D.	MOSTAR
VILLINO PACELLI SRL	ROME	>>>	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	ROME
SOCIETA' VERONESE GESTIONE COMPRAVENDITA IMMOBILI A R.L.	ROME	>>>	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	ROME
HYPOVEREINSFINANCE N.V.	AMSTERDAM	>>>	UNICREDIT BANK AG	MUNICH
BUDDY SERVIZI MOLECOLARI SPA	MILAN	>>>	UNICREDIT SPA	ROME
LINDENGASSE BUROHAUSGESELLSCHAFT M.B.H.	VIENNA	>>>	KLEA TERRAIN- UND BAU-GESELLSCHAFT M.B.H.	VIENNA
B A I BETEILIGUNGSVERWALTUNGS-GMBH	VIENNA	>>>	IMMOBILIEN HOLDING GMBH	VIENNA
VERBA VERWALTUNGSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG	MUNICH	>>>	UNICREDIT BANK AG	MUNICH
HVB VERWA 1 GMBH	MUNICH	>>>	UNICREDIT BANK AG	MUNICH
DV ALPHA GMBH	VIENNA	>>>	PIRTA VERWALTUNGS GMBH	VIENNA
B A I PROJEKTENTWICKLUNG GMBH	VIENNA	>>>	IMMOBILIEN HOLDING GMBH	VIENNA
VIENNA DC BAUTRAEGER GMBH	VIENNA	>>>	WED DONAU-CITY GESELLSCHAFT M.B.H.	VIENNA
VIENNA DC TOWER 1 LIEGENSCHAFTSBESITZ GMBH	VIENNA	>>>	WED DONAU-CITY GESELLSCHAFT M.B.H.	VIENNA
HVB LIFE SCIENCE GMBH & CO. BETEILIGUNGS-KG	MUNICH	>>>	UNICREDIT BANK AG	MUNICH
WED DONAU-CITY GESELLSCHAFT M.B.H.	VIENNA	>>>	IMMOBILIEN HOLDING GMBH	VIENNA
EKAZENT IMMOBILIEN MANAGEMENT GMBH	VIENNA	>>>	IMMOBILIEN HOLDING GMBH	VIENNA
KLEA TERRAIN- UND BAU-GESELLSCHAFT M.B.H.	VIENNA	>>>	IMMOBILIEN HOLDING GMBH	VIENNA
PIONEER GLOBAL ASSET MANAGEMENT SPA	MILAN	>>>	UNICREDIT SPA	ROME
BUCHSTEIN IMMOBILIENVERWALTUNG GMBH UND CO OG	VIENNA	>>>	NORDBAHNHOF PROJEKTE HOLDING GMBH	VIENNA
CAL-PAPIER INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG	BUDAPEST	>>>	UNICREDIT LEASING KFT	BUDAPEST

Part A - Accounting Policies

The following table shows the Entities which changed their company name during the period.

Entities line by line which changed the company name during the the year

COMPANY NAME	MAIN OFFICE
WEALTHCAP OBJEKTE SUEDWEST GMBH & CO. KG (ex. WEALTHCAP OBJEKT-VORRAT 19 GMBH & CO. KG)	MUNICH
B A I PROJEKTENTWICKLUNG GMBH (ex. BAI BAUTRAEGER AUSTRIA IMMOBILIEN GMBH)	VIENNA
HVB LONDON INVESTMENTS (AVON) LIMITED (IN LIQUIDAZIONE) (ex. HVB LONDON INVESTMENTS (AVON) LIMITED)	LONDON
EUROPA INGATLANBEFEKTETESI ALAP (EUROPE REAL-ESTATE INVESTMENT FUND) (ex. EUROPE REAL-ESTATE INVESTMENT FUND)	BUDAPEST
UNO-EINKAUFSZENTRUM-VERWALTUNGSGESELLSCHAFT M.B.H. IN LIQU. (ex. UNO-EINKAUFSZENTRUM-VERWALTUNGSGESELLSCHAFT M.B.H.)	LEONDING
SOFIGERE SOCIETE PAR ACTIONS SIMPLIFIEE (IN LIQUIDAZIONE) (ex. SOFIGERE SOCIETE PAR ACTIONS SIMPLIFIEE)	PARIS
WEALTHCAP AIRCRAFT 27 GMBH & CO KG (ex. WEALTHCAP AIRCRAFT 27 GMBH & CO GESCHLOSSENE INVESTMENTKG)	GRUNWALD
TREUCONSULT PROPERTY EPSILON GMBH IN LIQU. (ex. TREUCONSULT PROPERTY EPSILON GMBH)	VIENNA
PIONEER ALTERNATIVE INVESTMENTS (ISRAEL) LIMITED IN VOLUNTARY LIQUIDATION	RAMAT GAM
PAI (NEW YORK) LIMITED (ex. PIONEER ALTERNATIVE INVESTMENTS (NEW YORK) LTD)	DOVER

COMPANY NAME	MAIN OFFICE
B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH (ex. B A I PROJEKTENTWICKLUNG GMBH)	VIENNA
IDEA FIMIT SGR FONDO SIGMA IMMOBILIARE (ex. FONDO SIGMA IMMOBILIARE)	ROME
WEALTHCAP SPEZIAL-AIF 5 GMBH & CO. GESCHLOSSENE INVESTMENT KG (ex. WEALTHCAP SPEZIAL-AIF 5 GMBH & CO. KG)	MUNICH
WMC AIRCRAFT 27 LEASING LIMITED "IN LIQUIDATION" (ex. WMC AIRCRAFT 27 LEASING LIMITED)	DUBLIN
PRO WOHNBAU GMBH (ex. PRO WOHNBAU AG)	VIENNA
JOHA GEBAEUDE- ERRICHTUNGS- UND VERMIETUNGS- GESELLSCHAFT M.B.H. IN LIQ. (ex. JOHA GEBAEUDE- ERRICHTUNGS- UND VERMIETUNGS- GESELLSCHAFT M.B.H.)	VIENNA
MOVIE MARKET BETEILIGUNGS GMBH I.L. (ex. MOVIE MARKET BETEILIGUNGS GMBH)	MUNICH
PAI MANAGEMENT LTD (ex. PIONEER ALTERNATIVE INVESTMENT MANAGEMENT LTD)	DUBLIN
PAI (BERMUDA) LIMITED (ex. PIONEER ALTERNATIVE INVESTMENT MANAGEMENT (BERMUDA) LIMITED)	HAMILTON

2. Significant assumptions and assessment in determining the consolidation scope

The Group determines the existence of control and, consequently, the consolidation scope, checking, with reference to the entities in which it holds exposures:
- the existence of power over the relevant activities;
- the exposure to the variability of returns;
- the ability to use the power exercised in order to influence the returns to which it is exposed.

The factors that have been considered for the purposes of this assessment depend on the entity's governance methods, purposes and equity structure. On this point, the Group differentiates between entities governed through voting rights, i.e. operating entities, and entities not governed through voting rights, which comprise special purpose entities (SPEs) and investment funds.

In the case of operating entities, the following factors provide evidence of control:
- more than half of the company's voting rights are held directly or indirectly through subsidiaries (also when they act as trustee companies) unless, exceptionally, it can be clearly demonstrated that this ownership does not originate control;
- half, or a lower proportion, of the votes exercisable in the shareholders' meeting are held and it is possible to govern the relevant activities unilaterally through:
  - the control of more than half of the voting rights based on an agreement with other investors;
  - the power to determine the entity's financial and operating policies based on a contract or a statutory clause;
  - the power to appoint or remove the majority of the members of the Board of Directors or the equivalent governing body, and that board or body is responsible for managing the company;
  - the power to exercise the majority of voting rights in meetings of the Board of Directors or the equivalent governing body, and that board or body is responsible for managing the company.

The existence and effect of potential voting rights, included those incorporated in options, way-out clauses, or instruments convertible into shares, are taken into consideration when assessing the existence of control, in case they are substantial.
In particular, potential voting rights are considered substantial if all the following conditions are met;
- they can be exercised either immediately or at least in good time for the company's shareholders' meeting;
- there are no legal or economic barriers to exercise them;
- exercising them is economically convenient.

As 31 December 2017 the Group holds the majority of the voting rights in all the operating entities subject to consolidation, with the exception of six companies for which the Group, although not holding the majority of voting rights, (i) has signed shareholders' agreements which enable it to appoint the majority of members of the governing body, or contractual agreements which determine the possibility of managing the company's business unilaterally, and (ii) is exposed to the variability of the said company's returns.
It should also be noted that there are no cases in which control derives from holding potential voting rights.

Special purpose entities are considered controlled if the Group is, at one and the same time:
- exposed to a significant extent to the variability of returns, as a result of exposures in securities, of disbursing loans or of providing guarantees. In this regard it is assumed as a rebuttable presumption that the exposure to variability of returns is significant if the Group has at least 30% of the most subordinated exposure, and
- able to govern the relevant activities, also in a de facto manner. Examples of the power to govern on this point are performing the role of sponsor or servicer appointed to recover underlying receivables, or managing the company's business.

In particular, consolidated special purpose entities include:
- Conduits in which the Group plays the role of sponsor and is exposed to the variability of returns, as a result of subscribing Asset Backed Commercial Paper issued by them and/or of providing guarantees in the form of letters of credit or liquidity lines;
- vehicles used to carry out securitisation transactions in which the Group is the originator as a result of subscribing the subordinated tranches;
- vehicles financed by the Group and established for the sole purpose of performing financial or operating leasing in favor of customers which are financed by the Group;
- vehicles in which, as a result of deteriorating market conditions, the Group has found itself holding the majority of the financial exposure and, at the same time, managing the underlying assets or the related collections.

It should be noted that, in the case of special purpose entities set up as part of securitisation transactions pursuant to Italian Law 130/99, the segregated assets are analysed separately with respect to the analysis of the SPE. For the latter, control is assessed on the basis of possession of the voting rights attributed to the company's shares.

Investment funds managed by Group companies are considered controlled if the Group is significantly exposed to the variability of returns and if the third-party investors have no rights to remove the management company.
In this regard it is assumed as a rebuttable presumption that the exposure to the variability of returns is significant if the Group has at least 30% as a result of subscription of the units and commissions received for the management of the fund's assets.

Funds managed by Group companies that are in seed/warehousing phases are not considered controlled.
In this phase, in fact, the aim of the fund is to invest, in accordance with fund's regulation, in financial and non-financial assets with the aim of alloting the quotas to third party investors. Consequently it has been evaluated that the management company is not able to exercise power due to its limited decision power.

Investment funds managed by third-party companies are considered controlled if the Group is significantly exposed to the variability of returns and at the same time, has the unilateral right to remove the management company. In this regard it is assumed as a rebuttable presumption that the exposure to the variability of returns is significant if the Group has subscribed at least 30% of the fund's units.

With reference to 31 December 2017, it should be noted that 175 controlled entities (of which 9 belonging to the Bankig Group) were not consolidated pursuant to IFRS10, of which 165 for materiality threshold and/or liquidation procedures.

Among the 10 remaining non-consolidated entities it sould be noted:
- 2 investment funds whose the majority of quotas are subscribed by the Group and for which consolidation would not determine neither a significant increase in Group consolidated assets;
- 7 operating entities deriving from restructuring procedures or work- out, whose risks are measured as part of the overall credit exposures;
- 1 newly established company, as part of a binding agreement with a third party, for the disposal of Italian pawncredit business.

Based on the available information, it should be considered that their consolidation would not have impacted significantly the Group Shareholders' Equity.

Part A - Accounting Policies

3. Equity investments in wholly-owned subsidiaries with significant non-controlling interests

3.1 Non-controlling interests, availability of votes of NCIs and dividends distributed to NCIs

LEGAL ENTITIES	MINORITIES EQUITY RATIOS (%)	MINORITIES VOTING RIGHTS (%)	DIVIDENDS TO MINORITIES (€ '000)
FINECOBANK SPA	64.61	64.61	109,941
ZAGREBACKA BANKA D.D.	15.52	15.52	35,364

3.2 Equity investments with significant non-controlling interests: accounting information

(€ '000)

LEGAL ENTITIES	TOTAL ASSETS	CASH AND CASH EQUIVALENTS	FINANCIAL ASSETS	TANGIBLE AND INTANGIBLE ASSETS	FINANCIAL LIABILITIES	NET EQUITY	NET INTEREST MARGIN
FINECOBANK SPA	22,411,762	613	21,902,374	184,091	21,142,576	772,623	264,581
ZAGREBACKA BANKA D.D.	13,716,557	1,712,769	11,624,053	186,507	11,211,660	2,119,707	367,502

continued: 3.2 Equity investments with significant non-controlling interests: accounting information

LEGAL ENTITIES	OPERATING INCOME	OPERATING COSTS	PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	PROFIT (LOSS) (1)	OTHER COMPREHENSIVE INCOME AFTER TAX (2)	COMPREHENSIVE INCOME (3) = (1) + (2)
FINECOBANK SPA	586,861	(251,858)	316,452	214,284	-	214,284	(1,546)	212,738
ZAGREBACKA BANKA D.D.	571,339	(247,405)	171,929	142,903	-	142,903	9,583	152,486

The data relating to Fineco Bank S.p.A. include the impacts relating to the Purchase Price Allocation allocated to the Company.

4. Significant restrictions
Shareholder agreements, regulatory requirements and contractual agreements can limit the ability of the Group to access the assets or settle the liabilities of its subsidiaries or restrict the latter from distribution of capital and/or dividends.

With reference to shareholder agreements, it should be noted that:
- with reference to the consolidated entities UniCredit BPC Mortgages S.r.l. and UniCredit OBG S.r.l. companies established according to Law 130/99 for the execution of securitisation transactions or the issuance of covered bonds (Obbligazioni Bancarie Garantite), shareholders' agreements allow the distribution of dividends only when the credit claims of guaranteed lenders and bearer of covered bonds are satisfied;
- with reference to Card Complete Service Bank AG, shareholders' agreements establish that the amount of dividends that the company can distribute is based not only on the percentage of shares held but also on the amount of commissions paid to the shareholders during the year.

With reference to regulatory requirements, it should be noted that UniCredit group is a banking group subject to the rules provided by Directive 2013/36/EU on the "access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms" (CRD IV) and by Regulation (EU) No.575/2013 on "prudential requirements for credit institutions and investment firms" (CRR) and which controls financial institutions subject to the same regulation.
The ability of the controlled banks to distribute capital or dividends may be restricted to the fulfilment of these requirements in terms of both capital ratios and "Maximum Distributable Amount" as well as further recommendation by competent authorities provided time by time (e.g. Recommendation of the European Central Bank on dividend distribution policy - ECB/2015/49).
The capital ratios requested for UniCredit group and agreed upon with competent Regulators (ECB), also as a result of the Supervisory Review and Evaluation Process (SREP), might be higher than the minimum requirements set by the mentioned regulations. For the disclosure on UniCredit group Capital Requirements and on the outcome of mentioned SREP, please refer to Part F - Consolidated Shareholders' Equity.

With reference to subsidiaries, it should be noted that in some jurisdictions and for some foreign entities of the Group, commitments to maintain local supervisory capital higher than regulatory thresholds may exist also as a result of SREP performed at local level.

With reference to contractual agreements, UniCredit group has also issued financial liabilities whose callability, redemption, repurchase or repayment is subordinated to the consent by the authorisation of the competent authority. The value of these instruments as of 31 December 2017 amounts to €16.745.521 thousand.

5. Other information
It should be noted that, as described above, for the preparation of the Consolidated Accounts the following sources have been used:
- UniCredit S.p.A. draft accounts at 31 December 2017;
- the accounts as at 31 December 2017, approved by the competent bodies and functions, of the other fully consolidated subsidiaries duly reclassified and adjusted to take account of consolidation needs and, where necessary, to align them to the Group accounting principles;
- the sub-consolidated Accounts of Nuova Compagnia di Partecipazioni Group, including Nuova Compagnia di Partecipazioni S.p.A. (formerly Compagnia Italpetroli S.p.A.), and Capital Dev Group, including Capital Dev S.p.A., and their direct and indirect subsidiaries, as at 31 December 2017.

Section 4 - Subsequent Events
No material events have occurred after the balance sheet date that would make it necessary to change any of the information given in the Consolidated Accounts as of 31 December 2017.
For a description of the significant events after year-end see the specific paragraph of the Consolidated Report on Operations.

Part A - Accounting Policies

Section 5 - Other matters

In 2017 the following standards, amendments or interpretations came into force:
- Amendments to IAS7: Disclosure Initiative (EU Regulation 2017/1990);
- Amendments to IAS12: Recognition of Deferred Tax Assets for Unrealised Losses (EU Regulation 2017/1989).

The application of the principles and amendments mentioned above did not have substantial impact on balance sheet and income statement.

As of 31 December 2017 the European Commission endorsed the following accounting principles that will be applicable for reporting periods beginning on or after 1 January 2018:
- Amendments to IFRS4: Applying IFRS9 Financial Instruments with IFRS4 Insurance Contracts (EU Regulation 2017/1988);
- Clarifications to IFRS15 Revenue from Contracts with Customers (EU Regulation 2017/1987);
- IFRS16 - Leases (EU Regulation 2017/1986);
- IFRS9 - Financial Instruments (EU Regulation 2016/2067);
- IFRS15 - Revenue from Contracts with Customers (EU Regulation 2016/1905).

As of 31 December 2017 the IASB issued the following standards, amendments, interpretations or revisions, whose application is subject to completion of the endorsement process by the competent bodies of the European Commission[7], which is still ongoing:
- IFRS17: Insurance Contracts (May 2017);
- IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration (December 2016);
- IFRIC Interpretation 23: Uncertainty over Income Tax Treatments (June 2017);
- Amendments to IFRS2: Classification and Measurement of Share-based Payment Transactions (June 2016);
- Annual Improvements to IFRS Standards 2014-2016 Cycle (December 2016);
- Amendments to IAS40: Transfers of Investment Property (December 2016);
- Amendments to IFRS9: Prepayment Features with Negative Compensation (October 2017);
- Amendments to IAS28: Long-term Interests in Associates and Joint Ventures (October 2017);
- Annual Improvements to IFRS Standards 2015-2017 Cycle (December 2017).

With particular reference to IFRS9 effective from 1 January 2018, we highlight that the new accounting standard:
- will introduce significant changes, compared to IAS39, to classification and measurement of loans and debt instruments based on the “business model” and on the characteristics of the cash flows of the financial instrument (SPPI - Solely Payments of Principal and Interests criteria);
- will require the classification of the equity instruments at fair value either through profit or loss or through “other comprehensive income”. In this second case, unlike previous requirements for available for sale assets set by IAS39, IFRS9 has eliminated the request to recognise impairment losses and provide for, in case of disposal of the instruments, the gain or losses from disposal shall be recycled to other equity reserve and not to profit and loss accounts;
- will introduce a new accounting model for impairment, based on expected losses approach substituting the current approach based on the incurred losses;
- will work on the hedge accounting model rewriting the rules for the designation of a hedge accounting relationship and for the verification of its effectiveness in order to achieve a stronger alignment between the hedge accounting treatment and the underlying risk management logic. It should be noted that the principle allows the entity to make use of the possibility to continue to apply IAS39 hedge accounting rules until the IASB has completed the project on definition of macro-hedging rules; and
- will change the accounting treatment of “own credit risk”, in other words changes in the fair value of issued debt liabilities that are designated at fair value attributable to changes of the own credit price. The new accounting standard requires that these changes shall be recognised in a specific equity reserve, rather than to the income statement, as requested under IAS39, therefore removing a volatility source from the economic results.

In order to grant the prompt compliance with the requirements set by the accounting principle, the Group has activated a project, that is in its final phase, with the aim of creating accounting and risk monitoring methodologies harmonised across Group Legal Entities.

Mirroring the main changes required by IFRS9, the Group wide project has been organised through work-streams specifically:
- “Classification and Measurement” work-stream, aimed at reviewing the classification of the financial instruments according to the new IFRS9 criteria,
- “Impairment” work-stream, aimed at developing and implementing models and methodologies for impairment calculation.

These work-streams are further integrated by a specific work-stream dedicated to adapting the models and methodologies developed to the peculiarities of Corporate & Investment Banking (CIB).

The whole project is being developed with the involvement of all the relevant departments of the Bank and with an active involvement of Board of Directors and Senior Management.

7. EFRAG resolved not to proceed with the endorsement of IFRS14 - Regulatory Deferral Accounts and Amendments to IFRS10 and IAS28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

With reference to "Classification and Measurement" work-stream, the Group has:

- identified the criteria, based on the new business model and on the features of the associated contractual cash flows, for the classification of financial instruments in the new categories foreseen by the accounting standard;
- applied the criteria identified for the classification of the existing portfolio.

The analysis of the business model has been performed by mapping the business areas composing the Group and by attributing them a specific business model.
In this regard, a "held-to-collect" or "held-to-collect and sell" business model has been attributed to the business areas composing the banking portfolio of the Group in relation to the reasons why the instrument has been acquired or originated and to the expected turnover of financial instruments.
In this context, possible sales of financial instruments are considered as compliant with a "held-to-collect" business model in case of (i) securitisation transactions that do not achieve the derecognition of the underlying loans, (ii) sales determined by adverse change in the credit risk of the counterparty, (iii) sales that are infrequent or not significant to be evaluated case by case.
A business model "other" has been assigned to the business areas composing the trading portfolio of the Group so to reflect the trading intent.

For the classification of financial assets in the new IFRS9 categories, the analysis of the business model is complemented by the analysis of the contractual cash flows ("SPPI Test").
In this regard, the Group has developed processes and systems aimed at analysing the portfolio of securities and loans so to assess whether the features of their contractual cash flows allows their measurement at amortised cost ("held-to-collect" portfolio) or at fair value through comprehensive income ("held-to-collect and sell" portfolio").
This analysis is performed either contract by contract or by clusters, defined on the basis of the features of the asset. With reference to loans, the analysis is performed using a specific tool internally developed (SPPI Tool) in order to analyse the feature of the contracts in comparison with IFRS9 requirements, the analysis of securities is performed mainly using an external data provider (nevertheless, the Group implemented a dedicated tool also for securities).
In this context prepayment features with negative compensation have not affected the outcome of the SPPI Test.

The Group will measure equity instruments at fair value through profit or loss or comprehensive income depending on their features and the reasons for which they have been acquired. The Group will measure units in investments funds at fair value through profit or loss following accounting literature that exclude the possibility to consider these instruments as equity instruments.

Finally, the Group has classified some financial liabilities as liabilities designated at fair value; as a result the change in fair value arising from change in own credit risk will be reported in equity.

With reference to the "Impairment" work-stream, the Group impairment models have been adapted to comply with the new accounting requirements, also following the "Guidelines on credit institutions' credit risk management practices and accounting for expected credit losses" issued by EBA.

The applicable asset perimeter subject to expected losses calculation has been extended in order to include, in addition to financial assets at Amortised Cost and the applicable off balance sheet exposures, all credit exposures assets classified at Fair Value through Other Comprehensive Income.

Furthermore, specific adjustments have been developed on Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) parameters to compound the Expected Credit Loss (ECL), and a new model has been developed to assess the Stage Allocation on unimpaired assets, at transaction level, between Stage 1 and Stage 2.

The main difference between the two stages is referred to the time horizon which the ECL is expected to be calculated on. As a matter of fact, for Stage 1 transactions a "1 year" ECL is required, while on Stage 2 transactions a "Lifetime" ECL applies.

On PD, LGD and EAD specific adjustments are applied to parameters already calculated for "regulatory" purposes, in order to ensure full consistency, net of different regulatory requirements, between regulatory and accounting treatment. The main adjustments are such to:

- remove the conservatism required for regulatory purposes only;
- introduce a "point in time" adjustment, instead of the "through the cycle" adjustment embedded in the regulatory parameters;
- include forward-looking information;
- extend the credit risk parameters in a multiyear perspective.

As for what concerns the lifetime PDs, the through-the-cycle PD curves, obtained by fitting the observed cumulated default rates, have been calibrated to reflect a point in time and forward-looking expectation about the portfolio default rates.

Part A - Accounting Policies

Recovery rate embedded in the through the cycle LGD have been adjusted to remove margin of conservatism and to reflect the most recent recovery rate trend as well as expectation about future trend and discounted at the effective interest rate or its best approximation.

The lifetime EAD has been obtained by extending the 1 year regulatory or managerial model, removing margin of conservatism and including expectation about future drawing levels.

The Expected Credit Loss derived from such adjusted parameters has been compounded also taking into consideration macroeconomic forecasts and applying multiple scenarios to the forward looking component so to offset the partial non linearity naturally embedded in the correlation between macroeconomic changes and the key components of the ECL. Specifically, the non-linearity effect has been incorporated by estimating an overlay factor to be directly applied to the portfolio ECL

The process set up to include such macroeconomic multiple scenario is fully consistent with macroeconomic forecasts processes used by the Group for other risk relevant purposes (i.e. processes adopted for translating macro-economic forecasts into Expected Credit Losses within both EBA Stress Test and ICAAP framework) and leverages on UniCredit Research independent function as well. The starting point will be therefore fully aligned, while the application will differentiate, to comply with different requirements, by using internally defined scenarios only.

A key aspect deriving from the new model in compounding the final Expected Credit Loss is represented by the Stage allocation model, aimed to allocate credit transactions between Stage 1 and Stage 2 (Stage 3 being equivalent to impaired assets), whereas Stage 1 mainly includes (i) newly originated exposures, (iii) exposures with “no significant deterioration in credit quality since initial recognition” or (iii) “low credit risk” exposures at the reporting date.
In UniCredit group the stage allocation assessment includes a combination of relative and absolute triggers. Main triggers include:
- the relative comparison, at transaction level, between the PD at origination and the PD at each reporting date, both calculated through internal models, with thresholds set in such a way to consider all the key variables of each transaction that could affect the bank’s expectation about PD changes over time (e.g. age, maturity, level of PD at origination);
- absolute triggers such as backstops required by the regulation (i.e. 30 days past due);
- other internal relevant triggers (e.g. new classifications to Forborne).

On assets represented by Securities, UniCredit group has opted, fully in compliance with applicable standard, to apply the “low credit risk exemption” on investment grade securities.

Also impairment calculated on “impaired assets” has been adjusted as required by the new regulation, in order to include (i) adjustments on both collectively and individually assessed transactions, so to calculate a point in time and forward looking expected loss and (ii) multiple scenarios applicable to this class of assets.
In this evaluation, also expected disposal scenarios are considered as far as Group NPL Strategy foresees the recovery of defaulted assets also through their transfer. For this purpose the recoverable amount of credit exposures will be determined at portfolio level by calculating a weighted average of the recoveries expected through the internal work-out process and the expected sale prices; both scenarios are weighted in accordance with the level of sales anticipated for the specific portfolio by the Group NPL Strategy.

In defining the perimeter of impaired assets, the “Definition of Default” currently applied within UniCredit group has been adopted, already incorporating some of the key principles embedded in the “Definition of Default” guidelines issued by EBA, such as the assessment of impairment or default by considering, in vast majority of group entities, the overall exposure to a given debtor (so-called “debtor approach”).

With reference to hedge accounting the Group opted to keep applying the existing hedge accounting requirements in IAS39 for all hedge accounting until the IASB will complete its project on accounting for macro hedging.

With reference to the implementation of the methodological framework and tools described above in the daily operations the Group, in line with the project timeline, has designed the final IT architecture, and is finalising the development of the organisational processes and procedures.
The Group plans to use the transitional relief allowed by the standard and will not publish comparatives figures in the 2018 financial reports.

UniCredit group IFRS9 project is part of European Central Bank Thematic Review.
In addition the methodological approaches adopted by UniCredit group in the context of IFRS9 project have been subject to structured review by External Auditors which are currently performing a comprehensive assessment of the implementations.
In this regard, we highlight that from the analysis performed so far no criticalities have arisen that may cast doubts on the overall adequacy of the mentioned methodological approaches, pursuant to the requirements of the new principle.

At the date of first time application, the main impacts of IFRS9 on UniCredit group are expected to come from the application of the new model for impairment based on an expected losses approach, which is expected to cause an increase of loan loss provisions made on financial assets (especially loans and receivables with customers), as well as the application of the new transfer logic between the different Stages provided for by the new standard.
In particular, a greater volatility is expected to be generated in the financial results between different reporting periods due to the dynamic changes between different "Stages" of the financial assets recognised in the financial statements (especially between "Stage1", which will include the new positions originated as well as all performing loans, and "Stage2" which will include positions in financial instruments that have suffered a significant credit risk deterioration since initial recognition).

In December 2017 UniCredit group approved the update of Multi-year Plan (MYP) and communicated the Non Performing Exposures (NPE) disposal 18-19 for Non-Core, to be updated by first quarter 2018, as requested by ECB, when UniCredit will communicate the NPEs Asset strategy for 2018 - 2020.
According to the NPEs strategy, UCG will undergo IFRS9 impact in some of its legal entities, to be included in overall impairment impact.

The effects arising from IFRS9 adoption in term of impairment can be preliminarily estimated in the range of -78bps on fully loaded CET1 ratio gross of tax effect which is equivalent to about -€2.9 billion.
This effect is mostly driven by the introduction of the mentioned disposal scenarios in the level of impairment measurement of Stage 3 credit exposures as well as the lifetime ECL on credit exposures allocated in Stage 2.

With reference to "Classification and Measurement", no significant reclassifications of loans and debt securities at fair value through profit or loss due to the characteristics of the cash flows (SPPI criterion) are expected. Consequently the effect can be preliminarily estimated in the range of +3bps on fully loaded CET1 ratio gross of tax effect which is equivalent to about €0.1 billion.

Overall adjustments to the carrying value of financial instruments due to IFRS9 transition will be accounted for through Equity as of 1 January 2018. and they will have an impact on fully loaded CET1 ratio, gross of tax effect, that can be preliminarily estimated in the range of -75bps which is equivalent to about -€2.8 billion.

Further to the enter into force of IFRS9, a review of the regulatory treatment for the calculation of the capital absorption of expected credit losses (CRD/CRR) is foreseen.
In that regard, the EU Regulation n.2017-2395, issued on 27 December 2017, allows, as an option, financial institutions to adopt a transitional regime where the additional Loan Loss Provisions could be included in CET1 with a "phase-in" mechanism over 5 years starting from 2018. UniCredit group will not adopt this transitional regime at consolidated level.

IFRS15, effective starting from 1 January 2018, has been endorsed by the European Union with Regulation EU 2016/1905 of 22 September 2016 (published on 29 October 2016), modifies the current set of international accounting principles and interpretations on revenue recognition and, in particular, IAS18.

IFRS15 provides for:
- two approaches for the revenue recognition ("at point in time" or "over time");
- a new model for the analysis of the transactions ("Five steps model") focalised on the transfer of control; and
- the request for a more detailed disclosure to be included in the explanatory notes to the financial statements.

The adoption of the new accounting standard could determine (i) reclassification between lines of income statement used for presenting revenues, (ii) change in the timing recognition of such revenue, when the contract with the customer contains several performance obligation that must be accounted for separately under the accounting standard, (iii) different measure of the revenue so to reflect their variability.
Based on the analysis performed at Group level so far no major impacts are foreseen by the adoption of IFRS15.

IFRS16, effective starting from 1 January 2019, has been endorsed by the European Union with Regulation EU 2017/1986 of 31 October 2017 (published on 9 November 2017), modifies the current set of international accounting principles and interpretations on leases and, in particular, IAS17.
IFRS16 introduces a new definition for leases and confirms the current distinction between two types of leases (operating and finance) with reference to the accounting treatment to be applied by the lessor. With reference to the accounting treatment to be applied by the lessee, the new accounting standard sets, for all the leasing typologies, the recognition as an asset, representing the right of use of the underlying asset and, at the same time, a liability reflecting the future payments of the lease contract.
At the initial recognition such asset is measured on the basis of the lease contract cash flows, which include in addition to the present value of lease payments, any initial direct cost attributable to the lease and any other costs required for the dismantling/removing the underlying asset at the end of the contract. After the initial recognition the right-of-use will be measured on the basis of the previsions set for tangible assets applying the cost

Part A - Accounting Policies

model less any accumulated depreciation and any eventual accumulated impairment losses, the revaluation model or the fair value model set by IAS16 or by IAS40.
Activities aimed at assessing the impacts of the adoption of the new accounting principles and ensuring the compliance with it are currently ongoing.

The Parent Company Accounts and the Consolidated Accounts as at 31 December 2017 are audited by Deloitte & Touche S.p.A. pursuant to Legislative Decree No.39 of 27 January 2010 and to the resolution passed by the Shareholders' Meeting on 11 May 2012.

UniCredit group prepared and published within the time limits set by law and pursuant to the requirements of Consob, the Consolidated First Half Financial Report as at 30 June 2017, subject to limited scope audit, as well as the Consolidated Interim Reports as at 31 March and 30 September 2017, both as Press Releases.

The Parent Company Accounts and the Consolidated Accounts as at 31 December 2017 has been approved by the Board of Directors' meeting of 7 February 2018, which authorised its disclosure to the public, also pursuant to IAS10.

The whole document is filed in the competent offices and entities as required by law.

A.2 - Main Items of the Accounts

1 - Held-for-Trading Financial Assets (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 short 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 18 - Other Information, and derivatives designated as hedging instruments - see Section 6 - Hedge Accounting).

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 recognised in profit and loss even when directly attributable to the financial assets. Trading book derivatives are recognised 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 recognised 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 whose gains and losses, either realised or unrealised, are booked in item "110. Gains (Losses) on financial assets/liabilities at fair value through profit and loss" (see Section 5 - Financial Instruments at Fair Value through Profit and Loss). If the fair value of a financial instrument falls below zero, which may happen with derivative contracts, it is recognised in item "40. Financial liabilities held for trading".

A derivative is a financial instrument or other contract that presents all 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 lower than it 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 recognised 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 recognised according to its accounting classification.

A derivative which 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 non-derivative financial assets designated as available for sale or 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 and other “non-monetary items” (e.g. UIF, etc.); they include shares held as minority stakes where these do not constitute controlling or associate interests, or joint control.

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.

In subsequent periods AfS assets are measured at fair value, the interest on interest-bearing instruments being recognised at amortised cost in the income statement.
Gains or losses arising out of changes in fair value are recognised in equity item “140. Revaluation reserves” - except losses due to impairment and exchange rate gains or losses on monetary items (debt instruments) which are recognised under item “130. Net losses/recoveries on impairment: b) 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, until cumulative gains and losses presented in Revaluation reserves are recognised in profit or loss in item “100. Gains (losses) on disposal or repurchase of: b) available for sale financial assets”.

The fair value changes are recorded in the Statement of Comprehensive Income and disclosed in item “140. Revaluation reserves".

Equity instruments (shares and other non-monetary items) not listed in an active market and whose fair value cannot be reliably determined due to the 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 clear evidence of an impairment loss on an available-for-sale financial asset, the cumulative loss that had been recognised directly in equity item “140. Revaluation reserves”, is removed from equity and recognised in profit or loss under item “130. Net losses/recoveries on impairment: 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.

In particular the loss of value is normally considered lasting if the fair value falls to less than 50% of cost or lasts for more than 18 months.
If instead 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 months 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 recognised.

Part A - Accounting Policies

The amount taken to profit and loss is the difference between the carrying amount (value of initial recognition less any impairment loss already recognised 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 objectively relates to an event such as an improvement in the debtor's credit worthiness occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed and the amount of the reversal is recognised 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 recognised.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss, but recognised 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 different from those that may be classified in Loans and receivables for which there is 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, a significant amount of held-to-maturity investments is sold or reclassified before maturity, the remaining HtM financial assets shall be reclassified as available-for-sale and no financial assets shall be classified as HtM investments for the two following financial years, unless the sales or reclassifications:
- are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- occur after the collection of almost all the financial asset's original principal 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 the 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. Gains (Losses) on disposal and repurchase of: c) held-to-maturity investments" when the financial asset is derecognised.

If there is clear 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 recognised in profit or loss under item "130. Net losses/recoveries on impairment: c) held-to-maturity investments".

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

Held-to-maturity investments can be hedged only for credit and currency risks.

4 - Loans and Receivables

Loans and Advances

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

These items include debt instruments with the above characteristics (included host contract of hybrid instruments from which an embedded derivative has been bifurcated) or those subject to portfolio reclassification in accordance with the rules of IAS39 (see Part A.3.1 below - Transfers between portfolios) and the net value of finance leases of assets under construction or awaiting lease, provided the leases have the characteristics of contracts entailing the transfer of risk.

After initial recognition at fair value, which is usually the price paid including transaction costs and income directly attributable to the acquisition or origination of the financial asset (even if not yet paid), a loan or receivable is measured at amortised 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 recognised in profit or loss:

- when a loan or receivable is derecognised due to its disposal, in item “100. Gains (losses) on disposal and repurchase of: a) loans”;

or

- when a loan or receivable is impaired (or the impairment loss previously recognised is reversed) in item “130. Net losses/recoveries on impairment: a) loans”.

Interest on loans and receivables is recognised 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, show clear evidence of possible impairment. These impaired loans are reviewed and analysed periodically at least once per 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, which coherently with portfolio business management model, can also refer to market operations. 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 bad loans and unlikely to pay, 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. If the original rate is not directly available, or if obtaining it is too burdensome, its best approximation will be applied.

For all fixed rate positions the interest rate so determined is kept constant also in subsequent financial years, while for floating rate positions the interest rate is updated on the basis of the contractual terms.

If the original rate cannot be directly found, or if finding it would be excessively onerous, its best estimation is applied, even using practical expedients that do not alter the substance and the coherence with international accounting standards.

Recovery times are estimated on the basis of business plans or in forecasts based on historical recovery experience observed for similar classes of loans, taking into account the segment of the customers, the type of loan, the type of security and any other factors considered relevant or, if necessary, of expected market transactions.

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 recognised in profit or loss in item “130. Net losses/recoveries on impairment: a) loans”.

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 amortised cost that there would have been if there had been no impairments.

Part A - Accounting Policies

Derecognition of a loan or receivable in its entirety (write-off) is made when the legal rights on the loan have failed or the loan or receivable is deemed to be irrecoverable or is written off. Write-offs are recognised directly in profit or loss under item 130 "Net losses/recoveries on impairment: a) loans" and reduce the amount of the principal of the loan or receivable. Reversals of all or part of amounts previously written off are recognised in the same item.

According to Banca d'Italia regulations, set out in Circular No.272 of 30 July 2008 and subsequent updates, loans classified as 'impaired' based on the characteristics set out in paragraphs 58-62 of IAS39, correspond to the category Non-Performing Exposures as defined by ITS EBA (EBA/ITS/2013/03/rev1 24/7/2014).

In particular, EBA has defined Non-performing exposures as those that satisfy one or both of the following criteria:
- material exposures past-due by more than 90 days;
- exposures for which the bank considers it unlikely that the debtor can entirely fulfil its credit obligations, without proceeding with the enforcement and realisation of collateral, regardless of whether exposures are past due and regardless of the number of past due days.

In addition the EBA standards have introduced the definition of "forborne" exposures, i.e. debt contracts in respect of which forbearance measures have been extended. Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments ("financial difficulties"), i.e. modifications of the previous contractual terms and conditions or total or partial refinancing[(8)].
Forborne exposures may be classified in the risk category of non -performing loans (bad loans, unlikely-to-pay, past-due impaired) or performing loans. With reference to the assessments of impairment and provisions for Forborne exposures, the accounting policies applied are in line with the general criteria in accordance with IAS39 requirements with the following clarification on forborne exposures classified as unlikely to pay.

Circular No.272 further classifies non-performing exposures in the following categories:
- Bad loans: refers to on-balance sheet and off-balance sheet exposures that are formally considered as uncollectable, towards borrowers that are in insolvency (even not judicially ascertained) or an equivalent situation. The impairment loss assessment is performed in general on an analytical basis (including the validation of the provision with coverage levels statistically defined for certain loan portfolios below a set threshold). In case of not significant amounts, the assessment of impairment loss is performed on a collective basis aggregating similar exposures.
- Unlikely to pay: refers to on-balance and off-balance sheet exposures that meet the definition of unlikely to pay, which do not meet the conditions to be classified as bad loans. The classification as "unlikely to pay" derives from the assessment of the debtor's unlikeliness (without actions such as realisation of collateral) to repay fully his credit obligation (principal and/or interest). The classification within the unlikely to pay category is not necessarily related to the explicit presence of anomalies (repayment failure) but it is rather tied to the existence of evidence of a debtor's risk of default. The impairment loss assessment is performed in general on an analytical basis (also checking the coverage level which is statistically defined for certain loan portfolios below a set threshold) or on a collective basis aggregating similar exposures. The exposure classified as unlikely to pay and qualified as forborne can be reclassified back to performing loans only after one year since the forbearance measure has been granted and provided that the conditions set for in paragraph 157 of the Implementing Technical Standard of EBA are met. With reference to their provisioning:
  - measurement is performed in general on a loan-by-loan basis and the resulting allowance may include the discounted cost due to renegotiation of the interest rate at a lower rate than the original contractual rate;
  - loans under renegotiation involving a debt/equity swap are valued, pending swap finalisation, on the basis of the conversion agreements entered into on the balance-sheet date. Any differences between the value of the loans and the fair value of the shares at the initial recognition are taken to profit and loss as write-downs.
- Non-Performing past-due: they are on-balance-sheet exposures, other than those classified among bad loans or unlikely to pay, which, at the reference date, have amounts that are past-due or over limits. Not-performing past-due amounts can be determined making reference, alternatively, to the single debtor or to the single transaction. In particular, they include the total exposure to any borrower not included in the categories of bad loans or unlikely to pay, which at the balance-sheet date has expired facilities or unauthorised overdrafts that are more than 90 days past due and meet the requirements set out by local supervisory regulations for their classification under the "past due exposures" category (TSA banks, that adopt a standardised approach) or under the "defaulted exposures" category (IRB banks). Overdue exposures are valued using a statistical approach based on historical data, applying where available the degree of risk as measured by the risk factor used for Regulation (EU) No.575/2013 (CRR) on prudential requirements for credit institutions and investment firms reporting (LGD - Loss given default).

Collective assessment is used for groups of loans for which individually there are no indicators of impairment: to these portfolios a latent impairment can be attributed, according to the method described below, inter alia on the basis of the risk factors used under supervisory regulations (CRR).

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8 For further details on the definition of forborne exposure and the related impacts on the loan process please refer to Part E - Section 1 - Paragraph 2.5 Non-Performing Exposures.

In particular 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 Probability of Default (PD) and Loss Given Default (LGD); these are uniform for each class of loan.
The methodology used combine supervisory regulations, CRR recommendation 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 having a similar risk profile to the assets being measured.
The average time elapsed from the deterioration of borrowers' financial condition to the recognition of impairment losses, in relation to any homogeneous group of exposures, is the Loss Confirmation Period (LCP).
The portfolio valuation of performing exposure is the product of the risk factors derived from the parameters used under supervisory regulations CRR requirements (with one-year time horizon) and the above loss confirmation periods expressed as part of a year and diversified according to Loan classes on the basis of the characteristics of the customer's segment/portfolios.
If these indicators are not available, estimated value and standard loss percentages, based on internal historical series and sectorial 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. The risk inherent in off-balance-sheet items, such as loan commitments, losses due to impairment of guarantees and comparable credit derivatives under IAS39, is recognised in profit or loss under item "130. Net losses/recoveries on impairment: d) other financial assets" offsetting, offsetting item "100. Other liabilities".

Loan Securitisations

Loans and receivables also include, according to the applicable product breakdown, loans securitised after 1 January 2002 which cannot be derecognised under IAS39 (see Section 18 - Other Information - Derecognition).
Corresponding amounts received for the sale of securitised loans net of the amount of any issued securities and any other type of credit enhancement held in portfolio (retained risk) are recognised in liability items "10. Deposits from banks" and "20. Deposits from customers".
Both assets and liabilities are measured at amortised cost and interest received is recognised through profit or loss.
Impairment losses on securitised assets sold but not derecognised are reported in item "130. Net losses/recoveries on impairment: a) loans".

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

Any financial asset may be designated, in accordance with the provisions of IAS39 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:
- not belonging to regulatory trading book, whose risk is:
  - connected with debt positions measured at fair value (see also Section 15 - Financial liabilities at fair value through profit and loss);
  - and managed by the use of derivatives not treatable as accounting hedges.
- 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 - Held-for-Trading Financial Assets), however gains and losses, whether realised or unrealised, are recognised in item "110. Gains (Losses) on financial assets/liabilities at fair value throught profit or loss".

Part A - Accounting Policies

6 - Hedge Accounting

Hedging instruments are created to hedge market (interest-rate, currency and price) and/or credit risk 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 recognised 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 recognised 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 recognised 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.

Generally 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 (i.e. the changes in fair value of hedged items and hedging instruments) is within a range of 80-125%. The hedge is assessed on an ongoing basis and thus must prospectively remain highly effective throughout the financial reporting periods for which the hedge has been designated.

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

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

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

Hedging derivatives are measured at fair value. Specifically:

- **Fair Value Hedging** - an effective fair value hedge is accounted for as follows: the gain or loss from remeasuring the hedging instrument at fair value is recognised 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 recognised through profit or loss in the same item. Hedging ineffectiveness is represented by the difference between the change in the fair value of hedging instruments and the change in the fair value of hedged 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 recognised 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 recognised 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 recognised through profit or loss in item "100. Gains (Losses) on disposal and repurchase";
- **Cash Flow Hedging** - hedging instruments are valued at fair value. Change in the fair value of a hedging instrument that is considered effective is recognised in equity item "140. Revaluation reserves". The ineffective portion of the gain or loss is recognised 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 recognised in revaluation reserves from the period when the hedge was effective remains separately recognised 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 item "90. Fair value adjustments in hedge accounting".
  The fair value changes are recorded in the Statement of Comprehensive Income and disclosed in item "140. Revaluation reserves";
- **Hedging a Net Investment in a Foreign Entity** - hedges of a net investment in a foreign entity whose activitities are based or conducted in a country or currency other than those of the reporting 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 recognised directly in equity is recognised through profit or loss on disposal of the foreign entity. The fair value changes are recorded in the Statement of Comprehensive Income and disclosed in item "140. Revaluation reserves"; the ineffective portion of the gain or loss is recognised through profit or loss in item "90. Fair value adjustments in hedge accounting";
- **Macro-hedges of Financial Assets (Liabilities)** - IAS39 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, macrohedging 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%. Net changes, gains or losses, in

the fair value of the macro-hedged assets and liabilities attributable to the hedged risk are recognised in asset item 90. or 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 recognised 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 recognised 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, unamortised fair value is at once recognised through profit and loss in item “100. Gains (Losses) on disposal and repurchase”.

7 - Equity Investments

The principles governing the recognition and measurement of equity investments under IFRS10 Consolidated Financial Statements, IAS27 Separate Financial Statements, IAS28 Investments in Associates and Joint Ventures and IFRS11 Joint Arrangements are provided in detail in Part A.1, Section 3 - Consolidation Procedures and Scope, where disclosure on the evaluation processes and key assumptions used to assess the existence of control, joint control or significant influence in accordance with IFRS12 (paragraphs 7-9) is provided.

The remaining interests other than subsidiaries, associates and joint ventures, and interests recognised in items “150. Non-current assets and disposal groups classified as held for sale” and “90. Liabilities included in disposal groups classified as held for sale” (see Section 10 - Non-Current assets and disposal groups classified as Held for Sale) are classified as AfS financial assets or financial assets at fair value through profit and loss and treated accordingly (see Section 2 - Available-for-sale Financial Assets and Section 5 - Financial Instruments at Fair Value through Profit and Loss).

8 - Property, Plant and Equipment (Tangible Assets)

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 for 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 (see also Section 4 - Loans and Receivables for finance leases with risk transfer).

The item includes assets used by the Group as lessee under a finance lease, or let/hired out by the Group 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 recognised in item “160. Other assets”.

Part A - Accounting Policies

Assets held for investment purposes are properties covered by IAS40, 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 recognised 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 recognised 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 recognised in the year they are incurred in profit and loss items:
- “180. Administrative costs: b) other administrative expense”, if they refer to assets used in the business;

or:
- “220. Other net operating income”, if they refer to property held for investment.

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

Exceptions are made for property investments underlying liabilities whose yield is linked to their fair value. For these latter assets the fair value model as per IAS40 paragraph 32A is used.

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

Residual useful life is usually assessed as follows:

• buildings	up to 50 years;
• furniture and fixtures	up to 25 years;
• electronic equipment	up to 15 years;
• other	up to 10 years;
• leasehold improvements	up to 25 years.

An item with an indefinite useful life is not depreciated.

Land and buildings are recognised separately, even if acquired together. Land is not depreciated since it usually has an indefinite useful life. Buildings have instead 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 clear 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 recognised in profit and loss item “200. 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 recognised on the prior-year impairment.

An item of property, plant and equipment is derecognised (i) on disposal or (ii) 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 recognised in profit and loss item “270. Gains (losses) on disposal of investments” or “200. Impairment/write-backs on property, plant and equipment”, respectively.

9 - Intangible Assets

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

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

This item also includes intangible assets used by the Group as lessee under finance leases or as lessor under operating leases (rental/hire). Intangible assets other than goodwill are recognised at purchase cost, i.e. including cost incurred to bring the asset into use, less accumulated amortisation and impairment losses.

In case of internally generated software the expenses incurred to develop the project are recognised under intangible assets only if the following elements are demonstrated: the technical feasibility of the project, the intention to complete the intangible asset, its future usefulness, the availability of adequate technical, financial and other resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.
An intangible asset with a finite life is subject to straight-line amortisation over its estimated useful life.

Residual useful life is usually assessed as follows:
- Software up to 10 years;
- Other intangible assets up to 20 years.

Intangible assets with an indefinite life are not amortised.

If there is clear 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 recognised in profit and loss item “210. Impairment/write-backs on intangible assets”.

For an intangible 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 recognised in profit and loss item “210. 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 recognised on the prior-year impairment.

An intangible asset is derecognised (i) on disposal or (ii) when any further 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 recognised in the profit and loss item “270. Gains (Losses) on disposal of investments” or “210. Impairment/write-backs on intangible assets”, respectively.

Goodwill

In accordance with IFRS3, goodwill is the excess of the cost of a business combination over the interest acquired in 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 recognised 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 recognised net of any cumulative impairment losses and is not amortised.

Goodwill is tested for impairment annually, as for other intangible assets with an indefinite useful life. To this end it is allocated to the Group’s business areas identified as the Cash Generating Units (CGUs). Goodwill is monitored by the CGUs at the lowest level in the Group in line with its business model.

Impairment losses on goodwill are recognised in profit and loss item “260. Impairment on goodwill”. In respect of goodwill, no write-backs are allowed.

Please see Part B - Section 13 Intangible Assets - 13.3 Other information for further information on intangibles, goodwill, the CGUs and impairment testing for these.

Part A - Accounting Policies

10 - Non-current assets and disposal groups classified as 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 IFRS5.
Individual assets (or groups of assets held for sale) are recognised in item “150. 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 classified as 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 - Consolidated 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 recognised in the income statement under item “310. Profit (Loss) after tax from discontinued operations”. Profits and losses attributable to individual assets held for disposal are recognised in the income statement under the appropriate item.

11 - Current and Deferred Tax

Tax assets and tax liabilities are recognised in the Consolidated Balance Sheet respectively in item “140. Tax assets” and item “80. Tax liabilities”.

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

Current and deferred tax assets and tax liabilities are calculated in accordance with local tax regulations and are recognised in profit or loss on an accrual basis.
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 recognised 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.

In addition, under the tax consolidation system adopted by the Bank deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be generated by the entity. In accordance with the provisions of IAS12, the probability that sufficient future taxable profit against which the deferred tax assets can be utilised 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 recognised in profit and loss item “290. 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 recognised, net of tax, directly in the Statement of Comprehensive Income - Revaluation reserves.

Current tax assets and liabilities are presented on the Balance Sheet net of the related current tax liabilities if the following requirements are met:
- existence of a legally enforceable right to offset the amounts recognised; and
- the intention to extinguish for the remaining net, or realise the asset and at the same time extinguish the liability.

Deferred tax assets are presented on the Balance Sheet net of the related deferred tax liabilities if the following requirements are met:
- existence of an enforceable right to offset current tax assets with current tax liabilities; and
- the deferred tax assets and liabilities must relate to income taxes applied to the same tax authority on the same taxable entity or on different taxable entities that intend to settle the current tax liabilities and assets on a net basis.

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 employees.

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 recognised according to IAS19 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 recognised, 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 are recorded in the Statement of Comprehensive Income and disclosed in item "140. 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 recognised 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 recognised 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.

In particular, where the effect of the time value of money is significant, 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.

Part A - Accounting Policies

Provisions are used only for expenses for which they were originally recognised. Allocations made in the year are recognised in profit and loss item "190. Provisions for risks and charges" and include increases due to the passage of time; they are also net of any reversals.

"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 "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 recognised 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 recognised as a derivative, provided that separation requirements are met, and recognised at fair value. Any subsequent changes in fair value are recognised 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 issuance date, of a financial liability and of the equity part, recognised in item "160. 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 resulting financial liability is then recognised at amortised cost using the effective interest method.

Securities in issue are recognised 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. Gains (Losses) on disposal and repurchase of: d) financial liabilities". Subsequent disposal by the issuer is considered as a new issue which doesn't produce gains or losses.

Group debts do not include *covenants* that would cause default or restructuring events. There are no debt instruments involving convertibility to equity instruments (under IFRIC19 - 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

According to IAS39, financial liabilities, as well as financial assets, may also be designated 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 recognised as per "Financial liabilities held for trading", gains and losses, whether realised or not, being recognised 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 recognised 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 recognised in profit and loss item "80. Gains (Losses) on financial assets and liabilities held for trading".

Exchange rate differences arising on a monetary item that is part of an entity's net investment in a foreign operation whose activitities are based or conducted in a country or currency other than those of the reporting entity are initially recognised in the entity's equity, and recognised in profit or loss on disposal of the net investment.

Non-monetary assets and liabilities recognised 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 recognised:

- in profit and loss if the financial asset is HfT; or
- in the Statement of Comprehensive Income and disclosed in the Revaluation reserves if the financial asset is AfS.

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

The assets and liabilities of fully consolidated foreign entities are translated at the closing exchange rate of each period. Gains and losses are translated at the average exchange rate for the period. Differences arising from the use of closing exchange rates and from the average exchange rates and from the remeasurement of the initial net amount of the assets of a foreign company at the closing rate are classified directly in item "140. Revaluation reserves".

Any goodwill arising on the acquisition of a foreign operation realised after IAS First Time Adoption (i.e., 1 January 2004) whose assets are located or managed in a currency other than the euro, and any fair value adjustments of the carrying amounts of assets and liabilities are treated as assets and liabilities of the foreign operation, expressed in the functional currency of the foreign operation and translated at the closing rate.
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

17 - Insurance Assets and Liabilities

IFRS4 defines an insurance contract as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

These policies are recognised briefly as follows:
- in profit and loss item “160. Other income (net) from insurance activities”: gross premium including all amounts due during the year under insurance contracts, net of cancellations. Premium transferred to reinsurers during the year is also recognised in this item;
- in liability item “130. Insurance reserves”: contractual obligations to policyholders, calculated analytically contract by contract using the prospective method, on the basis of demographic and financial projections currently used by the market;
- in asset item “110. Insurance reserves attributable to reinsurers”: reinsurers’ liabilities.

18 - Other Information

Business Combinations

A business combination is a transaction through which an entity obtains control of a company or 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 is 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).

IFRS3 requires that all business combinations 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, with 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 recognising 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 acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities so recognised is accounted for as goodwill.

After initial recognition, goodwill is tested for impairment at least annually.
If the acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall reassess the fair values and recognise immediately any excess remaining after that reassessment in profit or loss.
If the acquisition concerns a percentage less than 100% of the assets of the acquired company, minorities are recognised.
At the acquisition date, minorities are valued:
- at fair value, or
- as a proportion of minority interests in the assets, liabilities and identifiable contingent liabilities of the acquired company.

Derecognition of financial assets

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

Before evaluating whether, and to what extent, derecognition is appropriate, under IAS39 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% 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% share of interest cash flows from an asset).

In all other cases, the standard is applied to the financial asset in its entirety (or to the group of similar financial assets in their entirety).
An entity shall derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the contractual rights to receive the cash flows of the financial asset to a non-Group counterparty.
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 Group 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 Group is obliged to transfer forthwith all cash flows received and may not invest them, except for liquidity invested for the short period between the date of receipt and that of payment, provided that the interest accrued in that period is paid on.

Recognition is also subject to verification of effective transfer of all the risks and rewards of ownership of the financial asset. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the asset (or group of assets) and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.
Conversely, if the entity substantially retains all the risks and rewards of ownership of the asset (or group of assets), the entity shall continue to recognise the transferred asset(s). In this case it is necessary to recognise a liability corresponding to the amount received under the transfer and subsequently recognise all income accruing on the asset or expense accruing on the liability.
The main transactions that do not allow, under the above rules, total derecognition of a financial asset are securitisations, repurchase (sell and buy-backs) and stock lending transactions.
In the case of securitisations the Group does not derecognise the financial asset on purchase of the equity tranche or provision of other types of support of the structure which result in the Group retaining the credit risk of the securitised portfolio.
In the case of repurchase transactions and stock lending, the assets transacted are not derecognised since the terms of the transaction entail the retention of all their risks and rewards.
Finally, it should be noted that securities lending transactions collateralised by other securities or not collateralised 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 recognised nor derecognised. In respect of securities purchased under an agreement to resell, the consideration is recognised as a loan to customers or banks, or as an asset held for trading. In respect of securities held in a repurchase agreement, the liability is recognised as due to banks or customers, or as an held for trading financial liability. Revenue from these loans, being the coupons accrued on the securities and the difference between the sale/purchase and resale/repurchase prices, is recognised 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 collateralised 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) relating 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) relating to the service provided by the lender by making the security available.

Part A - Accounting Policies

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

Counterparty risk relating to the latter securities lending or borrowing transactions is shown under the off-balance sheet exposures in the tables of Part E - Section 1 - Credit risk - A. Credit quality.

Equity instruments
Equity instruments are instruments that represent a residual interest in Group's assets net of its liabilities.
Classification of an issued instrument as equity is possible only if there are no contractual obligation to make payments in form of capital redemptions, interest or other kinds of returns.

In particular instruments having the following features are classified as equity instruments:
- the instrument is perpetual or has a maturity equal to duration of the entity;
- full discretion of the issuer in coupon payments and redemptions, also advanced, of the principal outstanding.

Additional Tier 1 instruments are included in this category, in line with the provisions of Regulation (EU) No.575/2013 (CRR) on prudential requirements for credit institutions and investment firms, if, additionally to the characteristics described above:
- maintain within the full discretion of the issuer the possibility to perform a write-up of the nominal value after the occurrence of a capital event that has determined a write-down;
- do not incorporate outlook that force the issuer to provide for payments (must-pay clauses) following genuine events under the direct control of the parties.

Equity instruments, different from common or saving shares, are presented in item "160. Equity instruments" for the consideration received including transaction costs directly attributable to the instruments.
Any coupon paid, net of related taxes, reduces item "170. Reserves".
Any difference between the amounts paid for the redemption or repurchase of these instruments and their carrying value is recognised in item "170. Reserves".

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 recognised entirely as a contra item to Shareholders' Equity.

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

The lessee acquires the economic benefit of the use of the leased asset for most of its useful life, in exchange for a commitment to pay 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 recognised to the extent of the advances granted to customers on their consideration.
Loans acquired without recourse are recognised 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 recognised 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 - 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 No.252/2005, TFR installments accrued to 31 December 2006 (or to the date between 1 January 2007 and 30 June 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 1 January 2007 (date of Law 252's coming into effect) (or since the date between 1 January 2007 and 30 June 2007) have been, at the employee's discretion, either (i) paid into a pension fund or (ii) left in the company and (where the company has in excess of 50 employees) are paid into an INPS Treasury fund by the employer, are assimilated to a defined-contribution plan.

Costs relating to TFR are recognised in the Income Statement in item “180. Administrative costs: a) staff expense” and include, for the part of obligations already exiting at the date of the reform (assimilated to a defined benefit plan), (i) service costs for companies with less than 50 employees, (ii) interest cost accrued in the year; for the part of plan considered defined contribution plan 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 recorded in the Statement of Comprehensive Income and disclosed in item “140. Revaluation reserves” according to IAS19R.

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 rendered 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 recognised as cost in profit and loss item “180. Administrative costs: a) staff expense” offsetting the Shareholders' Equity item “170. Reserves”, on an accruals basis over the period in which the services are rendered.

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, recognised 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 recognised in profit and loss item “180. Administrative costs: a) staff expense”.

Other Long-term Employee Benefits
Long-term employee benefits - e.g. long-service bonuses, paid on reaching a predefined number of years' service - are recognised 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 recognised immediately in the income statement.

Guarantees and Credit Derivatives in the Same Class
Guarantees and credit derivatives in the same class measured under IAS39 (i.e. contracts under which the issuer makes pre-established payments in order to compensate the guaranteed party or buyer of protection for losses sustained due to default by a debtor on the maturity of a debt instrument) are initially and subsequently (on remeasurement following impairment losses) recognised in item “100. Other liabilities”.

On the first recognition guarantees given are recognised at fair value, which usually corresponds to the amount received when the guarantee is issued.

After the initial recognition, guarantees given are recognised at the higher of the initially recognised value, net of any amortised portion, and the estimated amount required to meet the obligation.

The effects of valuation, relating to any impairment of the underlying, are recognised in the same balance-sheet item contra item “130. Net losses/recoveries on impairment d) other financial transactions” in the income statement.

Part A - Accounting Policies

Offsetting Financial assets and Financial liabilities
The accounting offsetting of assets and liabilities items has been performed according to IAS32, assessing the fulfillment of the following requirements:
- current legally enforceable right to set off the recognised amounts;
- intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accordance with IFRS7, further information have been included in the table of Note to the Consolidated Accounts, in Part B - Other information.

In the new tables, in particular the following information have to be reported:
- balance-sheet values, before and after the accounting offsetting effects, relating 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 (e.g. default events);
- figures of related collaterals.

Recognition of income and expenses

Interest Income and Expenses
Interest income and expenses and similar income and expense items relate to monetary items, i.e. liquidity and debt financial instruments (i) held for trading, (ii) measured at fair value through profit or loss or (ii) available for sale, HtM financial assets, loans and receivables, deposits, and securities in issue.

Interest income and expense are recognised 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 recognised according to the provision of the services from which they have been originated.
Securities trading commission is recognised when the service is provided. Investment portfolio management fees, advisory fees and investment fund management fees are recognised 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 recognised in profit and loss in the financial year in which their distribution has been approved.

Relevant IAS/IFRS definitions
The main definitions introduced by international accounting principles IAS/IFRS are described below, other than those dealt with in previous sections.

Amortised 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 the initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

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 clear 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 clear 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, regardless of their probability to occur, are not recognised.

Clear evidence that a financial asset or group of assets is impaired includes observable data that comes to our attention about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- 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;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- 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 not, per se, evidence of impairment; or
- 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.

Clear 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 clear evidence of impairment (see Section 2 - Available-for-sale Financial Assets).

If there is clear 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 the use of an allowance account. The amount of the loss is recognised in profit and loss item "130. Net losses/recoveries on impairment" and the asset's carrying value is reduced.
With respect to instruments classified as available-for-sale financial assets, this amount is equal to the balance of the negative Revaluation reserve (see Section 2 - Available-for-sale Financial Assets).

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.

Part A - Accounting Policies

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 arising from an increase due only to the risk-free interest rate).

Clear evidence of impairment is initially assessed individually; however, if there is no clear 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 time value of money, and consider cash flows over the entire residual life of the asset (not just the following year) and do not originate 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 the credit exposures, not only those of low credit quality, which reflect a significant impairment.

Reversals of impairment losses

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can relate objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit worthiness), the previously recognised impairment loss is reversed and the amount of the reversal is recognised in profit and loss item "130. Net losses/recoveries on impairment" except in the case of AfS equity instruments (see Section 2 - Available-for-sale Financial Assets above).

The reversal shall not result, at the date when 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 recognised.

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

The amendments to IAS39 and IFRS7 "Reclassification of financial assets" approved by the IASB in 2008 allow the reclassification of 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 31 December 2017 (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 recognised if such reclassifications had not occurred, as well as those effectively recognised through profit or loss or at equity, are also provided.

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

As a result, the overall impact before tax that would have been recognised in the income statement as of 31 December 2017, if these assets had not been reclassified, would have been a gain of €99,162 thousand, while the impact actually recognised was a gain of €91,306 thousand.

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

(€ '000)

INSTRUMENTS TYPE (1)	ACCOUNTING PORTFOLIO BEFORE RECLASSIFICATION (2)	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION (3)	BOOK VALUE AS AT 12.31.2017 (4)	FAIR VALUE AS AT 12.31.2017 (5)	INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAX)		INCOME/EXPENSE RECOGNISED DURING THE PERIOD (BEFORE TAX)	
					FROM MEASUREMENT (6)	OTHER (7)	FROM MEASUREMENT (8)	OTHER (9)
A. Debt securities			**1,272,744**	**1,414,334**	**9,958**	**90,886**	**12,796**	**73,497**
	Held for trading	Available for sale	772	772	(169)	103	560	114
	Held for trading	Held to maturity	-	-	-	-	-	-
	Held for trading	Loans to Banks	193,261	225,557	(5,317)	7,295	-	10,850
	Held for trading	Loans to Customers	1,078,711	1,188,005	15,444	83,488	12,236	62,533
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	-	-	-	-	-	-
	Available for sale	Held to maturity	-	-	-	-	-	-
B. Equity instruments			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
C. Loans			**95,918**	**96,528**	**(2,909)**	**1,227**	**1,665**	**3,348**
	Held for trading	Available for sale	-	-	-	-	-	-
	Held for trading	Held to maturity	-	-	-	-	-	-
	Held for trading	Loans to Banks	4,902	5,512	(155)	196	-	325
	Held for trading	Loans to Customers	91,016	91,016	(2,754)	1,031	1,665	3,023
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	-	-	-	-	-	-
D. Units in investment funds			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
Total			**1,368,662**	**1,510,862**	**7,049**	**92,113**	**14,461**	**76,845**

Debt securities reclassified in the loan with customers portfolio include structured credit products (other than derivative contracts and financial instruments with incorporated derivatives) for an amount of €652,391 thousand at 31 December 2017.

Part A - Accounting Policies

A.3.2 Reclassified financial assets: effects on comprehensive Income before reclassification

(€ '000)

INSTRUMENTS TYPE (1)	ACCOUNTING PORTFOLIO BEFORE RECLASSIFICATION (2)	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION (3)	GAINS/LOSSES RECOGNISED IN P&L (BEFORE TAXES) 2017 (4)	GAINS/LOSSES RECOGNISED IN P&L (BEFORE TAXES) 2016 (5)	GAINS/LOSSES RECOGNISED IN OCI (BEFORE TAXES) 2017 (6)	GAINS/LOSSES RECOGNISED IN OCI (BEFORE TAXES) 2016 (7)
A. Debt securities			**-**	**-**	**-**	**(5,600)**
	Held for trading	Available for sale	-	-	-	-
	Held for trading	Held to maturity	-	-	-	-
	Held for trading	Loans to Banks	-	-	-	-
	Held for trading	Loans to Customers	-	-	-	-
	Available for sale	Loans to Banks	-	-	-	-
	Available for sale	Loans to Customers	-	-	-	-
	Available for sale	Held for trading-Held to maturity	-	-	-	(5,600)
B. Equity instruments			**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-
C. Loans			**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-
	Held for trading	Held to maturity	-	-	-	-
	Held for trading	Loans to Banks	-	-	-	-
	Held for trading	Loans to Customers	-	-	-	-
	Available for sale	Loans to Banks	-	-	-	-
	Available for sale	Loans to Customers	-	-	-	-
D. Units in investment funds			**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-
Total			**-**	**-**	**-**	**(5,600)**

A.4 - Information on fair value

Qualitative information

This section presents a disclosure on fair value as required by IFRS13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary 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) can not be lower 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 to which the Group 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 can be 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 Group may use another valuation techniques, such as:
- a market approach (e.g. using quoted prices for similar liabilities or equity instruments held by other parties as assets);
- cost approach (e.g. 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 (e.g. 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 Group 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 credit, liquidity and price risk of the instrument being valued. Reference to these market parameters allows 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 Group employs:
- Independent price verifications (IPVs);
- Fair value adjustments (FVAs).

Independent price verification requires that the prices are verified at least monthly by Risk Management units that are independent from the units that assume the risk exposure.
This verification calls for comparing and adjusting the 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 info providers as a reference, and assigns a greater weighting to those prices that are considered representative of the instrument being valued. This valuation can include 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 info provider to obtain the information.

Part A - Accounting Policies

A.4.1 Fair value levels 2 and 3: valuation techniques and inputs 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[9]. In order to assess it, within the global bond Independent Price Verification (IPV) process a daily Liquidity Indicator is defined taking into account: the number of executable bid/ask quotes, their relative sizes and spreads. Such indicator is tracked over a 20 business days time window in order to obtain a stable monthly indicator.

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 maximises the use of observable input and minimises 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 IPV process market prices of Level 1 bonds and pricing models for illiquid bonds are regularly verified for accuracy.

Structured Financial Products
The Group 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 valuation process relies on internal policies centered on:
- extension and implementation across all the Group's Legal Entities of an 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 first 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.

9 As far as Italian Government bonds are concerned, it is worth stressing they are typically exchanged on the MTS market which is largely aknowledged as the main liquid platform for this kind of asset.

Investment Funds
The Group 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 Group'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 Group 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 relating to position write-off.
  When sufficient information for reliable fair value measurements is not available, funds (e.g. hedge funds and private equity) are valued at cost and classified as Available for Sale at Level 3.

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

Property, plant and equipment measured at fair value
The Group owns property, plant and equipment held for investment purposes, which are valued according to the fair value model for Real Estate investments linked to liabilities that generate a return on investments themselves.
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.

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 a list of adjustments:

- Credit/Debit valuation adjustment (CVA/DVA);
- Model Risk;
- Close-out Costs;
- Other Adjustments.

Credit/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 from transactions where there is a correlation between counterparty credit risk and the underlying derivative risk factors;
- PD 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 implied by current market default rates, obtained from credit default swaps.

As of 31 December 2017, net CVA/DVA cumulative adjustment, relating to performing counterparts, amounts to €198 million negative. The part related to own credit spread evolution, which is filtered out from regulatory capital (accordingly to CRDIV), amounts to €90 million positive.

Funding Cost and Benefit adjustment (FCA/FBA)
Funding Valuation Adjustment (FundVA) is the sum of a Funding Cost Adjustment (FCA) and a Funding Benefit Adjustment (FBA) that indeed accounts for the expected future funding costs/benefits for derivatives that are not fully collateralised. Most material contributors are in-the-money trades with uncollateralised counterparties.

UniCredit FVA methodology is based on the following inputs:

- Positive and Negative exposure profiles derived leveraging on a risk-neutral spin-off of the Counterparty Credit Risk internal model;
- PD term structure implied by current market default rates obtained from credit default swaps;
- A funding spread curve that is representative of the average funding spread of peer financial groups.

Part A - Accounting Policies

Such adjustment was previously considered among the capital deduction within the AVA prudential requirements. As of 31 December 2017 the fair value adjustment component is reflected into P&L with a net cumulative adjustment equal to €125.5 million negative.

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 adjustment refers 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. In addition a close-out adjustment of the NAV is applied when there are some penalties relating to position write-off in an investment fund.

Other adjustments
Other fair value adjustments, which are not included in 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.
For these instruments fair value is calculated for disclosure purposes only and does 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 IFRS13.

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 explained in section "Assets and Liabilities measured at fair value on a recurring basis - Fixed Income Securities".

Loans and Receivables to banks and customers
Fair value for performing Loans and Receivables to banks and customers, recorded at amortised 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 instruments.

Property, plant and equipment held for investment purposes
The fair value of property, plant and equipment held for investment purposes is determined on the basis of a valuation by an independent appraiser who holds a recognised 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 relating to the localisation, 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.

Debt securities in issue
Fair value for debt securities in issue, recorded at amortised 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 financial liabilities
Fair value for liabilities, recorded at amortised 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 techniques

Specific valuation techniques are used to value positions for which a market price is not directly observable from market sources. The Group uses well known valuation techniques for determining fair values of financial and non-financial instruments that are not actively traded and quoted. The valuation techniques used for Level 2 and 3 assets and liabilities are described below.

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 "discounted value". The fair value of the contract is given by the sum of the present values of future cash flows.

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 (i.e. similar) assets, liabilities or a group of assets and liabilities.

Gordon Growth Model

This is the model 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 measure. 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.

Part A - Accounting Policies

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

Hereby a description of the main significant inputs used to measure the fair value of items categorised 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 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 indexes/prices.

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 measure. On the contrary, given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in a fair value measure. 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, which turns interest rates in zero-coupon.
Less liquid currencies interest curve refer to the rates in currencies for which a market liquidity doesn't exist 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.

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 relating to the outstanding balance. An increase in the loss severity, in isolation, would result in a decrease in a fair value measure. 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 commercialisation 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 funds received.

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

Part A - Accounting Policies

Quantitative information on significant unobservable inputs used in the fair value measurement: accounting portfolios measured at fair value categorised 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	Equity & Commodities	512.11	672.85	Option Pricing Model	Volatility	5%	80%
						Correlation	-95%	95%
					Option Pricing Model/ Discounted Cash Flows	Dividends Yield	0%	7.5%
		Forex	140.25	28.27	Option Pricing Model	Volatility	1%	40%
					Discounted Cash Flows	Interest rate	-200%	30%
		Interest Rate	443.34	272.53	Discounted Cash Flows	Swap Rate	-40 bps	1000 bps
						Inflation Swap Rate	0bps	230bps
					Option Pricing Model	Inflation Volatility	1%	10%
						Interest Rate Volatility	1%	100%
						Correlation	0%	100%
		Hybrid	0.00	0.00	Option Pricing Model	Volatility	0%	0%
						Correlation	0%	0%
	Credit		16.14	22.24	Hazard Rate Model	Credit Spread	0%	8%
						Recovery rate	10%	72%
						Correlation	0%	0%
					Option Pricing Model	Volatility	0%	0%
Debt Securities and Loans		Corporate/ Government/Other	446.10	1,007.57	Market Approach	Price (% of used value)	0%	193%
		Mortgage & Asset Backed Securities	237.09	0.00	Discounted Cash Flows	Credit Spread	13bps	800bps
						LGD	20%	80%
						Default Rate	0%	8%
						Prepayment Rate	1%	30%
Equity Securities		Unlisted Equity & Holdings	681.11	0.00	Market Approach	Price (% of used value)	0%	100%
					Gordon Growth Model	Ke	8.0%	21%
						Growth Rate	0.5%	4%
Units in Investment Funds		Real Estate & Other Funds	536.59	0.00	Adjusted Nav	PD	1%	30%
						LGD	35%	60%

A.4.2 Valuations processes and sensitivities

The Group 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 not 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 Group companies' front offices are independently tested centrally and validated by the Group Internal Validation functions. The aim of this independent control structure is 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 by from *Market Risk* function with the aim of guaranteeing a fair value provided by an independent structure for all instruments, illiquid included.

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

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

The Group takes into account that the impact of unobservable inputs in the fair value computation of level 3 financial instruments, depends on the correlation among different inputs used in the valuation technique. In addition, 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	Equity & commodities	+/-	72.94
		Foreign Exchange	+/-	20.10
		Interest Rate	+/-	34.21
		Hybrid	+/-	-
	Credit		+/-	24.13
Debt Securities and Loans		Corporate/Government/Other	+/-	8.90
		Mortgage & Asset Backed Securities	+/-	3.24
Equity Securities		Unlisted Equity & Holdings	+/-	21.15
Units in Investment Funds		Real Estate & Other Funds	+/-	12.43

Within the unlisted Level 3 Units in Investment Funds, measured using a model, the shares in Atlante and Italian Recovery Fund, former Atlante II (€194.5 million at 31 December 2017) are classified and, within Equity Securities, the investments in the Voluntary Scheme (as at 31 December 2017 equal to €5 million). The quantitative disclosure presented in this section include the effects of changes in the unobservable parameters in the valuation of Atlante Fund. For further information, please refer to Part B - Section 4 - Available for sale financial assets.

Part A - Accounting Policies

A.4.3 Fair value hierarchy
IFRS13 establishes a fair value hierarchy according 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 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 markets.

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 markets): 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 (e.g. MTS market about prices for most of the government bonds therein traded).

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 Group employs the one which maximises the use of observable inputs.

Transfers between hierarchy levels
The main drivers to transfers in and out the FV levels (both between L1 and L2 and in/out 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.
Quantitative and qualitative details about transfers between FV levels occurred in the period is presented in Part A.4.5 - Fair Value Hierarchy.

A.4.4 Other information
The Group uses the IFRS13 exception for fair value measurements on a net basis with reference to financial assets and liabilities with offsetting positions of market risk or counterparty credit risk.

Quantitative information

A.4.5 Fair value hierarchy

The following tables show 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 a recurring basis: breakdown by fair value levels (€ '000)

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	AMOUNTS AS AT 12.31.2017			AMOUNTS AS AT 12.31.2016		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets held for trading	33,318,221	39,882,888	1,484,781	29,669,303	56,545,545	1,251,990
2. Financial assets at fair value through P&L	7,067,178	14,960,870	45,295	10,086,475	18,573,814	41,372
3. Available for sale financial assets	92,344,616	9,806,925	1,488,481	100,306,037	7,232,456	1,964,645
4. Hedging derivatives	1	3,428,674	2,395	6	4,514,591	-
5. Property, plant and equipment	-	-	47,380	-	-	57,728
6. Intangible assets	-	-	-	-	-	-
Total	**132,730,016**	**68,079,357**	**3,068,332**	**140,061,821**	**86,866,406**	**3,315,735**
1. Financial liabilities held for Trading	14,994,487	38,874,678	1,914,560	14,231,094	52,647,554	1,482,689
2. Financial liabilities at fair value through P&L	-	2,980,270	30,259	-	2,452,582	44,150
3. Hedging derivatives	79	3,509,219	58,547	63	4,921,401	-
Total	**14,994,566**	**45,364,167**	**2,003,366**	**14,231,157**	**60,021,537**	**1,526,839**

Transfers between level of fair value occurring between 31 December 2016 and 31 December 2017 mainly reflect the evolution of the market of reference in the period and the enhancement of processes for fair value level attribution in some Group entities.

The sub-item "3. Available-for-sale financial assets" at level 3 as of 31 December 2017 does not include €461 million measured at cost (€677 million as of 31 December 2016), decrease mainly due to the sales of the investments in F2i and FII Funds (with a carrying value as of 31 December 2016 equal to €237.7 million), and it does include the investments in Atlante and Italian Recovery Fund, former Atlante II, (carrying value €194.5 million) and in "Schema Volontario" (carrying value €5 million).
For further information see Part B - Section 4 - Available for sale financial assets.

Besides the transfers relating to financial assets and liabilities carried at level 3 detailed in the sections below we can note that during the year the following transfers occurred:

- from level 2 to level 1 linked to an improvement of the liquidity and price reliability indicators (based on the bid-ask spread, related size and applicability of the published prices) collected by third parties as calculated and recorded in the context of the Global Bond IPV process:
  - of financial assets measured at fair value through profit & loss (financial assets held for trading and carried at fair value) for approximately €1,655 million;
  - of financial assets measured at fair value through reserves (financial assets available for sale) for approximately €126 million;
  - of financial liabilities measured at fair value through profit & loss (financial liabilities held for trading and carried at fair value) for approximately €28 million;
- from level 1 to level 2 owing to a worsening of the liquidity and price reliability indicators (based on the bid-ask spread, relative size and applicability of the published prices) collected by third parties as calculated and recorded in the context of the Global Bond IPV process:
  - of financial assets measured at fair value through profit & loss (financial assets held for trading and carried at fair value) for approximately €622 million;
  - of financial assets measured at fair value through reserves (financial assets available for sale) for approximately €15 million;
  - of financial liabilities measured at fair value through profit & loss (financial liabilities held for trading and carried at fair value) for approximately €1 million.

Part A - Accounting Policies

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

(€ '000)

	CHANGES IN 2017					
	HELD FOR TRADING FINANCIAL ASSETS	AT FAIR VALUE TROUGH P&L FINANCIAL ASSETS	AVAILABLE FOR SALE FINANCIAL ASSETS	HEDGING DERIVATIVES	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS
1. Opening balances	**1,251,990**	**41,372**	**1,964,645**	**-**	**57,728**	**-**
2. Increases	**1,473,299**	**17,217**	**1,067,579**	**2,395**	**1,691**	**-**
2.1 Purchases	805,441	11,952	917,428	-	486	-
2.2 Profits recognised in:	105,003	1,726	53,924	-	434	-
2.2.1 Income Statement	105,003	1,726	5,179	-	434	-
- of which Unrealised gains	*93,082*	*1,726*	*747*	-	-	-
2.2.2 Equity	X	X	48,745	-	-	-
2.3 Transfers from other levels	554,402	-	19,348	2,395	-	-
2.4 Other increases	8,453	3,539	76,879	-	771	-
3. Decreases	**1,240,508**	**13,294**	**1,543,743**	**-**	**12,039**	**-**
3.1 Sales	841,417	2,293	428,046	-	10,936	-
3.2 Redemptions	417	5,621	67,814	-	-	-
3.3 Losses recognised in:	342,698	1,163	286,246	-	1,047	-
3.3.1 Income Statement	342,698	1,163	226,027	-	1,047	-
- of which Unrealised losses	*221,694*	*1,163*	*156,238*	-	*1,047*	-
3.3.2 Equity	X	X	60,219	-	-	-
3.4 Transfers to other levels	32,842	-	682,116	-	-	-
3.5 Other decreases	23,134	4,217	79,521	-	56	-
4. Closing balances	**1,484,781**	**45,295**	**1,488,481**	**2,395**	**47,380**	**-**

The sub-item "2. Increases" and "3. Decreases" in financial assets are included in the Profit and Loss in the following items:
- Item "80. Gains (Losses) on financial assets and liabilities held for trading";
- Item "90. Fair value adjustments in hedge accounting";
- Item "110. Gains (Losses) on financial assets/liabilities at fair value through profit or loss".

The sub-item 2.2 Gains and the sub-item 3.3 Losses on fair value on financial assets and liabilities available for sale are accounted in item "140. 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 in item "130. Net losses/recoveries on impairment: b) available-for-sale financial assets" and item "80. Gains (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. Gains (Losses) on disposal and repurchase of: b) available for sale financial assets".

Transfers between level of fair value occurring between 31 December 2016 and 31 December 2017 in Held for Trading and Fair Value through P&L financial assets mainly reflect the evolution of the market of reference in the period and the enhancement of processes for fair value level attribution in some Group entities and mostly refer to exposure held by UniCredit Bank AG.

A.4.5.3 Annual changes in liabilities at fair value on a recurring basis (level 3)

(€ '000)

	CHANGES IN 2017		
	FINANCIAL LIABILITIES HELD FOR TRADING	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH P&L	HEDGING DERIVATIVES
1. Opening balances	**1,482,689**	**44,150**	**-**
2. Increases	**1,603,284**	**-**	**58,547**
2.1 Issuance	894,294	-	-
2.2 Losses recognised in:	249,716	-	-
2.2.1 Income Statement	249,716	-	-
- of which Unrealised losses	*240,112*	-	-
2.2.2 Equity	X	X	-
2.3 Transfers from other levels	457,191	-	58,547
2.4 Other increases	2,083	-	-
3. Decreases	**1,171,413**	**13,891**	**-**
3.1 Redemptions	653,280	-	-
3.2 Purchases	166,687	-	-
3.3 Profits recognised in:	229,529	13,376	-
3.3.1 Income Statement	229,529	13,376	-
- of which Unrealised gains	*209,412*	-	-
3.3.2 Equity	X	X	-
3.4 Transfers to other levels	113,698	-	-
3.5 Other decreases	8,219	515	-
4. Closing balances	**1,914,560**	**30,259**	**58,547**

The sub-item “2. Increases” and “3. Decreases” in financial liabilities are included in the Profit and Loss in the following items:
- Item “80. Gains (Losses) on financial assets and liabilities held for trading”;
- Item “90. Fair value adjustments in hedge accounting”;
- Item “110. Gains (Losses) on financial assets/liabilities at fair value through profit or loss”.

Transfers between level of fair value occurring between 31 December 2016 and 31 December 2017 mainly reflect the evolution of market of reference in the period and the enhancement of processes for fair value level attribution in some Group entities and mostly refer to exposure held by UniCredit Bank AG.

Part A - Accounting Policies

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

(€ '000)

ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	AMOUNTS AS AT 12.31.2017				AMOUNTS AS AT 12.31.2016			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Held-to-maturity investments	6,277,022	5,096,861	1,189,062	60,735	3,963,222	2,724,622	1,249,727	39,902
2. Loans and receivables with banks	70,982,743	526,248	47,955,776	22,869,184	74,691,847	532,140	44,610,982	30,375,329
3. Loans and receivables with customers	447,726,913	1,115,810	142,196,033	311,225,039	444,607,482	1,066,238	158,640,473	294,399,899
4. Property, plant and equipment held for investment	2,132,168	14,821	97,488	2,469,292	2,059,867	-	91,311	2,425,337
5. Non-current assets and disposal groups classified as held for sale	1,110,960	-	79,305	195,941	45,853,911	-	40,158,983	743,537
Total	**528,229,806**	**6,753,740**	**191,517,664**	**336,820,191**	**571,176,329**	**4,323,000**	**244,751,476**	**327,984,004**
1. Deposits from banks	123,244,080	-	56,419,195	66,675,209	103,851,521	-	57,873,938	45,539,602
2. Deposits from customers	462,895,261	-	162,598,619	301,045,127	452,419,189	-	157,185,292	296,070,875
3. Debt securities in issue	98,602,632	43,856,076	36,978,706	22,893,916	115,435,500	51,858,536	48,393,679	20,783,312
4. Liabilities included in disposal groups classified as held for sale	184,829	-	-	78,884	35,868,601	-	33,984,196	122,208
Total	**684,926,802**	**43,856,076**	**255,996,520**	**390,693,136**	**707,574,811**	**51,858,536**	**297,437,105**	**362,515,997**

The figures referred to 31 December 2016 have been adjusted.
The changes occurred between 31 December 2016 and 31 December 2017 in the ratio between fair value and book value for loans and receivables to banks and customers reflect the enhancement of the methodology and the parameters adopted for the fair value calculation for disclosure and the evolution in the benchmark interest rate, in the risk premium and in the probability of default depending on or deriving from markets trend.
These events together with the evolution of the approach to identify the significance of non-observable inputs have been reflected in the fair value hierarchy level distribution.

The book value of items “5. Non-current assets and disposal groups classified as held for sale” (Assets) and “4. Liabilities included in disposal groups classified as held for sale” (Liabilities) includes amounts referred to assets and liabilities measured on Balance Sheet on the basis of their cost, respectively for €836 million and €106 million. For further details on these two sub-items see Part B - Section 15 - table 15.1.

A.5 - Information on “day one profit/loss”

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

The fair value of financial instruments, different from 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 recognised 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 recognised 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 derecognised.

The balance of value adjustments to reflect model risk (amount not recognised in the Income Statement) amounts to €25,200 thousand at 31 December 2017 (€29,900 thousand in 2016).

Part B - Consolidated Balance Sheet

Part B - Consolidated Balance Sheet - Assets

Assets

Section 1 - Cash and cash balances - Item 10

1.1 Cash and cash balances: breakdown

(€ '000)

	AMOUNTS AS AT	
	12.31.2017	12.31.2016
a) Cash	8,848,377	7,164,529
b) Demand deposits with Central banks	55,645,034	6,693,302
Total	**64,493,411**	**13,857,831**

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading: product breakdown

(€ '000)

	AMOUNTS AS AT 12.31.2017			AMOUNTS AS AT 12.31.2016		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A) Financial assets (non-derivatives)						
1. Debt securities	**15,342,291**	**2,717,730**	**295,378**	**14,317,875**	**1,939,258**	**260,847**
1.1 Structured securities	49,791	1,482,592	3,713	12,180	823,650	901
1.2 Other debt securities	15,292,500	1,235,138	291,665	14,305,695	1,115,608	259,946
2. Equity instruments	**12,628,952**	**1,293**	**846**	**11,297,289**	**11,805**	**1,261**
3. Units in investment funds	**2,218,885**	**387,331**	**71,058**	**1,574,664**	**372,105**	**65,524**
4. Loans	**1,377,563**	**4,867,312**	**7,917**	**756,965**	**10,642,450**	**-**
4.1 Reverse Repos	-	4,150,057	-	-	10,569,976	-
4.2 Other	1,377,563	717,255	7,917	756,965	72,474	-
Total (A)	**31,567,691**	**7,973,666**	**375,199**	**27,946,793**	**12,965,618**	**327,632**
B) Derivative instruments						
1. Financial derivatives	**1,738,187**	**31,676,886**	**1,093,616**	**1,711,191**	**43,209,229**	**900,084**
1.1 Trading	1,738,187	30,301,914	1,093,616	1,711,178	39,977,731	900,084
1.2 Related to fair value option	-	-	-	-	10,225	-
1.3 Other	-	1,374,972	-	13	3,221,273	-
2. Credit derivatives	**12,343**	**232,336**	**15,966**	**11,319**	**370,698**	**24,274**
2.1 Trading	12,343	231,893	15,966	11,319	369,866	24,274
2.2 Related to fair value option	-	-	-	-	-	-
2.3 Other	-	443	-	-	832	-
Total (B)	**1,750,530**	**31,909,222**	**1,109,582**	**1,722,510**	**43,579,927**	**924,358**
Total (A+B)	**33,318,221**	**39,882,888**	**1,484,781**	**29,669,303**	**56,545,545**	**1,251,990**
Total Level 1, Level 2 and Level 3			**74,685,890**			**87,466,838**

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 financial assets and liabilities relating to OTC Derivatives managed through Central Counterparty Clearing Houses (CCPs) are offset when (i) the clearing systems of CCPs guarantee the elimination or reduce to immaterial the credit and liquidity risks of these contracts and (ii) the entity intends to settle these contracts on a net basis, in accordance with IAS32 - Offsetting, in order to improve the presentation of the liquidity profile and counterparty risk connected with them.

The effect as at 31 December 2017, already included in the net presentation of these transactions, totaled €14,314,420 thousand (€16,025,111 thousand as at 31 December 2016).

Item “1. Debt securities" includes securities related to securitisation transactions shown in the following table.

Exposures to securities related to Securitisation transactions

(€ '000)

TRANCHING	AMOUNTS AS AT 12.31.2017
Senior	63,804
Mezzanine	-
Junior	-
Total	**63,804**

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

(€ '000)

	AMOUNTS AS AT	
ITEMS/VALUES	12.31.2017	12.31.2016
A. Financial assets (non-derivatives)		
1. Debt securities	**18,355,399**	**16,517,980**
a) Governments and Central Banks	13,043,476	10,906,425
b) Other public-sector entities	478,353	1,538,800
c) Banks	2,557,314	2,270,966
d) Other issuers	2,276,256	1,801,789
2. Equity instruments	**12,631,091**	**11,310,355**
a) Banks	1,057,605	1,099,323
b) Other issuers	11,573,486	10,211,032
- insurance companies	*703,398*	*581,435*
- financial companies	*549,364*	*354,323*
- non-financial companies	*10,320,724*	*9,275,274*
- other	-	-
3. Units in investment funds	**2,677,274**	**2,012,293**
4. Loans	**6,252,792**	**11,399,415**
a) Governments and Central Banks	1,233,166	131,568
b) Other public-sector entities	3,498	31,686
c) Banks	1,944,471	1,484,010
d) Other issuers	3,071,657	9,752,151
Total A	**39,916,556**	**41,240,043**
B. Derivative instruments		
a) Banks	15,831,862	23,144,224
- fair value	*15,831,862*	*23,144,224*
b) Customers	18,937,472	23,082,571
- fair value	*18,937,472*	*23,082,571*
Total B	**34,769,334**	**46,226,795**
Total (A+B)	**74,685,890**	**87,466,838**

Part B - Consolidated Balance Sheet - Assets

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

Assets are recognised in this item to reduce the accounting mismatch arising from financial instruments measured (with changes in fair value) in the income statement in order to manage the risk profile.

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

(€ '000)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2017			AMOUNTS AS AT 12.31.2016		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**6,540,805**	**13,851,379**	**39,927**	**10,069,803**	**17,339,439**	**27,668**
1.1 Structured securities	-	-	-	-	7	-
1.2 Other debt securities	6,540,805	13,851,379	39,927	10,069,803	17,339,432	27,668
2. Equity instruments	**509,382**	**-**	**-**	**13**	**-**	**2**
3. Units in investment funds	**16,991**	**-**	**5,368**	**16,659**	**145,099**	**13,702**
4. Loans	**-**	**1,109,491**	**-**	**-**	**1,089,276**	**-**
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	1,109,491	-	-	1,089,276	-
Total	**7,067,178**	**14,960,870**	**45,295**	**10,086,475**	**18,573,814**	**41,372**
Cost	**6,541,219**	**14,800,533**	**102,331**	**9,992,072**	**18,284,990**	**41,084**
Total Level 1, Level 2 and Level 3			**22,073,343**			**28,701,661**

The decrease in the financial assets at fair value through profit or loss, equal to €6,628 million, is mainly attributable to the evolution in the volume of investments belonging to the UniCredit Bank Ag “liquidity portfolio”, whose risk profile is managed with other instruments measured through profit or loss.

The sub-item “1. Debt securities” includes investments in FINO Project’s Junior Notes with a value of €59 million as at 31 December 2017 (gross of volumes subject to binding sale agreements with deferred settlement into January 2018). For additional information please refer to explanatory note presented in Part E, at the bottom of Table “A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net amounts)”.

The sub-item “2. Equity instruments” includes residual shares of Bank Pekao S.A. with a value of €509 million as at 31 December 2017, reclassified into such category after the sale of the 32.8% stake to PZU and PFR (with subsequent loss of control) occurred in first half of 2017 in the same way of the “mandatorily settled secured equity-linked” certificates already included into financial liabilities at fair value through profit and loss.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information see Part A - Accounting Policies - A.4 Information on fair value.

Item “1. Debt securities" includes securities related to securitisation transactions shown in the following table:

Exposures to securities related to Securitisation transactions

(€ '000)

TRANCHING	AMOUNTS AS AT 12.31.2017
Senior	5,775
Mezzanine	5,916
Junior	58,699
Total	**70,390**

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

(€ '000)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2017	12.31.2016
1. Debt securities	**20,432,111**	**27,436,910**
a) Governments and central banks	1,072,882	2,455,609
b) Other public-sector entities	14,162,209	18,061,963
c) Banks	4,526,376	6,033,849
d) Other issuers	670,644	885,489
2. Equity instruments	**509,382**	**15**
a) Banks	509,381	2
b) Other issuers:	1	13
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	*1*	*1*
- other	-	*12*
3. Units in investment funds	**22,359**	**175,460**
4. Loans	**1,109,491**	**1,089,276**
a) Governments and central banks	326,061	313,263
b) Other public-sector entities	737,600	735,239
c) Banks	45,830	40,774
d) Other entities	-	-
Total	**22,073,343**	**28,701,661**

Section 4 - Available for sale financial assets - Item 40

4.1 Available for sale financial assets:breakdown by product

(€ '000)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2017			AMOUNTS AS AT 12.31.2016		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**92,161,088**	**8,592,241**	**347,986**	**100,031,464**	**5,826,127**	**805,687**
1.1 Structured securities	74,029	4,753	15,434	-	1	13,850
1.2 Other debt securities	92,087,059	8,587,488	332,552	100,031,464	5,826,126	791,837
2. Equity instruments	**99,314**	**1,163,479**	**991,633**	**160,676**	**1,378,350**	**1,016,444**
2.1 Measured at fair value	99,313	1,163,479	680,270	160,676	1,378,350	689,702
2.2 Carried at cost	1	-	311,363	-	-	326,742
3. Units in investment funds	**84,213**	**32,161**	**609,871**	**90,241**	**27,979**	**720,216**
4. Loans	**1**	**19,044**	**-**	**23,656**	**-**	**99,234**
Total	**92,344,616**	**9,806,925**	**1,949,490**	**100,306,037**	**7,232,456**	**2,641,581**
Total Level 1, Level 2 and Level 3			**104,101,031**			**110,180,074**

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For additional information see Part A - Accounting Policies - A.4 Information on fair value.

Sub-item "1.1. Debt Securities" includes investments in FINO Project's mezzanine and senior notes (gross of volumes subject to binding sale agreements with deferred settlement into January 2018 coherently presented among level 2 instruments) with a value of €703 million as at 31 December 2017. For additional information please refer to explanatory note presented in Part E, at the bottom of Table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net amounts)".

Sub-item "2.1. Equity securities at fair value" includes (i) Banca d'Italia stake (presented among level 2 instruments), with a value of €1,062 million and (ii) ABH Holding SA investments (presented among level 3 instruments and being hedged agst Fx Risk) acquired in contemplation of the sale of PJSC Ukrsotbank to Alfa Group, with a value of €348 million as at 31 December 2017 and (iii) investment in the "Schema Volontario" (qualified as level 3 instruments) with a value of €5 million after cumulated impairment of €141 million, of which €90 million into year 2017.

Sub-item "3. Units in investments fund" includes Atlante stake (presented among level 3 instruments) with a value of €95 million, after cumulated impairment of €684 million, of which €137 million into year 2017 and Italian Recovery Fund (former Atlante II) stake with a value of €99 million (presented among level 3 instruments).

Part B - Consolidated Balance Sheet - Assets

Item "1. Debt securities" includes securities related to securitisation transactions shown in the following table.

Exposures to securities related to Securitisation transactions

(€ '000)

TRANCHING	AMOUNTS AS AT 12.31.2017
Senior	555,152
Mezzanine	164,609
Junior	749
Total	**720,510**

Information about the shareholding in Banca d'Italia

Since the third quarter of 2015, UniCredit started the disposal of its stake in Banca d'Italia, for an amount corresponding to its carrying value. UniCredit completed, till now, the disposal of ca.8% of Banca d'Italia share capital, reducing its shareholding to 14.2% (book value equal to ca. €1,062 million).
The shares are the result of a capital increase carried out in 2013 when, in order to facilitate the redistribution of shares, a limit of 3% was introduced in respect of holding shares, establishing that after an adjustment period of no more than 36 months starting from December 2013, no economic rights would be applicable to shares exceeding the above limit. In accordance with the Law, the shareholdings can belong to: banks and insurance and re-insurance companies that have their registered and head offices in Italy; foundations pursuant to Art.27 of Italian Legislative Decree No.153 of 17 May 1999; pension and insurance entities and institutions with head office in Italy established in terms of Art.4, paragraph 1 of Legislative Decree No.252 of 5 December 2005.
During last years shareholders with excess shares began selling, finalising sales for around 25% of the total capital. The book value at 31 December 2017, in line with the figure at the end of the last period and the outcome of the measurement conducted by the committee of high-level experts on behalf of Banca d'Italia at the time of the capital increase, is supported by the price for the transactions that took place since 2015. The relevant measurement was therefore confirmed as level 2 in the fair value classification.

With regard to regulatory treatment at 31 December 2017 (effects on regulatory capital and capital ratios):
- the value of the investment measured at fair value in the balance sheet is given a weighting of 100% (in accordance with Article 133 "Exposures in Equity Instruments" of the CRR);
- the revaluation recognised through profit or loss at 31 December 2013 is not subject to any filters.

Information about the units of Atlante Fund and Italian Recovery Fund (former Atlante II)

Atlante is a closed-end alternative investment fund (FIA) ruled by Italian law (the "Atlante fund"), reserved to professional investors, and managed by Quaestio Capital Management SGR S.p.A. Unipersonale (the "Quaestio SGR"). The size of the fund was equal to €4,249 million, of which UniCredit S.p.A. invested for about 19.9%.
The investment policy of Atlante foresees that the fund may be invested (i) in banks with regulatory capital ratios lower than the minimum level set down in the SREP process and, thus, realise, upon request of the supervisory authority, actions of capital strengthening through capital increases and (ii) in Non-Performing Loans (NPLs) of a plurality of Italian banks.

On May and June 2016 Quaestio SGR has underwritten (in the name, on behalf and in the interest of Atlante) No.15 billion of newly issued ordinary shares of Banca Popolare di Vicenza S.p.A (BPVi) for a price of €0.10 per share and a total consideration of €1.5 billion and No.9,885,823,295 of newly issued ordinary shares of Veneto Banca S.p.A (VB), for a price of €0.10 per share and a total consideration of €988,582,329.50 obtaining an investment representing 99.33% and 97.64% of share capital of the two banks respectively.

On August 2016, it was launched the Atlante II fund (the "Atlante II fund"), ridenominated Italian Recovery Fund since 27 October 2017, a closed-end investment alternative fund reserved to professional investors, also managed by Quaestio SGR, which, unlike the Atlante fund, may invest only in NPL and instruments linked to NPL transactions (such as warrants) in order to reduce the risk in line with the parameters used by the largest world institutional investors.

On 21 December 2016, Quaestio SGR has committed (in the name and on behalf of Atlante fund) for future payments (to be made by 5 January 2017) connected to Banca Popolare di Vicenza S.p.A. e Veneto Banca S.p.A. capital increases, respectively for €310 million and €628 million (partially paid on 31 December 2016 respectively for €164 million and €332 million).

As of 31 December 2017 UniCredit S.p.A.:
- with reference to Atlante fund holds No.845 shares (out of No.4,249 total shares) classified as financial assets available for sale with a carrying value of 95 milion. Following cash investment of €779 million (€93 million carried in 2017) and December 2016 impairment for €547 million according to an internal evaluation model based on multiples of a banking basket, integrated with estimates on Atlante's banks NPL credit portfolio and related equity/capital needs. An additional impairment for €137 million has been recognised as at June 2017, zeroing-out the residual share of Atlante's investment into the Banks according to an internal model based on evidences arising from the liquidation process managed under the Italian banking law (ex Art.80 TUB) by winding down operations splitted in "good banks" (sold to an Italian Government's selected buyer within an open, fair and transparent sales process in order not to breach EU "state-aid" rules) and "bad banks" where existing shareholders and

subordinated debt bondholders will fully contribute to liquidation costs. In addition UniCredit S.p.A. has a residual commitment to invest in Atlante for residual €66 million;
- with reference to Italian Recovery Fund holds shares with a carrying value, in line with the subscription price, of €99 millilon, classified as financial assets available for sale. In addition UniCredit S.p.A. has a residual commitment to invest in Italian Recovery Fund for residual €96 million.

The regulatory treatment of the units of Atlante and Italian Recovery Fund reflect the application of the look-through method to the underlying investments, i.e. as at 31 December 2017 the stakes indirectly held in NPLs. A credit conversion factor of 100% has been allocated to the commitments of both funds, qualified as "high risk".

Information about the investments in the "Schema Volontario"

UniCredit group has joined to the "Schema volontario" (the "Schema Volontario"), introduced by FITD, with appropriate modification of its statute, in November 2015. The "Schema Volontario" is an instrument for the resolution of bank crises through support measures in favor of its member banks, if specific conditions laid down by the legislation occurring. The "Schema Volontario" has an independent funding and the participating banks are committed to supply the relevant resources upon demand, when resources are needed to fund interventions.
The "Schema Volontario", as a private entity, has provided in April 2016 the restructuring of the support of the action that FITD had operated in July 2014 in favor of Bank Tercas, operation that generated no further charges for participating banks. Subsequently, the participating size of the "Schema Volontario" was increased up to €700 million.
In this context, on June 2016 the "Schema Volontario" approved an action in support of Cassa di Risparmio di Cesena, in relation to a capital increase approved by the same bank on 8 June 2016 for €280 million (commitment relating to UniCredit group amounted to €51 million). On 30 September 2016 this commitment has been converted into a monetary payment which has led to the recognition of capital instruments classified as "available for sale" for €51 million (consistent with the monetary payment). Update of evaluation of the instruments as at December 2016, according to an internal evaluation model based on multiples of a banking basket integrated with estimates on Cassa di Risparmio di Cesena's credit portfolio and related equity/capital needs, has brought to full impairment of the position.
In September 2017, to face Credit Agricole CariParma intervention in favour of CariCesena, Carim and Carismi (based on a capital increase for €464 million and subscription of bonds from NPL securitisation of these banks for €170 million), the fund has increased its capital endowment till to €795 million (share of total investments attributable to UniCredit group equal to approximately €146 million). Further in the same month, UniCredit group has paid €10 million to the fund in respect of the part of the intervention related to the capital increase of Carim and Carismi. During December UniCredit group has paid the remaining €85 million (€52 million referred to capital increase of the banks and €33 million referred to the subscription of securitisation's notes). Following these events, UniCredit group's residual commitment towards Voluntary Scheme is substantially nil.
All payments referred to capital increase of the banks have brought to the recognition of capital instruments classified as "available for sale" for the same amount of €63 million, entirely cancelled due to the sale of the banks to Credit Agricole CariParma at a symbolic price.
Regarding the portion of investment referred to Voluntary Scheme's subscription of Junior and Mezzanine quotes of the securitisation, initial value (€33 million) has been rectified to reflect fair value valuation declared by the Scheme (€5 million), as resulting from analysis conducted by the advisors in charge for the underlying credits evaluation, conducted according to a discounted cash flow model based on recovery plans elaborated by SPV's special servicer.

Part B - Consolidated Balance Sheet - Assets

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

(€ '000)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
1. Debt securities	**101,101,315**	**106,663,278**
a) Governments and central banks	90,171,824	96,030,316
b) Other public-sector entities	1,360,460	1,247,623
c) Banks	6,807,698	6,974,787
d) Other issuers	2,761,333	2,410,552
2.Equity instruments	**2,254,426**	**2,555,470**
a) Banks	1,216,836	1,409,924
b) Other issuers:	1,037,590	1,145,546
- insurance companies	*36,585*	*35,824*
- financial companies	*645,185*	*659,422*
- non-financial companies	*354,942*	*450,101*
- other	*878*	*199*
3. Units in investment funds	**726,245**	**838,436**
4. Loans	**19,045**	**122,890**
a) Governments and central banks	-	-
b) Other public-sector entities	19,044	-
c) Banks	1	23,656
d) Other entities	-	99,234
Total	**104,101,031**	**110,180,074**

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

(€ '000)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
1. Financial assets subject to micro-hedging of fair value	**58,000,457**	**61,631,791**
a) interest rate risk	57,652,142	61,236,357
b) price risk	-	-
c) currency risk	348,315	395,434
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	**58,000,457**	**61,631,791**

Volumes of financial assets subject to fair value micro-hedging for currency risk refers to the investments of 9.9% into ABH Holding SA shares.

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

5.1 Held-to-maturity investments: breakdown by product

(€ '000)

	AMOUNTS AS AT 12.31.2017				AMOUNTS AS AT 12.31.2016			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**6,277,022**	**5,096,861**	**1,189,062**	**60,735**	**3,963,222**	**2,724,622**	**1,249,727**	**39,902**
- structured	-	-	-	-	-	-	-	-
- other	6,277,022	5,096,861	1,189,062	60,735	3,963,222	2,724,622	1,249,727	39,902
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**6,277,022**	**5,096,861**	**1,189,062**	**60,735**	**3,963,222**	**2,724,622**	**1,249,727**	**39,902**
Total Level 1, Level 2 and Level 3				**6,346,658**				**4,014,251**

The €2,314 million increase in the Held-to-maturity investments is mainly attributable to purchases of sovereign bonds carried-out by FinecoBank S.p.A.

Fair value measurements solely for the purpose of fulfilling market disclosure requirements were classified according to a hierarchy of levels reflecting the significance of the valuation inputs. For further information see Part A - Accounting Policies - A.4 Information on fair value.

Item "1. Debt securities" includes securities related to securitisation transactions shown in the following table.

Exposures to securities related to Securitisation transactions

(€ '000)

TRANCHING	AMOUNTS AS AT 12.31.2017
Senior	47,190
Mezzanine	976
Junior	-
Total	**48,166**

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

(€ '000)

	AMOUNTS AS AT	
TYPE OF TRANSACTIONS/VALUES	12.31.2017	12.31.2016
1. Debt securities	**6,277,022**	**3,963,222**
a) Governments and central banks	5,936,561	3,693,927
b) Other public-sector entities	204,589	106,094
c) Banks	1,396	1,406
d) Other issuers	134,476	161,795
2. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**6,277,022**	**3,963,222**
Total fair value	**6,346,658**	**4,014,251**

5.3 Held-to-maturity investments: Assets subject to micro hedging

There are no "held-to-maturity" assets subject to micro hedging.

Part B - Consolidated Balance Sheet - Assets

Section 6 - Loans and receivables with banks - Item 60

Loans and deposits to/from banks

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2017	12.31.2016	AMOUNT	%
Loans to banks	70,983	74,692	-3,709	-5.0%
Deposits from banks	(123,244)	(103,852)	-19,392	18.7%
Changes (negative balance)	**(52,261)**	**(29,160)**	**-23,101**	**79.2%**

6.1 Loans and receivables with banks: breakdown by product

(€ '000)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2017				AMOUNTS AS AT 12.31.2016			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Loans to Central Banks	**25,225,529**	**-**	**9,081,452**	**15,928,089**	**22,641,061**	**-**	**5,092,017**	**17,523,333**
1. Time deposits	761,034	X	X	X	983,654	X	X	X
2. Compulsory reserve	15,498,979	X	X	X	17,250,565	X	X	X
3. Reverse repos	8,407,069	X	X	X	4,348,510	X	X	X
4. Other	558,447	X	X	X	58,332	X	X	X
B. Loans to banks	**45,757,214**	**526,248**	**38,874,324**	**6,941,095**	**52,050,786**	**532,140**	**39,518,965**	**12,851,996**
1. Loans	**43,485,129**	**-**	**37,080,658**	**6,904,291**	**48,964,198**	**-**	**36,901,308**	**12,837,286**
1.1 Current accounts and demand deposits	11,350,779	X	X	X	18,199,235	X	X	X
1.2 Time deposits	7,307,880	X	X	X	5,146,155	X	X	X
1.3 Other loans:	24,826,470	X	X	X	25,618,808	X	X	X
- Reverse repos	*16,776,718*	*X*	*X*	*X*	*17,576,435*	*X*	*X*	*X*
- Finance leases	*1,876*	*X*	*X*	*X*	*2,087*	*X*	*X*	*X*
- Other	*8,047,876*	*X*	*X*	*X*	*8,040,286*	*X*	*X*	*X*
2. Debt securities	**2,272,085**	**526,248**	**1,793,666**	**36,804**	**3,086,588**	**532,140**	**2,617,657**	**14,710**
2.1 Structured	*29,511*	*X*	*X*	*X*	-	*X*	*X*	*X*
2.2 Other	*2,242,574*	*X*	*X*	*X*	*3,086,588*	*X*	*X*	*X*
Total	**70,982,743**	**526,248**	**47,955,776**	**22,869,184**	**74,691,847**	**532,140**	**44,610,982**	**30,375,329**
Total impaired assets	**5,186**				**3,990**			

Loans and receivables with 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 that occurred between 31 December 2016 and 31 December 2017 in the ratio between fair value and book value of loans and receivables with banks reflect the refinement of the methodology and the parameters used to determine the fair value for financial statement purposes while the changes regarding the composition of the fair value levels mainly reflect the refinement of the measurement methodology more oriented to using market parameters.

It should be noted that securities lending transactions collateralised by other securities or not collateralised are shown under “off-balance sheet” exposures in table A.1.3 of Part E - Section 1 - Credit Risk, in accordance with current Banca d’Italia regulations. See also the Part B of paragraph “Other information”.

6.2 Loans and receivables with banks subject to micro-hedging

There are no loans and receivables with banks subject to micro-hedging.

6.3 Finance leases

(€ '000)

LESSOR INFORMATION	AMOUNTS AS AT 12.31.2017		AMOUNTS AS AT 12.31.2016	
	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS
Amounts receivable under finance leases:				
Up to 12 months	1,063	1,037	1,538	1,517
From 1 to 5 years	348	281	292	252
Later than 5 years	594	558	343	318
Total gross/net investment value	**2,005**	**1,876**	**2,173**	**2,087**
of which: - Unguaranteed residual values of assets leased under finance leases	*232*	*233*	*448*	*446*
Less: Unearned finance income (by remaining maturity)	**(129)**	**X**	**(86)**	**X**
Present value of minimum lease payments receivable (net investment in the lease)	**1,876**	**1,876**	**2,087**	**2,087**

Section 7 - Loans and receivables with customers - Item 70

7.1 Loans and receivables with customers: breakdown by product

(€ '000)

TYPE OF TRANSACTION/VALUES	AMOUNTS AS AT 12.31.2017						AMOUNTS AS AT 12.31.2016					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
		NON-PERFORMING(*)						NON-PERFORMING(*)				
	PERFORMING	PURCHASED	OTHERS	LEVEL 1	LEVEL 2	LEVEL 3	PERFORMING	PURCHASED	OTHERS	LEVEL 1	LEVEL 2	LEVEL 3
Loans	**417,782,135**	**10,383**	**21,102,075**	**-**	**135,834,624**	**309,668,971**	**409,855,130**	**14,867**	**24,920,275**	**-**	**151,338,775**	**292,745,983**
1. Current accounts	32,770,361	1,234	2,423,866	X	X	X	31,464,935	3,182	2,727,017	X	X	X
2. Reverse repos	25,880,540	-	81	X	X	X	26,739,078	-	1	X	X	X
3. Mortgages	153,425,370	8,484	9,537,835	X	X	X	149,827,411	7,848	11,125,551	X	X	X
4. Credit cards and personal loans, including wage assignment loans	15,457,682	1	225,853	X	X	X	13,962,078	3	265,778	X	X	X
5. Finance leases	18,659,861	-	2,998,217	X	X	X	20,022,356	-	3,327,619	X	X	X
6. Factoring	10,764,039	-	254,395	X	X	X	9,863,969	-	316,317	X	X	X
7. Other loans	160,824,282	664	5,661,828	X	X	X	157,975,303	3,834	7,157,992	X	X	X
Debt securities	**8,753,167**	**-**	**79,153**	**1,115,810**	**6,361,409**	**1,556,068**	**9,757,429**	**-**	**59,781**	**1,066,238**	**7,301,698**	**1,653,916**
8. Structured securities	-	-	-	X	X	X	-	-	-	X	X	X
9. Other debt securities	8,753,167	-	79,153	X	X	X	9,757,429	-	59,781	X	X	X
Total	**426,535,302**	**10,383**	**21,181,228**	**1,115,810**	**142,196,033**	**311,225,039**	**419,612,559**	**14,867**	**24,980,056**	**1,066,238**	**158,640,473**	**294,399,899**
Total carrying amount Performing and Non-Performing			**447,726,913**						**444,607,482**			

Note:
(*) The perimeter of impaired loans is substantially equivalent to the perimeter of EBA Non-Performing-Exposures (NPE).

The column "NPE - purchased" includes impaired loans purchased as part of disposals other than business combinations.

The sub-items "2. Reverse repos" and "7. Other transactions" did not include the type of securities lending transactions collateralised by securities or not collateralised. These transactions 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.

The sub-item "7. Other loans" includes:
- €57,661 million for other non-current account loans (€65,000 million as at 31 December 2016);
- €9,283 million for pooled transactions (€9,876 million as at 31 December 2016);
- €11,798 million advances to customers for import/export (€11,925 million as at 31 December 2016);
- €8,996 million for advances to ordinary customers (€9,607 million as at 31 December 2016);
- €7,691 million 'hot money' transactions (€7,367 million as at 31 December 2016).

Loans and receivables with 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 - Consolidated Balance Sheet - Assets

The limited changes that occurred between 31 December 2016 and 31 December 2017 in (i) the ratio between fair value and book value and (ii) fair value levels allocation of loans and receivables with customers reflect the evolution of both portfolio and market parameters together with some impacts from refinement/calibration of the methodology and parameters used to determine the fair value for financial statement purposes.

The fair value of demand items was estimated to be equal to their net book value by exercising the option provided for by IFRS7.29. According to this assumption, demand items were classified as level 3 in the fair value hierarchy.

The fair value of impaired loans was estimated by considering that the analytical realizable value represents by their net book value being the best estimate of the future expected cash flows discounted at the valuation date, further adjusted to incorporate, when available, a premium derived from significant market's transaction for similar instruments. According to this assumption, impaired loans were classified as level 3 in the fair value hierarchy.

Sub-item "9. Other debt securities" include securities related to securitisation transactions shown in the following table.

Exposures to securities related to Securitisation transactions

(€ '000)

TRANCHING	AMOUNTS AS AT 12.31.2017
Senior	6,071,251
Mezzanine	538,814
Junior	833,419
Total	**7,443,484**

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

(€ '000)

	AMOUNTS AS AT 12.31.2017			AMOUNTS AS AT 12.31.2016		
		NON-PERFORMING(*)			NON-PERFORMING(*)	
TYPE OF TRANSACTIONS/VALUES	PERFORMING	PURCHASED	OTHERS	PERFORMING	PURCHASED	OTHERS
1. Debt securities:	**8,753,167**	**-**	**79,153**	**9,757,429**	**-**	**59,781**
a) Governments	60,918	-	-	101,811	-	-
b) Other public-sector entities	1,133,241	-	-	1,143,419	-	-
c) Other issuers	7,559,008	-	79,153	8,512,199	-	59,781
- non-financial companies	*95,163*	-	*31,952*	*388,288*	-	-
- financial companies	*7,057,488*	-	*47,201*	*7,716,209*	-	*59,781*
- insurance companies	*406,357*	-	-	*406,374*	-	-
- other	-	-	-	*1,328*	-	-
2. Loans to:	**417,782,135**	**10,383**	**21,102,075**	**409,855,130**	**14,867**	**24,920,275**
a) Governments	9,372,438	-	163,813	8,752,622	-	191,488
b) Other public-sector entities	10,975,173	-	99,723	12,389,150	-	155,820
c) Other entities	397,434,524	10,383	20,838,539	388,713,358	14,867	24,572,967
- non-financial companies	*233,886,322*	*5,532*	*14,434,821*	*229,725,589*	*8,109*	*17,476,386*
- financial companies	*52,340,530*	-	*596,579*	*49,042,894*	*762*	*748,277*
- insurance companies	*1,200,908*	-	*5,265*	*750,176*	-	*9,656*
- other	*110,006,764*	*4,851*	*5,801,874*	*109,194,699*	*5,996*	*6,338,648*
Total	**426,535,302**	**10,383**	**21,181,228**	**419,612,559**	**14,867**	**24,980,056**
Total Performing and Non-Performing			**447,726,913**			**444,607,482**

Note:
(*) The perimeter of impaired loans is substantially equivalent to the perimeter of EBA Non-Performing-Exposures (NPE).

For further details see the Consolidated Report on Operations and in Part E - Information on risks and hedging policies - Credit quality.

The column "NPE - purchased" includes impaired loans purchased as part of disposals other than business combinations.

7.3 Loans and receivables with customers hedged assets

(€ '000)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
1. Loans and receivables subject to micro-hedging of fair value	**184,755**	**221,039**
a) interest rate risk	184,755	221,039
b) currency risk	-	-
c) credit risk	-	-
d) multiple risk	-	-
2. Loans and receivables subject to micro-hedging of cash flows	**-**	**251**
a) interest rate risk	-	251
b) currency risk	-	-
c) other	-	-
Total	**184,755**	**221,290**

7.4 Finance leases

(€ '000)

LESSOR INFORMATION	AMOUNTS AS AT 12.31.2017		AMOUNTS AS AT 12.31.2016	
	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS
Amounts receivable under finance leases				
Up to 12 months	4,300,048	3,689,573	4,848,747	4,237,324
From 1 to 5 years	12,458,613	10,839,008	10,433,725	8,888,971
Later than 5 years	8,243,588	7,129,497	11,346,093	10,223,680
Total gross/net investment value	**25,002,249**	**21,658,078**	**26,628,565**	**23,349,975**
of which: Unguaranteed residual assets due to the lessor	*2,785,945*	*2,739,456*	*2,963,889*	*2,945,187*
Less: Unearned finance income (by remaining maturity)	**(3,344,171)**	**X**	**(3,278,590)**	**X**
Present value of minimum lease payments receivable (net investment in the lease)	**21,658,078**	**21,658,078**	**23,349,975**	**23,349,975**

Section 8 - Hedging derivatives - Item 80

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

(€ '000)

	AMOUNTS AS AT 12.31.2017				AMOUNTS AS AT 12.31.2016			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**1**	**3,428,674**	**2,395**	**192,313,287**	**6**	**4,514,591**	**-**	**161,718,529**
1) Fair value	1	2,942,405	309	182,441,587	6	4,054,360	-	151,863,416
2) Cash flows	-	486,269	2,086	9,871,700	-	460,231	-	9,855,113
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**1**	**3,428,674**	**2,395**	**192,313,287**	**6**	**4,514,591**	**-**	**161,718,529**
Total Level 1, Level 2 e Level 3			**3,431,070**				**4,514,597**	

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.

Part B - Consolidated Balance Sheet - Assets

8.2 Hedging derivatives: breakdown by hedged assets and risk (book value)

(€ '000)

	AMOUNTS AS AT 12.31.2017								
	FAIR VALUE HEDGES						CASH-FLOW HEDGES		
	MICRO-HEDGE								
TRANSACTIONS/TYPE OF HEDGES	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	FOREIGN INVESTM.
1. Available-for-sale financial assets	24,143	14,632	-	-	-	X	-	X	X
2. Loans and receivables	716,776	-	-	X	-	X	-	X	X
3. Held-to-maturity investments	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	1,489,167	X	441,987	X
5. Other investments	-	-	-	-	-	X	-	X	-
Total assets	**740,919**	**14,632**	**-**	**-**	**-**	**1,489,167**	**-**	**441,987**	**-**
1. Financial liabilities	30,027	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	667,970	X	46,368	X
Total liabilities	**30,027**	**-**	**-**	**-**	**-**	**667,970**	**-**	**46,368**	**-**
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 items - Item 90

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

(€ '000)

	AMOUNTS AS AT	
CHANGES TO HEDGED ASSETS/GROUPS COMPONENTS	12.31.2017	12.31.2016
1. Positive changes	**3,695,007**	**4,435,595**
1.1 of specific portfolios:	516,886	427,041
a) loans and receivables	*516,886*	*427,041*
b) available-for-sale financial assets	-	-
1.2 overall	3,178,121	4,008,554
2. Negative changes	**1,450,322**	**2,078,148**
2.1 of specific portfolios:	75,912	238,440
a) loans and receivables	*75,912*	*238,440*
b) available-for-sale financial assets	-	-
2.2 overall	1,374,410	1,839,708
Total	**2,244,685**	**2,357,447**

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

(€ '000)

	AMOUNTS AS AT	
	12.31.2017	12.31.2016
1. Loans and receivables	80,893,282	85,855,313
2. Available-for-sale financial assets	-	-
3. Portfolio	64,853,689	56,398,486
Total	**145,746,971**	**142,253,799**

Section 10 - Equity investments - Item 100

10.1 Equity investments: information on shareholders' equity

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	NATURE OF RELATIONSHIP (5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
	B. VALUED AT EQUITY METHOD **B.1 INVESTMENTS IN JOINT VENTURES**							
1	FIDES LEASING GMBH Issued capital EUR 36,000	VIENNA	VIENNA	7	2	CALG ANLAGEN LEASING GMBH	50.00	
2	HETA BA LEASING SUED GMBH Issued capital EUR 36,500	KLAGENFURT	KLAGENFURT	7	2	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	50.00	
3	KOC FINANSAL HIZMETLER AS Issued capital TRY 3,093,741,012	ISTANBUL	ISTANBUL	7	2	UNICREDIT SPA	50.00	
4	OBJEKT-LEASE GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	7	2	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	49.23	
						UNICREDIT LEASING (AUSTRIA) GMBH	0.77	
5	PALATIN GRUNDSTUECKVERWALTUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,336	STOCKERAU	STOCKERAU	7	2	UNICREDIT LEASING (AUSTRIA) GMBH	50.00	
6	PURGE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	7	2	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	50.00	
7	STICHTING CUSTODY SERVICES YKB Issued capital EUR 125,000	AMSTERDAM	AMSTERDAM	7	2	YAPI KREDI BANK NEDERLAND N.V.	40.90	
8	YAPI KREDI BANK MALTA LTD. Issued capital EUR 60,000,000	ST. JULIAN'S	ST. JULIAN'S	7	1	KOC FINANSAL HIZMETLER AS	..	
						YAPI KREDI HOLDING BV	40.90	
9	YAPI KREDI BANK AZERBAIJAN CLOSED JOINT STOCK COMPANY Issued capital AZN 55,895,904	BAKU	BAKU	7	1	YAPI KREDI FINANSAL KIRALAMA AO	0.04	
						YAPI KREDI YATIRIM MENKUL DEGERLER AS	0.04	
						YAPI VE KREDI BANKASI AS	40.82	
10	YAPI KREDI BANK NEDERLAND N.V. Issued capital EUR 48,589,110	AMSTERDAM	AMSTERDAM	7	1	YAPI KREDI HOLDING BV	13.40	
						YAPI VE KREDI BANKASI AS	27.50	
11	YAPI KREDI DIVERSIFIED PAYMENT RIGHTS FINANCE COMPANY Issued capital USD 1,000	GEORGE TOWN	GEORGE TOWN	7	2	YAPI VE KREDI BANKASI AS	40.90	(4)
12	YAPI KREDI FAKTORING AS Issued capital TRY 75,183,837	ISTANBUL	ISTAMBUL	7	2	ENTERNASYONAL TURIZM YATIRIM A.S.	..	
						YAPI KREDI FINANSAL KIRALAMA AO	0.01	
						YAPI VE KREDI BANKASI AS	40.88	
13	YAPI KREDI FINANSAL KIRALAMA AO Issued capital TRY 389,927,705	ISTANBUL	ISTANBUL	7	2	YAPI VE KREDI BANKASI AS	40.90	
14	YAPI KREDI HOLDING BV Issued capital EUR 102,000,000	AMSTERDAM	AMSTERDAM	7	2	YAPI VE KREDI BANKASI AS	40.90	
15	YAPI KREDI PORTFOEY YOENETIMI AS Issued capital TRY 5,860,131	ISTANBUL	ISTANBUL	7	2	YAPI KREDI YATIRIM MENKUL DEGERLER AS	35.71	
						YAPI VE KREDI BANKASI AS	5.17	
16	YAPI KREDI YATIRIM MENKUL DEGERLER AS Issued capital TRY 197,682,787	ISTANBUL	ISTANBUL	7	2	YAPI KREDI FINANSAL KIRALAMA AO	..	
						YAPI VE KREDI BANKASI AS	40.89	

Part B - Consolidated Balance Sheet - Assets

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	NATURE OF RELATIONSHIP (5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
17	YAPI VE KREDI BANKASI AS Issued capital TRY 4,298,165,828	ISTANBUL	ISTANBUL	7	1	KOC FINANSAL HIZMETLER AS	40.90	
	B.2 SOTTOPOSTE A INFLUENZA NOTEVOLE							
18	ADLER FUNDING LLC Issued capital USD 2,142,857	DOVER	NEW YORK	8	5	UNICREDIT BANK AG	32.81	
19	ALLIANZ YASAM VE EMEKLILIK AS Issued capital TRY 139,037,203	ISTANBUL	ISTANBUL	8	2	YAPI KREDI FAKTORING AS	0.04	
						YAPI KREDI FINANSAL KIRALAMA AO	19.93	
						YAPI KREDI YATIRIM MENKUL DEGERLER AS	0.04	
						YAPI VE KREDI BANKASI AS	..	
20	ALLIANZ ZB D.O.O. DRUSTVO ZA UPRAVLJANJIE DOBROVOLJNIM MIROVINSKIM FONDOM Issued capital HRK 15,000,000	ZAGREB	ZAGREB	8	5	ZAGREBACKA BANKA D.D.	49.00	
21	ALLIANZ ZB D.O.O. DRUSTVO ZA UPRAVLJANJIE OBVEZNIM MIROVINSKIM FONDOM Issued capital HRK 90,000,000	ZAGREB	ZAGREB	8	5	ZAGREBACKA BANKA D.D.	49.00	
22	ASSET BANCARI II Issued capital EUR 25,050,203	MILAN	MILAN	8	2	UNICREDIT SPA	21.55	
23	AVIVA SPA Issued capital EUR 247,000,387	MILAN	MILAN	8	4	UNICREDIT SPA	49.00	
24	BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT Issued capital EUR 61,875,000	INNSBRUCK	INNSBRUCK	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	37.53	40.83
						UNICREDIT BANK AUSTRIA AG	9.85	5.96
25	BANQUE DE COMMERCE ET DE PLACEMENTS SA Issued capital CHF 75,000,000	GENEVA	GENEVA	8	1	YAPI VE KREDI BANKASI AS	30.67	
26	BARN BV Issued capital EUR 195,020,000	AMSTERDAM	AMSTERDAM	8	2	UNICREDIT SPA	40.00	
27	BKS BANK AG Issued capital EUR 79,279,200	KLAGENFURT	KLAGENFURT	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	23.15	24.25
						UNICREDIT BANK AUSTRIA AG	6.63	6.10
28	CAMFIN S.P.A. Issued capital EUR 167,767,089	MILAN	MILAN	8	5	UNICREDIT SPA	12.00	
29	CASH SERVICE COMPANY AD Issued capital BGN 12,500,000	SOFIA	SOFIA	8	5	UNICREDIT BULBANK AD	20.00	
30	CBD INTERNATIONAL SP.ZO.O. Issued capital PLN 100,500	WARSAW	WARSAW	8	2	ISB UNIVERSALE BAU GMBH	49.75	
31	CNP UNICREDIT VITA S.P.A. Issued capital EUR 381,698,528	MILAN	MILAN	8	4	UNICREDIT SPA	38.80	
32	COMPAGNIA AEREA ITALIANA S.P.A. Issued capital EUR 352,940	FIUMICINO (ROME)	FIUMICINO (ROME)	8	5	UNICREDIT SPA	36.59	
33	COMTRADE GROUP B.V. Issued capital EUR 4,522,000	ROTTERDAM	AMSTERDAM	8	5	HVB CAPITAL PARTNERS AG	21.05	
34	CREDIFARMA SPA Issued capital EUR 10.462.000	ROME	ROME	8	2	UNICREDIT SPA	16.25	
35	CREDITRAS ASSICURAZIONI SPA Issued capital EUR 52,000,000	MILAN	MILAN	8	4	UNICREDIT SPA	50.00	

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	NATURE OF RELATIONSHIP (5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
36	CREDITRAS VITA SPA	MILAN	MILAN	8	4	UNICREDIT SPA	50.00	
	Issued capital EUR 112,200,000							
37	DA VINCI S.R.L.	ROME	ROME	8	5	IDEA FIMIT SGR FONDO SIGMA IMMOBILIARE	25.00	
	Issued capital EUR 100,000							
38	ES SHARED SERVICE CENTER SOCIETA' PER AZIONI	CERNUSCO SUL NAVIGLIO	CERNUSCO SUL NAVIGLIO	8	5	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	49.00	
	Issued capital EUR 120,000							
39	EUROPROGETTI & FINANZA S.P.A. IN LIQUIDAZIONE	ROME	ROME	8	2	UNICREDIT SPA	39.79	
	Issued capital EUR 5,636,400							
40	FENICE HOLDING S.P.A. IN LIQUIDAZIONE	CALENZANO	CALENZANO	8	5	UNICREDIT SPA	25.91	
	Issued capital EUR 25,682,932							
41	FOCUS INVESTMENTS SPA	MILAN	MILAN	8	2	UNICREDIT SPA	8.33	25.00
	Issued capital EUR 50.000							
42	INCONTRA ASSICURAZIONI S.P.A.	MILAN	MILAN	8	4	UNICREDIT SPA	49.00	
	Issued capital EUR 5,200,000							
43	MACCORP ITALIANA SPA	MILAN	MILAN	8	2	UNICREDIT SPA	25.45	
	Issued capital EUR 1.134,020							
44	MEDIOBANCA BANCA DI CREDITO FINANZIARIO SPA	MILAN	MILAN	8	1	UNICREDIT SPA	8.43	
	Issued capital EUR 441,992,928							
45	MEGAPARK OOD	SOFIA	SOFIA	8	5	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	49.24	
	Issued capital BGN 50,936,362							
46	MULTIPLUS CARD D.O.O. ZA PROMIDZBU I USLUGE	ZAGREB	ZAGREB	8	2	ZAGREB NEKRETNINE DOO	25.00	
	Issued capital HRK 5,000,000							
47	NAUTILUS TANKERS LIMITED	LA VALLETTA	LA VALLETTA	8	5	HVB CAPITAL PARTNERS AG	45.00	
	Issued capital USD 2,000							
48	NOTARTREUHANDBANK AG	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	25.00	
	Issued capital EUR 8,030,000							
49	OBERBANK AG	LINZ	LINZ	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	23.76	25.97
	Issued capital EUR 105,873,525					UNICREDIT BANK AUSTRIA AG	3.41	1.32
50	OESTERREICHISCHE HOTEL- UND TOURISMUSBANK GESELLSCHAFT M.B.H.	VIENNA	VIENNA	8	1	UNICREDIT BANK AUSTRIA AG	50.00	
	Issued capital EUR 11,628,000							
51	OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	VIENNA	VIENNA	8	1	CABET-HOLDING GMBH	24.75	
						SCHOELLERBANK AKTIENGESELLSCHAFT	8.26	
	Issued capital EUR 130,000,000					UNICREDIT BANK AUSTRIA AG	16.14	
52	OESTERREICHISCHE WERTPAPIERDATEN SERVICE GMBH	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	29.30	
	Issued capital EUR 36,336							
53	PAYDIREKT BETEILIGUNGSGESELLSCHAFT PRIVATER BANKEN MBH	BERLIN	MUNICH	8	5	UNICREDIT BANK AG	24.02	
	Issued capital EUR 104,082							
54	PSA PAYMENT SERVICES AUSTRIA GMBH	VIENNA	VIENNA	8	2	SCHOELLERBANK AKTIENGESELLSCHAFT	4.52	
	Issued capital EUR 285,000					UNICREDIT BANK AUSTRIA AG	19.48	
55	RCI FINANCIAL SERVICES S.R.O.	PRAGUE	PRAGUE	8	2	UNICREDIT LEASING CZ, A.S.	50.00	49.86
	Issued capital CZK 70,000,000							

Part B - Consolidated Balance Sheet - Assets

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	NATURE OF RELATIONSHIP (5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
56	RISANAMENTO SPA Issued capital EUR 382.301.503	MILAN	MILAN	8	5	UNICREDIT SPA	22.23	
57	SVILUPPO GLOBALE GEIE (IN LIQUIDAZIONE) Issued capital EUR 45,000	ROME	ROME	8	5	UNICREDIT SPA	33.33	
58	SWANCAP PARTNERS GMBH Issued capital EUR 1,010,000	MUNICH	MUNICH	8	2	UNICREDIT BANK AG	75.25	49.00
59	TORRE SGR S.P.A. Issued capital EUR 3,200,000	ROME	ROME	8	2	UNICREDIT SPA	37.50	
60	UNI GEBAEUDEMANAGEMENT GMBH Issued capital EUR 18,168	LINZ	LINZ	8	2	BA GVG-HOLDING GMBH	50.00	
61	WKBG WIENER KREDITBUERGSCHAFTS- UND BETEILIGUNGSBANK AG Issued capital EUR 15,550,309	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	21.54	
62	YAPI KREDI KORAY GAYRIMENKUL YATIRIM ORTAKLIGI AS Issued capital TRY 40,000,000	ISTANBUL	ISTANBUL	8	2	YAPI VE KREDI BANKASI AS	30.45	

Notes to the table 10.1 - Equity investments: information on shareholders' equity
(1) Type of relationship:
7 = joint control;
8 = associates.
(2) Voting rights available at the general meeting. Voting rights are disclosed only if different from the percentage of ownership;
(3) Company owned by an entity fully consolidated under IFRS10;
(4) SPV consolidated IFRS11;
(5) Nature of relationship:
1= Banks;
2= Financial entities;
3= Ancillary banking entities services;
4= Insurance companies;
5= Non-financial companies;
6= Other equity investments.

See Section 3 of Part A - Accounting Policies for a description of the consolidation procedures and scope.

Companies consolidated at equity decreased from 65 at the end of December 2016 to 62 at the end of December 2017. This overall decrease results from 1 inclusions and 4 exclusions.
It should be noted that as a result of the merger by incorporation of the associated COINV S.p.A. into its subsidiary CAMFIN S.p.A. during the first half of 2017, the latter on 31 December 2017 is among the associated companies consolidated at equity method in place of COINV S.p.A.

The following table shows changes in equity investments in Joint Ventures and in companies under significant influence consolidated at Net Equity.

Equity investments in joint ventures and in companies under significant influence (consolidated at net equity): annual changes

	NUMBER OF COMPANIES
A. Opening balance (from previous year)	**65**
B. Increased by	**1**
B.1 Newly established companies	-
B.2 Change of the consolidation method	-
B.3 Entities consolidated for the first time in the year	1
C. Reduced by	**4**
C.1 Disposal/Liquidation	4
C.2 Change of the consolidation method	-
C.3 Absorption by other entities	-
C.4 Other changes	-
D. Closing balance	**62**

It should be noted that among "Non-current assets and disposal groups classified as held for sale" are classified 4 entities subject to significant influence of which 3 under joint control and 1 under significant influence..

Increases

Entities consolidated for the first time in the year

COMPANY NAME	MAIN OFFICE
RISANAMENTO SPA	MILAN

For the company Risanamento S.p.A., as well as for the legal entities Compagnia Aerea Italiana S.p.A., Credifarma S.p.A., ES Shared Service Center S.p.A., Maccorp Italiana S.p.A., Fenice Holding S.p.A., Focus Investment S.p.A., the book value in the consolidated financial statements reflects the results of a valuation of the investments taking into account the relevant contractual agreements.

Reductions

Disposal/ Liquidation

COMPANY NAME	MAIN OFFICE
CONSORZIO SE.TEL. SERVIZI TELEMATICI IN LIQUIDAZIONE	NAPLES
YAPI KREDI BANK MOSCOW	MOSCOW
BULKMAX HOLDING LTD	LA VALLETTA
YAPI KREDI INVEST LIMITED LIABILITY COMPANY	BAKU

The following table shows the investments in entities at Equity held by joint ventures.

Investments in entities at equity held by joint ventures

COMPANY NAME	MAIN OFFICE
ALLIANZ YASAM VE EMEKLILIK AS	ISTANBUL
YAPI KREDI KORAY GAYRIMENKUL YATIRIM ORTAKLIGI AS	ISTANBUL
BANQUE DE COMMERCE ET DE PLACEMENTS SA	GENEVA

We remind that, since 1 January 2014, after the endorsement of IFRS11 the option to consolidate joint controlled entities proportionally has been eliminated, imposing the net equity method for those companies that fall in the scope of the aforementioned IFRS11

Investments in joint ventures consolidated with Equity Method (IFRS11)

COMPANY NAME	MAIN OFFICE
YAPI KREDI BANK NEDERLAND N.V.	AMSTERDAM
YAPI KREDI BANK AZERBAIJAN CLOSED JOINT STOCK COMPANY	BAKU
YAPI VE KREDI BANKASI AS	ISTANBUL
YAPI KREDI DIVERSIFIED PAYMENT RIGHTS FINANCE	GEORGE TOWN
KOC FINANSAL HIZMETLER AS	ISTANBUL
STICHTING CUSTODY SERVICES YKB	AMSTERDAM
FIDES LEASING GMBH	VIENNA
YAPI KREDI BANK MALTA LTD.	ST. JULIAN'S
YAPI KREDI FINANSAL KIRALAMA AO	ISTANBUL
YAPI KREDI HOLDING BV	AMSTERDAM
YAPI KREDI FAKTORING AS	ISTANBUL
YAPI KREDI YATIRIM MENKUL DEGERLER AS	ISTANBUL
YAPI KREDI PORTFOEY YOENETIMI AS	ISTANBUL
HETA BA LEASING SUED GMBH	KLAGENFURT

The following table shows the breakdown of item “100.Equity investments” in associates and joint ventures reporting the adopted accounting method held either directly or through consolidated subsidiaries.

	NUMBER OF ENTITY	CARRYING VALUE
Joint ventures accounted for under equity method	21	2,314,669
Associates accounted for under equity method	43	3,874,286
Entities controlled either directly or through consolidated subsidiaries held at cost	142	14,635
Joint Venture held either directly or through consolidated subsidiaries at cost	3	15
Associates held either directly or through consolidated subsidiaries at cost	19	8,537
Total	**228**	**6,212,142**

Part B - Consolidated Balance Sheet - Assets

10.2 Significant Shareholdings: book value, fair value and dividends received

(€ '000)

COMPANY NAME	BOOK VALUE	FAIR VALUE(*)	DIVIDENDS RECEVED(**)	NOTES(***)
A. Companies under joint control				
KOC FINANSAL HIZMETLER AS	2,312,912	-	-	(1)
B. Companies subject to significant influence				
AVIVA S.P.A.	196,065	-	15,190	
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	604,623	329,695	3,909	(1)
BKS BANK AG	263,428	210,081	2,715	(1)
CNP UNICREDIT VITA S.P.A.	330,992	-	9,683	(2)
CREDITRAS VITA S.P.A.	380,966	-	26,500	
MEDIOBANCA BANCA DI CREDITO FINANZIARIO S.P.A.	760,114	705,071	27,577	(1)
OBERBANK AG	646,194	778,040	6,236	(1)
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	379,250	-	9,840	(2)
Total	**5,874,544**	**2,022,887**	**101,650**	

Notes:
(*) It should be noted that all investments in listed associates show a fair value at level 1 (L1).
(**) Dividends received by the investor company.
(***) The data of Koc Finansal Hizmetler AS have been taken from the 2017 draft Financial Statements approved by the competent corporate bodies; for the other companies the data have been taken from the latest approved Financial Statements.

(1) It should be noted that on the basis of the international accounting standards, equity investments in associates listed on regulated markets with a fair value (quotation) lower than consolidated book value are impairment tested by calculating recoverable value, stated as the greater of fair value net of costs to sell and value in use, and an impairment loss is recognised when the recoverable value is lower than the book value.
As at 31 December 2017 the recoverable value of the equity investments in associates listed on regulated markets, was higher than the book value after impairment test, therefore no write-downs were recognised in addition to those previously recognised.
Regarding Koc Finansal Hizmetler AS it should be noted that the shareholding in the subsidiary Yapi Ve Kredi Bankasi AS (its main asset) has a fair value (quotation) pro rata amounting to €1,697,079 thousand. The book value of Koc Finansal Hizmetler AS as at 31 December 2017 was checked through an assessment of the recoverable value measured through the valuation model. As at 31 December 2017 the recoverable amount of Koc Finansal Hizmetler AS, stated as the greater between the fair value net of cost to sell and the value in use, was higher than the consolidated book value and, therefore, a write-back was recognised (for more details see Part C - Section 16).
(2) Please note that on the basis of the international accounting standards, equity investments in associates for which there is clear evidence of occurrence of events that may reduce their value, are impairment tested by calculating recoverable value, stated as the greater of fair value net of costs to sell and value in use, and an impairment loss is recognised when the said recoverable value is lower than the book value. Please note that none additional write-downs were recognised for these companies.

Financial information of the investee companies used for the purposes of measurement with the net equity method is presented below. These figures include any adjustments made on measuring the equity investment. As regards the KOC FINANSAL HIZMETLER AS equity investment the figures refer to the data of the related sub-group for the stake in the equity held.

10.3 Significant equity investments: accounting information

(€ '000)

COMPANY NAME	CASH AND LIQUID ASSETS	FINANCIAL ASSET	NON-FINANCIAL ASSET	FINANCIAL LIABILIES	NON-FINANCIAL LIABILITIES	TOTAL REVENUES	THE INTEREST MARGIN
A. Companies under joint control							
KOC FINANSAL HIZMETLER AS	263,660	27,435,193	784,318	24,022,830	1,781,949	2,930,743	880,505
B. Companies subject to significant influence							
AVIVA S.P.A.	X	10,207,200	235,700	84,500	10,063,770	2,094,400	X
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	X	9,625,655	509,652	8,827,465	304,998	310,914	X
BKS BANK AG	X	6,905,904	147,615	6,329,711	227,066	254,911	X
CNP UNICREDIT VITA S.P.A.	X	13,085,527	982,479	879,175	12,469,994	2,748,061	X
CREDITRAS VITA S.P.A.	X	26,384,013	1,343,162	17,370,555	9,669,544	701,072	X
MEDIOBANCA BANCA DI CREDITO FINANZIARIO S.P.A.(1)	X	66,782,400	2,704,200	59,478,300	2,322,800	2,409,900	X
OBERBANK AG	X	18,398,370	719,087	16,863,541	853,247	648,833	X
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	X	25,707,719	178,853	24,374,017	1,975,683	245,650	X

Note:
(1) It should be noted that the accounting information is based on reclassified consolidated balance sheet and reclassified consolidated profit and loss of Mediobanca Banca di Credito Finanziario S.p.A. published on its official website.

continued: 10.3 Significant equity investments: accounting information

COMPANY NAME	ADJUSTMENTS TO THE BACKS ON TANGIBLE AND INTAGIBLE ASSETS	PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	PROFIT (LOSS) FROM CONTINUING OPERATIONS NET OF TAX	PROFIT (LOSS) FROM GROUP OF ASSETS HELD FOR SALE NET OF TAX	NET PROFIT (LOSS) (1)	OTHER COMPREHENSIVE INCOME, NET OF TAX (2)	COMPREHENSIVE INCOME (3) = (1) + (2)
A. Companies under joint control							
KOC FINANSAL HIZMETLER AS	(30,922)	362,026	285,118	-	285,118	31,058	316,176
B. Companies subject to significant influence							
AVIVA S.P.A.	X	76,300	46,600	-	46,600	-	46,600
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	X	87,542	72,528	-	72,528	(4,600)	67,928
BKS BANK AG	X	64,902	59,316	-	59,316	6,483	65,799
CNP UNICREDIT VITA S.P.A.	X	71,495	52,814	-	52,814	(88,652)	(35,838)
CREDITRAS VITA S.P.A.	X	73,558	54,132	-	54,132	(34,715)	19,416
MEDIOBANCA BANCA DI CREDITO FINANZIARIO S.P.A.(1)	X	956,900	780,400	-	780,400	(285,900)	494,500
OBERBANK AG	X	243,008	202,602	-	202,602	3,632	206,234
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	X	48,986	39,107	-	39,107	-	39,107

Note:
(1) It should be noted that the accounting information is based on reclassified consolidated balance sheet and reclassified consolidated profit and loss of Mediobanca Banca di Credito Finanziario S.p.A. published on its official website.

For each significant equity investments the reconciliation between the book value of the equity investment and summarised financial information of the companies is presented below.

(€ '000)

COMPANY NAME	BOOK VALUE	EQUITY PROQUOTA	GOODWILL ON CONSOLIDATION
A. Companies under joint control			
KOC FINANSAL HIZMETLER AS	2,312,912	2,678,385	-
B. Companies subject to significant influence			
AVIVA S.P.A.	196,065	196,065	-
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	604,623	629,330	-
BKS BANK AG	263,428	294,383	-
CNP UNICREDIT VITA S.P.A.	330,992	330,992	-
CREDITRAS VITA S.P.A.	380,966	380,966	-
MEDIOBANCA BANCA DI CREDITO FINANZIARIO S.P.A.	760,114	760,114	-
OBERBANK AG	646,194	646,194	-
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	379,250	379,250	-

With reference to the nature of the relationships see Section 10.1.

The carrying amount of the investments in Koc Finansal Hizmetler AS, in Bank Fuer Tirol und Vorarlberg Aktiengesellschaft and in Bks Bank AG is affected by write-downs made in previous years and by the exchange rate effect recorded on value adjustments recorded in previous and current years.

Summarised financial information are disclosed for the related stake in the equity held. These figures include any adjustments made on measuring the equity investment.

Part B - Consolidated Balance Sheet - Assets

10.4 Non-significant equity investments: accounting information

(€ '000)

COMPANY NAME	EQUITY INVESTMENTS BOOK VALUE	TOTAL ASSET	TOTAL LIABILITIES	TOTAL REVENUES	PROFIT (LOSS) FROM CONTINUING OPERATIONS NET OF TAX	PROFIT (LOSS) FROM GROUPS HELD FOR SALE NET OF TAX	NET PROFIT (LOSS) (1)	OTHER COMPREHENSIVE INCOME, NET OF TAX (2)	COMPREHENSIVE INCOME (3) = (1) + (2)	NOTES
Companies under joint control	1,757	23,661	21,902	396	155	-	155	-	155	
Companies subject to significant influence	312,654	4,648,914	4,367,282	1,259,046	8,214	-	8,214	(9,962)	(1,748)	(1) (2)

Notes:
(1) For the following companies, COMPAGNIA AEREA ITALIANA S.P.A., CREDITFARMA S.P.A., ES SHARED CENTER SOCIETA' PER AZIONI, MACCORP ITALIANA S.P.A., FENICE HOLDING S.P.A, FOCUS INVESTMENT S.P.A. and RISANAMENTO S.P.A.the book value in the consolidated financial statements reflects the results of a valuation of the investments taking into account the relevant contractual agreements.
(2) Please note that on the basis of the international accounting standards, equity investments in associates for which there is objective evidence of occurrence of events that may reduce their value, are impairment tested by calculating recoverable value, understood as the greater of fair value net of costs to sell and value in use, and an impairment loss is recognised when the said recoverable value is lower than the book value. Please note that a write-down was recognised for COMPAGNIA AEREA ITALIANA S.P.A. and Da Vinci S.r.l. (for more details see Part C - Section 16).

10.5 Equity investments: annual changes

(€ '000)

	CHANGES IN 2017	CHANGES IN 2016
A. Opening balance	**6,158,551**	**6,576,603**
B. Increases	**730,817**	**900,256**
B.1 Purchases	57,322	38,871
B.2 Write-backs	10,646	1,736
B.3 Revaluation	-	-
B.4 Other changes	662,849	859,649
C. Decreases	**677,226**	**1,318,308**
C.1 Sales	9,886	47,643
C.2 Write-downs	8,328	588,903
C.3 Other changes	659,012	681,762
D. Closing balance	**6,212,142**	**6,158,551**
E. Total revaluation	**-**	**-**
F. Total write-downs	**1,453,643**	**1,450,890**

10.6 Valuation and significant assumptions to establish the existence of joint control or significant influence
The Group has classified among associates the entities governed through voting rights with reference to which it can participate in defining the operating or financial policies through possession of at least 20% of the voting rights or the possibility of appointing members of the governing body. In particular, as shown in Table "10.1 Equity investments: information on shareholding relationships", it should be noted that the investees Mediobanca, CAMFIN S.p.A. and Credifarma are classified among associates, although the Group does not have more than 20% of the voting rights, in virtue of the possibility of appointing members of the governing body.

The Group has classified its investees among jointly-controlled equity investments in the presence of agreements that state that decisions on significant activities are taken with the unanimous consent of all parties that share control.
These agreements, in particular, attribute to the Group rights related only to the net assets and not rights to the assets and obligations on the liabilities of the investee.

As at 31 December 2017 the following were carried at cost:
- 20 equity investments (all held either directly or through consolidated subsidiaries) in associates;
- 32 equity investments (of which 4 held either directly or through consolidated subsidiaries) in jointly-controlled companies.

10.7 Commitments related to equity investments in jointly-controlled companies
There are no commitments related to jointly-controlled companies.

10.8 Commitments related to equity investments in companies subject to significant influence
As at 31 December 2017, there are no commitments referring to companies subject to significant influence, however there is a commitment to subscribe share capital in the potential shareholding Myagents S.r.l. for an amount of 2 million.

10.9 Significant restrictions
As at 31 December 2017, we can note the following:
Accenture Back Office And Administration Services S.p.A.: existence of a shareholders' agreement on the basis of which, starting from 2015, the Group's possibility to participate in the profits in the form of dividend distribution, and the obligations to make good any losses of the company are limited to €100,000;
Value Transformation Services S.p.A.: existence of a shareholders' agreement which limits the Group's possibility to participate in the profits, in the form of dividend distribution, and in the losses to a maximum amount of €300,000;
ES Shared Service Center S.p.A.: existence of a shareholders' agreement which limits the Group's possibility to participate in the profits, in the form of dividend distribution, and the obligations to make good any losses to a maximum amount of 5% of the said profits or losses.
For more information, refer to the Consolidated Report on Operations - Other Information.

Even though not directly concluded by UniCredit S.p.A. or one of its subsidiaries, we disclose the existence of contractual agreements between Compagnia Area Italiana (CAI) and its subsidiary Alitalia SAI that limit the ability of the latter to distribute dividends to the achievement of certain parameters in terms of liquidity and net income margins.

Finally the ability to receive dividends or capital distributions from associates is subordinated to the majority, also qualified, or unanimous decision of the relevant corporate body as provided by the law or by specific shareholder agreements.

10.10 Other information
With reference to significant equity investments in associates and jointly-controlled companies, the net equity method was applied starting from the 2017 draft financial statements approved by the competent corporate bodies or from the reports approved in the three previous months.

With reference to non-significant equity investments in associates and jointly-controlled companies, in limited cases financial statements or reports with a date prior to 3 months from 31 December 2017 were used, if no more up-to-date reports were available.

However, if financial statements or reports with a date other than 31 December 2017 were used, no subsequent transactions or events emerged such as to require an adjustment of the results contained therein.

Section 11 - Insurance reserves attributable to reinsurers - Item 110
There are no amounts to be shown.

Part B - Consolidated Balance Sheet - Assets

Section 12 - Property, plant and equipment - Item 120

Property, plant and equipment, which include land, buildings used in the business, real estate investments, technical furniture and fittings, amounted to €8,449 million at end 2017, down by €643 million over the end of 2016 (€9,092 million).

12.1 Property, plant and equipment used in the business: breakdown of assets carried at cost

(€' 000)

ASSETS/VALUES	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
1. Owned assets	**6,220,238**	**6,925,239**
a) land	1,201,374	1,521,863
b) buildings	2,147,528	2,367,613
c) office furniture and fitting	287,159	281,328
d) electronic systems	475,361	499,826
e) other	2,108,816	2,254,609
2 Leased assets	**49,502**	**48,724**
a) land	14,916	14,937
b) buildings	31,850	32,799
c) office furniture and fitting	-	-
d) electronic systems	-	-
e) other	2,736	988
Total	**6,269,740**	**6,973,963**

As of 31 December 2017 the assets for operational use “other” include €1.3 billion related to a windmill park owned by Ocean Breeze Energy GmbH & Co. KG, for more qualitative and quantitative information please refer to the Part E.

12.2 Property, plant and equipment held for investment: breakdown of assets carried at cost

(€' 000)

	AMOUNTS AS AT 12.31.2017				AMOUNTS AS AT 12.31.2016			
		FAIR VALUE				FAIR VALUE		
ASSETS/VALUES	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3
1. Owned assets	**2,121,656**	**14,821**	**97,488**	**2,458,780**	**2,049,191**	**-**	**91,311**	**2,414,660**
a) land	1,006,961	6,114	21,446	1,157,906	882,421	-	19,054	926,024
b) buildings	1,114,695	8,707	76,042	1,300,874	1,166,770	-	72,257	1,488,636
2. Leased assets	**10,512**	**-**	**-**	**10,512**	**10,676**	**-**	**-**	**10,677**
a) land	10,000	-	-	10,000	10,000	-	-	10,000
b) buildings	512	-	-	512	676	-	-	677
Total	**2,132,168**	**14,821**	**97,488**	**2,469,292**	**2,059,867**	**-**	**91,311**	**2,425,337**
Total Level 1, Level 2 and Level 3				**2,581,601**				**2,516,648**

The figures referred to 31 December 2016 have been adjusted.
Fair value measurements solely for the purpose of fulfilling disclosure requirements were classified according to a hierarchy of levels reflecting the significance of the valuation inputs. For further information see Part A - Accounting Policies - A.4 Information on fair value.

12.3 Property, plant and equipment used in the business: breakdown of revalued assets

There are no revaluated property, plant and equipment used in the business.

12.4 Property, plant and equipment held for investment: breakdown of assets designated at fair value

(€' 000)

	AMOUNTS AS AT 12.31.2017			AMOUNTS AS AT 12.31.2016		
ASSETS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Owned assets	**-**	**-**	**47,380**	**-**	**-**	**57,728**
a) land	-	-	272	-	-	271
b) buildings	-	-	47,108	-	-	57,457
2. Leased assets	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
Total	**-**	**-**	**47,380**	**-**	**-**	**57,728**
Total Level 1, Level 2 and Level 3			**47,380**			**57,728**

Under IAS40.32A the Group uses the revaluation model (fair value) to measure investment properties linked with liabilities which pay a return linked to the fair value of the relevant investments.

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

(€' 000)

	CHANGES IN 2017					
	LAND	BUILDINGS	OFFICE FURNITURE AND FITTINGS	ELECTRONIC SYSTEMS	OTHER	TOTAL
A. Gross opening balance	**1,536,800**	**4,645,317**	**1,351,121**	**2,686,223**	**3,566,137**	**13,785,598**
A.1 Total net reduction in value	-	(2,244,905)	(1,069,793)	(2,186,397)	(1,310,540)	(6,811,635)
A.2 Net opening balance	**1,536,800**	**2,400,412**	**281,328**	**499,826**	**2,255,597**	**6,973,963**
B Increases	**8,710**	**108,555**	**48,956**	**144,750**	**533,522**	**844,493**
B.1 Purchases	-	29,403	47,709	134,371	505,132	716,615
B.2 Capitalised expenditure on improvements	-	34,333	26	-	-	34,359
B.3 Write-backs	5,922	4,821	1	112	68	10,924
B.4 Increases in fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
B.5 Positive exchange differences	214	3,464	190	567	8,048	12,483
B.6 Transfer from properties held for investment	2,118	10,414	-	-	-	12,532
B.7 Other changes	456	26,120	1,030	9,700	20,274	57,580
C. Reductions	**329,220**	**329,589**	**43,125**	**169,215**	**677,567**	**1,548,716**
C.1 Disposals	4,701	14,328	334	1,630	206,688	227,681
C.2 Depreciation	-	111,698	39,886	155,877	302,446	609,907
C.3 Impairmente losses:	243	6,056	298	7,041	1,150	14,788
a) in equity	-	-	-	-	-	-
b) through profit or loss	*243*	*6,056*	*298*	*7,041*	*1,150*	*14,788*
C.4 Reduction of fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
C.5 Negative exchange differences	216	6,848	254	1,235	3,388	11,941
C.6 Trasfer to:	19,894	42,593	1	145	147,633	210,266
a) property, plant and equipment held for investment	*16,322*	*32,676*	-	-	-	*48,998*
b) assets held for sale	*3,572*	*9,917*	*1*	*145*	*147,633*	*161,268*
C.7 Other changes	304,166	148,066	2,352	3,287	16,262	474,133
D. Net final balance	**1,216,290**	**2,179,378**	**287,159**	**475,361**	**2,111,552**	**6,269,740**
D.1 Total net reduction in value	-	(2,326,211)	(1,058,428)	(2,246,447)	(1,329,463)	(6,960,549)
D.2 Gross closing balance	**1,216,290**	**4,505,589**	**1,345,587**	**2,721,808**	**3,441,015**	**13,230,289**
E. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

Part B - Consolidated Balance Sheet - Assets

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

(€' 000)

	CHANGES IN 2017		
	LAND	BUILDINGS	TOTAL
A Opening balances	**892,692**	**1,224,903**	**2,117,595**
B. Increases	**347,234**	**264,281**	**611,515**
B.1 Purchases	11,004	14,413	25,417
B.2 Capitalised expenditure on improvements	41	4,987	5,028
B.3 Increases in fair value	1	433	434
B.4 Write backs	7,637	5,753	13,390
B.5 Positive exchange differences	1,621	4,444	6,065
B.6 Transfer from properties used in the business	16,322	32,676	48,998
B.7 Other changes	310,608	201,575	512,183
C. Reductions	**222,693**	**326,869**	**549,562**
C.1 Disposals	21,178	42,971	64,149
C.2 Depreciation	-	49,987	49,987
C.3 Reductions in fair value	-	1,047	1,047
C.4 Impairment losses	21,101	61,876	82,977
C.5 Negative exchange differences	285	1,650	1,935
C.6 Transfer to:	167,689	164,223	331,912
a) Properties used in the business	*2,118*	*10,414*	*12,532*
b) Non current assets classified as held for sale	*165,571*	*153,809*	*319,380*
C.7 Other changes	12,440	5,115	17,555
D. Closing balances	**1,017,233**	**1,162,315**	**2,179,548**
E. Measured at fair value	**1,195,466**	**1,386,135**	**2,581,601**

12.7 Commitments to purchase property, plant and equipment

(€' 000)

	AMOUNTS AS AT	
	12.31.2017	12.31.2016
A. Contractual commitments	2,480	5,931

Outstanding commitments refer to the purchase of property, plant and equipment.

Section 13 - Intangible assets - Item 130

An Intangible asset is an identifiable non-monetary asset without physical substance, to be used for several years. Intangible assets include goodwill and, among "other intangible assets", brands, customer relationships and software.
Goodwill is the excess of the cost of a business combination over the net fair value of the assets and liabilities of companies or businesses at the acquisition date.
As at 31 December 2017 this item was €3,385 million against €3,191 million at 31 December 2016. The increase is mainly due to software generated internally along with depreciation during the year.

13.1 Intangible assets: breakdown by asset type

(€' 000)

	AMOUNTS AS AT 12.31.2017		AMOUNTS AS AT 12.31.2016	
ASSETS/VALUES	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**X**	**1,483,721**	**X**	**1,483,721**
A.1.1 attributable to the Group	X	1,483,721	X	1,483,721
A.1.2 attributable to minorities	X	-	X	-
A.2 Other intangible assets	**1,808,632**	**92,957**	**1,614,702**	**92,957**
A.2.1 Assets carried at cost:	1,808,632	92,957	1,614,702	92,957
a) Intangible assets generated internally	*1,358,851*	-	*1,228,358*	-
b) Other assets	*449,781*	*92,957*	*386,344*	*92,957*
A.2.2 Assets valued at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**1,808,632**	**1,576,678**	**1,614,702**	**1,576,678**
Total finite and indefinite life		**3,385,310**		**3,191,380**

The Group does not use the revaluation model (fair value) to measure intangible assets.
Intangible Assets - Other - Indefinite life include trademarks (brands) referred to FinecoBank.
Intangible Assets - Other - Definite life include:
- Customer Relationships of €1 million;
- Software of €329 million;
- Licenses, patents and similar rights of €110 million.

Part B - Consolidated Balance Sheet - Assets

13.2 Intangible assets: annual changes

(€' 000)

	CHANGES IN 2017					
		OTHER INTANGIBLE ASSETS				
		GENERATED INTERNALLY		OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross opening balance	**16,871,469**	**2,826,061**	**-**	**5,437,608**	**994,734**	**26,129,872**
A.1 Total net reduction in value	(15,387,748)	(1,597,703)	-	(5,051,264)	(901,777)	(22,938,492)
A.2 Net opening balance	**1,483,721**	**1,228,358**	**-**	**386,344**	**92,957**	**3,191,380**
B. Increases	**-**	**424,601**	**-**	**230,991**	**-**	**655,592**
B.1 Purchases	-	24,059	-	211,661	-	235,720
B.2 Increases in intangible assets generated internally	X	391,742	-	-	-	391,742
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value	X	-	-	-	-	-
- in equity	*X*	-	-	-	-	-
- through profit or loss	*X*	-	-	-	-	-
B.5 Positive exchange differences	-	3,057	-	2,896	-	5,953
B.6 Other changes	-	5,743	-	16,434	-	22,177
C. Reduction	**-**	**294,108**	**-**	**167,554**	**-**	**461,662**
C.1 Disposals	-	12,643	-	147	-	12,790
C.2 Write-downs	-	275,807	-	131,552	-	407,359
- amortisation	X	258,197	-	123,835	-	382,032
- write-downs	-	17,610	-	7,717	-	25,327
+ in equity	*X*	-	-	-	-	-
+ through profit or loss	-	*17,610*	-	*7,717*	-	*25,327*
C.3 Reduction in fair value	X	-	-	-	-	-
- in equity	*X*	-	-	-	-	-
- through profit or loss	*X*	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	12,578	-	12,578
C.5 Negative exchange differences	-	4,053	-	7,155	-	11,208
C.6 Other changes	-	1,605	-	16,122	-	17,727
D. Net Closing Balance	**1,483,721**	**1,358,851**	**-**	**449,781**	**92,957**	**3,385,310**
D.1 Total net write-down	(15,351,587)	(1,888,269)	-	(5,116,005)	(901,777)	(23,257,638)
E. Gross closing balance	**16,835,308**	**3,247,120**	**-**	**5,565,786**	**994,734**	**26,642,948**
F. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

The book value of goodwill as at 31 December 2017 (€1,484 million) is aligned with the value as at 31 December 2016 since it refers only to subsidiaries belonging to the Euro area.
For further details of the goodwill allocation to the different CGU, the impairment test on goodwill and other intangible assets with definite and indefinite life, noted during business combinations, please refer to the following pages.

13.3 Other information

Information on intangible assets noted during business combinations

The application of IFRS3 to the accounting for business combinations revealed in the course of time significant amounts of intangible assets and goodwill. The following table shows the change in the values posted for the various intangible assets identified during the period, including the valuation effects described below.

(€ million)

INTANGIBLE ASSETS (EXCEPT SOFTWARE)	TOTAL 12.31.2016	AMORTISATION	IMPAIRMENT	OTHER CHANGES	TOTAL 12.31.2017
Trademarks	93	-	-	-	93
Core deposits and customer relationships	2	(1)	-	-	1
Goodwill	1,484	-	-	-	1,484
TOTAL	**1,579**	(1)	-	-	**1,578**

Trademarks and goodwill are considered indefinite-life intangible assets. They are expected to contribute indefinitely to income flows.
The other intangible assets noted have finite useful lives, originally valued by discounting financial flows over the residual lifetime of the relationships in place on the date of the business combination from which they derive. Finite-life intangible assets are subject to amortisation based on the associated useful life.
The types of intangible assets noted as a result of business combinations still present at 31 December 2017 and the methods used to determine their associated fair value on the acquisition date are indicated below.

Trademarks

The fair value of initial recognition of trademarks is determined using the "relief from royalty" method, which estimates their value based on the payments received for granting their use to third parties. Royalties are calculated by applying the royalty rate to the income flows (operating income adjusted for the items not associated with the trademarks themselves).

In summary, the method consists of three stages:
- determination of the royalty rate (based on a comparison with similar cases or calculated analytically);
- application of the royalty rate to income flows;
- determination of the present value of royalties after tax, calculated by applying a discount rate that takes into account the risk context of the trademark being valued.

The residual gross amount as at 31 December 2017 of intangible assets with an indefinite useful life (trademarks) refers only to FinecoBank as to €93 million.

Customer Relationships

Following the fully write off as of 31 December 2013 of the Customer Relationship related to Assets under Management (AuM), Assets under Custody (AuC), Life Insurance and Products the remaining Customer Relationship as of 31 December 2017 refers solely to Romania and its average residual useful life is 2 years. This intangible asset includes all other types of so-called customer relationships, including by way of example those deriving from the ability of the company to obtain placement fees on third-party bonds and from securities auctions.

The Group does not hold intangible assets acquired through public grants or intangible assets pledged against liabilities.

Impairment test of intangible assets noted during business combinations

In accordance with IAS36, impairment testing of all indefinite-useful-life intangible assets, including goodwill must be performed at least annually and, in any case, whenever there is objective evidence of the occurrence of events that may have reduced their value (trigger events). For UniCredit the trigger event is a market capitalisation lower than Shareholders' Equity.

Recoverable value is the greater of the value in use (present value of future cash flows generated by the asset being valued) and the associated fair value, less costs to sell.

Part B - Consolidated Balance Sheet - Assets

The recoverable value of intangible assets subject to impairment testing must be determined for the individual assets, unless both the following conditions exist:
- the value in use of the asset is not estimated to be close to the fair value, net of sales costs;
- the asset does not generate incoming cash flows largely independent of those coming from other assets.

If these conditions exist, the impairment test is conducted at the level of the Cash Generating Unit (CGU), as required by the cited accounting principle.
It should be noted that the impairment testing performed by the UniCredit group by way of the determination of the value in use of the Cash Generating Units (CGU), as described below, includes both indefinite-useful-life intangible assets (goodwill and trademarks) and finite-useful-life intangible assets (core deposits and customer relationships), whenever the loss indicators provided for by the accounting principle occur.
We believe that core deposits and customer relationships cannot be subjected to separate impairment testing, because these assets do not generate cash flows independent of the cash flows from other assets.
It should be noted that intangible assets and Cash Generating Units are subjected to impairment testing with reference to their current state, without taking account of the effects of restructuring plans/programmes not yet approved by the competent bodies.
For the purposes of the impairment testing, the value in use of the so-called Cash Generating Units (CGUs) to which these intangible assets are allocated must be calculated taking into account the cash flows for all assets and liabilities included in the CGUs and not only those for which goodwill and/or the intangible asset were recorded when applying IFRS3.
Finally, please note that the impairment test performed by the UniCredit group consists of two stages:
- the first stage compares the recoverable amount and the carrying amount of each CGU;
- the second stage compares the recoverable amount and the carrying amount of the Group as a whole in order to include in the analysis the negative income flows and the positive carrying amount of assets that cannot be allocated ("corporate centre") in accordance with IAS36.

Definition of Cash Generating Units (CGU)
Estimating the value in use for the purposes of any impairment testing of intangible assets, including goodwill, which does not generate cash flows except in conjunction with other business assets, requires that these assets are first attributed to operating units that are relatively autonomous in the business context (from the points of view of independent cash flows generated and of internal planning and reporting). These operating units are defined as Cash Generating Units (CGU).
In accordance with the provisions of IFRS3 and IAS36, for the purposes of impairment testing, goodwill has been allocated to the following operational Divisions of the Group, identified as CGUs.

The CGU is the lowest level at which goodwill is monitored at Group level. The CGUs identified correspond to the organisational business units through which the Group develops its activity.

For a detailed description of the Group's CGU refer to Part L - Segment Reporting of this Notes to the Consolidated Accounts.

The book value of the CGUs
The book value of the 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.
Since it would be excessively complex to determine the carrying amount of the 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 based on 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 31 December 2017, determined as described above, and the portions of goodwill and other intangible assets allocated to each of them are shown below.

(€ million)

CASH GENERATING UNIT (CGU)	VALUE AS AT 12.31.2017	OF WHICH GOODWILL (GROUP SHARE)	OF WHICH OTHER INTANGIBLE ASSET(*)
Commercial Banking Italy	10,560	8	-
Commercial Banking Germany	4,183	-	-
Commercial Banking Austria	2,542	-	-
CIB	9,915	879	-
Fineco	950	597	62
CEE	10,339	-	-
Group Corporate Centre	3,724	-	-
Non Core	2,680	-	-
Total	**44,892**	**1,484**	**62**

Note:
(*) Stated amounts are net of deferred taxes.
Any discrepancies in this table and between data given in the above table and other information in the Notes to the Accounts are solely due to the effect of rounding.

Estimating cash flows to determine the value in use of the CGUs
In accordance with IAS36, the impairment test for indefinite-life intangible assets must be performed at least annually and 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.

Projections
The impairment test at 31 December 2017 was performed on the basis of the financial projections (Net Profit and RWA) included in the update as of 2017 of the Strategic Plan approved by the Board of Directors on 11 December 2017.
With regard to the scope for the purposes of the impairment test, it should be noted that the organisational structure of the Cash Generating Units reflects the organisational structure of the Group as of 31 December 2017.

Macroeconomic scenario
The following tables show the forecasts concerning the main macroeconomic indicators, related to the markets in which the Group operates, which are underlying to the update as of 2017 of the Strategic Plan "Transform 2019", of which projections have been used for December 2017 Impairment Test purposes.

y/y % changes

ITALY	2017F	2018F	2019F
GDP	1.4	1.2	1.0
Inflation (CPI)	1.3	1.1	1.4
Unemployment rate	11.3	11.1	10.7

y/y % changes

GERMANY	2017F	2018F	2019F
GDP	1.9	1.9	1.8
Inflation (CPI)	1.7	1.4	1.8
Unemployment rate	5.8	6.0	6.4

y/y % changes

AUSTRIA	2017F	2018F	2019F
GDP	3.0	2.1	1.6
Inflation (CPI)	2.0	1.9	1.7
Unemployment rate	5.6	5.5	5.4

FINANCIAL INDICATORS	2017F	2018F	2019F
Euribor 3m eop (%)	-0.3	-0.3	0.0
BTP - Bund spread (10y, eop, bp)	200	175	100

Part B - Consolidated Balance Sheet - Assets

CENTRAL EASTERN EUROPE (CEE) COUNTRIES

	REAL GDP (y/y growth, %)		INFLATION (CPI) y/y, avg (%)	
	2017	2019	2017	2019
Hungary	4.5	2.8	2.6	2.8
Czech Rep.	3.2	2.5	2.2	2.2
Slovenia	3.6	2.8	1.8	1.8
Bulgaria	3.7	3.6	1.7	2.4
Romania	4.4	2.5	0.8	2.6
Croatia	2.7	2.8	1.3	2.0
Bosnia-H.	3.0	3.5	1.5	2.0
Serbia	2.8	2.9	3.7	3.5
Turkey	3.5	3.4	10.5	8.5
Russia	1.6	1.1	4.2	4.1

	INTERBANK RATES (3M, %)(1)		EXCHANGE RATES/€, AVG	
	2017	2019	2017	2019
Hungary	0.2	0.6	309.2	317.5
Czech Rep.	0.4	1.3	26.6	26.0
Slovenia	EUR	EUR	EUR	EUR
Bulgaria	-0.3	-0.1	2.0	2.0
Romania	0.7	1.2	4.5	4.6
Croatia	0.4	0.7	7.5	7.5
Bosnia-H.	EUR	EUR	2.0	2.0
Serbia	3.4	3.8	123.5	129.0
Turkey	11.1	11.0	4.1	4.8
Russia	9.8	6.9	65.5	71.0

Note:
(1) Annual average; Benchmark bond rate for Turkey; 1M Interbank rate for Croatia and Romania.

Impairment test model
The calculation of the value in use for impairment testing purposes was conducted using a Discounted Cash Flow model (DCF). The cash flows were determined by subtracting from net profit (gross of minority interests) the annual capital requirement generated by changes in risk-weighted assets. The capital requirement is defined as the level of capitalisation that the Group aims to achieve in the long term, also in light of the minimum regulatory capital requirements.

The Discounted Cash Flow model used by the Group is based on three stages:
- first period from 2018 to 2019, which relies on the update of the Strategic Plan approved by the Board of Directors on 11 December 2017;
- intermediate period from 2020 to 2024, for which the cash-flow projections are extrapolated by applying, from the last explicit forecast period (2019), growth rates decreasing to those of the “Terminal value”;
- “Terminal value” determined with nominal growth rates of 2%. The average growth rate of real GDP in the Eurozone from 1996 to 2016 was 1.5%. The nominal rate of 2%, corresponding to approximately 0% in real terms, was chosen for prudential reasons.

The application of an intermediate period is aimed to allow a normalisation in parameters used (i.e. cost of equity and nominal growth rate) before the convergence to the Terminal Value, since the Group operates in different regions and business segments characterised by different risk profile and growth prospects. The growth rates for the intermediated period are defined in such a way that the weighted average of the intermediate period and the terminal value are not higher than a cap, defined by applying a haircut to the historical average of long-term growth of the respective areas or business segments.
Group assets or shared assets (corporate assets) are allocated to the CGUs to which they refer, where applicable. For the portion not allocable of these assets, the recoverable amount is assessed at overall Group level (so-called “corporate centre”).

Strategic Plan "Transform 2019"

The Strategic Plan "Transform 2019", presented to the financial community on 13 December 2016, has been subsequently re-confirmed on 12 December 2017. It was prepared with the aim of maintaining a sustainable level of profitability over time, leveraging on a simple commercial bank business model, strengthening cross-selling activities and offering customers access to an extensive network. The implementation of Transform 2019 is fully on track, delivering tangible results supporting the successful execution of the five pillars of the plan. Below, the confirmed five pillars are briefly presented:

- transform the operating model, in order to reduce the cost to serve customers, whilst at the same time increasing customer focus and the quality of products and services, leveraging on IT investments; the 2019 cost target is confirmed with FTE reductions and branch closures progressing ahead of Plan and with Group's IT systems significantly simplified;
- maximise commercial bank value, capitalising the potential of the retail customer base and exploiting the position of "go to" bank status for corporate customers in Western Europe, further strengthening the leadership position in Central and Eastern Europe ("CEE") and the generation of synergies across divisions and countries, taking advantage of Corporate and Investment Banking Division (CIB) being fully plugged into commercial bank activities; the ongoing transformation has resulted in higher productivity, with increased fees and commissions across all divisions;
- strengthen and optimise capital; as a result of the Group's actions to strengthen its capital position and considering management estimates on new regulatory guidelines impact, CET1 ratio target to remain above 12.5% is confirmed;
- improve asset quality, both in terms of resolution of the issues associated with the Italian loans portfolio (legacy of the underwriting activities mainly going back to the years before the financial crisis that affected the Italian and European banking system), through a proactive de-risking of balance sheet assets and increasing the coverage ratio of non-performing loans and in parallel strengthening risk management policies to enhance new loans underwriting; in addition the full rundown of the Non-core Division is expected by the end of 2025 and will be entirely self-funded by the Group;
- adopt lean but steering Group Corporate Centre, with the implementation of key performance indicators cascaded to the divisions and networks, streamlining of support functions and the transparent allocation of costs between divisions. The Group has taken decisive actions to strengthen its corporate governance and align it to international best practices.

UCGs' Strategic Directions

Commercial Banking Italy

Commercial Banking Italy will be focused on the transformation of the operating model through sales channels redesign, the improvement of interaction with customers through a simplification of the product range and the digitalisation of key processes, the enhancement of the attention on lower cost structure customers, the reduction of "in-branch transactions" and low value added functions through self-service leveraging on a multichannel client approach. The innovative redesign of branches will include full service branch, smart branch (partially automated), cash-less branch (fully automated) with the main goal to offer to individual clients a full range of products and services to fulfil transactional, investment and credit needs as well as Business Centre fully dedicated to Small Business customer needs. All this will also permit a further streamlining of the Italian headquarter. In addition the Group will further strengthen the new origination discipline by centralising underwriting for selected portfolios, focusing on investment grade customers, increasing the share of small business clients eligible for automatic lending, as well as setting up a pre-approved decision process for personal loans. The tight monitoring of the exposures will be further developed through the use of advanced early warning signals and KPIs and automatic triggering of classification to worst status as well as the faster deleveraging on riskier customers vs. competitors in order to further improve risk adjusted profitability.

Commercial Banking Germany

The Commercial Bank in Germany aims to:

- further enhance the position in Corporate Banking given the wide number of German SMEs and large corporates and the relevance of their import and export volumes. This will be achieved also through a comprehensive restructuring of the SME customer service model, already launched, and the digital services;
- increase cross-selling revenues thanks to strong cooperation between CIB and commercial banking;
- continue the growth in AUM;
- enhance focus on Retail lending, and renew focus on Bank-assurance.

The streamlining and simplification of the organisational structure will lead to more efficient decision making processes.

Commercial Banking Austria

Commercial Banking Austria aims to streamline the organisation and renew focus on premium advisory. The new service model for retail has been developing the business in a sustainable way, resulting in an improvement in the cost-income ratio, new loans production and client satisfaction enhancement while maintaining the portfolio asset quality. Revenues will also be sustained by AUM volumes growth, new clients acquisition and commercial synergies with Corporate and CEE Divisions. Further progress in digital transformation are also expected.

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Corporate & Investment Banking ("CIB")
CIB Division is fully plugged in to Commercial Banking with the aim of maximising synergies. The Group intends to maintain the client focused approach of the Division and the strict cost discipline, benefiting also from the ongoing streamline and fine-tune of business and operating model, while maintaining a constant focus on risk culture and RWA optimisation. On the cross-selling side, CIB is fully at work with dedicated commercial actions in key geographies, leveraging on internal joint ventures with Commercial Banking. The Group aims to confirm and improve market leadership in debt finance and GTB, leveraging on international network and clients and intensifying capabilities and services for corporate and financial institutions.

Central and Eastern Europe ("CEE")
CEE Division continue to be an important growth engine for the Group. Relevant transformation programmes have been launched, in particular related to innovation and digitalisation**,** resulting in a strong growth of CEE digital customer base. A further strengthening of Big Data and analytics capabilities support relationship managers in their day-to-day activity and client targeting with the aim to increase market penetration and cross-selling. Remain the focus on maximising synergies with the Group from Cross-border activity, thanks to increasing number of international customers, and on best practices sharing. The ongoing network optimisation will further support the lean cost structure.

Fineco
Fineco will keep a strong focus on high quality lending and will grow in investment services supported by the boost of productivity of the PFA network that, taking a more aggressively Robo & cyborg advisory approach (more structured asset allocation based on algorithmic/quantitative approach) that drove a better asset mix and leave more time to private banking client relationship that needs tailor-made solutions and portfolio analysis.

Non Core
Confirmed Transform 2019 is still very focused on the improvement of the asset quality of the Group through: a proactive review of NPEs evaluation, the disposal of a substantial amount of bad loans via securitisation vehicles, the increase of coverage ratios and additional decisive actions on workout and UTP portfolios in the Non-core segment that will enable a full and UC self-funded rundown of the portfolio by 2025. In addition to these actions a more disciplined risk management strategy and underwriting processes have been further developed and are still in place.

Discount rates of cash flows and regulatory capital targets
The following main discount rates were used in the calculation of the CGUs' recoverable amount:

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	9.5%	8.9%	2.0%
Commercial Banking Germany	7.8%	8.3%	2.0%
Commercial Banking Austria	8.0%	8.4%	2.0%
CIB	7.8%	8.3%	2.0%
Fineco	7.8%	8.3%	2.0%
CEE(1)	15.6%	10.1%	2.0%
Group Corporate Centre	8.9%	9.0%	0.0%
Non Core	9.5%	8.9%	2.0%

Note:
(1) The discount rate presented for CEE CGUs are the weighted average of the discount rates in local currency used for individual countries.

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:
  - CIB and Fineco: Country rate is the sum of:
    - Risk-free rate: the last six years' average 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 last six years' average of the Credit Default Swap of UniCredit;
  - Commercial Banking: due to the high regional specificity, rather than the risk-free rate and the debt risk premium, the Country rate is set equal to the rate of benchmark government bonds of the Country and, in particular:
    - for Commercial Banking Italy the last six years' average of the 5-year BTP;
    - for Commercial Banking Germany the last six years' average of the 5-year Bund;
    - for Commercial Banking Austria the last six years' average of the 5-year Austrian government bond rate;
- 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 CIB and Fineco, the last six years' average volatility of selected peers operating in the same sector was used.

The cost of equity for CEE is differentiated for each single country and it is the sum of the following:

- Risk-free rate: the last six years' average of the five-year local currency swap rate. If no swap rate was available, the most liquid and representative interbank rate was taken;
- Country risk premium: the last six years' average Credit Default Swap of the country;
- Equity Risk Premium: calculated using the Option Price Based Model, based on the volatility of UniCredit's share price over the last six years.

The cost of equity as defined above converges in a linear way to the cost of equity of Strategic Plan 2019 and then to the Terminal Value, over the intermediate period considered in the model, to a specific value for each CGU. This value is determined taking into account the macro scenario embedded in Strategic projections and therefore the related cash-flows.

Prudentially, the cost of equity for CIB and Fineco was floored for the entire valuation period, at the level of the lowest of Commercial Banking CGUs.

Another parameter used in the model to determine the initial allocated capital and its evolution over time is the Common Equity Tier 1 ratio target. For all the CGUs the target Common Equity Tier 1 ratio is 12% for 2017 and 12.5% in 2018 consistently with the new target set in the update of the Strategic Plan approved in December 2017.

Results of the impairment test

The impairment test as at 31 December 2017 confirms the sustainability of the goodwill with no need for an impairment on the consolidated accounts of the UniCredit group.

It must be underlined that the parameters and information used to verify the recoverability of goodwill (in particular the expected cash flows for the various CGU, and the discount rates applied) are significantly influenced by the macroeconomic and market situation, which may be subject to changes currently unpredictable. In the coming reporting periods, the effect of these changes, and of changes in the corporate strategies, could therefore lead to a review of the estimated cash flows of the various CGUs and of the assumptions about the main financial variables (discount rates, expected growth rates, Common Equity Tier 1 ratio, etc.) that could impact the results of the future impairment tests.

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Sensitivity analysis
Since the valuation exercise is affected by the macroeconomic and market environment and given the intrinsic complexity of forecasting future long-term profitability, sensitivity analyses were conducted, assuming changes to the main parameters used in the impairment test.
The table below summarises for the CGUs which still have goodwill, the percentage deviations of the initial assumptions (cost of equity, capital ratio, long-term growth rate and streams of income used for the estimation of cash flows) adopted for the different CGUs, that drive the recoverable amount of each CGU equal to its book value:

CGUs €/MN	INCREASE IN THE DISCOUNT RATE AFTER TAX (KE) (1)	INCREASE IN THE 2018 CORE TIER 1 RATIO TARGET (2)	DECREASE IN THE NOMINAL GROWTH RATE FOR THE CALCULATION OF TERMINAL VALUE (2)	DECREASE IN ANNUAL EARNINGS (3)
CIB	3.4%	5.9%	-6.2%	-29.1%
Fineco	16.8%	n.m.	n.m.	n.m.
Commercial Banking Italy	3.6%	5.8%	-6.9%	-29.4%

Notes:
(1) The increase of 1% in the discount rate is applied to the whole stream from 2018 to Terminal value.
(2) Delta expressed in absolute amount.
(3) Delta expressed in percentage terms.

The table below shows the change of the total value in use of the Group resulting from a variation of the main parameters used in the valuation model.

GROUP LEVEL €/MN	INCREASE IN THE DISCOUNT RATE AFTER TAX (KE) (1)	INCREASE IN THE 2018 CORE TIER 1 RATIO TARGET (2)	DECREASE IN THE NOMINAL GROWTH RATE FOR THE CALCULATION OF TERMINAL VALUE (2)	DECREASE IN ANNUAL EARNINGS (3)
SENSITIVITY FACTOR [%]	1%	1%	-1%	-5%
Change of Group value in use	-14%	-7%	-10%	-8%

Notes:
(1) The increase of 1% in the discount rate is applied to the whole stream from 2018 to Terminal value.
(2) Delta expressed in absolute amount.
(3) Delta expressed in percentage terms.

The parameters and information used to verify the sustainability of goodwill (in particular the financial projections used) are significantly influenced by the macroeconomic environment and the market conditions. Should the macroeconomic environment deteriorate in the future, the results of the next sustainability tests on goodwill could show a recoverable amount lower than the carrying value and therefore highlight the need to perform a goodwill impairment.

Comparison with market capitalisation
The Group's total value in use resulting from the impairment test is higher than the current market capitalisation of the Parent Company.
The difference could be largely explained by: i) the upside potential embedded in Analysts' consensus; ii) the cost of equity used in the impairment test and iii) market expectations on long term return and its distribution.

Section 14 - Tax assets and tax liabilities - Item 140 (Assets) and Item 80 (Liabilities)

14.1 Deferred tax assets: breakdown

(€' 000)

	AMOUNTS AS AT	
	12.31.2017	12.31.2016
Deferred tax assets deriving from Italian law 214/2011	**8,315,432**	**11,339,783**
Deferred tax assets deriving from tax losses	**733,421**	**524,412**
Deferred tax assets deriving from temporary differences	**3,212,029**	**4,247,996**
Financial assets and liabilities (different from Credits and Debts)	453,934	560,472
Credits and debts with banks and clients	181,989	215,862
Hedging and hedged item revaluation	299,111	1,592,457
Intangible assets different from goodwill	191,958	135,170
Goodwill and equity investments	10,597	58,899
Assets and liabilities held for disposal	1,003	725
Other assets and Other liabilities	291,019	438,617
Provisions, pension finds and similar	1,782,288	503,982
Other	130	741,813
Accounting offsetting	**(1,642,299)**	**(2,093,946)**
TOTAL	**10,618,583**	**14,018,245**

Deferred Tax Assets (DTAs) totally amount to €10,619 million (compared with €14,018 million as of 31 December 2016), of which €8,315 million (compared with €11,340 million as of 31 December 2016) can be, under certain circumstances, converted into tax credits pursuant to Law 214 of 22 December 2011 (i.e., DTA convertible into tax credits). The remaining DTAs (i.e., DTAs non-convertible into tax credits) are related to costs and write-offs deductible in future years, for €2,148 million (net of related deferred tax liabilities), and to tax losses for €733 million. DTAs on tax losses carried forward are mainly referred to the German subsidiary UniCredit Bank AG (€384 million) and to UniCredit S.p.A. (€247 million).

The item DTA deriving from Italian law 214/2011 (i.e., DTA convertible in tax credits) includes €3,171 million related to deferred tax assets (for IRES and IRAP taxation) due to the tax step-up, perfected in 2012, of the value of the investments in subsidiaries pursuant to art. 23 of D.L. 98/2011.

The above mentioned amounts are the ones resulting upon the application of the accounting impairment according to which DTAs undergo the sustainability test provided for by IAS12, that takes into account the economic projections foreseeable for future years and the peculiarities of the fiscal legislations of each Country, in order to check whether there are future taxable incomes against which DTAs can be offset. With particular reference to UniCredit S.p.A., to which most of the Group's deferred tax assets are attributable, the recoverability test takes into account, besides the economic projections, the forecasts for conversion of DTAs into tax credits under the terms of Italian Law No.214/2011.

In particular, with specific reference to DTAs convertible into tax credits pursuant to Law 214/2011, note that Law Decree No. 59 of 2016 (the "Banks Decree"), provided for the faculty to preserve for future years the tax regime of DTAs conversion into tax credit, overcoming certain alleged arguments raised by the European Commission according to which said tax regime could be possibly qualified as State Aid. In particular, the Banks Decree grants the option for conversion of DTAs into tax credits upon the payment of an annual fee to be corresponded for each year starting from 2016 and until 2030. The fee for a given financial year is calculated by applying the rate of 1.5% to a "base" obtained by adding the total amount of tax credit conversions made in the financial year of reference, net of direct taxes, as identified by the mentioned Decree, paid with regard to the specific tax periods established by said Decree to the difference between the convertible DTA recorded in the financial statements for that financial year and the corresponding convertible DTAs recorded in the 2007 financial statements for IRES and 2012 financial statements for IRAP.
In 28 June 2017 a DTA fee equal to €117 million was paid for the Italian tax group. A positive impact of €10 million is determined at Profit and Loss within the item Other administrative expenses, due to the fact that the provision accrued in 2016, in line with the applicable law at the time, was equal to €127 million.

At UniCredit SpA level, the total amount of DTAs on tax losses carried forward is in principle equal to €3,305 million, including €33 million of tax losses deriving from the merger of the subsidiary PGAM.
Following the sustainability test in accordance with IAS12, a total amount of €3,058 million have been subject to impairment and therefore not accounted, although under tax perspective they represent tax losses to be carry forward without any time limitation. Therefore, the accrued amount of DTA on tax losses for UniCredit SpA is equal to €247 million.

Starting from 2016 loan loss provisions, pertaining loans towards customers and excluding the ones deriving from loan disposal, are treated as fully deductible for IRES and IRAP purposes in the year of accrual, as provided for by art. 16 of Law Decree n.83 of June 2015. For 2015 there was a

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transitional regime providing for a partial deduction of the amount accrued in the financial statements, the remaining part to be deducted in following ten years.
Therefore, the total deductibility of said loan loss provision in the year of accrual implies that, starting from 2016, no new DTAs are generated on this item. Consequently, the amount indicated in the financial statements refers to the DTAs generated up to 2015 included. Said DTAs will reverse in future years up to 2025 following the absorbing percentages defined in the above mentioned Law Decree No.83 of 2015, while it remains confirmed the option to convert the DTA's relating to them into tax credits. For sake of completeness, note that current tax rules no longer provides for the possibility to create new DTA convertible into tax credits.

14.2 Deferred tax liabilities: breakdown

(€' 000)

	AMOUNTS AS AT	
	12.31.2017	12.31.2016
Deferred tax liabilities deriving from temporary differences	**2,076,325**	**2,595,570**
Financial assets and liabilities (different from Credits and Debts)	693,103	963,081
Credits and debts with banks and clients	140,795	269,780
Hedging and hedged item revaluation	525,417	662,197
Tangible assets and intangible assets different from goodwill	355,657	413,040
Goodwill and equity investments	23,744	5,368
Assets and liabilities held for disposal	282	45
Other assets and Other liabilities	295,200	197,303
Other	42,127	84,757
Accounting offsetting	**(1,634,683)**	**(2,093,946)**
Total	**441,642**	**501,624**

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

(€' 000)

	CHANGES IN	
	2017	2016
1. Opening balance	**12,989,425**	**13,497,154**
2. Increases	**2,988,892**	**2,966,255**
2.1 Deferred tax assets arising during the year	1,510,534	598,876
a) relating to previous years	*69,839*	*9,798*
b) due to change in accounting policies	-	-
c) write-backs	*721,193*	*65,322*
d) other	*719,502*	*523,756*
2.2 New taxes or increases in tax rates	-	7,194
2.3 Other increases	1,478,358	2,360,185
3. Decreases	**6,530,348**	**3,473,993**
3.1 Deferred tax assets derecognised during the year	1,842,649	1,037,584
a) reversals of temporary differences	*1,186,469*	*836,196*
b) write-downs of non-recoverable items	*397,239*	*84,846*
c) change in accounting policies	*3,004*	-
d) other	*255,937*	*116,542*
3.2 Reduction in tax rates	16,255	25,171
3.3 Other decreases	4,671,444	2,411,238
a) conversion into tax credit under L. 214/2011	*3,019,022*	*350,864*
b) other	*1,652,422*	*2,060,374*
4. Final amount	**9,447,969**	**12,989,416**

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

(€' 000)

	CHANGES IN	
	2017	2016
1. Opening balance	**11,339,783**	**11,685,183**
2. Increases	**7**	**11,015**
3. Decreases	**3,024,114**	**356,415**
3.1 Reversal	4,099	2,481
3.2 Conversion into tax credits	3,019,022	350,864
a) due to loss positions arising from P&L	*3,019,022*	*350,864*
b) due to tax losses	-	-
3.3 Other decreases	993	3,070
4. Final amount	**8,315,676**	**11,339,783**

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

(€' 000)

	CHANGES IN	
	2017	2016
1. Opening balance	**482,756**	**474,683**
2. Increases	**1,459,860**	**1,989,069**
2.1 Deferred tax liabilities arising during the year	83,355	133,134
a) relating to previous years	*375*	*33,651*
b) due to change in accounting policies	*350*	*1,134*
c) other	*82,630*	*98,349*
2.2 New taxes or increases in tax rates	-	40,723
2.3 Other increases	1,376,505	1,815,212
3. Decreases	**1,520,721**	**1,980,996**
3.1 Deferred tax liabilities derecognised during the year	427,096	357,847
a) reversals of temporary differences	*379,785*	*313,951*
b) due to change in accounting policies	*1,665*	-
c) other	*45,646*	*43,896*
3.2 Reduction in tax rates	4,994	18,774
3.3 Other decreases	1,088,631	1,604,375
4. Final amount	**421,895**	**482,756**

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

(€' 000)

	CHANGES IN	
	2017	2016
1. Opening balance	**1,028,829**	**874,258**
2. Increases	**753,709**	**633,226**
2.1 Deferred tax assets arising during the year	432,422	270,375
a) relating to previous years	-	*5,904*
b) due to change in accounting policies	-	-
c) other	*432,422*	*264,471*
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	321,287	362,851
3. Decreases	**611,924**	**478,655**
3.1 Deferred tax assets derecognised during the year	351,577	143,192
a) reversals of temporary differences	*274,786*	*73,728*
b) writedowns of non-recoverable items	*800*	-
c) due to change in accounting policies	-	*3,702*
d) other	*75,991*	*65,762*
3.2 Reduction in tax rates	6,140	800
3.3 Other decreases	254,207	334,663
4. Final amount	**1,170,614**	**1,028,829**

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

(€' 000)

	CHANGES IN	
	2017	2016
1. Opening balance	**18,868**	**112,771**
2. Increases	**1,120,385**	**1,110,836**
2.1 Deferred tax liabilities arising during the year	371,544	193,616
a) relating to previous years	-	*909*
b) due to change in accounting policies	-	-
c) other	*371,544*	*192,707*
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	748,841	917,220
3. Decreases	**1,119,506**	**1,204,739**
3.1 Deferred tax liabilities derecognised during the year	537,491	344,379
a) reversal of temporary differences	*203,445*	*151,280*
b) due to change in accounting policies	-	-
c) other	*334,046*	*193,099*
3.2 Reduction in tax rates	160	12,163
3.3 Other decreases	581,855	848,197
4. Final amount	**19,747**	**18,868**

14.7 Other information

It should be noted that, in financial year 2017, pursuant to Law 10/2011, formerly Law Decree 225/2010, so-called Milleproroghe 2011, as amended and supplemented, with reference to the financial statements 2016 approved by the relevant Shareholders' Meetings, UniCredit S.p.A. and UniCredit Leasing S.p.A. perfected the conversion of DTAs, IRES and IRAP, into tax credits for a total amount of €3,019 million (of which €2,859 million referred to UniCredit S.p.A. and €160 million to UniCredit Leasing S.p.A.).

Section 15 - Non-current assets and disposal groups classified as held for sale - Item 150 (Assets) and Item 90 (Liabilities)

Non-current assets or directly connected groups of assets and liabilities, which constitute a set of cash flow generating assets, the sale of which is highly likely, are recognised under these items. They are measured at the lower value between the book value and the fair value less costs to sell.

In the Balance Sheet at 31 December 2017, compared with 31 December 2016, the companies of Pekao and Pioneer group (except only for the following companies: Baroda Pioneer Asset Management Company Ltd. and Baroda Pioneer Trustee Company PVT Ltd.) and the companies Bankhaus Neelmayer AG and UniCredit Leasing TOB and Fino loans portfolio, following the fine-tuning of "Phase 1" of the Project, have been sold and the following has been attributed to the non-current assets and asset disposal groups pursuant to IFRS5: companies Mobility Concept GmbH, i-Faber S.p.A. and BA Betriebsobjekte Praha - Spol.S.R.O.
For further details regarding the FINO Project please refer to the disclosure reported under table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)" in Part E.

Data at 31 December 2017 refer mainly, as regards the single assets and liabilities held for sale, to the companies Mobility Concept GmbH, i-Faber S.p.A. e BA Betriebsobjekte Praha - Spol.S.R.O. and to the tangible assets and real-estate properties held by some companies in the group.

As regards the data for asset disposal groups, and associated liabilities, the figure at 31 December 2017 refers to the following companies:
- the companies of the Pioneer Group Baroda Pioneer Asset Management Company Ltd. e Baroda Pioneer Trustee Company PVT Ltd.;
- the companies of the Immobilien Holding group.

Valuation of Pioneer Group, for the companies that have not been sold yet (expected sale within the first half 2018), has been done according to IFRS5 (measured at the lower of their carrying amount and fair value less cost to sell). In this valuation process net assets of those companies remains at its carrying amount cause the fair value is substantially higher. More information are disclosed in Part C - Consolidated Income Statement - Section 21 - Profit (Loss) after tax from discontinued operations - Item 310.

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

(€'000)

	AMOUNTS AS AT	
	12.31.2017	12.31.2016
A. Individual assets		
A.1 Financial assets	302,990	3,072,684
A.2 Equity investments	387	384
A.3 Property, Plant and Equipment	672,503	438,529
A.4 Intangible assets	12,464	264
A.5 Other non-current assets	20,503	7,767
Total A	**1,008,847**	**3,519,628**
of which carried at cost	*826,248*	*3,458,513*
of which designated at fair value - level 1	-	-
of which designated at fair value - level 2	*79,305*	*24,303*
of which designated at fair value - level 3	*103,294*	*36,812*
B. Assets groups classified as held for sale		
B.1 Financial assets held for trading	-	590,204
B.2 Financial assets at fair value through profit or loss	-	40,668
B.3 Available for sale financial assets	4,073	7,358,309
B.4 Held to maturity investments	-	687,534
B.5 Loans and receivables with banks	3,955	1,514,319
B.6 Loans and receivables with customers	-	27,791,588
B.7 Equity investments	22,624	52,178
B.8 Property, Plant and Equipment	19	333,965
B.9 Intangible assets	14	1,877,181
B.10 Other assets	71,428	2,088,337
Total B	**102,113**	**42,334,283**
of which carried at cost	*9,466*	*1,492,878*
of which designated at fair value - level 1	-	-
of which designated at fair value - level 2	-	*40,134,680*
of which designated at fair value - level 3	*92,647*	*706,725*
Total A+B	**1,110,960**	**45,853,911**
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	77,904	1,129,870
C.2 Securities	-	-
C.3 Other liabilities	51,822	44,162
Total C	**129,726**	**1,174,032**
of which carried at cost	*104,478*	*1,174,032*
of which designated at fair value - level 1	-	-
of which designated at fair value - level 2	-	-
of which designated at fair value - level 3	*25,248*	-
D. Liabilities included in disposal groups classified as held for sale		
D.1 Deposits from banks	-	956,146
D.2 Deposits from customers	-	31,134,013
D.3 Debt securities in issue	-	345,321
D.4 Financial liabilities held for trading	-	584,626
D.5 Financial liabilities at fair value through profit or loss	-	-
D.6 Provisions	297	123,190
D.7 Other liabilities	54,806	1,551,273
Total D	**55,103**	**34,694,569**
of which carried at cost	*1,467*	*588,165*
of which designated at fair value - level 1	-	-
of which designated at fair value - level 2	-	*33,984,196*
of which designated at fair value - level 3	*53,636*	*122,208*
Total C+D	**184,829**	**35,868,601**

The item "C.3 Other liabilities" includes the valuation of the controlled company i-Faber, measured at the lower of its carrying amount and fair value less cost to sell, pursuant to IFRS5.

Fair value measurements, made for disclosure purposes only, are classified into a fair value hierarchy that reflects the significance of inputs used in the valuations. For further information see Part A - Accounting Policies - A.4 Information on fair value.

With reference to the fair value levels we must specify that the figures referred to companies of the Immobilien Holding group are presented at 31 December 2017 among level 3 assets and liabilities (as at 31 December 2016) reflecting their measurement using a valuation model. Figures referred to companies of the Pioneer group, not yet sold, are presented at 31 December 2017 among assets and liabilities at cost (as at 31 December 2016).

Part B - Consolidated Balance Sheet - Assets

15.2 Other information

The items "B.6 Loans to customers", "B.9 Intangible assets", "D.2 Deposits from customers" report a decrease due to the sale of Pekao and Pioneer groups, compared with December 2016.

Please refer to Part E - Section 1 for information regarding trends of credit exposures and related write-downs.

No further information to be disclosed in this section.

15.3 Details of investments in companies subject to significant influence not valued at net equity

At 31 December 2017 there were no significant equity investments in associates not measured with the net equity method among Non-current assets and disposal groups classified as held for sale.

Section 16 - Other assets - Item 160

16.1 Other assets: breakdown

(€'000)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
Margin with derivatives clearers (non-interest bearing)	248	508
Gold, silver and precious metals	25,840	17,775
Accrued income other capitalised income	424,187	662,844
Cash and other valuables held by cashier:	230,817	236,327
- current account cheques being settled, drawn on third parties	*230,330*	*235,779*
- current account cheques payable by group banks, cleared and in the process of being debited	*343*	*498*
- money orders, bank drafts and equivalent securities	*41*	*10*
- coupons, securities due on demand, revenue stamps and miscellaneous valuables	*103*	*40*
Interest and changes to be debited to:	183,574	163,277
- customers	*178,280*	*158,324*
- banks	*5,294*	*4,953*
Items in transit between branches not yet allocated to destination accounts	26,558	21,093
Items in processing	857,551	499,002
Items deemed definitive but not-attributable to other items:	2,752,803	3,037,543
- securities and coupons to be settled	*6,444*	*13,217*
- other transactions	*2,746,359*	*3,024,326*
Adjustments for unpaid bills and notes	280,161	187,572
Tax items other than those included in item 140	1,970,932	2,176,546
Other items	2,204,966	2,732,699
Total	**8,957,637**	**9,735,186**

As at 31 December 2017 "Other items" included €686 million relating to Property, Plant and Equipment, deriving from repossessing and lease, classified as inventories pursuant to IAS2, €1,238 million in 2016.

Part B - Consolidated Balance Sheet - Liabilities

Liabilities

Section 1 - Deposits from banks - Item 10

1.1 Deposits from banks: product breakdown

(€ '000)

TYPE OF TRANSACTIONS/GROUP COMPONENTS	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
1. Deposits from central banks	**58,774,849**	**36,574,160**
2. Deposits from banks	**64,469,231**	**67,277,361**
2.1 Current accounts and demand deposits	13,182,724	13,728,317
2.2 Time deposits	5,533,054	7,849,784
2.3 Loans	44,486,155	44,792,547
2.3.1 repos	*19,945,553*	*20,381,123*
2.3.2 other	*24,540,602*	*24,411,424*
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Other liabilities	1,267,298	906,713
Total	**123,244,080**	**103,851,521**
Fair value - level 1	-	-
Fair value - level 2	56,419,195	57,873,938
Fair value - level 3	66,675,209	45,539,602
Total fair value	**123,094,404**	**103,413,540**

The €22,201 million increase in sub-item “1. Deposits from central banks” is mainly attributable to UniCredit S.p.A. and UniCredit Bank AG, following the growth inTLTRO II facilities launched by Governing Council of European Central Bank with Decision (EU) 2016/810 (equal to about €51 billion as at 31 December 2017).

The sub-item “2.3 Loans” includes repos executed using proprietary securities issued by Group companies, which were eliminated from assets on consolidation; the same sub-item do not include the type of bond lending transactions collateralised by securities or not collateralised. Please also refer to section “Other information” of Part B for additional information.

Deposits from banks 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.

1.2 Breakdown of item 10: "Deposits from banks": subordinated debts
There were no subordinated debts.

1.3 Breakdown of item 10 “Deposits from banks”: structured debts
There were no structured debts.

Part B - Consolidated Balance Sheet - Liabilities

1.4 Deposits from banks: liability items subjected to micro-hedging

(€ '000)

TYPE OF TRANSACTIONS/GROUP COMPONENTS	AMOUNTS AS AT	
	12.31.2017	12.31.2016
1. Liability items subject to micro-hedging of fair value	**644,918**	**139,951**
a) Interest rate risk	644,918	139,951
b) Currency risk	-	-
c) Multiple risks	-	-
2. Liability items subject to micro-hedging of cash flows	**39,120**	**2,111**
a) Interest rate risk	39,120	2,111
b) Currency risk	-	-
c) Other	-	-
Total	**684,038**	**142,062**

1.5 Amounts payable under finance leases

There are no amounts payable to banks under finance leases.

Section 2 - Deposits from customers - Item 20

2.1 Deposits from customers: breakdown by product

(€ '000)

TYPE OF TRANSACTIONS/GROUP COMPONENTS	AMOUNTS AS AT	
	12.31.2017	12.31.2016
1. Current accounts and demand deposits	329,267,455	311,518,380
2. Time deposits	67,828,496	67,168,405
3. Loans	60,371,399	68,685,007
3.1 repos	*49,104,213*	*56,384,703*
3.2 other	*11,267,186*	*12,300,304*
4. Liabilities in respect of commitments to repurchase treasury shares	-	-
5. Other liabilities	5,427,911	5,047,397
Total	**462,895,261**	**452,419,189**
Fair value - level 1	-	-
Fair value - level 2	162,598,619	157,185,292
Fair value - level 3	301,045,127	296,070,875
Total fair value	**463,643,746**	**453,256,167**

Item "3. Loans" also include liabilities relating to repos executed using proprietary securities issued by Group companies, which were eliminated from assets on consolidation; the same sub-item do not include the type of bond lending transactions collateralised by securities or not collateralised. Please also refer to section "Other information" of Part B for additional information.

The increase in sub-item "1. Current accounts and demand deposits" is mostly attributable to UniCredit S.p.A.
The €7,280 million decrease in sub-item "3.1 Loans - repos" is mainly attributable to UniCredit S.p.A.

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.
The fair value of demand items was estimated to be equal to their net book value by exercising the option provided for by IFRS7.29. According to this assumption, demand items were classified as level 3 in the fair value hierarchy.
For further information see Part A - Accounting Policies - A.4 Information on fair value.

2.2 Breakdown of item 20 "Deposits from customers": subordinated debts

(€ '000)

	AMOUNTS AS AT	
	12.31.2017	12.31.2016
Deposits from customers: subordinated debts	109,854	278,537

2.3 Breakdown of item 20 "Deposits from customers": structured debts

There are no structured debts from customers.

2.4 Deposits from customers: liability items subject to micro-hedging

(€ '000)

	AMOUNTS AS AT	
TYPE OF TRANSACTIONS/VALUES	12.31.2017	12.31.2016
1. Liability items subject to micro-hedging of fair value	**767,952**	**644,837**
a) Interest rate risk	767,952	644,837
b) Currency risk	-	-
c) Other	-	-
2. Liability items subject to micro-hedging of cash flows	**-**	**-**
a) Interest rate risk	-	-
b) Currency risk	-	-
c) Other	-	-
Total	**767,952**	**644,837**

2.5 Amounts payable under finance leases

(€ '000)

	AMOUNTS AS AT 12.31.2017	
	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS
Amounts payable under finance leases:		
Up to 12 months	13,285	12,946
From 1 to 5 years	54,793	49,851
Over 5 years	132,848	119,469
Total value of minimum lease payments	**200,926**	**182,266**
Time value effect	**(18,662)**	**X**
Present value of minimum payment obligation	**182,264**	**182,266**

Part B - Consolidated Balance Sheet - Liabilities

Section 3 - Debt securities in issue - Item 30

3.1 Debt securities in issue: breakdown by product

(€ '000)

TYPE OF SECURITIES/VALUES	AMOUNTS AS AT 12.31.2017				AMOUNTS AS AT 12.31.2016			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Listed securities								
1. Bonds	86,448,072	43,856,076	33,570,769	14,087,520	105,841,164	51,858,536	44,229,253	14,354,263
1.1 structured	2,810,141	194,966	2,640,760	-	5,362,749	1,241,383	4,141,908	-
1.2 other	83,637,931	43,661,110	30,930,009	14,087,520	100,478,415	50,617,153	40,087,345	14,354,263
2. Other securities	12,154,560	-	3,407,937	8,806,396	9,594,336	-	4,164,426	6,429,049
2.1 structured	127,570	-	144,446	-	168,383	-	204,693	-
2.2 other	12,026,990	-	3,263,491	8,806,396	9,425,953	-	3,959,733	6,429,049
Total	**98,602,632**	**43,856,076**	**36,978,706**	**22,893,916**	**115,435,500**	**51,858,536**	**48,393,679**	**20,783,312**
Total Level 1, Level 2 and Level 3		**103,728,698**				**121,035,527**		

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.

The sum of the sub-items "1.1 Bonds - structured" and "2.1 Other securities - structured" was equal to €2,938 million and accounted for 3% of total debt securities. They mainly refer to interest-rate linked instruments with closely related embedded derivatives identified according to Mifid "structured instruments" definition.

Issued bonds reduce due to joint effect of maturities and new issuances mainly referred to instruments issued by UniCredit S.p.A. and its subsidiary UniCredit Bank Austria AG.

The fair value of derivatives embedded in structured securities, presented in Line 20 of Assets and Line 40 of Liabilities and included in Trading derivatives - Others, amounted to a net balance of €60 million negative.

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

(€'000)

	AMOUNTS AS AT	
	12.31.2017	12.31.2016
Debt securities in issue: subordinated securities	12,652,304	15,188,113

3.3 Breakdown of item 30 "Debt securities in issue": securities subject to micro-hedging

(€ '000)

TYPE OPERATIONS/VALUES	AMOUNTS AS AT	
	12.31.2017	12.31.2016
1. Securities subject to micro-hedging of fair value	**8,475,567**	**8,791,878**
a) Interest rate risk	8,475,567	8,791,878
b) Currency risk	-	-
c) Multiple risks	-	-
2. Securities subject to micro-hedging of cash flows	**9,831**	**11,228**
a) Interest rate risk	9,831	11,228
b) Currency risk	-	-
c) Other	-	-
Total	**8,485,398**	**8,803,106**

Section 4 - Financial liabilities held for trading - Item 40

4.1 Financial liabilities held for trading: breakdown by product

(€ '000)

TYPE OF OPERATIONS/GROUP COMPONENTS	AMOUNTS AS AT 12.31.2017					AMOUNTS AS AT 12.31.2016				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial liabilities										
1. Deposits from banks	266,135	1,513,171	484,213	-	1,992,134	54,092	1,247,218	127,441	1	1,372,881
2. Deposits from customers	2,985,910	11,485,833	3,090,485	62,294	14,583,551	5,451,263	10,820,901	5,535,157	61,195	16,366,425
3. Debt securities	6,517,659	-	6,253,503	914,890	7,228,447	6,654,114	-	6,366,900	496,868	6,902,024
3.1 Bonds	5,291,022	-	4,453,294	783,291	5,296,639	4,636,977	-	4,419,127	388,291	4,845,674
3.1.1 Structured	*4,911,980*	-	*4,113,415*	*783,291*	*X*	*4,284,196*	-	*4,082,677*	*388,291*	*X*
3.1.2 Other	*379,042*	-	*339,879*	-	*X*	*352,781*	-	*336,450*	-	*X*
3.2 Other securities	1,226,637	-	1,800,209	131,599	1,931,808	2,017,137	-	1,947,773	108,577	2,056,350
3.2.1 Structured	*1,226,637*	-	*1,800,209*	*131,599*	*X*	*2,017,137*	-	*1,947,773*	*108,577*	*X*
3.2.2 Other	-	-	-	-	*X*	-	-	-	-	*X*
Total A	**9,769,704**	**12,999,004**	**9,828,201**	**977,184**	**23,804,132**	**12,159,469**	**12,068,119**	**12,029,498**	**558,064**	**24,641,330**
B. Derivatives instruments										
1. Financial derivatives	X	1,983,595	28,754,334	880,604	X	X	2,142,528	40,208,652	859,695	X
1.1 Trading	X	1,983,595	28,487,256	819,149	X	X	2,142,528	39,878,894	798,333	X
1.2 Related to fair value option	X	-	134,565	-	X	X	-	170,622	-	X
1.3 Other	X	-	132,513	61,455	X	X	-	159,136	61,362	X
2. Credit derivatives	X	11,888	292,143	56,772	X	X	20,447	409,404	64,930	X
2.1 Trading derivatives	X	11,888	291,615	56,772	X	X	20,447	407,554	64,877	X
2.2 Related to fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	528	-	X	X	-	1,850	53	X
Total B	**X**	**1,995,483**	**29,046,477**	**937,376**	**X**	**X**	**2,162,975**	**40,618,056**	**924,625**	**X**
Total A+B	**X**	**14,994,487**	**38,874,678**	**1,914,560**	**X**	**X**	**14,231,094**	**52,647,554**	**1,482,689**	**X**
Total Level 1, Level 2 and Level 3				**55,783,725**					**68,361,337**	

Note:
(*) Fair value: calculated excluding value adjustments due to changes in credit rating of the issuer since the issue date.

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 financial assets and liabilities relating to OTC Derivatives managed through Central Counterparty Clearing Houses (CCPs) are offset when (i) the clearing systems of CCPs guarantee the elimination or reduce to immaterial the credit and liquidity risks of these contracts and (ii) the entity intends to settle these contracts on a net basis, in accordance with IAS32 - Offsetting, in order to improve the presentation of the liquidity profile and counterparty risk connected with them.

The effect as at 31 December 2017, already included in the net presentation of these transactions, totaled €15,009,452 thousand (€16,958,054 thousand as at 31 December 2016).

“Deposits from banks” and “Deposits from customers” include “short selling” totaling €13,365 million as at 2017 and €12,257 million as at 2016, in respect of which no nominal amount was attributed.

4.2 Breakdown of item 40 "Financial liabilities held for trading": subordinanted liabilities

(€ '000)

	AMOUNTS AS AT	
	12.31.2017	**12.31.2016**
Financial liabilities held for trading: subordinated liabilities	47,027	73,991

4.3 Breakdown of item 40 "Financial liabilities held for trading": structured debts

There are no amounts to be shown.

Part B - Consolidated Balance Sheet - Liabilities

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

Liabilities are recognised in this item to reduce the accounting mismatch arising from financial instruments measured (with changes in fair value) in the income statement in order to manage the risk profile.

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

(€ '000)

TYPE OF OPERATIONS/GROUP COMPONENT	AMOUNTS AS AT 12.31.2017					AMOUNTS AS AT 12.31.2016				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE(*)	NOMINAL VALUE	FAIR VALUE			FAIR VALUE(*)
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
1. Deposits from banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
2. Deposits from customers	**28,838**	**-**	**-**	**28,838**	**28,838**	**42,214**	**-**	**-**	**42,214**	**42,214**
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	28,838	-	-	28,838	X	42,214	-	-	42,214	X
3. Debt securities	**2,892,483**	**-**	**2,980,270**	**1,421**	**2,922,524**	**2,364,004**	**-**	**2,452,582**	**1,936**	**2,432,717**
3.1 Structured	2,891,062	-	2,980,270	-	X	2,362,068	-	2,452,582	-	X
3.2 Other	1,421	-	-	1,421	X	1,936	-	-	1,936	X
Total	**2,921,321**	**-**	**2,980,270**	**30,259**	**2,951,362**	**2,406,218**	**-**	**2,452,582**	**44,150**	**2,474,931**
Total Level 1, Level 2 and Level 3			**3,010,529**					**2,496,732**		

Note:
(*) Fair value: calculated excluding value adjustments due to changes in credit rating of the issuer since the issue date.

The item "3.1 Debt securities - Structured" includes "*Certificates*" (structured debt securities) issued by UniCredit S.p.A. starting from the first quarter of 2016, equal to €2,222 million and €471 million of "*mandatorily-settled secured equity linked certificates*" (so-called Mando) referred to the disposal of Bank Pekao S.A. These securities are classified as measured at fair value through profit or loss not being separable their embedded derivative component.

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.

5.2 Breakdown of item 50 "Financial liabilities at fair value through profit or loss": subordinated liabilities

There were no subordinated liabilities.

Section 6 - Hedging derivatives - Item 60

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

(€ '000)

	AMOUNTS AS AT 12.31.2017				AMOUNTS AS AT 12.31.2016			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**79**	**3,509,219**	**58,547**	**153,222,035**	**63**	**4,921,401**	**-**	**158,932,058**
1) Fair value	78	3,156,158	52,618	142,627,506	63	4,442,639	-	150,787,745
2) Cash flows	1	353,061	5,929	10,594,529	-	478,762	-	8,144,313
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**79**	**3,509,219**	**58,547**	**153,222,035**	**63**	**4,921,401**	**-**	**158,932,058**
Total Level 1, Level 2 e Level 3			**3,567,845**				**4,921,464**	

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.

6.2 Hedging derivatives: breakdown by hedged items and risk type

(€ '000)

	AMOUNTS AS AT 12.31.2017								
	FAIR VALUE						CASH FLOWS		
	MICRO-HEDGE								
TRANSACTIONS/HEDGE TYPES	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	FOREIGN INVESTMENTS
1. Available-for-sale financial assets	372,728	131	-	-	-	X	-	X	X
2. Loans and receivables	49,779	-	-	X	1	X	1,103	X	X
3. Held to maturity investments	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	647,387	X	161,334	X
5. Others	-	-	-	-	-	X	-	X	-
Total assets	**422,507**	**131**	**-**	**-**	**1**	**647,387**	**1,103**	**161,334**	**-**
1. Financial liabilities	213,706	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	1,925,122	X	196,554	X
Total liabilities	**213,706**	**-**	**-**	**-**	**-**	**1,925,122**	**-**	**196,554**	**-**
1. Highly probable transactions (CFH)	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

Part B - Consolidated Balance Sheet - Liabilities

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

7.1 Changes to macro-hedged liabilities

(€ '000)

CHANGES TO MACRO-HEDGED FINANCIAL LIABILITIES/GROUP COMPONENTS	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
1. Positive changes to financial liabilities	4,439,009	7,595,974
2. Negative changes to financial liabilities	(1,397,019)	(3,111,940)
Total	**3,041,990**	**4,484,034**

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

(€ '000)

HEDGED LIABILITIES	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
1. Deposits	86,530,754	87,375,964
2. Debt securities in issue	1,160,157	1,522,270
3. Portfolio	103,014,471	104,353,371
Total	**190,705,382**	**193,251,605**

Section 8 - Tax liabilities - Item 80

See Section 14 of Assets.

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

See Section 15 of Assets.

Section 10 - Other liabilities - Item 100

10.1 Other liabilities: breakdown

(€ '000)

ITEM/VALUES	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
Liabilities in respect of financial guarantees issued	5,669	10,256
Impairment: of financial guarantees issued, of credit derivatives, of irrevocable commitments to distribute funds	789,458	881,655
Obligations for irrevocable commitments to distribute funds	-	-
Accrued expenses other than those to be capitalised for the financial liabilities concerned	468,269	562,759
Share Based Payment classified as liabilities under IFRS2	2,918	5,292
Other liabilities due to employees	3,034,472	3,147,692
Other liabilities due to other staff	41,832	45,289
Other liabilities due to Directors and Statutory Auditors	5,053	5,156
Interest and amounts to be credited to:	245,508	244,751
- customers	*198,161*	*199,358*
- banks	*47,347*	*45,393*
Items in transit between branches and not yet allocated to destination accounts	36,016	31,835
Available amounts to be paid to others	425,199	187,201
Items in processing	1,242,270	1,444,035
Entries related to securities transactions	257,808	76,821
Items deemed definitive but not attributable to other lines:	4,533,006	4,156,919
- accounts payable - suppliers	*1,121,692*	*1,106,546*
- provisions for tax withholding on accrued interest, bond coupon payments or dividends	*3,115*	*3,411*
- other entries	*3,408,199*	*3,046,962*
Liabilities for miscellaneous entries related to tax collection service	105	113
Adjustments for unpaid portfolio entries	19,539	19,215
Tax items different from those included in item 80	1,207,632	1,539,714
Other entries	3,258,722	3,081,660
Total	**15,573,476**	**15,440,363**

Section 11 - Provision for employee severance pay - Item 110

The "TFR" provision for Italy-based employee benefits is to be construed as a "post-retirement defined benefit". It is therefore recognised 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 "projected unit credit" method (see Part A.2 - Main Items of the Accounts).

11.1 Provision for employee severance pay: annual change

(€ '000)

	CHANGES IN	
	2017	2016
A. Opening balances	**1,125,758**	**1,134,776**
B. Increases	**17,652**	**71,371**
B.1 Provisions for the year	14,458	19,759
B.2 Other increases	3,194	51,612
C. Reductions	**226,126**	**80,389**
C.1 Severance payments	200,460	73,943
C.2 Other decreases	25,666	6,446
D. Closing balance	**917,284**	**1,125,758**

Other Decreases include €249 related legal entities "held for sale".

Provisions for employee severance pay: other information

(€ '000)

	CHANGES IN	
	2017	2016
Cost Recognised in P&L:	**14,458**	**19,759**
- Current Service Cost	445	291
- Interest Cost on the DBO	14,013	19,468
- Settlement (gains)/losses	-	-
- Past Service Cost	-	-
Remeasurement Effects (Gains) Losses Recognised in OCI	**(22,492)**	**47,907**
Annual weighted average assumptions		
- Discount rate	1.45%	1.25%
- Price inflation	1.40%	1.10%

Duration of defined benefit obligation equals to 8.2 years; Valuation Reserve negative balance (net of tax) move from -€154 million as at 31 December 2016 to -€138 million as at 31 December 2017.

A change of -25 basis points of Discount Rate would result in an increase of the liability of €19,101 thousand (+2.08%); a correspondent increase would result in a reduction in the liability of €18,664 thousand (-2.03%). A change of -25 basis points of Price Inflation rate would result in a reduction of the liability of €11,606 thousand (-1.27%); a correspondent increase would result in an increase of the liability of €11,742 thousand (+1.28%).

Part B - Consolidated Balance Sheet - Liabilities

Section 12 - Provisions for risks and charges - Item 120

As at 31 December 2017 Provision for risks and charges amounted increase in respect of 2016 mainly due to reductions into provisions related to staff expenses, due to definition of corresponding debt position.

The sub-item "2. Other provisions for risks and charges" consists of:
- legal disputes: provisions for legal disputes, cases in which the Group is a defendant, and post-insolvency clawback petitions. (See Part E - Section 4 - Operational Risk - B. Legal risk for further information concerning legal disputes);
- staff expenses: sundry HR costs;
- other: provisions for risks and charges not attributable to the above items. See the table 12.4 below for details.

12.1 Provisions for risks and charges: breakdown

(€ '000)

ITEMS/COMPONENTS	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
1. Pensions and other post-retirement benefit obligations	**4,522,188**	**5,241,807**
2. Other provisions for risks and charges	**4,128,280**	**5,299,641**
2.1 Legal disputes	1,309,129	1,402,678
2.2 Staff expenses	1,127,314	2,322,484
2.3 Other	1,691,837	1,574,479
Total	**8,650,468**	**10,541,448**

Decrease in sub item "2.2 Staff expenses" reflects reversals (allocated in "Other liabilities" when subject to deferred liquidation) related to the implementation of the Strategic Plan 2016-2019.

12.2 Provisions for risks and charges: annual changes

(€ '000)

ITEMS/COMPONENTS	CHANGES IN 2017: PENSION AND POST-RETIREMENT BENEFIT OBLIGATIONS	CHANGES IN 2017: OTHER PROVISIONS	CHANGES IN 2017: TOTAL
A. Opening balance	**5,241,807**	**5,299,641**	**10,541,448**
B. Increases	**196,851**	**1,267,772**	**1,464,623**
B.1 Provisions for the year	101,943	711,428	813,371
B.2 Changes due to the passing time	79,304	7,329	86,633
B.3 Differences due to discount-rate changes	-	381	381
B.4 Other adjustments	15,604	548,634	564,238
C. Decreases	**916,470**	**2,439,133**	**3,355,603**
C.1 Use during the year	238,488	1,066,200	1,304,688
C.2 Differences due to discount-rate changes	-	498	498
C.3 Other adjustments	677,982	1,372,435	2,050,417
D. Closing balance	**4,522,188**	**4,128,280**	**8,650,468**

More details about annual changes for pensions and post-retirement benefit obligation are presented in Section 12.3 - Pensions and other post-retirement defined benefit obligations.

12.3 Pensions and other post-retirement defined-benefit obligations

1. Description of the funds and related risks

There are several defined-benefit plans within the Group, i.e., plans whose benefit is linked to salary and employee length of service both in Italy and abroad. The Austrian, German and Italian plans account for over 90% of the Group's pension obligations.
The Group's plans are not financed with segregated assets except for (i) the defined-benefit plans in Germany, the "Direct Pension Plan" (an external fund managed by independent trustees), the "HVB Trust Pensionfonds AG" and the "Pensionskasse der HypoVereinsbank WaG," all created by UniCredit Bank AG (UCB AG) and (ii) the defined-benefit plans (in the United Kingdom, Italy and Luxembourg) created by UCB AG and UniCredit S.p.A.
On 2 January 2017, UniCredit S.p.A. finalised the restructuring of the Italian pension funds through transferring the residual position (for beneficiaries who did not subscribe to the capitalisation of pensions completed in 2016) with constitution of segregated plan assets to the Group's Retirement Pension Funds equal to €294 million.

The Group's defined-benefit plans are mainly closed to new recruits (for example in Germany and Italy, where most new recruits join defined-contribution plans instead and the related contributions are charged to the income statement).
According to IAS19, obligations arising from defined-benefit plans are determined using the "projected unit credit" method, while segregated assets are measured at fair value. The balance sheet obligation is the result of the deficit/surplus (i.e., the difference between obligations and assets) net of any impacts of the asset ceiling; actuarial gains and losses are recognised in shareholders' equity and shown in a specific item of revaluation reserves in the financial year in which they are recorded.
The actuarial assumptions used to determine obligations vary from country to country and from plan to plan; the discount rate is determined, depending on the currency of denomination of the commitments and the maturity of the liability, by reference to market yields at the balance sheet date on a basket of high quality corporate bonds.
In the light of evolving common interpretation about "high quality corporate bonds" identification and persisting interest rates decreasing trend, UCG refined its Discount Rate setting methodology by limiting the number of "investment grade" bonds whose rating is lower than AA (No.14 securities ranging in 15-30y maturity), for which an adjustment is made to reduce the excess-return. In addition, a Nelson Siegel methodology has been applied in modelling the yield-curve expressed by the basket of securities (adjusted above 25y in order to stick the long-term maturity segments of the curve to the Euribor implied-forward rate).

In the context of the restructuring of UniCredit Bank Austria AG (UCBA), in December 2015 an agreements with the relevant workers' council have been signed an for the transfer of UCBA pension obligations to the state employee pension system (UCBA workers who already retired has not been involved). The Austrian Parliament has thereafter passed a new law potentially impacting the transfer by UCBA of pension obligations for its active employees to the national pension system, but which essentially validates agreements of this nature. The Federal Administrative Court (Bundesverwaltungsgericht BVwG) challenged this law, however, the Austrian Constitutional Court (Verfassungsgerichtshof - VfGH) confirmed the law's legitimacy. The whole payment to the national pension insurance carrier (Pensionsversicherungsanstalt - PVA), returned to UCBA on 20 April 2017, has been finally settled on 17 November 2017 finalising the transfer agreements.

The remesurement at 31 December 2017 of such commitments leads to a decrease in the negative balance of the revaluation reserve referred to actuarial gains/losses on defined benefit plans of €225 million, net of tax (balance moves from -€2,495 million at 31 December 2016 to -€2,270 million at 31 December 2017).

(€ '000)

2. CHANGES OF NET DEFINED BENEFIT LIABILITY/ASSET AND ANY REIMBURSEMENT RIGHTS AS OF THE PERIOD END DATE		
NET DEFINED BENEFIT LIABILITY/ASSET AS OF THE PERIOD END DATE	**12.31.2017**	**12.31.2016**
Defined benefit obligation	9,172,764	9,598,722
Fair value of assets	(4,671,480)	(4,377,037)
Deficit/(Surplus)	**4,501,284**	**5,221,685**
Irrecoverable surplus (effect of asset ceiling)	-	-
Net defined benefit liability/(asset) as of the period end date	**4,501,284**	**5,221,685**

Part B - Consolidated Balance Sheet - Liabilities

(€ '000)

2.1 CHANGES IN DEFINED BENEFIT OBLIGATIONS	12.31.2017	12.31.2016
Defined benefit obligation as of the prior period end date	9,598,722	9,513,138
Current service cost	99,419	107,645
Settlement (gain)/loss	-	82,434
Past service cost	1,284	482
Interest cost on the defined benefit obligation	166,233	205,724
Net actuarial (gain)/loss	(288,867)	640,702
Plan participants' contributions	8,277	7,327
Disbursements from plan assets	(169,299)	(117,740)
Disbursements directly paid by the employer	(238,018)	(419,693)
Settlements	-	(267,060)
Other changes on defined benefit obligation	(4,987)	(154,237)
Total defined benefit obligations as of the period end date	**9,172,764**	**9,598,722**

(€ '000)

2.2 CHANGES TO PLAN ASSETS	12.31.2017	12.31.2016
Fair value of plan assets as of the prior period end date	4,377,037	4,365,131
Interest Income on Plan Assets	86,929	102,519
Return on plan assets greater/(less) than discount rate	30,988	24,362
Employer contributions	350,806	76,367
Disbursements from plan assets	(169,307)	(145,918)
Settlements	-	-
Other changes on plan assets	(4,973)	(45,424)
Total fair value of plan assets as of the period end date	**4,671,480**	**4,377,037**

(€ '000)

3. INFORMATION ABOUT PLAN ASSETS	12.31.2017	12.31.2016
1. Equities	100,469	88,273
2. Bonds	449,106	273,455
3. Units in investment funds	3,431,825	3,467,238
4. Properties	518,343	450,862
5. Derivative instruments	-	-
6. Others	171,737	97,209
Total	**4,671,480**	**4,377,037**

4. PRINCIPAL ACTUARIAL ASSUMPTIONS	12.31.2017	12.31.2016
	%	%
Discount rate	1.99	1.77
Expected return on plan assets	1.99	1.77
Rate of increase in future compensation and vested rights	1.59	2.13
Rate of increase in pension obligations	2.01	2.01
Expected inflation rate	1.60	1.46

5. INFORMATION ON AMOUNT, TIMING AND UNCERTAINTY OF CASH FLOWS	12.31.2017
- Impact of changes in financial/demographic assumptions on DBOs	
a. Discount rate	
a1. -25 basis points	363,899
	3.97%
a2. +25 basis points	(341,726)
	-3.73%
b. Pensions increase rate	
b1. -25 basis points	(249,755)
	-2.72%
b2. +25 basis points	259,989
	2.83%
c. Mortality	
c1. Survival rate +1 year	284,941
	3.11%
- Weighted average duration (years)	15.39

12.4 Provisions for risks and charges - other provisions

(€ '000)

	AMOUNTS AS AT	
	12.31.2017	12.31.2016
2.3 Other provisions for risks and charges - other		
Real estate risks and costs	68,021	71,776
Restructuring costs	94,413	64,643
Out-of-court settlements and legal costs	11,706	11,706
Allowances payable to agents	167,947	162,669
Disputes regarding financial instruments and derivatives	93,835	112,269
Tax Disputes	118,518	144,827
Costs for liabilities arising from equity investment disposals	163,322	103,557
Other	974,075	903,032
Total	**1,691,837**	**1,574,479**

The sub-item “Restructuring costs” increases mainly due to provisions made by the subsidiary UniCredit Bank Austria.
The sub-item “Disputes regarding financial instruments and derivatives” reduces mainly due to utilisations made by the holding UniCredit S.p.A. and its subsidiary UniCredit Bank Austria.
The sub-item “Tax Disputes” decreases mainly due to utilisations made by the holding UniCredit S.p.A. and its subsidiaries UniCredit Bank AG and its Milan branch and UniCredit Leasing S.p.A.

Section 13 - Insurance reserves - Item 130

There are no amounts to be shown.

Section 14 - Redeemable shares - Item 150

There are no amounts to be shown.

Section 15 - Group Shareholders’ Equity - Items 140, 160, 170, 180, 190, 200 and 220

At 31 December 2017 the Group Shareholders’ Equity, including the profit for the period of €5,473 million, amounted to €59,331 million, against €39,336 million at the end of 2016.
The table below shows a breakdown of Group Equity and the changes over the previous year.

Group capital: breakdown

(€ '000)

	AMOUNTS AS AT		CHANGES	
	12.31.2017	12.31.2016	AMOUNT	%
1. Share capital	20,880,550	20,846,893	33,657	0.2%
2. Share premium reserve	13,399,799	14,384,918	-985,119	-6.9%
3. Reserves	19,296,907	17,553,781	1,743,126	9.9%
4. Treasury shares	(2,695)	(4,107)	1,412	34.4%
a. Parent Company	(2,440)	(2,440)	-	-
b. Subsidiaries	(255)	(1,667)	1,412	84.7%
5. Revaluation reserve	(4,327,092)	(4,039,304)	-287,788	-7.1%
6. Equity instruments	4,610,073	2,383,463	2,226,610	93.4%
7. Net profit (loss)	5,473,075	(11,790,094)	17,263,169	146.4%
Total	**59,330,617**	**39,335,550**	**19,995,067**	**50.8%**

Part B - Consolidated Balance Sheet - Liabilities

The €19,995 million increase in Group Equity resulted from:

Capital increase and use of "Share premium reserve:	
• fully paid, as approved by the Extraordinary Shareholders Meeting of 12 January 2017, by issuing No.1,606,876,817 ordinary shares; the capital increase fully paid-up was attributed for €16 million to share capital and €12,984 million as share premium;	13,000 million
• free, for the issue of the shares connected to the medium term incentive plan for Group Personnel following the resolution of the Board of Directors of 13 March 2017 executed through a withdrawal from the specifically constituted reserve;	18 million
• use of "Share premium reserve" following the resolution of Shareholders' Meeting of 20 April 2017 for the coverage of the Holding's loss from the 2016 financial year for €11,460 million and the coverage of negative reserves for €2,509 million.	(13,969) million
An increase in the reserves, including the change in treasury shares arising from:	
• coverage of negative reserves through the use of "Share premium reserve" as resolved by the Shareholder's meeting of the last 20 April 2017;	2,509 million
• the attribution to the reserve, net of charity, of the result of the previous year for €11,790 million and coverage of the Holding loss of the financial year 2016 for €11,460 million through the use of "Share premium reserve";	(332 million)
• the decrease resulting from the use of reserve set aside specifically for the purpose of the issue of performance shares connected with the personnel incentive plan as resolved by the Board of Directors of the 13 March 2017;	(18 million)
• the charge to reserve of the expenses related to capital increase, net of taxes and fees paid to legal entities belonging to UniCredit group for the related placement;	(277) million
• the sale of unexercised options related to the aforementioned capital increase;	15 million
• the allocation to the reserve of the coupon paid to subscribers of the Additional Tier 1 instruments, net of the related taxes and fees paid to legal entities belonging to UniCredit group for the placement indicated below;	(163) million
• the use of the reserve for the usufruct fee associated with the "Cashes";	(32) million
• an increase in the reserve connected with Share-Based Payments;	78 million
• reserve for the unsustainable amount of Deferred Tax Assets relating to tax losses carried forward linked to shareholders' equity items;	(72) million
• the changes in shareholdings refer to the effects of the disposal of Pekao SA' share (1.04%) due to the early redemption of mandatory settled equity-linked certificates occurred in the first quarter of 2017;	29 million
• other increases.	7 million
A change in valuation reserves owing to:	
• decrease in the value of financial assets available for sale;	(90) million
• decrease in the value of hedging for financial risks and increase of assets held for sale;	(90) million
• increase in the value of the reserve on actuarial gains (losses) on defined-benefit plans;	241 million
• increase in exchange rate differences;	125 million
• decrease in the value of the valuation reserve of companies carried at equity.	(475) million
Issue of Additional Tier1 recognised net of the related transaction costs	2,227 million
An increase of the profit for the period compared with that of 31 December 2016.	17,263 million

Any discrepancies in this table and between data shown are solely due to the effect of rounding.

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

(€ '000)

	12.31.2017		12.31.2016	
	ISSUED SHARES	UNDERWRITTEN SHARES	ISSUED SHARES	UNDERWRITTEN SHARES
A. Share Capital				
A.1 ordinary shares	20,878,182	-	20,838,376	-
A.2 savings shares	2,368	-	8,517	-
Total A	**20,880,550**	**-**	**20,846,893**	**-**
B. Treasury Shares	**(2,695)**	**-**	**(4,107)**	**-**

During 2017 Share Capital, which at 31 December 2016 was represented by No.6,177,818,177 ordinary shares and No.2,524,896 savings shares with no per-share face value, changed due to the reasons illustrated in the paragraph “Capital Strengthening” of the “Consolidated Report on Operations”.
On 12 January 2017 the Extraordinary Shareholders’ Meeting resolved a reverse stock split of ordinary and savings shares based on a ratio of 1 new ordinary or savings share for every 10 existing ordinary or savings shares.

Furthermore, share capital rose from €20,846,893 thousand at the end of 2016 to €20,880,550 thousand following:
- €16,069 thousand paid-up share capital increase resolved by the Extraordinary Shareholders’ Meeting on 12 January 2017 through the issuance of No.1.606.876.817 no par value new ordinary shares;
- €17,588 thousand free share capital increases resolved by the Board of Directors' meeting of 13 March 2017, executed through the concurrent withdrawal from the specifically constituted "reserves related to the medium-term incentive programme for Group staff", which resulted in the issue of No.1,034,172 ordinary shares.

As a result of the above at 31 December 2017, the share capital is represented by No.2,225,692,806 ordinary shares and No.252,489 savings shares. The number of treasury shares outstanding was No.4,760 ordinary shares, changed compared to the end of 2016 only due to stock split, as indicated above.

Note the following significant changes in 2017 which, though reflected among the various components of shareholders' equity, did not change the overall amount thereof:
Following the resolutions of the Shareholders' Meeting of 20 April 2017 occurred:
- the coverage of the loss from the 2016 financial year (€11,460 million) through the use of the Share premium reserve;
- coverage of the negative reserves totaling €3,511 million through use of Profit reserves (€369 million), Capital reserves (€633 million) and Share premium reserve (€2,509 million);
- allocation to the reserve for the issue of the shares connected to the medium term incentive plan for Group Personnel (€60 million) through withdrawal from Statutory reserve.

In addition, during 2017, UniCredit S.p.A. issued Additional Tier 1 instruments for a total amount of €2.226.610 thousand net of transaction costs, classified in item 160 “Equity Instruments” of balance sheet liabilities.

For further details refer to Consolidated Report on Operations.

Part B - Consolidated Balance Sheet - Liabilities

15.2 Share capital - number of shares owned by the Parent company: annual changes

	CHANGES IN 2017	
ITEMS/TYPE	ORDINARY	OTHER (SAVINGS)
A. Issued shares as at the beginning of the year	**6,177,818,177**	**2,524,896**
- fully paid	6,177,818,177	2,524,896
- not fully paid	-	-
A.1 Treasury shares (-)	(47,600)	-
A.2 Shares outstanding: opening balance	6,177,770,577	2,524,896
B. Increases	**1,607,910,989**	**-**
B.1 New issues	1,607,910,989	-
- against payment	1,606,876,817	-
- business combinations	-	-
- bonds converted	-	-
- warrants exercised	-	-
- other	*1,606,876,817*	-
- free	1,034,172	-
- to employees	*1,034,172*	-
- to directors	-	-
- other	-	-
B.2 Sales of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	**5,559,993,520**	**2,272,407**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Business tranferred	-	-
C.4 Other changes	5,559,993,520	2,272,407
D. Shares outstanding: closing balance	**2,225,688,046**	**252,489**
D.1 Treasury shares (+)	4,760	-
D.2 Shares outstanding as at the end of the year	2,225,692,806	252,489
- fully paid	2,225,692,806	252,489
- not fully paid	-	-

The usufruct agreement relative to the No.9,675,640 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.
Item Other changes reflect reverse stock split of shares based on a ratio of 1 new ordinary or savings share for every 10 existing ordinary or savings shares.

15.3 Share capital: other information

Pursuant to the resolution passed by the Extraordinary Shareholders' Meeting on 15 December 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.

15.4 Reserves from allocation of profit: other information

(€ '000)

	AMOUNTS AS AT	
	12.31.2017	12.31.2016
Legal Reserve(*)	1,517,514	1,517,514
Statutory Reserve	679,464	840,018
Other Reserves	9,276,270	9,791,488
Total	**11,473,248**	**12,149,020**

Note:
(*) The Legal Reserve of UniCredit S.p.A. also includes €2,683,391 thousand deriving from usage of resources, as resolved by the Shareholders' Meeting of 11 May 2013, 13 May 2014 and 14 April 2016 through a withdrawal from the Share premium reserve and therefore not classified among reserves from allocation of profit from previous year.

Refers to Parent Company, for what refer to article 2427, paragraph 22-septies of the Italian Civil Code, refer to specific Board of Directors' report.

15.5 Other Information

Revaluation reserve: breakdown

(€ '000)

ITEM/TYPES	AMOUNTS AS AT 12.31.2017	12.31.2016
1. Available-for-sale financial assets	1,474,818	1,564,503
2. Property, plant and equipment	-	-
3. Intangible assets	-	-
4. Hedges of foreign investments	-	-
5. Cash-flow hedges	202,846	329,819
6. Exchange differences	(1,938,330)	(2,063,807)
7. Non-current assets classified as held for sale	(100)	(37,387)
8. Actuarial gains (losses) on defined benefit plans	(2,408,473)	(2,649,778)
9. Revaluation reserves of investments valued at net equity	(1,934,873)	(1,459,674)
10. Special revaluation laws	277,020	277,020
Total	**(4,327,092)**	**(4,039,304)**

The FX currency reserves as at 31 December 2017 mainly refer to the following currencies:

- Turkish Lira: €2,097 million (negative), included in the share of the revaluation reserves of the investments valued at equity in accordance with IFRS11;
- Ruble: €1,766 million (negative).

The main variations during 2017 refer to negative variation of Turkish Lira for €427 million, to negative variation of Rublo for €219 million and to the positive impact on Zloty for €310 million related to the disposal of the investment in Bank Pekao S.A and its subsidiaries.

With reference to the exchange fluctuations reserve related to the polish currency and in connection with the disposal of the investment in Bank Pekao S.A and its subsidiaries, classified as held for sale in accordance with IFRS5, it is noted that they were sold during last June 2017.
The economic effects related to the disposal were mainly already included in 2016 profit and loss except for the effect on exchange fluctuations reserve, negative for €310 million, accounted in 2017 P&L losses.

For further details related to the sale of polish subsidiaries refer to Part C - Section 21 - Profit (Loss) after tax from discontinued operations - Item 310.

Part B - Consolidated Balance Sheet - Liabilities

Section 16 - Minorities - Item 210

The table below shows a breakdown of minorities as at 31 December 2017.

16.1 Breakdown of item 210 "Shareholders' equity: minorities"

(€ '000)

	2017	2016
Equity investments in consolidated companies with minority interests	**891,428**	**4,049,467**
Bank Pekao SA Group	-	3,159,675
UniCredit Bank AG Group	7,700	6,165
UniCredit Bank Austria AG Group	61,856	88,633
Fineco Bank S.p.A.	492,790	459,661
Zagrebacka Banka D.D.	329,082	335,333
Other equity investments	**2,655**	**(216,890)**
Other consolidation adjustments	**-**	**20,175**
Total	**894,083**	**3,852,752**

The shareholders' equity attributable to minority interests for 2017 amounted to €894 million.

There are the following largest contributions attributable to the minority shareholders of Finecobank S.p.A, Zagrebacka Banka D.D. and UniCredit Bank Austria AG Group, mainly referring to the minority shareholders of Card Complete Service Bank AG.

The deviation from the previous year refers to the sale of the companies of Bank Pekao S.A. Group.

16.2 Capital instruments: breakdown and annual changes

There are no equity instruments.

Other information

1. Guarantees given and commitments

(€ '000)

TRANSACTIONS	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
1) Financial guarantees given to	**17,287,523**	**21,330,371**
a) Banks	7,606,760	9,020,669
b) Customers	9,680,763	12,309,702
2) Commercial guarantees given to	**52,108,347**	**52,612,003**
a) Banks	6,621,317	9,390,583
b) Customers	45,487,030	43,221,420
3) Other irrevocable commitments to disburse funds	**102,475,548**	**107,133,554**
a) Banks:	4,964,213	4,172,554
i) usage certain	*3,578,944*	*2,641,037*
ii) usage uncertain	*1,385,269*	*1,531,517*
b) Customers:	97,511,335	102,961,000
i) usage certain	*26,035,690*	*22,889,794*
ii) usage uncertain	*71,475,645*	*80,071,206*
4) Underlying obligations for credit derivatives: sales of protection	**-**	**-**
5) Assets used to guarantee others' obligations	**3,351**	**3,339**
6) Other commitments	**1,770,171**	**1,470,882**
Total	**173,644,940**	**182,550,149**

2. Assets used to guarantee own liabilities and commitments

(€ '000)

PORTFOLIOS	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
1. Financial assets held for trading	18,802,509	21,666,433
2. Financial assets designated at fair value	7,817,814	16,559,666
3. Financial assets available for sale	51,594,634	51,122,007
4. Financial assets held to maturity	930,606	1,213,345
5. Loans and receivables with banks	1,042,497	1,333,958
6. Loans and receivables with customers	91,166,759	91,207,479
7. Property, plant and equipment	3,113	6,621

Deposits from Banks include €58,581 million related to Central Banks' refinancing operations collateralised by securities and loans respectively amounting to nominal €47,039 million and €15,726 million.
Regarding collateral securities, those not recognised on balance-sheet, since they represent repurchased or retained Group's financial liabilities, amount to nominal €22,024 million.

Security borrowing transactions collateralised by securities or not collateralised

(€ '000)

	AMOUNTS AS AT 12.31.2017			
	AMOUNTS OF THE SECURITIES BORROWED/TRANSACTION PURPOSES			
LENDER BREAKDOWN	GIVEN AS COLLATERAL IN OWN FUNDING TRANSACTIONS	SOLD	SOLD IN REPO TRANSACTIONS	OTHER PURPOSES
A. Banks	192,593	1,540,320	4,458,324	999,116
B. Financial companies	-	144,143	1,494,957	381,345
C. Insurance companies	-	-	182,561	38,468
D. Non-Financial companies	-	32,500	142,056	50,397
E. Others	5,000	10,125	1,162,899	77,820
Total	**197,593**	**1,727,088**	**7,440,797**	**1,547,146**

Part B - Consolidated Balance Sheet - Liabilities

3. Operating leases

(€ '000)

	AMOUNTS AS AT	
	12.31.2017	12.31.2016
Lessee information		
Operating leases		
Future minimum non-cancellable lease payments:		
- up to twelve months	103,952	113,858
- from one to five years	232,639	272,630
- over five years	33,772	45,248
Total amounts	**370,363**	**431,736**
Future minimum non-cancellable lease payments (to be received)		
Total payments	-	-
Lessor information		
Operating leases		
Future minimum non-cancellable lease payments (to be received):		
- up to twelve months	74,197	117,168
- from one to five years	236,102	366,423
- over five years	117,863	93,019
Total amounts	**428,162**	**576,610**

4. Breakdown of investments relating to unit-linked and index-linked policies

There were no transactions concerning unit-linked and index-linked policies.

5. Asset management and trading on behalf of others

(€ '000)

	AMOUNT AS AT
TYPE OF SERVICES	12.31.2017
1. Management and trading on behalf of third parties	
a) purchases	244,431,921
1. settled	*243,669,820*
2. unsettled	*762,101*
b) sales	243,890,342
1. settled	*243,219,250*
2. unsettled	*671,092*
2. Portfolio management	
a) individual	25,002,951
b) collective	44,191,074
3. Custody and administration of securities	
a) third party securities on deposits: relating to depositary bank activities (excluding portfolio management)	20,008,705
1. securities issued by companies included in consolidation	*13,697,178*
2. other securities	*6,311,527*
b) third party securities held in deposits (excluding portfolio management): other	337,489,379
1. securities issued by companies included in consolidation	*15,821,275*
2. other securities	*321,668,104*
c) third party securities deposited with third parties	226,935,726
d) property securities deposited with third parties	93,362,677
4. Other	**15,000,953**

6. Assets subject to accounting offsetting or under master netting agreements and similar ones

(€ '000)

INSTRUMENT TYPE	GROSS AMOUNTS OF FINANCIAL ASSETS (A)	FINANCIAL LIABILITIES OFFSET IN BALANCE SHEET (B)	NET BALANCE SHEET VALUES OF FINANCIAL ASSETS (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 AT 12.31.2017 (F=C-D-E)	NET AMOUNTS AT 12.31.2016
1. Derivatives	53,821,939	16,828,789	36,993,150	20,171,484	7,506,749	9,314,917	10,860,980
2. Reverse repos	23,656,257	4,866,333	18,789,924	21,133,631	-	(2,343,707)	10,974,004
3. Securities lending	179	-	179	-	-	179	-
4. Others	56,328,701	1,034,765	55,293,936	-	-	55,293,936	58,057,378
Total 12.31.2017	**133,807,076**	**22,729,887**	**111,077,189**	**41,305,115**	**7,506,749**	**62,265,325**	**X**
Total 12.31.2016	**158,369,973**	**24,122,365**	**134,247,608**	**46,591,327**	**7,763,919**	**X**	**79,892,362**

Financial derivative assets offset in balance sheet by financial liabilities (column "B" sub-item 1. Derivatives) mainly refers to derivative contracts settled with Central Clearing Counterparts (CCPs).

7. Liabilities subject to accounting offsetting or under master netting agreements and similar ones

(€ '000)

INSTRUMENT TYPE	GROSS AMOUNTS OF FINANCIAL LIABILITIES (A)	FINANCIAL ASSETS 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 PLEDGED (E)	NET AMOUNTS AT 12.31.2017 (F=C-D-E)	NET AMOUNTS AT 12.31.2016
1. Derivatives	50,736,365	15,901,588	34,834,777	20,501,412	8,400,323	5,933,042	7,753,655
2. Repos	31,449,304	4,866,333	26,582,971	26,326,472	-	256,499	5,085,017
3. Securities lending	177,878	-	177,878	-	-	177,878	-
4. Others	86,068,126	1,961,965	84,106,161	-	-	84,106,161	83,875,262
Total 12.31.2017	**168,431,673**	**22,729,886**	**145,701,787**	**46,827,884**	**8,400,323**	**90,473,580**	**X**
Total 12.31.2016	**182,816,247**	**24,122,366**	**158,693,881**	**51,629,857**	**10,350,090**	**X**	**96,713,934**

Financial derivative liabilities offset in balance sheet by financial assets (column "B" sub item 1.Derivatives) mainly refers to derivative contracts settled with Central Clearing Counterparts (CCPs).

Part C - Consolidated Income Statement

Part C - Consolidated Income Statement

Section 1 - Interests - Items 10 and 20

1.1 Interest income and similar revenues: breakdown

(€ '000)

ITEMS/TYPE	YEAR 2017 DEBT SECURITIES	YEAR 2017 LOANS	YEAR 2017 OTHER TRANSACTIONS	YEAR 2017 TOTAL	YEAR 2016 TOTAL
1. Financial assets held for trading	176,852	(23,763)	495,846	648,935	580,816
2. Financial assets at fair value through profit or loss	136,261	34,320	-	170,581	285,137
3. Available-for-sale financial assets	1,532,763	352	-	1,533,115	1,572,641
4. Held-to-maturity investments	65,507	-	-	65,507	43,235
5. Loans and receivables with banks	52,533	214,208	-	266,741	294,083
6. Loans and receivables with customers	183,429	10,837,761	-	11,021,190	11,656,372
7. Hedging derivatives	X	X	902,321	902,321	1,402,302
8. Other assets	X	X	151,321	151,321	130,214
Total	**2,147,345**	**11,062,878**	**1,549,488**	**14,759,711**	**15,964,800**

The “Debt Securities” and “Loans” columns include interest income from impaired assets,o ther than the interest income recognised in item “Write-backs”, amounting to €7 million and €548 million respectively.

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

(€ '000)

ITEMS	YEAR 2017	YEAR 2016
A. Positive differentials relating to hedging operations	4,784,386	5,246,890
B. Negative differentials relating to hedging operations	(3,882,065)	(3,844,588)
C. Net differential	**902,321**	**1,402,302**

For the sake of comparability, the table 1.2 “Interest income and similar revenues” also includes the figures of the table 1.5 “Interest expense and similar costs”.

1.3 Interest income and similar revenues: other information

1.3.1 Interest income from financial assets denominated in currency

(€ '000)

ITEMS	YEAR 2017	YEAR 2016
a) Assets denominated in currency	3,983,853	3,765,972

1.3.2 Interest income from finance leases

(€ '000)

ITEMS	YEAR 2017	YEAR 2016
a) Financial transactions: contingent rents recognised as income in the period	393,672	405,226

1.4 Interest expenses and similar charges: breakdown

(€ '000)

ITEMS/TYPE	YEAR 2017 DEBTS	YEAR 2017 SECURITIES	YEAR 2017 OTHER TRANSACTIONS	YEAR 2017 TOTAL	YEAR 2016 TOTAL
1. Deposits from central banks	155,050	X	-	155,050	(56,528)
2. Deposits from banks	(238,918)	X	-	(238,918)	(333,643)
3. Deposits from customers	(755,538)	X	-	(755,538)	(968,463)
4. Debt securities in issue	X	(2,744,181)	-	(2,744,181)	(3,279,106)
5. Financial liabilities held for trading	7,289	(90,033)	(773,024)	(855,768)	(878,742)
6. Financial liabilities at fair value through profit or loss	-	(4,327)	-	(4,327)	(2,484)
7. Other liabilities and funds	X	X	(17,968)	(17,968)	(138,823)
8. Hedging derivatives	X	X	-	-	-
TOTAL	**(832,117)**	**(2,838,541)**	**(790,992)**	**(4,461,650)**	**(5,657,789)**

Interest expenses include a positive “one-off” effect, equal to €90 million, recognised by UniCredit Bank AG and referred to the reversal of costs accrued in previous periods.
The negative interest components on financial assets and financial liabilities, contributing to net interest margin, amount respectively to €355 million and €622 million (the latest including €226 million benefit arising from TLTRO II facilities presented in sub-item “1. Deposits from central banks”).

1.5 Interest expense and similar charges: hedging differentials

For the sake of comparability, information on hedging differentials is provided in Table 1.2.

1.6 Interest expense and similar charges: other information

1.6.1 Interest expenses on liabilities denominated in currency

(€ '000)

ITEMS	YEAR 2017	YEAR 2016
a) Liabilities denominated in currency	(1,738,965)	(1,836,643)

1.6.2 Interest expenses on finance leases

There are no Interest expenses on finance leases.

Section 2 - Fees and commissions - Items 40 and 50

2.1 Fees and commissions income: breakdown

(€ '000)

TYPE OF SERVICES/VALUES	YEAR 2017	YEAR 2016
a) guarantees given	**508,968**	**518,897**
b) credit derivatives	**(69)**	**-**
c) management, brokerage and consultancy services:	**3,425,804**	**2,640,115**
1. securities trading	235,066	235,866
2. currency trading	100,504	104,692
3. portfolio management	361,444	336,366
3.1 individual	*150,210*	*148,646*
3.2 collective	*211,234*	*187,720*
4. custody and administration of securities	195,424	198,793
5. custodian bank	34,159	34,682
6. placement of securities	755,682	389,783
7. reception and transmission of orders	128,748	134,355
8. advisory services	130,117	107,949
8.1 related to investments	*100,207*	*47,919*
8.2 related to financial structure	*29,910*	*60,030*
9. distribution of third party services	1,484,660	1,097,629
9.1 portfolio management	596,336	318,913
9.1.1 individual	*2,078*	*234*
9.1.2 collective	*594,258*	*318,679*
9.2 insurance products	857,273	744,761
9.3 other products	31,051	33,955
d) collection and payment services	**1,548,549**	**1,455,590**
e) securitisation servicing	**3,198**	**5,354**
f) factoring	**75,496**	**79,275**
g) tax collection services	**-**	**-**
h) management of multilateral trading facilities	**-**	**-**
i) management of current accounts	**1,219,277**	**1,214,556**
j) other services	**859,794**	**843,387**
k) security lending	**22,437**	**21,248**
Total	**7,663,454**	**6,778,422**

Item "j) other services" mainly comprise:

- fees on loans granted: €523 million in 2017, €548 million in 2016 (-5%);
- fees for foreign transactions and services of €74 million in 2017, €66 million in 2016 (+13%);
- fees for various services provided to customers (e.g. treasury, merchant banking, etc.) of €68 million in 2017, €51 million in 2016 (+33%);
- fees for ATM and credit card services not included in collection and payment services, amounting to €76 million in 2017, €69 million in 2016 (+9%).

Part C - Consolidated Income Statement

2.2 Fees and commissions expenses: breakdown

(€ '000)

SERVICES/VALUES	YEAR 2017	YEAR 2016
a) guarantees received	**(142,944)**	**(124,380)**
b) credit derivatives	**-**	**-**
c) management,brokerage and consultancy services:	**(550,694)**	**(526,479)**
1. trading financial instruments	(58,344)	(65,281)
2. currency trading	(11,587)	(13,163)
3. portfolio management	(23,678)	(18,705)
3.1 own portfolio	*(10,199)*	*(7,755)*
3.2 third party portfolio	*(13,479)*	*(10,950)*
4. custody and administration of securities	(154,281)	(148,745)
5. placement of financial instruments	(31,734)	(31,101)
6. off-site distribution of financial instruments, products and services	(271,070)	(249,484)
d) collection and payment services	**(429,447)**	**(383,721)**
e) other services	**(119,583)**	**(131,997)**
f) security borrowing	**(28,361)**	**(26,613)**
Total	**(1,271,029)**	**(1,193,190)**

Section 3 - Dividend income and similar revenues - Item 70

In 2017 dividend income, which is recognised in the accounts in the year in which their distribution is approved, totalled €283 million, or €315 million if income from units in investment funds is also considered, as against €405 million in the same period in 2016.

3.1 Dividend income and similar revenues: breakdown

(€ '000)

	YEAR 2017		YEAR 2016	
ITEMS/REVENUES	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS
A. Financial assets held for trading	243,857	14,532	240,188	20,163
B. Available for sale financial assets	33,584	17,264	130,409	11,517
C. Financial assets at fair value through profit or loss	-	-	6	-
D. Investments	5,570	X	2,940	X
Total	**283,011**	**31,796**	**373,543**	**31,680**
Total dividends and income from units in investment funds		**314,807**		**405,223**

Sub-item "B. Available for sale financial assets" includes €10 million in dividends received relating to the shareholding in Banca d'Italia. In 2016 the sub-item includes €61 million in dividends received relating to the shareholding in Banca d'Italia, €24 million in dividends received relating to the shareholding in Bayerische Immobilien-Leasing Gmbh & Co. Verwaltungs-KG and €19 million in dividends received relating to the shareholding in Kartensysteme Gesellschaft mit Beschraenkter Haftung.

Section 4 - Gains (Losses) on financial assets and liabilities held for trading - Item 80

This table summarises trading income for 2017 and 2016 with y/y changes.

Gains (Losses) on financial assets and liabilities held for trading (€ million)

TRANSACTIONS/P&L ITEMS	YEAR 2017	YEAR 2016	CHANGE
Financial assets held for trading	1,232	269	963
Financial liabilities held for trading	(168)	(415)	247
Financial assets and liabilities in currency: exchange differences	640	284	356
Financial and credit derivatives	(628)	1,069	- 1,697
Total	**1,076**	**1,207**	**- 131**

4.1 Gains and losses on financial assets and liabilities held for trading: breakdown

(€ '000)

	YEAR 2017				
TRANSACTIONS/P&L ITEMS	UNREALISED PROFITS	REALISED PROFITS	UNREALISED LOSSES	REALISED LOSSES	NET PROFIT
1. Financial assets held for trading	**2,048,393**	**3,527,220**	**(1,773,309)**	**(2,570,496)**	**1,231,808**
1.1 Debt securities	327,733	800,631	(333,919)	(805,404)	(10,959)
1.2 Equity instruments	261,529	2,403,041	(1,304,225)	(553,639)	806,706
1.3 Units in investment funds	65,497	107,499	(37,461)	(26,509)	109,026
1.4 Loans	1,015,061	176,287	(96,607)	(18,510)	1,076,231
1.5 Other	378,573	39,762	(1,097)	(1,166,434)	(749,196)
2. Financial liabilities held for trading	**324,116**	**562,120**	**(440,254)**	**(614,367)**	**(168,385)**
2.1 Debt securities	183,943	154,779	(330,357)	(266,567)	(258,202)
2.2 Deposits	7	-	(94)	(3,849)	(3,936)
2.3 Other	140,166	407,341	(109,803)	(343,951)	93,753
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**640,090**
4. Derivatives	**55,426,606**	**39,895,372**	**(55,730,322)**	**(40,081,689)**	**(628,078)**
4.1 Financial derivatives:	53,552,775	39,340,121	(53,852,972)	(39,512,599)	(610,720)
- on debt securities and interest rates	*43,887,923*	*33,595,853*	*(44,515,823)*	*(32,502,827)*	*465,126*
- on equity securities and share indices	*8,435,533*	*4,069,639*	*(7,805,246)*	*(5,311,520)*	*(611,594)*
- on currency and gold	*X*	*X*	*X*	*X*	*(138,045)*
- other	*1,229,319*	*1,674,629*	*(1,531,903)*	*(1,698,252)*	*(326,207)*
4.2 Credit derivatives	1,873,831	555,251	(1,877,350)	(569,090)	(17,358)
Total	**57,799,115**	**43,984,712**	**(57,943,885)**	**(43,266,552)**	**1,075,435**

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

5.1 Fair value adjustments in hedge accounting: breakdown

(€ '000)

P&L COMPONENT/VALUES	YEAR 2017	YEAR 2016
A. Gains on:		
A.1 Fair value hedging instruments	10,422,956	11,764,847
A.2 Hedged asset items (in fair value hedge relationship)	690,901	916,312
A.3 Hedged liability items (in fair value hedge relationship)	1,690,055	418,330
A.4 Cash-flow hedging derivatives	6,344	3,358
A.5 Assets and liabilities denominated in currency	1,961	-
Total gains on hedging activities	**12,812,217**	**13,102,847**
B. Losses on:		
B.1 Fair value hedging instruments	(10,923,528)	(12,150,064)
B.2 Hedged asset items (in fair value hedge relationship)	(1,836,690)	(785,344)
B.3 Hedged liability items (in fair value hedge relationship)	19,716	(158,271)
B.4 Cash-flow hedging derivatives	(14,371)	(14,942)
B.5 Assets and liabilities denominated in currency	-	(2,012)
Total losses on hedging activities	**(12,754,873)**	**(13,110,633)**
C. Net hedging result	**57,344**	**(7,786)**

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Section 6 - Gains (Losses) on disposals/repurchase - Item 100

As at 31 December 2017 the disposal/repurchase of financial assets/liabilities generated net gains in the amount of +€99 million (+€642 million in 2016), of which +€100 million on assets and -€1 million on liabilities.
In 2017 net result recognised under sub-item “2.Loans and receivables with customers” equal to -€436, mainly due to losses on loan disposal realised by UniCredit S.p.A. and to gains from the mortgage loans sale realised by Redstone Mortgages Limited (+€40 million netted by transactional costs).
In particular gains and losses on disposal booked in full year 2017 include those underlying the FINO Portfolio sale, classified (until the time of transfer) in item "150. Non-current assets and disposal groups classified as held for sale", and amount to approximately €350 million and €714 million respectively, with a negative net amount for approximately €364 million. This net result, technically booked following the transfer of the assets occurred in July 2017, has been almost entirely absorbed and covered by the positive economic effects, as, among others, write-backs from recoveries associated with the dynamic of the Portfolio during the first half 2017, and by the derecognition of liabilities recorded as of 31 December 2016 on commitments for other transactions, in the context of the valuation made of the Portfolio in that year. For a more detailed disclosure on FINO Project, see the information provided in Part E - Information on risk and hedging policies - Section 1. Credit risk, below the Table "A.1.2. Breakdown of credit exposures by portfolio and credit quality (gross and net amounts).
The sub-item “3. Available-for-sale financial assets - 3.1 Debt securities” was +€307 million and comprised gains on disposal of UniCredit S.p.A. (+€226 million, due to disposal of Italian Government securities +€158, Spanish Government securities +€30, French Government securities +€12 and Corporate bonds +€15), AO UniCredit Bank (+€18 million, mainly due to disposal of Russian Government securities), UniCredit Bank Austria AG (+€14 million, mainly due to disposal of French and Spanish Government securities), UniCredit Bank Czech Republic and Slovakia A.S.(+€12 million, mainly due to disposal of Czechs Government securities), UniCredit Bank Ireland PLC. (+€9 million, mainly due to disposal of Russian and Spanish Government securities), UniCredit Bank AG (+€8 million, mainly due to disposal of Italian and Spanish Government securities).
Net results of sub-item “3. Available-for-sale financial assets - 3.2 Equity Instruments” equal to +€116 million mainly includes gain on disposal of equity investment in Concardis GMBH (+€39 million), Istituto Europeo di Oncologia S.r.l. (+€20 million), Bayerische Immobilien-Leasing GMBH & CO Verwaltungs- KG (+€19 million), Eramet SA (+€18 million).
The sub-item “3. Available-for-sale financial assets - 3.3 Units in Investment funds”, equal to +€111, referred to UniCredit S.p.A.(+€44 million due to: F2I sale +€23 million and Fondo Italiano d’investimento +€20 million) and to UniCredit Bank AG (+€64 million due to F2I).

6.1 Gains (Losses) on disposal/repurchase: breakdown

(€ '000)

	YEAR 2017			YEAR 2016		
ITEMS/P&L ITEMS	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
Financial assets						
1. Loans and receivables with banks	**2,236**	**-**	**2,236**	**30**	**(8)**	**22**
2. Loans and receivables with customers	**621,437**	**(1,057,405)**	**(435,968)**	**164,985**	**(225,251)**	**(60,266)**
3. Available-for-sale financial assets	**1,015,209**	**(481,856)**	**533,353**	**1,077,876**	**(378,770)**	**699,106**
3.1 Debt securities	784,751	(478,206)	306,545	754,693	(378,719)	375,974
3.2 Equity instruments	119,368	(3,650)	115,718	322,630	(49)	322,581
3.3 Units in Investment funds	111,090	-	111,090	553	(2)	551
3.4 Loans	-	-	-	-	-	-
4. Held-to-maturity investments	**10**	**-**	**10**	**-**	**-**	**-**
Total assets	**1,638,892**	**(1,539,261)**	**99,631**	**1,242,891**	**(604,029)**	**638,862**
Financial liabilities						
1. Deposits with banks	**19,989**	**(10,463)**	**9,526**	**29,741**	**(24,073)**	**5,668**
2. Deposits with customers	**596**	**(6,849)**	**(6,253)**	**4,291**	**(10,476)**	**(6,185)**
3. Debt securities in issue	**61,945**	**(65,886)**	**(3,941)**	**134,296**	**(131,068)**	**3,228**
Total liabilities	**82,530**	**(83,198)**	**(668)**	**168,328**	**(165,617)**	**2,711**
Total financial assets and liabilities			**98,963**			**641,573**

As at 31 December 2016 the disposal/repurchase of financial assets/liabilities generated net gains in the amount of +€642 million, of which +€639 million on assets and +€3 million on liabilities.
In 2016 net result recognised under sub-item “3. Available-for-sale financial assets - 3.1 Debt securities” was +€376 million and comprised gains on disposal of Trevi 3 (+€132 million on BTP disposal), UniCredit S.p.A. (+€189 million, mainly due to disposal of Italian Government securities), UniCredit Bank S.A. (+€11 million, mainly due to disposal of Romanian Government securities), UniCredit Bank Austria AG (+€8 million, mainly due to disposal of Austrian and Belgian Government securities), UniCredit Banka Slovenija D.D. (+€8 million, mainly due to disposal of Slovenian Government securities), UniCredit Bank Czech Republic and Slovakia A.S.(+€6 million, mainly due to disposal of Czechs and Slovaks Government securities), FinecoBank S.p.A. (+€5 million, mainly due to disposal of Italian and Spanish Government securities).
Net results of sub-item “3. Available-for-sale financial assets - 3.2 Equity Instruments” equal to +€323 million mainly includes gain on disposal of equity investment in Visa Europe Ltd for +€273 million (+€333 million if included the impact classified in item “310. Profit (Loss) after tax from discontinued operations”), Cisalfa Sport S.p.A. for +€15 million, Erg Renew S.p.A. for +€10 million, Tikehau Capital Advisors S.A.S. for +6 million and Util Industries S.p.A. for +€7 million.
The net profit on repurchase of financial liabilities (+€3 million) principally relates to deposits with banks.

Section 7 - Gains (Losses) on financial assets/liabilities at fair value through profit or loss - Item 110

Gains and losses on financial assets/liabilities at fair value comprise net gains arising from the valuation of financial assets and liabilities recognised in the accounts, as well as credit and financial derivatives economically associated with them and already recognised under Financial assets/liabilities held for trading (sub-Items: “1. Financial derivatives - 1.2 Related to fair value option” and “2. Credit derivatives - 2.2 Related to fair value option”).

This table summarises the net result of assets and liabilities valued at fair value for 2017 and 2016, with y/y changes.

Gains (Losses) in financial assets and liabilities at fair value through profit or loss: breakdown

(€ million)

TRANSACTIONS/P&L ITEMS	YEAR 2017	YEAR 2016	CHANGE
Financial assets	(224)	(75)	- 149
Financial liabilities	(148)	(80)	- 68
Financial assets and liabilities in currency: exchange differences	-	-	-
Financial and credit derivatives	281	75	206
Total	**(91)**	**(80)**	**- 11**

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

(€ '000)

	YEAR 2017				
TRANSACTIONS/P&L ITEMS	UNREALISED PROFITS	REALISED PROFITS	UNREALISED LOSSES	REALISED LOSSES	NET PROFIT
1. Financial assets	**91,471**	**64,543**	**(299,688)**	**(80,041)**	**(223,715)**
1.1 Debt securities	66,769	62,477	(257,001)	(78,209)	(205,964)
1.2 Equity securities	21,874	500	(2)	-	22,372
1.3 Units in investment funds	1,044	1,566	(874)	(34)	1,702
1.4 Loans	1,784	-	(41,811)	(1,798)	(41,825)
2. Financial liabilities	**60,285**	**152**	**(163,104)**	**(45,252)**	**(147,919)**
2.1 Debt securities	46,909	152	(163,104)	(45,252)	(161,295)
2.2 Deposits from banks	-	-	-	-	-
2.3 Deposits from customers	13,376	-	-	-	13,376
3. Financial assets and liabilities in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**-**
4. Credit and financial derivatives	**553,617**	**56,368**	**(310,673)**	**(18,685)**	**280,627**
Total	**705,373**	**121,063**	**(773,465)**	**(143,978)**	**(91,007)**

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Section 8 - Net losses/recoveries on impairment - Item 130

For more information, see following Part E - Information on risks and hedging policies - A. Credit quality.

8.1 Net impairment losses on loans and receivables: breakdown

(€ '000)

TRANSACTIONS/P&L ITEMS	YEAR 2017								YEAR 2016
	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC			SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	TOTAL
A. Loans and receivables with banks	**(656)**	**(1,245)**	**(6,930)**	**1**	**1,195**	**-**	**14,042**	**6,407**	**35,872**
- Loans	(656)	(1,245)	(6,930)	1	1,195	-	13,671	6,036	35,972
- Debt securities	-	-	-	-	-	-	371	371	(100)
B. Loans and receivables with customers	**(414,955)**	**(5,578,457)**	**(704,301)**	**488,832**	**3,098,463**	**73**	**1,013,331**	**(2,097,014)**	**(11,965,656)**
Impaired related to purchase agreements	**(1,584)**	**(8,080)**	**-**	**970**	**6,925**	**-**	**-**	**(1,769)**	**(16,801)**
- Loans	(1,584)	(8,080)	X	970	6,925	X	X	(1,769)	(16,801)
- Debt securities	-	-	X	-	-	X	X	-	-
Other loans	**(413,371)**	**(5,570,377)**	**(704,301)**	**487,862**	**3,091,538**	**73**	**1,013,331**	**(2,095,245)**	**(11,948,855)**
- Loans	(405,210)	(5,434,405)	(696,874)	487,862	3,073,606	73	1,006,462	(1,968,486)	(12,000,686)
- Debt securities	(8,161)	(135,972)	(7,427)	-	17,932	-	6,869	(126,759)	51,831
C. Total	**(415,611)**	**(5,579,702)**	**(711,231)**	**488,833**	**3,099,658**	**73**	**1,027,373**	**(2,090,607)**	**(11,929,784)**

The significant decrease of net write-downs on loans and provisions for guarantees and commitments is related to the initiatives launched at the end of 2016 (FINO Project and PORTO Project), under which significant methodological updates were introduced as at 31 December 2016, in order to make them adherent to the new managerial approach in the management of the impaired loans, in compliance to the defined guidelines of the 2016-2019 Strategic Plan approved by the Board of Directors.

The columns "Write-backs: interest" disclose any increase in the presumed recovery value of impaired positions arising from interest accrued in the year on the basis of the original effective interest rate used to calculate write-downs.

Sub-item "B. Loans and receivables with customers - Impaired related to purchase agreements" includes write-downs and write-backs related to impaired loans acquired as part of disposals other than business combinations.

8.2 Net impairment losses on available for sale financial assets: breakdown

(€ '000)

TRANSACTIONS/P&L ITEMS	YEAR 2017					YEAR 2016
	WRITE-DOWNS		WRITE-BACKS			
	SPECIFIC		SPECIFIC			
	WRITE-OFFS	OTHER	INTEREST	OTHER	TOTAL	TOTAL
A. Debt securities	(78)	(26,806)	-	2,162	(24,722)	(18,881)
B. Equity instruments	(62,864)	(97,405)	X	X	(160,269)	(136,496)
C. Units in investment funds	-	(149,687)	X	36	(149,651)	(552,000)
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	**(62,942)**	**(273,898)**	**-**	**2,198**	**(334,642)**	**(707,377)**

In 2017 impairment losses on available-for-sale financial assets were -€335 million, principally on units in investment funds (-€150 million), mainly attributable to Atlante fund stake (-€137 million), to Immobiliare Leopardi fund (-€4 million), to Morgan Stanley P2 Value Fund (-€1 million), to Andromeda fund (-€1 million) and to impairment losses on equity instruments (-€160 million). They were mainly attributable to financial companies as Delfin H S.r.l. (-€30 million), Eramet S.A. (-€18 million), FPE S.p.A. (-€7 million) and to other equity instruments, mainly due to the evaluation of subscribed shares in Le Cotoniere S.p.A. (-€5 million) and Schema Volontario (-€89 million). This last amount is composed of the shareholding of CariCesena, Carim e Carism write-off (-€63 million) and of the Junior and Mezzanine securitisation write-down (-€27 million).
In 2017 impairment losses on debt securities were -€25 million.

In 2016 impairment losses on available-for-sale financial assets were -€707 million, mainly on units in investment funds (-€552 million), mainly attributable to Atlante fund stake (-€547 million).

Impairment losses on equity instruments (-€136 million) were mainly attributable to financial companies as Risanamento S.p.A. (-€22 million), Prelios S.p.A. (-€16 million), Ergo Versicherung Aktiengesellscaft (-€10 million), Italtel S.p.A. (-€6 millioni), Gabetti Property Solutions S.p.A. (-€3 million) and to other equity instruments, among which mainly *Schema Volontario* (-€51 million).
In 2016 impairment losses on debt securities were -€19 million.

8.3 Net impairment losses on held-to-maturity investments: breakdown

(€ '000)

	YEAR 2017								YEAR 2016
	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC			SPECIFIC		PORTFOLIO			
TRANSACTIONS/P&L ITEMS	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	TOTAL
A. Debt securities	-	-	-	-	6,387	-	-	6,387	204
B. Loans to banks	-	-	-	-	-	-	-	-	-
C. Loans to customers	-	-	-	-	-	-	-	-	-
D. Total	**-**	**-**	**-**	**-**	**6,387**	**-**	**-**	**6,387**	**204**

8.4 Net impairment losses on other financial transactions: breakdown

(€ '000)

	YEAR 2017								YEAR 2016
	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC			SPECIFIC		PORTFOLIO			
TRANSACTIONS/P&L ITEMS	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	TOTAL
A. Guarantees given	-	(353,004)	(46,802)	136	185,846	-	24,981	(188,843)	52,900
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	(149,559)	(23,117)	17	160,122	-	18,152	5,615	(13,183)
D. Other transactions	(660)	(3,645)	(870)	52	193,334	-	1,210	189,421	(193,281)
E. Total	**(660)**	**(506,208)**	**(70,789)**	**205**	**539,302**	**-**	**44,343**	**6,193**	**(153,564)**

Section 9 - Premiums earned (net) - Item 150

There are no premiums earned.

Section 10 - Other income (net) from insurance activities - Item 160

There are no income net from insurance activities.

Net result of the insurance business

There is no net result of the insurance business.

Part C - Consolidated Income Statement

Section 11 - Administrative costs - Item 180

11.1 Staff expenses: breakdown

(€ '000)

TYPE OF EXPENSES/SECTORS	YEAR 2017	YEAR 2016
1) Employees	**(6,875,114)**	**(9,251,996)**
a) wages and salaries	(4,891,015)	(5,056,921)
b) social charges	(1,163,351)	(1,222,604)
c) severance pay	(47,191)	(52,109)
d) social security costs	-	-
e) allocation to employee severance pay provision	(18,222)	(22,357)
f) provision for retirements and similar provisions:	(181,048)	(801,634)
- defined contribution	*(1,240)*	*(1,441)*
- defined benefit	*(179,808)*	*(800,193)*
g) payments to external pension funds:	(249,622)	(257,836)
- defined contribution	*(247,617)*	*(256,717)*
- defined benefit	*(2,005)*	*(1,119)*
h) costs related to share-based payments	(77,133)	(61,954)
i) other employee benefits	(269,602)	(1,802,884)
l) recovery payments seconded employees	22,070	26,303
2) Other staff	**(45,260)**	**(52,606)**
3) Directors and Statutory Auditors	**(9,758)**	**(10,856)**
4) Early retirement costs	**-**	**-**
Total	**(6,930,132)**	**(9,315,458)**

See Table 11.3 for details of sub-item f) “provision for retirement payments and similar provisions - defined benefit”.

See Part I of this Note of the Accounts for details of sub-item h) “costs related to share-based payments”.

See Table 11.4 for details of sub-item i) “other employee benefits”.

11.2 Average number of employees by category

	YEAR 2017	YEAR 2016
Employees:	**115,567**	**132,896**
a) Senior managers	1,470	1,880
b) Managers	30,885	33,156
c) Remaining employees staff	83,212	97,860
Other Staff	**1,785**	**2,304**
Total	**117,352**	**135,200**

Employees by category at year end

	AMOUNTS AS AT	
	12.31.2017	12.31.2016
Employees:	**102,315**	**128,818**
a) Senior managers	1,209	1,730
b) Managers	29,016	32,754
c) Remaining employees staff	72,090	94,334
Other Staff	**1,456**	**2,113**
Total	**103,771**	**130,931**

11.3 Defined benefit company retirement funds: total costs and revenues

(€ '000)

	YEAR 2017	YEAR 2016
Current service cost	(99,414)	(107,570)
Settlement gains (losses)	-	(588,935)
Past service cost	(1,285)	(482)
Interest cost on the DBO	(166,232)	(205,725)
Interest income on plan assets	86,930	102,519
Others costs/revenues	193	-
Total recognised in profit or loss	**(179,808)**	**(800,193)**

The balance of item “Settlement gains (losses)” for 2016 is mainly due to the effects of a law approved by the Austrian Parliament in April 2016, aimed to increase, with retroactive effect, the contributions to be paid following the transfer of pension obligations regarding to the employees of UniCredit Bank Austria (“UCBA”) to the national public system. For additional details please refer to Part B - Section 12 - Provisions for risks and charges.

11.4 Other employee benefits

(€ '000)

	YEAR 2017	YEAR 2016
- Seniority premiums	(4,746)	13,076
- Leaving incentives	(18,503)	(1,594,280)
- Other	(246,353)	(221,680)
Total	**(269,602)**	**(1,802,884)**

The net balance in the sub-item Leaving Incentives for 2016 is mainly determined by the effects envisaged by the Strategic Plan related to the signing of an agreement with trade unions in Italy, on 4 February 2017, for early retirement through the extraordinary banking industry Solidarity Fund for the population having the right to retire within the following 54 months by Plan’s expiry, while in Germany and Austria, agreements were reached with workers' representatives (Workers' Council) based on individual negotiations, without particular reference to the age range. With reference to the Austrian personnel, it is pointed out that the update of the UCBA restructuring plan, implemented in two phases during 2016, resulted in a net reduction of 2016 costs previously allocated at 31 December 2015.

Part C - Consolidated Income Statement

11.5 Other administrative expenses: breakdown

(€ '000)

TYPE OF EXPENSES/SECTORS	YEAR 2017	YEAR 2016
1) Indirect taxes and duties	**(746,094)**	**(872,254)**
1a. Settled	(744,881)	(871,875)
1b. Unsettled	(1,213)	(379)
2) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)	**(513,262)**	**(659,510)**
3) Guarantee fee for DTA conversion	**10,062**	**(253,726)**
4) Miscellaneous costs and expenses	**(3,889,853)**	**(4,331,292)**
a) advertising marketing and communication	**(248,959)**	**(281,016)**
b) expenses related to credit risk	**(351,028)**	**(366,733)**
c) indirect expenses related to personnel	**(159,525)**	**(186,456)**
d) Information & Communication Technology expenses	**(1,248,430)**	**(1,489,899)**
lease of ICT equipment and software	(74,637)	(99,416)
software expenses: lease and maintenance	(215,649)	(219,186)
ICT communication systems	(70,973)	(71,116)
services ICT in outsourcing	(767,261)	(969,703)
financial information providers	(119,910)	(130,478)
e) consulting and professionals services	**(315,938)**	**(380,477)**
consulting	(244,555)	(257,887)
legal expenses	(71,383)	(122,590)
f) real estate expenses	**(847,367)**	**(904,839)**
premises rentals	(468,737)	(505,617)
utilities	(152,003)	(161,054)
other real estate expenses	(226,627)	(238,168)
g) operative costs	**(718,606)**	**(721,872)**
surveillance and security services	(52,847)	(52,822)
money counting services and transport	(56,413)	(58,111)
printing and stationery	(39,264)	(51,829)
postage and transport of documents	(86,526)	(89,847)
administrative and logistic services	(243,251)	(256,809)
insurance	(78,734)	(81,606)
association dues and fees and Contributions to the administrative expenses Deposit Guarantee Schemes	(63,194)	(66,085)
other administrative expenses - other	(98,377)	(64,763)
Total (1+2+3)	**(5,139,147)**	**(6,116,782)**

Expenses related to personnel include the expenses that do not represent remuneration of the working activity of an employee in compliance with IAS19.

Information Communication Technology expenses for the year 2016 include €238 million related to the contractual renegotiation and substantial changes to the contract between the subsidiary UniCredit Business Integrated Solution and V-TServices that have brought to expiration of the rights to obtain prepaid services and consequently accounting derecognition of related credits to suppliers.

Contributions to Resolution and Guarantee Funds

The item Other administrative costs holds the contributions to resolution and guarantee funds ("SRF"), harmonised and non-harmonised ("DGS") respectively equal to €305 million and €208 million.

With reference to the harmonised funds, the ordinary annual contributions due pursuant to the Directives No.49 and No.59 of 2014 are accounted for in full when the legal condition of the obligation to make payment and the application of IFRIC21 does not allow the pro-rata attribution to the interim periods.

In relation to the contribution obligations described below, such schemes have led to expenses during the period and will result in expenses in future periods as ordinary contribution scheme and potential extraordinary contributions.

- With the introduction of the European Directive 2014/59/EU, the Regulation on the Single Resolution Mechanism ("BRRD Directive" Regulation (EU) No.806/2014 of the European Parliament and of the Council dated 15 July 2014) established a framework for the recovery and resolution of crises in credit institutions, by setting up a single resolution committee and a single resolution fund for banks (Single Resolution Fund, "SRF"). The Directive provides for the launch of a compulsory contribution mechanism that entails the collection of the target level of resources by 31 December 2023, equal to 1% of the covered deposits of all the authorised institutions acting in the European territory. The accumulation period may be extended for a further four years if the funding mechanisms have made cumulative disbursements for a percentage higher than 0.5% of the covered deposits. If, after the accumulation period, the available financial resources fall below the target level, the collection of contributions

shall resume until that level has been recovered. Additionally, having reached the target level for the first time and, in the event that the available financial resources fall to less than two thirds of the target level, these contributions are set at the level which allows the target level to be reached within a period of six years. The contribution mechanism provides for ordinary annual contributions, with the aim of distributing the costs evenly over time for the contributing banks, and extraordinary additional contributions, of up to three times the expected annual contributions, when the available financial resources are not sufficient to cover the losses and costs of the interventions. A transitional phase of contributions to the national compartments of the SRF and a progressive mutualisation of these are expected.
- The Directive 2014/49/EU of 16 April 2014, in relation to the DGS, aims to enhance the protection of depositors through the harmonisation of the related national legislation. The Directive provides for the launch of a mandatory national contribution mechanism that will allow a target level of 0.8% of the amount of its members' covered deposits to be collected by 3 July 2024. The contribution resumes when the financing capacity is below the target level, at least until the target level is reached. If, after the target level has been reached for the first time, the available financial resources have been reduced to below two thirds of the target level, the regular contribution shall be set at a level to achieve the target level within six years. The contribution mechanism provides for ordinary annual contribution instalments, with the aim of distributing the costs evenly over time for the contributing banks, and also extraordinary contributions, if the available financial resources of a DGS are insufficient to repay depositors; the extraordinary contributions cannot exceed 0.5% of covered deposits per calendar year, but in exceptional cases and with the consent of the competent authority, the DGS may demand even higher contributions.

The Directives No.49 and No.59 specify the possibility of introducing irrevocable payment commitments as an alternative to collection of fund contributions lost through cash, up to a maximum of 30% of the total resources target.
With reference to Directive No.59 (SRF contributions) the instrument of the irrevocable payment commitments has been used by UniCredit S.p.A. and by the German subsidiary UniCredit Bank AG for an amount equal to 15% of full contributions paid in May 2016, resulting in the payment of guarantees in the form of cash, €16 million and €12 million respectively. With reference to 2017 ordinarily contribution, only UniCredit Bank AG has adopted this faculty for €14 million. The cash collateral has been recognised in the balance sheet as an asset and its contractual characteristics have been taken into account in its measurement.

For the operations in the 2015 and 2016 financial years, the ordinary contribution to the SRF for UniCredit S.p.A. was respectively €73 million and €107 million. In its capacity as National Resolution Authority ("NRA"), Banca d'Italia, with its Provisions dated 21 November 2015, approved by the Italian Minister of Economy and Finance on 22 November 2015, ordered the launch of a resolution programme (for Banca delle Marche, Banca Popolare dell'Etruria e del Lazio, Cassa di Risparmio di Ferrara, Cassa di Risparmio della Provincia di Chieti). In particular, this related to a restructuring process which resulted in the separation of the non-performing assets of the four banks concerned, which flowed into a "bad bank", from the rest of the assets and liabilities, that flowed into four new "bridge banks", held to be sold through a competitive selling procedure on the market. As a result of this intervention, the aforementioned ministerial measures led to a request for extraordinary contributions for 2015, in accordance with Directive 59, established at the maximum rate of three times the ordinary contribution due for 2015. Therefore, UniCredit S.p.A made an extraordinary contribution of €219 million (equal to 3 times the ordinary annual contribution due in 2015 for the Single Resolution Fund). The liquidity needed to fund this intervention was provided through a loan in which UniCredit participated. In particular, the intervention of UniCredit entailed:
- the provision of a loan in favour of the National Resolution Fund for about €783 million (portion of a total loan of €2,350 million disbursed together with other banks), fully repaid on 21 December 2015 through the liquidity inflow from the ordinary and extraordinary contributions of 2015;
- the provision of a further tranche of the loan in favour of the National Resolution Fund for a numina equal to €516 million (portion of a total loan of €1,550 million disbursed together with other banks) and the payment commitment to the National Resolution Fund for an amount of €33 million (portion of a total commitment of €100 million for a further tranche of the loan together with other banks), both closed in June 2017;
- the provision of a loan in favour of the National Resolution Fund for about €210 million (portion of a total loan of €1,240 million disbursed together with other banks).

In respect of the loan and the commitment, Cassa Depositi e Prestiti has assumed a commitment of financial support in favour of National Resolution Fund in the event of insufficient liquidity to the date of loan maturity, while awaiting that the National Resolution Fund finds the necessary resources through ordinary and/or extraordinary contributions.

With reference to the financing of the resolution of the four banks mentioned above, Italian Legislative Decree 183/2015 (converted into Law 208/2015) also introduced an additional payment commitment for 2016, due to the National Resolution Fund, for the payment of contributions of up to twice the ordinary contribution quotas to the Single Resolution Fund, which could be activated if the funds available to the National Resolution Fund net of recoveries arising from the disposal transactions carried out by the Fund from the assets of the four banks mentioned above were not sufficient to cover the bonds, losses and costs payable by the Fund in relation to the measures provided for by the Provisions launching the resolution. In application of this faculty, in December 2016 additional €214 million (two times the ordinary contribution) have been requested by Banca d'Italia and posted into UniCredit S.p.A. profit and loss and subsequently paid during 2017.

Part C - Consolidated Income Statement

Guarantee fees for DTA conversion

Guarantee fee for DTA conversion, introduced by D.L. 3 May 2016 No.59, Art.11 ("Decreto Banche", converted into Law No.119 of 30 June 2016), allows, under some conditions, option to convert into fiscal credits some deferred tax assets provided that such options is irrevocably exercised under payment of an annual fee originally for the period 2015-2029, then modified into 2016-2030 by some amendments introduced by D.L. No.237 of 23 December 2016 ("salva-risparmio") converted into Law No.15 of 17 February 2017.

In 2016, the first relevant year, according to relevant rules existing as at 31 December 2016, a total amount for €254 million, corresponding to the fee effectively paid for the year 2015 (€127 million) and an equal estimated amount for year 2016, was booked. Following the described changes in law effective from 22 February 2017, in the first half 2017 figures the estimated amount of €127 million booked in 2016 has been reversed and a cost for the period for €117 million, corresponding to the amount effectively paid on 28 June 2017 for year 2017, has been booked.

Pursuant to article 2427, first paragraph of the Italian Civil Code, the fees paid to the auditing firm Deloitte & Touche S.p.A. (and firms in its network) by UniCredit S.p.A and the Italian entities of the UniCredit group relating to financial year 2017 were as follows:

- legal audit of annual accounts (including the audit of the first half financial report): €4,392 thousand;
- other checks: €3,814 thousand;
- other non-audit services: €5,310 thousand.

The above amounts are net of VAT and expenses.

Section 12 - Net provisions for risks and charges - Item 190

Net provisions for risks and charges are referable to revocatory action, claims for compensation, legal and other disputes, and are updated on the basis of the evolution of cases in progress and to the assessment of their foreseen outcomes.

12.1 Net provisions for risks and charges: breakdown

(€ '000)

	YEAR 2017			YEAR 2016
ASSETS/P&L ITEMS	PROVISIONS	REALLOCATION SURPLUS	TOTAL	TOTAL
1. Other provisions				
1.1 legal disputes	(237,340)	107,662	(129,678)	(587,546)
1.2 staff costs	(1,843)	91	(1,752)	(722)
1.3 other	(557,437)	180,291	(377,146)	(376,108)
Total	**(796,620)**	**288,044**	**(508,576)**	**(964,376)**

The item "1.1 legal disputes" is mainly contributed by provisions made by holding UniCredit S.p.A. and its subsidiary UniCredit Factoring (see Part E - section 4 "Operational Risk" - paragraph "B. Legal risk" for further information).

The item "1.3 other" is mainly contributed by provisions made by holding UniCredit S.p.A. and its subsidiaries UniCredit Bank AG and UniCredit Business Integrated Solutions (UBIS) for various type of risks for which refer to Part E - section 4 "Operational Risk" - paragraph "F. Other claims by customers".

The item "Net provisions for risks and charges" includes, where applicable, variations in "time value" due to the passing of time and consequent nearing of the expiry for the expected liability.

Section 13 - Impairments/write-backs on property, plant and equipment - Item 200

In 2017 impairment/write-backs on property, plant and equipment amounted to -€760 million (as against -€809 million in 2016). This amount includes -€26 million impairment losses on tangible assets held for sale. The breakdown is provided in the table below:

13.1 Impairment on property, plant and equipment: breakdown

(€ '000)

ASSETS/P&L ITEMS	YEAR 2017			
	DEPRECIATION	IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT
A. Property, plant and equipment				
A.1 Owned	**(659,398)**	**(97,765)**	**24,314**	**(732,849)**
- used in the business	(609,572)	(14,788)	10,924	(613,436)
- held for investment	(49,826)	(82,977)	13,390	(119,413)
A.2 Finance lease	**(496)**	**-**	**-**	**(496)**
- used in the business	(335)	-	-	(335)
- held for investment	(161)	-	-	(161)
Total A	**(659,894)**	**(97,765)**	**24,314**	**(733,345)**
B. Non-current assets and groups of assets held for sale	**X**	**(31,781)**	**5,447**	**(26,334)**
- used in the business	X	(19,878)	-	(19,878)
- held for investments	X	(11,903)	5,447	(6,456)
Total A + B	**(659,894)**	**(129,546)**	**29,761**	**(759,679)**

Section 14 - Impairments/write-backs on intangible assets - Item 210

In 2017 impairments/write-backs on intangible assets were -€407 million, against -€732 million in the previous year.

Apart from depreciation, in 2017 the impairment of the other intangible assets with finite life was approximately -€25 million, mainly referred to the subsidiary UniCredit Business Integrated Solutions S.C.p.A. (UBIS).

The breakdown is set out in the table below:

14.1 Impairment on intangible assets: breakdown

(€ '000)

ASSETS/P&L ITEMS	YEAR 2017			
	AMORTISATION	IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT
A. Intangible assets				
A.1 Owned	**(382,032)**	**(25,327)**	**-**	**(407,359)**
- generated internally by the company	(258,197)	(17,610)	-	(275,807)
- other	(123,835)	(7,717)	-	(131,552)
A.2 Finance leases	**-**	**-**	**-**	**-**
B. Non-current assets and disposal group classified as held for sale	**X**	**(25)**	**-**	**(25)**
Total	**(382,032)**	**(25,352)**	**-**	**(407,384)**

With reference to the Impairment losses of intangible assets - other, see Part B - Consolidated Balance Sheet - Asset - Section 13 - Intangible Assets.

The re-assessment of useful life conducted by UBIS on intangible assets led to lower amortisation for €15 million.

Part C - Consolidated Income Statement

Section 15 - Other net operating income - Item 220

Other net operating income is a residual item comprising sundry gains and expenses not attributable to other income statement items.

Other net operating income: breakdown

(€ '000)

P&L ITEMS/VALUE	YEAR 2017	YEAR 2016
Total other operating expenses	(744,399)	(771,583)
Total other operating income	1,780,050	1,866,558
Other net operating income	**1,035,651**	**1,094,975**

15.1 Other operating expenses: breakdown

(€ '000)

TYPE OF EXPENSE/VALUE	YEAR 2017	YEAR 2016
Costs for operating leases	(5,180)	(5,179)
Non-deductible tax and other fiscal charges	(2,296)	(2,534)
Write-downs on leasehold improvements	(78,243)	(72,235)
Costs related to the specific service of financial leasing	(85,462)	(122,023)
Other	(573,218)	(569,612)
Total other operating expenses	**(744,399)**	**(771,583)**

Starting from 2017, in order to better represent costs and revenues from leasing contracts with its customers, the subsidiary UniCredit Leasing S.p.A. has represented into commission expenses some elements previously exposed into other operating expenses.

The sub-item "Other" includes:
- various settlements and indemnities of €190 million, €141 million in 2016;
- additional costs for the leasing business of €39 million, €39 million in 2016;
- non-banking business costs €102 million, €84 million in 2016;
- charges relating to Group property of €21 million, €28 million in 2016;
- various payments relating to prior years of €6 million, €3 million in 2016;
- additional costs relating to customer accounts of €22 million, €15 million in 2016.

15.2 Other operating income: breakdown

(€ '000)

TYPE OF REVENUE/VALUES	YEAR 2017	YEAR 2016
A) Recovery of costs	**687,396**	**718,344**
B) Other revenues	**1,092,654**	**1,148,214**
Revenues from administrative services	52,500	69,510
Revenues on rentals Real Estate investments (net of operating direct costs)	117,862	96,149
Revenues from operating leases	165,593	163,313
Recovery of miscellaneous costs paid in previous years	7,949	9,084
Revenues on Financial Leases activities	106,645	133,803
Others	642,105	676,355
Total operating income (A+B)	**1,780,050**	**1,866,558**

Starting from 2017, in order to better represent costs and revenues from leasing contracts with its customers, the subsidiary UniCredit Leasing S.p.A. has represented into commission income some elements previously exposed into other operating revenues.

The sub-item "Other" includes:
- additional income received from leasing business of €47 million, €37 million in 2016;
- income from non-banking business of €321 million, €299 million in 2016;
- various income from Group property of €11 million, €25 million in 2016;
- payments of indemnities and compensation of €43 million, €34 million in 2016.

Section 16 - Profit (Loss) of equity investments - Item 240

In 2017 profit (loss) of associates amounted to +€576 million (+€97 million in 2016), attributable to jointly owned companies for +€294 million and to companies subject to significant influence for +€283 million. The positive variation compared with the previous year equal to +€479 million is mainly due to the impairment of Koc Group, -€458 million, booked in the 2016 Income Statement.

This result consists of "A. Income" of +€599 million and "B. Expense" of -€23 million. In more detail:

- sub-item "A. Income" includes:
  - +€588 million revaluations related to gains on companies valued at Equity method: Koc Finansal Hizmetler As consolidato (+€285 million), Mediobanca Banca Di Credito Finanziario S.p.A. (+€66 million), Oberbank Ag (+55 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (+€34 million), Creditras Vita S.p.A. (+€27 million), Aviva S.p.A. (+€23 million), Cnp UniCredit Vita S.p.A. (+€20 million), Oesterreichische Kontrollbank Aktiengesellschaft (+€19 million), Bks Bank Ag (+18 million), Barn Bv (+€11 million); Incontra Assicurazioni S.p.A.(+ €6 million),
  - +€11 million write-backs mainly due to Koc Finansal Hizmetler As consolidato (+€8 million) e a Fenice S.r.l. (+€2 million).
- sub-item "B. Expense" includes:
  - -€7 million of write-downs referred to losses on companies valued at Equity method: Torre S.g.r S.p.A. (-€3 million) e Da Vinci S.r.l. (-€2 million);
  - -€8 million of impairment losses, mainly attributable to write-downs on investments valued at Equity method, as Compagnia Aerea Italiana S.p.A. (-€5 million) and on investment valued at cost Moneymap GMBH (-€3 million);
  - -€8 million loss on disposal, mainly attributable to the impact arising from the dilution of holding percentage of Mediobanca Banca Di Credito Finanziario S.p.A. (-€8 million).

We can note that during 2017 no transactions were carried out that would have entailed significant recognitions of gains and losses attributable to measurement at fair value of any equity interests retained at the date of losing control.

16.1 Profit (Loss) of investments: breakdown

(€ '000)

P&L ITEMS/SECTORS	YEAR 2017	YEAR 2016
1) Jointly owned companies - Equity		
A. Income	**293,741**	**378,414**
1. Revaluations	285,289	378,414
2. Gains on disposal	-	-
3. Writebacks	8,452	-
4. Other gains	-	-
B. Expense	**(17)**	**(458,171)**
1. Writedowns	(17)	(159)
2. Impairment losses	-	(458,000)
3. Losses on disposal	-	(12)
4. Other expenses	-	-
Net profit	**293,724**	**(79,757)**
2) Companies subject to significant influence		
A. Income	**305,465**	**342,332**
1. Revaluations	303,100	334,513
2. Gains on disposal	171	6,083
3. Writebacks	2,194	1,736
4. Other gains	-	-
B. Expense	**(22,863)**	**(165,366)**
1. Writedowns	(6,879)	(14,050)
2. Impairment losses	(8,328)	(130,903)
3. Losses on disposal	(7,656)	(20,413)
4. Other expenses	-	-
Net profit	**282,602**	**176,966**
Total	**576,326**	**97,209**

Part C - Consolidated Income Statement

In 2016 profit (loss) of associates amounted to +€97 million, attributable to companies subject to significant influence for +€177 million and to jointly owned companies for -€80 million.
This result consisted of "A. Income" of +€721 million and "B. Expense" of -€624 million. In more detail:
- sub-item "A. Income" included:
  - +€713 million revaluations related to gains on companies valued at Equity method: Koc Finansal Hizmetler As consolidato (€378 million), Mediobanca Banca Di Credito Finanziario S.p.A. (€54 million), Oberbank Ag (€50 million), Coinv S.p.A. (€45 million), Creditras Vita S.p.A. (€39 million), Aviva S.p.A. (€28 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (€25 million), Oesterreichische Kontrollbank Aktiengesellschaft (€21 million), Cnp UniCredit Vita S.p.A. (€20 million), Bks Bank Ag (€14 million), Barn Bv (€6 million);
  - +€6 million gains on disposal mainly related to Oberbank Ag (€3 million);
  - +€2 million write-backs mainly Fenice S.r.l. (€2 million).
- sub-item "B. Expense" included:
  - -€14 million write-downs referred to losses on companies valued at Equity method: Bulkmax Holding Ltd (-€10 million);
  - -€589 million impairment losses, mainly attributable to write-downs on investments valued at Equity method, mainly including Koc Finansal Hizmetler As Consolidato (-€442 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (-€25 million), Fenice S.r.l. (-€13 million), Compagnia Aerea Italiana S.p.A. (-€12 million), Coinv S.p.A. (-€9 million) and to permanent write-downs on positive differences in net equity, principally related to Cnp UniCredit Vita S.p.A. (-€26 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (-€21 million), Koc Finansal Hizmetler As Consolidato (-€16 million), Oesterreichische Kontrollbank Aktiengesellschaft (-€14 million), Coinv S.p.A. (-€2 million);
  - -€20 million loss on disposal, mainly attributable to the impact arising from the dilution of holding percentage of Bks Bank AG (-€8 million) and Oberbank AG (-€7 million) and from the liquidation of Milaris S.A. En Liquidation (-€4 million).

We could note that during 2016 no transactions had been carried out that would have entailed significant recognitions of gains and losses attributable to measurement at fair value of any equity interests retained at the date of losing control.

Section 17 - Gains (Losses) on tangible and intangible assets measured at fair value - Item 250

17.1 Net gains (losses) on property, plant and equipment and intangible assets measured at fair value: breakdown

(€ '000)

	YEAR 2017				
			EXCHANGE DIFFERENCES		
ASSETS/P&L COMPONENTS	REVALUATIONS	WRITEDOWNS	POSITIVE	NEGATIVE	NET PROFIT
A. Property, plant and equipment	**434**	**(1,047)**	**-**	**-**	**(613)**
A.1 Owned:	434	(1,047)	-	-	(613)
- used in the business	-	-	-	-	-
- held for investment	*434*	*(1,047)*	-	-	*(613)*
A.2 Held by finance leases:	-	-	-	-	-
- used in the business	-	-	-	-	-
- held for investment	-	-	-	-	-
B. Intangible assets	**-**	**-**	**-**	**-**	**-**
B.1 Owned:	-	-	-	-	-
B.1.1 generated internally by the company	-	-	-	-	-
B.1.2 other	-	-	-	-	-
B.2 Held by finance leases	-	-	-	-	-
Total	**434**	**(1,047)**	**-**	**-**	**(613)**

Section 18 - Impairment of goodwill - Item 260

There is no impairment of goodwill (the €261 million impairment of goodwill as at year 2016 is referred to the CGU Commercial Banking Germany).

18.1 Impairment of goodwill: breakdowns

(€ '000)

P&L COMPONENTS	YEAR 2017	YEAR 2016
Impairment of goodwill	-	(260,510)

See Part A - Accounting Policies for a description of the methods used to measure impairment of goodwill.

See Part B - Consolidated Balance Sheet for a description of goodwill impairment testing procedures and results.

Section 19 - Gains (Losses) on disposals of investments - Item 270

At 31 December 2017 gains (losses) on disposals of investments were +€100 million (+€496 million in 2016) and comprised:

A. Property

Net gains of +€42 million (+€71 million in 2016). This item includes the results of the property rationalisation carried out by the following companies: UniCredit S.p.A. (+€11 million), UniCredit Bank Austria AG (+€8 million), UniCredit Bulbank AD (+€7 million), Zagrebacka Banka D.D. (+€6 million), Uctam Upravljanje D.O.O. (+€2 million), Merkurhof Grundstucksgesellschaft mit Beschrankter Haftung (+€2 million), Golf- und Country Club Seddiner See Immobilien GMBH (+€1 million).

B. Other assets

Net gains of +€57 million (+€425 million in 2016). This item mainly includes net gains on disposal of equity investments Ows Off-Shore Wind Solutions GMBH (+8 million), UniCredit Leasing TOB and Redstone Mortgages Limited (respectively +58 million and -12 million, both related to the negative revaluation exchange reserve reported in 2017 income statement).

We can note that during 2017 the disposal of Bank Pekao SA were carried out. This caused the loss of control that would have recognised in the Income Statement under the item “Profit (Loss) after tax from discontinued operations”. Here an income equal to +€5 million has been accounted, due to the valuation at fair value of the remaining share (6.26%) classified in the portfolio “Financial assets at fair value through profit or loss“.

19.1 Gains and losses on disposal of investments: breakdown

(€ '000)

P&L COMPONENTS/SECTORS	YEAR 2017	YEAR 2016
A. Property		
- gains on disposal	44,682	75,003
- losses on disposal	(2,277)	(4,463)
B. Other assets		
- gains on disposal	83,007	479,003
- losses on disposal	(25,577)	(53,706)
Net Profit	**99,835**	**495,837**

At 31 December 2016 gains (losses) on disposals of investments were +€496 million and comprised:

A. Property

Net gains of +€71 million. This item included the results of the property rationalisation carried out by the following companies: European-Office-Fonds (€25 million), UniCredit S.p.A. (€14 million), UniCredit Bank Czech Republic And Slovakia A.S. (€7 million), Universale International Realitaeten Gmbh (€4 million), Sirius Immobilien Gmbh (€4 million), Cuxhaven Steel Construction Gmbh (€4 million), Hvb Gesellschaft Fur Gebaude Mbh & Co Kg (€4 million).

B. Other assets

Net gains of +€425 million. This item mainly included €447 million of net gains on disposal of the card processing activities sale.

We can note that during 2016 no transactions had been carried out that would have entailed significant recognitions of gains and losses attributable to measurement at fair value of any equity interests retained at the date of losing control.

Part C - Consolidated Income Statement

Section 20 - Tax expense (income) related to profit or loss from continuing operations - Item 290

Each Country has an autonomous tax system where the determination of the tax base, the level of tax rates, nature, type and timing of tax obligations might differ, even significantly. Such differences also exist amongst EU Member States.

In respect of the main Countries where UniCredit group operates, Italy, Germany, Austria and the United States, all have domestic income tax consolidation regimes. While the United Kingdom does not have a domestic income tax consolidation regime, tax losses can nonetheless be transferred between entities of the same Group.
Tax consolidation rules also differ from Country to Country, sometimes markedly. Generally speaking, the main and common benefit of a domestic tax consolidation regime is the offsetting of profits and losses of companies and entities belonging to the same tax consolidation perimeter.
The requirements to be included in a domestic tax consolidation regime can be very different from those set for the purpose of accounting consolidation for a banking group according to the international IAS/IFRS or local accounting standards.

As for tax rates, and with reference to the Group's key Countries, the nominal corporate income tax rate is 31.4% in Germany (also taking into account the "solidarity surcharge" and the municipal trade tax), 25% in Austria, 19% in Poland, 10% in Bulgaria, 16% in Romania, 20% in Turkey (22% for 2018 and following two years), 19% in the Czech Republic, and 20% in Russia, 9% in Hungary.
In addition, the corporate income tax rate is 27% in the United Kingdom (also taking into account the 8% surcharge provided for banks), 12.5% in Ireland, 27.08% in Luxembourg (26.01% starting from 2018), 35% of federal tax in the United States (21% starting from 2018) and 25% in China.

In Italy, starting from 2017, the following tax new provisions are enacted (pursuant to Law 208 of 2015, so called "Stability Law" 2016):
- corporate tax rate (IRES) reduction from 27.5% to 24%;
- introduction of a IRES surcharge of 3.5% for banks only;
- the 4% non-deductibility on bank interest expenses is abolished (so called "Robin Hood tax").

Therefore, for UniCredit S.p.A., the IRES tax rate remains unchanged while interest expenses become fully deductible.

Further to the corporate income tax (IRES), the Italian Regional Tax on Productive Activities (IRAP) levied at a rate of 4.65% for the banking sector must be considered (each Region is entitled to autonomously increase the rate by a surcharge of 0.92% up to a maximum nominal rate of 5.57%, plus an additional surcharge of 0.15% provided for Regions that have a healthcare deficit status); IRAP has a slightly different taxable base from the one provided for in respect of IRES, obviously it has different rules, among which no tax loss carried forward.

As for the Holding Company, with respect to financial year 2017, please note that:
- As per Art.7 of Law 21 June 2017 No.96, which converted Law Decree No. 50/2017, a new extent of the notional yield for ACE ("Aiuto alla Crescita Economica) tax relief is stated, with a reduction of the notional interest deduction rate from 4.75% for 2016 to 1.6% for 2017 and 1.5% for 2018;
- Notwithstanding this strong reduction of the percentage rate for calculation of ACE tax relief, an increase in the amount with respect to 2016 was registered owing to the raise in capital of €13 billion performed between February and March 2017: the tax benefit increases from €43 million in 2016 to €53 million in 2017. A total amount of DTA for €97 million should have been recorded. But, due to the Sustainability Test and considering that the Tax Group has an overall negative taxable base, no DTAs have been finally accounted;
- In financial year 2017, the conditions to proceed with a new DTA conversion were met with reference to the financial statements 2016 approved by the relevant Shareholders' Meetings, which reported a loss in the income statement. In particular, UniCredit S.p.A. and UniCredit Leasing S.p.A. perfected the conversion of DTAs, IRES and IRAP, into tax credits for a total amount of €3,019 million (of which €2,859 million referred to UniCredit S.p.A. and €160 million to UniCredit Leasing S.p.A.);
- Law Decree No.59 of 2016 (the "Banks Decree"), provided for the faculty to preserve for future years the tax regime of DTAs conversion into tax credit, overcoming certain alleged arguments raised by the European Commission according to which said tax regime could be possibly qualified as State Aids. In particular, the Banks Decree grants the option for the conversion of DTAs into tax credits upon the payment of an annual fee to be corresponded for each year starting from 2016 and until 2030. The fee for a given financial year is calculated by applying the rate of 1.5% to a "base" obtained by adding the total amount of tax credit conversions made in the financial year of reference, net of direct taxes, as identified by the mentioned Decree, paid with regard to the specific tax periods established by said Decree to the difference between the convertible DTA recorded in the financial statements for that financial year and the corresponding convertible DTAs recorded in the 2007 financial statements for IRES and 2012 financial statements for IRAP. In 28 June 2017 a DTA fee equal to €117 million was paid for the Italian tax group. A positive impact is determined at Profit and Loss of €10 million within the item Other administrative expenses, due to the fact that the provision accrued in 2016, in line with the applicable law at the time, was equal to €127 million.

20.1 Tax expense (income) related to profit or loss from continuing operations: breakdown

(€ '000)

P&L COMPONENTS/SECTOR	YEAR 2017	YEAR 2016
1. Current tax (-)	(853,968)	(615,347)
2. Adjustment to current tax of prior years (+/-)	199,237	130,851
3. Reduction of current tax for the year (+)	58,749	36,344
3. bis Reduction in current tax for the year due tax credit under L. 214/2011 (+)	3,018,939	341,369
4. Changes to deferred tax assets (+/-)	(3,367,300)	(807,549)
5. Changes to deferred tax liabilities (+/-)	348,681	202,764
6. Tax expense for the year (-)	**(595,662)**	**(711,568)**

20.2 Reconciliation of theoretical tax charge to actual tax charge

(€ '000)

	YEAR 2017	YEAR 2016
Total profit or loss before tax from continuing operations (item 280)	**3,699,640**	**(11,244,856)**
Theoretical tax rate	27.5%	27.5%
Theoretical computed taxes on income	**(1,017,401)**	**3,092,335**
1. Different tax rates	159,696	121,905
2. Non-taxable income - permanent differences	704,750	458,089
3. Non-deductible expenses - permanent differences	(597,757)	(654,179)
4. Different fiscal laws/IRAP	(161,610)	(39,163)
a) IRAP (italian companies)	(112,271)	20,600
b) other taxes (foreign companies)	(49,339)	(59,763)
5. Prior years and changes in tax rates	239,400	123,838
a) effects on current taxes	319,215	165,440
- tax loss carryforward/unused tax credit	*58,749*	*35,992*
- other effects of previous periods	*260,466*	*129,448*
b) effects on deferred taxes	(79,815)	(41,602)
- changes in tax rates	*(11,260)*	*(6,689)*
- new taxes incurred (+) previous taxes revocation (-)	*(56)*	*-*
- true-ups/ adjustments of the calculated deferred taxes	*(68,499)*	*(34,913)*
6. Valuation adjustments and non-recognition of deferred taxes	79,939	(3,827,957)
a) deferred tax assets write-down	(56,784)	(103,619)
b) deferred tax assets recognition	169,647	88,717
c) deferred tax assets non-recognition	(98,783)	(3,725,341)
d) deferred tax assets non-recognition according to IAS12.39 and 12.44	43,609	(71,357)
e) other	22,250	(16,357)
7. Amortisation of goodwill	-	-
8. Non-taxable foreign income	28,054	(4,108)
9. Other differences	(30,733)	17,672
Recognised taxes on income	**(595,662)**	**(711,568)**

Any discrepancies in this table and between data shown are solely due to the effect of rounding.

Part C - Consolidated Income Statement

Section 21 - Profit (Loss) after tax from discontinued operations - Item 310

21.1 Profit (Loss) after tax from discontinued operations: breakdown

(€ '000)

P&L ITEMS/SECTORS	YEAR 2017	YEAR 2016
1. Income	2,076,535	4,516,706
2. Expenses	(1,160,981)	(2,731,900)
3. Valuation of discontinued operations and related liabilities	(50,710)	(170,978)
4. Profit (Loss) on disposal	1,928,363	(708,334)
5. Tax	(111,609)	(275,383)
Profit (Loss)	**2,681,598**	**630,111**

During the 2017 weren't recognised new groups, compared to 2016 and it was finalised the sold of Pekao and Pioneer groups (except only for the following companies: Baroda Pioneer Asset Management Company LTD e Baroda Pioneer Trustee Company PVT LTD).
On June 7 the disposal of the 32.8% shareholding held in Bank Pekao S.A. to Powszechny Zakład Ubezpieczeń S.A. ("PZU") e Polski Fundusz Rozwoju S.A. ("PFR") has been completed with a negative impact of €308 million (during the second half 2017 the transaction costs were decrease of €2 million in comparison with 30 June 2017). The disposal caused the loss of control with a gain equal to €5 million due to the valuation at fair value of the remaining share classified in the portfolio "Financial assets at fair value through profit or loss". For more details please refer to Section 19- Gains (Losses) on disposals of investments - Item 270.
The disposal of Pioneer groups to Amundi has been completed on July 3 with a positive impact of 2,050 million. The disposal of Asset Management activities in Poland has been completed with positive impact of 100 million with the sale of Pekao Pioneer PTE SA on October and Pioneer Pekao Investment Management SA and Dom Inwestycyjny Xelion SP. Z O.O. on 4 December to Bank Pekao.
The variance of the item compared to the previous period is therefore mainly due to the aforementioned disposals.

21.2 Breakdown of tax on discontinued operations

(€ '000)

	YEAR 2017	YEAR 2016
1. Current tax (-)	(99,354)	(264,677)
2. Changes in deferred tax assets (+/-)	(8,334)	(22,359)
3. Changes in deferred tax liabilities (+/-)	(3,921)	11,653
4. Income tax (-1+/-2+/-3)	**(111,609)**	**(275,383)**

Section 22 - Minorities gains (losses) - Item 330

The profit for 2017 attributable to minority interests amounted to €313 million.
There are the following largest contributions attributable to the minority shareholders of Finecobank S.p.A, Bank Pekao S.A. group (which was sold during the first half of 2017), Zagrebacka Banka D.D. and UniCredit Bank Austria AG group, mainly referring to the minority shareholders of Card Complete Service Bank AG.
The profit for 2016 attributable to minority interests was equal to €464 million.

22.1 Breakdown of item 330 "Minority gains (losses)"

(€ '000)

	2017	2016
Consolidated equity investments with significant minority interests	**298,044**	**536,437**
Bank Pekao SA Group	114,421	307,103
UniCredit Bank AG Group	3,591	3,649
UniCredit Bank Austria AG Group	19,395	62,182
Fineco Bank S.p.A.	138,451	136,658
Zagrebacka Banka D.D.	22,186	26,845
Other equity investments	**14,457**	**(70,672)**
Other consolidation adjustments	**-**	**(1,984)**
Total	**312,501**	**463,781**

Section 23 - Other information

There is no information to be disclosed in this section.

Section 24 - Earnings per share

24.1 and 24.2 Average number of diluted shares and other information

	YEAR 2017	YEAR 2016
Net profit (loss) attributable to the Group (thousand of €)	5,440,944	(11,917,987)
Average number of outstanding shares	1,947,449,190	601,361,554
Average number of potential dilutive shares	10,695,178	2,575,677
Average number of diluted shares	1,958,144,368	603,937,231
Earnings per share (€)	**2.794**	**(19.820)**
Diluted earnings per share (€)	**2.779**	**(19.730)**

€32,131 thousand has been deducted from 2017 net profit of €5,473,075 thousand due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the 'cashes' transaction (€127,893 thousands was added to the 2016 net losses).

Average of outstanding shares is net of the average number of treasury shares and of further No.9,675,641 shares held under a contract of usufruct, and reflects the effects of reverse stock split and capital increase operations, carried out during the 2017 first half, already describes in Part B - Section 15 - Group Shareholders' Equity.

The data for the previous period have been restated according to IAS33 § 64, to reflect the effects of reverse stock split.

Part D - Consolidated Comprehensive Income

Part D - Consolidated Comprehensive Income

Comprehensive income is disclosed in the table below as per IAS1.
This table shows comprehensive income not recognised in the profit (loss) for the period in accordance with IFRS, divided into:
- “comprehensive income that may be reclassified to profit or loss”: including income and expense items whose reserves may be reclassified to profit or loss under IFRS in case of disposal/impairment loss;
- “comprehensive income not reclassified to profit or loss”: including income and expense items whose reserves are not reclassified to profit or loss under IFRS in case of disposal/impairment loss.

The following are included to this end:
- changes in value recognised in the period contra revaluation reserves relating to:
  - available-for-sale financial assets;
  - property, plant and equipment;
  - intangible assets;
  - foreign investment hedges;
  - cash flow hedges;
  - exchange differences;
  - actuarial gains (losses) on employee defined-benefit plans;
- with respect to comprehensive income that may be reclassified to profit or loss, reclassification adjustments, i.e. amounts reclassified in the profit (loss) of the current financial year already recognised as comprehensive income for the same year or previous years.

The above changes in value relating to non-current assets held for disposal and shareholdings valued at net equity are disclosed separately.

Consolidated Analytical Statement of Comprehensive Income

(€ '000)

ITEMS	YEAR 2017 BEFORE TAX EFFECT	TAX EFFECT	AFTER TAX EFFECT
10. Net profit (loss) for the year	**X**	**X**	**5,785,576**
Other comprehensive income not reclassified to profit or loss			
20. Property, plant and equipment	**-**	**-**	**-**
30. Intangible assets	**-**	**-**	**-**
40. Defined benefit plans	**336,141**	**(97,488)**	**238,653**
50. Non-current assets classified as held for sale	**(45)**	**-**	**(45)**
60. Portion of revaluation reserves from investments valued at equity	**(22,427)**	**4,532**	**(17,895)**
Other comprehensive income that may be reclassified to profit or loss			
70. Hedges of foreign investments:	**-**	**-**	**-**
a) fair value changes	-	-	-
b) reclassification to profit or loss	-	-	-
c) other changes	-	-	-
80. Exchange differences:	**306,928**	**-**	**306,928**
a) changes in value	-	-	-
b) reclassification to profit or loss	-	-	-
c) other changes	306,928	-	306,928
90. Cash flow hedges:	**(173,275)**	**46,290**	**(126,985)**
a) fair value changes	(174,940)	45,665	(129,275)
b) reclassification to profit or loss	(2,540)	658	(1,882)
c) other changes	4,205	(33)	4,172
100. Available-for-sale financial assets:	**(170,718)**	**86,322**	**(84,396)**
a) fair value changes	121,246	4,953	126,199
b) reclassification to profit or loss	(301,118)	81,507	(219,611)
- impairment losses	*3,807*	*(1,081)*	*2,726*
- gains/losses on disposals	*(304,925)*	*82,588*	*(222,337)*
c) other changes	9,154	(138)	9,016
110. Non-current assets classified as held for sale:	**50,497**	**(9,537)**	**40,960**
a) fair value changes	53,585	(9,436)	44,149
b) reclassification to profit or loss	(268)	(101)	(369)
c) other changes	(2,820)	-	(2,820)
120. Portion of revaluation reserves from investments valued at equity:	**(441,875)**	**(14,162)**	**(456,037)**
a) fair value changes	23,894	(19,464)	4,430
b) reclassification to profit or loss	(40,943)	5,710	(35,233)
- impairment losses	-	-	-
- gains/losses on disposals	*(40,943)*	*5,710*	*(35,233)*
c) other changes	(424,826)	(408)	(425,234)
130. Total other comprehensive income	**(114,774)**	**15,957**	**(98,817)**
140. Comprehensive income after tax (Item 10+130)	**(114,774)**	**15,957**	**5,686,759**
150. Consolidated comprehensive income attributable to minorities	**215,617**	**(6,077)**	**(522,041)**
160. Consolidated comprehensive income attributable to the Parent Company	**100,843**	**9,880**	**5,164,718**

Part E - Information on risks and hedging policies

Note:
The document “Disclosure by Institutions” (Pillar III of Basel 3) is published on UniCredit group’s website (https://www.unicreditgroup.eu/it/investors/third-pillar-basel-two-and-three.html) according to the deadline defined in the relevant regulations.

Part E - Information on risks and hedging policies

Risk Management in UniCredit group

UniCredit group monitors and manages its risks through tight methodologies and procedures proving to be effective through all phases of the economic cycle.
The control and steering of the Group's risks is performed by the Parent Company's Group Risk Management function, which pursues its steering, coordination and control role in particular through the "Portfolio Risk Managers" which are responsible for the relevant risks from a Group perspective. From 1 October 2016, following the transfer of the CEE Division from UniCredit Bank Austria AG to UniCredit S.p.A, the "CRO CEE" department has been set up directly reporting to the Group CRO and responsible for managing and controlling the activities of credit operations as well as for managing the credit risks belonging to the CEE perimeter. Furthermore, the model considers a specific point of reference for Italy through the "CRO Italy" function[10], to which the responsibilities related to credit, operational and reputational risks of the Italian perimeter as well as the managerial coordination of the Risk Management functions in the Italian Legal Entities have been assigned.

In particular, the Risk Management function is responsible for the following tasks:
- optimising the quality of the Group's assets and minimising the cost of risk in accordance with the risk/profitability goals set for the business areas;
- ensuring the strategic steering and the definition of the Group's risk management policies;
- defining and issuing to the Legal Entities the guidelines and rules for assessing, managing, measuring, monitoring and reporting risk. It also ensures that the procedures and systems designed to control risk at Group and individual Entity level are coherent;
- strengthening a risk culture across the Group by risk training initiatives and developing highly qualified staff, in cooperation with the competent COO functions;
- helping to find ways to rectify asset imbalances, where needed in cooperation with Planning, Finance and Administration;
- supporting the Business Functions to achieve their goals, including by assisting in the development of products and business initiatives (e.g. innovation of credit products, competitive business opportunities);
- supporting the CEO in defining the Group Risk Appetite proposal, to be shared in the Group Risk & Internal Control Committee and submitted for approval to the Board of Directors, as preliminary and preparatory step for the annual and multi-year budget plan pertaining to the CFO. Furthermore, the Group CRO is responsible for ensuring the CEO and the Board of Directors the coherence of the Group Risk Appetite with the Group strategic guidelines, as well as the coherence of the budget goals with the Group Risk Appetite setting and the periodical monitoring of the Risk Appetite Framework (RAF). The CFO remains responsible for monitoring the performances of the Group and of the business functions, in order to identify possible underperforming areas and the related corrective measures.

Consistently with the Risk Management function architecture and in order to strengthen the capacity of independent steering, coordination and control of Group risks, to improve the efficiency and the flexibility on the risk decision process and to address the interaction among the relevant risk stakeholders, four distinct levels of Risk Committees are in place:
- the "Group Risk & Internal Control Committee" responsible for the Group strategic risk decisions: establishing policies, guidelines, operational limits and the methodologies for the measurement, management and control of risks. It is., moreover, supporting the Group CEO in the management and oversight of the Internal Control System ("ICS");
- the "Group Portfolio Risks Committees", tasked with addressing, controlling and managing the different portfolio risks;
- the "Group Credit Risk Governance Committee", responsible for ensuring steering, coordination and control on credit risk topics (focusing on Credit risk Pillar I, Pillar II, limited to Credit Portfolio Model, CPM and managerial models), as well as ensuring consistency among the Holding Company and the different Group Legal Entities;
- the "Transactional Committees" in charge of evaluating and approving the single counterparties/transactions impacting the overall portfolio risk profile.

The Board of Directors, pursuant to the provisions of the Self-Regulatory Code, and under Banca d' Italia supervisory provisions, is supported by the Internal Control & Risk Committee, established among Board members, in order to foster an efficient information and advisory system that enables it to better assess risk related topics for which it is responsible. Further information on corporate governance, inclusive of the Internal Control & Risk Committee and the number of times this committee has met, is included in the document "Corporate Governance Report", published on the Group internet site in the section: Governance » Governance system & policies » Corporate Governance report (https://www.unicreditgroup.eu/en/governance/governance-system-and-policies.html).

Internal Capital Adequacy Assessment Process (ICAAP) and Risk Appetite
UniCredit group assesses its capital adequacy on a going concern approach, ensuring that an adequate level of capital is maintained to continue business activities as usual even under severe loss events, like those caused by an economic downturn.
The Group's approach to ICAAP consists of the following phases:
1. Risk identification and mapping;
2. Risk measurement and stress testing;
3. Risk appetite setting and capital allocation;
4. Monitoring and reporting.

10 Starting from February 2018 the "CRO Italy" function was renamed "CLO Italy" in accordance with the resolution of the Board of Directors dated 21 September 2017.

1. Risk identification and mapping
The first step is the identification and mapping of all risks embedded in the Group and relevant Legal Entities, with particular focus on the risks not explicitly covered by the Pillar 1 framework. The output of this activity is the Group Risk Map which includes all the risk types quantifiable by Internal Capital.

2. Risk measurement and Stress Testing
The second phase is the identification of the internal methodologies for measurement and quantification of the different risk profiles, resulting into the calculation of Group Internal Capital. Firm-wide stress tests are also performed as a fundamental part of a sound risk management process. The aim of stress testing is to assess the bank's viability with respect to exceptional but plausible events. The impact of adverse economic scenarios is assessed on the capital position (solvency stress test) and/or the liquidity position (liquidity stress test) of the Group.

3. Risk Appetite setting and capital allocation
Risk Appetite is a key managerial tool used with the purpose of setting the adequate levels of risk the Bank is willing to have and consistently steering its business evolution (see the RAF section below for details). The Group capital plays a crucial role in the main corporate governance processes that drive strategic decisions, as target and risk tolerance thresholds, in terms of regulatory and internal capital, are key elements of the Risk Appetite Framework of the Group.

4. Monitoring and Reporting
Capital adequacy evaluation is a dynamic process that requires a regular monitoring to support the decision making process. The Bank monitors its main risk profile with a frequency coherent with the nature of each single risk; on top of this, a quarterly reporting of integrated risks and Risk Appetite evolution is performed and reported to the relevant Risk Committees and Governing Bodies, in order to set and implement and efficient and effective ICAAP framework.

Capital adequacy is assessed considering the balance between the assumed risks and the available capital both in a regulatory and in an economic perspective. With respect to economic perspective, capital adequacy is assessed by comparing the amount of financial resources available to absorb losses and keep the Group solvent, the so-called Available Financial Resources (AFR), with the amount of capital the Group needs to support its business activities, i.e. Internal Capital (IC). The decision to include components in AFR is based on three main criteria:
- loss absorbency;
- permanence;
- flexibility of payments.

Since these criteria are the same identified by Regulators to calculate regulatory Own Funds, the amount of regulatory Own Funds is the natural basis for the quantification of AFR. Under Going Concern approach, AFR are computed under the assumption that the Bank remains compliant with all the accounting and regulatory standards.
The ratio between AFR and IC is the "Risk Taking Capacity" (RTC). This ratio must be above 100% (AFR>IC) in order to avoid that risk exposures are not covered by the Available Financial Resources. RTC is one of the key indicators included in the Group RAF dashboard on which the Bank leverages to guide the selection of the desired risk-return profile in alignment with its business strategies.

A milestone of the ICAAP is the Risk Appetite, which in UniCredit group is defined as the level of risk that the Group is willing to take and the risk-return profile it fixes to achieve in pursuit of its strategic objectives and business plan, taking into account the interest of its stakeholders (e.g. customers, policymakers, regulators, shareholders) as well as capital and other regulatory and law requirements. The Group Risk Appetite is approved on an annual basis by the Board of Directors and is regularly monitored and reported, at least quarterly, to the relevant committees, with the aim to ensure that the Group develops within the desired risk return profile set by the Board. At local level, the risk appetite is set for the main Legal Entities and Subgroups and approved by the local competent functions.

The main goals of UniCredit group's Risk Appetite are:
- to assess explicitly the risks and their interconnections UniCredit group is willing to accept or should avoid in one year horizon; Risk Appetite targets should be consistent with the ones defined in the strategic multi-year plan;
- to specify the types of risk UniCredit group intends to assume by setting the targets, triggers and limits, under both normal and stressed operating conditions;
- to ensure an "ex ante" risk-return profile consistent with long term sustainability, in coherence with multi-year strategic plan/ budget;
- to ensure that the business develops within the risk tolerance set by the Holding Company Board of Directors, also in respect of national and international regulations;
- to support the evaluation of future strategic options with reference to risk profile;
- to address internal and external stakeholders' view on risk profile coherent with strategic positioning;
- to provide qualitative statements concerning not quantifiable risks (e.g. strategic, reputational) in order to strategically guide the relevant processes and the internal control system.

Part E - Information on risks and hedging policies

The Group Risk Appetite is defined consistently with UniCredit group business model. For this purpose, Group Risk Appetite is integrated in the budget process, in order to guide the selection of the desired risk-return profile in alignment with the Strategic Plan guidelines and at inception of the budget process.
UniCredit Compensation Policy is consistent with Group Risk Appetite to allow the effective implementation of risk reward remuneration for bonus definition and payments.

The structure of the Risk Appetite in UniCredit includes the Group Risk Appetite Statement and the Group Risk Appetite KPIs Dashboard.

The Risk Appetite Statement defines the positioning of the bank in terms of strategic targets and related risk profiles to address internal and external stakeholders' expectations and includes:
- a guidance on the overall key boundaries for the Group in terms of focus of activity;
- a definition of the desired risk-return profile, in coherence with the Group's overall strategy;
- an indication on strategies to manage key risks within the perimeter of the Group;
- qualitative statements for not quantifiable risks (e.g. strategic, reputational) in order to ensure prevention/early intervention on emerging risks.

The quantitative elements of the risk appetite framework instead are represented by a Dashboard, composed by a set of KPIs, based on the analysis of the expectations of UniCredit group internal and external stakeholders, which addresses the following dimensions, including material risks to which the Group is exposed to:
- Pillar 1 KPIs: to guarantee at any time the fulfilment of the KPIs requested by Regulators (es. Common Equity Tier 1 Ratio, Risk Taking Capacity, Liquidity Coverage Ratio), including KPIs which are of primary importance for steering the Group B&S;
- Managerial KPIs: to include KPIs which are key from strategic and Risk Appetite standpoint; consistently with lean Holding Company steering (es. Credit Risk, Liquidity Risk and Profitability);
- Specific Risks KPI: complementary with the above categories, to ensure steering of all key risks (e.g. Market Risk, Operational Risk, Interest Rate Risk, Shadow Banking, Risk Culture).

For each of the above dimensions, one or more KPIs are identified, in order to quantitatively measure the position of the Group in different ways: absolute values, ratios, sensitivities to defined parameters.

Various levels of thresholds are defined such to act as early warning indicators anticipating potential risk situations that will be promptly escalated at relevant organisational level. In the event that specific Risk Appetite thresholds are met, the necessary management measures have to be adopted for effectively adjusting the risk profile. The following thresholds are identified (on certain KPIs, not all the thresholds may be meaningful):
- **Targets** represent the amount of risk the Group is willing to take on in normal conditions in coherence with Group *Ambition*. They are the reference thresholds for the development and steering of the business;
- **Triggers** represent, from a managerial standpoint, the maximum acceptable level of deviation from the defined target thresholds, or more generally a *Warning Level,* and are set consistently to assure that the Group can operate, even under stress conditions;
- **Limits** are hard points that represent, from a statutory standpoint, the maximum acceptable level of risk for the Group.

Thresholds setting is evaluated by the relevant competent functions, also through managerial decision by the Board of Directors, respecting regulatory and supervisory requirements and also taking into account stakeholders' expectations and positioning versus peers. In addition, the Group has a series of transversal operative limits and metrics that cover the main risk profiles in order to supplement the Risk Appetite Framework.

According to the EBA guidelines, every year ICAAP information are collected for SREP purposes and sent to the Regulator. The Board of Directors, that authorises the sending of this information to the Authorities, also acknowledges that the risk governance of the Group is deemed adequate, guaranteeing that the risk management system in place is in line with the risk profile and strategy of the Group. Moreover, the Chairman of the Board of Directors, the CEO, the Co-Chief Operating Officer and the Chief Risk Officer declared in the Capital Adequacy Statement submitted to the last Board of Directors held in 2017 April 11th that the current Capital of the Group is adequate to cover its risk profile and the operation of its business model, which is also grounded on the actions planned within the MYP "Transform 2019". In addition the usage of the RAF as a key tool and cornerstone for risk strategy appraisal will continue to represent a fundamental pillar of the ICAAP and allow to activate prompt actions in case of regulatory and/or internal capital trigger/limit breaches.

Section 1 - Credit Risk

Qualitative information

1. General Aspects
With reference to the Group's risk management model, the risk governance has two levels of control: the Group Risk Governance functions and the Risk functions by Countries. The Group Risk Governance functions perform a managerial coordination with respect to the relevant Group Legal Entities' functions, which perform the control and the management of the risks portfolio at country level.

In the context of the Risk Appetite Framework approval, the UniCredit Board of Directors also approves the Credit Risk Strategies.

Since March 2008 Banca d' Italia authorised UniCredit group to use the Advanced approach for calculating the capital requirement for credit and operational risks. With reference to credit risk, the Group has been authorised to use internal PD, LGD and EAD calculations for group- wide credit portfolios (Sovereign, Banks, Multinationals and Global Project Finance) and for credit portfolios (corporate and retail) of the relevant subsidiaries. With reference to the Italian mid-corporate and small business portfolios, PD and LGD parameters are used under regulatory approach; for mortgages loans in UCI S.p.A., beyond PD and LGD, also EAD parameter is used for regulatory purposes.

In the first stage, the Advanced method has been adopted for the relevant portfolios by the Parent Company and by some Italian subsidiaries, subsequently merged in UniCredit S.p.A. in 2010, by UniCredit Bank AG and UniCredit Bank Austria AG. According to the rollout plan for progressive extension of the IRB rating system, approved by the Group and shared with the Regulator, starting from 2008 these methods have been extended to UniCredit Bank Luxembourg S.A., UniCredit Leasing Finance GmbH (and its subsidiaries) and UniCredit Bank Czech Republic and Slovakia a.s. (portfolio in Czech Republic), UniCredit Bulbank AD, as well as, through the adoption of the IRB Foundation method, to UniCredit Bank Ireland P.I.C, UniCredit Banka Slovenija dd, UniCredit Bank Czech Republic and Slovakia a.s. (portfolio in Slovakia), UniCredit Bank Hungary, UniCredit Bank a.s.in Romania and ZAO UniCredit Bank in Russia.

Credit economic capital estimation is available on a unique technological platform ("CPM") and with a common methodology for Holding functions and several Legal Entities of UniCredit group. The roll-out of CPM across CEE Legal Entities allows to cover most of the relevant geographies.

2. Credit Risk Management Policies

2.1 Organisational Aspects
The credit risk management in Holding Company breaks down into two organisational levels:
- functions with responsibilities at Group level;
- functions with responsibilities at Country level.

Functions with responsibilities at Group level include:
- the "Group Credit & Integrated Risks" structure responsible, at Group level, for credit risk strategies definition, monitoring and controlling the credit risk of Group portfolio as well as ensuring an integrated view across Pillar I and II risks to Top Management. Furthermore ensures that risk control activities on risks assumed in the Foreign Branches of UniCredit S.p.A. are monitored and reported to the Group Chief Risk Officer;
- the "Group Credit Risk Governance" structure responsible for guaranteeing at Group level the coordination and steering of Pillar 1 Credit Risk models and architectural framework/ information flow and processes also ensuring their integration and alignment. Furthermore it's responsible for cooperating with other Group competent functions on Risk Weighted Assets contents;
- the structure "Group Internal Validation", responsible for validating, at Group level, the risk measurement methodologies, the related processes, the IT components and the data quality, for Pillar I and Pillar II risks, providing adequate reporting for Company Bodies and the Supervisory Authority, managing the Group monitoring process related to the recommendations issued in response to the validation activities, ensuring their correct implementation within UniCredit S.p.A. and the Legal Entities. Furthermore it's responsible for verifying the adequacy and implementation of the corrective actions adopted in response to requests from the Supervisory Authority on the IRB models within the area of competence according to internal regulations in place (i.e. Global Policy on Internal Validation and linked Global Process Regulations);
- the "Group Credit Transactions" structure, responsible for the Group-wide assessment, monitoring and oversight of large credit transactions and financial institutions, banks and sovereigns (FIBS) global credit model management, as well as the assessment, approval and daily management of Country risks and cross-border credit risk-taking;
- the "CRO CEE" structure responsible for the management and control of credit operations activities and for credit risk steering of "CEE Division". It is responsible for credit operation activities for "CEE Division" files booked in UniCredit S.p.A.as well as for credit risk steering and control activities over "CEE Division" with regard to credit risk retail and corporate topics;

Part E - Information on risks and hedging policies

- the “Group NPE” structure unit responsible for develop the strategy and oversee the management, process, targets and disposals of Non-Performing Exposures/ NPE, repossessed assets and any other distressed assets for the entire Group.

At Country level, steering and credit risk control activities, as well as the conducting of operational activities (e.g. credit underwriting, loans disbursement, monitoring, etc.) falls under the responsibility of the CRO function of the controlled subsidiaries.

With reference to the Italian perimeter of UniCredit S.p.A. the “CRO Italy” structure, reporting to the “Group CRO”, is responsible for managing credit, operational and reputational risks through the coordination and management of credit underwriting activities for UniCredit S.p.A. customers, the overseeing of the post-decision phases of the credit process as well as the coordination and management of restructuring and workout files of the Italian perimeter of UniCredit S.p.A. including the Debt to Equity and Debt to Asset transactions and the related equity participations/assets. The structure is also responsible for the managerial coordination of the credit activities of UniCredit S.p.A. Italian Legal Entities.

Furthermore, with respect to credit risk, the following Transactional Committees are active:
- the “Group Risk & Internal Control Committee” is a “Top management Committee” and has responsibility of steering, coordinating and monitoring the risks at Group level as well as supporting the CEO in the management and oversight of the Group’s and UC S.p.A.’s internal control system, with specific reference to: establishing policies, guidelines, operational limits and methodologies for the measurement, management and control of the risks as well as for the definition of the methodologies for the measurement and control of internal capital and for the evaluation of risks reporting and estimates of provisions on risks. In this scope, the Committee has consulting and suggestion functions for the definition and periodic review of the Group’s Risk Appetite Framework (RAF), special reference for the overall risk control framework, in order to ensure their consistency with the strategic guidelines and risk appetite established for the limit setting related to the various types of risks and respective allocation;
- the “Group Credit Committee”, in charge of discussing and approving competent credit proposals referring to all files, including restructuring/workout ones, status classification of files, relevant strategies and corrective actions to be taken for watch list files, specific limits for transactions related to Debt Capital Markets on trading book, single issuer exposures limits on trading book, Debt to Equity transactions and transactions related to Equity participations deriving from Debt to Equity transactions;
- the “Group Credit Risk Governance Committee” meets with the aim of ensuring, at Group level, a steering, coordination and control of Credit Risk Governance (focusing on Credit risk Pillar I, Pillar II, limited to Credit Portfolio Model, CPM and managerial models) as well as a consistency among the Holding Company and the different Legal Entities, including the management of possible issues raised by LEs to Group CRO,
- the "Group Transactional Credit Committee", with approval function within the delegated powers (decision-making and/or issuing of non-binding opinions to the Group Legal Entities) and/or consulting function for files to be approved by upper Bodies, for credit proposals referring to all files, including restructuring, INC or workout ones, status classification of files relevant strategies and corrective actions to be taken for watch list files, single issuer exposure limits on trading book, Debt-to-Equity transactions and/or actions/rights-execution related to equity participations resulting from Debt-to-Equity transactions, Debt-to-Assets transactions and/or actions/rights execution related to asset resulting from Debt-to-Asset transactions, proposal of distressed asset disposal, in accordance with the regulated specifications and limitations;
- the “Italian Transactional Credit Committee” has the responsibility, within its assigned sub-delegations of powers for credit activities and the related thresholds, to evaluate and approve the underwriting and the review of the credit lines and to evaluate and approve the loan loss provisions, asset value adjustments and releases of capital and/ or capitalised interests related to counterparts UniCredit S.p.A.;
- the “Italian Special & Transactional Credit Committee” has the responsibility, within its assigned credit decision making powers and related thresholds, to evaluate and approve the underwriting and the review of the credit lines and to evaluate and approve the loan loss provisions, asset value adjustments and releases of capital and/ or capitalised interests related to counterparts UniCredit S.p.A. Particularly the Committee is responsible for proposals concerning the credit transactions for files belonging to the so called “Portfolio Alfa UCI”, including the proposals on strategies and corrective actions to be taken on the files in watch-list, and for proposals on credit files classified in restructuring, INC or workout;
- the “Group Rating Committee” is responsible, within its delegated powers, for approving rating overrides.

2.2 Factors that generate Credit Risk

In the course of its credit business activities the Group is exposed to the risk that an unexpected change in a counterparty's creditworthiness may generate a corresponding unexpected change in the value of the associated credit exposure and may thus result 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 a 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 affecting the debtor’s operating and financial condition, such as country risk or the impact of operational risk. Other banking operations, in addition to traditional lending and deposit activities, can expose the Group 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 Group Legal Entities could default as a result of insolvency, political and economic events, lack of liquidity, operating problems or other reasons. Defaults of a large number of transactions, or one or more large transactions, could have a material adverse impact on the Group's operations, financial condition and operating results. The Group therefore monitors and manages the specific risk of each counterparty as well as the overall risk of loan portfolios through procedures, structures and rules that steer, govern and standardise the assessment and management of credit risk, in line with the Group principles and best practice, also aimed to extend their effectiveness to all phases of the economic cycle.

2.2.1 Country risk

Country risk is the risk of losses caused by events identified at country level and not at level of specific transaction, counterparty or counterparty group. It is therefore a collection of risks that mainly includes sovereign risk, transfer and convertibility risk, delivery risk, risk related business environment and jurisdiction, political and geopolitical risk, and economic risk. Country risk is primarily managed by determining the appropriate group-wide maximum risk levels (Country Plafonds), that can be assumed by the Legal Entities belonging to the Group towards 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 Entity providing the loan).

Country risk management processes are mainly concentrated at Holding Company in terms of both methodological aspects and the decision-making process, in order to ensure a uniform assessment and monitoring approach, particularly for the rating assignment, PD (probability of default) and LGD (loss given default), as well as control of risk concentration.

The Country rating assignment (both in terms of PD and LGD) is performed by using the specific internal rating model. The analysis, focused on both qualitative and quantitative factors, is an integral part of the 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 impacting the country creditworthiness becomes available.

Group-wide cross-border Country risk Plafonds are calculated at single Country level in a top-down/bottom-up process considering, among other factors, the risk of the Country (included the rating), the size of the Country, the amount of business opportunities, the guidance of the valid Risk Appetite Framework as well as the current exposure and Country plafond utilisation. Cross-border plafonds are renewed at least on a yearly basis. The evolution country risk, included the macroeconomic and political risk assessment, is constantly monitored. Country risk monitoring activities aim at detecting and promptly reacting to the symptoms of possible deterioration of the risk quality of a Country with cross-border credit exposures. In case of need, necessary countermeasures may be defined. As one of the countermeasures, the Internal Ratings of the mentioned countries may be updated to reflect any changes in Country risk assessment.
With specific reference to the sovereign risk, i.e. direct counterparty risk to sovereigns (and central administrations) is managed through the normal counterparty approval process. Limits and exposures to sovereigns, in both the trading and banking books, are managed in a prudent way to ensure such limits/exposures are sized primarily by both regulatory and liquidity requirements of the Group.

2.3 Credit Risk Management, Measurement and Control

2.3.1 Reporting and Monitoring Activities

Group Risk Management function is responsible for the 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). Credit portfolio performance is analysed 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.

The key objective of the reporting and monitoring of the credit portfolio is to detect any signs of deterioration and, therefore, to take appropriate corrective action by analysing the main components of credit risk such as EAD (Exposure to Default), EL (Expected Loss), Migration, Risk Cost, etc.

Portfolio reporting activities are performed in close collaboration with the Risk Management Functions at Legal Entities level.

At Group level, reporting and monitoring activities are assigned to different Organisational Units in the "Group Credit and Integrated Risks" Department.

The "Group Credit Risk Standards & Reporting" Function is in charge of defining the Group framework for reporting on risks and producing standard/customised reporting on credit risk, and is a reference point for the Supervisory Authorities in case of credit risk reporting and data requests. It is also in charge of defining the taxonomies and data processing rules for reporting requirements on credit risk, interfacing with Group Data Office for their implementation, for developing convergence strategies of risk management information system and for promoting the use of business intelligence tools at Group level.

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The Group Consolidated Credit Risk Strategies and Monitoring Unit, instead, is responsible for analysing and monitoring the Credit Portfolio composition and riskiness in terms of main risk drivers at Group/Legal Entities/Division level, by providing to the competent Planning & Finance structures the useful information to highlight delta versus budget/forecast. Finally, the Risk Appetite and Integrated Risks unit is in charge of producing regular analyses in order to provide to Top Management an integrated view on Group risks, as well as documents for rating agencies, investors and "ad hoc" requests coming from external organisations.

The Group's reporting and monitoring activities have benefited from the completion of the pursued activities, from 2015, as part of PERDAR Project, focused to ensure compliance with the principles established by the Basel Committee on the subject of "data aggregation & reporting" (so-called BCBS239 Principles). The initiative has been a key factor in achieving the goal of streamlining risks in their reporting to Senior Management and Regulators in terms of quality, completeness, reduced data representation, convergence towards single reporting on Integrated risks and the process to support their consolidation, and has led to the dismantling of the ERM, from first quarter 2017 and its replacement with the Integrated Risk Reporting that meets the requirements of the new framework.

2.3.2 Governance and policies

Specific credit governance rules define the allocation of responsibilities and mechanisms of interaction between the Holding Company and the Group Legal Entities with respect to credit risk management topics and ensure compliance of the overall Group Credit Risk Management framework with the regulatory framework to which the Holding Company is subject to. In this context, the Holding Company is assigned with the role of guidance, support and control for the following areas: credit rules (principles, policies and processes), credit strategies and credit risk limits, models development, rating systems validation, large exposures management, issuance of credit products, monitoring and reporting portfolio credit risk.

In particular, Group Legal Entities are required to request the Group Risk Management function's opinion before granting new or reviewing existing credit lines to individual borrowers or economic groups, whenever they exceed defined thresholds, also with reference to compliance with the credit risk concentration limits being measured with respect to the regulatory capital.

According to the role assigned by the Group governance to the Holding Company, specifically to the Group Risk Management function, general provisions are established ("General principles for credit activities") defining Group-wide rules and principles for guiding, governing and standardising the credit risk assessment and management, in line with the regulatory requirements and Group best practice.

The general rules are supplemented by policies governing specific topics (e.g. business areas, segment activities, type of counterpart/transaction). Such policies are divided into two categories:

- policies on group-wide topics, drafted and issued by the Holding Company and sent to all the Legal Entities. Some examples are the policies on FIBS counterparties (Financial Institutions, Banks and Sovereigns), on Country Risk Limits, on Project Finance and Acquisition & Leveraged Finance transactions, on underwriting risk limits for Syndicated Loan portfolio, on Commercial Real Estate Financing (CREF) and on Structured Trade and Export Finance (STEF):
- policies developed locally by single Legal 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 Holding Company level, the policies (if necessary) are further detailed through operative instructions, describing specific rules and instructions for the management of day-by-day activities.

Credit Policies have generally a static approach and are revised when necessary. Therefore, they are supplemented with Credit Risk Strategies that are updated at least annually and define customers/products, industry segments and geographical areas and form the target of the Legal Entity/the Group's relevant credit business.

2.3.3 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 can be defined as the risk of incurring losses arising from the possibility that a counterparty, a borrower 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 default of the borrower/issuer or a decrease of the market value of financial obligation due to a deterioration in its credit quality.

UniCredit group includes migration risk as a component of economic capital measured in the credit portfolio model. The perimeter of migration risk covers the most material and liquid assets: Sovereign, non-SME corporates including Financials, securitisations and project finance. The remaining assets are covered by default risk as usual: the selection reflects more reliably the business model by applying migration risk where value changes impact the P/L or are factored in business strategies (i.e. application for instruments such as bonds, loans and derivatives belonging to corporates, financial and sovereign counterparties). For Available for Sale/Fair Value Option positions in the banking book, migration risk is already covered by spread VaR in market risk and to avoid double counting these assets are excluded from migration risk assessment in Group Credit Portfolio Model.

Credit risk is measured both 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 organisational structure, etc.), regional and industry factors and counterpart behavior within the Legal Entity and 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, using all available internal and external information in order to arrive at a synthetic assessment of the risk associated to each monitored customer. This synthesis is obtained using a statistical function that summarises 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, is considered in the delegated credit approval powers. 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/transaction-related risk level.
The organisational model includes also a dedicated function, which is separated from loan approval and business functions and is responsible for the management of the so-called rating overrides, i.e. any changes to the automatic rating calculated by the model.

Each borrower's credit rating is reviewed at least annually on the basis of new/updated information. Each borrower is also assessed in the context of the economic group with which it is affiliated by, as a general rule, taking into account the calculated maximum risk for the entire economic group.
In addition to one-year horizon risk parameters, multi-period risk parameters are estimated according to a point-in-time and forward looking perspective allowing for compliance with the recent updates of accounting principles and a more robust risk adjusted performance evaluation.

Besides the methodologies summarised 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) of the single obligors 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 for the assets included in default risk, while it is defined as the mismatch between the expected forward price and the forward price at the current obligor credit rating for the assets included in the migration risk parameters. EL is independent from the default correlations in the portfolio and is typically charged as a cost component.

Value at Risk (VaR) represents the threshold monetary loss overcome only with a given probability level (VaR at 1-α 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 all risk factors.

Part E - Information on risks and hedging policies

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 proper 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 one of the tools used for the analysis of stress tests of the credit portfolio, starting from macroeconomic 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 systems 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 - Pillar II validation.

Credit economic capital estimation is available on a unique technological platform (“CPM”) and a common methodology for Holding functions and several Legal Entities of UniCredit group. The roll out of CPM across CEE Legal Entities allows to cover most of the relevant geographies.

To evaluate the effectiveness of securitisations in transferring credit risk, a tool (Structured Credit Risk Analyzer) has been developed. It allows to simulate credit losses in collateral portfolios and allocate the resulting losses to the tranches which characterise the liability side of the securitisation, both for cash and synthetic structure types (where credit risk is transferred via credit derivatives).

2.3.4 Credit Risk Strategies
Group credit risk strategies are an effective instrument for governing credit risk, contributing to the setting of the Group ambitions within the budget process in coherence with the Group Risk Appetite, of which they are an integral part. Being the concrete deployment of the Group Risk Appetite metrics, credit risk strategies constitute also an operational tool.

Starting from the macroeconomic and credit scenario, the outlook at industry level and the business strategy initiatives, credit risk strategies define a set of guidelines and operative targets for all the Group countries and business lines. The aim is to identify their risk profile and to steer the Group growth coherent with that.

Portfolio risk management pays special attention to credit concentration risk, defined as any single exposure or group of interlinked exposures with the potential to generate losses large enough (relative to a bank's capital, total assets, or overall risk level) to threaten the Group’s health or ability to maintain its core operations and requires that bank has in place effective internal policies, systems and controls to identify, measure, monitor, and control their credit concentration risk.

UniCredit group, in coherence with the regulatory framework, manages credit concentration risk through dedicated limits, which represent the maximum risk the Group is willing to accept towards:
- individual counterparties or a group of related counterparties (single name bulk risk);
- counterparties in the same economic sector (industry concentration risk).

Stress test simulations are a comprehensive part of credit risk strategies definition.

2.3.5 Credit Risk Stress Test
The aim of Credit Risk stress test is to analyse portfolio vulnerability in case of an economic downturn or a structural change of the macroeconomic framework. Different scenarios are considered while performing the stress test exercise, based on increasing levels of severity. In addition, scenarios may also be defined based on specific economic hypotheses.
The credit stress test models (or satellite models) are set of models aimed at translating the macro-economic conditions into credit risk parameters (PD/LGD). Within the wider stress testing framework the models serve as basis for calculating the stressed PD/LGD projections under the Adverse Scenarios. They are used as well for the estimation of Forward Looking component within IFRS9 framework.
As regards the modelling methodology the current framework envisages two different approaches for High and Low default portfolios. Notably for high default portfolios (Retail, SME and Mid corporate) the internal historical data have been used to estimate, at cluster level (Country/Asset Class)

direct relationship between default and recovery rate and macro-economic factors. However with regard the low default portfolios (e.g. Multinational, Banks, Sovereigns) for which no enough internal data are available, the historical financial statements are used to model a relationship between key financial items (which are inputs of the rating systems) and macro-economic factors. The projected key rating drivers, based on the macro-economic factors, are then used as input of the Internal Rating System in order to obtain the final stressed PD/LGD at counterpart level. Stress testing exercises is performed twice a year based on three scenarios both for normative (Pillar I) and economic (Pillar II) perspective.
Pillar 1 stressed metrics (LLP and RWA) are calculated according to the EBA methodology. Pillar II stress metrics (EC and AFR) are calculated according to the following methodology:

- Credit Economic Capital: Stressed PDs and LGDs are used as a basis to recalculate VaR and Economic Capital with CPM tool in each of the stressed scenarios. The Stressed Value at Risk refers to a VaR simulation where the underlying risk factors are stressed from normal to adverse case. In particular, the Stressed Value at Risk is intended to replicate a Value at Risk calculation that would be generated on the bank’s current portfolio if the relevant risk factors were experiencing a period of stress.
- AFR: the amount stemming from the difference between the Stressed Expected Loss (calculated based on PD-TTC and LGD-TTC) and the actual Expected losses is deducted from AFR.

2.4 Credit Risk Mitigation Techniques

UniCredit group uses various credit risk mitigation techniques to reduce potential credit losses in case of the obligor default. Consistent with the ”Regulation (EU) No.575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR) and amending Regulation (EU) No.648/2012, the Group is firmly committed to satisfy the requirements for recognition of credit risk mitigation techniques for regulatory capital purposes, according to the different approaches adopted (Standardised, Foundation IRB or Advanced IRB), both for internal use in operations and for the purposes of calculating the credit risk capital requirement.

With specific reference to credit risk mitigation, general guidelines are in force, issued by the Parent Company, defining group-wide rules and principles with the aim to guide, govern and standardise the credit risk mitigation management, in line with Group principles and best practice, as well as in accordance with the relevant regulatory requirements.

Following the general Group Credit Risk Mitigation Guidelines, all Legal Entities have adopted internal regulations, specifying processes, strategies and procedures for collateral management. In particular, such internal regulations detail collateral eligibility, valuation and monitoring rules and ensure the soundness, legal enforceability and timely liquidation of valuable collateral according to each Country's local legal system.

Collateral management assessments and credit risk mitigation compliance verification have been performed by the Legal Entities, specifically as part of Internal Rating System applications, in order to assess the presence of adequate documentation and procedure concerning the credit risk mitigation instruments used for supervisory capital.

According to the credit policy, collaterals or guarantees can be accepted only to support loans but cannot serve as a substitute for the borrower’s ability to meet its 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 granted by the Group’s Legal Entities, primarily include real estate, both residential and commercial, financial collateral (including cash deposits, debt securities, equities, and units of Undertakings for Collective Investment in Transferable Securities (UCITS)). Other types of collateral (pledged goods or pledged loans and life insurance policies) are less common. The Group also makes use of bilateral netting agreements for OTC derivatives (by means of ISDA and CSA agreements), Repos and securities lending.

The management system of credit risk mitigation techniques is embedded in the credit approval process and in the credit risk monitoring process, which widely support the evaluation and data quality checks of collaterals/guarantees and their appropriate linking to the categories defined for LGD estimates purposes. Controls and related responsibilities are duly formalised and documented in internal rules. Furthermore processes are implemented to control that all the relevant information regarding the identification and evaluation of the credit protection are correctly registered in the system.

When accepting a credit risk mitigation technique, UniCredit group emphasises the importance of 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 credit worthiness 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.

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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.

2.5 Non-Performing Exposures

The Group's approach to the Non-Performing portfolio is based on the following fundamental aspects:

- prompt action, using a solid and effective monitoring and reporting process. The early identification of possible credit quality deterioration allows the Group to put in place the necessary restrictive management measures aimed at risk reduction in the early phases prior to the potential default;
- proper assessment of the non-performing loans, in order to define the strategies and actions to be taken and the applicable default classification;
- initiating focused recovery procedures on the basis of the type and amount of exposure and the specific characteristics of the obligor;
- 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 IAS39 and Basel II rules;
- accurate and regular reporting in order to monitor aggregate portfolio risk over time.

UniCredit, in its role as Holding Company, has issued a global policy to provide Group-wide guidelines on principles for the categorisation of loans, with the aim to:

- acknowledge the new loans categorisation introduced by the European Banking Association (EBA);
- harmonise different local practices on loans categorisation where not deriving from specific requirements of the local Regulators;
- provide rules to cluster the local loans categories into the ones required for regulatory reporting and financial statements disclosure at UniCredit group consolidated level, in line with Banca d'Italia regulation.

In order to strengthen the Group Governance regarding the Non-Performing Exposures (NPE), under the direct responsibility of Group Chief Risk Officer the following structure/committee have been set up:

- "Group NPE" structure to develop the strategy and oversee the management, process, targets and disposals of Non-Performing Exposures, repossessed assets and any other distressed assets for the entire Group;
- "Group NPE Governance Committee" to ensure, at Group level, the steering, the coordination and the control of NPE Strategy and targets as well as an effective alignment on common goals between the Holding Company and other Legal Entities.

Part of "Group NPE" is the specialised "Group Distressed Asset Solutions" structure assessing and initiating alternative strategies to the conventional solutions, aimed at selling portfolios or individual exposures on the secondary market, also through securitisation.
UniCredit also adopts alternative recovery strategies, such as restructuring joint ventures focusing on specific sectors, as well as other outsourcing or benchmarking measures to leverage market expertise as promptly as possible. The sale of non-performing exposures is carried out by using a competitive auction mechanism. A full costing analysis is performed to assess how effective this will be, with the objective of maximising the net present value for the Group. The "Group Distressed Asset Solutions" structure has a coordinating role within the Group's Risk Management and, with respect to the Italian and Foreign Entities, it implements strategies and finalises asset sales, according to what was approved by the relevant governing bodies.

Moreover, within Transform 2019, the "NPE Transformation Program" has been launched in order to address the goals on asset quality of the strategic plan "Transform2019" and to progressively converge towards the "Guidance to banks on non-performing loans" issued by The European Central Bank in March 2017. The "NPE Operational Plan" of UniCredit S.p.A. for 2017-2019, approved by Board of Director and sent to the European Central Bank in April 2017, is currently being executed with a continuous alignment with the Supervisory Authority.

The classification in the different "impaired" classes must be done in accordance with legal and regulatory provisions issued by the local Supervisory Authorities. The regulation regarding the impaired loans is the Circular issued by Banca d'Italia (No.272 of 30 July 2008 - "Accounts Matrix") in accordance with the EBA standard (EBA/ITS /2013/03/rev1 24/7/2014) that reviewed in 2014 the classification of impaired loans for regulatory and Supervisory reporting purposes.
The regulatory framework related to definition of "default" has been envolving following the issuance of the "Guidelines on the application of the definition of default under Article 178 of Regulation (EU) 575/2013", on 28 September 2016, by EBA, after a consultation process ended up 22 January 2016. The Paper defines specific and homogeneous criteria at European level on the classification of "Past Due" exposures and "Ulikely to Pay" exposures, ruling also the principles underlying the regulatory re-classification to "bonis". The first application of this guidelines is planned within January 2021.
Simultaneously, EBA issued new guidelines on the materiality threshold of past due exposures ("Draft Regulatory Technical Standards on the materiality threshold for credit obligations past due under Article 178 of Regulation (EU) No 575/2013"), whose consultation process was concluded on 31 January 2015. As expected by EBA, the National Competent Authorities will define the new rules to determine past due exposures coherently with the threshold ranges provided by EBA in the RTS final paper.

Banca d'Italia Circular:
- allocates impaired loans into the categories of bad loans, unlikely to pay and past-due loans. The total of these classes corresponds to the overall amount of Non-Performing Exposures mentioned in the ITS EBA standards;
- eliminates the previous concepts of doubtful and restructured loans including them in the new categorise of "unlikely to pay";
- introduces the qualification of forborne exposures in accordance with the definition of "Forborne exposures" as ruled with EBA Implementing Technical Standards (EBA/ITS /2013/03/rev1 24/7/2014) (see next paragraph).

Loan Categorisation in the risk categories and forborne exposures
In accordance with EBA Implementing Technical Standards, a transaction has to be considered as forborne when both of the following conditions are simultaneously met:
- a concession exits, either (i) contractual modification in favor of the debtor or (ii) refinancing aimed at ensuring the repayment of preexisting obligation;
- the debtor is facing or about to face financial difficulties.

In order to progressively converge to the above-mentioned regulatory provisions, UniCredit S.p.A.:
- launched some activities to align the currently exiting credit process to the new classification rules;
- defined a monitoring process of the dynamics of Forborne Exposures;
- ensured necessary Reporting to the Supervisory Authority.

To assess the existence of a concession, the approach adopted by UniCredit group has enabled the tracking of a concession when:
- the loan is renegotiated through collective agreements, or through internal initiatives supporting certain debtors categories, or through initiatives designed to support the debtor in case of natural disasters;
- the installment/repayment plan of a loan is changed;
- pool loans are subject to re-nogatiation;
- the loan is subject to a refinancing practice.

For the evaluation of debtor's financial difficulty, UniCredit submits the positions (subject to concession) to an ad hoc test based on specific objective criteria (i.e. Troubled Debt Test).

In March 2017 the European Central Bank issued the final version of the document "Guidance to Banks on Non-Performing Loans" which holistically includes the guidelines defined by the Supervisory Authority on Non Performing Exposures. The Paper, that will become effective starting from 2018, layouts specific recommendations to Banks for the definition of a clear NPL Strategy which, coherently with the industrial plan, ultimately aims at the reduction of NPE Stock, by means of ad hoc risk management initiatives.

Part E - Information on risks and hedging policies

Quantitative information

In the following tables, the volume of impaired assets according to the IFRS definition is substantially equivalent to the one for non-performing exposures referred to in the EBA standards.

A. Credit quality

For the purposes of the disclosure of quantitative information about credit quality, the term "credit exposures" does not include equity instruments and units in investment funds except for table A.2.1 - Banking group - Balance Sheet and off-Balance Sheet credit exposure by external rating class, in which units in investment funds are included.

A.1 Non-Performing and performing credit exposure: amounts, writedowns, changes, distribution by business activity/region

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying value) (€ '000)

PORTFOLIOS/QUALITY	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE EXPOSURES	OTHER NON-PERFORMING EXPOSURES	PERFORMING EXPOSURES	TOTAL
1. Available-for-sale financial assets	4,830	26,318	-	-	101,089,212	101,120,360
2. Held-to-maturity financial instruments	-	7,077	-	-	6,269,945	6,277,022
3. Loans and receivables with banks	186	4,999	1	-	70,977,557	70,982,743
4. Loans and receivables with customers	9,498,270	11,023,722	660,247	9,372	426,535,302	447,726,913
5. Financial assets at fair value	-	22,374	-	-	21,519,228	21,541,602
6. Financial instruments classified as held for sale	432	102,114	-	-	204,395	306,941
Total 12.31.2017	**9,503,718**	**11,186,604**	**660,248**	**9,372**	**626,595,639**	**647,955,581**
Total 12.31.2016	**13,382,979**	**13,531,590**	**927,188**	**8,373**	**671,037,829**	**698,887,959**

Breakdown of financial assets by portfolio and credit quality - Forborne exposures (carrying value) (€ '000)

PORTFOLIOS/QUALITY	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE EXPOSURES	OTHER NON-PERFORMING EXPOSURES	PERFORMING EXPOSURES	TOTAL
1. Available-for-sale financial assets	-	-	-	-	-	-
2. Held-to-maturity financial instruments	-	-	-	-	-	-
3. Loans and receivables with banks	-	-	-	-	-	-
4. Loans and receivables with customers	2,065,742	6,621,486	53,863	-	5,897,510	14,638,601
5. Financial assets at fair value	-	-	-	-	-	-
6. Financial instruments classified as held for sale	-	102,114	-	-	-	102,114
Total 12.31.2017	**2,065,742**	**6,723,600**	**53,863**	**-**	**5,897,510**	**14,740,715**
Total 12.31.2016	**2,274,897**	**7,106,905**	**129,904**	**654**	**6,291,219**	**15,803,579**

See table A.1.3 and A.1.6 for more details about volumes of forborne exposures.

Breakdown of performing past-due financial assets by portfolio and past-due bucket (gross value) (€ '000)

PORTFOLIOS/QUALITY	PAST-DUE LESS THAN 30 DAYS	PAST-DUE BETWEEN 30 AND 60 DAYS	PAST-DUE BETWEEN 60 AND 90 DAYS	PAST-DUE OVER 90 DAYS	TOTAL
1. Available-for-sale financial assets	-	-	-	-	-
2. Held-to-maturity financial instruments	-	-	-	-	-
3. Loans and receivables with banks	45,854	642	642	466	47,604
4. Loans and receivables with customers	4,842,921	1,464,401	736,086	2,202,270	9,245,678
5. Financial assets at fair value	-	-	-	-	-
6. Financial instruments classified as held for sale	-	-	-	-	-
Total 12.31.2017	**4,888,775**	**1,465,043**	**736,728**	**2,202,736**	**9,293,282**
Total 12.31.2016	**5,087,649**	**1,493,260**	**1,438,745**	**2,521,045**	**10,540,699**

The amounts past due over 90 days refer to loans that do not meet the definition of Non-performing past due (below the materiality threshold).

A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)

(€ '000)

PORTFOLIOS/QUALITY	NON-PERFORMING ASSETS GROSS EXPOSURE	NON-PERFORMING ASSETS SPECIFIC WRITEDOWNS	NON-PERFORMING ASSETS NET EXPOSURE	PERFORMING ASSETS GROSS EXPOSURE	PERFORMING ASSETS PORTFOLIO ADJUSTMENTS	PERFORMING ASSETS NET EXPOSURE	TOTAL (NET EXPOSURE)
1. Available-for-sale financial assets	55,898	24,750	31,148	101,089,212	-	101,089,212	101,120,360
2. Held-to-maturity financial instruments	8,197	1,120	7,077	6,269,945	-	6,269,945	6,277,022
3. Loans and receivables with banks	55,469	50,283	5,186	71,002,851	25,294	70,977,557	70,982,743
4. Loans and receivables with customers	48,431,952	27,240,341	21,191,611	428,550,015	2,014,713	426,535,302	447,726,913
5. Financial assets at fair value	23,469	1,095	22,374	X	X	21,519,228	21,541,602
6. Financial instruments classified as held for sale	173,698	71,152	102,546	204,834	439	204,395	306,941
Total 12.31.2017	**48,748,683**	**27,388,741**	**21,359,942**	**607,116,857**	**2,040,446**	**626,595,639**	**647,955,581**
Total 12.31.2016	**75,403,929**	**47,553,799**	**27,850,130**	**644,838,618**	**2,318,562**	**671,037,829**	**698,887,959**

As at 31 December 2017 the partial write-offs of impaired assets amounted to €12,494 million on Loans and receivables with customers, all attributable to the Banking Group perimeter.

As part of the 2016-2019 Industrial Plan UniCredit S.p.A. in the fourth quarter 2016 started with the “Project FINO” (hereinafter, also "Project") aims to dispose of a portion of the "non-core" assets of the UniCredit group through a market transaction including a set of credit exposures classified as non-performing, referring to various sectors, collected within a portfolio called “FINO portfolio” as described in in UniCredit's Consolidated Financial Statements as at 31 December 2016 and in the Explanatory Notes of the Consolidated First Half Financial Report as at 30 June 2017 at the bottom of Table “A.1.2 - Breakdown of credit exposures by portfolio and credit quality (gross and net amounts)”.

In particular, the FINO Portfolio consists in customer loans and receivables due to UniCredit S.p.A. and Arena NPL One S.r.l. (transferee Vehicle for securitised receivables originated by the Bank and for which the latter holds 100% of the asset-backed securities issued), which were recognised in UniCredit S.p.A.'s Balance Sheet in a coherent manner.

The Project consists of 2 phases, whose guidelines were defined in the Framework Agreements signed by UniCredit S.p.A. (also in its capacity as Sole Note-holder of the securities issued by Arena NPL One S.r.l.) and by qualified third-party Investors (Pimco and Fortress):

- “**Phase 1**”, which covers the launch of one or several securitisation transactions through the establishment of several Special Purpose Vehicles (“SPVs” or “Vehicles”) as buyers of the receivables held for sale. SPVs were expected to constitute separate “silos” depending on the loan funds in the portfolio purchased, issuing, for each of them, Senior, Mezzanine and Junior asset-backed securities (ABSs) with different levels of subordination. It was provided that 50.1% of each class of the aforementioned securities would have been underwritten by third-party Investors (related to Pimco and Fortress), whilst the remaining 49.9% by UniCredit S.p.A.;
- “**Phase 2**”, for which the parties had priorly identified in the relevant Framework Agreements guidelines and strategies aimed at considering, inter alia: (a) UniCredit's S.p.A.’s gradual disposal of the securities it had underwritten, also to third-party Investors, in compliance with the requirement for UniCredit to maintain a net economic interest in the securitisation transactions identified by each Framework Agreement in line with applicable statutory regulations; and (b) the optimisation of the financial structure of the securities issued as part of "Phase 1", including any obtainment of a guarantee on securitisations of non-performing loans (“GACS”) by the Italian Ministry of the Economy and Finance (“MEF”).

By third quarter of 2017 and in compliance with the transaction's time scales, the “Phase 1” of the FINO Project (hereinafter also the "Project") **has been completed**. In particular, on 17 July 2017 UniCredit S.p.A. announced the subscription of the final agreements for the disposal of the FINO Portfolio with Pimco and Fortress. Pursuant to these agreements, the Securitisation Vehicles have purchased the receivables included in the portfolio for the various sectors (sub-portfolios) relating to the relevant interests of Pimco and Fortress, as set out in the contractual documentation (Transfer Agreements) signed on 14 July 2017 by the Bank and Onif Finance S.r.l. (whose ABSs were partially subscribed by an entity belonging to the Pimco group), and by the Bank and Arena NPL One S.r.l., on the one side, and Fino 1 Securitisation S.r.l. and Fino 2 Securitisation S.r.l. on the other side (whose ABSs were partially subscribed by entities belonging to the Fortress group).
Securitisation transactions were finalised by the end of July 2017 with the signing of the remaining contractual documentation which allowed on the one side the accounting derecognition of the underlying assets of the FINO Portfolio (previously recognised in “Non-current assets and disposal groups classified as held for sale”) from the Balance Sheet assets of UniCredit S.p.A., and on the other side, the issue of the Asset-Backed Securities (ABS) by the SPVs and its subscription by UniCredit S.p.A. (49.9% of all the classes of the ABSs issued) and by third-party Investors (50.1% of all the classes of the ABSs issued).
In this regard, it should be noted that the Senior and Mezzanine tranches held by the Bank have been classified in item “40. Available-for-sale financial assets”, while the Junior tranches have been classified in item “30. Financial assets at fair value through profit or loss” at an initial fair value aligned with nominal value of €796 million (for the ABSs classified as “Available-for-sale financial assets”) and €85 million (for the securities classified as “Financial assets at fair value through profit or loss”), respectively.

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In line with the contractual documentation, the 50.1% stake subscribed by third-party Investors was also settled (by around 60% of its amount) through a Deferred Subscription Price (DSP) versus each SPV, whose mechanism provides for a term of maximum three years and no interest.
The DSP of each SPV was subject to the assumption that third-party entities belonging to the relevant third-party Investor's groups - with suitable credit rating and a capital structure that can guarantee that the repayment of the DSP does not depend, either in full or mainly, on the payment of ABSs - fully assumed the obligation to pay any amounts due as DSP. Each DSP was also assigned without recourse by the Vehicles to UniCredit S.p.A. as consideration for the purchase of their respective sub-portfolios of receivables, and has been recognised as Deferred Purchase Price (DPP) in UniCredit S.p.A.'s Balance Sheet. Due to their special features, the DPPs have been classified in item “70. Loans and receivables with customers” at their fair value, and evaluated at amortised cost based on the future cash flows estimated during their duration, as required by IAS39.
As at 31 December 2017, the Deferred Purchase Prices have been presented in UniCredit S.p.A.'s Balance Sheet for a total amount of €497 million.
Additional to those described in the Consolidated First Half Financial Report as at 30 June 2017, in the third quarter 2017 negative economic effects have been recognised for about €36 million (mainly relating to the evaluation of the abovementioned DPPs and some negative income components relating to the FINO Project) and for other one-off charges amounting to €80 million. In addition, in the fourth quarter 2017, positive economic effects for about €6 million have been recognised regarding other adjustments relating to the transaction.

During fourth quarter 2017, **under Project FINO “Phase 2” aimed to finalise disposals** to third-party investors, in compliance with the requirement for the Bank to maintain a net economic interest in the securitisation transaction according to regulatory requirements, **to reduce the securities UniCredit S.p.A. had underwritten below 20% of overall issued Notes**, it has been:
- completed the optimisation of the financial structure of the securities issued by Fino 1 Securitisation S.r.l. vehicle to which, exclusively for the Class A, Class B and Class C instruments, DBRS and Moody's Investor Services assigned the final ratings (respectively BBB (high), BB (high) and BB assigned by DBRS and A2, Ba3 and B1 from Moody's);
- obtained following the MEF Decree on 28 December 2017, the Guarantee for the Securitisation of Non-performing loans (GACS) on the most senior tranche (Class A or "Senior Guaranteed Notes") issued by the aforementioned vehicle;
- finalised the sale to Generali Investment Europe (GIE) of 30% of the Notes issued by Onif Finance S.r.l., settled on 7 December 2017;
- signed a placement agreement including a backstop facility and, by January 2018, completed the placement, net of the 5% retained portion according to the regulatory requirements, of the Senior Guaranteed Notes issued by Fino 1 Securitisation S.r.l. through a syndicate composed by HSBC, Natixis, Natwest, Mediobanca and UniCredit Bank AG with settlement on 25 January 2018, and;
- signed binding agreements with funds managed by King Street Capital Management L.P and Fortress Group for the sale of portion of Class B, Class C and Class D notes (the "Other Notes") issued by Fino 1 Securitisation S.r.l. and Fino 2 Securitisation S.r.l. with settlement on 29 and 30 January 2018.

No significant economic impacts in 2017 from the sale of the Notes occurred in the fourth quarter of 2017 and from the valuation of the remaining amounts held by UniCredit S.p.A.
In this regard, it should be noted that the valuation of the Notes as at 31 December 2017 held by UniCredit S.p.A. has been made referring the values of the transactions defined with the third-party counterparties (Fair value L2), excluding the Senior tranche issued by the SPV Fino 2 Securitisation S.r.l., which has been valued on the basis of an internal model (Fair value L3) for an amount substantially aligned with its nominal value.

UniCredit Leasing S.p.A.
In conjunction with the development of the new Strategic Plan, UniCredit Leasing S.p.A. has also been involved in activities undertaken with the introduction, in the fourth quarter of 2016, of the new approach for the management of impaired loans.

Breakdown of credit exposures by portfolio and credit quality - Financial assets held for trading and Hedging instruments (gross and net values)

(€ '000)

		LOW CREDIT QUALITY ASSETS		OTHER ASSETS
PORTFOLIOS/QUALITY		CUMULATED LOSSES	NET EXPOSURE	NET EXPOSURE
1. Financial assets held for trading		214,774	311,534	59,065,991
2. Hedging derivatives		-	-	3,431,070
Total	**12.31.2017**	**214,774**	**311,534**	**62,497,061**
Total	**12.31.2016**	**260,107**	**379,939**	**78,934,361**

A.1.3 Banking Group - On- and off-balance sheet credit exposure with banks: gross and net values and past-due buckets

(€ '000)

	AMOUNT AS AT 12.31.2017							
	GROSS EXPOSURE							
	NON-PERFORMING ASSETS							
EXPOSURE TYPES/AMOUNTS	PAST-DUE LESS THAN 90 DAYS	PAST-DUE BETWEEN 90 AND 180 DAYS	PAST-DUE BETWEEN 180 DAYS AND 1 YEAR	PAST-DUE OVER 1 YEAR	PERFORMING ASSETS	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. On-balance sheet exposures								
a) Bad exposures	42,078	-	5	7,166	X	49,071	X	178
- of which: forborne exposures	*4,107*	-	-	-	*X*	*4,107*	*X*	-
b) Unlikely to pay	-	6,169	-	17	X	1,191	X	4,995
- of which: forborne exposures	-	-	-	-	*X*	-	*X*	-
c) Non-Performing past due	-	-	-	31	X	26	X	5
- of which: forborne exposures	-	-	-	-	*X*	-	*X*	-
d) Performing past-due	X	X	X	X	47,604	X	51	47,553
- of which: forborne exposures	*X*	*X*	*X*	*X*	-	*X*	-	-
e) Other performing exposures	X	X	X	X	90,488,696	X	25,243	90,463,453
- of which: forborne exposures	*X*	*X*	*X*	*X*	-	*X*	-	-
Total A	**42,078**	**6,169**	**5**	**7,214**	**90,536,300**	**50,288**	**25,294**	**90,516,184**
B. Off-balance sheet exposures								
a) Non-Performing	4,784	-	-	-	X	2,334	X	2,450
b) Performing	X	X	X	X	34,689,640	X	11,455	34,678,185
Total B	**4,784**	**-**	**-**	**-**	**34,689,640**	**2,334**	**11,455**	**34,680,635**
Total (A+B)	**46,862**	**6,169**	**5**	**7,214**	**125,225,940**	**52,622**	**36,749**	**125,196,819**

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 exposures to banks comprise guarantees given, irrevocable commitments and derivatives regardless of each transaction's classification category; the revocable commitments to disburse funds (not included in the off-balance sheet exposures) amount to €9,334 million.

Part E - Information on risks and hedging policies

A.1.4 Banking Group - On-balance sheet credit exposures with banks: gross changes in Non-Performing exposures

(€ '000)

SOURCE/CATEGORIES	CHANGES IN 2017 BAD EXPOSURES	UNLIKELY TO PAY	NON PERFORMING PAST-DUE
A. Opening balance (gross amount)	**60,248**	**4,266**	**29**
- of which sold but not derecognised	-	-	-
B. Increases	**223**	**6,178**	**4**
B.1 transfers from Performing loans	-	6,172	4
B.2 transfers from other Non-Performing exposures	-	-	-
B.3 other increases	223	6	-
C. Reductions	**11,222**	**4,258**	**2**
C.1 transfers to Performing loans	-	1,908	2
C.2 write-offs	16	7	-
C.3 recoveries	497	2,002	-
C.4 sales proceeds	-	-	-
C.5 losses on disposals	-	-	-
C.6 transfers to other Non-Performing exposures	-	-	-
C.7 other decreases	10,709	341	-
D. Closing balance (gross amounts)	**49,249**	**6,186**	**31**
- of which sold but not derecognised	-	-	-

A.1.4bis Banking Group - On-balance sheet credit exposures with banks: gross changes by credit quality in forborne exposures

(€ '000)

SOURCE/CATEGORIES	CHANGES IN 2017 FORBORNE EXPOSURES: NON PERFORMING	FORBORNE EXPOSURES: PERFORMING
A. Opening balance (gross amount)	**4,673**	**-**
- of which sold but not derecognised	-	-
B. Increase variations	**-**	**-**
B.1 transfers from Performing not forborne	-	-
B.2 transfers from Performing forborne	-	X
B.3 transfers from Non-Performing forborne	X	-
B.4 other increases	-	-
C. Reduction	**566**	**-**
C.1 transfers to Performing not forborne	X	-
C.2 transfers to Performing forborne	-	X
C.3 transfers to Non-Performing forborne	X	-
C.4 write-offs	-	-
C.5 recoveries	-	-
C.6 sales proceeds	-	-
C.7 losses from disposals	-	-
C.8 other reductions	566	-
D. Closing balance (gross amounts)	**4,107**	**-**
- of which sold but not derecognised	-	-

A.1.5 Banking Group - On-balance sheet Non-Performing credit exposures with banks: change in overall impairments

(€ '000)

SOURCE/CATEGORIES	CHANGES IN 2017					
	NON-PERFORMING LOANS	OF WHICH FORBORNE EXPOSURES	UNLIKELY TO PAY	OF WHICH FORBORNE EXPOSURES	NON PERFORMING PAST-DUE	OF WHICH FORBORNE EXPOSURES
A. Opening balance (gross amount)	**59,496**	**4,673**	**1,031**	**-**	**26**	**-**
- of which sold but not derecognised	-	-	-	-	-	-
B. Increases	**282**	**-**	**1,175**	**-**	**-**	**-**
B.1 writedowns	75	-	1,175	-	-	-
B.2 losses on disposal	-	-	-	-	-	-
B.3 transfers from other Non-Performing exposure	-	-	-	-	-	-
B.4 other increases	207	-	-	-	-	-
C. Reductions	**10,707**	**566**	**1,015**	**-**	**-**	**-**
C.1 write-backs from assessments	-	-	1,007	-	-	-
C.2 write-backs from recoveries	189	-	-	-	-	-
C.3 gains on disposal (-)	-	-	-	-	-	-
C.4 write-offs	16	-	7	-	-	-
C.5 transfers to other Non-Performing exposures	-	-	-	-	-	-
C.6 other decreases	10,502	566	1	-	-	-
D. Closing balance (gross amounts)	**49,071**	**4,107**	**1,191**	**-**	**26**	**-**
- of which sold but not derecognised	-	-	-	-	-	-

A.1.6 Banking Group - On- and off-balance sheet credit exposure with customers: gross and net values and past-due buckets

(€ '000)

EXPOSURE TYPES/AMOUNTS	AMOUNT AS AT 12.31.2017							
	GROSS EXPOSURE							
	NON-PERFORMING ASSETS							
	PAST DUE LESS THAN 90 DAYS	PAST-DUE BETWEEN 90 AND 180 DAYS	PAST-DUE BETWEEN 180 DAYS AND 1 YEAR	PAST-DUE OVER 1 YEAR	PERFORMING ASSETS	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. On-balance sheet exposures								
a) Bad exposures	2,557,672	161,379	406,050	25,516,108	X	18,957,074	X	9,684,135
- of which: forborne exposures	*1,581,958*	*92,414*	*229,959*	*2,775,699*	*X*	*2,563,888*	*X*	*2,116,142*
b) Unlikely to pay	4,015,599	757,740	2,261,151	13,304,874	X	8,782,724	X	11,556,640
- of which: forborne exposures	*2,339,870*	*507,929*	*1,185,923*	*7,938,022*	*X*	*4,979,931*	*X*	*6,991,813*
c) Non-Performing past-due	166,381	502,483	258,670	346,024	X	473,059	X	800,499
- of which: forborne exposures	*42,491*	*22,084*	*13,902*	*11,312*	*X*	*35,831*	*X*	*53,958*
d) Performing past-due	X	X	X	X	9,614,009	X	277,155	9,336,854
- of which: forborne exposures	*X*	*X*	*X*	*X*	*1,685,961*	*X*	*121,114*	*1,564,847*
e) Other performing exposures	X	X	X	X	578,690,198	X	1,817,533	576,872,665
- of which: forborne exposures	*X*	*X*	*X*	*X*	*4,670,987*	*X*	*143,652*	*4,527,335*
Total A	**6,739,652**	**1,421,602**	**2,925,871**	**39,167,006**	**588,304,207**	**28,212,857**	**2,094,688**	**608,250,793**
B. Off-balance sheet exposures								
a) Non-Performing	2,609,603	-	-	-	X	655,595	X	1,954,008
b) Performing	X	X	X	X	192,991,954	X	118,382	192,873,572
Total B	**2,609,603**	**-**	**-**	**-**	**192,991,954**	**655,595**	**118,382**	**194,827,580**
Total (A+B)	**9,349,255**	**1,421,602**	**2,925,871**	**39,167,006**	**781,296,161**	**28,868,452**	**2,213,070**	**803,078,373**

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.

Part E - Information on risks and hedging policies

Off-balance sheet exposures to customers comprises guarantees given, irrevocable commitments and derivatives regardless of each transaction's classification category; the revocable commitments to disburse funds (not included in the off-balance sheet exposures) amount to €133,550 million.

The total amount of forborne exposures (net of those belonging to disposal groups/held for sale) is €23 billion (€16.6 billion non performing and €6.4 billion performing). These exposures refers for 66% to the Italian perimeter, while the remaining amount refer for 16% to Germany, to CEE countries for 14% and for the 4% to Austria.
The geographic distribution is substantially unchanged for performing and non-performing exposures. For a description of the rules for identification of forborne exposures please refer to Part E - Information on risks and hedging policies - Section 1 Credit Risk, Paragraph 2.5 (Non-Performing exposures).

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 €3,028 million at 31 December 2017, against which specific impairments have been made for €2,002 million, with a total coverage level of 66%.

A.1.7 Banking Group - On-balance sheet credit exposures with customers: gross changes in Non-Performing exposures

(€ '000)

	CHANGES IN 2017		
SOURCE/CATEGORIES	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST DUE
A. Opening balance (gross amount)	**50,955,002**	**24,528,528**	**1,619,329**
- of which sold but not derecognised	*633,620*	*658,945*	*37,910*
B. Increases	**5,567,118**	**9,336,887**	**2,755,158**
B.1 transfers from Performing exposures	1,162,624	3,738,756	2,550,512
B.2 transfers from other Non-Performing exposures	3,203,672	1,599,811	52,264
B.3 other increases	1,200,822	3,998,320	152,382
C. Decreases	**27,880,911**	**13,526,051**	**3,100,929**
C.1 transfers to Performing loans (including Performing past-due)	424,625	1,824,373	992,175
C.2 write-offs	19,263,953	1,204,620	13,516
C.3 recoveries	2,356,525	3,827,936	498,967
C.4 sales proceeds	2,584,525	401,477	11,789
C.5 losses on disposals	910,154	97,993	209
C.6 transfers to other Non-Performing exposures	421,616	2,994,985	1,439,146
C.7 other decreases	1,919,513	3,174,667	145,127
D. Closing balance (gross amounts)	**28,641,209**	**20,339,364**	**1,273,558**
- of which sold but not derecognised	*612,857*	*1,223,582*	*8,947*

The gross changes in on balance Non-Performing exposures with customers includes the completion of the "Phase 1" of FINO Project, which includes the sale of receivables belonging to the FINO Portfolio through the securitisation transactions completed in July 2017 with the signing of the complete contractual documentation, thus implementing the conditions required by IAS39 for the application of the accounting derecognition from the Balance Sheet of UniCredit S.p.A. of the receivables included in the same Portfolio, since the rights to cash out the cash flows deriving from the Portfolio have been transferred (the receivables were previously recognised in "Non-current assets and disposal groups classified as held for sale"). For the most detailed disclosure on FINO Project, see the information provided in Part E-Information on risks and hedging policies-Section 1-Credit Risk, at the foot of table "A.1.2 - Breakdown of credit exposures by portfolio and credit quality (gross and net values)".

Sub-items "B.3 other increases" and "C.3 recoveries" include amounts recovered during the year concerning impaired exposures which were derecognised in their entirety.

A.1.7bis Banking Group - On-balance sheet credit exposures with customers: gross changes by credit quality in forborne exposures

(€ '000)

SOURCE/CATEGORIES	CHANGES IN 2017	
	FORBORNE EXPOSURES: NON PERFORMING	FORBORNE EXPOSURES: PERFORMING
A. Opening balance - gross exposure	**18,196,645**	**6,893,038**
- of which sold but not derecognised	*401,994*	*186,504*
B. Increases	**7,875,219**	**3,584,394**
B.1 transfers from performing not forborne	1,055,647	2,129,711
B.2 transfers from performing forborne	1,016,846	X
B.3 transfers from non-performing forborne	X	1,136,237
B.4 other increases	5,802,726	318,446
C. Decreases	**9,330,301**	**4,120,484**
C.1 transfers to performing not forborne	X	1,350,346
C.2 transfers to performing forborne	1,151,157	X
C.3 transfers to performing not forborne	X	1,023,710
C.4 write-offs	1,635,342	102
C.5 recoveries	3,768,433	1,279,170
C.6 sales proceeds	373,369	-
C.7 losses from disposals	91,632	18,663
C.8 other reductions	2,310,368	448,493
D. Closing balance (gross amounts)	**16,741,563**	**6,356,948**
- of which sold but not derecognised	*781,801*	*307,783*

A.1.8 Banking Group - On-balance sheet Non-Performing credit exposures with customers: changes in overall impairment

(€ '000)

SOURCE/CATEGORIES	CHANGES IN 2017					
	BAD EXPOSURES	OF WHICH FORBORNE EXPOSURES	UNLIKELY TO PAY	OF WHICH FORBORNE EXPOSURES	NON-PERFORMING PAST DUE	OF WHICH FORBORNE EXPOSURES
A. Opening balance (gross amount)	**37,350,118**	**2,852,724**	**10,569,004**	**5,395,789**	**532,233**	**51,491**
- of which sold but not derecognised	*301,906*	*192,160*	*286,386*	*192,160*	*15,268*	*9,815*
B. Increases	**6,218,084**	**1,339,183**	**3,249,645**	**2,259,534**	**478,783**	**77,459**
B.1 writedowns	3,534,361	582,795	2,635,803	1,151,800	306,860	16,110
B.2 losses on disposal (+)	910,159	39,656	97,988	51,976	209	-
B.3 transfers from other Non-Performing exposure	1,369,566	440,463	231,755	100,131	17,560	5,134
B.4 other increases	403,998	276,269	284,099	955,627	154,154	56,215
C. Reductions	**24,611,128**	**1,628,019**	**5,035,925**	**2,675,392**	**537,957**	**93,119**
C.1 write-backs from assessments	880,475	74,765	736,453	431,077	41,227	4,387
C.2 write-backs from recoveries	1,333,948	348,925	728,031	280,155	141,518	11,945
C.3 gains on disposal (-)	463,824	11,071	49,926	31,611	99	-
C.4 write-offs	19,263,953	880,200	1,204,620	754,303	13,516	839
C.5 transfers to other Non-Performing exposures	90,952	52,584	1,280,623	432,747	247,306	60,397
C.6 other decreases	2,577,976	260,474	1,036,272	745,499	94,291	15,551
D. Closing balance (gross amounts)	**18,957,074**	**2,563,888**	**8,782,724**	**4,979,931**	**473,059**	**35,831**
- of which sold but not derecognised	*301,128*	*374,597*	*553,011*	*374,597*	*1,601*	*162*

In line with the dynamics of on balance gross Non-Performing exposures with customers, the correlated annual dynamics of the changes in overall impairment (loan loss provisions stock) includes the completion of the “Phase 1” of FINO Project, which includes the sale of receivables belonging to the FINO Portfolio through the securitisation transactions completed in July 2017 with the signing of the complete contractual documentation, thus implementing the conditions required by IAS39 for the application of the accounting derecognition from the Balance Sheet of UniCredit S.p.A. of the receivables included in the same Portfolio, since the rights to cash out the cash flows deriving from the Portfolio have been transferred (the receivables were previously recognised in "Non-current assets and disposal groups classified as held for sale").
For the most detailed disclosure on FINO Project, see the information provided in Part E - Information on risks and hedging policies - Section 1 - Credit Risk, at the foot of table “A.1.2 - Breakdown of credit exposures by portfolio and credit quality (gross and net values)”.

Part E - Information on risks and hedging policies

Sub-items “B.4 other increases” and “C.2 write-backs from recoveries” include amounts recovered during the year concerning impaired exposures which were derecognised in their entirety.

A.2 Classification of credit exposures based on internal and external ratings

A.2.1 Banking Group - On- and off- balance sheet credit exposure by external rating classes

(€ '000)

	AMOUNTS AS AT 12.31.2017							
	EXTERNAL RATING CLASSES							
EXPOSURES	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6	NO RATING	TOTAL
A. On-balance sheet exposures	**67,580,167**	**39,592,291**	**117,513,363**	**19,933,624**	**4,023,429**	**22,289,159**	**431,268,994**	**702,201,027**
B. Derivative contracts	**7,596,481**	**7,520,749**	**7,797,776**	**1,725,715**	**182,933**	**313,969**	**9,837,575**	**34,975,198**
B.1 Financial derivatives	7,538,612	7,401,400	7,786,165	1,725,715	182,933	313,969	9,765,596	34,714,390
B.2 Credit derivatives	57,869	119,349	11,611	-	-	-	71,979	260,808
C. Guarantees given	**4,197,080**	**6,617,355**	**13,111,317**	**6,559,506**	**1,552,914**	**1,200,142**	**43,657,548**	**76,895,862**
D. Other commitments to disburse funds	**2,229,541**	**7,387,033**	**17,895,897**	**4,634,113**	**963,789**	**836,173**	**82,279,294**	**116,225,840**
E. Other	**2,694**	**1,179,609**	**10,109**	**-**	**481**	**-**	**220,378**	**1,413,271**
Total	**81,605,963**	**62,297,037**	**156,328,462**	**32,852,958**	**6,723,546**	**24,639,443**	**567,263,789**	**931,711,198**

Impaired exposures are included in class “6“.

The table details on- and off-balance sheet credits granted to counterparties rated by external rating agencies, which provide brief assessments of the creditworthiness of different classes of borrowers such as Sovereigns, Banks, Public-Sector Entities, Insurance Companies and (usually large) Enterprises.

The table refers to classification of 262/2005 Banca d’Italia Circular (fourth update dated 15 December 2015); then it provides, for external ratings, 6 classes of creditworthiness.
Rating Agencies utilised to fill the table are: Moody’s, S&Ps, Fitch and DBRS.

Where more than one agency rating is available, the most prudential rating is assigned.

The 82.4% of rated counterparties were investment grade (from Class 1 to Class 3), referring to highly-rated borrowers.

Unrated exposures, i.e. those with no external rating, were 60.9% of the portfolio, due to the fact that a considerable proportion of borrowers were private individuals or SMEs, which are not externally rated.

A.2.2 Banking Group - On- and off- balance sheet exposure by internal rating classes

(€ '000)

	AMOUNTS AS AT 12.31.2017											
	INTERNAL RATING CLASSES									IMPAIRED EXPOSURES	NO RATING	TOTAL
EXPOSURES	1	2	3	4	5	6	7	8	9			
A. On-balance sheet exposures	**41,669,954**	**30,965,646**	**155,714,445**	**190,767,004**	**74,170,424**	**50,052,316**	**23,015,448**	**9,462,732**	**7,657,525**	**21,921,166**	**93,370,317**	**698,766,977**
B. Derivative contracts	**2,722,619**	**460,064**	**21,991,591**	**5,803,289**	**613,615**	**410,104**	**103,855**	**38,876**	**332,008**	**-**	**2,499,177**	**34,975,198**
B.1 Financial derivatives	2,722,619	459,376	21,763,202	5,786,492	598,817	410,104	103,855	38,876	332,008	-	2,499,041	34,714,390
B.2 Credit derivatives	-	688	228,389	16,797	14,798	-	-	-	-	-	136	260,808
C. Guarantees given	**218,591**	**2,285,913**	**16,460,241**	**30,738,501**	**6,625,025**	**4,535,095**	**1,891,254**	**571,244**	**415,597**	**1,149,593**	**12,004,808**	**76,895,862**
D. Other commitments to disburse funds	**196,167**	**4,813,980**	**30,971,059**	**30,210,605**	**7,081,693**	**4,453,834**	**1,455,930**	**439,817**	**123,783**	**806,861**	**35,670,155**	**116,223,884**
E. Other	**-**	**-**	**902,735**	**260,108**	**-**	**2,374**	**374**	**-**	**-**	**-**	**247,680**	**1,413,271**
Total	**44,807,331**	**38,525,603**	**226,040,071**	**257,779,507**	**88,490,757**	**59,453,723**	**26,466,861**	**10,512,669**	**8,528,913**	**23,877,620**	**143,792,137**	**928,275,192**

INTERNAL RATING 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 Group banks' 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) or bank-specific, by segment (e.g. retail or corporate).

The various rating scales of these models are mapped onto a single master-scale of 9 classes based on Probability of Default (PD).
74.6% of internally-rated exposures were investment grade (classes 1 to 4), while exposures towards unrated counterparties were 15.5% of the total. No rating is assigned to these counterparties as either they belong to a segment not yet covered by the models, or the appropriate model is still in the roll-out phase.

Internal Ratings are used for Capital Requirements calculation by the Legal Entities/portfolios that were authorised for the IRB approach from "Banca d'Italia". Group's Legal Entities currently authorised are: UniCredit S.p.A., UniCredit Bank AG, UniCredit Bank Austria AG, UniCredit Bank Ireland p.l.c., UniCredit Bank Luxembourg S.A., UniCredit Banka Slovenija d.d., UniCredit Bulbank AD, UniCredit Bank Czech Republic and Slovakia.a.s., UniCredit Bank Hungary, UniCredit Bank Romania a.s., UniCredit Bank ZAO Russia and UniCredit Leasing GmbH and related subsidiaries UniCredit Leasing Finance GMBH, Structured Lease GMBH, UniCredit Leasing Aviation GMBH.

Part E - Information on risks and hedging policies

A.3 Distribution of secured credit exposures by type of security

A.3.1 Banking Group - Secured credit exposures with banks

(€ '000)

	SECURED ON-BALANCE SHEET CREDIT EXPOSURES				SECURED OFF-BALANCE SHEET CREDIT EXPOSURES				
	TOTALLY SECURED		PARTIALLY SECURED		TOTALLY SECURED		PARTIALLY SECURED		
		OF WHICH NON-PERFORMING		OF WHICH NON-PERFORMING		OF WHICH NON-PERFORMING		OF WHICH NON-PERFORMING	TOTAL
Net exposures	**14,528,388**	**-**	**860,438**	**-**	**1,109,487**	**-**	**1,421,618**	**-**	**17,919,931**
Collateral (1)									
- Property									
- Mortgages	-	-	-	-	-	-	-	-	-
- Finance leases	*1,189*	-	-	-	-	-	-	-	*1,189*
- Securities	12,977,688	-	1,105	-	399,760	-	-	-	13,378,553
- Other assets	244,875	-	4,193	-	156,386	-	1,200,481	-	1,605,935
Guarantees (2)									
- Credit derivatives									
- Credit linked notes	-	-	-	-	-	-	-	-	-
- Other credit derivatives									
- Governments and central banks	-	-	-	-	-	-	-	-	-
- Other public entities	-	-	-	-	-	-	-	-	-
- Banks	-	-	-	-	-	-	-	-	-
- Other entities	-	-	-	-	-	-	-	-	-
- Signature loans (loans guarantees)									
- Governments and central banks	*55,471*	-	*379,817*	-	-	-	*5,676*	-	*440,964*
- Other public entities	*16,685*	-	-	-	-	-	-	-	*16,685*
- Banks	*1,201,865*	-	*238,827*	-	*112,296*	-	*19,164*	-	*1,572,152*
- Other entities	*16*	-	*58,694*	-	*440,282*	-	*12,685*	-	*511,677*
Total (1)+(2) 12.31.2017	**14,497,789**	**-**	**682,636**	**-**	**1,108,724**	**-**	**1,238,006**	**-**	**17,527,155**

A.3.2 Banking Group - Secured credit exposures with customers

(€ '000)

	SECURED ON-BALANCE SHEET CREDIT EXPOSURES				SECURED OFF-BALANCE SHEET CREDIT EXPOSURES				
	TOTALLY SECURED		PARTIALLY SECURED		TOTALLY SECURED		PARTIALLY SECURED		
		OF WHICH NON-PERFORMING		OF WHICH NON-PERFORMING		OF WHICH NON-PERFORMING		OF WHICH NON-PERFORMING	TOTAL
Net exposures	**197,841,804**	**15,140,744**	**102,754,283**	**2,230,607**	**45,379,277**	**655,423**	**16,937,259**	**226,727**	**362,912,623**
Collateral (1)									
- Property									
- Mortgages	*110,099,354*	*9,233,068*	*33,039,599*	*803,468*	*2,281,379*	*228,526*	*763,813*	*22,010*	*146,184,145*
- Finance leases	*11,512,947*	*2,309,384*	-	-	-	-	-	-	*11,512,947*
- Securities	28,107,586	84,800	3,315,147	59,430	6,539,574	32,183	331,856	5,748	38,294,163
- Other assets	*17,117,359*	*962,093*	*6,981,822*	*169,974*	*1,321,988*	*19,259*	*601,523*	*16,795*	*26,022,692*
Guarantees (2)									
- Credit derivatives									
- Credit linked notes	-	-	-	-	*805*	-	*1,395*	-	*2,200*
- Other credit derivatives									
- Governments and central banks	-	-	-	-	-	-	-	-	-
- Other public entities	-	-	-	-	-	-	-	-	-
- Banks	-	-	-	-	*9*	*9*	*18,981*	*7,308*	*18,990*
- Other entities	-	-	-	-	-	-	-	-	-
- Signature loans (loans guarantees)									
- Governments and central banks	*2,806,719*	*49,699*	*6,799,569*	*283,924*	*481,113*	*5,643*	*266,456*	*14,197*	*10,353,857*
- Other public entities	*1,723,975*	*36,663*	*1,884,451*	*60,328*	*10,819*	-	*12,101*	*542*	*3,631,346*
- Banks	*4,291,341*	*125,930*	*980,153*	*27,157*	*9,427,640*	*43,429*	*741,396*	*6,023*	*15,440,530*
- Other entities	*19,069,591*	*1,593,394*	*3,436,231*	*287,520*	*25,114,630*	*182,001*	*1,319,029*	*12,281*	*48,939,481*
Total (1)+(2) 12.31.2017	**194,728,872**	**14,395,031**	**56,436,972**	**1,691,801**	**45,177,957**	**511,050**	**4,056,550**	**84,904**	**300,400,351**

In accordance with the instructions of Circular 262/2005 of Banca d'Italia, as of 31 December 2015, the value of the collateral cannot exceed the book value of the secured exposures; therefore, the lower of the loan at the book value and the value of the collateral is coherently presented.

B. Distribution and concentration of credit exposures

B.1 Banking Group - Distribution by segment of On- and off-balance sheet credit exposures with customers (book value)

(€ '000)

COUNTERPARTIES/EXPOSURES	GOVERNMENTS			OTHER PUBLIC ENTITIES			FINANCIAL COMPANIES		
	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS
A. On-balance sheet exposures									
A.1 Bad exposures	4,259	20,805	X	73,563	65,432	X	193,097	579,832	X
- of which: forborne exposures	*19*	*36*	*X*	*2*	*2,695*	*X*	*69,786*	*72,923*	*X*
A.2 Unlikely to pay	158,534	9,357	X	25,278	10,268	X	734,146	439,456	X
- of which: forborne exposures	*-*	*-*	*X*	*299*	*888*	*X*	*515,562*	*284,104*	*X*
A.3 Non-Performing past-due	1,019	269	X	8,002	1,502	X	1,576	1,328	X
- of which: forborne exposures	*-*	*-*	*X*	*-*	*-*	*X*	*126*	*53*	*X*
A.4 Performing exposures	120,616,140	X	9,378	29,027,381	X	53,654	64,466,686	X	112,046
- of which: forborne exposures	*266*	*X*	*-*	*-*	*X*	*-*	*157,860*	*X*	*987*
Total A	**120,779,952**	**30,431**	**9,378**	**29,134,224**	**77,202**	**53,654**	**65,395,505**	**1,020,616**	**112,046**
B. Off-balance sheet exposures									
B.1 Bad exposures	-	-	X	149	-	X	23,716	2,789	X
B.2. Unlikely to pay	603	-	X	-	-	X	111,896	1,384	X
B.3 Other Non-Performing exposures	21	2	X	559	33	X	-	-	X
B.4 Performing exposures	7,902,168	X	579	8,836,687	X	1,721	28,846,192	X	6,976
Total B	**7,902,792**	**2**	**579**	**8,837,395**	**33**	**1,721**	**28,981,804**	**4,173**	**6,976**
Total (A+B) 12.31.2017	**128,682,744**	**30,433**	**9,957**	**37,971,619**	**77,235**	**55,375**	**94,377,309**	**1,024,789**	**119,022**
Total (A+B) 12.31.2016	**135,028,616**	**32,044**	**7,804**	**45,763,894**	**77,730**	**64,767**	**102,349,433**	**1,877,033**	**102,090**

Continued: B.1 Banking Group - Distribution by segment of On- and off-balance sheet credit exposures with customers (book value)

(€ '000)

COUNTERPARTIES/EXPOSURES	INSURANCE COMPANIES			NON-FINANCIAL COMPANIES			OTHER ENTITIES		
	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS
A. On-balance sheet exposures									
A.1 Bad exposures	3,746	4,232	X	5,750,459	13,229,621	X	3,659,011	5,057,152	X
- of which: forborne exposures	*3,727*	*4,171*	*X*	*1,671,597*	*2,105,083*	*X*	*371,011*	*378,980*	*X*
A.2 Unlikely to pay	1,527	97	X	8,952,469	7,515,349	X	1,684,686	808,197	X
- of which: forborne exposures	*1,527*	*97*	*X*	*5,472,708*	*4,267,957*	*X*	*1,001,717*	*426,885*	*X*
A.3 Non-Performing past-due	-	-	X	325,285	135,295	X	464,617	334,665	X
- of which: forborne exposures	*-*	*-*	*X*	*31,002*	*27,209*	*X*	*22,830*	*8,569*	*X*
A.4 Performing exposures	1,850,282	X	982	255,557,098	X	1,351,803	114,691,932	X	566,825
- of which: forborne exposures	*9,397*	*X*	*69*	*3,419,065*	*X*	*109,134*	*2,505,594*	*X*	*154,576*
Total A	**1,855,555**	**4,329**	**982**	**270,585,311**	**20,880,265**	**1,351,803**	**120,500,246**	**6,200,014**	**566,825**
B. Off-balance sheet exposures									
B.1 Bad exposures	348	22	X	468,911	199,732	X	2,807	560	X
B.2. Unlikely to pay	11	144	X	1,276,760	414,604	X	2,790	936	X
B.3 Other Non-Performing exposures	-	-	X	14,271	1,780	X	51,166	33,609	X
B.4 Performing exposures	2,216,390	X	518	121,489,709	X	95,904	22,847,023	X	12,684
Total B	**2,216,749**	**166**	**518**	**123,249,651**	**616,116**	**95,904**	**22,903,786**	**35,105**	**12,684**
Total (A+B) 12.31.2017	**4,072,304**	**4,495**	**1,500**	**393,834,962**	**21,496,381**	**1,447,707**	**143,404,032**	**6,235,119**	**579,509**
Total (A+B) 12.31.2016	**3,854,551**	**6,131**	**1,533**	**412,819,377**	**38,429,730**	**1,888,275**	**154,789,463**	**8,579,642**	**783,903**

Part E - Information on risks and hedging policies

B.2 Banking group - Distribution of On- and off-balance sheet credit exposures with customers by geographic area (book value)

(€ '000)

	AMOUNT AS AT 12.31.2017									
	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
GEOGRAPHIC AREA/EXPOSURES	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. On-balance sheet exposures										
A.1 Bad exposures	7,618,371	14,038,581	1,733,532	4,280,123	60,228	48,191	45,960	22,522	226,044	567,657
A.2 Unlileky to pay	8,398,603	6,601,358	2,770,013	2,009,406	65,063	48,618	13,372	428	309,589	122,914
A.3 Non-Performing past-due exposures	440,289	260,149	210,883	150,233	8,441	789	143	392	140,743	61,496
A.4 Performing exposures	248,477,128	949,122	298,761,367	953,946	8,199,177	41,756	6,931,256	29,167	23,840,591	120,697
Total A	**264,934,391**	**21,849,210**	**303,475,795**	**7,393,708**	**8,332,909**	**139,354**	**6,990,731**	**52,509**	**24,516,967**	**872,764**
B. Off-balance sheet exposures										
B.1 Bad exposures	104,108	39,374	312,126	159,487	73,758	4,211	5,747	-	198	29
B.2 Unlikely to pay	1,087,059	217,933	296,065	186,339	5,270	10,491	2,562	-	1,104	2,305
B.3 Other Non-Performing exposures	10,486	855	5,645	1,210	18	-	-	-	49,862	33,361
B.4 Performing exposures	53,755,582	28,418	104,042,217	71,596	12,910,557	6,116	2,410,542	5,135	19,019,271	7,117
Total B	**54,957,235**	**286,580**	**104,656,053**	**418,632**	**12,989,603**	**20,818**	**2,418,851**	**5,135**	**19,070,435**	**42,812**
Total A+B 12.31.2017	**319,891,626**	**22,135,790**	**408,131,848**	**7,812,340**	**21,322,512**	**160,172**	**9,409,582**	**57,644**	**43,587,402**	**915,576**
Total A+B 12.31.2016	**324,538,448**	**39,762,792**	**456,843,198**	**10,695,953**	**23,249,083**	**148,530**	**7,601,520**	**97,078**	**42,373,085**	**1,146,329**

B.3 Banking Group - Distribution of On- and off-balance sheet credit exposures with banks by geographic area (book value)

(€ '000)

	AMOUNT AS AT 12.31.2017									
	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
EXPOSURES/GEOGRAPHIC AREA	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. On-balance sheet exposures										
A.1 Bad exposures	-	-	20	9,727	158	5,432	-	33,912	-	-
A.2 Unlikely to pay	-	-	-	-	4,995	1,174	-	17	-	-
A.3 Non-Performing past-due	-	-	5	-	-	-	-	26	-	-
A.4 Performing exposures	9,596,806	3,361	68,942,785	12,617	3,143,676	530	2,833,404	7,806	5,994,335	980
Total A	**9,596,806**	**3,361**	**68,942,810**	**22,344**	**3,148,829**	**7,136**	**2,833,404**	**41,761**	**5,994,335**	**980**
B. Off-balance sheet exposures										
B.1 Bad exposures	-	-	-	-	-	-	-	-	-	-
B.2 Unlikely to pay	-	-	117	-	2,333	2,334	-	-	-	-
B.3 Other Non-Performing exposures	-	-	-	-	-	-	-	-	-	-
B.4 Performing exposures	1,825,613	306	25,655,756	4,808	2,987,399	292	2,312,188	4,444	1,219,364	1,605
Total B	**1,825,613**	**306**	**25,655,873**	**4,808**	**2,989,732**	**2,626**	**2,312,188**	**4,444**	**1,219,364**	**1,605**
Total A+B 12.31.2017	**11,422,419**	**3,667**	**94,598,683**	**27,152**	**6,138,561**	**9,762**	**5,145,592**	**46,205**	**7,213,699**	**2,585**
Total A+B 12.31.2016	**21,080,355**	**3,819**	**101,735,250**	**31,823**	**8,319,735**	**18,010**	**5,365,036**	**47,361**	**6,200,854**	**2,635**

B.4 Large exposures

	12.31.2017
a) Amount book value (€ million)	254,086
b) Amount weighted value (€ million)	11,054
c) Number	9

In compliance with Art.4.1 39 of Regulation (EU) No.575/2013 (CRR), in case of exposures towards a group of connected clients formed by a Central Government and other groups of connected clients, such exposure towards the Central Government is reported for each group of connected clients when remitting regulatory reporting; despite the abovementioned regulatory approach, both the amounts shown in letter a), b), and the number in letter c) in the table above disclose only once the exposure towards the Central Government originated following the method used.
It should be noted that deferred tax assets towards Italian Central Government were considered as fully exempted and, as a consequence, the weighted amount reported is null.

C. Securitisation transactions

C.1 Securitisation transactions

Qualitative information
In securitisation transactions the Group plays, as the case may be, the role of originator, sponsor or investor.

The Group as originator
The Group's origination of traditional transactions consists in the sale of on-balance sheet receivables portfolios to vehicles set up as securitisation companies under Law 130/99 or similar non-Italian legislation.
The transferee company finances the purchase of the receivables portfolios by issuing bonds of varying seniority and transfers its issue proceeds to the Group.
The yield and maturity of the bonds issued by the buyer therefore mainly depend on the cash flow expected from the assets being sold.
As a further form of security to bondholders, these transactions may include special types of credit enhancement, e.g., subordinated loans, financial guarantees, standby letters of credit, etc.

The Group's objectives when carrying out these transactions are usually the following:
- to originate securities that can be used to secure repos with Banca d'Italia and the ECB (i.e. counterbalancing capacity);
- to obtain funding through the placement of securities on the market. This also allows a diversification of the funding sources and of the investors' basis with improvements in reducing the cost of Group's funding;
- to free up economic and regulatory capital by carrying out transactions that reduce capital requirements under current rules by reducing credit risk of the underlying portfolio;
- to reduce the exposures towards non-performing customers (e.g. FINO project, see next paragraph "Developments of the period");
- to optimise the recoveries of exposures portfolios towards non-performing customers, referring to specific asset classes (e.g. Sandokan and K-Equity transactions).

The Group carries out both traditional securitisations whereby the receivables portfolio is sold to the SPV and synthetic securitisations which use financial guarantees to purchase protection over all or part of the underlying credit risk of the portfolio. The latter, on the contrary to traditional securitisations, is not sold to vehicles but remains also legally within the Group.

Under traditional securitisations generally the Group, in addition to provide servicing role, retains the first loss in the form of junior bonds or similar exposure and in some cases provides further credit enhancement as described above. This enables the Group to benefit from the portion of the sold receivables' yield in excess of the yield due to the senior and mezzanine tranches.

Retention by the Group of the first loss risk and the corresponding yield means that most of the risk and return on the portfolio is retained. Consequently these transactions are recognised in the accounts as loans and no profits arising out of the transfer of the assets are recognised and the sold receivables are not derecognised.
In the consolidated financial statements, exposure to the variability deriving from maintenance of the risk of first loss together with the role of servicer of the underlying assets determines control by the Group over these securitisation vehicles. Therefore they are subject to full consolidation.

Part E - Information on risks and hedging policies

Differently, in order to improve the quality of its assets and optimise the capital allocation, the Group also carries out transactions that involve the portfolios' derecognition and the related significant risk transfer, by subscribing a limited portion of securities issued by vehicles of securitisation, in compliance with the rules for maintaining a net economic interest in the securitisation transaction according to the current regulatory requirements (Retention Rule).

Eventually, synthetic securitisations also entail retention of the receivables subject to credit default protection on the balance sheet. The swap is recognised in the accounts, as well as any other retained interest.

The Group's main objectives in its securitisation transactions (whether traditional or synthetic) are the optimisation of the loan portfolio by freeing up regulatory and economic capital and obtaining fresh liquidity together with greater diversification of its sources of funding.
The crisis in the markets experienced since the second half of 2007 made it advisable to use securitisation as a means of increasing counterbalancing capacity, i.e. the availability of assets that can be readily used to create liquidity, by retaining the securities issued by the vehicle within the Group. Eventually traditional securitisations have been used also for corporate re-organisation's purposes, for assets deleveraging, for business projects' purposes or for recovery's activity and sale of non-performing loans as well.

Analysis and realisation of securitisation transactions are carried out within the Parent in close cooperation with the Group originator entities involved and with UniCredit Bank AG as Arranger and potential Investment Banking. This process requires an economic feasibility study to assess the impact of transactions (according to their nature and aims), on regulatory and economic capital, on risk-adjusted profitability measures and on the level of Group's liquidity. If this initial phase produces a positive result, a technical and operational feasibility study is carried out to identify the assets to be securitised and define the structure of the transaction. Once technical feasibility has been established, the transaction is realised.

Eventually it should be noted that "self-securitisations" and transactions in warehousing phase are not included in the quantitative tables of Part C, as required by regulations.

Developments of the period
The Group makes limited use of this type of transactions. The amount of securitised loans[11], net of the transactions in which the Group has acquired all the liabilities issued by the SPVs (the so-called self-securitisations), accounts for 3.22% of the Group's credit portfolio. Self-securitisations in turn account for 2.99% of the loan portfolio.

During 2017 the Group carried out four traditional transactions and five synthetic transactions:
UniCredit S.p.A.
- FINO project (for the most detailed disclosure on securitisation transactions related to the FINO Project please refer to the information provided in Part E-Information on risks and hedging policies-Section 1. Credit Risk, at the foot of table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)).
  - Fino 1 Securitisation (traditional)
  - Fino 2 Securitisation (traditional)
  - Onif Finance (traditional)
- Sandokan project
  - Yanez SPV (traditional)
- Bond Italia5 Investimenti (synthetic)
- Bond Italia5 Misto (synthetic)
- Filsec 2016 (synthetic)
- Finpiemonte 2016 (synthetic)
- SME Initiative 2017 (synthetic)

Details are given in the tables published in the "Annexes", which also describe transactions, traditional and synthetic, carried out in previous financial years.

It should also be noted that, again during 2017:
- the transactions F-E Gold, Locat SV - Serie 2014, Consumer TWO, Newstone Mortgage Securities No.1 and Veneto Sviluppo 2014, of which the first four were traditional transactions while the latter was synthetic, were closed.

11 We refer to loans sold, also synthetically, but not derecognised from balance sheet.

The Group as sponsor
The Group defines the role of sponsor as that performed by an entity, other than the transferor, which organises and administers a securitisation or asset-backed commercial paper structure in which financial assets are purchased from third parties.
The Group acts as sponsor of asset backed commercial paper vehicles (i.e. commercial paper issuing conduits) set up in order to allow customers the access to the securitisations' market (multi-seller Customer conduits).
Customer conduits require the formation and management of a bankruptcy-remote company (i.e., one that would be immune from any financial difficulties of the originator) which directly or indirectly buys receivables created by companies outside the Group.
The receivables underlying these transactions are not bought directly by the conduit set up by the Group, but by a purchase company which in turn is wholly funded by the conduit by means of commercial paper or medium term notes.
In some circumstances purchase companies fund further SPVs which buy loan portfolio.

The main purpose of these transactions is to give corporate customers access to the securitisation market and thus to lower funding costs than would be borne with direct funding.
The conduits' purchase of assets is financed by short-term commercial paper and medium-term note issues.
Payment of interest and redemption of the securities issued by the conduit therefore depends on cash flow from the receivables purchased (credit risk) and the ability of the conduit to roll over or replace its market funding on maturity (liquidity risk).

To guarantee prompt redemption of the securities issued by the conduit, these transactions are guaranteed by a standby letter of credit covering the risk of default both of specific assets and of the whole programme.
The underwriters of issued securities also benefit from security provided by specific liquidity lines which the conduit may use if it unable to place new commercial paper to repay maturing paper, e.g. during market turmoil.

These liquidity lines may not however be used to guarantee redemption of securities issued by the conduit in the event of default by the underlying assets.

In its role as sponsor, the Group selects the asset portfolios purchased by conduits or purchase companies, provides administration of the assets and both standby letters of credit and liquidity lines and purchases commercial papers issued when required by market conditions.

For these services the Group receives fees and also benefits from the spread between the return on the assets purchased by the SPV and the securities issued.

These circumstances put the Group in the condition of having the power over the assets of the conduits and being at the same time exposed to the variability deriving from such assets. Therefore the conduits sponsored by the Group have come within the perimeter of consolidation starting from 2007, in application of the conditions provided for in IFRS10 and previously by SIC12.

In addition to the Customer Conduits, purchase companies may also be consolidated if the Group is exposed to the variability of yields deriving from funding provided directly or indirectly, through the conduit, and also has the power to manage the underlying assets.

The Group as investor
The Group also invests in structured credit products issued by special-purpose entities that are not consolidated pursuant to the accounting rules in force, insofar as such instruments do not bear most of the risk or receive most of the returns associated with the activity carried out by these special-purpose entities.

With regard to these activities, the Group holds within the Global ABS portfolio exposures of securitisations established by third-parties such as RMBS, CMBS, CDO, CBO/CLO and other ABS.

In line with the development of the financial markets and, specifically, the securitisation market, the Global ABS Portfolio was transformed from a separate portfolio in liquidation to strategic investment portfolio for the Group in 2011 and was integrated into the Markets Strategic Portfolio ("MSP"), managed with a view to generating a profit margin and creating an appreciable capital return through long-term investments in fixed-income securities.

The development of client-related operations is also an integral part of MSP activities and includes actions to strengthen the customer base and support securitisations. This portfolio is subject to monitoring and reporting by the business and risk management functions. All activities relating to the MSP are carried out in conformity with established policies and procedures, specifically credit approval procedures.

Part E - Information on risks and hedging policies

The analysis of investments in ABS focuses specifically on the following elements:
- structural analysis of all internal and external risks inherent to a similar investment, e.g. Default Risk, Dilution Risk, Residual Value Risk, Servicer Risk, Interest Rate Risk, Liquidity Risk, Commingling Risk, Legal Risk, Adequacy of performance triggers, etc. These risks may differ according to the underlying assets class;
- analysis of the underlying portfolio, including the analysis of all performance indicators significant for each underlying asset class;
- cash flows/quantitative analysis/modelling;
- credit rating and experience of the participants e.g. vendor/servicer - financial soundness, capacity and availability to service assets.

Quantitative information

The tables below do not include information on the so-called “self-securitisations”, i.e. securitisation transactions in which the Group has acquired all the liabilities issued by the SPVs, and transactions in warehousing phase .

C.1 Banking Group - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

(€ '000)

TYPE OF SECURITISED ASSETS /EXPOSURES	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	**549,104**	**-**	**148,050**	**-**	**93,361**	**-**
A.1 CLO/CBO OTHERS	549,104	-	148,050	-	93,361	-
B. Partially derecognised	**-**	**-**	**23,342**	**-**	**3,057**	**51**
B.1 CLO/CBO Others	-	-	23,342	-	3,057	51
C. Not-derecognised	**9,173,389**	**-13**	**548,113**	**-**	**1,270,610**	**13,790**
C.1 RMBS Prime	812,462	-	163,683	-	510,091	-15,981
C.2 CLO/SME	933,628	-13	-	-	32	-
C.3 CLO/CBO Others	7,427,299	-	279,918	-	555,718	22,881
C.4 CONSUMER LOANS	-	-	-	-	-	-
C.5 LEASES	-	-	17,470	-	189,284	6,890
C.6 OTHERS	-	-	87,042	-	15,485	-

Write-downs and write-backs, including depreciations and revaluations posted on the income statement or to reserves, refer to financial year 2017 only.

continued C.1 Banking Group - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS /EXPOSURES	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A. Totally derecognised	**-**	**-**	**-**	**-**	**-**	**-**
A.1 CLO/CBO OTHERS	-	-	-	-	-	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
B.1 CLO/CBO Others	-	-	-	-	-	-
C. Not-derecognised	**304,000**	**-**	**-**	**-**	**-**	**-**
C.1 RMBS Prime	-	-	-	-	-	-
C.2 CLO/SME	-	-	-	-	-	-
C.3 CLO/CBO Others	304,000	-	-	-	-	-
C.4 CONSUMER LOANS	-	-	-	-	-	-
C.5 LEASES	-	-	-	-	-	-
C.6 OTHERS	-	-	-	-	-	-

continued C.1 Banking Group - 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		CREDIT FACILITIES					
		SENIOR		MEZZANINE		JUNIOR	
		NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A. Totally derecognised		**-**	**-**	**-**	**-**	**-**	**-**
A.1	CLO/CBO OTHERS	-	-	-	-	-	-
B. Partially derecognised		**-**	**-**	**-**	**-**	**-**	**-**
B.1	CLO/CBO Others	-	-	-	-	-	-
C. Not-derecognised		**12,658**	**-**	**-**	**-**	**-**	**-**
C.1	RMBS Prime	-	-	-	-	-	-
C.2	CLO/SME	-	-	-	-	-	-
C.3	CLO/CBO Others	12,658	-	-	-	-	-
C.4	CONSUMER LOANS	-	-	-	-	-	-
C.5	LEASES	-	-	-	-	-	-
C.6	OTHERS	-	-	-	-	-	-

With reference to transactions with own underlying assets it should be noted that the decrease in balance-sheet net exposures relating to transactions not derecognised and partially derecognised to €2,616 million as at December 2017 from €3,500 million as at December 2016 was due to development of the transactions, partially offset by one new securitisation called Yanez SPV (Sandokan project).
Moreover, the decrease in balance-sheet net exposures concerning synthetic transactions from €11,319 million in December 2016 to €8,403 million in December 2017 was due to development of the transactions, only partially offset by five new transactions called Bond Italia5 Investimenti, Bond Italia5 Misto, Filsec 2016, Finpiemonte 2016 and SME Initiative 2017.
Finally, it should be noted that:

- the net balance-sheet exposure totally derecognised almost entirely refers to the securitisations of FINO Project, for which see the information provided in Part E - Information on risks and hedging policies - Section 1 - Credit Risk, at the foot of table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values).
- the net balance-sheet exposure partially derecognised refers to the transaction Pillarstone Italy - Premuda;

C.2 Banking Group - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

(€ '000)

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.1	RMBS PRIME	2,038,699	-	90,730	-	-	-
A.2	RMBS NON CONFORMING	61,573	-	40,678	-	-	-
A.3	RMBS US SUBPRIME	497	-	398	-	-	-
A.4	CMBS	76,332	-	43,702	-	-	-
A.5	CDO OF ABS	-	-	-	-	-	-
A.6	CDO - BALANCE SHEET	20,029	-	-	-	-	-
A.7	CDO - PREFERRED STOCK	24,761	-	5,916	-		
A.8	CDO OTHER	-	-	-	-	-	-
A.9	CLO SME	38,886	-	-	-	-	-
A.10	CLO ARBITRAGE/BALANCE SHEET	5,292	-	2,701	-	-	-
A.11	CLO OTHER	2,771,188	-	50,497	-	-	-
A.12	CONSUMER LOANS	1,078,769	-	19,508	-	-	-
A.13	STUDENT LOANS	28,563	-	976	-	37,626	-
A.14	LEASES	5,148	-	-	-	-	
A.15	OTHER	44,324	-	3,901	-	53,472	-389
A.16	CONDUITS(*)	3,174,283	-	-	-	-	-

Note:
(*) The item includes exposures of subsidiaries included in the scope of consolidation, but not belonging to the banking group.

Write-downs and write-backs, including depreciations and revaluations posted on the income statement or to reserves, refer to financial year 2017 only.

Part E - Information on risks and hedging policies

continued C.2 Banking Group - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS /EXPOSURE		GUARANTEES GIVEN					
		SENIOR		MEZZANINE		JUNIOR	
		NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A.1	RMBS PRIME	-	-	-	-	-	-
A.2	RMBS NON CONFORMING	-	-	-	-	-	-
A.3	RMBS US SUBPRIME	-	-	-	-	-	-
A.4	CMBS	-	-	-	-	-	-
A.5	CDO OF ABS	-	-	-	-	-	-
A.6	CDO - BALANCE SHEET	-	-	-	-	-	-
A.7	CDO - PREFERRED STOCK	-	-	-	-	-	-
A.8	CDO OTHER	-	-	-	-	-	-
A.9	CLO SME	-	-	-	-	-	-
A.10	CLO ARBITRAGE/BALANCE SHEET	-	-	-	-	-	-
A.11	CLO OTHER	-	-	-	-	-	-
A.12	CONSUMER LOANS	-	-	-	-	-	-
A.13	STUDENT LOANS	-	-	-	-	-	-
A.14	LEASES	-	-	-	-	-	-
A.15	OTHER	-	-	-	-	-	-
A.16	CONDUITS	-	-	-	-	-	-

continued C.2 Banking Group - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS /EXPOSURE		CREDIT FACILITIES					
		SENIOR		MEZZANINE		JUNIOR	
		NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A.1	RMBS PRIME	-	-	-	-	-	-
A.2	RMBS NON CONFORMING	-	-	-	-	-	-
A.3	RMBS US SUBPRIME	-	-	-	-	-	-
A.4	CMBS	-	-	-	-	-	-
A.5	CDO OF ABS	-	-	-	-	-	-
A.6	CDO - BALANCE SHEET	-	-	-	-	-	-
A.7	CDO - PREFERRED STOCK	-	-	-	-	-	-
A.8	CDO OTHER	-	-	-	-	-	-
A.9	CLO SME	-	-	-	-	-	-
A.10	CLO ARBITRAGE/BALANCE SHEET	-	-	-	-	-	-
A.11	CLO OTHER	-	-	-	-	-	-
A.12	CONSUMER LOANS	-	-	-	-	-	-
A.13	STUDENT LOANS	22,176	-	-	-	-	-
A.14	LEASES	-	-	-	-	-	-
A.15	OTHER	-	-	-	-	-	-
A.16	CONDUITS	4,013,503	-	-	-	-	-

The transactions with third-party underlying assets are those in which the group acts as sponsor or investor.

With reference to transactions in which the Group acts as sponsor, the total amount of net exposure is equal to €6,287 million (€4,211 million as of 31 December 2016), broken down into asset backed commercial paper for €3,174 million and undrawn credit lines for €3,113 million.
It should be noted that the lines of credit shown are the difference between total credit lines granted and the amount of commercial paper underwritten by the Group. This figure is the additional risk exposure incurred by the Group in addition to the underwritten commercial paper.

With reference to transactions in which the Group acts as investor, please refer to the subsequent tables ‘Exposures toward other consolidated SPVs’ and “C.4 Banking Group - Non consolidated Securitisation Vehicles” that shows the exposure of the Group toward these SPVs.

With reference to sponsor exposures the following table provides information about exposures held toward conduits in which the Group acts as sponsor.

Exposures sponsored by the Group

(€ '000)

	AMOUNTS AS AT 12.31.2017
Asset Backed Commercial Paper	**3,174,283**
- Arabella Finance DAC	3,174,283
- Elektra Purchase No. 28 DAC	-
- Elektra Purchase No. 31 DAC	-
- Elektra Purchase No. 32 S.A. - Compartment 1	-
- Elektra Purchase No. 32 S.A. - Compartment 2	-
- Elektra Purchase No. 33 DAC	-
- Elektra Purchase No. 34 DAC	-
- Elektra Purchase No. 35 DAC	-
- Elektra Purchase No. 36 DAC	-
- Elektra Purchase No. 37 DAC	-
- Elektra Purchase No. 38 DAC	-
- Elektra Purchase No. 39 DAC	-
- Elektra Purchase No. 40 DAC	-
- Elektra Purchase No. 41 DAC	-
- Elektra Purchase No. 42 DAC	-
- Elektra Purchase No. 43 DAC	-
- Elektra Purchase No. 44 DAC	-
- Elektra Purchase No. 46 DAC	-
- Elektra Purchase No. 47 DAC	-
- Elektra Purchase No. 48 DAC	-
- Elektra Purchase No. 54 DAC	-
- Elektra Purchase No. 55 DAC	-
- Elektra Purchase No. 57 DAC	-
- Elektra Purchase No. 58 DAC	-
- Elektra Purchase No. 718 DAC	-
- Elektra Purchase No. 911 Ltd	-
Credit facilities	**3,113,288**
- Arabella Finance DAC	-
- Elektra Purchase No. 28 DAC	104,397
- Elektra Purchase No. 31 DAC	49,145
- Elektra Purchase No. 32 S.A. - Compartment 1	265,230
- Elektra Purchase No. 32 S.A. - Compartment 2	176,820
- Elektra Purchase No. 33 DAC	81,090
- Elektra Purchase No. 34 DAC	88,410
- Elektra Purchase No. 35 DAC	176,820
- Elektra Purchase No. 36 DAC	176,820
- Elektra Purchase No. 37 DAC	40,904
- Elektra Purchase No. 38 DAC	84,873
- Elektra Purchase No. 39 DAC	206,290
- Elektra Purchase No. 40 DAC	88,410
- Elektra Purchase No. 41 DAC	27,348
- Elektra Purchase No. 42 DAC	67,813
- Elektra Purchase No. 43 DAC	147,899
- Elektra Purchase No. 44 DAC	44,205
- Elektra Purchase No. 46 DAC	41,258
- Elektra Purchase No. 47 DAC	32,784
- Elektra Purchase No. 48 DAC	55,518
- Elektra Purchase No. 54 DAC	26,523
- Elektra Purchase No. 55 DAC	88,410
- Elektra Purchase No. 57 DAC	260,279
- Elektra Purchase No. 58 DAC	319,444
- Elektra Purchase No. 718 DAC	256,308
- Elektra Purchase No. 911 Ltd	206,290

The lines of credit shown are the difference between total credit lines granted and the amount of commercial paper underwritten by the Group. This figure is the additional risk exposure incurred by the Group in addition to the underwritten commercial paper.

Part E - Information on risks and hedging policies

Moreover, it should be noted that as at 31 December 2017 there were no SPVs of third parties securitisations, where the group acts as investor, subject to consolidation.

C.3 SPVs for securitisations

(€ '000)

			ASSETS			LIABILITIES		
NAME OF SECURITISATION/NAME OF VEHICLE	COUNTRY OF INCORPORATION	CONSOLIDATION	LOANS AND RECEIVEBLES	DEBT SECURITIES	OTHERS	SENIOR	MEZZANINE	JUNIOR
Arabella Finance DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	5,667,979	-	1,972	5,663,871	-	-
Capital Mortgage S.r.l.	Piazzetta Monte 1 - 37121 Verona	Yes	792,666	-	34,541	582,941	74,000	67,542
Cordusio RMBS Securitisation S.r.l. - Serie 2006	Piazzetta Monte 1 - 37121 Verona	Yes	322,907	-	11,892	150,273	141,702	10,687
Cordusio RMBS Securitisation S.r.l. - Serie 2007	Piazzetta Monte 1 - 37121 Verona	Yes	1,036,817	-	21,231	697,518	236,405	2,383
Cordusio RMBS - UCFin S.r.l	Piazzetta Monte 1 - 37121 Verona	Yes	580,829	-	23,228	344,036	148,001	15,252
Elektra Purchase No. 28 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	177,126	-	-	177,125	-	-
Elektra Purchase No. 31 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	83,106	-	-	83,105	-	-
Elektra Purchase No. 32 S.A. - Compartment 1	52-54 avenue du X Septembre, L-2550 Luxembourg	Yes	338,417	-	-	338,165	-	-
Elektra Purchase No. 32 S.A. - Compartment 2	52-54 avenue du X Septembre, L-2550 Luxembourg	Yes	300,105	-	-	300,091	-	-
Elektra Purchase No. 33 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	137,338	-	-	137,245	-	-
Elektra Purchase No. 34 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	97,730	-	-	97,728	-	-
Elektra Purchase No. 35 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	300,002	-	-	300,000	-	-
Elektra Purchase No. 36 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	300,001	-	-	300,000	-	-
Elektra Purchase No. 37 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	65,997	-	-	65,997	-	-
Elektra Purchase No. 38 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	98,281	-	-	98,280	-	-
Elektra Purchase No. 39 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	350,037	-	-	350,037	-	-
Elektra Purchase No. 40 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	137,037	-	-	137,036	-	-
Elektra Purchase No. 41 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	44,936	-	-	44,935	-	-
Elektra Purchase No. 42 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	77,201	-	-	77,201	-	-
Elektra Purchase No. 43 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	219,209	-	-	219,165	-	-
Elektra Purchase No. 44 Designated Activity Company	11-12 Warrington Place; Dublin 2	Yes	75,000	-	-	75,000	-	-
Elektra Purchase No. 46 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	18,598	-	-	18,598	-	-
Elektra Purchase No. 47 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	55,695	-	-	55,695	-	-
Elektra Purchase No. 48 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	94,294	-	-	94,294	-	-
Elektra Purchase No. 54 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	32,697	-	-	32,677	-	20
Elektra Purchase No. 55 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	145,294	-	-	145,205	-	-
Elektra Purchase No. 57 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	437,470	-	-	437,470	-	-
Elektra Purchase No. 58 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	468,382	-	-	468,382	-	-
Elektra Purchase No. 718 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	434,920	-	-	434,920	-	-
Elektra Purchase No. 911 Ltd	OGIER HOUSE, THE ESPLANADE, ST. HELIER, JE4 9WG - Jersey	Yes	350,000	-	-	349,999	-	-
F-E Mortgages S.r.l. - 2003	Piazzetta Monte 1 - 37121 Verona	Yes	133,904	-	26,827	55,886	59,020	7,632
F-E Mortgages S.r.l. - 2005	Piazzetta Monte 1 - 37121 Verona	Yes	218,113	-	15,104	110,366	36,864	32,310
Geldilux TS 2013 S.A.	11, rue Pierre d'Aspelt, 1142 Luxembourg	Yes	866,211	-	1,649	750,207	87,042	15,485
Heliconus S.r.l	Piazzetta Monte 1 - 37121 Verona	Yes	66,856	-	13,048	24,870	30,829	8,990
LARGE CORPORATE ONE SRL	Piazzetta Monte 1 - 37121 Verona	Yes	247,277	-	40,532	253,734	-	35,004
Locat SV S.r.l. - Serie 2006	Via Vittorio Alfieri, 1 - 31015 Conegliano (TV)	Yes	182,066	-	11,834	-	89,744	8,910
SUCCESS 2015 B.V.	Barbara Strozzilaan 101, 1083HN Amsterdam	Yes	342,511	-	11	230,900	-	94,400
ARCOBALENO FINANCE SRL	Foro Buonaparte,70 - 20121 Milano	No	76,083	-	4,007	30,679	-	54,700
AUGUSTO SRL	Via Pontaccio, 10 - 20121 Milano	No	-	-	-	-	-	-
Caesar Finance S.A.	4 Rue Henry M. Schnadt - 2530 Luxembourg	No	-	35,284	-	-	-	47,381
COLOMBO SRL	Via Pontaccio, 10 - 20121 Milano	No	8,667	-	6,382	-	-	12,313
CREDIARC SPV SRL	FORO BUONAPARTE,70 20121 MILANO	No	47,374	-	3,155	38,939	-	26,411
Elektra Purchase No. 8 Limited	OGIER HOUSE, THE ESPLANADE, ST. HELIER, JE4 9WG - Jersey	No	146,281	-	-	130,000	-	-
Elektra Purchase 17 S.A. RE COMPARTMENT 14	52-54 avenue du X Septembre, L-2550 Luxembourg	No	28,753	-	-	25,300	-	-
Elektra Purchase No. 17 S.A. (Re Compartment 18)	52-54 avenue du X Septembre, L-2550 Luxembourg	No	84,179	-	-	73,800	-	-
Elektra Purchase No. 25 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	No	207,673	-	-	167,800	-	-
Elektra Purchase No. 29 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	No	382,398	-	-	325,000	-	-
Elektra Purchase No. 45 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	No	113,478	-	-	103,900	-	-
FINO 1 SECURITISATION SRL	Viale Luigi Majno 45, 20122 Milano	No	739,000	-	70,902	650,000	69,640	50,311
FINO 2 SECURITISATION SRL	Viale Luigi Majno 45, 20122 Milano	No	619,466	-	40,854	389,428	200,600	39,554
ONIF FINANCE SRL	Via Alessandro Pestalozza 12/14, 20131 Milano	No	319,662	-	20,528	150,000	100,000	79,508
Pillarstone Italy SPV S.r.l. - Burgo	Via Pietro Mascagni 14, 20122 MILANO	No	190,730	-	4,547	6,959	132,225	27,078
Pillarstone Italy SPV S.r.l. - Comital	Via Pietro Mascagni 14, 20122 MILANO	No	31,284	-	4,097	10	12,955	24,465
Pillarstone Italy SPV S.r.l. - Lediberg	Via Pietro Mascagni 14, 20122 MILANO	No	53,348	-	92	419	7,968	44,035
Pillarstone Italy SPV S.r.l. - Premuda	Via Pietro Mascagni 14, 20122 MILANO	No	277,006	-	13,577	10,603	198,676	87,392
Pillarstone Italy SPV S.r.l. - Rainbow	Via Pietro Mascagni 14, 20122 MILANO	No	76,398	-	175	890	16,921	56,405
Sestante Finance S.r.l.	Via Borromei, 5 - 20123 Milano	No	263,652	-	-	189,664	89,502	8,610
YANEZ SPV S.R.L.	Via Vittorio Alfieri 1, 31015 Conegliano	No	1,078,350	-	13,350	3	367,010	441,654

C.4 Banking Group - Non consolidated Securitisation Vehicles

As mentioned before in the context of securitisation transactions the Group may operate as investor, sponsor and originator.
The following table provides indication on assets and liabilities recognised in the balance sheet as well as off-balance exposures of the Group toward non-consolidated securitisation vehicles and broken down by role of the Group. The maximum exposure to loss has been calculated by grossing up the difference between assets and liabilities with off balance sheet positions, irrevocable credit lines and financial guarantees, held toward these vehicles and reported in column "difference between maximum exposure to loss and accounting value".

Exposures to Securitisation SPVs not subject to consolidation

(€ '000)

	AMOUNTS AS AT 12.31.2017						
BALANCE SHEET ITEM/SPV TYPE	ACCOUNTING PORTFOLIO (ASSETS)	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIO (LIABILITIES)	TOTAL LIABILITIES (B)	NET ACCOUNTING VALUE (C=A-B)	MAXIMUM EXPOSURE TO LOSS (D)	DIFFERENCE BETWEEN MAXIMUM EXPOSURE TO LOSS AND ACCOUNTING VALUE (E=D-C)
ABS Issuing vehicles (Investor)		**6,544,612**		**87,660**	**6,456,952**	**6,479,128**	**22,176**
	HFT	63,804	Deposits	86,965	-	-	-
	FVO	11,691	Securities	-	-	-	-
	AFS	6,048	HFT	695	-	-	-
	HTM	48,166	FVO	-	-	-	-
	LAR	6,414,903		-	-	-	-
Commercial Paper Conduits (Sponsor)		**-**		**36,808**	**(36,808)**	**863,407**	**900,215**
	HFT	-	Deposits	36,808	-	-	-
	FVO	-	Securities	-	-	-	-
	AFS	-	HFT	-	-	-	-
	HTM	-	FVO	-	-	-	-
	LAR	-		-	-	-	-
Own securitisations (Originator)		**1,576,557**		**135,645**	**1,440,912**	**1,440,912**	**-**
	HFT	-	Deposits	135,645	-	-	-
	FVO	58,699	Securities	-	-	-	-
	AFS	714,462	HFT	-	-	-	-
	HTM	-	FVO	-	-	-	-
	LAR	803,396		-	-	-	-
Total		**8,121,169**		**260,113**	**7,861,056**	**8,783,447**	**922,391**

HFT = Financial assets held for trading
FVO = Financial assets at fair value through profit or loss
HTM = Held to maturity Investments
AFS = Available for Sale Financial assets
LAR = Loans to Customers

Deposits = Deposits from Customers
Securities = Debt securities in issue
HFT = Financial liabilities held for trading
FVO = Financial liabilities at fair value through profit or loss

Exposures toward ABS Issuing vehicles are constituted for the most part, €6,493,903 thousand, by exposures in Asset Backed Securities.
The remaining part is constituted by loans.
The good credit quality of this portfolio is borne out by the fact that over 96% of these instruments are rated A or better and 65% of the portfolio is triple-A rated while at 31 December 2016 over 90% of these exposures were rated A and over 58% of the portfolio was rated triple-A.
Over 75% of the exposure was toward countries belonging to European Union. Exposure to Greece, Ireland, Portugal and Spain accounted for 14.85%, most of which concerns exposures to Spanish underlying assets (10.83%).

Structured credit product exposures broken down by rating class

EXPOSURE TYPE	AAA	AA	A	BBB	BB	B	CCC	CC	C	NR
RMBS	34.12%	54.54%	6.92%	2.62%	1.47%	0.33%	0.00%	0.00%	0.00%	0.00%
CMBS	36.68%	0.00%	20.00%	28.87%	0.00%	14.45%	0.00%	0.00%	0.00%	0.00%
CDO	0.00%	0.00%	87.27%	12.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CLO/CBO	96.80%	3.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other ABS	52.24%	36.42%	3.51%	1.26%	0.08%	0.00%	0.00%	0.00%	0.00%	6.49%
Total	**65.00%**	**27.02%**	**4.09%**	**1.77%**	**0.52%**	**0.38%**	**0.00%**	**0.00%**	**0.00%**	**1.22%**

Part E - Information on risks and hedging policies

Structured credit product exposures broken down by geographical area

EXPOSURE TYPE	ITALY	OTHER UE COUNTRIES	OTHER EUROPEAN COUNTRIES (NON UE)	ASIA	USA	REST OF THE WORLD
RMBS	24.92%	74.80%	0.00%	0.00%	0.05%	0.23%
CMBS	15.38%	80.29%	0.00%	0.00%	4.33%	0.00%
CDO	0.00%	0.00%	0.00%	0.00%	60.50%	39.50%
CLO/CBO	1.33%	46.26%	0.00%	0.00%	40.04%	12.37%
Other ABS	19.80%	77.36%	0.00%	0.00%	0.27%	2.57%
Total	**13.17%**	**62.19%**	**0.00%**	**0.00%**	**18.31%**	**6.33%**

The portfolio includes exposures to US Subprime and Alt-A mortgages, which amounted to €1,123 thousand as at 31 December 2017, reduced compared to 31 December 2016 (€1,635 thousand).

Exposures toward Commercial Paper Conduit comprise non revocable credit line provided to the purchase companies that acquires the receivables from the originators external to the Group. These credit line are granted by credit enhancements (deferred purchase price and credit insurance) so that the Group does not bear the variability of the underlying portfolio.

Exposures toward own securitisation comprise securities and off balance sheet exposure toward SPV that are not consolidated as the conditions required by IFRS10 are not fulfilled. Absent the conditions requested by IAS39 the securitised loans have not been derecognised from the balance sheet of the originator.
For further information on these securitisations please refer to the tables published in the “Annexes”.

During the period the Group has not provided financial support to any non-consolidated securitisation vehicle in absence of contractual obligation to do so. The Group has not the current intention to provide such support.

The Group does not act as sponsor of securitisation vehicles in which it has not exposures at the end of the reporting period.

C.5 Banking Group - Servicer activities - Collections of securitised loans and redemptions of securities issued by the securitisation's vehicle

(€ '000)

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 Bank AG / UniCredit Luxembourg S.A.	Geldilux-TS 2013 S.A.	2,750	850,397	-	7,054,289 (*)	-	1.24%	-	-	-	-
UniCredit Bank AG / Redstone	Newstone	-	-	7,981	179,094	-	100.00%	-	-	-	-
UniCredit Leasing (Austria) GmbH	SUCCESS 2015 B.V.	3,874	338,637	-	141,798	-	-	-	-	-	-
UniCredit Leasing S.p.A.	F-E Gold S.r.l.	-	-	728	12,194	-	100.00%	-	100.00%	-	-
	Locat SV S.r.l. - SERIE 2006	59,027	123,038	9,176	48,268	-	100.00%	-	58.45%	-	-
	LSV 8 - Serie 2014	-	-	5,283	358,339	-	100.00%	-	100.00%	-	100.00%
UniCredit S.p.A.	Capital Mortgage S.r.l.	127,358	665,308	11,046	88,163	-	75.51%	-	-	-	-
	Consumer Two S.r.l.	-	-	-	198,080	-	100.00%	-	-	-	100.00%
	Cordusio RMBS Securitisation S.r.l. - SERIE 2006	28,267	294,640	5,392	93,829	-	93.72%	-	-	-	-
	Cordusio RMBS Securitisation S.r.l. - SERIE 2007	110,843	925,974	12,743	158,136	-	80.99%	-	-	-	-
	Cordusio RMBS UCFin S.r.l.	79,041	501,789	7,246	84,377	-	85.27%	-	-	-	-
	F-E Mortgage S.r.l. - SERIE 2003	14,921	118,983	2,119	18,667	-	95.27%	-	-	-	-
	F-E Mortgage S.r.l. - SERIE 2005	26,689	191,424	3,106	27,404	-	88.40%	-	10.31%	-	10.31%
	Heliconus S.r.l.	6,656	60,200	1,043	9,879	-	96.03%	-	-	-	-
	Large Corporate One S.r.l.	-	247,277	-	185,941	-	-	-	-	-	-

Note:
(*) replenishing of short term portfolio (3-6 months).

Part E - Information on risks and hedging policies

C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ARABELLA FINANCE DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**5,665,240**
A.1 Loans	5,665,240
A.2 Bonds	-
B. Loans disbursed	**2,739**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**1,973**
D.1 Derivatives	1,973
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**5,669,952**
E. Bond issued	**5,663,871**
E.1 Senior	5,663,871
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**6,081**
G.1 Derivatives	2,214
G.2 Due to originator	-
G.3 Other liabilities	3,867
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**5,669,952**
H. Interest expense	**7,266**
H.1 Interest expense on bond issued	7,266
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**20,600**
I.1 for servicing	20,600
I.2 for other services	-
J. Other charges	**-196**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-196
TOTAL COSTS (H+I+J)	**27,670**
K. Interest generated by securitised assets	**5,171**
L. Interest income on derivatives	**-**
M. Other revenues	**24,021**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	24,021
TOTAL REVENUES (K+L+M)	**29,192**
PROFIT (LOSS) FOR THE PERIOD	**1,522**

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**CAPITAL MORTGAGE S.R.L.**
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2017
A. Securitised Assets	**792,666**
A.1 Loans	792,666
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**20,389**
C.1 Loans (including bank current account)	20,389
C.2 Bonds	-
D. Other assets	**14,152**
D.1 Derivatives	-
D.2 Other assets	14,152
TOTAL ASSETS (A+B+ C+D)	**827,207**
E. Bond issued	**682,919**
E.1 Senior	582,941
E.2 Mezzanine	74,000
E.3 Junior	25,979
F. Loans received	**41,563**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	41,563
G. Other liabilities	**102,724**
G.1 Derivatives	488
G.2 Due to originator	101,529
G.3 Other liabilities	707
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**827,207**
H. Interest expense	**2,489**
H.1 Interest expense on bond issued	330
H.2 Interest expense on loans received	-2,004
H.3 Interest expense on derivatives	4,163
I. Commissions and fees related to the transaction	**882**
I.1 for servicing	490
I.2 for other services	392
J. Other charges	**8,799**
J.1 Additional positive returns for exposure junior	3,387
J.2 Other costs	5,412
TOTAL COSTS (H+I+J)	**12,170**
K. Interest generated by securitised assets	**11,136**
L. Interest income on derivatives	**-**
M. Other revenues	**1,035**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	1,035
TOTAL REVENUES (K+L+M)	**12,170**
PROFIT (LOSS) FOR THE PERIOD	**-**

The amounts shown are determined consistently with their contribution to UniCredit S.p.A. Financial Statements.

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**CORDUSIO RMBS SECURITISATION S.R.L. - SERIE 2006**
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2017
A. Securitised Assets	**322,907**
A.1 Loans	322,907
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**4,087**
C.1 Loans (including bank current account)	4,087
C.2 Bonds	-
D. Other assets	**7,805**
D.1 Derivatives	-
D.2 Other assets	7,805
TOTAL ASSETS (A+B+ C+D)	**334,800**
E. Bond issued	**302,663**
E.1 Senior	150,273
E.2 Mezzanine	141,702
E.3 Junior	10,687
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**32,137**
G.1 Derivatives	2,137
G.2 Due to originator	12,633
G.3 Other liabilities	17,367
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**334,800**
H. Interest expense	**1,267**
H.1 Interest expense on bond issued	911
H.2 Interest expense on loans received	-1,661
H.3 Interest expense on derivatives	2,018
I. Commissions and fees related to the transaction	**2,714**
I.1 for servicing	2,064
I.2 for other services	650
J. Other charges	**2,136**
J.1 Additional positive returns for exposure junior	1,285
J.2 Other costs	851
TOTAL COSTS (H+I+J)	**6,118**
K. Interest generated by securitised assets	**5,592**
L. Interest income on derivatives	**-**
M. Other revenues	**525**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	525
TOTAL REVENUES (K+L+M)	**6,118**
PROFIT (LOSS) FOR THE PERIOD	**-**

The amounts shown are determined consistently with their contribution to UniCredit S.p.A. Financial Statements.

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	CORDUSIO RMBS SECURITISATION S.R.L. - SERIE 2007
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2017
A. Securitised Assets	**1,036,817**
A.1 Loans	1,036,817
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**7,852**
C.1 Loans (including bank current account)	7,852
C.2 Bonds	-
D. Other assets	**13,379**
D.1 Derivatives	-
D.2 Other assets	13,379
TOTAL ASSETS (A+B+ C+D)	**1,058,049**
E. Bond issued	**936,306**
E.1 Senior	697,518
E.2 Mezzanine	236,405
E.3 Junior	2,383
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**121,743**
G.1 Derivatives	4,380
G.2 Due to originator	90,958
G.3 Other liabilities	26,404
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**1,058,049**
H. Interest expense	**5,114**
H.1 Interest expense on bond issued	3,700
H.2 Interest expense on loans received	-2,307
H.3 Interest expense on derivatives	3,721
I. Commissions and fees related to the transaction	**3,700**
I.1 for servicing	3,057
I.2 for other services	643
J. Other charges	**8,027**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	8,027
TOTAL COSTS (H+I+J)	**16,841**
K. Interest generated by securitised assets	**14,346**
L. Interest income on derivatives	**-**
M. Other revenues	**2,495**
M.1 Additional returns for exposure junior	666
M.2 Other revenues	1,829
TOTAL REVENUES (K+L+M)	**16,841**
PROFIT (LOSS) FOR THE PERIOD	**-**

The amounts shown are determined consistently with their contribution to UniCredit S.p.A. Financial Statements.

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**CORDUSIO RMBS - UCFIN S.R.L**
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2017
A. Securitised Assets	**580,829**
A.1 Loans	580,829
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**16,975**
C.1 Loans (including bank current account)	16,975
C.2 Bonds	-
D. Other assets	**6,253**
D.1 Derivatives	-
D.2 Other assets	6,253
TOTAL ASSETS (A+B+ C+D)	**604,057**
E. Bond issued	**507,289**
E.1 Senior	344,036
E.2 Mezzanine	148,001
E.3 Junior	15,252
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**96,769**
G.1 Derivatives	3,765
G.2 Due to originator	91,577
G.3 Other liabilities	1,426
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**604,057**
H. Interest expense	**2,458**
H.1 Interest expense on bond issued	934
H.2 Interest expense on loans received	-1,564
H.3 Interest expense on derivatives	3,088
I. Commissions and fees related to the transaction	**2,906**
I.1 for servicing	2,328
I.2 for other services	578
J. Other charges	**6,264**
J.1 Additional positive returns for exposure junior	1,152
J.2 Other costs	5,112
TOTAL COSTS (H+I+J)	**11,629**
K. Interest generated by securitised assets	**10,310**
L. Interest income on derivatives	**-**
M. Other revenues	**1,318**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	1,318
TOTAL REVENUES (K+L+M)	**11,629**
PROFIT (LOSS) FOR THE PERIOD	**-**

The amounts shown are determined consistently with their contribution to UniCredit S.p.A. Financial Statements.

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.28 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**177,125**
A.1 Loans	177,125
A.2 Bonds	-
B. Loans disbursed	**2**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**177,127**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**177,125**
F.1 Senior	177,125
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**2**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	2
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**177,127**
H. Interest expense	**72**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	72
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**267**
I.1 for servicing	267
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**339**
K. Interest generated by securitised assets	**339**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**339**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.31 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**83,105**
A.1 Loans	83,105
A.2 Bonds	-
B. Loans disbursed	**2**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**83,107**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**83,105**
F.1 Senior	83,105
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**2**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	2
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**83,107**
H. Interest expense	**1,045**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	1,045
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,120**
I.1 for servicing	1,120
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**2,165**
K. Interest generated by securitised assets	**2,165**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**2,165**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	ELEKTRA PURCHASE NO.32 S.A. - COMPARTMENT 1
Country of incorporation	52-54 Avenue du X Septembre, L-2550 Luxembourg

(€ '000)

	12.31.2017
A. Securitised Assets	**338,269**
A.1 Loans	338,269
A.2 Bonds	-
B. Loans disbursed	**148**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**338,417**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**338,165**
F.1 Senior	338,165
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**252**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	252
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**338,417**
H. Interest expense	**963**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	963
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,037**
I.1 for servicing	1,037
I.2 for other services	-
J. Other charges	**26**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	26
TOTAL COSTS (H+I+J)	**2,026**
K. Interest generated by securitised assets	**2,027**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**2,027**
PROFIT (LOSS) FOR THE PERIOD	**1**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.32 S.A. - COMPARTMENT 2**
Country of incorporation	52-54 Avenue du X Septembre, L-2550 Luxembourg

(€ '000)

	12.31.2017
A. Securitised Assets	**300,014**
A.1 Loans	300,014
A.2 Bonds	-
B. Loans disbursed	**91**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**300,105**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**300,091**
F.1 Senior	300,091
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**14**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	14
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**300,105**
H. Interest expense	**1**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	1
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**94**
I.1 for servicing	94
I.2 for other services	-
J. Other charges	**8**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	8
TOTAL COSTS (H+I+J)	**103**
K. Interest generated by securitised assets	**103**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**103**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.33 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**137,245**
A.1 Loans	137,245
A.2 Bonds	-
B. Loans disbursed	**93**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**137,338**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	
F. Loans received	**137,245**
F.1 Senior	137,245
F.2 Mezzanine	-
F.3 Junior	
G. Other liabilities	**93**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	93
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**137,338**
H. Interest expense	**2,411**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	2,411
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,821**
I.1 for servicing	1,821
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**4,232**
K. Interest generated by securitised assets	**4,232**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**4,232**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE — **ELEKTRA PURCHASE NO.34 DAC**
Country of incorporation — 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**97,728**
A.1 Loans	97,728
A.2 Bonds	-
B. Loans disbursed	**2**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**97,730**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**97,728**
F.1 Senior	97,728
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**2**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	2
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**97,730**
H. Interest expense	**186**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	186
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,748**
I.1 for servicing	1,748
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**1,934**
K. Interest generated by securitised assets	**1,934**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**1,934**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.35 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**300,000**
A.1 Loans	300,000
A.2 Bonds	-
B. Loans disbursed	**2**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**300,002**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**300,000**
F.1 Senior	300,000
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**2**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	2
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**300,002**
H. Interest expense	**311**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	311
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**403**
I.1 for servicing	403
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**714**
K. Interest generated by securitised assets	**714**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**714**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.36 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**300,000**
A.1 Loans	300,000
A.2 Bonds	-
B. Loans disbursed	**2**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**300,002**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**300,000**
F.1 Senior	300,000
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**2**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	2
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**300,002**
H. Interest expense	**-226**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	-226
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**711**
I.1 for servicing	711
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**485**
K. Interest generated by securitised assets	**486**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**486**
PROFIT (LOSS) FOR THE PERIOD	**1**

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.37 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**65,907**
A.1 Loans	65,907
A.2 Bonds	-
B. Loans disbursed	**91**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**65,998**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**65,997**
F.1 Senior	65,997
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**1**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	1
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**65,998**
H. Interest expense	**221**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	221
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,037**
I.1 for servicing	1,037
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**1,258**
K. Interest generated by securitised assets	**1,259**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**1,259**
PROFIT (LOSS) FOR THE PERIOD	**1**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.38 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**98,185**
A.1 Loans	98,185
A.2 Bonds	-
B. Loans disbursed	**96**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**98,281**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**98,280**
F.1 Senior	98,280
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**1**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	1
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**98,281**
H. Interest expense	**359**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	359
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,365**
I.1 for servicing	1,365
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**1,724**
K. Interest generated by securitised assets	**1,724**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**1,724**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.39 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**350,000**
A.1 Loans	350,000
A.2 Bonds	-
B. Loans disbursed	**37**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**350,037**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**350,037**
F.1 Senior	350,037
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**350,037**
H. Interest expense	**1,693**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	1,693
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**2,335**
I.1 for servicing	2,335
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**4,028**
K. Interest generated by securitised assets	**4,028**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**4,028**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.40 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**137,036**
A.1 Loans	137,036
A.2 Bonds	-
B. Loans disbursed	**2**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**137,038**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**137,036**
F.1 Senior	137,036
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**2**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	2
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**137,038**
H. Interest expense	**76**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	76
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**597**
I.1 for servicing	597
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**673**
K. Interest generated by securitised assets	**673**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**673**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.41 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**44,934**
A.1 Loans	44,934
A.2 Bonds	-
B. Loans disbursed	**2**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**44,936**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**44,935**
F.1 Senior	44,935
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**1**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	1
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**44,936**
H. Interest expense	**30**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	30
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**379**
I.1 for servicing	379
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**409**
K. Interest generated by securitised assets	**409**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**409**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.42 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**77,200**
A.1 Loans	77,200
A.2 Bonds	-
B. Loans disbursed	**1**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**77,201**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**77,201**
F.1 Senior	77,201
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**77,201**
H. Interest expense	**58**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	58
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,449**
I.1 for servicing	1,449
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**1,507**
K. Interest generated by securitised assets	**1,507**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**1,507**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.43 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**219,209**
A.1 Loans	219,209
A.2 Bonds	-
B. Loans disbursed	**1**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**219,210**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**219,165**
F.1 Senior	219,165
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**45**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	45
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**219,210**
H. Interest expense	**-140**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	-140
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**969**
I.1 for servicing	969
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**829**
K. Interest generated by securitised assets	**830**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**830**
PROFIT (LOSS) FOR THE PERIOD	**1**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.44 DAC**
Country of incorporation	11-12 Warrington Place; Dublin 2

(€ '000)

	12.31.2017
A. Securitised Assets	**75,000**
A.1 Loans	75,000
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**75,000**
E. Bond issued	**75,000**
E.1 Senior	75,000
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**75,000**
H. Interest expense	**-**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**-**
I.1 for servicing	-
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**-**
K. Interest generated by securitised assets	**-**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**-**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.46 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**18,390**
A.1 Loans	18,390
A.2 Bonds	-
B. Loans disbursed	**208**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**18,598**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**18,598**
F.1 Senior	18,598
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**18,598**
H. Interest expense	**249**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	249
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**344**
I.1 for servicing	344
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**593**
K. Interest generated by securitised assets	**594**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**594**
PROFIT (LOSS) FOR THE PERIOD	**1**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.47 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**55,623**
A.1 Loans	55,623
A.2 Bonds	-
B. Loans disbursed	**72**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**55,695**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**55,695**
F.1 Senior	55,695
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**55,695**
H. Interest expense	**406**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	406
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**508**
I.1 for servicing	508
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**914**
K. Interest generated by securitised assets	**913**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**913**
PROFIT (LOSS) FOR THE PERIOD	**-1**

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.48 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**94,194**
A.1 Loans	94,194
A.2 Bonds	-
B. Loans disbursed	**100**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**94,294**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**94,294**
F.1 Senior	94,294
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**94,294**
H. Interest expense	**41**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	41
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**789**
I.1 for servicing	789
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**830**
K. Interest generated by securitised assets	**830**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**830**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.54 DAC**
Country of incorporation	Haddington Road, 1-2 Victoria Buildings, D04 XN32 Dublin

(€ '000)

	12.31.2017
A. Securitised Assets	**32,677**
A.1 Loans	32,677
A.2 Bonds	-
B. Loans disbursed	**20**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**32,697**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**32,677**
F.1 Senior	32,677
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**20**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	20
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**32,697**
H. Interest expense	**-**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**-**
I.1 for servicing	-
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**-**
K. Interest generated by securitised assets	**-**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**-**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE N.55 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**145,205**
A.1 Loans	145,205
A.2 Bonds	-
B. Loans disbursed	**88**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**145,293**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**145,205**
F.1 Senior	145,205
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**88**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	88
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**145,293**
H. Interest expense	**24**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	24
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**76**
I.1 for servicing	76
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**100**
K. Interest generated by securitised assets	**100**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**100**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.57 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**437,384**
A.1 Loans	437,384
A.2 Bonds	-
B. Loans disbursed	**86**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**437,470**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**437,470**
F.1 Senior	437,470
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**437,470**
H. Interest expense	**-**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**-**
I.1 for servicing	-
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**-**
K. Interest generated by securitised assets	**-**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**-**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.58 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**468,374**
A.1 Loans	468,374
A.2 Bonds	-
B. Loans disbursed	**8**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**468,382**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**468,382**
F.1 Senior	468,382
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**468,382**
H. Interest expense	**-**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**209**
I.1 for servicing	209
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**209**
K. Interest generated by securitised assets	**209**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**209**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE — **ELEKTRA PURCHASE NO.718 DAC**
Country of incorporation — 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2017
A. Securitised Assets	**434,863**
A.1 Loans	434,863
A.2 Bonds	-
B. Loans disbursed	**57**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**434,920**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**434,920**
F.1 Senior	434,920
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**434,920**
H. Interest expense	**3,577**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	3,577
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**190**
I.1 for servicing	190
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**3,767**
K. Interest generated by securitised assets	**3,767**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**3,767**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.911 LTD**
Country of incorporation	OGIER HOUSE, THE ESPLANADE, ST. HELIER, JE4 9WG - Jersey

(€ '000)

	12.31.2017
A. Securitised Assets	**350,000**
A.1 Loans	350,000
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**350,000**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**349,999**
F.1 Senior	349,999
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**1**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	1
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**350,000**
H. Interest expense	**211**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	211
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,059**
I.1 for servicing	1,059
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	-
TOTAL COSTS (H+I+J)	**1,270**
K. Interest generated by securitised assets	**1,270**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**1,270**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**F-E MORTGAGES S.R.L. - 2003**
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2017
A. Securitised Assets	**133,904**
A.1 Loans	133,904
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**26,582**
C.1 Loans (including bank current account)	26,582
C.2 Bonds	-
D. Other assets	**245**
D.1 Derivatives	40
D.2 Other assets	204
TOTAL ASSETS (A+B+ C+D)	**160,731**
E. Bond issued	**98,897**
E.1 Senior	32,244
E.2 Mezzanine	59,020
E.3 Junior	7,632
F. Loans received	**23,641**
F.1 Senior	23,641
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**38,193**
G.1 Derivatives	-
G.2 Due to originator	35,467
G.3 Other liabilities	2,725
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**160,731**
H. Interest expense	**527**
H.1 Interest expense on bond issued	521
H.2 Interest expense on loans received	6
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**374**
I.1 for servicing	220
I.2 for other services	154
J. Other charges	**2,189**
J.1 Additional positive returns for exposure junior	1,516
J.2 Other costs	673
TOTAL COSTS (H+I+J)	**3,090**
K. Interest generated by securitised assets	**1,881**
L. Interest income on derivatives	**708**
M. Other revenues	**502**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	502
TOTAL REVENUES (K+L+M)	**3,090**
PROFIT (LOSS) FOR THE PERIOD	**-**

The amounts shown are determined consistently with their contribution to UniCredit S.p.A. Financial Statements.

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**F-E MORTGAGES S.R.L. - 2005**
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2017
A. Securitised Assets	**218,113**
A.1 Loans	218,113
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**14,872**
C.1 Loans (including bank current account)	14,872
C.2 Bonds	-
D. Other assets	**232**
D.1 Derivatives	-
D.2 Other assets	232
TOTAL ASSETS (A+B+ C+D)	**233,217**
E. Bond issued	**179,540**
E.1 Senior	110,366
E.2 Mezzanine	36,864
E.3 Junior	32,310
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**53,677**
G.1 Derivatives	14
G.2 Due to originator	49,292
G.3 Other liabilities	4,372
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**233,217**
H. Interest expense	**1,477**
H.1 Interest expense on bond issued	159
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	1,318
I. Commissions and fees related to the transaction	**432**
I.1 for servicing	296
I.2 for other services	136
J. Other charges	**2,322**
J.1 Additional positive returns for exposure junior	876
J.2 Other costs	1,446
TOTAL COSTS (H+I+J)	**4,231**
K. Interest generated by securitised assets	**3,231**
L. Interest income on derivatives	**-**
M. Other revenues	**999**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	999
TOTAL REVENUES (K+L+M)	**4,231**
PROFIT (LOSS) FOR THE PERIOD	**-**

The amounts shown are determined consistently with their contribution to UniCredit S.p.A. Financial Statements.

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**GELDILUX TS 2013 S.A.**
Country of incorporation	11, rue Pierre d'Aspelt, 1142 Luxembourg

(€ '000)

	12.31.2017
A. Securitised Assets	**866,211**
A.1 Loans	866,211
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**1,649**
D.1 Derivatives	1,643
D.2 Other assets	6
TOTAL ASSETS (A+B+ C+D)	**867,860**
E. Bond issued	**852,734**
E.1 Senior	750,207
E.2 Mezzanine	87,042
E.3 Junior	15,485
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**15,126**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	15,091
G.4 Own funds	35
TOTAL LIABILITIES (E+F+G)	**867,860**
H. Interest expense	**12,278**
H.1 Interest expense on bond issued	5,273
H.2 Interest expense on loans received	7,005
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,854**
I.1 for servicing	1,828
I.2 for other services	26
J. Other charges	**194**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	194
TOTAL COSTS (H+I+J)	**14,326**
K. Interest generated by securitised assets	**14,122**
L. Interest income on derivatives	**196**
M. Other revenues	**9**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	9
TOTAL REVENUES (K+L+M)	**14,327**
PROFIT (LOSS) FOR THE PERIOD	**1**

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**HELICONUS S.R.L**
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2017
A. Securitised Assets	**66,856**
A.1 Loans	66,856
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**12,860**
C.1 Loans (including bank current account)	12,860
C.2 Bonds	-
D. Other assets	**187**
D.1 Derivatives	33
D.2 Other assets	154
TOTAL ASSETS (A+B+ C+D)	**79,903**
E. Bond issued	**54,469**
E.1 Senior	14,650
E.2 Mezzanine	30,829
E.3 Junior	8,990
F. Loans received	**10,220**
F.1 Senior	10,220
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**15,214**
G.1 Derivatives	-
G.2 Due to originator	14,571
G.3 Other liabilities	643
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**79,903**
H. Interest expense	**208**
H.1 Interest expense on bond issued	210
H.2 Interest expense on loans received	-2
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**343**
I.1 for servicing	90
I.2 for other services	253
J. Other charges	**936**
J.1 Additional positive returns for exposure junior	861
J.2 Other costs	75
TOTAL COSTS (H+I+J)	**1,487**
K. Interest generated by securitised assets	**1,011**
L. Interest income on derivatives	**180**
M. Other revenues	**297**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	297
TOTAL REVENUES (K+L+M)	**1,487**
PROFIT (LOSS) FOR THE PERIOD	**-**

The amounts shown are determined consistently with their contribution to UniCredit S.p.A. Financial Statements.

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE — **LARGE CORPORATE ONE SRL**
Country of incorporation — Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2017
A. Securitised Assets	**247,277**
A.1 Loans	247,277
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**21,996**
C.1 Loans (including bank current account)	21,996
C.2 Bonds	-
D. Other assets	**18,536**
D.1 Derivatives	789
D.2 Other assets	17,748
TOTAL ASSETS (A+B+ C+D)	**287,809**
E. Bond issued	**286,257**
E.1 Senior	251,253
E.2 Mezzanine	-
E.3 Junior	35,004
F. Loans received	**2,480**
F.1 Senior	2,480
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-928**
G.1 Derivatives	-
G.2 Due to originator	-1,179
G.3 Other liabilities	251
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**287,809**
H. Interest expense	**9,048**
H.1 Interest expense on bond issued	8,860
H.2 Interest expense on loans received	188
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**941**
I.1 for servicing	608
I.2 for other services	333
J. Other charges	**92**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	92
TOTAL COSTS (H+I+J)	**10,081**
K. Interest generated by securitised assets	**2,554**
L. Interest income on derivatives	**4,710**
M. Other revenues	**2,817**
M.1 Additional returns for exposure junior	2,518
M.2 Other revenues	299
TOTAL REVENUES (K+L+M)	**10,081**
PROFIT (LOSS) FOR THE PERIOD	**-**

The amounts shown are determined consistently with their contribution to UniCredit S.p.A. Financial Statements.

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**LOCAT SV S.R.L. - SERIE 2006**
Country of incorporation	Via Vittorio Alfieri, 1 - 31015 Conegliano (TV)

(€ '000)

	12.31.2017
A. Securitised Assets	**182,066**
A.1 Loans	182,066
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**7,283**
C.1 Loans (including bank current account)	7,283
C.2 Bonds	-
D. Other assets	**4,550**
D.1 Derivatives	-
D.2 Other assets	4,550
TOTAL ASSETS (A+B+ C+D)	**193,899**
E. Bond issued	**98,654**
E.1 Senior	-
E.2 Mezzanine	89,744
E.3 Junior	8,910
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**95,245**
G.1 Derivatives	-
G.2 Due to originator	11,716
G.3 Other liabilities	83,529
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**193,899**
H. Interest expense	**447**
H.1 Interest expense on bond issued	322
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	125
I. Commissions and fees related to the transaction	**97**
I.1 for servicing	54
I.2 for other services	43
J. Other charges	**7,716**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	7,716
TOTAL COSTS (H+I+J)	**8,260**
K. Interest generated by securitised assets	**5,877**
L. Interest income on derivatives	**1**
M. Other revenues	**2,382**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	2,382
TOTAL REVENUES (K+L+M)	**8,260**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group - Consolidated Securitisation Vehicles

SPECIAL PURPOSE VEHICLE	**SUCCESS 2015 B.V.**
Country of incorporation	Barbara Strozzilaan 101, 1083HN Amsterdam

(€ '000)

	12.31.2017
A. Securitised Assets	**342,511**
A.1 Loans	342,511
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**12**
D.1 Derivatives	-
D.2 Other assets	12
TOTAL ASSETS (A+B+ C+D)	**342,523**
E. Bond issued	**325,300**
E.1 Senior	230,900
E.2 Mezzanine	-
E.3 Junior	94,400
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**17,223**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	17,223
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**342,523**
H. Interest expense	**1,934**
H.1 Interest expense on bond issued	1,934
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,319**
I.1 for servicing	1,319
I.2 for other services	-
J. Other charges	**4,898**
J.1 Additional positive returns for exposure junior	4,680
J.2 Other costs	218
TOTAL COSTS (H+I+J)	**8,151**
K. Interest generated by securitised assets	**8,151**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	-
TOTAL REVENUES (K+L+M)	**8,151**
PROFIT (LOSS) FOR THE PERIOD	**-**

D. Structured entities (other than entities for securitisation transactions)

D.1 Consolidated structured entities

The Group has involvements in structured entities that are consolidated because it has both power on the underlying assets and exposure to variability of returns arising from the structured entities activities as a result of the financial instruments subscribed.

The consolidated structured entities of the Group belong to one of the following categories:

- **Leasing SPV:** these structured entities are set-up by the Group in order to meet the needs of customers interested into entering into finance leasing. The Group provides funding to these structured entities, both in form of equity and in form of loans. Such funding is used by structured entities to buy assets (real estate, equipment, etc.) that are leased to a customer under a finance leasing contract;
- **Project finance SPV:** these structured entities are set-up in order to finance capital intensive projects according to the need of specific customers. Typically the funds needed to develop the project are provided by the customer, in form of equity and by the Group in form of loans. The Group consolidates such structured entities as a result of deterioration of the credit worthiness of the customer and subsequent acquisition of the right to manage the project;
- **Real estate SPV:** these structured entities are entities that have been set-up in order to fund real estate projects used in the business by the Group or that have been acquired it the course of credit recovery processes;
- **Funding SPV:** these structured entities are set-up by the Group so to gather funding in specific markets that is guaranteed by a Group Legal entity. This funding is then transferred to the group legal entity that guarantees it;
- **Investment funds:** these structured entities are open ended and closed ended investment funds that the Group controls under IFRS10 having acquired enough quotas to expose it to variability of returns and the ability to manage, directly and indirectly, the underlying portfolio;
- **Warehousing SPV:** these structured entities are set-up in order to subsequently perform securitisation transactions. In particular they purchase mortgages in specific markets and from different originators until a "critical mass" that allow to perform securitisation is reached. The purchases of mortgages are funded through loans provided by the Group.

During the period the Group has not provided financial support to consolidated structured entities, other than those for securitisation transactions, in absence of contractual obligation to do so and it doesn't have current intention to provide such support.

The following table provides on balance sheet and off balance sheet, non revocable credit line and financial guarantees, provided by Group companies to consolidated structured entities.
These exposures are eliminated in the consolidation process.

(€ '000)

BALANCE SHEET ITEM/SPV TYPE	TOTAL ASSETS (A)	OFF BALANCE SHEET EXPOSURES
Leasing SPV	2,166,793	-
Project Finance SPV	1,398,974	-
Real Estate SPV	30,003	10,050
Funding SPV	95,268	-
Investment funds	1,029,628	30,983
Warehousing SPV	-	-
Total	**4,720,666**	**41,033**

Part E - Information on risks and hedging policies

D.2 Non-consolidated for accounting purposes structured entities

D.2.1 Consolidated for regulatory purposes structured entities
The Group has not exposure toward structured entities consolidated for regulatory purpose but that are not consolidated for accounting purpose.

D.2.2 Other structured entities

Qualitative information
The Group has exposure toward unconsolidated structured entities either as a result of its lending activities or through the investments in quotas issued by funds that are structured entities under IFRS12 definition.

In particular, unconsolidated structured entities in which the Group is exposed to belong to the following categories:
- **Acquisition and Leveraged Finance structured entities** are set up for providing funding for the acquisition of a target business, where sponsors participate with equity contribution and lenders structure their facilities according to the cash flow profile of the target. The Group provides funding to these structured entities according to the applicable internal credit policies described in Part E - Section 1 that also define the level of equity that has to be provided by the sponsor.
  The Group has no control over these structured entities because it neither manages the company whose acquisition is being financed nor is significantly exposed to the associated variability of returns;
- **Leasing structured entities** are set-up to buy an asset and rent it to customers (based on a financial leasing contract). The funding is provided through loans, and the structured entities are the owner of the asset. At the end of the contract the asset is usually sold to the customer at a price usually equal to the residual value defined by the contract.
  The Group provides funding to these structured entities according to the applicable internal credit policies described in Part E - Section 1.
  In particular, the contracts ruling such transactions and associated guarantees ensure that the Group has no control over these structured entities because it neither manages the activities of the structured entities nor is significantly exposed to variability of returns of the leased assets;
- **Market Related structured entities** are set-up in order to allow customers to invest into financial instruments having features, in term of currency of denomination or interest rate, different from those offered in the market. In this context the Group maintains exposures against these vehicles that, however, do not transfer to the Group the main risks of the underlying;
- **Notes issuing structured entities** are structured entities that issue security different from ABS that are backed up by certain type of assets. These include covered bonds issued by third parties. The Group does not control these structured entities as it has neither the ability to manage the underlying assets nor retains significant exposures to its variability of returns;
- **Project Finance structured entities** are structured entities set up for the financing capital intensive business initiatives, where customers participate with equity contribution. The Group provides funding to these structured entities according to the applicable internal credit policies described in Part E - Section 1 that also define the level of equity that has to be provided by the customers.
  The Group has no control over these structured entities because it neither manages the assets being financed nor is significantly exposed to the resulting variability of returns;
- **Real Estate structured entities** are set-up for the financing of specific real estate initiatives. In these structures the customers, typically commercial and residential development companies, institutional investors and housing companies set up the structured entities and provides the equity. The Group provides funding according to the applicable internal credit policies described in Part E - Section 1 that also define the level of equity that has to be provided by the customers.
  The Group has no control over these structured entities because it neither manages the assets being financed nor is significantly exposed to the resulting variability of returns;
- **Shipping and Aircraft structured entities** are set up for the building or the acquisition of a ship or an aircraft that is then used by the customers in the context of their business activities. The Group provides funding to these structured entities according to the applicable internal credit policies described in Part E - Section 1 that also define the level of equity that has to be provided by the customers.
  The Group has no control over these structured entities because it neither manages the assets being financed nor is significantly exposed to the resulting variability of returns;
- **Warehousing structured entities** support a subsequent securitisation transactions through the purchase of mortgages in specific markets and from different originators until a “critical mass” that allows to perform such securitisation is reached;
- **Investments funds** comprise open ended and closed ended investment funds in which the Group has subscribed quotas or provided loans.

Quantitative information
The following table provides indication on assets, liabilities and off-balance sheet exposures recognised in the balance sheet of the Group held towards SPVs different from non-consolidated securitisation vehicles and broken down by role of the Group.
The maximum exposure to loss has been calculated by grossing up the difference between assets and liabilities with off balance sheet positions (irrevocable credit lines and financial guarantees) held toward these vehicles reported in column “difference between maximum exposure to loss and accounting value”.

Exposure to structured entities different from Securitisation SPV not consolidated for accounting purposes

(€ '000)

	AMOUNTS AS AT 12.31.2017						
BALANCE SHEET ITEM/SPV TYPE	ACCOUNTING PORTFOLIO (ASSETS)	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIO (LIABILITIES)	TOTAL LIABILITIES (B)	NET ACCOUNTING VALUE (C=A-B)	MAXIMUM EXPOSURE TO LOSS (D)	DIFFERENCE BETWEEN MAXIMUM EXPOSURE TO LOSS AND ACCOUNTING VALUE (E=D-C)
Acquisition and Leverage Finance SPV		**289,956**		**3,009**	**286,947**	**312,202**	**25,255**
	HFT	-	Deposits	3,009			
	FVO	-	Securities	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	289,956		-			
Leasing SPV		**140,085**		**953**	**139,132**	**140,063**	**931**
	HFT	-	Deposits	953			
	FVO	-	Securities	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	140,085		-			
Market Related SPV		**768,924**		**3,918**	**765,006**	**806,696**	**41,690**
	HFT	2,976	Deposits	3,918			
	FVO	-	Securities	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	765,948		-			
Notes Issuing Vehicles		**78,823**		**4,471**	**74,352**	**79,908**	**5,556**
	HFT	8,384	Deposits	-			
	FVO	-	Securities	-			
	AFS	41,217	HFT	4,471			
	HTM	-	FVO	-			
	LAR	29,222		-			
Project Finance SPV		**1,046,922**		**186,936**	**859,986**	**916,968**	**56,982**
	HFT	-	Deposits	186,936			
	FVO	-	Securities	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	1,046,922		-			
Real Estate SPV		**4,010,517**		**414,210**	**3,596,307**	**4,026,626**	**430,319**
	HFT	-	Deposits	414,210			
	FVO	-	Securities	-			
	AFS	**50,804**	HFT	-			
	HTM	-	FVO	-			
	LAR	3,959,713		-			
Shipping Aircraft SPV		**151,029**		**1,449**	**149,580**	**181,105**	**31,525**
	HFT	-	Deposits	1,449			
	FVO	-	Securities	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	151,029		-			
Warehousing SPV		**-**		**-**	**-**	**22,542**	**22,542**
	HFT	-	Deposits	-			
	FVO	-	Securities	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	-		-			
Total		**6,486,256**		**614,946**	**5,871,310**	**6,486,110**	**614,800**

HFT = Financial assets held for trading
FVO = Financial assets at fair value through profit or loss
HTM = Held to maturity Investments
AFS = Available for Sale Financial assets
LAR = Loans to Customers

Deposits = Deposits from Customers
Securities = Debt securities in issue
HFT = Financial liabilities held for trading
FVO = Financial liabilities at fair value through profit or loss

The following table provides indication on assets, liabilities and off-balance sheet exposures recognised in the balance sheet of the Group held towards not consolidated investment funds broken down by role of the Group.

Part E - Information on risks and hedging policies

Exposure to structured entites different from Securitization SPV not consolidated for accounting purposes – Investment funds

(€ '000)

	AMOUNTS AS AT 12.31.2017						
BALANCE SHEET ITEM/SPV TYPE	ACCOUNTING PORTFOLIO (ASSETS)	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIO (LIABILITIES)	TOTAL LIABILITIES (B)	NET ACCOUNTING VALUE (C=A-B)	MAXIMUM EXPOSURE TO LOSS (D)	DIFFERENCE BETWEEN MAXIMUM EXPOSURE TO LOSS AND ACCOUNTING VALUE (E=D-C)
Real Estate investment funds		**4,150,581**		**1,215,393**	**2,935,188**	**3,669,816**	**734,628**
	HFT	55,649	Deposits	1,215,393			
	FVO	6,111	Securities	-			
	AFS	173,991	HFT	-			
	HTM	-	FVO	-			
	LAR	3,914,830		-			
Mixed Asset investment funds		**1,288,431**		**1,412,386**	**-123,955**	**-102,779**	**21,176**
	HFT	1,150,018	Deposits	1,381,069			
	FVO	834	Securities	-			
	AFS	24,729	HFT	31,317			
	HTM	-	FVO	-			
	LAR	112,850		-			
Equity investment funds		**1,283,087**		**208,814**	**1,074,273**	**1,097,952**	**23,679**
	HFT	880,635	Deposits	208,404			
	FVO	9,387	Securities	-			
	AFS	8,117	HFT	410			
	HTM	-	FVO	-			
	LAR	384,948		-			
Private Equity/Debt investment funds		**463,175**		**26,389**	**436,786**	**640,271**	**203,485**
	HFT	385	Deposits	26,389			
	FVO	-	Securities	-			
	AFS	462,790	HFT	-			
	HTM	-	FVO	-			
	LAR	-		-			
Fixed Income investment funds		**635,311**		**440,010**	**195,301**	**197,611**	**2,310**
	HFT	571,713	Deposits	435,492			
	FVO	-	Securities	-			
	AFS	32,787	HFT	4,518			
	HTM	-	FVO	-			
	LAR	30,811		-			
Other investment funds		**244,949**		**1,202,262**	**-957,313**	**-728,743**	**228,570**
	HFT	23,240	Deposits	1,171,264			
	FVO	6,771	Securities	-			
	AFS	23,831	HFT	30,998			
	HTM	-	FVO	-			
	LAR	191,107		-			
Total		**8,065,534**		**4,505,254**	**3,560,280**	**4,774,128**	**1,213,848**

HFT = Financial assets held for trading
FVO = Financial assets at fair value through profit or loss
HTM = Held to maturity Investments
AFS = Available for Sale Financial assets
LAR = Loans to Customers

Deposits = Deposits from Customers
Securities = Debt securities in issue
HFT = Financial liabilities held for trading
FVO = Financial liabilities at fair value through profit or loss

The Group acts, through its subsidiaries, as manager of investment funds that are considered structured entities and in which it has no exposure at the reporting date.

The following table reports the income recognised during the period on this business.

Nature of income from sponsored unconsolidated Structured Entities (different from securitisation and covered bond): breakdown by entity type

(€ '000)

	12.31.2017			
ENTITY TYPE	INTEREST INCOME	FEES AND COMMISSIONS	GAIN (LOSS) ARISING FROM DISPOSAL	OTHER INCOME
Acquisitions and leveraged finance SPVs	-	-	-	-
Leasing SPVs	-	-	-	-
Market Related SPVs	-	174	-	-
Note Issuing Vehicles	-	-	-	-
Project finance SPVs	-	-	-	-
Real estate SPVs	-	-	-	-
Shipping/Aircraft SPVs	-	-	-	-
Investment funds	102	49,741	-	109
Total	**102**	**49,915**	**-**	**109**

Finally, during the period, the Group has not provided financial support absent contractual obligations to do so to any non-consolidated structured entity.
In addition it has not current intention to provide such financial support.

Part E - Information on risks and hedging policies

E. Sales Transactions

A. Financial assets sold and not fully derecognised

E.1 Banking Group - Financial assets sold and not derecognised: carrying value and full value

(€ '000)

TYPE/PORTFOLIO	AMOUNTS AS AT 12.31.2017								
	FINANCIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS			AVAILABLE FOR SALE FINANCIAL ASSETS		
	A	B	C	A	B	C	A	B	C
A. On-balance sheet assets	**4,969,645**	**-**	**-**	**819,322**	**-**	**-**	**35,771,544**	**-**	**-**
1. Debt securities	4,969,645	-	-	819,322	-	-	35,771,544	-	-
2. Equity securities	-	-	-	-	-	-	-	-	-
3. UCIS	-	-	-	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-	-	-	-
B. Derivatives	**-**	**-**	**-**	**X**	**X**	**X**	**X**	**X**	**X**
Total 12.31.2017	**4,969,645**	**-**	**-**	**819,322**	**-**	**-**	**35,771,544**	**-**	**-**
of which Non-Performing	-	-	-	-	-	-	-	-	-
Total 12.31.2016	**3,157,508**	**-**	**-**	**4,515,298**	**-**	**-**	**37,298,237**	**-**	**-**
of which Non-Performing	-	-	-	-	-	-	-	-	-

continued: E.1 Banking Group - Financial assets sold and not derecognised: carrying value and full value

TYPE/PORTFOLIO	AMOUNTS AS AT 12.31.2017									TOTAL	
	HELD-TO-MATURITY INVESTMENTS			LOANS AND RECEIVABLES WITH BANKS			LOANS AND RECEIVABLES WITH CUSTOMERS				
	A	B	C	A	B	C	A	B	C	12.31.2017	12.31.2016
A. On-balance sheet assets	**746,713**	**-**	**-**	**220,000**	**-**	**-**	**5,807,551**	**30,793**	**59,675**	**48,425,243**	**56,719,688**
1. Debt securities	746,713	-	-	220,000	-	-	289,288	-	-	42,816,512	42,808,877
2. Equity securities	X	X	X	X	X	X	X	X	X	-	-
3. UCIS	X	X	X	X	X	X	X	X	X	-	-
4. Loans	-	-	-	-	-	-	5,518,263	30,793	59,675	5,608,731	13,910,811
B. Derivatives	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**-**	**-**
Total 12.31.2017	**746,713**	**-**	**-**	**220,000**	**-**	**-**	**5,807,551**	**30,793**	**59,675**	**48,425,243**	**X**
of which Non-Performing	-	-	-	-	-	-	*956,427*	*30,793*	*59,675*	*1,046,895*	*X*
Total 12.31.2016	**1,229,091**	**-**	**-**	**1,130,530**	**-**	**-**	**9,389,024**	**-**	**-**	**X**	**56,719,688**
of which Non-Performing	-	-	-	-	-	-	*848,981*	-	-	*X*	*848,981*

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 derecognised under securitisations.
Debt securities (A.1) are underlyings of repos.

E.2 Banking Group - Financial liabilities relating to financial assets sold and not derecognised: book value

(€ '000)

	AMOUNTS AS AT 12.31.2017						
LIABILITIES/ASSETS PORTFOLIOS	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	**1,884,911**	**-**	**26,474,395**	**-**	**-**	**3,075,552**	**31,434,858**
a) relating to fully recognised assets	1,884,911	-	26,474,395	-	-	3,071,159	31,430,465
b) relating to partially recognised assets	-	-	-	-	-	4,393	4,393
2. Deposits from Banks	**3,065,657**	**805,965**	**5,643,472**	**792,442**	**206,100**	**362,508**	**10,876,144**
a) relating to fully recognised assets	3,065,657	805,965	5,643,472	792,442	206,100	362,508	10,876,144
b) relating to partially recognised assets	-	-	-	-	-	-	-
3. Debt Securities in issue	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) relating to fully recognised assets	-	-	-	-	-	-	-
b) relating to partially recognised assets	-	-	-	-	-	-	-
Total 12.31.2017	**4,950,568**	**805,965**	**32,117,867**	**792,442**	**206,100**	**3,438,060**	**42,311,002**
Total 12.31.2016	**3,208,073**	**4,506,971**	**36,660,160**	**1,250,161**	**1,166,830**	**6,235,510**	**53,027,705**

E.3 Banking Group - Sales transactions relating to financial liabilities with repayment exclusively based on assets sold and not derecognised: fair value

(€ '000)

	AMOUNTS AS AT 12.31.2017					
	FINANCIAL ASSETS HELD FOR TRADING		FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS		AVAILABLE FOR SALE FINANCIAL ASSETS	
TYPE/PORTFOLIO	A	B	A	B	A	B
A. On-balance sheet assets	**5,016,036**	**-**	**819,322**	**-**	**35,750,077**	**21,466**
1. Debt securities	5,016,036	-	819,322	-	35,750,077	21,466
2. Equity securities	-	-	-	-	-	-
3. UCIS	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
B. Derivatives	**-**	**-**	**X**	**X**	**X**	**X**
Total assets	**5,016,036**	**-**	**819,322**	**-**	**35,750,077**	**21,466**
C. Associated financial liabilities	**4,943,207**	**-**	**805,965**	**-**	**32,105,067**	**20,161**
1. Deposits from customers	1,877,550	-	-	-	26,461,595	20,161
2. Deposits from banks	3,065,657	-	805,965	-	5,643,472	-
3. Debt securities in issue	-	-	-	-	-	-
Total liabilities	**4,943,207**	**-**	**805,965**	**-**	**32,105,067**	**20,161**
Total 12.31.2017	**72,829**	**-**	**13,357**	**-**	**3,645,010**	**1,305**
Total 12.31.2016	**(45,086)**	**-**	**8,327**	**-**	**1,089,799**	**-**

Part E - Information on risks and hedging policies

continued: E.3 Banking Group - Sales transactions relating to financial liabilities with repayment exclusively based on assets sold and not derecognised: fair value

	AMOUNTS AS AT 12.31.2017							
	HELD-TO-MATURITY INVESTMENTS		LOANS AND RECEIVABLES WITH BANKS		LOANS AND RECEIVABLES WITH CUSTOMERS		TOTAL	
TYPE/PORTFOLIO	A	B	A	B	A	B	12.31.2017	12.31.2016
A. On-balance sheet assets	**1,796,367**	**-**	**220,000**	**-**	**5,748,298**	**30,793**	**49,402,359**	**56,887,291**
1. Debt securities	1,796,367	-	220,000	-	289,288	-	43,912,556	42,799,296
2. Equity securities	X	X	X	X	X	X	-	-
3. UCIS	X	X	X	X	X	X	-	-
4. Loans	-	-	-	-	5,459,010	30,793	5,489,803	14,087,995
B. Derivatives	**X**	**X**	**X**	**X**	**X**	**X**	**-**	**-**
Total assets	**1,796,367**	**-**	**220,000**	**-**	**5,748,298**	**30,793**	**49,402,359**	**56,887,291**
C. Associated financial liabilities	**792,442**	**-**	**206,100**	**-**	**3,271,556**	**4,393**	**X**	**X**
1. Deposits from customers	-	-	-	-	2,678,148	4,393	X	X
2. Deposits from banks	792,442	-	206,100	-	362,508	-	X	X
3. Debt securities in issue	-	-	-	-	230,900	-	X	X
Total liabilities	**792,442**	**-**	**206,100**	**-**	**3,271,556**	**4,393**	**42,148,891**	**52,391,676**
Totale 12.31.2017	**1,003,925**	**-**	**13,900**	**-**	**2,476,742**	**26,400**	**7,253,468**	**X**
Total 12.31.2016	**(11,495)**	**-**	**(36,300)**	**-**	**3,490,370**	**-**	**X**	**4,495,615**

B. Financial assets sold and fully derecognised with recognition of continuing involvement
At the end of the year there were no fully derecognised financial asset sale transactions that determined recognition of continuing involvement in the financial statements.

E.4 Banking Group - Covered Bond Transactions
In 2008 the Group initiated a Covered Bond (*OBG* or *Obbligazioni Bancarie Garantite*) Programme with residential mortgage loans as the underlying assets, in line with Law 130/99, the MEF decree dated 14 December 2006 and Banca d'Italia instructions dated 17 May 2007 as amended on 24 March 2010 and on 24 June 2014.

Under this programme:
- 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 authorised by Banca d'Italia) is guarantor of the OBG holders, within the limits of the cover pool; and
- the auditing firm BDO S.p.A. (formerly Mazars S.p.A.) is Asset Monitor.

The Group's main aims in issuing OBGs are to diversify its funding sources and fund at competitive rates. As with the securitisations, the difficulties in the markets made it advisable to use securitisation as a means of increasing the Group's counterbalancing capacity by retaining with the Group part of the securities issued by the vehicle.

An integral feature of OBG Programme 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:
- 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 Programme; and
  - the trend in the balance between the cash flow arising from the cover pool and that absorbed by the OBGs in issue;
- 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;
- 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;
- 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) programme ("New OBG Programme"), without specific ratings and having residential mortgage loans and commercial mortgage loans as underlyings. The contractual and supervisory structure and the counterparties of this programme are modeled on the pre-existing programme, with the exception of references to Ratings Agencies and the use of a new Special Purpose Vehicle, UniCredit OBG S.r.l. During 2014 the New OBG Programme was restructured after which the method of reimbursing OBGs was converted from Soft-bullet to Conditional Pass-through and a rating of AA+ was assigned by the rating agency Fitch. Starting from 2015 both issues placed to institutional investors and issues retained for counterbalancing capacity creation were executed on the New OBG Programme. During 2017 Fitch rating was substituted by Moody's rating that assigned a rating of Aa2 to the New OBG Programme.

At 31 December 2017 the series of covered bonds issued under the two programmes totalled 29 and were worth €26,456 million, of which €14,350 million was repurchased by UniCredit S.p.A.

NAME	COVERED BONDS (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 (€):	14,672,252,737.38
Covered Bonds issued at the end of accounting period (€):	9,606,000,000.00
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loans of total 15,425,276,946.85 euro
Rating Agencies:	S & P - Moody's - Fitch
Rating:	A+ (from 11/06/2017) - Aa2 (from 01/21/2015) - AA (from 04/27/2017)

NAME	COVERED BONDS (OBBLIGAZIONI BANCARIE GARANTITE) II PROGRAMME
Originator:	UniCredit S.p.A.
Issuer:	UniCredit S.p.A.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank AG, London Branch
Target transaction:	Funding - Counterbalancing Capacity
Type of asset:	Private Mortgage loans
Quality of Asset:	Performing
Book value of the underlying assets at the end of accounting period (€):	17,838,212,368.14
Covered Bonds issued at the end of accounting period (€):	16,850,000,000.00
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of total 19,544,324,946.97 euro
Rating Agencies:	Moody's
Rating:	Aa2 (dal 05/17/2017)

Part E - Information on risks and hedging policies

Information on Sovereign Exposures

With reference to the Group's sovereign exposures[12], the book value of sovereign debt securities as at 31 December 2017 amounted to €116,634 million, of which over 90% concentrated in eight countries; Italy, with €54,471 million, represents about 47% of the total. For each of the eight countries, the table below shows the nominal value, the book value and the fair value of the exposures broken down by portfolio as at 31 December 2017.

Breakdown of Sovereign Debt Securities by Country and Portfolio

(€ '000)

	AMOUNTS AS AT 12.31.2017		
COUNTRY/PORTFOLIO	NOMINAL VALUE	BOOK VALUE	FAIR VALUE
- Italy	**51,500,850**	**54,470,656**	**54,493,396**
financial assets/liabilities held for trading (net exposures *)	625,618	403,139	403,139
financial assets at fair value through profit or loss	3	3	3
available for sale financial assets	47,633,428	50,652,145	50,652,145
loans and receivables	95,307	95,363	81,130
held to maturity investments	3,146,494	3,320,006	3,356,979
- Germany	**16,668,460**	**16,923,735**	**16,959,815**
financial assets/liabilities held for trading (net exposures *)	1,342,491	1,356,792	1,356,792
financial assets at fair value through profit or loss	13,416,569	13,595,498	13,595,498
available for sale financial assets	874,400	935,691	935,691
loans and receivables	1,035,000	1,035,754	1,071,834
held to maturity investments	-	-	-
- Spain	**15,245,784**	**16,672,405**	**16,682,915**
financial assets/liabilities held for trading (net exposures *)	478,670	541,027	541,027
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	12,784,000	13,904,058	13,904,058
loans and receivables	-	-	-
held to maturity investments	1,983,114	2,227,320	2,237,830
- Austria	**7,145,236**	**7,931,807**	**7,940,658**
financial assets/liabilities held for trading (net exposures *)	65,129	41,282	41,282
financial assets at fair value through profit or loss	142,000	196,156	196,156
available for sale financial assets	6,842,246	7,596,781	7,596,781
loans and receivables	-	-	-
held to maturity investments	95,861	97,588	106,439
- France	**3,634,504**	**3,776,809**	**3,776,809**
financial assets/liabilities held for trading (net exposures *)	-78,496	-123,205	-123,205
financial assets at fair value through profit or loss	463,000	469,801	469,801
available for sale financial assets	3,250,000	3,430,213	3,430,213
loans and receivables	-	-	-
held to maturity investments	-	-	-
- Hungary	**1,747,382**	**2,059,604**	**2,059,604**
financial assets/liabilities held for trading (net exposures *)	156,205	177,829	177,829
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,548,158	1,844,505	1,844,505
loans and receivables	43,019	37,270	37,270
held to maturity investments	-	-	-
- Bulgaria	**1,650,575**	**1,870,224**	**1,870,224**
financial assets/liabilities held for trading (net exposures *)	777	10,161	10,161
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,647,677	1,857,939	1,857,939
loans and receivables	2,121	2,124	2,124
held to maturity investments	-	-	-
- Czech Republic	**1,339,074**	**1,547,404**	**1,547,404**
financial assets/liabilities held for trading (net exposures *)	-40,019	-19,398	-19,398
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,379,093	1,566,802	1,566,802
loans and receivables	-	-	-
held to maturity investments	-	-	-
Total on-balance sheet exposures	**98,931,865**	**105,252,644**	**105,330,825**

Note:
(*) Including exposures in Credit Derivatives.
Negative amount indicates the prevalence of liabilities positions.

12 Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies.
To the purpose of this risk exposure are not included:
- Sovereign exposures of Group's Legal entities classified as held for sale as at 31 December 2017;
- ABSs.

The weighted duration of the sovereign bonds shown in the table above, divided by the banking[13] and trading book, is the following:

Weighted duration

(years)

	BANKING BOOK	TRADING BOOK	
		ASSETS POSITIONS	LIABILITIES POSITIONS
- Italy	2.50	4.38	3.59
- Germany	2.71	6.44	6.33
- Spain	2.55	4.52	8.24
- Austria	3.70	5.46	10.47
- France	3.27	16.07	9.37
- Hungary	3.52	3.03	5.50
- Bulgaria	5.63	6.13	4.05
- Czech Republic	4.14	3.35	6.14

The remaining 10% of the total of sovereign debt securities, amounting to €11,382 million with reference to the book values as at 31 December 2017, is divided into 39 countries, including Romania (€1,492 million), Poland (€1,229 million), Croatia (€1,221 million), Russia (€1,056 million), Japan (€972 million) Serbia (€728 million) and Slovakia (€700 million). The sovereign exposure to Greece, Cyprus and Ukraine is immaterial.
With respect to these exposures, as at 31 December 2017 there were no indications that impairment may have occurred.
It should moreover be noted that among the aforementioned remaining part of sovereign debt securities as at 31 December 2017 there are also debt securities towards Supranational Organisations such as the European Union, the European Financial Stability Facility and the European Stability Mechanism amounting to €2,178 million.

The table below shows the classification of bonds belonging to the banking book and their percentage proportion of the total of the portfolio under which they are classified.

Breakdown of Sovereign Debt Securities by Portfolio

(€ '000)

	AMOUNTS AS AT 12.31.2017				
	FINANCIAL ASSETS AT FAIR VALUE	AVAILABLE FOR SALE FINANCIAL ASSETS	LOANS	HELD TO MATURITY INVESTMENTS	TOTAL
Book value	15,235,091	91,093,225	1,194,159	6,138,990	113,661,465
% Portfolio	69.02%	87.50%	0.23%	97.80%	17.46%

In addition to the exposures to sovereign debt securities, loans[14] given to central and local governments and governmental bodies must be taken into account.
The table below shows the total amount as at 31 December 2017 of loans given to countries towards which the overall exposure exceeds €130 million, representing about 94% of the total.

Breakdown of Sovereign Loans by Country

(€ '000)

	AMOUNTS AS AT 12.31.2017
COUNTRY	BOOK VALUE
- Germany (*)	6,521,560
- Italy	5,427,706
- Austria (**)	5,342,122
- Croatia	2,151,307
- Slovenia	262,721
- Indonesia	243,400
- Bosnia and Herzegovina	185,410
- Turkey	166,044
- Bulgaria	163,435
- Hungary	162,847
- Gabon	158,265
- Egypt	157,395
- Angola	141,942
- Oman	136,262
- Laos	131,898
Total on-balance sheet exposures	**21,352,314**

Notes:
(*) of which 1,838,384 thousand in financial assets held for trading and those at fair value through profit or loss.
(**) of which 282,284 thousand in financial assets held for trading and those at fair value through profit or loss.

13 The banking book includes assets at fair value through profit or loss, available-for-sale assets, held to maturity assets and loans.
14 Tax items are not included.

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

For more details on the sensitivity analysis of credit spreads and on the results of stress tests see the "Widespread Contagion", "Protectionism, China slowdown & Turkey shock" and “Interest Rate Shock” scenarios in chapter 2.8 of the Section 2 - Market risk below, and for liquidity management policies see Section 3 - Liquidity risk below.

Other transactions

With reference to the indications of *Banca d’Italia*/Consob/IVASS document No.6 of 8 March 2013 - Booking of "long-term structured repos" - instructions, there are no transactions of this kind to report.

In September 2016 the available-for-sale financial assets portfolio including investments in Italian and Spanish government bonds held by the Irish subsidiary UniCredit Bank Ireland Plc simultaneously financed with maturity match repos (so-called “long-term structured repos") has entirely matured.

The accounting treatment of these transactions, with respect to their individual contractual components (an investment in securities shown under item "Available-for-sale financial assets" of assets, a series of repos classified under item "Deposits from banks" of liabilities and derivative contracts shown under “Hedging derivatives”), was in line with the economic purpose, represented by the will to:

- assume a sovereign risk exposure;
- optimise the absorption of liquidity through a maturity match funding;
- create a positive carry for the duration of the transaction as difference between bond yield and repo funding cost, maximising the return on net interest margin;
- maintain the right to change the funding structure of the position on sovereign risk according to any changes in market conditions or in the bank’s liquidity position.

The changes in market values were not representative of the economic result that would be generated if all the individual contracts were analysed in terms of synthetic derivative, also in line with the business model that, providing for the dynamic and separate management of the individual components does not consider trading choices based on these variables.

In addition, with reference to an investment of UniCredit S.p.A. in a debt security issued by the Italian Republic maturing on 30 August 2019 (ITALY 19EUR FRN) subscribed for during placement for a nominal amount of €750 million and with a book value of €747 million including accrued interest at 31 December 2017 (classified in the held-to-maturity portfolio in accordance with the economic purpose), a term repo (conducted in two stages) for a total nominal amount of €750 million, with a book value of liabilities of €761 million at 31 December 2017, was completed in 2012.

At the same time, a 4.25% BTP maturing in September 2019 was purchased under a term reverse repo (conducted in 2 stages) for a total nominal value of €750 million and a book value of €761 million at 31 December 2017, 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 collateralised 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 amortised on a pro-rata basis according to the current accounting rules.

Information on Structured Trading Derivatives with customers and exposures in the renewable energy sector

1. OTC Trading Derivatives with Customers
The business model governing OTC derivatives trading with customers provides for centralisation of market risk in the CIB Division - Markets Area, 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 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.

The UniCredit group trades OTC derivatives on a wide range of underlying, 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 personalisation: 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 controls in terms of principles, rules and processes, as well as by setting VaR limits.

The business with non-institutional clients does not (usually) 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, by using netting and/or collateral agreements.

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 customers are mapped by deriving EAD (Exposure at Default) that take into account the Wrong-Way Risk and measured with PD (Probability of Default) and LGD (Loss Given Default) implied by current market default rates obtained from credit & loan-credit default swaps, in order to obtain a value in terms of 'expected loss' (EL) to be used for items designated and measured at fair value maximising usage of market's inputs;
- 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 liabilities held for trading".
To make the distinction between customers and banking counterparties, the definition contained in *Banca d'Italia* Circular No.262 as for its fourth update published on 15 December 2015 (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.

Fair values of OTC derivatives managed through Central Clearing counterparts are reported on a net basis. The related reduction of balances is €14,314 million and €15,009 on trading asset and liabilities, respectively.

The balance of item "20. Financial assets held for trading" of the consolidated accounts with regard to derivative contracts totaled €34,769 million (with a notional value of €1,032,659 million) including €18,937 million with customers. The notional value of derivatives with customers amounted to €681,687 million including €670,995 million in plain vanilla (with a fair value of €18,396 million) and €10,692 million in structured derivatives (with a fair value of €542 million).

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The notional value of derivatives with banking counterparties totaled €350,973 million (fair value of €15,832 million) including €18,673 million related to structured derivatives (fair value of €495 million).
Customers entered into a total of 2,156 structured derivative contracts with the Group that are reported in balance-sheet asset item "20. Financial assets held for trading".

The balance of item "40. Financial liabilities held for trading" of the consolidated accounts with regard to derivative contracts totaled €31,979 million (with a notional value of €1,084,614 million) including €12,503 million with customers. The notional value of derivatives with customers amounted to €732,662 million including €726,279 million in plain vanilla (with a fair value of €12,325 million) and €6,383 million in structured derivatives (with a fair value of €178 million). The notional value of derivatives with banking counterparties totaled €351,953 million (fair value of €19,477 million) including €11,733 million related to structured derivatives (fair value of €300 million).

2. Exposures in the renewable energy sector
Through Ocean Breeze Energy GmbH & Co. KG (OBKG), a fully consolidated subsidiary of UniCredit Bank AG, UniCredit group owns a wind farm named BARD Offshore 1 (BO1) with following characteristics:

GEOGRAPHICAL LOCATION	OWNER	PERCENTAGE OF OWNERSHIP	DATE WHEN THE PLANT STARTED TO PRODUCE ENERGY	PERCENTAGE OF COMPLETION	INSTALLED CAPACITY	TOTAL VALUE OF THE ASSET
German EEZ[1] in the North Sea, 100 km before the island of Borkum	Ocean Breeze Energy GmbH & Co. KG	100%	December 2010, final taking into operation August 2013	100%	400 MW	€1.3 billion

Note:
(1) Exclusive economic zone.

This power plant has been developed by the BARD Group on behalf of OBKG and has been classified as tangible asset since 31 December 2013 in OBKG's balance sheet.
The BARD Group itself has been fully financed by UniCredit Bank AG and, starting from 31 December 2013, fully consolidated by UniCredit Bank AG.

The total value of the wind farm and other ancillary tangible assets amounts to €1.3 billion and is net of €53 million grants provided by the European Union which have been classified as government grants in accordance with IAS20 and, in compliance with IAS20.24, deducted from the initial cost of the power plant on the assets side of the balance sheet.

The current book value of the wind farm has been confirmed by an appraisal exercise performed by an independent expert by 31 December 2017; no trigger events have been experienced in 2017 potentially affecting wind farm's carrying value.

At year-end 2013 the wind farm was finalised and transferred to OBKG; to cover dismantling/refurbishing costs of BO1 it has been posted a provision of about €26 million (€21 million as at December 2016) by OBKG.

After grid outage experienced in 2014, grid connection is available and stable; wind farm availability has improved steadily since 2015, with about 75 WECs on average available in 2017 and also feeding-in at the end of December 2017.

Final settlement of 2014 outage from grid operator (TenneT) according to relevant compensation regime is still pending and subject to court proceedings; all compensation payments revenues have been recognised only to the extent they have been accepted by TenneT (net of an invoice issued by grid operator to adjust wake-factor calculation). All additional amounts invoiced to TenneT have neither been recognised in income nor capitalised as receivables on the balance sheet.

Section 2 - Market Risk

Market risk derives from the effect that changes in market variables (interest rates, securities prices, exchange rates, etc.) can cause to the economic value of the Group's portfolio, including the assets held both in the Trading Book, as well as those posted in the Banking Book, both on the operations characteristically involved in commercial banking and in the choice of strategic investments. Market risk management within the UniCredit group accordingly includes all activities related to cash transactions and capital structure management, both for the Parent company, as well as for the individual companies making up the Group.

The current organisational model guarantees the ability to steer, to coordinate and to control the activities of some aggregated risks (so-called Portfolio Risks), through dedicated responsibility centres (Portfolio Risk Managers), completely focused and specialised on such risks, under a Group and interdivisional perspective.

According to this organisation, the structure at first level of reporting to "Group Risk Management", dedicated to market risk governance is the "Group Financial Risk" department.

Risk Management Strategies and Processes

The Parent Company'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 risk appetite and value creation objectives in proportion to risks assumed.

The Holding Company has defined Global Rules in order to manage and control market risk, including strategies and processes to be followed. Market risk strategies are set by the Holding Company at least on an annual basis, in coherence with the definition of the overall Group Risk appetite and then cascaded to the Leal Entities. Market risk appetite is also paramount to the development of Group's business strategy, ensuring the coherence between the budgeted revenues and the setting of Value-at-Risk limits.

In this context, on an annual basis Market Risk Management function of the Holding Company agrees possible changes to the Group Market Risk Framework with local Market Risk functions. Changes to the Group Market Risk Framework can include changes to the perimeter for the calculation of managerial market risk metrics and methodological changes in the limit monitoring framework.
To this end, Market Risk Management of the Holding Company gathers the information needed to set up the Group Market Risk Strategy for the following year. In particular, Group Market Risk Management receives from the competent function the Group Risk Appetite Framework, which sets, among others, Market Risk KPIs and from local Market Risk functions, among others, the list of Legal Entities (LEs)/Business Lines allowed to assume market risk exposures, the severities of related limits and the proposals for the review of market risk levels.

Based on these inputs, the Group Market Risk strategy is defined including the following information:
- the proposed Market Risk Takers Map;
- limits and WLs proposal in accordance with the proposed Market Risk Takers Map;
- any change occurred to the risk limit framework compared to the previous year;
- overview on the macro-economic scenario and related risks for the Group;
- market Risk RWA history and expected development;
- market Risk KPIs benchmarking;
- the business strategy and key initiatives to support the limit proposal.

Once all Group relevant Bodies have approved the Group Market Risk Strategy and given the relevant NBOs for local market risk limits, the approval is communicated to local functions.
In terms of monitoring, LE carries out periodical activities (e.g. daily monitoring of VaR, weekly monitoring of IRC and SVaR, monthly monitoring of Stress Test Warning Level) under the coordination of Holding Company Market Risk Management function and the breaches are timely escalated locally to Senior Management and to the Holding Company.
Ultimately, it has to be highlighted that detailed Global Rules on market risk strategy definition, limits setting, monitoring, escalation and reporting activities are in place and applied at Group level.

Trading Book

In accordance with the Capital Requirements Regulation, and as defined in the current policy "Eligibility Criteria for the Regulatory Trading Book assignment", the Trading Book is defined as all positions in financial instruments and commodities held either with trading intent, or in order to hedge positions held with trading intent. Books held with trading intent are composed of:
- positions and positions arising from client servicing and market making;
- positions intended to be resold short term;
- positions intended to benefit from actual or expected short-term price differences between buying and selling prices or from other price or interest rate variations.

Part E - Information on risks and hedging policies

The essential requirement for the Regulatory Trading Book assignment is the above defined “trading intent”, additionally the following requirements have to be assessed:
- Tradability refers to positions free of restrictions on their tradability and coherently reflected within the “Trader Mandate” of the risk taker;
- Marketability refers to positions for which a reliable Fair Value can be evaluated based to the largest extent on independently verified observable market parameters;
- Hedgeability refers to positions for which a hedge could be put in place. The hedgeability is meant to concern the “material” risks of a position which implies not necessarily all the various risk features are to be hedgeable.

When opening a new book, the book manager makes the proposal whether the book should be managed as a Trading Book or a Banking Book based on the planned trading activity. The book manager is required to clearly declare the trading intent and therefore to explain the business strategy behind the request for the Regulatory Trading assignment. The book manager is then responsible for all positions held in his book and the eligibility criteria are expected to be fulfilled on an ongoing basis.

Concerning the monitoring phase, to demonstrate adequate trading intent, the following minimum criteria have to be fulfilled at book level and are checked at least on a quarterly basis:
- minimum of 5 trades during the past 90 trading days;
- minimum of 5% of the volume of each book traded during the past 90 trading days with reference to the last day of the period.

In case a breach of the trading intent criteria, the possibility to re-classify the book has to be assessed.

With reference to the methodology used to ensure that the policies and procedures implemented for the management of the Trading Book are appropriate, first of all it has to be noted that any new/updated regulation has to be preliminary shared with the main impacted functions/LEs in order to collect their feedback. The competent Group function also assesses the compliance risks with reference to the regulations falling within its direct scope of competence. In addition, before the issuance, the owner of the rule submits to the competent Body/function for the approval.

The financial instruments (an asset or a liability, cash or derivative) held by the Group are exposed to changes over time driven by moves of market risk factors. The market risk factors are classified in the following five standard market risk asset classes:
- Credit risk: the risk that the value of the instrument decreases due to credit spreads changes;
- Equity risk: the risk that the value of the instrument decreases due to stock or index prices changes;
- Interest rate risk: the risk that the value of the instrument decreases due to interest rates changes;
- Currency risk: the risk that the value of the instrument decreases due to foreign exchange rates changes;
- Commodity risk: the risk that the value of the instrument decreases due to commodity prices (e.g. gold, crude oil) changes.

UniCredit group manages and monitors market risk through two sets of measures:

- Broad Market Risk measures:
  - Value at Risk (VaR), which represents the potential loss in value of a portfolio over a defined period for a given confidence interval;
  - Stressed VaR (SVaR), which represents the potential VaR of a portfolio subject to a continuous 12-month period of significant financial stress;
  - Incremental Risk Charge (IRC), which represents the amount of regulatory capital aimed at addressing the credit shortcomings (rating migration and default risks) that can affect a portfolio in a defined time period for a given confidence interval;
  - Loss Warning Level (LWL), which is defined as the 60 calendar days rolling period accumulated economic P&L of a risk taker;
  - Stress Test Warning Level (STWL), which represents the potential loss in value of a portfolio calculated on the basis of a distressed scenario.
- Granular Market Risk measures:
  - Sensitivity levels, which represent the change in the market value of a financial instrument due to small moves of the relevant market risk asset classes/factors. Among others, and not limited to, particularly relevant considering the asset and liability structure of the commercial bank are the Basis Point Value Sensitivity, that measures the change in the present value of the interest rate sensitive positions resulting from a 1bp parallel shift to interest rate , and the Credit Point Value Sensitivity, that measure the change in the present value of the credit risk sensitive positions resulting from a 1bp parallel shift to credit spread (per issuer, rating or industry);
  - Stress scenario levels, which represent the change in the market value of a financial instrument due to large moves of the relevant market risk asset classes/factors;
  - Nominal levels, which are based on the notional value of the exposure.

On the basis of these measures, two sets of limits are defined:
- Broad Market Risk limits (Loss Warning Levels, Stress Test Warning Level, VaR, SVaR, IRC): which are meant to set a boundary to the economic capital absorption and to the economic loss accepted for TB and/or the overall TB+BB activities (and/or BB). These must be consistent with assigned budget of revenues and the defined risk taking capacity (ICAAP process). Value at Risk on TB activities has also to be consistent with Group Risk Appetite KPIs. All VaR limitations (both on TB and on the sum of TB and BB (and/or BB) have to be consistent with the Stress Tests Warning Levels;
- Granular Market Risk limits (Sensitivity limits, Stress scenario limits, Nominal limits): which exist independently of, but act in concert with Broad Market Risk limits and operate in a consolidated fashion across the Legal Entities (if applicable); in order to control more effectively and more specifically different risk types, desks and products, these limits are generally granular sensitivity or stress-related limits. The levels set for Granular Market Risk measures aim at limiting the concentration in individual risk factors and the excessive exposure in risk factors which are not sufficiently covered under by Internal Model for market risk (IMOD).

Banking Book
The main components of market risk in the Banking Book are credit spread risk, pure interest rate risk and FX risk.

Credit spread risk originates mainly from government bond portfolios held for liquidity purposes. The market risk of the bond portfolio is restricted based on notional, sensitivity measures and Value at Risk. The main credit spread exposure is related to Italian sovereign risk in the Italian perimeter.

The second risk type is the interest rate risk. The exposure is measured in terms of economic value sensitivity and the net interest income sensitivity. On a daily basis the treasury functions manages the interest rate risk from commercial transactions within operational limits set by the relevant risk committees. The exposure is measured and monitored on a daily basis by the risk management functions. The Asset & Liability Committee is responsible for the interest rate strategy for the strategic position. This includes the decision of investing the net position of non interest earning assets and non-interest bearing liabilities. The management of Banking Book interest rate risk aims to optimise, in an on-going scenario, the risk/return profile and long term value creation while reducing adverse impacts on bank's earnings and regulatory capital coming from interest rates volatility. The main target of IRRBB strategy is the reduction of net interest income volatility in a multiyear horizon. The strategy does not imply any intended directional or discretional positioning to generate additional earnings, unless approved by relevant bodies and separately monitored. The only exceptions is for those functions authorised to carry interest rates positions within an approved level of limitations. The management strategy on the structural mismatch involving non-interest earning assets and non-interest bearing liabilities (free funds), aims to balance the trade-off between a stable flow of earnings in a multiyear horizon and the opportunity cost of having a fixed rate investment.
The interest rate management strategy takes into account the main impact from prepayments. Based on historical prepayment data as well as trend analysis the prepayment behavior is estimated. In Italy the prepayment expected profile is implicitly taken into account by treasury while hedging for commercial assets interest risk. The prepayment risk for the German mortgage portfolio is driven by the level of the interest rates and by the behavior of the customers independent of the level of the interest rates. The interest rate sensitive prepayments are rather small at the current level of the interest rates and are hedged via swaptions. The not interest rate sensitive prepayments are hedged via swaps according to the Interest Rate Risk strategy of the bank. The prepayment risk in the Austria and CEE countries loan portfolio is deemed residual therefore no prepayment hedging strategy is applied.

The overall interest risk exposure on Banking Book perimeter is periodically reported, at least on a monthly basis, to the Group ALCO.
The committee's involvement in interest rate risk management includes:
- the definition of granular interest rate Banking Book limits;
- the initial approval and fundamental modifications for the measurement and control system of Banking Book interest rate risks with the support of internal validation function (where necessary);
- optimising the Group profile for Banking Book interest rate risk;
- the definition of the operative strategies of balance sheet (e.g. replicating portfolio) and application of the internal transfer prices within the Italian perimeter;
- consulting and suggestion functions to Group Risk & Internal Control Committee with respect to the contribution to Risk Appetite Framework, Global Policy for Interest Rate Banking Book definition and changes of behavioral models for Interest Rate Banking Book and other critical/important issues with potential impact on Banking Book interest rate.

A third risk type is FX risk. The sources of this exposure refer mainly to capital investment in foreign currency. The current strategy is not to hedge the capital. The general policy is to hedge the foreign currency exposure related to dividends and P&L taking into account hedging cost and market circumstances. The exposure is most relevant for CEE Legal Entities. The FX exposure is hedged using forwards and options that are classified as Trading Book. This general rule is valid for the Parent Company. The hedge strategy is reviewed by the relevant risk committees on a periodic basis.

Part E - Information on risks and hedging policies

Structure and Organisation
Group Financial Risk department is responsible for ensuring the implementation of strategies and processes related to market risk at Group-wide level. In terms of main responsibilities connected to market risk matters, the department is accountable for:
- governing and controlling the Group's financial risks through the evaluation of strategies and the proposal to relevant Bodies of risk limits and Global/Local Rules;
- providing decisions and NBO, when specifically required by Global Rules and sub-delegation of powers, for liquidity, interest rate, market, counterparty and trading credit risks of the Group;
- ensuring compliance of the Financial Risk Management framework to regulatory requirements;
- defining, setting up and maintaining Group methodologies and architectures for measurement and control of market, counterparty, interest rate and liquidity risk.

The department is composed of the following organisational structures with focus on market risk:

GROUP FINANCIAL RISK

- **"Group Market & Trading Credit Risk Management"** department, responsible for governing and checking the Group's market risks
- **"Group Price Control",** unit, has the mission to steer and control, for the whole Group, the independent price verification processes (IPV)
- **"Group Financial Risk Methodologies & Models"** department, develops and maintains financial risks Group methodologies, models and architectures
- **"Financial Risk Italy"** unit, responsible for the independent control of liquidity, interest rate, market, counterparty, trading credit and collateral risks at UC SpA and LE / Italy level as well the required stress tests
- **"Group Financial Risk Standard & Practice"** unit, responsible for Global Policies and for the financial risk reporting coherence and coordination across the Group
- **"Group Liquidity and Interest Rate Risk Management"** unit, responsible for the independent control of liquidity risk and the balance sheet interest rate risk at Group level as well as for the internal and regulatory stress testing

With reference to the communication mechanism between the different parties involved in market risk management, the responsible Committees are:
- Group Market Risk Committee;
- Group Assets & Liabilities Committee.

The "Group Market Risk Committee", whose participants are mainly representatives of Risk, Business, Compliance and Internal Audit, meets monthly and is responsible for monitoring market risks at Group level, for evaluating the impact of transactions, approved by the competent bodies, significantly affecting the overall Market Risk portfolio profile, for submitting to the "Group Risk Internal Controller Committee", for approval or information, market risk strategies, policies, methodologies and limits as well as regular reporting on the market risk portfolio.
The Committee is also responsible for ensuring consistency in market risk policies, methodologies and practices across Divisions, Business Units and Legal Entities. It controls and monitors the Group market risk portfolio.

The "Group Assets and Liabilities Committee" is involved in the process of defining strategies, policies, methodologies and limits (where applicable) for liquidity risk, FX and Banking Book interest rate risks, transfer pricing, Funding Plan and Contingency Funding Plan and in monitoring activities. It also ensures the consistency of the practices and methodologies related to liquidity, FX and Banking Book interest rate across Business Functions and Legal Entities, with the aim to optimise the usage of financial resources (e.g. liquidity and capital) in coherence with Risk Appetite and Business Strategies.

Risk measurement and reporting systems

Trading Book
During 2017, UniCredit group continued to improve and consolidate market risk models in order to properly measure, represent and control the Group risk profile, reflecting these changes in the reporting activity. As regards market risk measurement, more details can be find in the paragraph "Internal Model for Price, Interest Rate and Exchange Rate Risk of the Regulatory Trading Book", while for both monthly and daily reporting process, Global Operational Instruction are periodically updated.

Within the organisational 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.

The Group Financial Risk department is specifically required to ensure that principles, rules and processes are in line with industry best practice and consistent with standards and uses in the various countries in which they are applied.
The main tool used by the UniCredit group to measure market risk on trading positions is Value at Risk (VaR), calculated using the historical simulation method. Further details on risk valuation models are included in the following chapter.
Group Financial Risk defines market risk reporting standards, both in terms of contents and recurrence, and provides timely information to Top Management and regulators regarding the market risk profile on a consolidated level.

In addition to VaR and Basel II risk measures, 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.

Banking Book
The primary responsibility of the monitoring and control of the risk management for market risk in the Banking Book lies in the Bank's competent Bodies. For instance, the Parent Company is in charge of monitoring market risks for the Banking Book at the consolidated level. As such, it defines structure, data and frequency of the necessary Group reporting.
The Banking Book interest rate risk measures cover both the value and net interest income risk aspects.
More precisely, the different and complementary perspectives involve:

- Economic value perspective: variation in interest rates can affect the economic value of assets and liabilities. The economic value of the bank can be viewed as the present value of the bank's expected net cash flows, defined as the expected cash flows on assets minus the expected cash flows on liabilities; a relevant risk measure from this perspective is the economic value sensitivity per time bucket for a 1bp rate shock.
  This measure is reported to the relevant committees to assess the economic value impact of various changes in the yield curve. In addition the economic value sensitivity for a 200bps parallel shock is included.
- Earnings at Risk perspective: the focus of the analysis is the impact of changes of interest rates on Net Interest Income that is the difference between revenues generated by interest sensitive assets and the cost related to interest sensitive liabilities. An example of a measure of risks used is Net Interest Income sensitivity for a 100bp parallel shock of rates. It provides an indication of the impact on the net interest income over the next 12 months if such shock should occur. Additional stress test scenarios are performed on a regular basis to estimate the basis risk and non-parallel shocks.

Next to the set of limits and warning levels for interest rate risk, restrictions and exposure measures are in place for other market risk types such foreign exchange risk, equity risk, value risk due to credit spread fluctuations. Besides through economic value sensitivity measures and other granular indicators, these risk types are captured in a value at risk measure that includes all market risk factors. These values at risk measures are based on a historical simulation.

Part E - Information on risks and hedging policies

Hedging policies and risk mitigation

Trading Book
On a quarterly basis a set of risk indicators is provided to the Group Risk Committee through the Enterprise Risk Management Report and, on a monthly basis, to the Group Market Risk Committee through the Market Risk Overview report; these include VaR, Stressed VaR and IRC limit usages, Sensitivities, Sovereign Exposure and Stress Test results.

At the same time limit breaches are reported both to the Group Market Risk Committee and to the Group Risk Committee (according to their severity), the escalation process being ruled by the Global Policy "Market Risk Limits" which defines the nature of the various thresholds/limits applied, as well as the relevant bodies to involve to establish the most appropriate course of action to restore exposure within the approved limits.
If required, focus is provided from time to time on the activity of a specific business line/desk in order to ensure the highest level of comprehension and discussion of the risks in certain areas which are deemed to deserve particular attention.

Banking Book
The ALCO evaluates the main market risk drivers on a monthly basis. Group Risk Management reports to the committee on the Banking Book risk measures both from a value and income perspective. It proposes and monitors limits and warning levels that have been approved by the relevant competent bodies.
Breaches of limits and warning levels are reported, upon occurrence, to the relevant bodies. Consequently the escalation process is activated in line with the procedures set in the Policy, to establish the most appropriate course of action to restore exposure within the approved limits.
Execution of structural hedges to mitigate the interest rate risk exposure on client business is responsibility of the treasury functions. Strategic transactions in the Banking Book is managed by the Asset and Liability Management department - ALM.

Internal Model for Price, Interest Rate and Exchange Rate Risk of the Regulatory Trading Book
The Directive 2010/76/EU (CRD III) introduced several improvements to the capital regime for Trading Book positions fully incorporating the proposal from the Basel Committee. CRD III enhanced the consolidated Value-at-Risk (VaR)-based framework with other risk measures: an incremental risk capital charge (IRC) and a stressed Value-at-Risk (SVaR) aimed at reducing the pro-cyclicality of the minimum capital requirements for market risk.

All the regulatory requirements in the market risk arena have been addressed via internal development of the necessary model and IT infrastructure as oppose to the external acquisition of ready-made solutions.
This enabled UniCredit to craft solutions that in many aspects can be considered on the sophisticated end of the spectrum of practices that can be found in the Industry. In this respect one distinctive feature of the market (and counterparty) risk frameworks implemented in UniCredit group is the full revaluation approach employing the same pricing libraries used in the Front Office.

UniCredit group calculates both VaR and SVaR for market risk on trading positions using the historical simulation method. Under the historical simulation method positions are revaluated (in full revaluation approach) on the basis of trends in market prices over an appropriate observation period. The empirical distribution of profits/losses deriving therefrom is analysed to determine the effect of extreme market movements on the portfolios.
For a given portfolio, probability and time horizon, VaR is defined as a threshold value such that the probability that the mark-to-market loss on the portfolio, over the given time horizon, not exceeding this value (assuming no trading in the portfolio) has the given confidence level.
Current configuration of the internal model defines VaR at a 99% confidence level on the 1 day P&L distribution obtained from equally weighted historical scenarios covering the most recent 500 days. Historical scenarios are built relying on proportional shocks for Equities and FX rates, and on absolute shocks for Interest Rates and Credit Spreads. UniCredit VaR Model simulates all the risk factors, both referring to general and specific risk, thus providing diversification in a straightforward approach. The model is recalibrated on a daily basis. The use of a 1-day time-horizon makes the immediate comparison with realised profits/losses possible and such comparison is at the heart of the back-testing exercise.

The VaR measure identifies a consistent measure across all of our portfolio and products, since it:
- allows a comparison of risk among different businesses;
- provides a means of aggregating and netting position within a portfolio to reflect correlation and offsets between different assets classes;
- facilitates comparisons of our market risk both over time and against daily results.

Although a valuable guide to risk, VaR should always be viewed within its limitations:
- Historical simulation relies on past occurrences to forecast potential losses. In case of regime shifts this might not be appropriate;
- The length of the time window used to generate the forecasted distribution will necessarily embed a trade-off between the responsiveness of the metric to recent market evolutions (short window) and the spectrum of scenarios that will embed (long window);
- Assuming a constant one/ten day horizon there is no discrimination between different risk-factor liquidity.

Stressed VaR calculation is based on the very same methodology and architecture of the VaR, and it is analogously calculated with 99% confidence level and 1 day time horizon on a weekly basis, but over a stressed observation period of 250 days. The chosen historical period identifies the 1-year observation window which produces the highest resulting measure for the current portfolio.
Stress windows are recalibrated on a quarterly basis and are tailored to the portfolio of each Legal Entity of the Group, plus the Group itself (relevant for RWA calculation on a consolidated level). The SVaR window at Group level changed in the first half of 2017, from "Sovereign Debt Crisis" (2012) to "Lehman Crisis" (2008/09). For UniCredit S.p.A. the stressed window corresponds to the "Sovereign Debt Crisis" (2012), while for UCB AG and UCBA AG to the "Lehman Crisis" (2008/09).

The 10-day capital requirement is however obtained by extending the 1-day risk measure to the 10 day horizon taking the maximum of the square root of time scaling and a convolution approach that turns the one-day distribution into a 10-day distribution for both the VaR and the Stressed VaR. The 1-day measures are instead actively used for market risk management.

In order to validate the coherence of VaR internal models used in calculating capital requirements on market risks, back-testing is performed by comparing the internal model risk estimates with the portfolio profit and loss, in order to check if the 99% of the trading outcomes is covered by the 99th percentile of the risk measures. The test is based on the last twelve months data (i.e. 250 daily observations). In case that the number of exceptions in the previous year exceeds what forecasted by the confidence level assumed, a careful revision of model parameters and assumptions is initiated. Group Internal Validation performed the periodic validation of the VaR/SVaR framework to assess the compliance with regulatory requirements including an independent back-testing analysis complemented with different parameterisation (e.g. different time horizon, percentile) and detailing the results for a set of representative portfolios of the bank.

The IRC capital charge captures default risk as well as migration risk for un-securitised credit products held in Trading Book. The internally developed model simulates, via multivariate version of a Merton-type model, the rating migration events of all the issuers relevant to the Group trading positions over a capital horizon of one year. The transition probabilities and the sector correlations are historically calibrated, while idiosyncratic correlations are derived from the IRB correlation formula. Simulated migration events are turned into credit spread scenarios while default events are associated to a simulated recovery rate. In so doing a constant position assumption is employed and products are conservatively all attributed a common liquidity horizon of 1 year.
In each scenario all the relevant product inventory is revaluated under such spread and default events producing a simulated Profit or Loss (P&L) that fully reflects convexity, basis risk, portfolio effects and portfolio concentration risks.
In this way a high-number of paths Monte Carlo simulation generates a P&L distribution for the Group (and each leaf of its portfolio tree). IRC is defined as the 99.9 percentile of such loss distribution.

Additional capital charge for securitisations and credit products not covered by IRC is evaluated through the standardised approach.

The following table summarises the main characteristics of the different measures that define the Capital requirement for market risk in UniCredit.

Measure	Risk Type	Horizon	Quantile	Simulation	Calibration
VaR	All Market Risk Factors	1d	99%	Historical	2Y window, equally weighted
SVaR	All Market Risk Factors	1d	99%	Historical	1Y window, equally weighted
IRC	Rating Migration & Default	1Y	99.9%	Monte Carlo	Through-the-cycle (min 8Y)

The IRC Model is subject to a quarterly programme of Stress Tests aimed at evaluating the robustness of the model. The relevant parameters as Recovery Rates, Transition Probabilities, idiosyncratic correlation are shocked and the impact on the IRC measure is computed.

"Group Internal Validation" performed its analyses in order to evaluate the conceptual soundness of the IRC model, to supplement the available analyses on that topic and to ensure the compliance of the resulting risk management environment with all the relevant regulatory requirements and internal standards.
As already remarked by the regulation, traditional back-testing procedures, regarding the 99.9% one-year soundness standard for IRC, are not applicable due to the 1-year time horizon of the measure.

Part E - Information on risks and hedging policies

Consequently, while validation of the IRC model relied heavily on indirect methods (including stress tests, sensitivity analysis and scenario analysis) in order to assess the qualitative and quantitative reasonableness of the model, special focus has indeed been given to the specific situation of the UniCredit portfolios.
Group Internal Validation kept the scope of their analyses as wide as possible in order to comprise the many diverse issues that are acting concurrently in such a model (general model design, regulatory compliance, numerical implementation, outcomes explanation).
Group Internal Validation performed a full spectrum of validation analyses on the IRC measure calculation using its internal replica libraries. The replica allows a simple verification of the results provided by the productive environment, and in addition opens up the door to a more dynamical and tailored implementation of the needed tests. The spectrum of analysis encompassed Monte Carlo stability, correlation analysis and stressing, calculation of parameters sensitivity, marginal contribution analysis, alternative models comparisons. All major parameters were tested, i.e. correlation matrices, transition probabilities matrices, transition shocks, recovery rates, probabilities of default, number of scenarios. To understand the overall performance of the model in replicating the real-world migration and default phenomena, Group Internal Validation performed also a historical performance exercise comparing the migrations and defaults predicted by UniCredit IRC model with the ones actually observed since 1981 (due to data availability).

Banca d'Italia authorised UniCredit group to the use of internal models for the calculation of capital requirements for market risk. As of today CEE countries are the main companies of the Group that are using the standardised approach for calculating capital requirements related to trading positions. However, the VaR measure is used for the management of market risk in these latter companies.

For VaR, Stressed VaR and IRC, the bank differentiates between regulatory and managerial views. The Managerial measures including VaR, SVaR and IRC, are used for Risk monitoring and Business steering purposes as prescribed by Market Risk Framework: in particular VaR limits represent the main metric translating the Risk Appetite into the Market Risk framework.
The Managerial VaR has a wider scope: it is used to monitor both Trading Book and Overall perimeter (Trading Book + Banking Book), in order to have a complete picture of risk.

The standardised measurement method is also applied to the calculation of capital covering the risk of holding Banking Book exposure in foreign currencies for the Legal Entities (namely UniCredit S.p.A.) that do not have an approval for FX Risk simulation under Internal Model.

The major differences between the application of the model on the Trading Book according to a Regulatory and Managerial view are:
- Internal Model approach is used for Regulatory purposes for UniCredit S.p.A., UniCredit Bank AG, UniCredit Bank Austria AG and UniCredit Bank Austria Group, while it is used for all Legal Entities (including CEE countries) for Managerial purposes;
- inclusion in VaR and Stressed VaR of the FX risk for both Trading and the Banking Book for Regulatory purposes as for the approved legal entities (UniCredit Bank AG and UniCredit Bank Austria AG); for those where it is not approved yet (namely UniCredit S.p.A.) it is instead being activated in the managerial run.

Measure	View	UniCredit Bank AG	UniCredit Bank Austria AG	UniCredit S.p.A.	CEE Legal Entities
FX Risk BB	Reg	YES	YES	NO	NO
	Mng	NO	YES	NO	YES

Finally Trading portfolios are subject to Stress tests according to a wide range of simple and complex scenarios. Simple scenarios which envisage the shock of single asset classes, are defined in the context of Interest Rate Risk/Price Risk/Exchange Rate Risk/Credit Spread Risk Sensitivity. Complex scenarios apply simultaneous changes on a number of risk factors. Both simple and complex scenarios are applied to the whole Trading Book. Detailed descriptions are included in Part E - Information on risks and hedging policies, paragraphs 2.7 and 2.8.

Stress tests results are calculated in the Group Market Risk system (UGRM), thus ensuring a common methodological approach across the Group. Results are calculated applying a full revaluation approach meaning that all positions are revalued under stressed conditions; no ad hoc models or pricing functions are applied for stress testing.

According to national regulations, some relevant scenarios are also a matter of regulatory reporting on a quarterly basis.
In addition a set of scenarios is run monthly on overall Group perimeter, thus covering both Trading and Banking Book positions. Results are discussed monthly in Market Risk Stress Test Open Forum involving Market Risk function's representatives of all legal entities and Business' representatives. Results are analysed in depth in monthly report 'Monthly Overview on Market Stress Test'.
Stress test Warning levels Usage is monitored monthly. More details on Warning Levels and Strategy are given in under Part E - Information on risks and hedging policies paragraph "2. Risk Management Strategies and Processes".

All details about policies and procedures for the overall management of the Trading Book and the prudent valuation of their Trading Book positions are defined in section A.4 - Information on Fair Value.

Risk measures

VaR, SVaR and IRC

Diversified VaR, SVaR and IRC are calculated taking into account the diversification arising from positions taken by different companies within the Imod perimeter (i.e. for which the use of the internal model for the risk calculation is approved). VaR, SVaR and IRC measures are however in place for all LEs and their values are reported thereafter for informative purpose, together with Undiversified Group VaR, SVaR and IRC, calculated as sum of the values of all LEs (without considering Diversification Benefit), considering the Regulatory perimeter when applicable.

During second half 2017 a decreasing trend for Regulatory VaR1d occurred, due to both FX Risk exposure on commercial Banking Book and to a slowdown of operating dynamics.
The SVaR window at Group level changed in the first half of 2017, from “Sovereign Debt Crisis” (2012) to “Lehman Crisis” (2008/09).
The maximum value registered for the Group IRC at the end of 2017 is due to an increase of Credit Spread exposure in UniCredit S.p.A. Trading Book.

Risk on trading book

Daily VaR on Regulatory Trading Book

(€ million)

I-MOD PERIMETER	END OF DECEMBER 2017	AVERAGE LAST 60 DAYS	2017 AVERAGE	2017 MAX	2017 MIN	2016 AVERAGE
Diversified UniCredit Group VaR	**11.5**	**10.9**	**13.5**	**22.8**	**7.3**	**15.8**

Daily VaR on Managerial Trading Book

(€ million)

STANDARDISED APPROACH PERIMETER	END OF DECEMBER 2017	AVERAGE LAST 60 DAYS	2017 AVERAGE	2017 MAX	2017 MIN	2016 AVERAGE
Russia	4.3	3.5	2.1	4.8	0.8	2.7
Turkey	1.1	0.8	0.6	1.1	0.4	0.8
Bosnia Herzegovina	0.0	0.0	0.0	0.0	0.0	0.0
Serbia	0.0	0.0	0.1	0.2	0.0	0.1
Romania	0.2	0.2	0.3	0.7	0.2	0.5
Bulgaria	0.1	0.1	0.2	0.4	0.0	0.1
Hungary	0.5	0.6	0.7	1.0	0.5	0.7
Czech Republic	2.0	3.2	2.9	4.5	0.5	0.5
Croatia	0.1	0.1	0.2	0.3	0.1	0.2
Slovenia	0.1	0.1	0.1	0.1	0.0	0.0
Baltics	0.0	0.0	0.0	0.0	0.0	0.0
Fineco	0.3	0.2	0.3	0.7	0.1	0.2
Undiversified UniCredit Group VaR	**22.0**	**21.8**	**23.3**	**33.0**	**17.5**	**33.1**

Part E - Information on risks and hedging policies

Risk on trading book

SVaR on Regulatory Trading Book

(€ million)

I-MOD PERIMETER	END OF DECEMBER 2017	AVERAGE LAST 12 WEEKS	2017 AVERAGE	2017 MAX	2017 MIN	2016 AVERAGE
Diversified UniCredit Group	**26.9**	**26.7**	**29.4**	**40.6**	**21.7**	**24.7**

SVaR on Managerial Trading Book

(€ million)

STANDARDISED APPROACH PERIMETER	END OF DECEMBER 2017	AVERAGE LAST 12 WEEKS	2017 AVERAGE	2017 MAX	2017 MIN	2016 AVERAGE
Russia	19.0	17.2	13.9	22.1	5.1	7.8
Turkey	4.1	3.1	1.9	4.2	1.0	1.8
Bosnia Herzegovina	0.0	0.0	0.0	0.0	0.0	0.0
Serbia	1.1	1.1	0.8	1.5	0.2	0.6
Romania	1.2	1.7	2.5	5.1	1.2	4.0
Bulgaria	0.5	0.6	0.7	0.8	0.5	0.6
Hungary	3.6	2.8	2.4	4.1	0.7	2.2
Czech Republic	3.8	2.9	3.5	5.8	1.5	1.2
Croatia	0.2	0.4	0.4	0.8	0.2	0.5
Slovenia	0.2	0.2	0.1	0.3	0.1	0.1
Baltics	0.0	0.0	0.0	0.0	0.0	0.0
Undiversified UniCredit Group	**85.8**	**75.4**	**69.6**	**85.8**	**55.0**	**60.6**

Risk on trading book

IRC on Regulatory Trading Book

(€ million)

I-MOD PERIMETER	END OF DECEMBER 2017	AVERAGE LAST 12 WEEKS	2017 AVERAGE	2017 MAX	2017 MIN	2016 AVERAGE
Diversified UniCredit Group	**492.1**	**311.7**	**301.9**	**492.1**	**222.3**	**389.1**

IRC on Managerial Trading Book

(€ million)

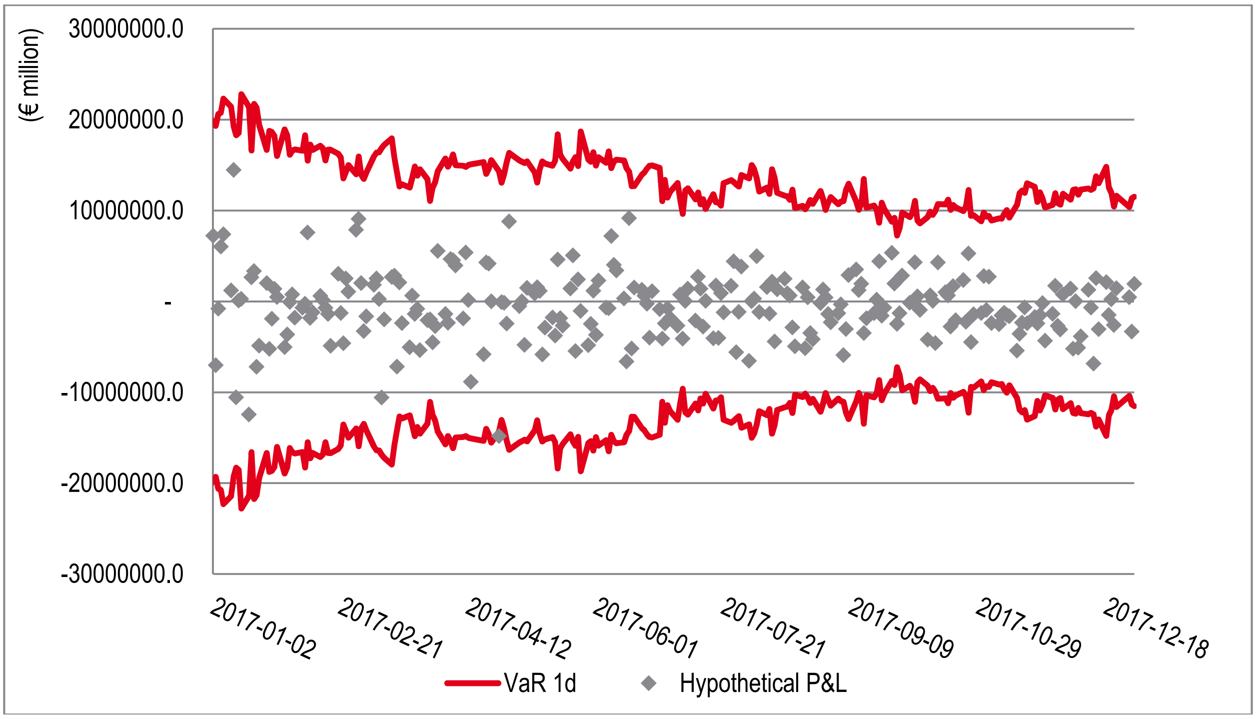
STANDARDISED APPROACH PERIMETER	END OF DECEMBER 2017	AVERAGE LAST 12 WEEKS	2017 AVERAGE	2017 MAX	2017 MIN	2016 AVERAGE
Russia	8.6	18.4	10.7	48.7	0.0	5.8
Turkey	4.3	4.0	3.8	6.1	2.6	3.1
Serbia	15.2	12.5	10.2	16.7	4.7	10.3
Romania	4.5	10.6	20.0	34.8	4.5	23.7
Bulgaria	0.0	0.0	0.3	1.6	0.0	1.7
Hungary	42.3	41.5	27.6	47.5	4.2	26.7
Czech Republic	1.0	0.7	1.0	2.1	0.5	4.4
Croatia	8.5	2.2	4.1	10.1	0.3	2.2
Undiversified UniCredit Group	**785.9**	**628.0**	**509.7**	**785.9**	**333.8**	**546.5**

VaR back-testing

The following graph shows back-testing results referred to the market risk on the Trading Book, in which VaR results for the last twelve months are compared to the hypothetical "profit and loss" results for Group (I-Mod Perimeter).

In the reporting period taken in consideration (January 2017 - December 2017), an overshooting was observed by comparing Value-at-Risk (€14.34 million) calculated as of 24 April 2017 with the corresponding realisation of the Hypothetical P/L (-€14.83 million) over the days 21 and 25 April 2017 (2 days P/L).

Group (I-Mod Perimeter)



Part E - Information on risks and hedging policies

Managerial VaR
Shown below are the Managerial Diversified Trading Book VaR as of end of December 2017 at Group and Regional Centres levels and the Undiversified Trading Book VaR at Group level, calculated as sum of the values of all LEs (without considering Diversification Benefit). Difference with Regulatory Trading Book has been described above.

Daily VaR on Managerial Trading Book

(€ million)

TRADING BOOK	END OF DECEMBER 2017
Diversified Unicredit Group as per internal model	**11.60**
RC Germany	7.48
RC Italy	4.40
RC Austria	0.31
RC CEE	4.45
Undiversified UniCredit Group	**20.60**

CVA
Shown below are the CVA charge data values for the Trading Book for the Group (as sum of the individual Legal Entities charges since diversification benefit is not considered). The charge accounts for the credit-spread volatility affecting regulatory CVA. It consists of a VaR figure computed over the current window (CVA VaR) and a VaR figure computed over a stressed window (CVA SVaR). For exposures not covered by the CCR Internal model (used to calculate CVA exposure profiles) the standardised approach (SA) is used.

In the second half 2017 the CVA Own Fund Requirements maintained stable compared to second quarter 2017 at Group Level.

Risk on trading book
CVA trading book

(€ million)

	2017				2016
	Q1	Q2	Q3	Q4	Q4
CVA	271.2	255.3	249.2	250.6	273.3
CVA VaR	48.2	39.9	34.1	32.8	50.9
CVA SVaR	165.0	162.9	163.4	167.8	171.5
CVA SA	58.0	52.5	51.7	50.0	50.9

2.1 Interest rate risk and price risk - Regulatory trading book

Qualitative information

A.General aspects
Interest rate risk arises from financial positions taken by Group specialist centres 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 in the Group 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 analyse exposure, please refer also to introduction on internal models.
In addition to the monitoring of Granular Market Limits, Group Market Risk functions conduct sensitivity analysis at least on monthly basis, in order to determine the effect on the income statement of changes in the value of individual risk factors or several risk factors of the same type. Results are reported to top management on a monthly basis.
In addition to the sensitivity of financial instruments to changes in the underlying risk factor, it also calculated sensitivity to the volatility of interest rates assuming positive and negative shifts of 30% in volatility curves or matrices.

Quantitative information
Sensitivity to changes in interest rates is determined using both parallel shifts of interest-rate curves and changes in the curve itself.

The curves are analysed using parallel shifts of ±1bp, ±10bps and ±100bps.

For each 1bp shift, sensitivity is calculated for a series of time-buckets. Sensitivity for changes in the steepness of the rate curve is analysed by clockwise turning (Turn CW), i.e. an increase in short-term rates and a simultaneous fall in long-term rates and by counter-clockwise turning (Turn CCW), whereby short-term rates fall and long-term rates rise.
Currently, clockwise and counter-clockwise turning use the following increases/decreases:

- +50bps/-50bps for the one-day bucket;
- 0bps for the one-year bucket;
- -50bps/+50bps for the 30-year plus bucket;
- for buckets between the above ones, the change to be set is found by linear interpolation.

The tables below show Trading Book sensitivities.

(€ million)

INTEREST RATES	+1BP LESS THAN 1 MONTH	+1BP 1 MONTH TO 6 MONTHS	+1BP 6 MONTHS TO 1 YEAR	+1BP 1 YEAR TO 2 YEARS	+1BP 2 YEARS TO 5 YEARS	+1BP 5 YEARS TO 10 YEARS	+1BP OVER 10 YEARS	+1 BP TOTAL	-10 BP	+10 BP	-100 PB	+100 BP	CW	CCW
Total	**0.0**	**-0.8**	**0.2**	**0.0**	**-0.2**	**0.7**	**-0.9**	**-0.9**	**9.0**	**-10.4**	**74.4**	**-113.0**	**-9.3**	**6.0**
of which:														
EUR	0.0	-0.7	0.1	0.0	-0.2	0.5	-1.0	**-1.3**	12.4	-13.7	111.9	-139.2	0.1	-3.6
USD	0.0	-0.1	0.2	-0.1	0.0	0.2	-0.1	**0.0**	0.3	-0.4	3.6	-7.0	2.4	-1.3
GBP	0.0	0.0	0.0	0.0	0.0	0.0	0.3	**0.3**	-2.8	2.7	-31.8	23.9	-12.3	11.2
CHF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.2	-0.2	2.3	-1.7	-0.5	0.6
JPY	0.0	0.0	0.0	0.0	0.0	0.1	0.0	**0.1**	-0.7	0.7	-7.4	6.8	-0.5	0.5

(€ million)

	-30%	+30%
Interest Rates	**21.68**	**-22.08**
EUR	21.12	-21.46
USD	0.40	-0.63

2.2 Interest rate risk and price risk - banking book

Qualitative information

A. General aspects, operational processes and methods for measuring interest rate risk and price risk
Interest rate risk consists of changes in interest rates that are reflected in:

- interest income sources, and thus, the bank's earnings (cash flow risk);
- the net present value of assets and liabilities, due to their impact on the present value of future cash flows (fair value risk).

The Group measures and monitors this risk within the framework of a Banking Book interest rate risk policy that establishes consistent methodologies and models and limits or thresholds to focus on, with regard to the sensitivity of net interest income and the Group's economic value. Interest rate risk has an impact on all owned positions resulting from business operations and strategic investment decisions (Banking Book).

At 30 December 2017, the sensitivity of interest income to an immediate and parallel shift of +100bps was +€1,081 million.
The sensitivity of the economic value of shareholders' equity to an immediate and parallel change in interest rates ("parallel shift") of +200bps was -€2,300 million at 30 December 2017[15].

The main sources of interest rate risk can be classified as follows:

- Repricing risk: risk resulting from differences in interest reset date of assets and liabilities. Mismatches in interest reset dates lead to yield curve risk. This refers to the risk resulting from exposure of the bank's positions to changes in the slope and shape of the yield curve. Basis risk resulting from the imperfect correlation in lending and borrowing interest rate changes for different instruments;
- Optional risk: risk resulting from implicit or explicit options in the Group's Banking Book positions. Embedded options in the bank's mortgage portfolio are a relevant example.

15 The figures include modeled sensitivity estimates for assets and liabilities with not well-defined maturities, such as sight and savings deposits.

Part E - Information on risks and hedging policies

Limits and threshold are defined in terms Sensitivity for each Group Bank or Company. The set of metrics is defined depending on the level of sophistication of the Company's business.

Each of the Group's banks or companies assumes responsibility for managing exposure to interest rate risk within its specified limits. At consolidated level, the Group Asset Liability Management Unit and the functions of Group Risk Management are in charge of interest rate risk measurement.
Interest rate risk measurement includes:
- Net Interest Income analysis: this involves a constant balance sheet analysis (i.e. assuming that positions remain constant during the period), an impact simulation on interest income for the current period is performed, by taking into account elasticity assumptions for sight items. In addition a simulation analysis includes the analysis of the impact on income from different shocks for the interest rates. Reference shock for a rate rise scenario is an instantaneous and parallel shock of +100bp. While the shocks for the rate fall scenario are applied in an asymmetric way. The currencies to which a shock of -30bp is applied are: EUR, BGN, JPY and CHF. For HUF, whose rates are only marginally negative, a shock of -60bp is be applied. For other currencies the shock is -100bp. Additional scenarios are performed to take into account basis risk and non-parallel shifts.
- Economic Value analysis: this includes the calculation of duration measures, value sensitivities of the balance sheet for different points on the curve, as well as the impact on the Economic Value from larger shocks, e.g. a 200bp parallel shift and other non-parallels shocks.

The interest rate risk is monitored in terms of Economic value sensitivity for an instantaneous and parallel shock of +1 basis point value of the interest rate term structure. The function responsible for interest rate risk management verifies the limit usage of 1 basis point value sensitivity on a daily basis. On a monthly basis the Economic Value sensitivity for larger parallel and non-parallel shocks in the interest rate term structure and Net Interest Income Sensitivity are measured.

The Treasury hedges interest rate risk exposure from commercial transactions. The Treasury interest rate risk exposure is monitored through a set of limits and threshold levels. The same holds for the overall interest rate exposure of the balance sheet, taking into account also the strategic investment positions of the bank, e.g. transactions not directly related to hedging the commercial business.

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 recognised, 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 stabilise income statement profits in the current and future years. Macro-hedging strategies are mainly used and they may also refer to the interest rate risk of the core portion of financial assets "on demand".

Quantitative informaton

1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities

(€ '000)

TYPE/RESIDUAL MATURITY	AMOUNTS AS AT 12.31.2017 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. On-balance sheet assets	**109,357,437**	**244,129,731**	**44,326,485**	**52,243,277**	**138,325,625**	**51,848,657**	**26,599,747**	**6,434,894**
1.1 Debt securities	694,017	23,886,895	14,621,820	16,814,838	59,361,209	18,464,324	7,436,015	325,371
- With prepayment option	2,000	196,177	48,154	-	60,565	78,361	-	-
- Other	692,017	23,690,718	14,573,666	16,814,838	59,300,644	18,385,963	7,436,015	325,371
1.2 Loans to banks	19,150,058	40,721,207	4,044,575	5,071,737	2,243,830	37,227	302,542	1,013
1.3 Loans to customers	89,513,362	179,521,629	25,660,090	30,356,702	76,720,586	33,347,106	18,861,190	6,108,510
- Current accounts	32,711,713	155,642	51,113	422,545	1,196,594	128,656	557,805	-
- Other loans	56,801,649	179,365,987	25,608,977	29,934,157	75,523,992	33,218,450	18,303,385	6,108,510
- With prepayment option	2,211,871	59,379,861	7,728,345	4,003,750	23,438,895	8,040,319	6,144,703	-
- Other	54,589,778	119,986,126	17,880,632	25,930,407	52,085,097	25,178,131	12,158,682	6,108,510
2. On-balance sheet liabilities	**379,756,469**	**142,807,426**	**26,535,330**	**31,949,985**	**96,403,888**	**24,617,888**	**5,938,436**	**1,188,113**
2.1 Deposits from customers	348,575,828	90,863,343	12,242,703	13,680,672	9,930,595	676,679	1,037,636	460,062
- Current accounts	326,680,621	1,234,566	319,440	120,041	74,968	6,840	1,388	706
- Other	21,895,207	89,628,777	11,923,263	13,560,631	9,855,627	669,839	1,036,248	459,356
- With prepayment option	106,560	-	-	-	-	-	-	-
- Other	21,788,647	89,628,777	11,923,263	13,560,631	9,855,627	669,839	1,036,248	459,356
2.2 Deposits from banks	26,124,287	30,256,851	4,961,560	5,191,136	55,034,046	5,048,260	951,607	37,884
- Current accounts	11,631,831	1,104,813	2,813	-	4,357	-	12	-
- Other	14,492,456	29,152,038	4,958,747	5,191,136	55,029,689	5,048,260	951,595	37,884
2.3 Debt securities in issue	5,051,385	21,687,232	9,331,067	13,078,177	31,439,247	18,892,949	3,949,193	690,167
- With prepayment option	-	156,146	41,533	723,651	4,458,273	1,476,862	655,326	-
- Other	5,051,385	21,531,086	9,289,534	12,354,526	26,980,974	17,416,087	3,293,867	690,167
2.4 Other liabilities	4,969	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	4,969	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Physically settled financial derivatives								
- Option								
+ Long positions	-	554,542	353,110	1,033,667	688,489	268,304	1,684,686	-
+ Short positions	-	558,292	335,047	1,025,238	520,722	359,669	1,585,544	-
- Other derivatives								
+ Long positions	-	6,020,952	1,489,941	1,226,519	3,997,690	1,083,368	238,611	-
+ Short positions	-	6,021,139	1,489,941	1,226,519	4,308,778	1,083,368	238,611	-
3.2 Cash settled financial derivatives								
- Option								
+ Long positions	-	808,908	21,402	8,874	438,109	466,258	646,117	-
+ Short positions	-	1,936,062	145,991	117,273	1,420,956	516,820	1,105,119	-
- Other derivatives								
+ Long positions	171,268	157,331,561	24,237,866	14,660,074	60,040,230	31,010,439	10,389,224	4,167,805
+ Short positions	176,780	168,233,994	27,076,250	14,706,202	53,560,075	18,791,555	14,382,867	4,603,415
4. Other off-balance sheet transactions								
+ Long positions	31,690,638	15,925,871	1,809,890	3,102,235	22,531,324	1,250,514	4,495,833	207,869
+ Short positions	37,887,318	11,969,694	1,790,493	3,312,036	20,104,920	1,250,509	4,495,833	207,869

This distribution is made on the basis of the period between the balance sheet date and the first following yield review date. For fixed-rate transactions the residual life is the period from the balance sheet date to final maturity. On balance sheet items are disclosed at their carrying value. Derivatives are shown, under the double entry method, at settlement value for those with underlying securities and at the notional value for those without underlying securities; options are shown at their delta equivalent value.

Part E - Information on risks and hedging policies

1.1 Banking book: breakdown by maturity (repricing date) of financial assets and liabilities - Currency: euro (€ '000)

	AMOUNTS AS AT 12.31.2017							
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. On-balance sheet assets	**86,862,750**	**208,404,092**	**39,833,793**	**43,060,943**	**121,000,339**	**47,684,390**	**23,679,208**	**5,534,658**
1.1 Debt securities	616,638	21,314,665	13,690,246	15,538,119	55,097,409	16,717,030	6,553,539	54,663
- With prepayment option	2,000	159,552	37,788	-	60,565	78,361	-	-
- Other	614,638	21,155,113	13,652,458	15,538,119	55,036,844	16,638,669	6,553,539	54,663
1.2 Loans to banks	14,783,895	25,496,884	3,402,734	4,474,239	2,026,525	37,227	302,542	1,013
1.3 Loans to customers	71,462,217	161,592,543	22,740,813	23,048,585	63,876,405	30,930,133	16,823,127	5,478,982
- Current accounts	29,852,666	66,996	50,729	420,707	1,181,311	127,720	545,968	-
- Other loans	41,609,551	161,525,547	22,690,084	22,627,878	62,695,094	30,802,413	16,277,159	5,478,982
- With prepayment option	2,211,410	59,314,993	7,678,549	3,930,121	23,397,288	8,030,888	6,144,703	-
- Other	39,398,141	102,210,554	15,011,535	18,697,757	39,297,806	22,771,525	10,132,456	5,478,982
2. On-balance sheet liabilities	**339,419,247**	**122,411,932**	**23,248,356**	**27,019,837**	**90,633,294**	**22,862,664**	**4,746,555**	**1,089,129**
2.1 Deposits from customers	312,017,575	76,302,336	9,984,524	9,792,263	7,455,001	648,273	1,022,279	457,303
- Current accounts	295,498,939	440,211	230,064	46,877	64,752	1	-	526
- Other	16,518,636	75,862,125	9,754,460	9,745,386	7,390,249	648,272	1,022,279	456,777
- With prepayment option	104,850	-	-	-	-	-	-	-
- Other	16,413,786	75,862,125	9,754,460	9,745,386	7,390,249	648,272	1,022,279	456,777
2.2 Deposits from banks	22,370,948	25,667,316	4,896,782	5,120,351	54,862,883	4,859,990	947,561	37,158
- Current accounts	10,359,356	841,750	2,813	-	4,357	-	12	-
- Other	12,011,592	24,825,566	4,893,969	5,120,351	54,858,526	4,859,990	947,549	37,158
2.3 Debt securities in issue	5,025,755	20,442,280	8,367,050	12,107,223	28,315,410	17,354,401	2,776,715	594,668
- With prepayment option	-	156,146	41,533	723,651	4,458,273	1,476,862	655,326	-
- Other	5,025,755	20,286,134	8,325,517	11,383,572	23,857,137	15,877,539	2,121,389	594,668
2.4 Other liabilities	4,969	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	4,969	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Physically settled financial derivatives								
- Option								
+ Long positions	-	126,326	100,992	781,741	615,052	241,255	1,684,686	-
+ Short positions	-	130,076	82,929	773,312	447,285	332,620	1,585,544	-
- Other derivatives								
+ Long positions	-	1,363,557	156,937	158,813	829,893	308,315	188,664	-
+ Short positions	-	1,363,743	156,937	158,813	829,893	308,315	188,664	-
3.2 Cash settled financial derivatives								
- Option								
+ Long positions	-	808,908	21,402	8,874	438,109	466,258	646,117	-
+ Short positions	-	1,736,781	145,991	117,273	1,420,956	516,820	1,105,119	-
- Other derivatives								
+ Long positions	171,268	154,448,697	23,395,555	14,339,619	57,978,932	29,474,620	10,389,224	1,268,843
+ Short positions	176,780	164,289,944	25,973,229	12,651,617	50,754,597	17,828,657	14,372,446	231,354
4. Other off-balance sheet transactions								
+ Long positions	30,357,035	15,292,952	1,466,889	2,142,786	19,323,521	955,645	3,083,799	207,869
+ Short positions	36,606,389	11,246,424	1,456,141	2,359,152	16,919,582	955,640	3,083,799	207,869

1.2 Banking book: breakdown by maturity (repricing date) of financial assets and liabilities - Currency: other currencies

(€ '000)

	AMOUNTS AS AT 12.31.2017							
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. On-balance sheet assets	**22,494,687**	**35,725,639**	**4,492,692**	**9,182,334**	**17,325,286**	**4,164,267**	**2,920,539**	**900,236**
1.1 Debt securities	77,379	2,572,230	931,574	1,276,719	4,263,800	1,747,294	882,476	270,708
- With prepayment option	-	36,625	10,366	-	-	-	-	-
- Other	77,379	2,535,605	921,208	1,276,719	4,263,800	1,747,294	882,476	270,708
1.2 Loans to banks	4,366,163	15,224,323	641,841	597,498	217,305	-	-	-
1.3 Loans to customers	18,051,145	17,929,086	2,919,277	7,308,117	12,844,181	2,416,973	2,038,063	629,528
- Current accounts	2,859,047	88,646	384	1,838	15,283	936	11,837	-
- Other loans	15,192,098	17,840,440	2,918,893	7,306,279	12,828,898	2,416,037	2,026,226	629,528
- With prepayment option	461	64,868	49,796	73,629	41,607	9,431	-	-
- Other	15,191,637	17,775,572	2,869,097	7,232,650	12,787,291	2,406,606	2,026,226	629,528
2. On-balance sheet liabilities	**40,337,222**	**20,395,494**	**3,286,974**	**4,930,148**	**5,770,594**	**1,755,224**	**1,191,881**	**98,984**
2.1 Deposits from customers	36,558,253	14,561,007	2,258,179	3,888,409	2,475,594	28,406	15,357	2,759
- Current accounts	31,181,682	794,355	89,376	73,164	10,216	6,839	1,388	180
- Other	5,376,571	13,766,652	2,168,803	3,815,245	2,465,378	21,567	13,969	2,579
- With prepayment option	1,710	-	-	-	-	-	-	-
- Other	5,374,861	13,766,652	2,168,803	3,815,245	2,465,378	21,567	13,969	2,579
2.2 Deposits from banks	3,753,339	4,589,535	64,778	70,785	171,163	188,270	4,046	726
- Current accounts	1,272,475	263,063	-	-	-	-	-	-
- Other	2,480,864	4,326,472	64,778	70,785	171,163	188,270	4,046	726
2.3 Debt securities in issue	25,630	1,244,952	964,017	970,954	3,123,837	1,538,548	1,172,478	95,499
- With prepayment option	-	-	-	-	-	-	-	-
- Other	25,630	1,244,952	964,017	970,954	3,123,837	1,538,548	1,172,478	95,499
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Physically settled financial derivatives								
- Option								
+ Long positions	-	428,216	252,118	251,926	73,437	27,049	-	-
+ Short positions	-	428,216	252,118	251,926	73,437	27,049	-	-
- Other derivatives								
+ Long positions	-	4,657,395	1,333,004	1,067,706	3,167,797	775,053	49,947	-
+ Short positions	-	4,657,396	1,333,004	1,067,706	3,478,885	775,053	49,947	-
3.2 Cash settled financial derivatives								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	199,281	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	2,882,864	842,311	320,455	2,061,298	1,535,819	-	2,898,962
+ Short positions	-	3,944,050	1,103,021	2,054,585	2,805,478	962,898	10,421	4,372,061
4. Other off-balance sheet transactions								
+ Long positions	1,333,603	632,919	343,001	959,449	3,207,803	294,869	1,412,034	-
+ Short positions	1,280,929	723,270	334,352	952,884	3,185,338	294,869	1,412,034	-

Part E - Information on risks and hedging policies

2. Bank portfolio: internal models and other sensitivity analysis methodologies
Please refer to paragraph "2.1 Interest Rate Risk - Regulatory trading book" - Quantitative information" for the aggregate sensitivity analysis model, used to measure the different risks.

2.3 Price Risk - Regulatory trading book

Qualitative information

A. General Information
As described above, price risk relating to equities, commodities, investment funds and related derivative products included in the Trading Book originates from positions taken by Group specialist centres holding assigned market risk limits within certain levels of discretion.
Price risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTCs and recourse to security lending. Volatility trading strategies are implemented using options and complex derivatives.

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 analyse exposure, please refer to introduction on internal models.

Quantitative information
Share-price sensitivity is expressed in two ways:
- as a "Delta cash-equivalent", i.e. the euro equivalent of the quantity of the underlying that would expose the bank to the same risk arising from its actual portfolio;
- as the economic result of a rise or fall in spot prices of 1%, 10% and 20%.

The Delta cash-equivalent and the Delta 1% (i.e. the economic impact of a 1% rise in spot prices) are calculated both for each geographical region (assuming that all stock markets in the region are perfectly correlated) and on the total (assuming therefore that all stock markets are perfectly correlated). The sensitivity arising from changes of 10% and 20% is calculated solely on the total.
The Group also calculates sensitivity to the volatility of equities assuming positive and negative shifts of 30% in volatility curves or matrices.
In addition, sensitivity to commodity price changes is calculated according to the above criteria. Given its secondary importance as compared to other risk exposures, this is calculated as a single class.

The tables below show Trading Book sensitivities.

(€ million)

EQUITIES ALL MARKETS	DELTA CASH-EQUIVALENT	-20%	-10%	-1%	+1%	+10%	+20%
Europe	-81.2	-	-	-	-0.8	-	-
USA	-13.6	-	-	-	-0.1	-	-
Japan	-1.1	-	-	-	0.0	-	-
Asia ex-Japan	153.7	-	-	-	1.5	-	-
Latin America	0.4	-	-	-	0.0	-	-
Other	-5.5	-	-	-	-0.1	-	-
Total	**52.8**	**-60.3**	**-18.2**	**-0.2**	**0.5**	**-16.3**	**-51.0**
Commodity	**-4.3**	**1.7**	**0.5**	**0.0**	**0.0**	**0.1**	**0.6**

(€ million)

	-30%	+30%
Equities	**-19.41**	**14.43**

2.4 Price Risk - Banking Book

Qualitative information

A. General Aspects, Risk Management Processes and Measurement Methods
Banking Book price risk primarily originates from equity interests held by the Parent Company and its subsidiaries as stable investments, as well as units in mutual investment funds not included in the Trading Book as they are also held as stable investments. The assessment of the whole Banking Book also takes account of this type of risk.

2.5 Exchange Rate Risk - Regulatory trading book

Qualitative information

A. General Information, Risk Management Processes and Measurement Methods
As described above, risk relating to exchange rates and related derivative products included in the Trading Book, originates from positions taken by Group specialist centres holding assigned market risk limits within certain levels of discretion.
Risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTC. Volatility trading strategies are implemented using options.
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, please refer to introduction on internal models.

Quantitative information
Exchange-Rate Sensitivity assesses the economic impact of the appreciation or depreciation by 1%, 5% and 10% of each currency against all the others. Exposure to the various currencies is expressed as the "Delta cash-equivalent" in euros: this is the euro equivalent of the currency amount which would expose the bank to the same exchange-rate risk arising in its actual portfolio.

The Group also calculates sensitivity to the volatility of exchange rates assuming positive and negative shifts of 30% in volatility curves or matrices.

The tables below show Trading Book sensitivities.

(€ million)

EXCHANGE RATES	DELTA CASH-EQUIVALENT	-10%	-5%	-1%	+1%	+5%	+10%
USD	-12.3	-4.5	5.9	0.1	-0.1	9.2	29.5
GBP	-195.0	23.1	9.9	2.0	-2.0	-10.4	-17.0
CHF	10.6	5.7	0.2	-0.1	0.1	0.4	1.6
JPY	4.7	10.4	3.8	-0.1	0.1	1.0	0.6

(€ million)

	-30%	+30%
Exchange Rates	**1.62**	**-0.09**

Part E - Information on risks and hedging policies

2.6 Exchange Rate Risk - Banking book

Qualitative information

A. General Aspects, Risk Management Processes and Measurement Methods
Exchange rate risk originates both from banks in the Group operating in currency areas other than the Eurozone and from positions taken by specialist centres holding the Group's market risk within the limits assigned.
In the latter case, exchange risk originates from currency trading activities performed through the negotiation of the various market instruments and it is constantly monitored and measured by using internal models developed by Group companies. These models are, in addition, used to calculate capital requirements on market risks due to the exposure to such risk.

B. Hedging Exchange Rate Risk
The Group adopts 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

(Regulatory trading book and Banking book)

1. Distribution by currency of assets and liabilities and derivatives

(€ '000)

	AMOUNTS AS AT 12.31.2017					
	CURRENCIES					
ITEMS	USD	PLN	YEN	TRY	CHF	OTHER CURRENCIES
A. Financial assets	**41,556,831**	**1,765,573**	**1,454,107**	**15,073,561**	**9,157,856**	**55,928,723**
A.1 Debt securities	4,647,610	303,663	971,823	2,494,589	538,005	8,299,737
A.2 Equity securities	1,042,159	510,070	99,103	17,976	215,261	934,818
A.3 Loans to banks	7,920,297	662,414	114,142	605,464	648,124	14,062,553
A.4 Loans to customers	27,872,647	289,325	268,870	11,813,135	7,700,102	30,181,276
A.5 Other financial assets	74,118	101	169	142,397	56,364	2,450,339
B. Other assets	**1,232,406**	**693**	**23,053**	**165,947**	**11,344**	**1,210,945**
C. Financial liabilities	**47,752,994**	**501,891**	**213,647**	**9,433,835**	**932,192**	**53,571,895**
C.1 Deposits from banks	14,523,456	56,660	14,533	1,503,254	70,512	13,499,836
C.2 Deposits from customers	26,798,359	401,359	105,227	7,425,285	691,110	37,184,035
C.3 Debt securities in issue	6,426,977	43,872	93,887	505,296	169,811	2,447,269
C.4 Other financial liabilities	4,202	-	-	-	759	440,755
D. Other liabilities	**1,007,467**	**2,296**	**16,013**	**229,167**	**1,920**	**3,104,985**
E. Financial derivatives						
- Options						
- Long positions	*68,013,857*	*1,266,715*	*2,293,989*	*2,703,634*	*3,337,484*	*35,528,470*
- Short positions	*65,363,062*	*1,266,715*	*2,290,103*	*8,528,094*	*3,337,363*	*42,882,310*
- Other						
- Long positions	*129,915,217*	*5,286,499*	*3,980,539*	*263,939*	*13,771,742*	*44,705,144*
- Short positions	*132,441,379*	*5,661,021*	*4,649,920*	*393,161*	*14,307,519*	*51,650,747*
Total assets	**240,718,311**	**8,319,480**	**7,751,688**	**18,207,081**	**26,278,426**	**137,373,282**
Total liabilities	**246,564,902**	**7,431,923**	**7,169,683**	**18,584,257**	**18,578,994**	**151,209,937**
Difference (+/-)	**(5,846,591)**	**887,557**	**582,005**	**(377,176)**	**7,699,432**	**(13,836,655)**

2.7 Credit Spread Risk - Regulatory trading book

Qualitative information

A. General Information

As described above, risk relating to credit spreads and related credit derivative products included in Trading Book originates from positions taken by Group specialist centres holding assigned market risk limits within certain levels of discretion.

Risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTC.

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 analyse exposure, please refer to introduction on internal models.

Quantitative information

Credit spread sensitivity is calculated by assuming a worsening of creditworthiness seen in a parallel shift of +1bp/+10bps/+100bps 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.

The table below shows Trading Book sensitivities.

(€ million)

	+1BP LESS THAN 1 MONTH	+1BP 1 MONTH TO 6 MONTHS	+1BP 6 MONTHS TO 1 YEAR	+1BP 1 YEAR TO 2 YEARS	+1BP 2 YEARS TO 5 YEARS	+1BP 5 YEARS TO 10 YEARS	+1BP OVER 10 YEARS	+1 BP TOTAL	+10BP	+100BP
Total	**0.0**	**-0.1**	**0.0**	**-0.1**	**-0.5**	**-0.7**	**0.4**	**-1.1**	**-14.2**	**-135.6**
Rating										
AAA	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.4	4.5
AA	0.0	0.0	0.0	-0.1	-0.1	0.1	0.0	-0.1	-0.8	-5.6
A	0.0	0.0	0.0	0.0	-0.1	0.0	0.2	0.1	-2.1	-20.3
BBB	0.0	-0.1	0.0	0.0	-0.3	-0.9	0.2	-1.0	-11.0	-106.5
BB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	-4.0
B	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-2.3
CCC and NR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-1.3
Sector										
Sovereigns & Related	0.0	-0.1	0.0	0.0	-0.3	-0.5	0.2	-0.7	-6.8	-62.6
ABS and MBS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-1.2
Financial Services	0.0	0.0	0.0	-0.1	-0.2	-0.2	0.2	-0.3	-6.6	-64.4
All Corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.7	-7.4
Basic Materials	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-1.5
Communications	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-2.6
Consumer Cyclical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.7
Consumer Non cyclical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.5
Energy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.7
Technology	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3
Industrial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Utilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	-3.8
All other Corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1

Part E - Information on risks and hedging policies

2.8 Stress Tests

Stress tests complement the sensitivity analysis and VaR results in order to assess the potential risks in a different way. A stress test performs the evaluation of a portfolio under both simple scenarios (assuming change to single risk factors) and complex scenarios (assuming simultaneous changes in a number of risk factors).

What follows contains the description of complex scenarios, which combine changes in interest rate, price, exchange-rate and credit spread risk factors. 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.

Widespread Contagion

In this scenario, we assume an intensification of political risks across the EU. Confidence of financial markets, businesses and households sours, leading to tighter financial conditions and lower economic activity.

UK growth, which is already suffering from an increase in uncertainty following the vote to leave the EU, would be hit by an intensification of political risks in the rest of the EU. Uncertainty will weigh on UK business investment, trade and capital flows, with knock-on effects on consumer confidence. It could also prolong negotiations over the UK's exit status from the EU.

In GDP space, Italy and Spain are most impacted. France follows suit, while Germany is the least affected. At the Eurozone level, GDP growth is seen slowing to 0.4% in 2018 and contracting 0.1% in 2019, with a cumulative loss vs. baseline of 3pp.

Inflation in the Eurozone would remain low in 2018 and 2019, reflecting a wider output gap and lower oil prices, while the weaker euro is expected to partially offset some of these drags. The unemployment rate would resume, putting further downward pressure on nominal wage growth from the current weak levels.

The ECB would cut the deposit rate, now de facto the true policy rate, by 10bpto -0.50%, while keeping the refi rate at 0.00%. The size of the rate cut is modest compared to the magnitude of the growth and inflation shock, but we believe the ECB is very close to the effective lower bound as side effects of negative rates start becoming more evident. Another dose of QE appears likely at a time of meaningful deviation from the price stability target.

In the UK, economic activity slows and contracts in 2018 and 2019. The opening up of a sizable output gap and the fall in sterling import prices (with lower USD oil prices more than offsetting sterling depreciation) means inflation stays subdued for longer. The rise in unemployment and the fall in inflation moderates wage growth. Capital outflows force a rapid adjustment of the UK's large current account deficit. The response of fiscal authorities is to ease policy, while the Bank of England remains in hold at 0.50%.

The US economy should be less affected than EU. The reason is that most of the growth in the US comes from domestic demand, notably consumer spending, therefore direct and indirect trade linkages with Europe are not going to be a huge drag, even when accounting for the spillover on US investment activity. The main transmission channel of the shock is lower stock prices, which directly affect US household finances and balance sheets. Although not particularly severe for the US economy, the shock will significantly limit the scope for further rate increases.

Protectionism, China slowdown & Turkey shock
In this risk scenario, we assume the introduction of protectionist policies in the US (this, however, does not escalate into a global trade war), which intensify downward pressure on GDP growth in emerging markets, especially China, where growth slows from just below 7% to 3% by the end of 2019. On top of this, we assume a large growth shock in Turkey, mainly related to the deterioration of the domestic political picture.

This scenario implies a more global shock than Widespread Contagion and the main transmission channels are trade and financial markets, the latter predominantly via an aggressive sell-off in risky assets and its negative impact on confidence and investment plans. Moreover, as China is a big commodity importer, its slowdown is expected to increase downward pressure on commodity prices, damaging commodity producers like Russia.

The drag on Eurozone GDP via the trade channel is supposed to account for a smaller share of the total growth shock, as most of the hit comes from the financial and confidence channel. In general, we assume the overall drag to reflect the openness of the economy and the weight of China as an export destination, with China accounting for 3-4% of total Eurozone exports (i.e. intra + extra EMU exports). Among the main Euro area countries, Germany has by far the largest exposure to trade and China. The latter accounts for about 6% of German exports, followed by France (about 4%), Italy (about 2.5%) and Spain (less than 2.0%). As a consequence, Germany is expected to be the most damaged country in this risk scenario, while Spain is likely to be the least impacted. Austria is treated differently, because it has only a small direct trade exposure to China, but very large exposure to Germany. In our estimates, this implies a growth shock that exceeds that for the Eurozone.

In this risk scenario, Eurozone growth is assumed to slide in negative territory already in 2018 (-0.4%), with the pace of contraction increasing in 2019 (-0.7%). The cumulative GDP loss vs. baseline would be almost 4.5pp. Germany would experience a GDP contraction of 1.2% in 2018 and 1.8% in 2019. The negative impact of the trade and financial shocks on the German economy is assumed to be partly mitigated by fiscal policy (with the main aim to support labor income), while in the other Eurozone countries, where room for maneuver on fiscal policy is smaller, the fiscal deficit deterioration will largely reflect automatic stabilisers, like an increase in unemployment benefits. Lower oil prices work as automatic stabiliser, reducing the scale of the GDP shock in energy-importing countries.

Inflation in the Eurozone will likely be lower compared to Widespread Contagion, as higher tariffs on international trade are more than offset by the large decline in oil prices and increasing economic slack.

In a context of a global growth slowdown amid weaker commodity prices, the ECB would act further by cutting the deposit rate by a cumulative 20bp over a two years horizon to -0.60%, while keeping the refi rate at 0.00%. The size of the rate cut is modest compared to the magnitude of the growth and inflation shock, but we believe the ECB is very close to the effective lower bound as side effects of negative rates start becoming more evident. Another dose of QE appears likely at a time of meaningful deviation from the price stability target.

The UK is an open economy, although the trade exposure to China is small. We assume a large adverse growth impact via the shock to global confidence and capital flows. The UK economy enters a mild recession in 2017, which intensifies in 2018.
The steep fall in oil prices and other global commodity prices results in a lower path for UK inflation. Unemployment rises as the economy slows.

The US economy should be less affected than the Eurozone, due to some short term positive impact of protectionist measures and to its stronger reliance on domestic demand. However, in this scenario of a more global shock, weaker global growth is expected to slow the US recovery (GDP at 1.2% in 2018 and 0.7% in 2019) through weaker exports and a cutback in investment activity, which eventually will weigh on the labor market and thus on consumer spending as well. The Federal Reserve is likely to be remain more accommodative compared to our baseline scenario.

Part E - Information on risks and hedging policies

Interest Rate Shock

In this risk scenario, we assume that interest rates in the Eurozone move sharply higher, by 250bp at the short end (refi rate) and by 300bp at the long end (10Y). Importantly, this IR increase is assumed to be totally exogenous, i.e. not driven by macro fundamentals like faster growth or inflation, therefore this scenario should mainly be seen as a purely technical exercise. We also assume that the IR increase is totally passed on to households and firms, meaning that there is no ECB facility that is capable to stop the full pass-through to the real economy. In the second year of the forecast horizon, IR start responding endogenously to macro developments and we assume that the ECB eases monetary policy to counter the material deterioration in the growth and inflation outlook triggered by the IR jump. We assume that half of the refi rate increase is reversed in 2019, the refi rate falls to 1.25% at the end of 2019.

The sharp rise in IR along with its pass-through is highly damaging for growth in the Eurozone (GDP: -0.5% in 2018, -1.2% in 2019), with a 5pp cumulative loss vs. baseline. Within the Eurozone, Italy is hit mainly because of high public debt while Spain because of the still high (although falling) leverage of the private sector. The growth damage is smaller in Germany, where leverage (both private and public) is relatively low. The recession causes a clear deterioration of the labor market, with the Eurozone unemployment rate seen rising back to an average of 9.9% in 2018 and 10.6% in 2019.

The Eurozone witnesses broadly flat growth in consumer prices in both years, due to the mix of falling oil prices and widening output gap.

The substantial tightening of financial conditions in the Euro area is transmitted to the UK economy via the significant trade and capital flows between the two economic areas. The UK enters a mild recession that lowers GDP by 0.3% in 2018 and by a further 0.2% in 2019, dragged down by high household and public debt. Inflation slows below 2% in 2018 and approaches 0% in 2019 as a result of the fall in oil prices and growing spare capacity. The external nature of the shock hits exports. Nonetheless, the current account deficit improves slightly faster than in the baseline scenario as capital markets force a more pronounced adjustment. The BoE holds the Bank Rate at 0.50%.

The US economy should remain relatively less affected than the Eurozone also in this scenario. As consumer spending is expected to remain the main growth driver, the main transmission channels of this shock are higher interest rates and lower stock prices, which directly affect household finances and balance sheets. In particular, this shock with its sizeable negative impact on the stock market should have the largest effect on economic activity in the US, with GDP recording the largest cumulative deviation from the baseline. After the initial shock in IR at the beginning of the horizon, the Fed is expected to keep a more accommodative stance relative to our baseline scenario in the first year and remain on hold thereafter.

Stress Test on Trading Book

(€ million)

	END OF DECEMBER 2017		
	WIDESPREAD CONTAGION	PROTECTIONISM	IR SHOCK
UniCredit Group Total	**-213**	**-347**	**-160**
RC Germany	-115	-141	-108
RC Italy	-110	-241	-92
RC Austria	-	-	-2
RC CEE	11	35	42

Most of conditional losses in Trading Book are in UCB AG and UniCredit SpA and are mainly driven by CIB Fixed Income & Currencies Trading business lines; a relevant contribution is also given by Equity and Derivative Trade in Interest Rate Shock scenario.

Conditional profits in RC CEE are driven by impacts of FX and IR defined in stressed scenarios.

2.9 Derivative instruments

A. Financial Derivatives

A.1 Regulatory trading book: end of period notional amounts

(€ '000)

DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	AMOUNTS AS AT 12.31.2017		AMOUNTS AS AT 12.31.2016	
	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
1. Debt securities and interest rate indexes	**1,722,923,434**	**105,690,085**	**1,562,776,561**	**95,629,061**
a) Options	185,288,144	48,590,000	192,012,912	38,670,000
b) Swap	1,491,292,889	9,712,772	1,299,915,308	5,383,967
c) Forward	9,594,890	2,519,293	20,014,727	36,586,627
d) Futures	-	44,868,020	3,192	14,988,467
e) Others	36,747,511	-	50,830,422	-
2. Equity instruments and stock indexes	**27,222,143**	**42,565,833**	**29,023,255**	**37,408,944**
a) Options	14,333,733	33,833,945	18,825,725	30,893,038
b) Swap	12,709,000	1,072,000	9,935,000	812,000
c) Forward	130,000	-	193,000	-
d) Futures	-	7,659,888	-	5,703,906
e) Others	49,410	-	69,530	-
3. Gold and currencies	**549,017,721**	**80,774**	**554,939,937**	**22,867**
a) Options	68,396,290	-	72,391,449	-
b) Swap	184,919,747	-	179,423,633	18,867
c) Forward	294,278,194	78,774	302,413,778	-
d) Futures	-	2,000	-	4,000
e) Others	1,423,490	-	711,077	-
4. Commodities	**4,360,585**	**4,655,000**	**3,910,905**	**4,091,000**
5. Other underlyings	**2,080,000**	**-**	**3,274,000**	**-**
Total	**2,305,603,883**	**152,991,692**	**2,153,924,658**	**137,151,872**

This table refers to the notional values of financial derivatives according to classification within regulatory trading book applied in the separate financial statements of the Legal Entities belonging to banking Group. Derivatives belonging to this portfolio may not be the same as derivatives classified in the held for trading portfolio for accounting purposes (see Table A.2.2).

Amounts reported in column "Over the counter" of tables A.1, A.2.1, A.2.2, A.3 and A.4 include OTC traded contracts settled with Central Clearing Counterparts.
Column "Clearing House" of tables A.1, A.2.1, A.2.2, A.3 and A.4 includes those contracts negotiated within listed markets and supported by margining processes mitigating counterparty risk exposure.

Part E - Information on risks and hedging policies

A.2. Banking portfolio: end-of-period notional amounts

A.2.1 Hedging derivatives

(€ '000)

DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	AMOUNTS AS AT 12.31.2017		AMOUNTS AS AT 12.31.2016	
	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
1. Debt securities and interest rate indexes	**21,589,615**	**90,000**	**23,356,962**	**9,331,000**
a) Options	2,309,500	-	2,697,750	-
b) Swap	19,233,115	90,000	20,634,212	9,303,000
c) Forward	47,000	-	25,000	-
d) Futures	-	-	-	28,000
e) Others	-	-	-	-
2. Equity instruments and stock indexes	**8,000**	**-**	**8,000**	**-**
a) Options	8,000	-	8,000	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Gold and currencies	**7,776,052**	**-**	**4,801,670**	**-**
a) Options	400,233	-	436,087	-
b) Swap	5,046,473	-	3,587,092	-
c) Forward	2,201,346	-	778,491	-
d) Futures	-	-	-	-
e) Others	128,000	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**
Total	**29,373,667**	**90,000**	**28,166,632**	**9,331,000**

This table refers the notional value of hedging financial derivatives belonging to regulatory banking book in accordance with classification applied in the separate financial statements of the Legal Entities belonging to the banking Group.

A.2.2 Other derivatives

(€ '000)

DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	AMOUNTS AS AT 12.31.2017		AMOUNTS AS AT 12.31.2016	
	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
1. Debt securities and interest rate indexes	**20,468,476**	**-**	**40,081,745**	**-**
a) Options	146,369	-	6,037,581	-
b) Swap	20,322,107	-	34,044,164	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity instruments and stock indexes	**380,285**	**-**	**622,622**	**-**
a) Options	172,985	-	506,222	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Others	207,300	-	116,400	-
3. Gold and currencies	**10,005,108**	**-**	**4,282,411**	**-**
a) Options	1,177,505	-	4,168	-
b) Swap	6,041,823	-	3,143,100	-
c) Forward	2,785,780	-	596,265	-
d) Futures	-	-	-	-
e) Others	-	-	538,878	-
4. Commodities	**1,447**	**-**	**-**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**
Total	**30,855,316**	**-**	**44,986,778**	**-**

This table refers the notional value of the contracts being presented within accounting *held for trading* portfolio and belonging to regulatory banking book (in particular Held for Trading contracts connected with Asset/Liabilities carried at fair value through P&L and embedded derivative contracts bifurcated from banking book cash instruments presented in dedicated lines within Part B tables 2.1 Assets and 4.1 Liabilities) in accordance with classification applied in the separate financial statements of the Legal Entities belonging to the banking Group.

A.3 Financial derivatives: gross positive fair value - breakdown by product

(€ '000)

TRANSACTION TYPES/UNDERLYINGS	POSITIVE FAIR VALUE			
	AMOUNTS AS AT 12.31.2017		AMOUNTS AS AT 12.31.2016	
	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
A. Regulatory trading book	**51,638,058**	**2,304,419**	**65,464,866**	**1,829,187**
a) Options	4,295,666	1,939,449	4,991,003	1,667,361
b) Interest rate swaps	38,567,812	105,385	47,548,527	15,595
c) Cross currency swap	4,801,393	-	6,818,746	42
d) Equity swaps	169,000	-	213,000	-
e) Forward	3,717,452	1,369	5,760,237	307
f) Futures	-	258,216	-	145,882
g) Others	86,735	-	133,353	-
B. Banking book - Hedging derivatives	**439,412**	**548**	**477,227**	**908**
a) Options	44,632	-	21,182	-
b) Interest rate swaps	284,084	548	334,597	908
c) Cross currency swap	65,446	-	118,299	-
d) Equity swaps	-	-	-	-
e) Forward	39,250	-	3,149	-
f) Futures	-	-	-	-
g) Others	6,000	-	-	-
C. Banking book - other derivatives	**1,511,141**	**-**	**3,241,850**	**-**
a) Options	17,513	-	559	-
b) Interest rate swaps	1,334,483	-	3,134,786	-
c) Cross currency swap	123,280	-	102,152	-
d) Equity swaps	-	-	-	-
e) Forward	35,865	-	1,357	-
f) Futures	-	-	-	-
g) Others	-	-	2,996	-
Total	**53,588,611**	**2,304,967**	**69,183,943**	**1,830,095**

This table presents distribution by product of the gross positive financial derivatives' fair values before accounting netting in accordance with regulatory classification applied in the separate financial statements of the Legal Entities belonging to the banking Group.

Part E - Information on risks and hedging policies

A.4 Financial derivatives: gross negative fair value - breakdown by product

(€ '000)

	NEGATIVE FAIR VALUE			
	AMOUNTS AS AT 12.31.2017		AMOUNTS AS AT 12.31.2016	
PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
A. Regulatory trading book	**47,263,260**	**2,407,535**	**62,470,709**	**4,165,684**
a) Options	6,053,768	2,248,359	7,485,479	2,108,297
b) Interest rate swaps	33,093,545	90,706	41,539,311	8,832
c) Cross currency swap	3,910,449	-	6,627,434	213
d) Equity swaps	165,000	1,106	300,000	-
e) Forward	3,845,406	1,221	6,273,053	618
f) Futures	-	66,143	-	2,047,724
g) Others	195,092	-	245,432	-
B. Banking book - Hedging derivatives	**912,261**	**1,080**	**1,308,180**	**1,962**
a) Options	2,157	-	12,591	-
b) Interest rate swaps	841,171	1,080	1,038,198	1,962
c) Cross currency swap	59,507	-	252,582	-
d) Equity swaps	-	-	-	-
e) Forward	9,426	-	4,809	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - Other derivatives	**735,984**	**12**	**1,035,020**	**12**
a) Options	80,118	-	62,897	-
b) Interest rate swaps	492,901	12	910,639	12
c) Cross currency swap	142,589	-	48,268	-
d) Equity swaps	-	-	-	-
e) Forward	13,307	-	6,981	-
f) Futures	-	-	-	-
g) Others	7,069	-	6,235	-
Total	**48,911,505**	**2,408,627**	**64,813,909**	**4,167,658**

This table presents distribution by product of the gross negative financial derivatives' fair values before accounting netting in accordance with regulatory classification applied in the separate financial statements of the Legal Entities belonging to the banking Group.

Nominal amounts for OTC traded contracts settled with Central Clearing Counterparts are equal to €1,098 billion with a positive and negative fair value of €16.2 billion and €15.2 billion respectively.

A.5 OTC Financial derivatives - regulatory trading book: notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreement

(€ '000)

CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2017						
	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	2,283,906	9,845,121	31,976,558	11,512,871	787,947	32,778,093	62,993
- positive fair value	-	2,220,846	187,804	263,253	7,787	892,586	489
- negative fair value	16,104	102,028	757,290	464,826	21,493	93,006	235
- future exposure	2,074	73,036	140,696	116,604	6,553	262,361	214
2) Equity instruments and stock indexes							
- notional amount	-	-	112,114	78,937	347,423	901,589	217,229
- positive fair value	-	-	14,892	1,806	210	4,591	2,139
- negative fair value	-	-	24,852	1,001	13,986	44,264	4,237
- future exposure	-	-	16	5,874	1,264	11,214	4,694
3) Gold and currencies							
- notional amount	1,229,737	2,562,797	40,160,910	12,299,500	180,216	21,420,928	704,425
- positive fair value	4,171	46,000	284,873	115,693	2,545	261,392	2,975
- negative fair value	3,141	31,342	360,849	72,638	6,707	330,103	1,156
- future exposure	1,264	44,667	274,523	175,273	1,811	309,694	2,054
4) Other instruments							
- notional amount	-	1,000	16,541	-	-	969,757	-
- positive fair value	-	-	-	-	-	55,713	-
- negative fair value	-	-	14	-	-	58,640	-
- future exposure	-	-	-	-	-	97,882	-

Tables A.5, A.6, A.7 e A.8 refer to OTC derivatives' contracts belonging to banking Group Legal Entities (excluded those contracts negotiated within listed markets and supported by margining process thus overriding counterparty risks exposure).

Part E - Information on risks and hedging policies

A.6 OTC Financial derivatives - regulatory trading book: notional amounts, positive and negative gross fair value by counterparty - contracts included in netting agreement

(€ '000)

CONTRACTS INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2017						
	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	389,631	31,602,567	368,686,977	1,175,777,662	9,894,000	47,175,106	150,000
- positive fair value	29,849	3,012,014	15,401,394	18,793,651	58,000	1,267,624	6,000
- negative fair value	3,078	818,050	16,660,264	17,995,769	406,000	418,126	1,000
2) Equity instruments and stock indexes							
- notional amount	-	-	19,602,000	5,501,000	313,000	148,847	-
- positive fair value	-	-	304,000	114,000	2,000	106	-
- negative fair value	-	-	716,000	99,000	11,000	26,000	-
3) Gold and currencies							
- notional amount	1,274,984	1,594,588	317,843,060	79,341,602	6,456,338	63,939,312	9,319
- positive fair value	12,123	9,112	4,455,064	1,378,277	54,733	2,248,132	2,009
- negative fair value	55,098	156,000	4,490,485	993,495	32,732	1,574,190	13
4) Other instruments							
- notional amount	-	-	345,577	2,247,291	-	2,860,420	-
- positive fair value	-	-	28,000	17,537	-	74,668	-
- negative fair value	-	-	12,000	52,723	-	334,318	-

A.7 OTC Financial derivatives - banking book: notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreement

(€ '000)

CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2017						
	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	538,781	1,502,000	11,107,398	2,238,228	976,000	36,000	433,069
- positive fair value	-	1,273,826	184,229	28,975	29,000	1,000	18,069
- negative fair value	20,986	-	128,022	435,295	1,000	-	1,010
- future exposure	3,016	22,500	50,417	23,334	10,000	-	-
2) Equity instruments and stock indexes							
- notional amount	-	-	-	3,000	-	2,220	170,765
- positive fair value	-	-	-	3,000	-	-	-
- negative fair value	-	-	-	-	-	-	59,567
- future exposure	-	-	-	-	-	178	-
3) Gold and currencies							
- notional amount	-	-	8,816,720	2,631,164	-	28,442	2,858,256
- positive fair value	-	-	142,923	27,587	-	-	74,714
- negative fair value	-	-	165,037	33,735	-	12	18,783
- future exposure	-	-	5,386	-	-	8	-
4) Other instruments							
- notional amount	-	-	1,447	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	4	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.8 OTC Financial derivatives - banking book: notional amounts, positive and negative gross fair value by counterparty - contracts included in netting agreements

(€ '000)

CONTRACTS INCLUDED IN NETTING AGREEMENT	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
	AMOUNTS AS AT 12.31.2017						
1) Debt securities and interest rate indexes							
- notional amount	-	441,554	6,868,525	17,906,116	-	10,421	-
- positive fair value	-	9,246	45,751	51,278	-	-	-
- negative fair value	-	94,259	333,730	319,560	-	4,051	-
2) Equity instruments and stock indexes							
- notional amount	-	-	207,300	5,000	-	-	-
- positive fair value	-	-	-	5,000	-	-	-
- negative fair value	-	-	7,069	-	-	-	-
3) Gold and currencies							
- notional amount	-	-	2,614,809	831,768	-	-	-
- positive fair value	-	-	33,923	22,032	-	-	-
- negative fair value	-	-	25,163	962	-	-	-
4) Other instruments							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

A.9 OTC financial derivatives residual maturity: notional amounts

(€ '000)

UNDERLYING/RESIDUAL MATURITY	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEAR	OVER 5 YEARS	TOTAL
A. Regulatory trading book	**774,697,635**	**818,474,267**	**712,431,984**	**2,305,603,886**
A.1 Financial derivative contracts on debt securities and interest rates	375,415,777	683,007,552	664,500,107	1,722,923,436
A.2 Financial derivative contracts on equity securities and stock indexes	10,902,804	12,685,457	3,633,882	27,222,143
A.3 Financial derivative contracts on exchange rates and gold	383,160,575	121,579,151	44,277,995	549,017,721
A.4 Financial derivative contracts on other values	5,218,479	1,202,107	20,000	6,440,586
B. Banking book	**28,180,423**	**19,810,753**	**12,237,805**	**60,228,981**
B.1 Financial derivative contracts on debt securities and interest rates	14,164,806	16,247,143	11,646,142	42,058,091
B.2 Financial derivative contracts on equity securities and stock indexes	109,916	117,263	161,106	388,285
B.3 Financial derivative contracts on exchange rates and gold	13,904,254	3,446,347	430,557	17,781,158
B.4 Financial derivative contracts on other values	1,447	-	-	1,447
Total 12.31.2017	**802,878,058**	**838,285,020**	**724,669,789**	**2,365,832,867**
Total 12.31.2016	**857,051,612**	**727,539,341**	**642,487,119**	**2,227,078,072**

This table refers to OTC derivatives' contracts belonging to banking Group Legal Entities (excluded those contracts negotiated within listed markets and supported by margining process overriding counterparty risks exposure).

Part E - Information on risks and hedging policies

B. Credit Derivatives

B.1 Credit derivatives: end-of-period notional amounts

(€ '000)

TRANSACTION CATEGORIES	REGULATORY TRADING BOOK		BANKING BOOK	
	WITH A SINGLE COUNTERPARTY	WITH MORE THAN ONE COUNTERPARTY	WITH A SINGLE COUNTERPARTY	WITH MORE THAN ONE COUNTERPARTY
1. Protection buyer's contracts				
a) Credit default products	9,116,000	9,095,000	45,100	-
b) Credit spread products	-	-	-	-
c) Total rate of return swap	285,000	-	-	-
d) Other	-	-	-	-
Total 12.31.2017	**9,401,000**	**9,095,000**	**45,100**	**-**
Total 12.31.2016	**13,858,000**	**11,617,000**	**220,100**	**-**
2. Protection seller's contracts				
a) Credit default products	9,156,000	9,329,000	-	-
b) Credit spread products	-	14,124	-	-
c) Total rate of return swap	-	-	-	-
d) Other	-	-	-	-
Total 12.31.2017	**9,156,000**	**9,343,124**	**-**	**-**
Total 12.31.2016	**14,467,000**	**11,337,883**	**-**	**-**

This table refers to the notional values of credit derivatives according to classification within regulatory trading or banking book applied by any separate Legal Entity belonging to banking Group only.

B.2 Credit derivatives: gross positive fair value - breakdown by product

(€ '000)

PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	POSITIVE FAIR VALUE	
	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
A. Regulatory trading book	**378,122**	**498,038**
a) Credit default products	376,000	498,000
b) Credit spread products	122	38
c) Total rate of return swap	2,000	-
d) Others	-	-
B. Banking book	**-**	**1,000**
a) Credit default products	-	1,000
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total	**378,122**	**499,038**

This table presents distribution by product of the gross positive financial derivatives' fair values before accounting netting in accordance with regulatory classification applied by any separate Legal Entity belonging to the banking Group only.

B.3 Credit derivatives: gross negative fair value - breakdown by product

(€ '000)

PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	NEGATIVE FAIR VALUE AMOUNTS AS AT 12.31.2017	NEGATIVE FAIR VALUE AMOUNTS AS AT 12.31.2016
A. Regulatory trading book	**412,000**	**533,058**
a) Credit default products	377,000	506,000
b) Credit spread products	-	58
c) Total rate of return swap	35,000	27,000
d) Others	-	-
B. Banking book	**362**	**2,912**
a) Credit default products	362	2,912
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total	**412,362**	**535,970**

This table presents distribution by product of the gross negative financial derivatives' fair values before accounting netting in accordance with regulatory classification applied by any separate Legal Entity belonging to the banking Group only.

B.4 OTC Credit derivatives: gross FV (positive and negative) by counterpart - contracts not in netting agreement

(€ '000)

CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2017 GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
Regulatory trading book							
1) Protection purchase							
- notional amount	-	-	-	1,687,000	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	68,000	-	-	-
- future exposure	-	-	-	169,000	-	-	-
2) Protection sale							
- notional amount	-	-	15,124	1,426,000	-	-	-
- positive fair value	-	-	122	33,000	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	143,000	-	-	-
Banking book							
1) Protection purchase							
- notional amount	-	-	20,100	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	362	-	-	-	-
2) Protection sale							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

Tables B.4 and B.5 refer to OTC derivatives' contracts belonging to banking Group Legal Entities (excluded those contracts negotiated within listed markets and supported by margining process thus overriding counterparty risks exposure).

Part E - Information on risks and hedging policies

B.5 OTC Credit derivatives: gross FV (positive and negative) by counterpart - contracts in netting agreement

(€ '000)

	AMOUNTS AS AT 12.31.2017						
CONTRACTS INCLUDED IN NETTING AGREEMENT	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
Regulatory trading book							
1) Protection purchase							
- notional amount	-	-	11,247,000	5,562,000	-	-	-
- positive fair value	-	-	6,000	10,000	-	-	-
- negative fair value	-	-	231,000	90,000	-	-	-
2) Protection sale							
- notional amount	-	-	8,633,000	8,425,000	-	-	-
- positive fair value	-	-	171,000	158,000	-	-	-
- negative fair value	-	-	5,000	18,000	-	-	-
Banking book							
1) Protection purchase							
- notional amount	-	-	13,000	12,000	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
2) Protection sale							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

B.6 Credit derivatives residual maturity: notional amount

(€ '000)

	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A. Regulatory trading book	**10,572,124**	**25,049,000**	**1,374,000**	**36,995,124**
A.1 Credit derivatives with "qualified reference obligation"	2,900,124	6,305,000	69,000	9,274,124
A.2 Credit derivatives with "not qualified reference obligation"	7,672,000	18,744,000	1,305,000	27,721,000
B. Banking book	**20,100**	**25,000**	**-**	**45,100**
B.1 Credit derivatives with "qualified reference obligation"	-	-	-	-
B.2 Credit derivatives with "not qualified reference obligation"	20,100	25,000	-	45,100
Total 12.31.2017	**10,592,224**	**25,074,000**	**1,374,000**	**37,040,224**
Total 12.31.2016	**13,776,883**	**36,127,100**	**1,596,000**	**51,499,983**

This table refers to OTC derivatives' contracts belonging to banking Group Legal Entities (excluded those contracts negotiated within listed markets and supported by margining process overriding counterparty risks exposure).

C. Credit and Financial Derivatives

C.1 OTC Financial and credit derivatives: net fair values and future exposure by counterparty

(€ '000)

	AMOUNTS AS AT 12.31.2017						
	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1) Netting agreements related to Financial Derivatives							
- positive fair value	29,741	68,128	207,985	59,990	76	1,446,250	-
- negative fair value	46,945	87,237	307,564	220,021	2,076	336,323	5
- future exposure	30,775	10,079	310,818	147,049	1,232	797,270	-
- net counterparty risk	60,515	78,207	374,011	180,834	1,307	2,193,524	-
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	803	2,186,016	4,803,200	2,019,228	50,245	1,431,719	21,679
- negative fair value	-	358,200	6,621,381	1,358,525	381,909	1,221,575	554
- future exposure	-	180	328,110	271,255	3,901	2,972	-
- net counterparty risk	804	1,043,613	2,496,838	2,532,186	107,214	1,744,957	29,993

Part E - Information on risks and hedging policies

Section 3 - Liquidity Risk

Qualitative information

General aspects, operational processes and methods for measuring liquidity risk
Liquidity risk is defined as the risk that the Group may find itself unable to fulfill its expected or unexpected payment obligations (by cash or delivery), current and future, without jeopardising its day-to day operations or its financial condition.

The key principles

The Liquidity Reference Banks
The Group aims to maintain liquidity at a level that enables 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 Group 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 Group, the Parent Company, under the responsibility of the Group Risk Management, defines policies and metrics to be applied at Group-wide level, to ensure that liquidity position of any Entity meets the requirements of the Group.

For these reasons, the Group is organised on a managerial perspective, according to the concept of the Liquidity Reference Bank.
The Liquidity Reference Banks 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 optimisation 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 Holding Company, as a "supervisory and overarching liquidity reference bank" with its role of steering, coordinating, and controlling all the aspects regarding liquidity for the whole Group. The Holding Company has the responsibility to set the overall Group Risk Appetite and sub-allocate the limits in agreement with the Liquidity Reference Banks and/or Legal Entities. In particular, Holding Company functions are responsible for the following:
- Outlining Group overall liquidity risk management strategies;
- Developing liquidity risk metrics and methodologies;
- Setting specific limits for liquidity risk exposures, in line with the Group Risk Appetite;
- Optimising liquidity allocation amongst Legal Entities, in compliance to the local regulations and transferability limitation;
- Coordinating access to financial markets for liquidity management;
- Outlining the yearly Group funding and contingency funding plan, coordinating and monitoring their execution;
- Assessing the adequacy of the liquidity reserves buffers at Legal Entity and Group level;
- Coordinating the refinancing transactions with the ECB;
- Defining, periodically reviewing the Group ILAAP and approving the Group ILAAP Report on yearly basis.
- The Parent Company, moreover, acts as the Liquidity Reference Bank Italy.

The principle of "self-sufficiency"
This organisational model 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 surpluses can be up-streamed to the Holding Company, unless legal requirements prevent it. The liquidity available at country level could be subject to restrictions due to legal, regulatory and political constraints. 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[16].

As a general rule, the Large Exposure Regime, which came into force on 31 December 2010, limits interbank exposures to a maximum of 25% of own funds: this rule is also applicable to intra-group exposures.

16 Also Banca d'Italia Rules, Circolare 285, foresees that the Group should ensure the maintainance through the time of adequate reserves in each legal entity, in order to take into account possible regulatory constraints (First Part, Title IV, Chapter 6, Section III, paragraph 7).

However, there are significant differences in the way in which this EU regulation has been implemented in the various countries. In many CEE countries the limit of 25% of free funds is valid, with some countries showing even stricter rules; in Austria, according to the National law, the "25% of own funds limit" is not applied to exposures towards the parent company, if located in the European Economic Area; finally, in Germany the national Regulator has set up a process to apply for a waiver, exempting intra-group exposures from the large exposure limitation.

In the absence of official limits valid at National level, Austrian and German Regulators reserve the right to judge the exposure level on a case-by-case basis. In the current economic environment, in many of the territories in which the Group operates, Banking Regulatory Authorities are adopting measures aimed at reducing the exposure of their National banking system towards foreign jurisdictions with potential negative impacts on the ability of the Group to finance its activities.

For these reasons, the “Liquidity Management & Control Group Policy” provides for a further principle in order to enhance a sound liquidity risk management; that is, each Legal Entity with market access has to increase its liquidity self-sufficiency, fostering in this way the exploitation of its strengths. In addition to this, the Group rule states that each LE (including the Liquidity Reference Bank) should be self-sufficient in terms of liquidity in its local currency, either on its own or by leveraging on the relevant Liquidity Reference Bank. This self-sufficiency principle is reflected in a specific “limit structure”: limits are set both at Group and at individual level, with the purpose of avoiding/controlling significant imbalances among legal entities.

This type of organisation promotes the self-sufficiency of the Legal Entities, by allowing them to access the local and global markets for liquidity in a controlled and coordinated way, whilst optimising: i) the liquidity surpluses and deficits within the Group’s legal entities ii) the overall costs of funding across the Group.

Roles and responsibilities

At Group level, three main functions are identified in the management of the liquidity: the Group Risk Management competence line, the “Group Planning, Finance, Shareholding And Investor Relations” function, 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 current requirements of Banca d’Italia).

Specifically, the Risk Management function is responsible for the independent control of liquidity risk and of balance sheet interest rate and FX risk at Group level and for the internal and regulatory stress testing. In detail:
- defining policies and methodologies for measuring and controlling the liquidity risk and developing, updating and presenting the independent internal risk reports/assessments to internal competent functions (second level controls);
- putting in place a strong and comprehensive internal limit and control framework to mitigate or limit the liquidity risk in line with the risk tolerance in order to monitor the different material drivers of liquidity risk;
- contributing to the setting of the Risk Appetite Framework;
- assessing and monitoring liquidity risk exposure trends at Group and Country level and confronting them with the respective limits and triggers;
- verifying the correct implementation of the agreed mapping rules;
- performing an independent assessment of the Funding Plan and of the Contingency Funding Plan as well as monitoring their execution;
- developing and performing the liquidity stress test at Group level, analysing the outcome, delineating new scenarios to be taken into account and centralising the action plan related to the stress test results; it is also responsible of periodically reviewing the liquidity stress test framework;
- monitoring and regularly reporting intragroup liquidity metrics of each Legal Entity towards and from the other members of the Group;
- definition of a minimum set of common managerial reporting standards, perimeters of applications and layouts at Group level, centralising, if needed, the database in order to consolidate the Group liquidity positions and release the related reporting and analysis;
- monitoring the liquidity risk and of producing regular risk reporting at Group Level in alignment with Basel Committee’s “Principles for effective risk data aggregation and risk reporting”, setting common standards in terms of presentations and communications;
- performing internal validation activities at Group level on systems for measuring liquidity risks on related processes and data quality and IT components, as well as on models for pricing financial instruments in order to check that they are conform to regulatory requirements and in-house standards;
- contributing to the development of the behavioral models in order to identify the embedded risks;
- validating, controlling the implementation and releases independent assessments on the models to map the liquidity profile of balance sheet items (i.e. deposit stickiness, prepayment, behavioral models, etc.).

Group 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, Group Treasury ensures a disciplined and efficient access to the markets.

Part E - Information on risks and hedging policies

Group Planning, Finance, Shareholding And Investor Relations competence line is responsible for the coordination of the overall financial planning process at Group, Liquidity Reference Banks and relevant LEs level, aiming to efficiently ensure the stability and the sustainability of the financial structure through time, addressing assets and liabilities composition and maturities, in compliance with the limits and triggers set for liquidity and balance sheet metrics. It is also responsible for the execution of the medium long term Group's funding strategy (including securitisation operations), coordinating the access to national and international capital markets for all the Liquidity Reference Banks and relevant LEs, exploiting local market opportunities in order to reduce the costs of funding and diversify the financing sources.

Moreover, all the relevant issues that concern the liquidity risk and management perspective of the Group are discussed in GALCO (Group Assets & Liabilities Committee). The main responsibilities of GALCO are:
- participating by advising and proposing the definition of the strategies, policies, methodologies and limits for liquidity risk, fund transfer pricing, funding plan and contingency funding plan;
- contributing to the definition of the Risk Appetite in terms of thresholds for liquidity risk, interest rate risk of the banking book and FX risk;
- optimising the liquidity risk profile of the Group within the defined limits;
- controlling the liquidity risk, including the periodical reports that have to be delivered to regulators;
- approving and validate the liquidity stress test scenarios and the relative assumptions;
- approving the Internal Liquidity Adequacy Assessment Process ILAAP proposal and the regulatory reporting to be submitted to Group Risk & Internal Control Committee (GR&ICC);
- approving the operative strategies for the evolution of the balance sheet and the application of fund transfer price for Italian perimeter.

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 in each country and internal rules and policies of the Group companies through management models in place within the individual Liquidity Reference Banks.

Such models are subject to analyses carried out by the local Risk Management or equivalent structure with the same responsibilities in coordination with the Group's Risk Management to ensure that they comply with the metrics and the objectives of the Group's liquidity framework.
Moreover, the regional rules must conform to national law and regulatory requirements.

Risk measurement and reporting systems

Techniques for risk measurement

The different types of liquidity risk managed by the bank are:
- Short Term Liquidity Risk refers to the risk of non-conformity between the amounts and/or the maturities of cash inflows and cash outflows in the short term (below one year);
- Market Liquidity Risk is the risk that the bank may face a considerable and unfavorable price change generated by exogenous or endogenous factors and incur losses as a result of the sale of assets deemed to be liquid. In the worst case, the bank might not be able to liquidate such positions;
- Intraday Liquidity Risk appears when a bank is not able to meet payment and settlement obligations on a timely manner basis under both normal and stressed conditions;
- Structural Liquidity Risk is defined as the inability to raise the necessary funds to maintain an adequate ratio between medium to long-term (over one year) assets and liabilities at reasonable pricing level, in a stable and sustainable way, without affecting the daily operations or the financial condition of the Bank. It could have a potential impact on the cost of funding (own credit and market funding spreads), affecting future income of the institution;
- contingency risk, or stress liquidity is related to future and unexpected obligations (i. e. draw on committed facilities, deposits withdrawal, increase in collateral pledging) could require the bank a greater amount of liquidity compared to what is considered the amount to run the ordinary business;
- Intragroup liquidity risk, that might generate from an excessive exposure or dependency towards/from specific Group counterparts;
- Funding Concentration Risk arises when the bank leverages on such a limited number of funding sources, that they become of such significance that the withdrawal of one or few could trigger liquidity problems;
- Foreign exchange (FX) liquidity risk, generated by the current and projected liquidity mismatch between cash inflows and cash outflows in foreign currencies (FX refinancing risk) or related with the maturity distribution of the assets and liabilities in FX (FX structural mismatch risk).

The exposure of the Group and its legal entities to any of these risks is measured by associating to any of them a metric or a set of metrics. Every legal entity of the Group is exposed to the above mentioned risks at a different extent: a materiality analysis is performed in order to define the perimeter of the liquidity risk management and control.

Liquidity risk, for its particular nature, is addressed by means of gap analyses, liquidity stress testing, and complementary measures (mainly through a set of indicators: e.g. loans to deposits gap, liquidity coverage ratio). In particular, gap analyses are performed within two distinct time horizons:
- liquidity imbalance mismatch approach on a daily basis, which controls the short-term liquidity risk arising from the overnight up to a 12 months maturity;
- gap ratios on a monthly basis, which control the medium to long-term risk (structural liquidity) from the 1Y maturity onwards.

Strategies and processes to manage the liquidity risk

The Group's liquidity framework is based upon the *Liquidity Risk Mismatch Model* which is characterised by the following fundamental principles:
- Short-term liquidity risk management (operational liquidity), which considers the events that will impact upon the Group's liquidity position from 1 day up to one year. The primary objective is to maintain the Group's capacity to fulfill its ordinary and extraordinary payment obligations while minimising the relevant costs;
- Structural liquidity risk management (structural risk), which considers the events that will impact upon the Group'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 avoid pressures on short-term funding sources (both current and future), while in the meantime optimising the cost of funding;
- 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 a combination hereof.

In this context, the mismatch model takes into account all assets, liabilities, off-balance sheet positions and also both present and future events which generate certain or potential cash flows for the Group, thereby protecting the Group Banks/Companies from risks related to the transformation of maturity.

Moreover, the liquidity risk is included in the Group's Risk Appetite framework through some specific liquidity indicators. One of these is the Funding Gap (an improved loans-to-deposits gap), which measures to what extent the commercial loan portfolio is financed through commercial liabilities.

Short-term liquidity management

Short-term liquidity management aims at ensuring that the Group remains in a position to fulfill its cash payment obligations, whether expected or unexpected, focused on the exposure for the first 12 months.

The standard measures taken for such purposes are the following:
- management of the access to payment systems (operational liquidity management);
- management of cash payments to be made and monitoring of the level of liquidity reserves and the extent of their utilisation (analysis and active management of the maturity ladder).

These principles are applicable at Group level and have to be used across the Liquidity Reference Banks.

The *Operative Maturity Ladder* is composed by the net contractual cash flows (in/outflows) affecting the cash position at Central Banks or "Nostro Account". Therefore, these flows impact directly the "core liquidity" of the bank, over pre-defined time buckets.
The *Operational Maturity Ladder* is composed of the following building-blocks:
- Primary Gap, which shows the net wholesale refinancing requirements over the various time-buckets of the horizon;
- Counterbalancing Capacity, which shows the amount of unencumbered securities that are accepted as collateral by Central Banks and/or market counterparties. The Counterbalancing Capacity is considered at its "Liquidity Value" (i.e. the Market Value minus the applicable Haircut);
- Cumulative Gap, which is the sum of the previous components;
- Reservation for Unexpected Flows, which consists of liquidity adjustment to the Operative Maturity Ladder, to consider a buffer that can be used by the Treasury to refinance unexpected outflows impacting the Central Bank position (included in the short-term buckets). The Reservation for Unexpected Flows takes into account the volatility of the funding needs of the commercial asset portfolio, the volatility of the commercial funding sources, including potential concentration effects, the change of liquidity value of the Counterbalancing Capacity due to observed market price changes.

The Operative Maturity Ladder is included in the Group Risk Appetite Framework, with a limit of 0 on the 3 months bucket.

The Group adopts also the Cash Horizon as a synthetic indicator of the short-term liquidity risk levels. The Cash Horizon identifies the number of days after which the relevant Entity is no longer able to meet its liquidity obligations as expressed in the Operative Maturity Ladder, after having exhausted the available Counterbalancing Capacity.

Part E - Information on risks and hedging policies

Structural liquidity management
The Group's structural liquidity management aims to limit refinancing exposures above one year and thus reducing refinancing needs in the shorter term. The maintenance of an adequate ratio between medium to long-term liabilities and assets aims at avoiding pressures on short-term sources, whether present or future.

The standard measures taken for such purposes are the following:
- the spreading of the maturity of funding operations in order to reduce the usage of less stable funding sources, while in the meantime optimising the cost of funding (integrated management of strategic liquidity and tactical liquidity);
- the financing of growth through strategic funding activities, setting the most appropriate maturities (Yearly Funding Plan);
- the balancing of medium/to long-term wholesale funding requirements with the need to minimise costs, by diversifying sources, national markets, currencies of issuance and instruments used (realisation of the Yearly Funding Plan).

The main metric used to measure the medium/long-term position is the Net Stable Funding Ratio, as described by Basel III.
In general, the Net Stable Funding Ratio is calculated as the ratio between liabilities and assets. All the balance sheet items are mapped according to their contractual maturity. Furthermore, they are assigned a weight that reflect, for the liabilities, their stability within the balance sheet and, for the assets, the portion that is rolled-over by the bank or that, more in general, cannot be traded on the market in exchange of liquidity that would generate relief to the institution. The internal limit set at 101% means that stable liabilities have to fully cover the requirements of funding generated by the assets.

A key structural metric, aimed at measuring the funding needs originated from the commercial activity of the Bank, is the Funding Gap. It measures the need of funding, the bank has to finance on the wholesale market. The indicator is integrated in the Risk Appetite Framework with the aim of monitoring and managing the level of funding coverage of net loans to customers, coming from funding sources not exclusively obtained through Treasury/Finance activity.

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:
- determine liquidity limits both in quantitative and qualitative terms;
- plan and carry out alternative funding transactions for purposes of off-setting liquidity outflows;
- structure/modify the liquidity profile of the Group's assets;
- provide support to the development of the liquidity contingency plan.

In order to execute Stress tests that are consistent across the Liquidity Reference Banks, the Group has a centralised approach to stress testing, requiring each local Liquidity Reference Bank to run the same scenario set under the coordination of the Group 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, whereas scenario tests tend to consider the impact of simultaneous moves in a number of risk factors, based on an hypothetical, well defined and consistent stress scenario.

Liquidity scenarios
At macro level the Group identifies three different types of potential liquidity crisis:
- market (systemic, global or 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.;
- specific to the Group, or part of it (idiosyncratic): name crisis; the assumptions could be operational risk, events related to the worsened perception of the Group reputational risk and a downgrade in UniCredit S.p.A. rating or other Group Legal Entities;
- a combination of market and specific crisis: combined scenario.

These scenarios are expected to cause a substantial reduction in the funding coming from rating-sensitive customers, CD/CPs' investors and inter-bank markets. In addition, a possible usage of the undrawn portion of the Committed Lines is considered.

The *combined scenario* is defined as a general negative development in the market environment and also as a factual or market-hypothesised problem specific to the Group.

During 2017 the Group liquidity stress test result on the combined scenario was always positive.

Downgrading Impacts
Among the liquidity outflows that occur in a stress scenario, the bank has monitor on a monthly basis the impact in terms of additionally required collateral that the bank may be required to provide given a downgrade of its own credit rating. All relevant rating agencies are considered.
The testing is carried out on a legal entity level, but consolidated reporting is available to analyse the impact on group wide basis. Specific attention is dedicated to exposures towards Special purpose Vehicles.

At the Group level the amount of material outflows due to deterioration of own credit quality, included in the components of the Liquidity Coverage Ratio, is equal to €4,613 millions as of December 2017.

Regulatory metrics
The Group is also adopting Basel Committee regulatory ratios, such as Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), as integral part of the overall liquidity management analysis. The necessity to meet the LCR and the NSFR requirement is effectively taken into account both in the Group Funding Plan as well as within the Group Risk Appetite framework, where the limits for both metrics are set at a level that ensure that the Group will be always the minimum regulatory requirements of 100%.

Monitoring and reporting
In the Group the governance and control of liquidity risk is mainly performed through the setting and monitoring of operating restrictions, managerial and regulatory, aimed at preventing potential vulnerabilities in the bank's ability to meet its cash flow obligations that are embedded in risk metrics limits or warning/trigger levels.

The short-term liquidity limits are monitored and reported on a daily basis. The structural liquidity ratios and their 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.

In case of limit breach or warning level activation at Group Level, the Group Risk Management function investigates the rationale of the events, triggering the proper escalation and reporting them to the relevant committees.

Risk mitigation

Mitigation factors
Liquidity risk is considered a relevant risk category for the risk appetite determination of the Group. The practices and processes are included in the "Liquidity Management & Control Group Policy", that defines the principles that Holding Company and Legal Entities have to apply for hedging and mitigating this risk and the roles to be interpreted by Supervisory Board (represented by Board of Directors), the Group Risk Management competence line, the "Group Planning, Finance, Shareholding And Investor Relations" function, the "Treasury" function and the Internal Audit department.

The main liquidity mitigation factors for UniCredit group are:
- an accurate plan of short-term and medium to long-term liquidity needs, to be monitored on a monthly basis;
- 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 regular basis;
- a system of early warning indicators such to anticipate any potential liquidity crisis and give enough time to the Group to restore its safe liquidity profile.

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, defined at each level (i.e. Group, Liquidity Reference Bank and Legal Entity level), is developed consistently with a sustainable analysis of uses and sources, both on short-term and structural positions. One of the objectives of accessing the medium and long-term channels is to avoid 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.
The Holding Company accesses the market for Group capital instruments.

The Holding Company coordinates the market access of the Liquidity Reference Banks and Legal Entities, while the Liquidity Reference Banks coordinate the access of the Legal Entities falling within their perimeter.
Each Legal Entity or Liquidity Reference Bank can access the markets for medium and long-term funding, in order to increase its self-sufficiency, exploit market opportunities and functional specialisation, safeguarding the optimisation of cost of funds of the Group.
Group Planning, Finance, Shareholding And Investor Relations function is responsible for the elaboration of the Funding Plan. Risk Management is responsible for providing an independent assessment of the Funding Plan.

Part E - Information on risks and hedging policies

Group Contingency Liquidity Management
A liquidity crisis is a high impact, low probability event. Therefore, a crisis-mode operating model, that can be activated effectively in case of crisis according to an approved procedure, has been defined. In order to be able to proceed timely, a set of mitigating actions have been 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 minimise 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 Early Warning Indicators the organisation may be able to reduce the negative liquidity effects in the initial stages of a crisis.
The 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 clearly identify 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 to the bank), or a combination of both.

The *Group contingency liquidity management* Global Policy has the objective of ensuring effective interventions starting from the very outset (initial hours) of the liquidity crisis, through the definition of specific guidelines on activation, meetings, decisions, actions and communications.

This is achieved through:
- a set of Early Warning Indicators that may help to identify emerging vulnerabilities in the Group liquidity risk position;
- activation of extraordinary liquidity governance and operating model linked to indicators included in both the risk appetite and recovery and resolution plan framework;
- a set of available standby mitigating liquidity actions;
- consistent internal and external communication.

A relevant part of the contingency liquidity management is the Contingency Funding Plan. Such a plan consists of a set of potential but concrete management actions to be performed in time of crisis. Such actions are described in terms of size, instrument, and timing of execution aimed at improving the bank's liquidity position during time of crisis. The Contingency Funding Plan is developed on the basis of the annual Funding Plan.

Early Warning Indicators
A specific Early Warning Indicators dashboard is in place both at the Group and at the relevant legal entities level.
A system of Early Warning Indicators is in place in order to continuously monitor situations of stress, which may, among others, be originated by market, sector or name specific events. That is, they are based either on macroeconomic or market indicators that also reflect the monetary policy stance of the Central Banks variables, or on specific internal metrics. The system of Early Warning Indicators helps to identify emerging vulnerabilities in the Group's liquidity risk position or potential funding needs, triggering a potential response by the senior management. A "traffic light approach" is adopted for each metric in order to have sufficient time to inform senior management of a deteriorating situation and allow to put in place adequate actions aimed at restoring the business-as-usual state.

Quantitative information

1. Time breakdown by contractual residual maturity of financial assets and liabilities

(€ '000)

	AMOUNTS AS AT 12.31.2017									
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
On-balance sheet assets	**79,378,708**	**24,894,507**	**16,416,157**	**28,742,127**	**54,922,937**	**33,839,413**	**51,405,007**	**224,127,985**	**179,528,509**	**12,843,835**
A.1 Government securities	39,382	90,415	2,250,945	2,601,037	3,040,707	6,923,737	10,416,130	58,609,011	23,441,357	-
A.2 Other debt securities	60,255	17,388	79,678	952,363	1,869,397	3,972,109	3,611,218	20,474,851	19,014,766	94,824
A.3 Units in investment funds	772,108	-	-	-	-	-	-	1,020	-	2,664,991
A.4 Loans	78,506,963	24,786,704	14,085,534	25,188,727	50,012,833	22,943,567	37,377,659	145,043,103	137,072,386	10,084,020
- Banks	15,704,909	7,386,868	2,947,392	8,250,300	22,423,447	4,518,848	5,594,974	3,325,310	1,003,603	2,624,570
- Customers	62,802,054	17,399,836	11,138,142	16,938,427	27,589,386	18,424,719	31,782,685	141,717,793	136,068,783	7,459,450
On-balance sheet liabilities	**356,473,215**	**48,806,072**	**21,421,623**	**28,295,649**	**50,823,178**	**21,832,394**	**32,972,119**	**116,476,225**	**53,785,390**	**9,980,618**
B.1 Deposits and current accounts	334,676,308	19,212,041	5,273,202	14,354,534	25,140,693	10,130,070	12,616,557	9,648,629	1,004,038	-
- Banks	12,012,348	2,988,815	748,694	845,137	1,198,193	289,286	477,316	620,865	297,446	-
- Customers	322,663,960	16,223,226	4,524,508	13,509,397	23,942,500	9,840,784	12,139,241	9,027,764	706,592	-
B.2 Debt securities	4,421,030	355,275	2,526,674	2,465,546	4,281,844	6,985,929	12,337,382	41,501,895	40,517,496	2,888,184
B.3 Other liabilities	17,375,877	29,238,756	13,621,747	11,475,569	21,400,641	4,716,395	8,018,180	65,325,701	12,263,856	7,092,434
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	51,112	10,147,425	6,771,822	17,345,531	42,703,004	25,622,011	13,969,827	15,904,894	15,487,125	587
- Short positions	51,113	12,739,034	6,767,282	17,416,997	42,212,122	24,606,152	14,815,765	16,536,871	10,667,433	586
C.2 Cash settled financial derivatives										
- Long positions	14,086,197	1,281,009	404,408	1,766,755	4,606,899	5,480,938	7,035,446	21,885,448	5,784,307	-
- Short positions	11,736,165	1,280,862	405,777	1,769,667	4,678,127	5,449,750	7,122,703	21,883,309	5,779,995	-
C.3 Deposit to be received										
- Long positions	46,980	3,258,729	-	-	100,761	510,653	685,754	124,306	-	-
- Short positions	-	53,969	693,568	214,343	1,828,606	515,119	1,020,613	400,965	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	31,423,741	8,505,241	308,793	591,400	3,173,765	13,414,713	2,671,111	22,722,571	5,751,882	221,692
- Short positions	37,865,331	6,860,163	46,002	385,775	1,799,579	13,352,449	2,512,998	20,003,884	5,750,858	207,869
C.5 Written guarantees	827,164	21,097	28,790	98,016	188,793	297,940	480,745	699,222	954,722	-
C.6 Financial guarantees received	5,034,656	23,628	12,037	103,047	268,209	94,779	168,569	1,416,830	11,512,356	351,461
C.7 Physically settled credit derivatives										
- Long positions	-	14,124	-	8,000	692,000	2,898,000	1,651,000	12,256,000	21,000	-
- Short positions	-	14,124	-	7,000	557,000	2,462,000	2,056,000	12,175,000	81,000	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	42,000	42,000	36,100	285,000	610,000	-
- Short positions	-	-	-	-	-	127,000	20,100	358,000	662,000	-

Part E - Information on risks and hedging policies

1.1 Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: euro

(€ '000)

ITEMS/MATURITIES	AMOUNTS AS AT 12.31.2017									
	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
On-balance sheet assets	**57,861,091**	**19,872,973**	**14,328,256**	**20,889,335**	**47,121,583**	**29,154,197**	**45,829,284**	**198,392,264**	**160,553,580**	**12,723,773**
A.1 Government securities	31,438	52,839	2,245,843	1,907,153	2,769,779	6,704,868	10,032,603	53,763,394	21,001,352	-
A.2 Other debt securities	7,810	16,805	79,065	899,972	1,837,003	3,953,173	3,453,269	18,452,571	17,273,041	68,992
A.3 Units in investment funds	756,277	-	-	-	-	-	-	1,020	-	2,645,121
A.4 Loans	57,065,566	19,803,329	12,003,348	18,082,210	42,514,801	18,496,156	32,343,412	126,175,279	122,279,187	10,009,660
- Banks	11,867,243	3,472,660	1,661,250	2,944,065	17,901,404	3,709,963	4,909,919	2,985,483	481,500	2,624,568
- Customers	45,198,323	16,330,669	10,342,098	15,138,145	24,613,397	14,786,193	27,433,493	123,189,796	121,797,687	7,385,092
On-balance sheet liabilities	**327,577,950**	**37,777,574**	**17,842,284**	**18,140,151**	**44,805,692**	**17,950,928**	**28,441,377**	**110,649,676**	**46,677,021**	**9,980,336**
B.1 Deposits and current accounts	306,915,813	8,502,368	2,319,779	4,702,083	20,296,087	7,495,790	9,097,847	7,628,357	747,790	-
- Banks	10,335,655	1,723,350	377,030	316,666	462,983	256,798	424,822	494,329	297,446	-
- Customers	296,580,158	6,779,018	1,942,749	4,385,417	19,833,104	7,238,992	8,673,025	7,134,028	450,344	-
B.2 Debt securities	4,198,026	275,616	2,474,208	2,281,925	3,970,524	6,206,783	11,774,949	38,394,470	34,605,072	2,888,184
B.3 Other liabilities	16,464,111	28,999,590	13,048,297	11,156,143	20,539,081	4,248,355	7,568,581	64,626,849	11,324,159	7,092,152
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	26,463	4,857,142	2,124,331	6,093,064	15,966,102	12,850,451	10,982,913	9,977,008	13,723,145	587
- Short positions	50,808	5,808,626	2,809,594	5,588,418	15,228,002	13,459,673	9,866,229	10,248,147	7,519,403	586
C.2 Cash settled financial derivatives										
- Long positions	13,762,162	161,807	282,752	841,631	2,933,533	1,817,295	6,091,746	10,531,794	1,655,348	-
- Short positions	11,148,970	765,259	80,270	482,875	1,185,970	583,103	1,175,912	4,221,229	1,748,558	-
C.3 Deposit to be received										
- Long positions	-	3,250,933	-	-	100,761	510,653	685,754	124,306	-	-
- Short positions	-	52,097	677,478	185,159	1,824,771	511,324	1,020,613	400,965	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	30,459,963	8,492,297	263,596	312,384	2,680,689	983,766	1,758,075	19,351,751	4,044,652	207,882
- Short positions	36,723,574	6,749,811	42,496	305,708	1,216,612	956,081	1,638,451	16,670,825	4,043,628	207,869
C.5 Written guarantees	803,212	17,843	9,092	53,617	105,209	197,212	193,874	458,098	942,001	-
C.6 Financial guarantees received	5,032,609	593	11,570	96,715	244,396	63,453	34,904	1,180,719	10,457,913	280,728
C.7 Physically settled credit derivatives										
- Long positions	-	-	-	-	190,000	2,375,000	1,118,000	7,789,000	10,000	-
- Short positions	-	-	-	-	93,000	1,995,000	1,526,000	7,768,000	73,000	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	-	-	20,100	-	610,000	-
- Short positions	-	-	-	-	-	85,000	20,100	357,000	662,000	-

1.2 Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: other currencies

(€ '000)

	AMOUNTS AS AT 12.31.2017									
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
On-balance sheet assets	**21,517,617**	**5,021,534**	**2,087,901**	**7,852,792**	**7,801,354**	**4,685,216**	**5,575,723**	**25,735,721**	**18,974,929**	**120,062**
A.1 Government securities	7,944	37,576	5,102	693,884	270,928	218,869	383,527	4,845,617	2,440,005	-
A.2 Other debt securities	52,445	583	613	52,391	32,394	18,936	157,949	2,022,280	1,741,725	25,832
A.3 Units in investment funds	15,831	-	-	-	-	-	-	-	-	19,870
A.4 Loans	21,441,397	4,983,375	2,082,186	7,106,517	7,498,032	4,447,411	5,034,247	18,867,824	14,793,199	74,360
- Banks	3,837,666	3,914,208	1,286,142	5,306,235	4,522,043	808,885	685,055	339,827	522,103	2
- Customers	17,603,731	1,069,167	796,044	1,800,282	2,975,989	3,638,526	4,349,192	18,527,997	14,271,096	74,358
On-balance sheet liabilities	**28,895,265**	**11,028,498**	**3,579,339**	**10,155,498**	**6,017,486**	**3,881,466**	**4,530,742**	**5,826,549**	**7,108,369**	**282**
B.1 Deposits and current accounts	27,760,495	10,709,673	2,953,423	9,652,451	4,844,606	2,634,280	3,518,710	2,020,272	256,248	-
- Banks	1,676,693	1,265,465	371,664	528,471	735,210	32,488	52,494	126,536	-	-
- Customers	26,083,802	9,444,208	2,581,759	9,123,980	4,109,396	2,601,792	3,466,216	1,893,736	256,248	-
B.2 Debt securities	223,004	79,659	52,466	183,621	311,320	779,146	562,433	3,107,425	5,912,424	-
B.3 Other liabilities	911,766	239,166	573,450	319,426	861,560	468,040	449,599	698,852	939,697	282
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	24,649	5,290,283	4,647,491	11,252,467	26,736,902	12,771,560	2,986,914	5,927,886	1,763,980	-
- Short positions	305	6,930,408	3,957,688	11,828,579	26,984,120	11,146,479	4,949,536	6,288,724	3,148,030	-
C.2 Cash settled financial derivatives										
- Long positions	324,035	1,119,202	121,656	925,124	1,673,366	3,663,643	943,700	11,353,654	4,128,959	-
- Short positions	587,195	515,603	325,507	1,286,792	3,492,157	4,866,647	5,946,791	17,662,080	4,031,437	-
C.3 Deposit to be received										
- Long positions	46,980	7,796	-	-	-	-	-	-	-	-
- Short positions	-	1,872	16,090	29,184	3,835	3,795	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	963,778	12,944	45,197	279,016	493,076	12,430,947	913,036	3,370,820	1,707,230	13,810
- Short positions	1,141,757	110,352	3,506	80,067	582,967	12,396,368	874,547	3,333,059	1,707,230	-
C.5 Written guarantees	23,952	3,254	19,698	44,399	83,584	100,728	286,871	241,124	12,721	-
C.6 Financial guarantees received	2,047	23,035	467	6,332	23,813	31,326	133,665	236,111	1,054,443	70,733
C.7 Physically settled credit derivatives										
- Long positions	-	14,124	-	8,000	502,000	523,000	533,000	4,467,000	11,000	-
- Short positions	-	14,124	-	7,000	464,000	467,000	530,000	4,407,000	8,000	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	42,000	42,000	16,000	285,000	-	-
- Short positions	-	-	-	-	-	42,000	-	1,000	-	-

Part E - Information on risks and hedging policies

Section 4 - Operational Risk

Qualitative information

A. General aspects, operational processes and methods for measuring operational risk

Operational risk
Operational risk is the risk of loss due to errors, infringements, interruptions, damages caused by internal processes or personnel or systems or caused by external events. This definition includes legal and compliance risks, but excludes strategic and reputational risk.

For example, losses arising from the following can be defined as operational: internal or external fraud, employment practices and workplace safety, client claims, products distribution, fines and penalties due to regulation breaches, damage to the company's physical assets, business disruption and system failures, process management.

Group operational risk framework
UniCredit group sets the operational risk management framework as a combination of policies and procedures for controlling, measuring and mitigating the operational risk of the Group and controlled entities.
The operational risk policies, applying to all Group entities, are common principles defining the roles of the company bodies, the operational risk management function as well as the relationship with other functions involved in operational risk monitoring and management.

The Parent company coordinates the Group entities according to the internal regulation and the Group operational risk control rulebook. Specific risk committees (Group Risk & Internal Control Committee, GALCO, Group Operational and 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 Parent company Group Operational & Reputational Risks department and applies to all Group entities. A pivot element of the risk control framework is the operational risk management application, allowing the collection of the data required for operational risk control and capital measurement.

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.

Since March 2008, the UniCredit group has used the AMA model (Advanced Measurement Approach) for calculating operational risk capital. The use of this method has been rolled out to the main entities of the Group.

Organisational 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 Risks Committee" is responsible for monitoring operational and reputational risks at Group level, evaluating incidents significantly affecting the overall operational and reputational risk profile, submitting to the "Group Risk & Internal Control Committee", for either approval or information, operational and reputational risk strategies, policies, guidelines, methodologies, operational losses trend monitoring based on operational expected losses forecast as well as regular reporting on operational and reputational risk portfolio.

The Committee is responsible for ensuring consistency in operational and reputational risk policies, methodologies and practices across Business Functions and Legal Entities. It controls and monitors the Group operational and reputational risk portfolio and risk mitigation actions.

The "Group Operational & Reputational Risks Committee" receives from the competent Committees a periodical report on all the transactions assessed in terms of reputational risk, based on the guidelines and policies in force on reputational risk.

The Group Operational & Reputational Risks department reports to the head of Group Risk Management and supervises and manages the overall profile of the operational and reputational risks in the Group by defining the strategies, methodologies and forecast on expected operational losses.

The department has four organisational units:

- "Operational & Reputational Risks Oversight", responsible for defining the principles and rules at Group level for identification, assessment and control of operational and reputational risk and monitoring their correct application by the Legal Entities;
- "Operational & Reputational Risks Advanced Analytics and Strategies", responsible for defining risk capital measurement approaches, calculating operational risk capital and the corresponding economic capital. Furthermore it is responsible for defining operational risk trategies;
- "Operational & Reputational Risks Management", responsible for supporting the business functions (i.e. UniCredit S.p.A. Network and Competence Line, CIB Division) in the identification of the operational and reputational risks performing specific risk assessment activities (e.g. on relevant transactions);
- "Operational, Reputational Risks on Credit Framework & Fraud Management", responsible for the identification and control of operational risks on credit framework in order to contribute to inherent losses reduction. The unit is also responsible, with reference to UniCredit S.p.A, for identifying measures necessary to prevent, control and manage residential mortgage and consumer credit fraud.

The Operational Risk Management functions of the controlled entities provide specific operational risk training to staff, also with the use of intranet training programmess, and are responsible for the correct implementation of the Group framework elements.

Internal validation process

In compliance with regulations, an internal validation process for the operational risk control and measurement system has been set up at the Parent Company and in the relevant Group Entities in order to verify the compliance with regulations and Group standards. This process is responsibility of Market, Operational and Pillar II Risks Validation unit, within the Group Internal Validation department.
Group methodologies for measuring and allocating the capital at risk and the IT system are validated at Parent Company level by the abovementioned function, while the implementation of the operational risk control and management system within the relevant Entities is analysed by local Operational Risk Management functions with a self-assessment, following the technical instructions and policies issued by Group Internal Validation.
The results of the local assessments are annually verified by Group Internal Validation, which also performs additional analysis on data and documentation. Such evidences are the basis for the release of specific validation reports to the relevant subsidiaries. The local validation report, together with the opinion of Group Internal Validation and Internal Audit report are submitted to the Entities' competent governing bodies.
All the validation outcomes on the operational risk control and measurement system, both at Parent Company and controlled entities level, are annually consolidated within the annual validation report which, along with the annual Internal Audit report, is presented to the UniCredit Board of Directors. Eventually, the Board of Directors resolves on the Group system compliance with minimum regulatory requirements, also taking into consideration the related decisions taken by individual Governing Bodies of the controlled Legal Entities.
Periodical reporting on validation activities is submitted also to "Group Operational & Reputational Risks Committee".

Reporting

A reporting system has been developed to keep senior management and the management body regularly informed on the Group operational risk exposure and the risk mitigation actions.
In particular, monthly reports are provided on operational losses trend, specific key risk indicators to monitor risk exposure and the main initiatives undertaken to prevent or mitigate operational risk in the various business areas. Quarterly updates are provided on capital-at-risk estimates.

Operational risk management and mitigation

Operational risk management exploits process reengineering to reduce the risk exposure and insurance policies management, defining proper deductibles and policies limits.
In the Legal entities, the Risk Committee (or other bodies in accordance to local regulations) reviews risks tracked by the Operational Risk functions with the support of functions involved in daily operational risk control, and monitors the risk mitigation initiatives.

Stress test

Starting from 2017, the Group is performing regular sensitivity analysis and stress testing for Operational Risk, including complex scenarios as part of the Firm-wide Stress test exercise defined in the Group Stress Test Council with the aim to verify the response of the loss model and the resulting capital at risk to changes in the underlying macro-economic factors data set. Scenarios are proposed by Research Department, discussed and finalised within the Group Stress Test Council. Firm-wide Scenarios will be run twice a year, or on demand if it is required, in order to assess the potential risks driven by changes in the macro-economic environment.

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, scenario analysis data and risk indicators.

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Capital at risk is calculated per risk class. For each risk class, severity and frequency of loss data are separately estimated to obtain the annual loss distribution through simulation. The severity distribution is estimated on internal, external and scenario analysis 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, considering also insurance coverage. Capital at risk is calculated at a confidence level of 99.9% on the overall loss distribution for regulatory purposes and for economic capital purposes, considering expected loss deduction. Through an allocation mechanism, the individual Legal Entities' capital requirements are identified, reflecting the Entities' risk exposure.

B. Legal Risks

UniCredit and other UniCredit group companies are named as defendants in several legal proceedings. In particular, as of 31 December 2017, UniCredit and other UniCredit group companies were named as defendants in about 19,800 legal proceedings (excluding labor law cases, tax cases and credit recovery actions in which counterclaims were asserted or objections raised with regard to the credit claims of Group companies).
Moreover, from time to time, past and present directors, officers and employees may be involved in civil and/or criminal proceedings, the details of which the UniCredit group may not lawfully know about or communicate.
The Group is also required to appropriately fulfill various legal and regulatory requirements in relation to certain aspects of its activity, such as conflicts of interest, ethical issues, anti-money laundering laws, US and international sanctions, client assets, competition law, privacy and information security rules and others. Actual or alleged failure to do so may lead, to additional litigation and investigations and subjects the Group to damages claims, regulatory fines, other penalties and/or reputational damages. In addition, one or more Group companies and/or their current and/or former directors are subject or may in the future be subject to investigations by the relevant supervisory or prosecutorial authority in a number of countries in which the Group operates. These include investigations and/or proceedings relating, inter alia, to aspects of systems and controls and instances of actual and potential regulatory infringement by the relevant Group companies and/or its clients. Given the nature of the UniCredit group's business and its reorganisation over time there is a risk that claims or matters that initially involve one Group company may affect or involve other Group entities.
In many cases, there is substantial uncertainty regarding the outcomes of the proceedings and the amount of possible losses. These cases include criminal proceedings, administrative proceedings brought by the relevant supervisory or prosecution authorities and/or claims in which the claimed damages and/or potential liability of the Group is not and cannot be determined, either because of how the claims is presented and/or because of the nature of the actual proceedings. In such cases, until the time when it will be possible to estimate reliably the potential outcome, no provisions are made. However, where it is possible to estimate reliably the amount of possible losses and the loss is considered likely, provisions have been made in the financial statements to the extent UniCredit , or any of the Group companies involved, deemed appropriate based on the circumstances of the case and in compliance with International Accounting Standards (IAS).
To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labor law and tax cases), as of 31 December 2017, the UniCredit group set aside a provision for risks and charges of €1,294 million.
As of 31 December 2017, the total amount of claimed damages relating to judicial proceedings other than labor, tax and debt collections proceedings was €10.6 billion. This figure is affected by both the disomogeneous nature of the pending proceedings and the number of involved jurisdictions and their corresponding characteristics in which the UniCredit group is named as a defendant.
The estimate for reasonably possible liabilities and this provision are based upon information available as of 31 December 2017, however, given the many uncertainties inherent in legal proceedings, they involve significant elements of judgment. In particular, in some cases it is not possible to form a reliable estimate, for instance where proceedings have not yet been commenced or where the extent of legal and factual uncertainties makes any estimate speculative. Therefore any provision may not be sufficient to meet entirely the legal costs and the fines and penalties that may result from pending legal actions.
Set out below is a summary of information, including, if material and/or indicated, the single requests of the plaintiffs, relating to matters involving the UniCredit group which are not considered groundless or in the ordinary course of the Group's business.
This section also describes pending proceedings against UniCredit and/or other UniCredit group companies and/or employees (even former employees) that UniCredit considers relevant and which, at present, are not characterised by a defined claim or for which the respective claim cannot be quantified.
Unless expressly mentioned below, labor law and tax claims are excluded from this section and are described elsewhere in the notes of this section.
In accordance with IAS37, information that would seriously prejudice the relevant company's position in the dispute may be omitted.

Madoff

Background

UniCredit and several of its direct and indirect subsidiaries have been subject to legal action or investigated in the wake of a Ponzi Scheme perpetrated by Bernard L. Madoff ("Madoff") through his company Bernard L. Madoff Investment Securities LLC ("BLMIS"), which was exposed in December 2008.

The background of such litigations and investigations, and the connections between UniCredit S.p.A. and certain of its affiliates with BLMIS, have been more fully disclosed in prior reporting periods.

Proceedings in the United States
Claims by the SIPA Trustee
In December 2010, the bankruptcy administrator (the "SIPA Trustee") for the liquidation of BLMIS filed, as one of a number of cases, a case before a US Federal Court against ca. 60 defendants, including HSBC, UniCredit and certain of its affiliates (the "HSBC" case).
In the HSBC case, the SIPA Trustee sought to recover a damage compensation for an overall amount of more than 6 billion dollars (to be later determined over the course of the proceedings) against all 60 or so defendants for common law claims (i.e. claims for aiding and abetting the violations by BLMIS) and avoidance claims (also known as claw-back claims). No separate claim for damages was brought against the UniCredit Group.
All claims against UniCredit and other companies of the UniCredit Group, both relating to common law claims and those related to claw-back actions, were rejected without any possibility of appeal, with the exception of (i) UCB Austria, where on 21 July 2015 the SIPA Trustee has voluntarily waived, with possibility to appeal, the claw-back actions against UCB Austria; and (ii) BAWFM, where, on 22 November 2016, the bankruptcy court issued a decision that required the dismissal of the claw-back claims against BAWFM. On 16 March 2017, the SIPA Trustee filed a notice of appeal from the dismissal of the claims. The appeal remains pending. However, if that appeal were successful, the potential claim for damage is non-material and, therefore, there are no specific risk profiles for UniCredit Group. Certain current or formerly affiliated persons named as defendants in the HSBC case may have rights to indemnification from UniCredit and its affiliated entities. Furthermore, to date and to the knowledge of UniCredit, there are no further actions commenced by parties other than the SIPA Trustee in relation to this matter.

Claim by SPV OSUS Ltd
UniCredit and certain of its affiliates - UCB Austria, BAWFM and PAI - have been summoned, together with approximately 40 other defendants, in a lawsuit filed before the Supreme Court of the State of New York, County of New York, on 12 December 2014, by SPV OSUS Ltd. The plaintiffs' claims are based on common law, and are only aimed at obtaining monetary compensation, vis-à-vis all defendants in connection with alleged aiding and abetting a breach of fiduciary duty, aiding and abetting a fraud, aiding and abetting a conversion and knowing participation in a breach of trust in connection with the Madoff Ponzi Scheme. The case is brought on behalf of investors in BLMIS, with no specification of the claimed amount. The action filed by SPV OSUS Ltd is still in the initial stage.

Proceedings outside the United States
Investors in the Primeo and Herald funds brought numerous civil proceedings in Austria. As of 31 December 2017, 44 civil proceedings remain pending with a claimed amount totaling €12.8 million plus interest, of which: 40 are pending before a judge of first instance with no judgment yet, one case in which UCB Austria will appeal a decision to the Court of Appeal and three cases in which it is not yet known whether the claimants will bring an extraordinary appeal before the Supreme Court. The claims in these proceedings pertain to alleged breaches by UCB Austria of certain duties regarding its function as prospectus controller (i.e. regarding the review of prospectuses for accuracy and completeness), or that UCB Austria improperly advised certain investors (directly or indirectly) to invest in funds in Madoff-related investments or a combination of these claims.
The Austrian Supreme Court issued 23 final decisions with respect to prospectus liability claims asserted in the legal proceedings. With respect to claims related to the Primeo funds, 13 final Austrian Supreme Court decisions have been issued in favor of UCB Austria. In two cases the Supreme Court did not accept UCB Austria's extraordinary appeal, thus making the decisions of the Court of Appeal in favor of the claimant final and binding. With respect to the Herald fund, the Austrian Supreme Court ruled 5 times with respect to prospectus liability, 2 in favor of UCB Austria and 3 times in favor of the claimants. In a prospectus liability case with Primeo and Herald investments the Austrian Supreme Court ruled in favor of UCB Austria; in two further prospectus liability cases with Primeo and Herald investments the Supreme Court did not accept the claimants' extraordinary appeals, thus rendering binding the decisions of the Court of Appeal in favor of Bank Austria.
While the impact of these decisions on the remaining cases cannot be predicted with certainty, future rulings may be adverse to UCB Austria.
In respect of the Austrian civil proceedings pending as against UCB Austria related to Madoff's matter, UCB Austria has made provisions for an amount considered appropriate to the current risk.
UCB Austria has been named as a defendant in criminal proceedings in Austria concerning the Madoff case on allegations that UCB Austria breached provisions of the Austrian Investment Fund Act as prospectus controller of the Primeo fund; other allegations are related to the level of fees and embezzlement. Regarding the violation of duties as Primeo prospectus controller, the investigations were closed in August 2017. Private parties appealed against this decision. The criminal proceedings regarding the other allegations are still at the investigation stage and no official indictments against UCB Austria have been brought by the Austrian prosecutor, therefore, it is not possible to estimate the sanctions (if any) that would be imposed on UCB Austria as well as the potential joint liability of UCB Austria.

Certain potential consequences
In addition to the foregoing proceedings and investigations stemming from the Madoff case against UniCredit, its subsidiaries and some of their respective employees and former employees, subject to any applicable limitations on the time by when proceedings must be brought, additional Madoff-related proceedings may be filed in the future in the United States, Austria or elsewhere. Such potential future proceedings could be filed against UniCredit, its subsidiaries, their respective employees or former employees or entities with which UniCredit is affiliated or may have

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investments in. The pending or possible future proceedings may have negative consequences for the UniCredit Group.
Save as described above, at the moment, it is not possible to estimate reliably the timing and results of the various proceedings, nor determine the level of liability, if any responsibility exists. Save as described above, in compliance with international accounting standards, no provisions have been made for specific risks associated with Madoff related claims and charges.

Alpine Holding GmbH
Alpine Holding GmbH (a limited liability company) undertook a bond offering every year from 2010 to 2012. In 2010 and 2011, UCB Austria acted as joint lead manager, together with another bank. In June/July 2013, Alpine Holding GmbH and Alpine Bau GmbH became insolvent and insolvency proceedings began. Numerous bondholders then started to send letters to the banks involved in issuing the bonds, setting out their claims.
Insofar as UCB Austria is concerned, bondholders based their claims primarily on prospectus liability of the joint lead managers; only in a minority of cases they also claimed an alleged misselling due to bad investment advice by the banks that sold the bonds to their customers. UCB Austria, among other banks, has been named as defendant in civil proceedings initiated by investors including three class actions filed by the Federal Chamber of Labor (with the claimed amount totaling about €20.3 million). The principal claim is prospectus liability. These civil proceedings are mainly pending in the first instance.
At present no final decisions have been issued against UCB Austria. In addition to the foregoing proceedings against UCB Austria stemming from the Alpine insolvency, additional Alpine-related actions have been threatened and may be filed in the future. The pending or future actions may have negative consequences for UCB Austria. At the moment, it is not possible to estimate reliably the timing and results of the various actions, nor determine the level of liability, if any.
In addition,
Several involved persons have been named as defendants in criminal proceedings in Austria which concern the Alpine bankruptcy case. UCB Austria has joined these proceedings as private party. Unknown responsible persons of the issuing banks involved are formally also investigated by the public prosecutor’s office. In May 2017, the Public Prosecutors Office against Corruption decided to close the proceedings against unknown responsible persons of the issuing banks. Private parties appealed against this decision. The criminal proceedings are at the pre-trial stage.

Proceedings arising out of the purchase of UCB AG by UniCredit and the related Group reorganisation.
Squeeze-out of UCB AG minority shareholders (Appraisal Proceeding)
In 2008, approximately 300 former minority shareholders of UCB AG filed a request before the District Court of Munich I to have a review of the price paid to them by UniCredit, equal to €38.26 per share, in the context of the squeeze out of minority shareholders (Appraisal Proceeding). The dispute mainly concerns the valuation of UCB AG, which is the basis for the calculation of the price to be paid to the former minority shareholders. At present the proceeding is pending in the first instance. The District Court of Munich has appointed experts for the valuation of UCB AG at the time of the squeeze-out, who have submitted their opinion in November 2017. The experts have confirmed that the valuation of UCB AG for the purposes of the squeeze-out cash compensation was by and large adequate. The court-appointed experts have, however, identified certain value effects which, in the opinion of the experts, could lead to a value increase of UCB AG’s former subsidiaries Bank Austria and certain CEE financial institutions. Against this background, the experts question the appropriateness of the purchase prices paid before the squeeze-out by UniCredit to UCB AG for UCB Austria and for the said CEE financial institutions. The opinion of the experts does not bind the court. UniCredit continues to believe that it has fully complied with applicable law and that the amount paid to the minority shareholders was adequate. UniCredit will vigorously defend this position in the ongoing proceedings. All parties will have an opportunity to comment on the expert opinion, and the court is likely to hold an oral hearing thereafter. It will then be upon the court of first instance to decide on the request of the minority shareholders based on the expert opinion and the legal issues that are relevant and material to the decision of the court. The decision of first instance will be subject to appeal. Thus, at this stage, it is not possible to estimate the duration of the proceeding, which might also last for a number of years and could result in UniCredit having to pay additional cash compensation to the former shareholders. No estimate on the amount in dispute can be made at the current stage of the proceeding.

Squeeze-out of UCB Austria’s minority shareholders (Appraisal Proceeding)
In 2008, approximately 70 former minority shareholders in UCB Austria commenced proceedings before the Commercial Court of Vienna claiming that the squeeze-out price paid to them, equal to €129.4 per share, was inadequate, and asking the court to review the adequacy of the amount paid (Appraisal Proceeding).
The Commercial Court of Vienna referred the case to a panel, called the “Gremium”, to investigate the facts of the case in order to review the adequacy of the cash compensation. UniCredit, considering the nature of the valuation methods used, believes that the amount paid to the minority shareholders was adequate. In December 2011, the expert appointed by the Gremium rendered its expert opinion on the adequacy of the cash compensation already paid. In May 2013, a supplement opinion was prepared. The results of such opinions are, in general, positive for UniCredit. Due to several formal issues, the proceeding before the Gremium is still not finalised. The last oral hearing before the Gremium was held on 22 January 2018. If no settlement is reached, the Gremium will refer the case back to the Commercial Court of Vienna, which will have to decide on the price evaluation as well as on the legal issues.
At present the proceeding is pending in the first instance. Currently, it is not possible to evaluate the amount under dispute and the possible risk connected with the above described Appraisal Proceeding.

Financial sanctions matters

In the past years, violations of US sanctions and certain US dollar payment practices have resulted in certain financial institutions entering into settlements and paying substantial fines and penalties to various US authorities, including the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), the U.S. Department of Justice ("DOJ"), the District Attorney for New York County ("NYDA"), the U.S. Federal Reserve ("Fed") and the New York Department of Financial Services ("DFS"). More specifically, in March 2011, UCB AG received a subpoena from the NYDA relating to historical transactions involving certain Iranian entities designated by OFAC and their affiliates. In June 2012, the DOJ opened an investigation of OFAC-related compliance by UCB AG and its subsidiaries more generally.

In this context, UCB AG is conducting a voluntary investigation of its U.S. dollar payments practices and its historical compliance with applicable U.S. financial sanctions, in the course of which certain historical non-transparent practices have been identified. In addition, UCB Austria has independently initiated a voluntary investigation of its historical compliance with applicable U.S. financial sanctions and has similarly identified certain historical non-transparent practices. UniCredit is also in the process of conducting a voluntary review of its historical compliance with applicable U.S. financial sanctions. The scope, duration and outcome of any such review or investigation will depend on facts and circumstances specific to each individual case. Each of these entities is cooperating with the relevant U.S. authorities and remediation activities relating to policies and procedures have commenced and are ongoing. Each Group entity subject to investigations is updating its regulators as appropriate.

It is also possible that investigations into historical compliance practices may be extended to other companies within the Group or that new investigations or proceedings may be commenced against UniCredit and/or the Group. These investigations and/or proceedings into certain Group companies could result in UniCredit and/or the Group being required to pay material fines and/or being the subject of criminal or civil penalties (which at present cannot be quantified).

UniCredit and the Group companies have not yet entered into any agreement with the various U.S. authorities and therefore it is not possible to determine the form, extent or the timing of any resolution with any relevant authorities, including what final costs, remediation, payments or other legal liability that may occur in connection therewith.

While the timing of any agreement with the various U.S. authorities is currently not determinable, it is possible that the investigations into one or all of the Group entities could be completed by the end of the year.

Recent violations of U.S. sanctions and certain U.S. dollar payment practices by other European financial institutions have resulted in those institutions entering into settlements and paying material fines and penalties to various U.S. authorities. At present, UniCredit and the Group companies have no reliable basis on which to compare the ongoing investigations relating to the Group companies to any settlements involving other European institutions, however, it is not possible to assure that any settlement, if any, will not be material.

The investigation costs, remediation required and/or payment or other legal liability incurred in connection with the proceedings could lead to liquidity outflows and could potentially negatively affect our net assets and net results and those of one or more of our subsidiaries. Such an adverse outcome to one or more of the Group entities subject to investigation could have a material adverse effect, also on a reputational basis, on the business, results of operations or financial condition of the Group, as well as on the ability of the Group to meet the relevant capital requirements.

Proceedings related to claims for withholding tax credits

On 31 July 2014, the Supervisory Board of UCB AG concluded its internal investigation into the so-called "cum-ex" transactions (the short selling of equities around dividend dates and claims for withholding tax credits) at UCB AG. The findings of the Supervisory Board's investigation indicated that the bank sustained losses due to certain past acts/omissions of individuals.

The Supervisory Board has submitted a claim for compensation against three individual former members of the management board, not seeing reasons to take any action against the current members. These proceedings are ongoing. UniCredit, UCB AG's parent company, supports the decisions taken by the Supervisory Board. In addition, criminal investigations have been conducted against current or former employees of UCB AG by the Prosecutors in Frankfurt on the Main, Cologne and Munich with the aim of verifying alleged tax evasion offences on their part. UCB AG cooperated - and continues to cooperate - with the aforesaid Prosecutors who investigated offences that include possible tax evasion in connection with cum-ex transactions both for UCB AG's own book as well as for a former customer of UCB AG. Proceedings in Cologne against UCB AG and its former employees were closed in November 2015 with, inter alia, the payment by UCB AG of a fine of €9.8 million. The investigations by the Frankfurt on the Main Prosecutor against UCB AG under section 30 of the Administrative Offences Act (the Ordnungswidrigkeitengesetz) were closed in February 2016 by the payment of a fine of €5 million. The investigation by the Munich Prosecutor against UCB AG was closed as well in April 2017 following the payment of a forfeiture of €5 million. At present, all criminal proceedings against UCB AG are terminated.

The Munich tax authorities are currently performing a regular field audit of UCB AG for the years 2009 to 2012 which inter alia includes review of other transactions in equities around the dividend record date. During these years UCB AG performed, *inter alia*, securities-lending with different domestic counterparts which *inter alia* include different types of securities transactions around the dividend date. It remains to be clarified whether, and under what circumstances, tax credits can be obtained or taxes refunded with regard to different types of transactions carried out close to the distribution of dividends, and which are the further consequences for the bank in case of different tax treatment. The same applies for the years 2013 until 2015 following the current regular tax audit mentioned above. It cannot be ruled out that UCB AG might be exposed to tax-claims in this respect by relevant tax-offices or third party claims under civil law. UCB AG is in communication with relevant Supervisory Authorities and competent tax authorities regarding these matters. UCB AG has made provisions deemed appropriate.

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Proceeding relating to certain forms of banking operations
The UniCredit group is named as a defendant in several proceedings in matters connected to its operations with clients, which are not specific to the UniCredit group, rather affect the financial sector in general.
In this regard, as of 31 December 2017 (i) proceedings against UniCredit pertaining to compound interest, typical of the Italian market, had a total claimed amount of €1.105 million, mediations included; (ii) proceedings pertaining to derivative products, mainly affecting the Italian market (for which the claimed amount against UniCredit was €829 million, mediations included) and the German market (for which the claimed amount against UCB AG was €105 million); and (iii) proceedings relating to foreign currency loans, mainly affecting the CEE countries (for which the claimed amount was around €40 million).
The proceedings pertaining to compound interest mainly involve damages requests from clients arising from the alleged unlawfulness of the calculation methods of the amount of interest payable in connection with certain banking contracts. Starting from the first years of 2000, there has been a progressive increase in claims brought by the account holders due to the unwinding of the interest payable arisen from the quarterly compound interest. In 2017, the number of claims for refunds/compensation for compound interest decreased slightly compared to 2016. At present, UniCredit has made provisions that it deems appropriate for the risks associated with these claims.
With regard to the litigation connected to derivative products, several financial institutions, including UniCredit group companies, entered into a number of derivative contracts, both with institutional and non-institutional investors. In Germany and in Italy there are a number of pending proceedings against certain Group companies that relate to derivative contracts concluded by both institutional and non-institutional investors. The filing of such litigations affects the financial sector generally and is not specific to UniCredit and its Group companies. At present, it is not possible to assess the full impact of these legal challenges on the Group.
With respect to proceedings relating to foreign currency loans, in the last decade, a significant number of customers in the Central and Eastern Europe area took out loans and mortgages denominated in a foreign currency (“FX”). In a number of instances customers, or consumer associations acting on their behalf, have sought to renegotiate the terms of such FX loans and mortgages, including having the loan principal and associated interest payments redenominated in the local currency at the time that the loan was taken out, and floating rates retrospectively changed to fixed rates. In addition, in a number of countries legislation that impacts FX loans was proposed or implemented. These developments resulted in litigation against subsidiaries of UniCredit in a number of CEE countries including Croatia, Hungary, Romania, Slovenia and Serbia.
In Croatia, following the implementation in September 2015 of a new law that rewrote the terms of FX loan contracts, a number of these lawsuits were withdrawn as customers took advantage of the benefits of the new law. Zagrebačka Banka (“Zaba”) challenged the new law before the Croatian Constitutional Court. On 4 April 2017, the Constitutional Court rejected Zaba's constitutional challenge and no further remedies are available under local laws.
On 21 September 2016, UCB Austria and Zaba initiated a claim against the Republic of Croatia under the Agreement between the Government of the Republic of Austria and the Government of the Republic of Croatia for the promotion and protection of investments in order to recover the losses suffered as a result of amendments in 2015 to the Consumer Lending Act and Credit Institutions Act mandating the conversion of Swiss franc-linked loans into Euro-linked. In the interim, Zaba complied with the provisions of the new law and adjusted accordingly all the respective contracts where the customers requested so.

Medienfonds/closed-end funds
Various investors in VIP Medienfonds 4 GmbH & Co. KG to whom the UCB AG issued loans to finance their participation brought legal proceedings against UCB AG. In the context of the conclusion of the loan agreements the plaintiffs claim an inadequate advice by the bank about the fund structure and the related tax consequences. A settlement was reached with the vast majority of the plaintiffs. An outstanding final decision with respect to the question of UCB AG's liability for the prospectus in the proceeding pursuant to the Capital Markets Test Case Act (Kapitalanleger-Musterverfahrensgesetz) which is pending at the Higher Regional Court of Munich, will affect only a few pending cases.
Furthermore, at present, UCB AG is defending lawsuits concerning other closed-end funds. Investors filed lawsuits against UCB AG and claim insufficient advice by the bank within the scope of their investment in closed-end funds. In particular, the investors claim that UCB AG did not or did not fully disclose any refunds or because of an allegedly incorrect prospectus. The questions regarding a correct and sufficient advice of a customer as well as questions regarding the limitation period and thus the success prospects in a trial depend on individual circumstances of the particular case and therefore can hardly be prognosticated. As far as these proceedings were disputed, the experience in the past has shown that the deciding courts have largely ruled in favour of UCB AG. Relating to one retail fund with investment target in heating plants, a number of investors brought legal proceedings against UCB AG pursuant to the Capital Markets Test Case Act. Munich Higher Regional Court has ordered several court expert opinions to be obtained in order to assess the question of an alleged prospectus liability. After it can be expected that investors of this fund retain their invested capital mainly through fund payout, the consequences of a possibly negative decision of the Higher Regional Court are essentially limited to the compensation of lost profit and process interest rates. In the meantime nearly all proceedings have been finished by settlement agreements.

Vanderbilt related litigations
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”). VCA is a subsidiary of

Pioneer Investment Management USA Inc., at the time an indirect subsidiary of UniCredit. The purpose of VF was to invest in the equity tranche of various collateralised 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 (some of which were later dismissed) on behalf of the State of New Mexico relating to the dealings between VCA and the State of New Mexico. These lawsuits include proceedings launched by a former employee of the State of New Mexico who claimed the right, pursuant to the law of the State of New Mexico, to act as a representative of the State for the losses suffered by the State of New Mexico with regard to investments managed by VCA. In these proceedings, in addition to VCA, Pioneer Investment Management USA Inc., PGAM and UniCredit were also named as defendants, by virtue of their respective corporate affiliation with VCA, as described in the previous paragraph. In addition, two class actions were launched with regard to VCA on behalf of the public pension fund managed by ERB and the State of New Mexico threatened to launch a case against VCA if its claim was not satisfied. These suits threatened or instigated 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 threatened or instigated allege fraud and kickback practices. Damages claimed in the lawsuits filed by or on behalf of the State of New Mexico are computed based on multiples of the original investment, up to a total of $365 million.
In 2012, VCA reached an agreement with the ERB, SIC and State of New Mexico to settle for the sum of $24.25 million all claims brought or threatened by or on behalf of the State of New Mexico or any of its agencies or funds. The settlement amount was deposited into escrow at the beginning of 2013. The settlement is contingent on the Court’s approval, but that process was temporarily delayed, and the original litigation was stayed, pending the determination by the New Mexico Supreme Court of a legal matter in a lawsuit brought against a different set of defendants in other proceedings. The New Mexico Supreme Court issued its ruling on the awaited legal matter in June 2015 and in December 2015 VCA, the ERB, SIC, and the State of New Mexico renewed their request for Court approval of the settlement. The Court held a hearing on the matter in April 2016 and in June 2017 approved the settlement and directed that the claims against VCA be dismissed. A judgment to that effect was entered in September 2017 and a motion by the former State employee seeking to set aside that judgment was denied by the Court in October 2017. Appeals from the judgment and the subsequent order were taken in October and November 2017 and the settlement cannot be effectuated while the appeal remains pending. If the judgment is upheld on appeal, the escrowed amount will be paid over to the State of New Mexico and VCA, Pioneer Investment Management USA Inc., PGAM and UniCredit will all be released from all claims that were or could have been brought by or on behalf of the State or any of its agencies or funds.

Divania S.r.l.
In the first half of 2007, Divania S.r.l. (now in bankruptcy) (“Divania”) filed a suit in the Court of Bari against UniCredit Banca d’Impresa S.p.A. (then UniCredit Corporate Banking S.p.A. and now “UniCredit”) alleging violations of law and regulation (relating, inter alia, to financial products) 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”). The plaintiff 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. pay the plaintiff a total of €276.6 million as well as legal fees and interest. It also seeks the nullification of a settlement that the parties reached in 2005 under which Divania had agreed to waive any claims in respect of the transactions.
UniCredit rejects Divania 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 plaintiff’s demands. In 2010, the Court-appointed expert witness submitted a report that largely confirms the Bank’s position stating that there was a loss on derivatives amounting to about €6,4 million (which would increase to €10,884 million should the out-of-court settlement, challenged by the plaintiff, be judged unlawful and thus null and void).
The expert opinion states that interest should be added in an amount between €4,137 million (contractual rate) and €868,000 (legal rate). On 29 September 2014, the judges reserved their decision. A new expert report was then ordered, which essentially confirmed the conclusions of the previous expert report. At the hearing held on 6 June 2016 the judges reserved again their decision. On 16 January 2017, the Court issued a decision declaring not to be competent to decide on part of the plaintiff’s claims and ordered UniCredit to pay, in favor of Divania’s bankruptcy Receiver an overall amount of approximately €7.6 million plus legal interests and part of the expenses. The decision has been appealed. At the first hearing of 29 November 2017, the proceedings were adjourned to 11 October 2019 for the filing of the parties’ conclusions.
Two additional lawsuits have also been filed by Divania, (i) one for €68.9 million (which was subsequently increased up to €80.5 million pursuant to Article 183 of the Code of Civil Procedure); and (ii) a second for €1.6 million.
As for the first case, in May 2016 the Court ordered UniCredit to pay approximately €12.6 million plus costs. UniCredit appealed against the decision and at the first hearing the case was adjourned to 22 June 2018 for the filing of detailed conclusions.
In respect of the second case, on 26 November 2015, the Court of Bari rejected the original claim of Divania. The judgment has res judicata effect.
UniCredit has made a provision for an amount it deems appropriate to cover the risk of the lawsuit.

Valauret S.A.
In 2004, Valauret S.A. and Hughes de Lasteyrie du Saillant filed a civil claim for losses resulting from the drop in the share price between 2002 and 2003, allegedly caused by earlier fraudulent actions by members of the company’s board of directors and others. UCB Austria (as successor to

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Creditanstalt) was joined as the fourteenth defendant in 2007 on the basis that it was banker to one of the defendants. Valauret S.A. is seeking damages of €129.8 million in addition to legal costs and Hughes de Lasteyrie du Saillant damages of €4.39 million.
In 2006, before the action was extended to UCB Austria, the civil proceedings were stayed following the opening of criminal proceedings by the French State that are ongoing. In December 2008, the civil proceedings were also stayed against UCB Austria. In UCB Austria's opinion, the claim is groundless and at present no provisions have been made.

I Viaggi del Ventaglio Group (IVV)
In 2011 foreign companies IVV DE MEXICO S.A., TONLE S.A. and the bankruptcy trustee IVV INTERNATIONAL S.A. filed a lawsuit in the Court of Milan for approximately €68 million. In 2014, the bankruptcy trustees of IVV Holding S.r.l. and IVV S.p.A. filed two additional lawsuits in the Court of Milan for €48 million and €170 million, respectively.
The three lawsuits are related. The first and third relate to allegedly unlawful conduct in relation to loans. The second relates to disputed derivative transactions. UniCredit's view is that the claims appear to be groundless based on its preliminary analysis. In particular: (i) as far as the first lawsuit is concerned (a claim amounting to approximately €68 million), UniCredit won in first instance. Respectively, in July 2016 and in September 2016 the plaintiffs filed an appeal against the decision and the next hearing for the filing of the parties' conclusions is scheduled for 16 January 2019; (ii) as far as the second lawsuit is concerned (a claim amounting to approximately €48 million), relating mainly to disputed derivative transactions, in 2015, all the evidentiary requests, including the appointment of an expert, have been rejected and a decision is awaited; and (iii) lastly, with regard to the third lawsuit (a claim amounting to approximately €170 million), it is currently at the evidentiary stage and the requests made by the judge to the court-appointed expert do not seem related to UniCredit's position. The next hearing for the examination of the court-appointed expert's opinion is set for 18 April 2018.

Lawsuit brought by "Paolo Bolici"
In May 2014, the company wholly owned by Paolo Bolici sued UniCredit in the Court of Rome seeking the return of approximately €12 million for compound interest (including alleged usury component) and €400 million for damages. The company then went bankrupt. The Court of Rome issued the decision on 16 May 2017 rejecting all the claims and ordering the bankruptcy procedure to reimburse UniCredit with the legal costs. UniCredit decided not to make provisions. On 17 June 2017 the bankruptcy procedure appealed the decision. The first hearing is scheduled on 13 February 2018.

Mazza Group
The civil lawsuit originates from a criminal proceeding before the Court of Rome for illicit lending transactions of disloyal employees of UniCredit in favor of certain clients for approximately €84 million. These unlawful credit transactions involve: (i) unlawful supply of funding, (ii) early use of unavailable large sums, (iii) irregular opening of accounts which the employees, in increasingly important roles, facilitated in violation of the regulations and procedures of Banca di Roma S.p.A. (later "UniCredit Banca di Roma S.p.A." and afterwards merged by incorporation into UniCredit).
In May 2013, certain criminal proceedings - related to act and offences representatives of a group of companies (the "Mazza Group") committed in 2005 with the collaboration of disloyal UniCredit's employees - came to an end with an exculpatory ruling (no case to answer). The Public Prosecutor and UniCredit appealed this decision. The first hearing of 9 January 2018 was adjourned to 6 March 2018.
Currently two lawsuits are pending for compensation claims against UniCredit:
- the first filed in June 2014 by the Mazza notary in the Court of Rome, demanding from UniCredit compensation for damage allegedly suffered following the criminal complaint brought by the former Banca di Roma S.p.A. The plaintiff makes use of the exculpatory ruling in the criminal proceedings to claim a traumatic experience with repercussions on their health, marriage, social and professional life, with financial, moral, existential and personal injury damages of approximately €15 million. The proceeding is at the evidence collection stage; and
- the second filed in March 2016 by Como S.r.l. and Camillo Colella in the Court of Rome, demanding damages from UniCredit in the amount of approximately 379 million. Similarly to the Mazza notary, the plaintiffs complain that the initiatives of the former Banca di Roma S.p.A. in the criminal and civil proceedings, caused financial, moral, existential and personal injury damages to Camillo Colella, as well as damages for the loss of important commercial opportunities, as well as image, reputational and commercial damage to Como S.r.l. The proceeding is in its conclusive phase.

In UniCredit's view, these lawsuits currently appear to be unfounded. UniCredit has made a provision it deems consistent to cover the risk resulting from unlawful credit transactions, which is essentially equal to the residual credit of UniCredit.

Di Mario Group
Seven among the eight original lawsuits, concerning ordinary/insolvency claw-back claims for a total amount of €157.1 million, were settled in November 2017.
At the present stage, two lawsuits are thus pending: one was brought by a former majority shareholder claiming €77.7 million (a decision is pending); and a more recent lawsuit brought by the Bankruptcy Trustee of the former shareholder claiming damages for €8.9 million. At present, the risk deriving from both lawsuits is considered remote.

So.De.Co. - Nuova Compagnia di Partecipazioni S.p.A.
So.De.Co. S.r.l. (**So.De.Co.**), following to a restructuring transaction by which it acquired the "oil" business from the parent company Nuova Compagnia di Partecipazione S.p.A. (**NCP**), was sold to Ludoil Energy Srl in November 2014.
In March 2016, So.De.Co., then controlled by Ludoil, summoned before the Court of Rome its former directors, NCP, UniCredit (in its capacity as holding company of NCP) and the external auditors (PricewaterhouseCoopers S.p.A. and Deloitte & Touche S.p.A.) claiming damages of approximately €94 million against the defendants, on a several and joint liability basis allegedly deriving from the failure to quantify, since at least 2010, the statutory capital loss, from the insufficient provisions for charges and risks related to environmental issues, and from the unreasonably high price paid for the acquisition of the "oil" business units and subsidiaries from NCP in the context of the group reorganisation of the "oil" business.
UniCredit has been sued by deducing the unfounded nature of the claim and the absence of the damage complained of. On 9 May 2017, the judge rejected all plaintiffs' requests for evidence collection and scheduled the hearing for filing the conclusions for 6 February 2018.
In November 2017, So.De.Co. served a claim against NCP and former directors on the same matter previously subject to a mediation, which had ended with no agreement between the parties. The first hearing was scheduled for 20 February 2018.

Criminal proceedings
The UniCredit group and its representatives (including those no longer in office), are involved in various criminal proceedings and/or, as far as UniCredit is aware, are under investigation by the competent authorities who are ascertaining whether there are possible liabilities of UniCredit's representatives with regard to various cases linked to banking transactions, including, specifically, in Italy, investigations related to checking any liability profiles in relation to the offence pursuant to Article 644 (usury) of the Criminal Code.
At present, these criminal proceedings have not had significant negative impacts on the operating results and capital and financial position of UniCredit and/or the Group, however there is a risk that if UniCredit and/or other UniCredit group companies or their representatives (including those no longer in office) were to be convicted following the confirmed violation of laws prosecutable by criminal law this situation could have an impact on the reputation of UniCredit and/or the UniCredit Group.
For the sake of completeness, note that, on 13 October 2016 and 16 May 2017, the Public Prosecutor of the Court of Tempio Pausania informed UniCredit of two notices pursuant to Article 415-bis (notice of the conclusion of the preliminary investigations) pursuant to the Code of Criminal Procedure as the party responsible for the administrative offence set out in Article 24-ter of Legislative Decree 231/2001 as a result of offences contested by the former representatives of the Banca del Mezzogiorno - MedioCredito Centrale S.p.A. ("MCC"), later renamed "Capitalia Merchant S.p.A.", then "UniCredit Merchant S.p.A." and then merged by incorporation into UniCredit, as well as Sofipa SGR S.p.A. and Capitalia S.p.A. (then merged by incorporation into UniCredit).
The offences being investigated are those pursuant to Articles 5 and 11 of Legislative Decree 74/2000 (offences involving income tax and VAT), Article 416 of the Criminal Code (conspiracy) and Article 318 of the Criminal Code (corruption of a public official).
The main proceedings RGNR 207/15 brings together three other separate ones (RGNR 608/16 - 375/15 and 2658/15) whereby UniCredit was only previously aware of 2658/15.
The offences being investigated with regard to the former representative of Capitalia S.p.A. are those pursuant to Article 110 of the Criminal Code (participation in the crime) and Articles 5 and 11 of Legislative Decree 74/2000.
The investigation concerns a complex case involving UniCredit as the successor of MCC, relating to shareholdings owned by the above-mentioned MCC in the group for which Colony Sardegna S.à r.l. is the parent company. The directors of this company are charged with decisions concerning financial transactions which resulted in capital gains on behalf of third-party companies and to the detriment of the company managed, as well as failures to declare IRES income; the charges involving UniCredit refer to the years 2003/2011 (in May 2011 UniCredit Merchant S.p.A. actually sold its shareholding).

C. Risks arising from employment law cases
UniCredit is involved in employment law disputes. In general, provisions have been made for all employment law disputes to cover any potential disbursements and in any event UniCredit 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 by members of the former Cassa di Risparmio di Roma Fund
Lawsuits have been brought against UniCredit by members of the former Cassa di Risparmio di Roma Fund. These lawsuits, having been won in earlier proceedings by UniCredit, hang on appeal cases brought before the relevant Courts of Appeal and the Court of Cassation (as applicable) in which the main claim is a request that the funding levels 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.

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D. Risks arising from tax disputes

The following information pertains to the most relevant litigations born in 2017 and to those already pending at the beginning of the fiscal year, which have been decided or otherwise defined. For the litigations which are not mentioned, reference must be made to the financial statements of previous fiscal years.

Pending cases arising during the period

During 2017 UniCredit S.p.A. and certain controlled companies have been served some deeds totaling over 26 million. The matters of particular significance include those served with regard to:

- registration tax, plus interest and penalties, for a total amount of €8.7 million, requested with respect to a notice of assessment of €6.3 million and referred to the registration tax allegedly due for the registration of the rulings that had settled a number of opposition proceedings regarding the liability status of the companies of the "Costanzo Group". A claim has been filed with the Tax Court and with the Tax Authorities which have canceled the payment request. Finally, also the litigation in front of the Tax Court has been decided;
- a notice of assessment referred to the company Dicembre 2007 S.p.A., liquidated, of which UniCredit S.p.A. was a shareholder. The notice of assessment has been served on 7 April 2017 and refers to the alleged incorrect application of the participation exemption regime. The total amount requested is equal to €14.6 million, plus interest (€7.7 million for higher IRES and €6.9 million for penalties) and it has been requested to all the former shareholders. UniCredit S.p.A. is liable up to 46.67% of the higher sums requested; therefore, the share referred to UniCredit S.p.A. is equal to €6.9 million. The company has filed a claim with the Tax Court and the litigation is pending;
- a notice of assessment relating to VAT 2012 served to a UniCredit Business Integrated Solutions S.C.p.A., for a total amount of €0.3 million;
- two notices of assessment, relating to IRAP and VAT 2012, served to UniCredit Leasing S.p.A. pursuant to the tax audit carried out in 2016. The total amount requested for the two deeds is equal to €0.4 million.

In June and July 2017 the Revenue Agency, Regional Office of Lombardia has started the following controls:

- with respect to UniCredit Bank Austria A.G. Milan branch it has notified a request of information pursuant to Art.10 of Law No.212/2000, referred to the fiscal years 2013, 2014 and 2015 and relating to intragroup transactions and dividends received;
- with respect to UniCredit Leasing S.p.A., it has notified a request of information pursuant to Art.10 of Law No.212/2000, relating to the purchase by UniCredit Bank Austria A.G. of credits towards UniCredit Leasing Ukraine and the subsequent sale both of the share in UniCredit Leasing Ukraine and of the credits;
- with respect to UniCredit Bank A.G. Milan branch, a general tax audit is being carried out with reference to the fiscal years 2013 and 2014.

All the aforementioned requests of information made by the Tax Authorities have been answered within the due date indicated by the Tax Authorities.

Updates on pending disputes and tax audits

In the previous year's financial statements, notices of assessment were reported mainly referred to the substitute tax on loans. The company has promptly submitted appeals to the competent Tax Courts and at the same time submitted a request for administrative cancellation to the Tax Authorities. As of 31 December 2017, all the assessments relating to the substitute tax on loans have been canceled either by the Tax Court or by the Tax Authorities.

Moreover, with reference to 2017, the following updates are indicated:

- two litigations regarding UniCredit Leasing S.p.A., relating to IRES and VAT 2005, have been decided in favour of the company by the second degree Tax Court of Emilia Romagna, which stated that no abuse of law had been committed. The aforementioned decisions are definitive since the Tax Authorities did not file, within the legal term, a claim with the Supreme Court. The total amount of the two litigations is equal to €120 million;
- with reference to a litigation referred to a 1984 IRPEG tax credit claimed by Banco di Sicilia, for a total amount of €50 million (including both principal and interest), the Supreme Court issued a decision by which it attributed the litigation to the second degree Tax Court for additional factual inquiries;
- with respect to the registration tax allegedly due for the registration of the rulings that had settled a number of opposition proceedings regarding the liability status of the companies of the "Costanzo Group" (total value of all litigations: €27.1 million), in December 2017 le second Degree tax Court of Catania has issued a decision in favour of the bank relating to a notice of assessment of €4.8 million. Currently, the legal term for the filing of a claim in front of the Supreme Court is pending;
- UniCredit Business Integrated Solutions S.C.p.A., to which the Tax Authorities had served a notice of assessment referred to IRES and IRAP for 2011, for a total amount of €10.2 million, filed a request for an out-of-Court settlement. Eventually, the litigation has been settled by means of the payment of €2.5 million;
- the aforementioned company has settled out of Court also the litigation relating to 2012, arising from the tax audit carried out in 2016. In comparison to higher taxes equal to €6.6 million, and estimated penalties for €4.4 million, after the settlement, the higher taxes due are equal to €3.7 million, the penalties amount to €1.1 million, plus interest, for a total amount of €5.3 million;
- with respect UniCredit Bank A.G. Milan branch, the tax Authorities had served a tax audit report referred to withholding tax on income from capital allegedly omitted in 2011. Subsequently, two notices of assessment have been notified for IRES and IRAP purposes, for a total amount of

€18 thousand. Such notices of assessment have been canceled by the Tax Authorities since they have been served beyond the legal term;
- with reference to the litigations relating to IRES and IRAP for the years 2006, 2007 and 2008, served to UniCredit S.p.A. as merging company of UniCredit Private Banking S.p.A., the second degree Tax Court of Piemonte has issued two decisions, partially favourable to the company.
The total amount of the litigations is equal to €7.8 million and, after the mentioned decisions, the sums due are equal to €4.4 million. The claims with the Supreme Court are under way;
- certain decisions of the second degree Tax Court of Liguria, favourable to the company, have not been challenged by the Tax Authorities and, therefore, are definitive. The decisions refer to IRES 2005 for the companies UniCredit Private Banking S.p.A. and UniCredit Xelion Banca S.p.A., for a total amount of €0.7 million.

As of 31 December 2016 the total amount of provisions for tax risks amounted to €96 million. As of 31 December 2017, the amount of the provisions increased to €102.7 million (including provisions for legal expenses).

Tax proceedings in Germany
See paragraph "Legal Risks".

E. Carlo Tassara S.p.A. restructuring process
On 23 December 2013 Carlo Tassara ("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 31 December 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 Art.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 27 December 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 for 63,131,974 SFP with a nominal value of €1.00 each and totaling €63 million, issued by Tassara pursuant to the resolution of the Extraordinary Meeting of 23 December 2013, and agreed to contemporaneously pay up these SFP by voluntarily offsetting a portion of its loans (nominal value) to Tassara totaling €63 million, reducing the Bank's overall exposure to Tassara.

As a result of the above-mentioned offsetting, part of the Bank's loans to Tassara (€63 million) was paid off and the Company's outstanding debts to the Bank decreased, with effect from 27 December 2013, by €63 million.
On 23 December 2013, in compliance with the governance provisions, the members of Carlo Tassara S.p.A.'s new Board of Directors were appointed.

Overall, therefore, the proceeds received during 2014 by Carlo Tassara S.p.A. as a result of collections made (for securities and dividends), amounted to about €853 million.

In 2015 Tassara sold listed securities (pledged and not pledged as collateral) and collected dividends worth approximately €459 million, which include the proceeds from the sale of 25.3% of the shareholding of Alior Bank SA, pursuant to the agreement concluded with PZU subscribed in May 2015. The sale, carried out in three stages, was concluded at the beginning of April 2016.

Part E - Information on risks and hedging policies

In 2016 the disposal of the portfolio securities allowed Carlo Tassara S.p.A. to get a revenue of approximately €220 million, of which €190 million realised through the disposal of the Eramet securities held by the subsidiary Carlo Tassara France S.A. to the creditor banks, against a debt compensation of the same amount. On 16 December 2016 when subscribing the disposal agreement, the creditor banks signed a commitment aimed at converting the residual loans in additional SFPs, should certain conditions precedent not be fulfilled.

In light of these agreements and following the realised disposal activities, UniCredit S.p.A. credit exposure at 31 December 2017 amounted approximately €3 million gross (fully written-off), equal to 31 December 2016. It should also be noted that in the third quarter of 2017 UniCredit S.p.A. entirely sold the 1,080,000 Eramet S.A. shares (previously held with an investor's share of 4.07%) worth approximately €61 million. For the purpose of providing complete information, it should be noted that as at 31 December 2017 UniCredit S.p.A. also holds overall No.32,237,751 SFPs issued by Carlo Tassara S.p.A., each with a nominal value of €1.00, recorded for an overall value of 1.00.

F. Other claims by customers

Supporting the business structures, the Compliance function oversees the regulatory environment evolution related to banking services and products in areas like transparency, financial and investment services and anti-usury. Compliance, as control function, develops rules, checks processes and procedures and monitors complaints trends. The Compliance function, along with the Legal one, also supports analysis and evaluation stages of adequacy of potential "customer care" actions or other initiatives designed to compose particular situations in which the Bank might be involved in order to define them.
Considering the regulatory complexity and interpretations not always homogeneous, the Bank time-to-time assess the accounting of provisions for risk and charges, aimed at facing costs, deemed probable, in a contest that has increased the litigiousness at baking system level.

The trend in market interest rates resulted in the main benchmark reference for indexed loans and in particular for mortgages due from private customers, the Euribor, being negative. This has originated the issue of how to measure the overall interest rate for the clients, creating a fact pattern not existing so far. In light of such complexity, the underlying contracts with clients were subject to a deep monitoring. In this regard, and in compliance with the regulations in force, the Bank takes the necessary initiatives, also allocating a provision for risks according to the likelihood of disbursement.

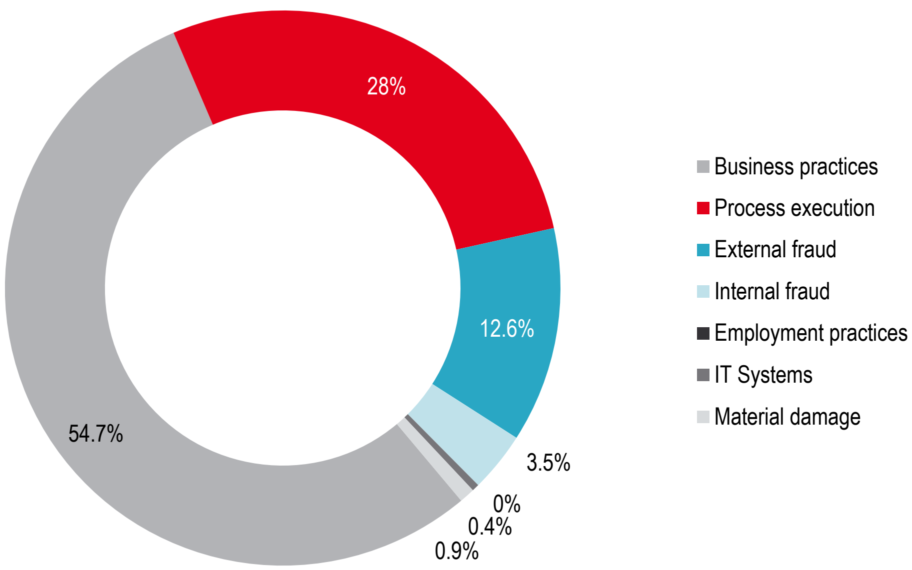
Quantitative information

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 Regulations for the Prudential Supervision of Banks issued by Banca d'Italia in December 2013 (Circular No.285/2013 and following updates).

The major categories are as follows:

- internal fraud: losses owing to unauthorised activity, fraud, embezzlement or violation of laws, regulations or business directives that involve at least one internal member of the bank;
- external fraud: losses owing to fraud, embezzlement or violation of laws by subjects external to the bank;
- employment practices and workplace safety: losses arising from actions in breach of employment, health and workplace safety laws or agreements, from personal injury compensation payments or from cases of discrimination or failure to apply equal treatment;
- clients, products and business 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.

Operational losses 2017 divided by risk category



In 2017, the main source of operational risk was "Clients, products and business practices", a category which includes losses arising from the non-fulfillment of professional obligations towards clients or from the nature or characteristics of the products or services provided, as well as any sanctions for violating regulations. The second largest contribution to losses came from errors in process management, execution and delivery due to operational or process management shortfalls. There were also, in decreasing order, losses stemming from external fraud, internal fraud.
The residual risk categories were IT systems related problems and damage to physical assets from external events.

Part E - Information on risks and hedging policies

Section 5 - Other Risks

The so-called Pillar 1 risk types (credit risk, market risk, operational risk, as described in dedicated chapters) are considered as primary risks, but there are others the Group considers to be significant which include:

- business risk;
- real estate risk;
- participation risk;
- reputational risk.

These risks are defined as follows:

Business Risk

Business risk is defined as adverse, unexpected changes in business volume and/or margins that are not due to credit, market and operational risks. Business risk can result, above all, from a serious deterioration in the market environment, changes in the competitive situation or customer behavior, but may also result from changes in the legal framework.
The exposure data used to calculate business risk are taken from the income statements of each Group Entity for which the risk is significant. Volatility and correlation are derived from the relevant profit & loss reports.
Business Risk focuses on the impact of unexpected shocks on future margins; in this context the margin is defined as a difference between earnings and costs not explained by risk factors already included in economic capital, as credit, market, operational risk. Business Risk embeds also the quantifiable risk component related to the Strategic Risk.
Business Risk is calculated on a quarterly basis for monitoring and for budgeting purposes according to planning time scheduling.

Real Estate Risk

Real estate risk is defined as the potential loss resulting from market value fluctuations of the Group's real estate portfolio, including real estate special purpose vehicles. It does not take into consideration properties held as collateral which are evaluated inside credit risk.
The relevant data for the real estate risk calculation include general information related to properties and area or regional price indexes for each property to enable calculation of volatility and correlation in the model.
The real estate risk model estimates the maximum potential loss with a confidence level set according to the rating target over a one-year time horizon, using a MonteCarlo simulation approach and assuming real estate returns have a non-gaussian distribution and are correlated.
Real estate risk is calculated quarterly for monitoring purposes with a portfolio updated every six months and for budgeting purposes according to the timelines scheduled in the planning process.

Participation Risk

Participation risk stems from the equity held in companies not included in the Group and not held in the trading book.
The relevant portfolio mainly includes listed and unlisted shares, derivatives with underlying equity, private equity, units of mutual, hedge and private equity funds.
For all Group equity positions, capital charges may be calculated using either a PD/LGD based approach or a market-based one. The PD/LGD approach is used for unlisted or listed but not liquid equities, including direct private equity holdings. The market-based approach is used for traded equities, equity hedges and all mutual, hedge and private equity funds through the mapping to market risk factors.
The calculation of participation risk is based on the maximum potential loss, i.e. Value at Risk (VaR), with a confidence level set according to the rating target and over a one-year time horizon and is executed inside credit and market risk models according to the nature of the underlying portfolio. Participation risk is calculated quarterly for monitoring and for budgeting purposes according to the timelines scheduled in the planning process.

Reputational Risk

UniCredit group defines Reputational Risk as the current or future risk of a loss or decline in profits or share value as a result of a negative perception of the bank's image by customers, counterparties, bank shareholders, investors or regulators.

Since 2010 UniCredit adopts the Group Reputational Risk Governance Guidelines, replaced in 2016 by the refreshed Group Reputational Risk management policy which aim at defining a general set of principles and rules for assessing and controlling reputational risk.
The reputational risk management is in charge to Group Operational & Reputational Risks Department of UniCredit S.p.A. and to dedicated functions within the Group companies.

Moreover, the setup of the Group Operational and Reputational Risk Committee ensures consistency in reputational risk policies, methodologies and practices across Divisions, Business Units and Legal Entities, controlling and monitoring the Group Reputational Risk portfolio. Furthermore the

Transactional Credit Committees are in charge of evaluating possible reputational risks inherent transactions, on the basis of the current reputational risk guidelines and policies.

The current policies mitigating specific Reputational risk topics regard “Defense/Weapons Industry”, “Nuclear Energy”, “Mining”, “Water Infrastructure (dam)” and “Coal fired power generation”.

Eventually the “Human Rights Commitment” aims to identify and manage human rights risks and reduce potential human rights violations.

Risk Measurement Methods

Within the Internal Capital Adequacy Assessment Process (ICAAP) and in line with the proportionality principle defined in Pillar II of Basel II, the risk profile of the Group and the main material Legal Entities is assessed for all the Pillar 2 risk types.

Credit, market, operational, business and real estate risks are measured quantitatively, by:
- economic capital and aggregation as an input for internal capital; and
- stress tests.

On the other side, for small Legal Entities a synthetic approach (top down approach) is used, in which the book value changes of the entities are simulated using market risk-like methods.

The Internal Capital represents the capital needed to face the potential losses inherent in the Group’s business activities and it takes into consideration all the Pillar 2 risk types identified by the Group and which are quantifiable in terms of Economic Capital: credit, market, operational, business and real estate risks. The effect of the diversification between risk types is also calculated (‘inter-risk diversification’) together with the diversification effects at portfolio level (‘intra-risk diversification’). In addition a capital add-on is calculated as prudential *cushion* in order to account for model uncertainty risk.

The capital aggregation is performed using the Bayesian Copula approach with a one-year time horizon and a confidence level in line with the Group rating target. For control purposes, the Internal Capital is calculated quarterly or ad hoc if needed; it is also projected for budgeting purposes.

The multi-dimensional nature of risk makes it necessary to supplement the measurement of economic capital with stress testing, not only in order to estimate losses in certain scenarios, but also to assess their impacts in terms of capital requirements. Stress testing is a key risk management tool for the management of the relevant risks in order to assess the bank's vulnerability with respect to exceptional but plausible events, providing additional information to the monitoring activities.

Stress testing activities, consistently with regulatory requirements, are performed on the basis of a set of internally defined stress scenarios. The stress test activities also asses the capital requirements for the main regions where the Group is active, and are carried out at least twice a year.

The firm-wide stress test considers the various impacts of a given macro-economic scenario on all relevant risks. These scenarios are drawn analysing both significant market events happened in the past and plausible worst-case events not yet occurred. This assessment allows to analyse the capital requirements of the Group in stressed conditions over a two year time horizon.

The output of the stress test is therefore, for each risk type and at aggregated level, a quantitative analysis of the capital requirements together with the calculations of the losses conditional on the selected stressed scenarios. In addition the total capital diversification benefit is also assessed.

From 2017 also the normative perspective has been introduced in addition to the Pillar II one (economic perspective). Stress test exercise is run in order to assess the viability of the regulatory capital under adverse scenarios (specifically the same scenarios used for Pillar II scope). Credit, Market and Operational RWAs as well as losses are simulated under stress conditions with the aim to measure stressed capital ratios (CET 1, Tier 1, Total Capital Ratio).

The Group top management is involved in the ex-ante as well as the ex-post stress analysis in the following way:
- before the exercise is finalised, with a presentation regarding the selected scenarios and the underlying assumptions,
- after the exercise is finalised, with the disclosure of the results and a potential discussion of a contingency plan, if needed.

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

Part E - Information on risks and hedging policies

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

Top and emerging risks

In UniCredit, the management and monitoring of risks is based on a dynamic approach; Top Management is promptly informed on top risks and/or emerging risks through a strict monitoring process embedded in the risk assessment process.
The Risk Management identifies and estimates these risks and submits them regularly to senior/top management and Board of Directors which take the appropriate actions to manage and mitigate risks.

Until December 2017, the Group paid particular attention to following kind of risks:
1. Geopolitical Risks existing in the areas where UniCredit operates, especially in Turkey (also including impacts of potential developments in "Gulf" countries) and **Russia**;
2. Economic Consequences coming from "Brexit" event;
3. Risks stemming from the **current Regulatory developments** that could affect Group profitability.

1. Geopolitical Risks

In **Turkey**, Looking forward, growth is set to moderate substantially, but elevated inflation and market volatility are here to stay. Activity started decelerating in seasonally adjusted terms already in third quarter 2017, with high-frequency indicators pointing to a further slowdown in fourth quarter. One-offs and base effects added some 1.2 pp, and past data revisions 0.3 pp to GDP, accounting for most of the upside growth revision in 2017. With the positive base effects gone and no more one-offs, growth looks set to slow to 4% in 2018 and 3.7% by 2019, in line with potential.

In **Russia**, The momentum of the post-crisis recovery seems to have waned, with third quarter 2017 GDP growth slipping to 1.8% yoy from 2.5% in second quarter 2017. The earlier optimism about the pace of recovery has been short-lived, leading to FY17 growth at 1.8%, a tad weaker than our previous projection and less than half the pace of global growth. Not seen significant growth drivers in the coming years, leaving with a very conservative view for 2018-19. Expected real GDP growth to slow to 1.3% in 2018 and, given current policies, to 1.2% in 2019.

2. Economic consequences coming from "Brexit" event

The result of June 2016 referendum has introduced UK into an unprecedented period of uncertainty, with sufficient progress been made since the trigger of the Article 50 of the EU Treaty in March 2017 only on the broad terms of the UK's withdrawal from the EU ("Brexit").
The recent agreement, reached in December 2017 between the EU and the UK during the first phase of discussions, concerns a broad array of withdrawal issues (i.e. the financial settlement and citizens' rights) and does not provide enough visibility on future trade arrangements.

However, a number of complex issues on trade negotiations are still to be resolved until 19 March and the Brexit outcome depends heavily on the challenging 2018 trade negotiations and potential agreement, as a "no-deal" scenario under WTO rules might severely impact UK industries.
In general, major points of attention are related to the uncertainty on legal aspects affecting continuity of cross-border financial contracts, the cross border transfer of personal data and access to UK market infrastructure.
UCG exposure vs UK resident counterparties is limited and manageable given UC's business model.
UCG's business model is based on a multi-hub structure which allows us to flexibly react to any Brexit outcome by leveraging on continental EU UniCredit hubs.

3. Current Regulatory environments

Evolution of the regulatory framework
Over the last few years the regulatory framework in which financial institutions act has become increasingly complex and stricter. This complexity, has been fed by the introduction of new financial regulations, some of them being still under discussion, and by the ECB central role in the supervision of a large portion of the European banking system. All these changes might significantly affect our Group and introduce additional challenges for the general banking sector profitability and capital requirements.

The most relevant changes are the following:
- Revision to the Basel III framework for the calculation of risk weighted assets, for credit, operational and market risk published last December 2017 (known as Basel IV). The regulator's ultimate goal is to restrict the usage of internal models for measuring credit risk on some specific portfolios and the return to a more stringent standardised approach, to eliminate internal models for operational risks. These revisions complement the already finalised change to the market risk framework (Fundamental Review of Trading Book), which envisages the introduction of more stringent and sophisticated internal models and standardised approaches for measuring market risk in the trading portfolios. Proposals to accommodate the revised Basel III into European Union standards could probably materialise in 2020. With regard to internal models for credit risk, alongside the regulatory proposal of the Basel Committee, EBA issued new guidelines which will impose tighter criteria for risk parameter estimation, further increasing capital requirement for banks using internal models extensively;

- In October 2017 the ECB published a consultation on an Addendum to the Guidance on NPL, introducing “Prudential provisioning backstop for non performing exposure”. The Addendum supplements the ECB’s Guidance on NPLs management, by specifying quantitative supervisory expectations concerning the minimum levels of prudential provisions expected for new non-performing exposures (NPEs). The expectations are based on the length of time an exposure has been classified as non-performing (i.e. the “vintage”) as well as the collateral held (if any): after two years of vintage, provisions are expected to be 100% for unsecured (parts of) NPEs and after seven years of vintage provisions should be 100% also for the secured (parts of) NPEs;
- *Entry into force of the leverage ratio*, an additional regulatory requirement compared to the risk based indicators envisaged in the Basel III package. The leverage ratio aims to constrain the building up of financial leverage in the banking industry, as well as to reinforce the capital requirements with a supplementary measure not based on risk parameters. The final regulation for the European Union is expected in 2018 for application starting in 2019;
- *Entry into force of the liquidity requirements envisaged in Basel III: a short term indicator (liquidity coverage ratio, “LCR”)*, with the goal to have banks to maintain a liquidity buffer to survive a 30-days period of stress (which is being phased in since 1 October 2015), and a structural liquidity indicator (the net stable funding ratio, “NSFR”) referring to a time horizon over one year, introduced to ensure that assets and liabilities have a sustainable structure in terms of maturity. The NSFR will be introduced in the European Union through the regulatory proposals named “CRR II/CRD V” and the entry into force will depend on the related legislative process, currently deemed likely to finish by the end of 2018, for application starting in 2020;
- *Adoption of the IFRS9 accounting standard*, which envisages a new framework for provisioning computation based on expected loss rather than on incurred loss (as in the current accounting standard IAS39). The quantification of the expected loss is based on forward looking indicators and macroeconomic factors, which will ultimately lead to increased provisions as a first time adoption effect, in the beginning of 2018. European regulation envisages an optional five-year phase-in period, in order to smooth the impact of the IFRS9 implementation on capital;
- *Entry into force of the Bank Recovery and Resolution Directive (“BRRD”)* which implies the implementation of a framework where, in case of severe crises, the losses of the banks can be transferred to the shareholders, holders of subordinated debt, of non-subordinated and non-guaranteed debt, and finally to the depositors for the part exceeding the deposit guarantee (euro 100.000), known as “bail-in”. In this context, the same BRRD introduces a requisite for bail-inable liabilities, the Minimum Requirement for Own Funds and Eligible Liabilities (“MREL”), in order to ensure that the bank, in case bail-in is applied, has enough liabilities to absorb the losses and to guarantee compliance with primary capital requirements applicable for the authorisation of banking activities, as well as to produce sufficient confidence in the bank. At a global regulatory level instead, the Financial Stability Board has finalised an international standard that determines the minimum amount of liabilities and own funds subject to bail-in for Systemically Important Banks (like UniCredit): the Total Loss Absorbency Capacity (“TLAC”), applicable from 2019. A proposal by the European Commission was published in November 2016 for the implementation of TLAC in the European Union, taking into account also the above mentioned MREL; the relative EU legislative process will probably last until the end of 2018;
- *Discussion on the removal of the preferential treatment of sovereign exposure in banks’ banking book:* banks‘ exposures to the home sovereign currently benefit of a zero risk weight. There is no concrete proposal under consultation yet, but policy makers and regulators are discussing which approach to adopt to remove this preferential treatment. On the one hand, the Basel Committee, although it has not yet reached a consensus on making any changes to the regulatory treatment of sovereign exposures at this stage, published a discussion paper last December 2017, envisaging an high-level proposal of regulatory change which foresees the elimination of both the zero risk weight on sovereign exposures and the usage of internal model, together with the introduction of a concentration limit on sovereign exposures. On the other hand, the European Parliament published earlier last year another proposal of regulatory change based on the introduction of a concentration charge only.

Part F - Consolidated Shareholders' Equity

Notes:
The document "Disclosure by UniCredit Group (Pillar III)" is published on UniCredit group's website (https://www.unicreditgroup.eu/en/investors/third-pillar-basel-two-and-three.html) according to the deadline defined in the reference regulations.

Please note that the disclosures to be provided by the systemically important banks are published on UniCredit group's website according to the deadline defined in the reference regulations (www.unicreditgroup.eu).

Part F - Consolidated Shareholders' Equity

Section 1 - Consolidated Shareholders' Equity

A. Qualitative information

UniCredit group deems as priority the activities of capital management and capital allocation based on the risks taken, with the aim of expanding the Group's operations in a value creation perspective. These activities are structured in the different phases of the Group planning and monitoring process and, in particular, in:

- planning and budgeting processes:
  - proposals of risk appetite and capitalisation objectives;
  - analysis of risks 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 equity 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 single companies.

The Group has committed itself to generate income in excess to the one necessary to remunerate risk (cost of equity) and to create value for its shareholders by allocating capital to the various business areas and business units on the basis of specific risk profiles. To support the processes of planning and monitoring, the Group adopts a methodology based on risk-adjusted performance measurement (RAPM - Risk Adjusted Performance Management) which provides a number of indicators that combine and summarise the operating, financial and risk-related variables to be considered.

Therefore, the Group capital and its allocation are of relevant importance in the definition of corporate strategies, as, on one hand, the Group Capital represents the shareholders' investment in the Group, which needs to be adequately remunerated, and on the other hand, it is a scarce resource subject to the external constraints set by regulators.

In the allocation process, the definitions of capital adopted are the following:

- risk or employed capital: this is the equity component provided by shareholders (employed capital) which must be remunerated through an income generation greater than or equal to expectations (cost of equity);
- capital at risk: this is the portion of capital and reserves that is used (the budgeted amount or allocated capital) or was used to cover (at period-end - absorbed capital) the risks taken to pursue the objective of creating value.

If capital at risk is measured through risk management methods, then it is defined as internal capital; if it is measured through regulatory provisions, then it is defined as regulatory capital.
Internal capital and regulatory capital differ in terms of their definition and the categories of risk covered. The former is based on the actual measurement of the exposure taken, while the latter is based on schedules specified in regulatory provisions.
Internal capital is set at such a level to cover adverse events with a high level of probability, while regulatory capital is quantified on the basis of a CET1 target ratio in line with the one of major international banking groups and taking into account the impacts of the supervisory regulations in force or that will be adopted. Capital Allocated to Business Segment is quantified by regulatory capital, with the exception of the capital allocated to Asset Gathering which is determined as the highest between the regulatory capital and internal capital.

The capital management activity, performed by the Capital Management unit of Group Planning, Capital Management & Strategic ALM, is aimed at defining the target level of capitalisation for the Group and its companies in line with supervisory regulations and the appetite risk.
UniCredit group has identified a Fully Loaded Common Equity Tier 1 Ratio Target above 12.5% as of 2019, as communicated in December 2016 within the Strategic Plan 2019 and confirmed in December 2017 during the update on Trasform 2019.
The Strategic Plan defines the reference macroeconomic scenario, the Group strategic guidelines and the main economic and financial targets as well as the dividend payout assumptions in coherence with the Common Equity Tier 1 Ratio Target.
The complete Strategic Plan presentation is available on the Group website, at the following link:
(https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/Capital-Markets-Day/2017/UniCredit-Capital-Markets-Day-2017-Update-on-Transform-2019.pdf).

In the dynamic activity of capital management, the Capital Management unit defines the capital plan and monitors the regulatory capital ratios.
The monitoring activity is focused, on one hand, on capital, according to both accounting and regulatory definition (Common Equity Tier 1, Additional Tier 1, and Tier 2 Capital), and, on the other hand, on the planning and performance of risk-weighted assets (RWA).

The dynamic approach to the capital management activity aims at identifying the most suitable investment and capital instruments (ordinary shares and other capital instruments) for achieving the defined targets. If there is a capital shortfall, the gaps to be filled and capital generation measures are indicated, and their cost and efficiency are measured through the RAPM methodology. In this context, value analysis is enhanced by the joint role played by the Capital Management unit in the fields of, among others, regulatory, accounting, financial, tax-related, risk management, etc. and with respect to the changing regulations affecting these aspects; in this way, the Capital Management unit will be able to perform the necessary assessments and to provide with the necessary instructions the other Group HQ areas or companies asked to perform these tasks.

B. Quantitative information

B.1 Consolidated Shareholders' Equity: breakdown by type of company

(€ '000)

	AMOUNTS AS AT 12.31.2017				
NET EQUITY ITEMS	BANKING GROUP	INSURANCE COMPANIES	OTHER COMPANIES	CONSOLIDATION ADJUSTMENTS AND ELIMINATIONS	TOTAL
Share Capital	**21,179,173**	**-**	**28,842**	**(5,294)**	**21,202,721**
Share premium reserve	**13,487,760**	**-**	**273**	**27**	**13,488,060**
Reserves	**19,498,148**	**29,078**	**(68,569)**	**11,609**	**19,470,266**
Equity instruments	**4,610,073**	**-**	**-**	**-**	**4,610,073**
Treasury shares	**(2,961)**	**-**	**-**	**-**	**(2,961)**
Revaluation reserves	**(4,328,338)**	**50,745**	**(1,987,257)**	**1,935,815**	**(4,329,035)**
- Available for sale financial assets	1,458,597	-	-	26,107	1,484,704
- Property, plant and equipment	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Hedges of foreign investments	-	-	-	-	-
- Cash-flow hedge	277,871	-	-	(75,271)	202,600
- Exchange difference	(4,039,503)	-	-	2,096,579	(1,942,924)
- Non-current assets classified held for sale	(28)	-	(183)	175	(36)
- Actuarial gains (losses) on defined benefits plans	(2,431,437)	-	(1,456)	17,367	(2,415,526)
- Valuation reserves from investments accounted for using the equity method	129,142	50,745	(1,985,618)	(129,142)	(1,934,873)
- Special revaluation laws	277,020	-	-	-	277,020
Profit (Loss) of the year (+/-) Minority interests	**5,784,337**	**79,959**	**607,585**	**(686,305)**	**5,785,576**
Shareholders' Equity	**60,228,192**	**159,782**	**(1,419,126)**	**1,255,852**	**60,224,700**

B.2 Revaluation reserves for available-for-sale assets: brekdown

(€ '000)

	AMOUNTS AS AT 12.31.2017									
	BANKING GROUP		INSURANCE COMPANIES		OTHER COMPANIES		CONSOLIDATION ADJUSTMENTS AND ELIMINATIONS		TOTAL	
ASSETS/VALUES	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	1,509,773	(213,330)	-	-	-	-	(21,393)	49,937	1,488,380	(163,393)
2. Equity securities	323,026	(137,314)	-	-	7,870	(7,870)	(10,307)	7,870	320,589	(137,314)
3. Units in investment fund	27,773	(50,995)	-	-	-	-	-	-	27,773	(50,995)
4. Loans	1	(337)	-	-	-	-	-	-	1	(337)
Total 12.31.2017	**1,860,573**	**(401,976)**	**-**	**-**	**7,870**	**(7,870)**	**(31,700)**	**57,807**	**1,836,743**	**(352,039)**
Total 12.31.2016	**2,031,653**	**(505,815)**	**-**	**-**	**7,883**	**(7,881)**	**(20,694)**	**63,934**	**2,018,842**	**(449,762)**

Part F - Consolidated Shareholders' Equity

B.3 Revaluation reserves for available-for-sale assets: annual change

(€ '000)

ASSETS/VALUES	CHANGES IN 2017 DEBT SECURITIES	EQUITY SECURITIES	UNITS IN INVESTMENTS FUNDS	LOANS
1. Opening balance	**1,429,525**	**166,953**	**(27,421)**	**23**
2. Positive changes	**899,847**	**77,625**	**6,193**	**-**
2.1 Fair value increases	608,353	76,575	4,961	-
2.2 Reclassification through profit or loss of negative reserves	270,730	750	1,221	-
- due to impairment	*2,889*	*750*	*1,221*	-
- following disposal	*267,841*	-	-	-
2.3 Other changes	20,764	300	11	-
3. Negative changes	**(1,004,385)**	**(61,303)**	**(1,994)**	**(359)**
3.1 Fair value reductions	(553,120)	(9,858)	(341)	(362)
3.2 Impairment losses	-	(509)	(1,626)	-
3.3 Reclassification throught profit or loss of positive reserves: following disposal	(443,909)	(46,252)	(15)	-
3.4 Other changes	(7,356)	(4,684)	(12)	3
4. Closing balance	**1,324,987**	**183,275**	**(23,222)**	**(336)**

B.4 Revaluation reserves related to defined benefit plans: annual changes

(€'000)

	CHANGES IN 2017 BANKING GROUP	INSURANCE COMPANIES	OTHER COMPANIES	CONSOLIDATION ELIMINATIONS AND ADJUSTMENTS	TOTAL
1. Opening balance	**(2,652,173)**	**-**	**(1,582)**	**(867)**	**(2,654,622)**
2. Increases	**248,409**	**-**	**126**	**(48)**	**248,487**
2.1 Increases in fair value	245,965	-	52	(6)	246,011
2.2 Other changes	2,444	-	74	(42)	2,476
3. Decreases	**27,673**	**-**	**-**	**(18,282)**	**9,391**
3.1 Decreases in fair value	24,857	-	-	(17,642)	7,215
3.2 Other changes	2,816	-	-	(640)	2,176
4. Closing balance	**(2,431,437)**	**-**	**(1,456)**	**17,367**	**(2,415,526)**

Section 2 - Own funds and banking regulatory ratios

2.1 Regulatory framework

Banca d'Italia Circular No.285 of 17 December 2013, as amended, states that the asset and liability items to be included in the regulatory scope of consolidation are to be calculated according to the consolidation methods provided for by the regulations governing the preparation of financial statements (Banca d'Italia Circular No.262).

It should be noted that the scope of consolidation is determined according to the prudential regulations and, even if maintaining a general alignment, may differ from the scope of the consolidated financial statements, determined under IAS/IFRS.

In particular the following consolidation methods are applied:
- the line-by-line consolidation method, to banking, financial and instrumental companies belonging to the banking group;
- the proportionate consolidation method, to banking, financial and instrumental companies in which the banking group or the bank holds a stake of at least 20%, when they are owned by the banking group or by the bank jointly with other parties and in accordance with agreements signed with them;
- the equity method: a) to the other banking and financial companies in which the banking group or the bank holds a stake (provided that the bank also holds stakes of at least 20% subject to joint control) of at least 20% or subject to significant influence; b) to businesses, other than banking, financial and instrumental companies, owned exclusively or jointly by the banking group (or the bank) or subject to significant influence.

For more information regarding exclusion and exemption from consolidation see the general instructions included in Banca d'Italia Circular No.115.

Prudential treatments have the following characteristics:
- Consolidated entities:
  - banking, financial and instrumental companies directly or indirectly controlled by UniCredit S.p.A. to which the line-by-line consolidation method is applied;
  - banking, financial and instrumental companies in which UniCredit S.p.A. holds, directly or indirectly, a 20% stake or more, when they are jointly controlled with other entities and/or according to agreements signed with them; to these subsidiaries the proportional consolidation method is applied;
  - other banking and financial companies in which UniCredit S.p.A. holds, directly or indirectly, a 20% stake or more or anyway subject to significant influence, to which the equity method is applied;
  - companies, other than banking, financial and instrumental companies, directly or indirectly controlled by UniCredit S.p.A., exclusively or jointly, or subject to significant influence, to which the equity method is applied.
- Entities subject to the treatment for Own Funds pursuant to articles 46 and 48 of CRR
  - companies of the financial sector in which a non-significant/significant shareholding is owned, subject to deduction from Own Funds or weighting for the purposes of risk assets, with reference to the thresholds for exemption from deduction from Common Equity Tier 1 (CET1).
- Entities added to risk-weighted assets:
  - investments in companies not belonging to the financial sector subject to weighting for the purposes of risk assets.

With reference to the substantial or legal impediments, current or foreseeable, that hinder the rapid transfer of capital resources or funds within the Group, refer to Part A "Accounting Policies", paragraph "Significant restrictions".

Part F - Consolidated Shareholders' Equity

2.2 Banking Own funds

A. Qualitative information

Starting from 1 January 2014, the calculation of capital requirements keeps into account the regulatory framework known as "Basel 3", adopted as a result of the EU Regulation No.575/2013 on prudential requirements for credit institutions and investment companies (Capital Requirements Regulation - "CRR") and in the EU Directive 2013/36 on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment companies (Capital Requirements Directive IV - "CRDIV"), also according to their adoption by Italian Laws.

Such regulation foresees the following breakdown of Own Funds:
- Tier 1 Capital (T1), made by
  - Common Equity Tier 1 Capital (CET1) and
  - Additional Tier 1 Capital (AT1);
- Tier 2 Capital (T2);
- the sum of T1 and T2 generates the Total Own Funds (Total Capital).

Transitional capital requirements[17] and buffers for UniCredit group

The capital requirements applicable to the Group as of 31 December 2017 in accordance with article 92 of CRR are the following (Pillar 1):
- CET1: **4.50%**
- T1: **6.00%**
- Total Capital: **8.00%**

In addition to such requirements, the Group should also meet, through **CET1** capital, the following additional requirements:
- **2.50%,** as Pillar 2 Requirements for 2017 in line with SREP results;
- **1.25%,** as Capital Conservation buffer[18] (CCB) according to article129 of CRDIV;
- **0.50%,** as Global Systemically Important Institutions ("G-SII") buffer[19];
- **0.03%,** as Countercyclical Capital buffer[20] (CCyB) according to the article 160 of CRDIV (paragraphs from 1 to 4), to be calculated on a quarterly basis[21].

Therefore, as at 31 December 2017, the Group shall meet the following overall capital requirements:
- CET1: **8.78%**
- T1: **10.28%**
- Total Capital: **12.28%**

Here below a scheme of UniCredit group transitional capital requirements and buffers which also provide evidences of TSCR (Total SREP Capital Requirement) and OCR (Overall Capital Requirement) relating to the outcome of the SREP process followed in 2016 and applicable for 2017:

2017 Transitional capital requirements and buffers for UniCredit group

REQUIREMENT	CET1	T1	TOTAL CAPITAL
A) Pillar 1 Requirements	**4.50%**	**6.00%**	**8.00%**
B) Pillar 2 Requirements	**2.50%**	**2.50%**	**2.50%**
C) TSCR (A+B)	**7.00%**	**8.50%**	**10.50%**
D) Combined capital buffer requirement, of which:	**1.78%**	**1.78%**	**1.78%**
1. Capital Conservation buffer (CCB)	*1.25%*	*1.25%*	*1.25%*
2. Global Systemically Important Institution buffer (G-SII)	*0.50%*	*0.50%*	*0.50%*
3. Institution-specific Countercyclical Capital buffer (CCyB)	*0.03%*	*0.03%*	*0.03%*
E) OCR (C+D)	**8.78%**	**10.28%**	**12.28%**

17 CET1 Systemic risk buffer (aimed at preventing and mitigating long-term, non-cyclical, systemic or macro-prudential risks that are not provided for by the CRR) is not applicable as of 31 December 2017.
18 On 6 October 2016, Banca d'Italia published the update of Circular No.285 which provides for a different application of the transitional rules relating to the capital conservation buffer: from 1 January 2017 the buffer is 1.25%; 1.875% for 2018; and from 1 January 2019 it will be 2.50%.
19 To be increased by 0.25% per year till the target of 1.00% in 2019. It should be noted that UniCredit group was identified by the Banca d'Italia as an O-SII authorised to operate in Italy, and it has to maintain a CET1 capital buffer equal to 0% for 2017; such level will be increased starting from 2018 by 0.25% on a yearly basis reaching the target of 1.00% from 1 January 2021. Nevertheless, it is worth mentioning that according to the article 131.14 of CRDIV, the highest capital reserve between the G-SII and the O-SII buffer will apply: therefore, UniCredit is subject to the application of 0.50% G-SII buffer for 2017
20 With reference to 31 December 2017: (I) countercyclical capital rates have generally been set at 0%, except for the following countries: Czech Republic (0.50%); Hong Kong (1.25%); Iceland (1.25%); Norway (2.00%); Sweden (2.00%); Slovakia (0.50%); (II) with reference to the exposures towards Italian counterparties, Banca d'Italia has set the rate equal to 0%.
21 In line with the transitional regime granted by Banca d'Italia, for 2017 institution-specific countercyclical capital buffer consists of CET1 capped to 1.25% of the total RWA of the institution.

The following table shows **UniCredit group transitional Capital ratios as of 31 December 2017** compared with the previous periods:

UniCredit group consolidated Capital ratios Transitional	4Q17			3Q17	2Q17	1Q17	4Q16
	Ratios	*Delta Q/Q*	*Delta Y/Y*				
CET1 Capital ratio	13.73%	*-0.21%*	*+5.58%*	13.94%	12.93%	11.71%	8.15%
Tier 1 Capital ratio	15.36%	*+0.04%*	*+6.32%*	15.32%	14.31%	12.65%	9.04%
Total Capital ratio	18.10%	*-0.09%*	*+6.44%*	18.19%	17.25%	15.20%	11.66%

Transitional consolidated Own Funds

Regarding the amount of transitional adjustments as of 31 December 2017 it is worth mentioning that such amounts, compared to 31 December 2016, also reflect the gradual reduction of the transitional adjustment requested for 2017, mainly:
- 20% for the items to be deducted from CET1 (40% in 2016);
- 20% for unrealised gains on AFS securities (40% in 2016);
- 40% for the actuarial losses calculated according to article 473 of CRR (60% for 2016).

Profit eligible

The profit eligible as of 31 December 2017 (€5,473 million, net of tax effect) is recognised in CET1 capital for €4,743 million, i.e. excluding €730 million relating to the Group dividends calculated at the date (including distributions to social and charity initiatives).
The net profit as of 31 December 2017 is included in CET1 capital following the authorization by the competent Authority according to article 26(2) ofCRR.

Disposal of Bank Pekao SA and Pioneer Investments

Additionally to the effects outlined (i) in the Consolidated Report on Operations, paragraphs "Main results and performance for the period" and "Other information - Group activities development operations and other corporate transactions" and (ii) in the Notes to the Consolidated Accounts - Part B - Consolidated Balance Sheet - Assets - Section 15 - Non-current assets and disposal groups classified as held for sale - Item 150 (Assets) and Item 90 (Liabilities), the following main effects were generated on Own Funds:
- Bank Pekao (effects with reference to the second quarter of 2017):
  - positive effect due to the deletion of the deduction for goodwill for €811 million;
  - positive effect due to the deletion of the deduction for intangible assets for €197 million;
  - negative effect due the exclusion of eligible minority interests for approx. €1.5 billion.
- Pioneer Investments (effects with reference to the third quarter of 2017):
  - positive effect due to the deletion of the deduction for goodwill, for a value of €821 million.

Atlante Fund and Italian Recovery Fund (ex Atlante Fund II)

As at 31 December 2017, the quotes held by UniCredit in the Atlante Fund and Italian Recovery Fund (ex Atlante Fund II), for approximately €190 million, are primarily referred to investments in securitisation notes relating to non-performing loans: the regulatory treatment of the Fund's quotes recognised in the UniCredit balance sheet is based on the application of the look-through method to the underlying investments, namely the securitisation notes risk weighted 1,250%.
The stakes indirectly held in Banca Popolare di Vicenza and Veneto Banca (formerly classified as non-significant holdings in financial sector entity, pursuant to the EU Regulation 2015/923), were fully impaired in the past periods.
With reference to the residual commitments, for €162 million, the regulatory treatment foresees the application of a Credit Conversion Factor equal to 100% ("full risk" according to Annex I of CRR), for the calculation of the related Risk Weighted Assets.

Voluntary Scheme ("Schema Volontario")

With reference to the Voluntary Scheme (an instrument introduced by the FITD for the resolution of bank crises through support measures in favour of its member banks, where specific conditions laid down by the legislation occur), on 2 August 2017 UniCredit group approved to increase by €18 million (of which €15 million referring to UniCredit S.p.A.) its position toward the Voluntary Scheme, bringing it to €95 million (of which €81 million refers to UniCredit S.p.A.) in addition to previous commitments and already converted into payments completed during 2016 for a total amount of €51 million (of which €44 million referring to UniCredit S.p.A.).

Part F - Consolidated Shareholders' Equity

On 29 September 2017, UniCredit group commitment was partially drawn for the recognition of an "Available for sale" equity instrument of €10 million (of which €9 million referring to UniCredit S.p.A.), consistent with the cash outflow; hence the commitment towards the Voluntary Scheme was reduced to €85 million. Since this outflow faced the planned intervention for the capitalisation of target banks (disposal at the "symbolic price" of €1), this equity position was fully impaired.

Regarding the further investments of UniCredit group, equal to €85 million as mentioned above (of which €72 million referring to UniCredit S.p.A.), the break-down is reported as follows:
- €53 million (of which €45.2 million referring to UniCredit S.p.A.) relating to investments in equity shares of target banks, fully impaired as at 30 September 2017;
- €32 million (of which €27 million refers to UniCredit S.p.A.) invested in non-performing loans securitisations, impaired for approx. €27 million (of which €22.6 million refers to UniCredit S.p.A.) as of 31 December 2017 (residual exposure for approx. €5 million, of which over €4 million refers to UniCredit S.p.A.).

Stake in Banca d'Italia's capital

With reference to the regulatory treatment of UniCredit's stake in Banca d'Italia, the carrying value as of 31 December 2017, equal to €1,062 million, is risk weighted at 100% (according to the article 133 "Equity exposure" of CRR); the revaluation recognised on P&L as of 31 December 2013 is not filtered out.

Deductions of investments in financial sector entities and deferred tax assets that rely on future profitability and arise from temporary differences

The capital increase concluded in the first quarter 2017 allowed to eliminate the deductions relating to the exceedance of regulatory thresholds as of 31 December 2016.
Hence, as of 31 December 2017 UniCredit does no longer exceed the thresholds relating to (i) not significant investments in financial sector entities, (ii) significant investments in CET1 instruments issued by financial sector entities and (iii) deferred tax assets that rely on future profitability and arise from temporary differences.

Irrevocable Payment Commitments

The Irrevocable Payment Commitments (IPCs) amounts undertaken by the Group Legal Entities to evade the payment obligation of the contributions to the Single Resolution Fund (SRF), to Resolution National Funds (NRF) and Deposit Guarantee Scheme (DGS) are included as P&L costs as of 31 December 2017.

FINO transaction

In this regard, please refer to the press releases published on UniCredit group website.

Corporate Governance amendments

Regarding the Corporate Governance amendments proposed by the Board of Directors and approved on 4 December 2017 by both UniCredit S.p.A. Ordinary and Extraordinary Shareholders' Meeting and the Special Meeting of Savings Shareholders (please refer to the press releases published on UniCredit group website for additional details), the share premium reserve was reduced by approximatively €117 million as of 31 December 2017 with reference to the elimination of the 5% limit for the exercise of the voting rights and the mandatory conversion of savings shares into ordinary shares, in line with the authorisation requests submitted to the Competent Authority.

Financial conglomerate

As of 31 December 2017 reporting date, UniCredit group is allowed to not be subject to the supplementary supervision, although it is recognised as a financial conglomerate by the Joint Committee according to the 23 October 2017 communication (ref. JC 2017 70).

1. Common Equity Tier 1 Capital - CET1

Common Equity Tier 1 Capital mainly includes the following elements:

- Main Common Equity Tier 1 Capital items, recognised as Common Equity Tier 1 only where they are available to the institution for unrestricted and immediate use to cover risks or losses as soon as these occur: (I) capital instruments, provided the conditions laid down in CRR article 28 or, where applicable, article 29 are met (e.g. ordinary shares); (II) share premium accounts relating to the instruments referred to in point (I); (III) retained earnings; (IV) accumulated other comprehensive income; (V) other reserves; Common Equity Tier 1 Capital items also include minority interest for the computable amount recognised by CRR.
- Prudential filters of Common Equity Tier 1 Capital: (I) filter relating to increase in its equity under the applicable accounting framework that results from securitised assets; (II) filter relating to the fair value reserves regarding gains or losses on cash flow hedges of financial instruments that are not valued at fair value; (III) filter related to gains or losses on liabilities of the institution that are valued at fair value that result from changes in the own credit standing of the institution; (IV) filter relating to all fair value gains and losses arising from the institution's own credit risk regarding derivative liabilities; (V) filter relating to additional value adjustments (prudent valuation).
- Deductions from Common Equity Tier 1 items: (I) intangible assets; (II) deferred tax assets (DTA) that rely on future profitability and do not arise from temporary differences; (III) negative amounts resulting from the calculation of expected loss amounts when compared with credit risk adjustments (shortfall) for those positions evaluated according to IRB methods; (IV) defined benefit pension fund assets on the balance sheet of the institution; (V) direct, indirect and synthetic holdings by an institution of own Common Equity Tier 1 instruments, including own Common Equity Tier 1 instruments that an institution is under an actual or contingent obligation to purchase by virtue of an existing contractual obligation; (VI) exposures deducted from CET1 as an alternative to the application of 1,250% risk weight; (VII) the applicable amount of direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities where the institution does not have a significant investment in those entities (deducted for the amount exceeding the thresholds foreseen by the regulation); (VIII) deferred tax assets (DTA) that rely on future profitability and arise from temporary differences, and the applicable amount of direct, indirect and synthetic holdings by the institution of the Common Equity Tier 1 instruments of financial sector entities where the institution has a significant investment in those entities (deducted for the amount exceeding the thresholds foreseen by the regulation).

As of 31 December 2017, CET1 includes ordinary shares issued by UniCredit S.p.A, equal to €20.231 million, among the others elements, such amount does not include the shares, in support to Cashes[22] (€609 million), reclassified under AT1.

2. Additional Tier 1 Capital - AT1

The main AT1 elements are the represented by the following items: (I) capital instruments, where the conditions laid down in article 52 of CRR are met; (II) the share premium accounts relating to the instruments referred to in point (I); (III) capital instruments for the amount computable in Own Funds according to the transitional provisions foreseen by CRR (grandfathering).

On 15 May 2017, with value date 22 May 2017, UniCredit S.p.A. launched Additional Tier 1 notes, denominated in Euro, for a total of €1.25 billion. The securities are perpetual and can be called by the Issuer after 6 years and thereafter at any interest payment date. Notes pay fixed rate coupons of 6.625% per year. The notes were allocated to institutional investors, based in the main financial European venues (UK, Italy and France inter alia).
The coupon payment is fully discretionary. The notes have a 5.125% Common Equity Tier 1 (CET1) trigger, if the Group or Issuer CET1 at any time falls below the trigger level, the instrument will be temporarily written down to cure the breach, taking into consideration other instruments with similar write down triggers.

On 13 December 2017, with value date 20 December 2017, UniCredit S.p.A. launched Additional Tier 1 notes, denominated in Euro, for a total of €1 billion whose terms are compliant with the “CRD IV” regulation in place starting from 1 January 2014. The securities are perpetual (with maturity linked to corporate duration of UniCredit S.p.A.) and can be called by the Issuer after 7.5 years and thereafter at any interest payment date. Notes pay fixed rate coupons of 5.375% per annum for the initial 7.5 years, paid on a semi-annual basis; if not redeemed, coupon will be reset every 5 years to the then 5-Years Mid-Swap rate + 492.5 basis points. The notes were allocated to institutional investors, based in the main financial European venues (UK, Italy and Switzerland, inter alia).
The coupon payment is fully discretionary. The notes have a 5.125% Common Equity Tier 1 (CET1) trigger: if the Group or Issuer CET1 at any time falls below the trigger level, the instrument will be temporarily written down to cure the breach, taking into consideration other instruments with similar write down triggers.

22 CASHES are equity-linked instruments, issued for a counter value of €2,983,000 thousand in February 2009 by The Bank of New York (Luxembourg) SA, with a maturity on 15 December 2050 and convertible, under certain conditions, into No.9.675.641 ordinary shares of UniCredit S.p.A. (reduced from No.967,564,061 after the reverse split occurred in 2011 and 2017) underwritten by Mediobanca in the context of the capital increase approved by the UniCredit Extraordinary Shareholders' Meeting on 14 November 2008. Therefore, since such shares are legitimately issued, they are fully loss absorbing as any other ordinary share.

Part F - Consolidated Shareholders' Equity

Financial instruments included in Additional Tier 1 Capital

SUBJECT TO TRANSITIONAL RULES (GRANDFATHERING)	ISSUER	UNIQUE IDENTIFIER (1)	COMPUTABLE CRR AMOUNT (€/MLN) (2)	NOMINAL AMOUNT IN ORIGINAL CURRENCY (MLN)	CURRENCY	MATURITY DATE	OPTIONAL CALL DATE	FIXED OR FLOATING DIVIDEND / COUPON	COUPON RATE AND ANY RELATED INDEX	CONVERTIBLE OR NON-CONVERTIBLE	WRITE-DOWN FEATURES	POSITION IN SUBORDINATION HIERARCHY IN LIQUIDATION (3)
yes	UNICREDIT SPA	XS0527624059	210	500	EUR	No maturity	07.21.2020	Fixed to Floating	9.375% from issue date to 07.21.2020, equivalent to MS + 6.49%; Euribor 3M + 7.49% from 07.21.2020	Non convertible	yes	Tier 2
no	UNICREDIT SPA	XS1046224884	898	1,250	USD	No maturity	06.03.2024	Fixed	8% p.a. until 06.03.2024; therafter fixed every 5 years for 5-Year Mid-Swap Rate + 518bps	Non convertible	yes	Tier 2
no	UNICREDIT SPA	XS1107890847	991	1,000	EUR	No maturity	09.10.2021	Fixed	6.75% p.a until 09.10.2021; therafter fixed every 5 years for 5-Year Mid-Swap Rate + 610bps	Non convertible	yes	Tier 2
no	UNICREDIT SPA	XS1539597499	495	500	EUR	No maturity	06.03.2022	Fixed	9.25% p.a. until 06.03.2022; thereafter fixed every 5 years for 5-year Mid-Swap Rate + 930bps	Non convertible	yes	Tier 2
yes	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	XS0372556299	131	350	GBP	No maturity	06.27.2018	Fixed to Floating	8.5925% from issue date to 06.27.2018 payable semi-annually, equivalent to MS + 2.95%; Libor 3M + 3.95% from 06.27.2018	Non convertible	yes	Tier 2
yes	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	XS0470937243	393	750	EUR	No maturity	12.10.2019	Fixed to Floating	8.125% from issue date to 12.10.2019; Euribor 3M + 6.650%	Non convertible	yes	Tier 2
yes	HVB FUNDING TRUST II	XS0102826673	16	100	GBP	10.13.2036	10.13.2034	Fixed	7.76% p.a	Non convertible	yes	Tier 2
yes	ALPINE CAYMAN ISLANDS LTD.	DE000A0DD4K8	95	250	EUR	No maturity	10.28.2011	Fixed to Floating	1Y 6.00%, max between 8.00% and CMS euro 10y + 0.10% from 10.28.2005. Payable semi-annually	Non convertible	no	Tier 2
yes	ALPINE CAYMAN ISLANDS LTD.	DE000A0DYW70	50	150	EUR	No maturity	03.22.2012	Fixed to Floating	1Y 7.5% payable in arrear, max between 8.00% and euro CMS 10 y + 0.15% from second year to maturity.	Non convertible	no	Tier 2
yes	HVB FUNDING TRUST	US404398AA77	17	300	USD	06.30.2031	06.30.2029	Fixed	8.741% p.a.	Non convertible	yes	Tier 2
yes	HVB FUNDING TRUST III	US404399AA50	17	200	USD	10.22.2031	10.22.2029	Fixed	9% payable semi-annually	Non convertible	yes	Tier 2
no	UNICREDIT SPA	XS1619015719	1,237	1,250	EUR	No maturity	06.03.2023	Fixed	6.625% p.a. until 06.03.2023, thereafter fixed every 5 years for 5-year Mid-Swap Rate +638.7 bps	Non convertible	yes	Tier 2
no	UNICREDIT SPA	XS1739839998	990	1,000	EUR	No maturity	06.03.2025	Fixed	5.375% p.a. until 06.03.2025; thereafter fixed every 5 years for 5-year Mid-Swap Rate + 492.5 bps	Non convertible	yes	Tier 2

Notes related to the table "Financial instruments included in Additional Tier 1 Capital"

(1) It should be noted that ISIN Guidelines (paragraph 7) states that "banking instruments or facilities such as bank loans are outside of the scope of the ISO-6166 standard and should not be identified by ISIN codes". Therefore, the present section shows an internal identification code for those instruments classified as "Loans".

(2) In case of instruments issued by Group's subsidiaries, the value represents the computable amount of the instrument, that is the basis for the calculation of minority interests. In case of Additional Tier 1 instruments in the transitional rules, the value represents the total computable amount (including both the quota in Additional Tier 1 and the quota reclassified in Tier 2 when exceeding the grandfathering limit calculated according to regulation).

(3) The write-up mechanisms described are aligned with the original Final Terms & Conditions; therefore, the classification of instruments is coherent with the regulatory framework in force at the issuance date.

3. Tier 2 Capital - T2

The main T2 elements are the represented by the following items: (I) capital instruments and subordinated loans where the conditions laid down in article 63 of CRR are met; (II) the share premium accounts relating to instruments referred to in point (I); (III) possible surplus of credit risk adjustments with reference to expected losses for positions evaluated according to IRB methods; (IV) capital instruments and subordinated loans for the amount computable in Own Funds according to the transitional provisions foreseen by CRR (grandfathering).

In June 2017, UniCredit S.p.A. launched the following Tier 2 notes:

- denominated in Euro, for a total of 50 million. The securities have a legal maturity of 15 years and pay a fixed rate coupon of 4.5% per annum, paid on an semi-annual basis. The Notes were distributed to one single institutional investor. Bonds are listed on the Luxembourg Stock Exchange.
- denominated in US Dollars, for a total of 1 billion. The securities have a legal maturity of 15 years and pay fixed rate coupons of 5.861% per annum, paid on an semi-annual basis, for the first 10 year. The instrument has a one-time Issuer's call option exercisable after 10 years subject to regulatory approval; if not called at year 10 the coupon will reset at the prevailing 5 years US mid-swap rate plus the initial spread. The Notes were distributed to different institutional investors' categories, mainly funds (83%) and banks and insurance companies. The demand has mainly come from US/Canada (59%), France (12%) and UK (9%).

As of 31 December 2017, T2 Capital:

- does not include instruments having a contractual amortisation plan in line with regulatory rules stated by article 63 of CRR;
- includes, according to article 484(5) of CRR among grandfathered instruments, the amount of such instruments issued before 31 December 2011 and subject to the grandfathering provisions;
- also includes saving shares for a total amount of €2 million.

Part F - Consolidated Shareholders' Equity

Financial instruments included in Tier 2 Capital

SUBJECT TO TRANSITIONAL RULES (GRANDFATHERING)	ISSUER	UNIQUE IDENTIFIER (1)	COMPUTABLE CRR AMOUNT (€/MLN) (2)	NOMINAL AMOUNT IN ORIGINAL CURRENCY (MLN)	CURRENCY	MATURITY DATE	OPTIONAL CALL DATE	FIXED OR FLOATING DIVIDEND / COUPON	COUPON RATE AND ANY RELATED INDEX	CONVERTIBLE OR NON-CONVERTIBLE	WRITE-DOWN FEATURES	POSITION IN SUBORDINATION HIERARCHY IN LIQUIDATION (3)
no	UNICREDIT SPA	XS0348222802	110	125	EUR	03.03.2023	-	Fixed	6.04% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0356063940	1	15	EUR	04.10.2018	-	Floating	Max between 5.535% and 10 y Euro CMS	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0356629369	6	100	EUR	04.24.2018	-	Floating	Max between 5% and 10 y Euro CMS + 0.67%	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0367777884	59	1,000	EUR	06.05.2018	-	Fixed	6.70% p.a.	Non Convertible	yes	Lower Tier 2
no	UNICREDIT SPA	XS0372227982	11	125	EUR	06.25.2018	-	Floating	Euribor 6M + 1.7%	Non Convertible	yes	Lower Tier 2
no	UNICREDIT SPA	XS0503612250	33	50	EUR	04.21.2021	-	Fixed	5% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0504566414	43	50	EUR	04.25.2022	-	Fixed	5.05% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0503708280	23	50	EUR	04.26.2020	-	Fixed	4.75% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004605074	153	333	EUR	05.31.2020	-	Fixed	05.31.2011: 3.00%; 05.31.2012: 3.25%; 05.31.2013: 3.50%; 05.31.2014: 3.75%; 05.31.2015: 4.00%; 05.31.2016: 4.40%; 05.31.2017: 4.70%; 05.31.2018: 5.07%; 05.31.2019: 5.40%; 05.31.2020: 6.00%.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0515754587	25	50	EUR	06.14.2020	-	Fixed	5.16% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004698418	22	464	EUR	03.31.2018	-	Fixed to Floating	5.00% p.a. from 06.30.2011 to 03.31.2013; from 06.30.2013 Euribor 3M + 1% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004698426	37	759	EUR	03.31.2018	-	Fixed	03.31.2012: 4.10%; 03.31.2013: 4.30%; 03.31.2014: 4.50%; 03.31.2015: 4.70%; 03.31.2016: 4.90%; 03.31.2017: 5.05%; 03.31.2018: 5.10%	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0618847775	483	750	EUR	04.19.2021	-	Fixed	6.125% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004723927	37	394	EUR	06.30.2018	-	Fixed to Floating	5% p.a. until 06.30.2013; from 09.30.2013 Euribor 3M + 1% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004740368	2	20	EUR	07.05.2018	-	Floating	Euribor 3M + 2.50% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0849517650	1,444	1,500	EUR	10.31.2022	-	Fixed	6.95% p.a	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004747330	19	157	EUR	08.19.2018	-	Fixed	08.19.2012: 4.40%; 08.19.2013: 4.60%; 08.19.2014: 4.80%; 08.19.2015: 5.00%; 08.19.2016; 5.30%; 08.19.2017: 5.65%; 08.19.2018: 6.00%	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004748882	1	10	EUR	07.21.2018	-	Floating	Euribor 3M + 2.637% p.a.	Non Convertible	no	Senior

SUBJECT TO TRANSITIONAL RULES (GRANDFATHERING)	ISSUER	UNIQUE IDENTIFIER (1)	COMPUTABLE CRR AMOUNT (€/MLN) (2)	NOMINAL AMOUNT IN ORIGINAL CURRENCY (MLN)	CURRENCY	MATURITY DATE	OPTIONAL CALL DATE	FIXED OR FLOATING DIVIDEND / COUPON	COUPON RATE AND ANY RELATED INDEX	CONVERTIBLE OR NON-CONVERTIBLE	WRITE-DOWN FEATURES	POSITION IN SUBORDINATION HIERARCHY IN LIQUIDATION (3)
yes	UNICREDIT SPA	IT0004764004	67	414	EUR	10.31.2018	-	Fixed	10.31.2012: 5.60%; 10.31.2013: 5.90%; 10.31.2014: 6.10%; 10.31.2015: 6.30%; 10.31.2016: 6.50%; 10.31.2017: 6.80%; 10.31.2018: 7.20%	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004780562	108	518	EUR	01.31.2019	-	Fixed	01.31.2013: 6.50%; 01.31.2014: 6.90%; 01.31.2015: 7.30%; 01.31.2016: 7.80%; 01.31.2017: 8.10%; 01.31.2018: 8.30%; 01.31.2019: 8.50%	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0878681419	185	300	SGD	07.30.2023	07.30.2018	Fixed	1-5.5Y 5.5% p.a., 5.5-10.5Y SOR + 4.47% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0925177130	620	750	USD	05.02.2023	05.02.2018	Fixed to Floating	1-5Y 6.375%. 6-10Y USD MS + 5.51%	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0986063864	996	1,000	EUR	10.28.2025	10.28.2020	Fixed	5.75% p.a. after the call 5Y Swap + 410 bps	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0013	0	10	EUR	01.30.2018	-	Fixed	5.74% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0014	0	10	EUR	01.30.2018	-	Fixed	5.74% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS1070428732	184	185	EUR	05.21.2024	05.21.2019	Fixed	3.125% from issue date to 05.21.2019; fixed rate equivalent to 5Y MS + 2.50% from 05.21.2019	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0062981500	35	10,000	JPY	03.12.2021	-	Fixed	6.3% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000541719	11	20	EUR	10.06.2020	-	Fixed	6.5% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000541669	3	5	EUR	08.01.2020	-	Fixed to Floating	7.1% payable until 07.31.2005, thereafter 1.8 x 10yJPYCMS. floor: 3.25%, cap: 8.25%	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0122710188	20	20	EUR	01.24.2031	-	Floating	Euribor 3M + 0.39% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0123313636	30	30	EUR	01.25.2031	-	Floating	Euribor 6M + 0.3925% payable semi-annually	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0123117292	46	46	EUR	01.25.2031	-	Floating	Euribor 3M + 0.35% payable quarterly	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0134061893	55	55	EUR	08.20.2033	-	Floating	Euribor 3M + 0.52% payable quarterly	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0136314415	35	35	EUR	10.31.2031	-	Floating	Euribor 3M + 0.49% payable quarterly	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0137905153	12	12	EUR	10.30.2031	-	Fixed	5.935% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0138428684	60	60	EUR	12.31.2031	-	Floating	Euribor 3M + 0.50% payable quarterly	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0139264682	33	40	USD	12.05.2031	-	Fixed	6.21% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	A111_SL0040	23	28	USD	12.15.2046	-	Fixed	USD 130.000 per month/ 5.673% p.a.	Non Convertible	no	Senior

Part F - Consolidated Shareholders' Equity

SUBJECT TO TRANSITIONAL RULES (GRANDFATHERING)	ISSUER	UNIQUE IDENTIFIER [1]	COMPUTABLE CRR AMOUNT (€/MLN) [2]	NOMINAL AMOUNT IN ORIGINAL CURRENCY (MLN)	CURRENCY	MATURITY DATE	OPTIONAL CALL DATE	FIXED OR FLOATING DIVIDEND / COUPON	COUPON RATE AND ANY RELATED INDEX	CONVERTIBLE OR NON-CONVERTIBLE	WRITE-DOWN FEATURES	POSITION IN SUBORDINATION HIERARCHY IN LIQUIDATION [3]
no	UNICREDIT BANK AUSTRIA AG	XS0140394817	94	95	EUR	12.27.2031	-	Floating	Euribor 3M + 0.48% payable quarterly	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0140907626	40	50	EUR	12.27.2021	-	Floating	Euribor 3M + 0.48% payable quarterly	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0140691865	50	50	EUR	12.27.2026	-	Floating	Euribor 6M + 0.5% payable semi-annually	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0140608398	50	63	EUR	12.27.2021	-	Fixed	5.80% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0140838474	125	125	EUR	12.27.2029	-	Floating	Euribor 6M + 0.52% payable semi-annually	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0141069442	80	100	EUR	12.28.2021	-	Floating	Euribor 6M +0.48% payable semi-annually	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000539481	31	40	EUR	11.29.2021	-	Fixed	6% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	A111_SL0050	19	25	EUR	10.19.2021	-	Fixed	6.01% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	A111_SL0053	16	20	EUR	12.02.2021	-	Fixed	5.51% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000246814	1	15	EUR	02.26.2021	02.26.2016	Floating	Euribor 6M + 0.20% payable semi-annually	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000245790	0	27	EUR	10.25.2019	-	Fixed to Floating	7.25% for first five years, thereafter arithmetic average Secondary Market Yield of Banking Bonds according to ONB minus 0.25%	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0093266939	6	60	DEM	12.21.2018	-	Fixed	5.43% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0097425226	7	40	EUR	05.14.2019	-	Fixed to Floating	5.00% from issue date to 05.14.2009; 5.00% + 16% of Euro CMS 10y from 05.14.2009	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0097950900	1	3	EUR	05.28.2019	-	Fixed to Floating	4.50% from issue date to 05.28.2004; max between 4.50% and 90% of Euro CMS 10y from 05.28.2004	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0098170003	9	43	EUR	06.01.2019	-	Fixed to Floating	4.70% from issue date to 06.01.2009; max between 4.70% and 102% of Euro CMS 10y from 06.01.2009	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0098907693	7	25	EUR	06.25.2019	06.25.2009	Fixed	7.00% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0104764377	39	39	EUR	11.19.2029	-	Floating	Euribor 6M + 0.62%	Non Convertible	no	Senior
no	UNICREDIT BANK AG	DE0002298890	6	20	EUR	06.07.2019	-	Fixed	5.5% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0105174352	12	12	EUR	12.13.2024	-	Fixed	2.00% p.a. from issue date to 12.13.2004; 9.00% p.a. from 12.13.2004	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0105656267	12	15	EUR	12.21.2029	-	Fixed	5.00% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0114878233	4	8	EUR	08.03.2020	-	Floating	Euribor 6M + 0.65%	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0119485885	8	14	EUR	10.23.2020	-	Floating	Euribor 3M + 0.70%	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0120851174	6	10	EUR	12.22.2020	-	Floating	67% of Euro CMS 10y, with a min. of 4.85% and a max of 5.85%	Non Convertible	no	Senior
no	UNICREDIT SPA	IT0005087116	2,497	2,500	EUR	05.03.2025	05.03.2020	Floating	Euribor 3M + 2.75%	Non Convertible	no	Senior

SUBJECT TO TRANSITIONAL RULES (GRANDFATHERING)	ISSUER	UNIQUE IDENTIFIER (1)	COMPUTABLE CRR AMOUNT (€/MLN) (2)	NOMINAL AMOUNT IN ORIGINAL CURRENCY (MLN)	CURRENCY	MATURITY DATE	OPTIONAL CALL DATE	FIXED OR FLOATING DIVIDEND / COUPON	COUPON RATE AND ANY RELATED INDEX	CONVERTIBLE OR NON-CONVERTIBLE	WRITE-DOWN FEATURES	POSITION IN SUBORDINATION HIERARCHY IN LIQUIDATION (3)
no	UNICREDIT SPA	XS1426039696	746	750	EUR	01.03.2027	01.03.2022	Fixed	4.375% p.a. from issue date to 01.02.2022 payable annually; 4.316% p.a. + 5 Year Mid-Swap Rate after 01.02.2022	Non Convertible	no	Senior
no	UNICREDIT SPA	XS1632222565	50	50	EUR	06.14.2032	06.14.2027	Fixed to Floating	4.50% p.a. from Issue Date to 06.14.2019 payable semiannually; 2.24% p.a. + Euribor 6m after 06.14.2019	Non Convertible	no	Senior
no	UNICREDIT SPA	XS1631415582	828	1,000	USD	06.19.2032	06.19.2027	Fixed to Floating	5.861% p.a. from Issue Date to 06.19.2027 payable semiannually; 3.703% p.a. + 5Y US Dollar Mid Swap Rate after 06.19.2027 payable semiannually	Non Convertible	no	Senior

Notes:

(1) It should be noted that ISIN Guidelines (paragraph 7) state that "banking instruments or facilities such as bank loans are outside the scope of the ISO-6166 standard and should not be identified by ISIN codes". Therefore, the present section shows an internal identification code for those instruments classified as "Loans".

(2) In case of instruments issued by Group's subsidiaries, the value represents the computable amount of the instrument, that is the basis for the calculation of minority interests.

(3) The write-up mechanisms described are aligned with the original Final Terms & Conditions; therefore, the classification of instruments is in line with the regulatory framework in force at the issuance date.

B. Quantitative information

(€ '000)

OWN FUNDS	12.31.2017	12.31.2016
A. Common Equity Tier 1 Capital (CET1) before prudential filters	**53,439,671**	**49,711,726**
of/w grandfathered CET1 instruments	-	-
B. CET1 Prudential Filters (+/-)	**(786,087)**	**(1,243,350)**
C. CET1 gross of deductions and transitional adjustments (A +/- B)	**52,653,584**	**48,468,376**
D. Items to be deducted from CET1	**4,182,874**	**19,376,328**
E. Transitional adjustments - Effect on CET1 (+/-), including minority interests subject to transitional adjustments	**408,845**	**2,445,154**
F. Common Equity Tier 1 Capital (C - D +/-E)	**48,879,555**	**31,537,202**
G. Additional Tier 1 Capital (AT1) gross of deductions and transitional adjustments	**5,901,651**	**3,732,353**
of/w grandfathered AT1 instruments	*1,292,090*	*1,348,890*
H. Items to be deducted from AT1	**80,776**	**125,123**
I. Transitional adjustments - Effect on AT1 (+/-), including qualifying instruments issued by subsidiaries and computable in AT1 due to transitional provisions	**2,576**	**(139,582)**
L. Additional Tier 1 Capital (G - H +/- I)	**5,823,451**	**3,467,648**
M. Tier 2 (T2) Capital gross of deductions and transitional adjustments	**10,244,498**	**10,686,356**
of/w grandfathered T2 instruments	*498,487*	*1,073,554*
N. Items to be deducted from T2	**732,084**	**844,400**
O. Transitional adjustments - Effect on T2 (+/-), including qualifying instruments issued by subsidiaries and computable in T2 due to transitional provisions	**238,756**	**302,961**
P. Tier 2 Capital (M - N +/- O)	**9,751,170**	**10,144,917**
Q. Total Own Funds (F + L + P)	**64,454,176**	**45,149,767**

Own funds are calculated according to the transitional regime applicable period by period.

The changes in the Own Funds as at 31 December 2017 compared to the previous year, also reported in detail in UniCredit group Disclosure (Pillar III) as at 31 December 2017, in the "Own Funds" chapter, on the Group website to the link https://www.unicreditgroup.eu/en/investors/third-pillar-basel-two-and-three.html.

Part F - Consolidated Shareholders' Equity

Description of main capital items as of 31 December 2017

A. Common Equity Tier 1 Capital (CET1) before prudential filters
This item, equal to €53,440 million, includes:
- paid up instruments for €20,231 million;
- share premium for €13,258 million: compared to 31 December 2016 this item includes the following effects:
  - capital increase as approved by the Shareholders' Meeting on 12 January 2017 (equal to €12,984 million[23]);
  - reduction of the share premium (for €13,960 million) for the allocation of the 2016[24] year-end loss of the Parent Company UniCredit S.p.A. and the coverage of negative reserves, as approved by the Shareholders' Meeting on 20 April 2017;
  - reduction of the share premium (for €117 million) relating to the elimination of the 5% limit for the exercise of voting rights and the mandatory conversion of saving shares into ordinary shares (Corporate Governance amendments approved on 4 December 2017 by UniCredit S.p.A. Ordinary and Extraordinary Shareholders' Meeting and the Special Meeting of Savings Shareholders);
- other reserves for €24,040 million including retained earnings. Such amount includes the net profit of the year 2017, equal to €5,473 million, recognised in Own Funds reduced by dividends calculated at the date for €730 million, according to authorisation by the competent Authority as of CRR article 26(2);
- minority interests eligible in CET1 capital for €238 million; compared to 31 December 2016 the reduction of €1,375 million, basically reflects the disposal of Bank Pekao;
- accumulated other comprehensive income, negative for €4,327 million; among the others, such item includes the following items:
  - reserves for actuarial losses (IAS19)[25] for €2,427 million[26];
  - reserves on available for sale (AFS) securities for €1,605 million[27];
  - revaluation reserve on exchange differences: amount of the negative reserve included in this item for €4,059 million.

The item includes neither the amount relating to Cashes (€609 million) reclassified in the Item "G. Additional Tier 1 Capital (AT1) gross of deductions and transitional adjustments", nor Saving Shares (€2 million) reclassified in the Item "M. Tier 2 (T2) Capital gross of deductions and transitional adjustments".

B. CET1 Prudential Filters
This item, negative for €786 million, includes:
- filters required by CRR, mainly relating to:
  - negative filter on cash flow hedge reserve of financial instruments (CRR Art. 33), equal to €277 million;
  - negative filter on additional value adjustments (CRR Art. 34), equal to €133 million;
- national filters as required by Banca d'Italia Circular No.285, referred to:
  - multiple goodwill redemption ("affrancamenti mutipli"), equal to €351 million[28];
  - gain on sale of properties mainly used in operations ("cessione in blocco"), equal to €25 million.

D. Items to be deducted from CET1
This item, equal to €4,183 million, includes the following main elements:
- goodwill and other intangible assets, for €3,356 million;
- deferred tax assets that rely on future profitability and do not arise from temporary differences, for €526 million;
- excess of expected losses compared to provisions, for €39 million;
- deductions for securitisations, for €217 million.

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23 In addition to the amount of €22 million registered under the accounting item Capital.
24 As of 31 December 2016 the loss was reported in item "D. Items to be deducted from CET1".
25 As of 1 January 2013, following the entry into force of the amendments to IAS19 (IAS19R), the elimination of the corridor method, requiring recognition of present value of defined benefit obligations, will result in an impact on the Group's net equity related to the recognition in the revaluation reserves of actuarial net losses not previously recognised in line with such method.
26 The positive transitional adjustment is associated to this item, for €527 million, included in section "E. Transitional adjustments - Effect on CET1 (+/-), including minority interests subject to transitional adjustments".
27 The transitional adjustment is associated to this item, for €321 million, included in section "E. Transitional adjustments - Effect on CET1 (+/-), including minority interests subject to transitional adjustments".
28 The amount of the filter refers to 5/5 of the amount subject to neutralisation calculated according to Banca d'Italia communication issued on 9 May 2013; the calculation takes into account the provisions of the Resolution n.55/E of the Italian Revenue Agency (Agenzia delle Entrate) issued on 29 May 2015 concerning "Discipline of the tax credit resulting from the processing of deferred tax assets recorded in the financial statements referred to in Article 2, paragraphs 55 to 58 of Decree-Law 29 December 2010, No 225" ("Disciplina del credito d'imposta derivante dalla trasformazione di attività per imposte anticipate iscritte in bilancio di cui all'articolo 2, commi da 55 a 58, del decreto legge 29 dicembre 2010, No.225"). The decrease in the amount of the filter compared to 31 December 2016 is related to the cancellation of deferred tax assets following the conversion in tax credits of the accounting losses.

E. Transitional adjustments - Effect on CET1, including minority interests subject to transitional adjustments

This item, positive for €409 million, includes the following main transitional adjustments:

- €321 million relating to the negative adjustment regarding the exclusion of 20% of unrealised gains relating to (I) exposures towards EU Central Administrations classified in the portfolio “Available For Sale - AFS”, equal to €213 million and (II) debt instruments other than those issued by EU Central Administration, for €64 million, and capital instruments classified in the portfolio “Available For Sale - AFS” for €44 million;
- €527 million relating to the positive adjustment on reserves for actuarial losses (IAS19) equal to 40% of the amount calculated according to CRR Article 473;
- €101 million relating to the positive adjustment for the 20% of the deduction related to deferred tax assets that rely on future profitability and do not arise from temporary differences;
- €94 million relating to the positive adjustment due to the inclusion of minority interests subject to transitional adjustments;
- €8 million relating to the positive adjustment for the 20% of the deduction related to the excess of expected losses compared to provisions.

G. Additional Tier 1 Capital (AT1) - gross of deductions and transitional adjustments

Compared to 31 December 2016 (amount equal to €3,732 million), the amount as of 31 December 2017 (equal to €5,902 million) includes the issuance of two UniCredit S.p.A. Additional Tier 1 instruments: (i) XS1619015719 issued on 15 May 2017 for a total of €1.25 billion and (ii) XS1739839998 issued on 13 December 2017 for a total of €1 billion.

I. Transitional adjustments - Effect on AT1, including qualifying instruments issued by subsidiaries and computable in AT1 due to transitional provisions

This item, positive for €3 million, includes the following main transitional adjustments:

- 20% (€11 million) of the amount of the deduction (€55 million) relating to direct positions in AT1 instruments issued by financial sector entities (FSE) in which a significant investment is held, net of 50% of the related residual amount of the deduction (€5 million);
- deduction of 50% of the residual amount related to the excess of expected losses compared to provisions (€4 million).

M. Tier 2 (T2) Capital gross of deductions and transitional adjustments

The present item includes, among the other elements, the excess of credit risk adjustments compared to expected losses for €924 million, included in Tier 2 Capital up to 0,6% of risk-weighted exposures, in accordance with article 62 of CRR.

O. Transitional adjustments - Effect on T2, including qualifying instruments issued by subsidiaries and computable in T2 due to transitional provisions

The item includes the following main transitional adjustments for €239 million:

- €5 million relating to the deduction of 50% of the residual amount referred to direct positions held in AT1 instruments issued by FSE in which a significant investment is held;
- €193 million relating to the positive adjustment due to the inclusion of instruments issued by subsidiaries and included in Tier 2 Capital according to transitional provisions;
- €4 million relating to the negative adjustment for the deduction of 50% of the residual amount related to the excess of expected losses compared to provisions;
- €54 million relating to the national positive filter as regulated by Banca d’Italia Circular No.285, equal to 20% of 50% of unrealised gains on AFS.

Part F - Consolidated Shareholders' Equity

2.3 Capital adequacy

A. Qualitative information

For qualitative information on the procedures adopted by the Banking Group to assess the adequacy of own funds supporting current and future activities see Section 1 - Consolidated Shareholders' Equity - Part F of this Notes to the Consolidated Accounts.

B. Quantitative information

Capital Adequacy

(€ '000)

ITEMS/VALUES	UNWEIGHTED ASSETS 12.31.2017	UNWEIGHTED ASSETS 12.31.2016	WEIGHTED ASSETS/REQUIREMENTS 12.31.2017	WEIGHTED ASSETS/REQUIREMENTS 12.31.2016
A. RISK ASSETS				
A.1 CREDIT AND COUNTERPARTY RISK	**867,501,479**	**877,285,582**	**307,186,610**	**331,181,087**
1. Standardised approach[1]	399,466,403	411,492,617	150,944,503	180,075,863
2. IRB approaches	446,933,095	443,048,947	154,020,456	148,202,706
2.1 Foundation	*15,441,149*	*17,371,475*	*10,177,945*	*11,905,651*
2.2 Advanced	*431,491,946*	*425,677,472*	*143,842,511*	*136,297,055*
3. Securitisations	21,101,981	22,744,018	2,221,651	2,902,518
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			**24,574,929**	**26,494,487**
B.2 Credit valuation adjustment risk			**250,621**	**292,528**
B.3 Settlement risk			**1,359**	**2,278**
B.4 Market Risk			**1,032,485**	**1,100,151**
1. Standard approach			144,817	158,445
2. Internal Models			887,668	941,706
3. Concentration Risk			-	-
B.5 Operational Risk			**2,602,224**	**3,081,431**
1. Basic indicator approach			223,778	233,540
2. Traditional standardised approach			294,426	285,337
3. Advanced measurement approach			2,084,020	2,562,554
B.6 Other calculation elements			**26,400**	**-**
B.7 Total capital requirements			**28,488,017**	**30,970,875**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk Weighted Assets			**356,100,221**	**387,135,931**
C.2 Common Equity Tier 1 Capital/Risk weighted assets (CET1 capital ratio)			**13.73%**	**8.15%**
C.3 Tier 1 Capital/Risk weighted assets (Tier 1 capital ratio)			**15.36%**	**9.04%**
C.4 Total Own Funds/Risk weighted assets (Total capital ratio)			**18.10%**	**11.66%**

Note:
(1) The weighted amount includes the "Exposures with or central counterparties as pre-funded contributions to the default fund".

Part G - Business Combinations

Part G - Business Combinations

Section 1 - Business combinations completed in the year

Business combinations with counterparties outside the Group are carried out using the “purchase method” prescribed by the accounting standard IFRS3 “Business Combinations”.

Under its reorganisation programme the Group may carry out business combinations involving companies or businesses which were already directly or indirectly controlled by UniCredit S.p.A. (Business Combination Under Common Control).
These transactions have no economic substance and are accounted for in the acquirer’s and acquired entity’s accounts in accordance with the continuity principle.
These transactions have no effect on consolidated level.

1. Business combinations outside the Group

In 2017 the Group has performed no business combinations outside the Group.
For further details please refer to Part A, Section 3 - Consolidation scope and methods of Notes to the Consolidated Accounts.

2. Business combinations inside the Group

In 2017 within the Group some transactions were carried out involving disposal or buy-outs of Business Units with business combinations under common control in line with strategic guidelines of the Group. These transactions detailed below had no economic substance and were accounted for in the acquirer’s and acquired entity’s accounts in accordance with the continuity principle:

- on 1 August 2017 the merger of Buddy Servizi Molecolari S.p.A.;
- on 1 November 2017 the merger of Pioneer Global Asset Management (“PGAM”): the transaction realised with the aim of simplifying the structure of the Group, is the consequence of the sale to Amundi performed in 2017 by the merged company of its operating companies of the "Pioneer Investments" conglomerate.

Section 2 - Business combinations completed after year-end

No business combination have been completed after year end.

Section 3 - Retrospective adjustments

No retrospective adjustments has been applied in 2017 on business combinations competed in previous years.

Part H - Related-Party Transactions

Part H - Related-Party Transactions

For the purposes of financial disclosure, in accordance with the Commission Regulation (EU) No.632/2010 of 19 July 2010, the text of IAS24 applies, which defines the concept of related party and identifies the relations between that party and the entity producing the financial statements. IAS24 also explains that the disclosure should include transactions entered into with subsidiaries of associates and subsidiaries of joint ventures.

Pursuant to IAS24, UniCredit S.p.A.'s related parties include:
- companies belonging to UniCredit group and companies controlled by UniCredit but not consolidated[29];
- associates and joint ventures, as well as their subsidiaries;
- 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;
- UniCredit Group employee post-employment benefit plans.

Also for the management of related-party transactions refer to the discipline established by CONSOB Regulation No.17221/2010 (deriving from the provisions of Art.2391-bis of the Italian Civil Code) and by Banca d'Italia Circular No.263/2006 (Title V, Chapter 5) introduced in 2011 as well as the provisions pursuant to Art.136 of Legislative Decree No.385/1993, under which corporate officers may assume obligations towards the bank they manage, direct or control, only upon unanimous approval of the board of the bank and positive opinion of the Board of Statutory Auditors.

In this regard, UniCredit, as a listed issuer and subject to Banca d'Italia regulations, has adopted the "Global Policy for the management of transactions with persons in conflict of interest", approved by UniCredit's Board of Directors with the positive opinion of the Related-Parties and Equity Investments Committee and of the Board of Statutory Auditors, which is published on UniCredit website (www.unicreditgroup.eu), designed to define preliminary and conclusive rules with respect to transactions initiated by UniCredit, including those conducted through subsidiaries, with related parties, and the manner in which information is disclosed to corporate bodies, the supervisory authorities and the market.
Specific guidelines contained in the Global Policy have been distributed to the company's functions and Group Legal Entities in order to systematically abide to the above-mentioned reporting requirements.
UniCredit has also established, in accordance with those guidelines, the abovementioned Related-Parties Committee and Equity Investments, consisting of three members appointed by the Board of Directors among its members qualified as "independent" within the meaning of article 3 of the Corporate Governance Code.
In addition UniCredit applies specific control procedures regulated in the Global Policy: Internal controls on risk activities with subjects in conflict of interests, also approved by UniCredit's Board of Directors, upon recommendation of the Related-Parties and Equity Investments Committee and the Board of Statutory Auditors.

In 2017, transactions carried out with related parties reported in the data streams provided by the reference standards, were executed, on market or standard conditions and were carried out based on assessments of the economic interests of the Group.

See also paragraph "Certifications and other communications" in the Consolidated Report on Operations of this document.

29 For the purposes of this UniCredit's consolidated financial statements as at 31 December 2017 transactions and outstanding balances between consolidated companies were written off as described in Part A.

1. Details of Key management personnels' compensation

Details of Key management personnel's 2017 remuneration are given below.
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 Senior Executive Vice Presidents directly reporting to the Board of Directors or to the Chief Executive Officer[30].

Remuneration paid to key management personnel (including directors)

(€ '000)

	YEAR 2017	YEAR 2016
a) short-term employee benefits	15,802	20,348
b) post-retirement benefits	891	1,725
of which: under defined benefit plans	-	-
of which: under defined contribution plans	*891*	*1,725*
c) other long-term benefits	-	-
d) termination benefits	4,344	13,524
e) share-based payments	5,060	2,755
Total	**26,097**	**38,352**

The information reported above include the compensation paid to Directors (€5,151 thousand), Statutory Auditors (€794 thousand), General Manager (€1,649 thousand) and other Managers with strategic responsibility (€10,860 thousand), as shown in the document "Compensation tables and information document pursuant to Consob regulations" attached to the 2018 Group Compensation Policy, and €7,643 thousand relating to other costs borne in 2017 (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 in the overall compensation (€12,255 thousand) vs. 2016 is mainly due to the conservative approach to remuneration that in 2017 accompanied the launch of the Transform 2019 plan that, inter alia, lead to the decrease in the remuneration of the Chairman, Vice Chairmen and Chief Executive Officer, as well as to the reduction in expenses for compensation relating to the termination of employment relationships. The only increasing voice is the one relating to payments in shares, which reflects the shift of a substantial part of the variable remuneration from the short to the long term, in order to align the interests of management with those of shareholders.

30 Up to September 2016 the cluster did include the other members of the CEO Office of UniCredit as well as the Head of Internal Audit.

Part H - Related-Party Transactions

2. Related-Party Transactions

The following table sets out the assets, liabilities, guarantees and commitments as at 31 December 2017, for each group of related parties, pursuant to IAS24:

Related-party transactions: balance sheet items

(€ '000)

	AMOUNT AS AT 12.31.2017								
	NON-CONSOLIDATED SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON CONSOLIDATED	SHAREHOLDERS (*)	% ON CONSOLIDATED
Financial asset held for trading	-	10,358	938,571	-	2,793	951,722	1.27%	38,460	0.05%
Financial asset designated at fair value	-	-	45,273	-	-	45,273	0.21%	-	-
Available for sale financial asset	-	-	150,521	-	10,654	161,175	0.15%	-	-
Held to maturity investments	-	-	-	-	-	-	-	-	-
Loans and receivables with banks	-	3,110,198	1,403,942	-	-	4,514,140	6.36%	-	-
Loans and receivables with customers	61,904	1,228,916	1,206,650	2,839	253,307	2,753,616	0.62%	881,283	0.20%
Hedging derivatives (assets)	-	-	-	-	-	-	-	-	-
Non current assets and disposal groups classified as held for sale	-	-	-	-	-	-	-	-	-
Other assets	1,217	3,934	157,508	-	546	163,205	1.82%	-	-
Total Assets items	**63,121**	**4,353,406**	**3,902,465**	**2,839**	**267,300**	**8,589,131**	**1.16%**	**919,743**	**0.12%**
Deposits from banks	33	91,984	7,910,750	-	-	8,002,767	6.49%	20,488	0.02%
Deposits from customers	40,827	5,968	700,626	4,386	237,769	989,576	0.21%	11,069	0.00%
Debt securities in issue	-	17,874	183,360	20	-	201,254	0.13%	-	-
Hedging derivatives (liabilities)	-	-	-	-	-	-	-	187	0.01%
Liabilities included in disposal groups classified as held for sale	-	-	-	-	-	-	-	-	-
Other liabilities	579	2,902	23,471	8	260	27,220	0.17%	-	-
Total Liabilities items	**41,439**	**118,728**	**8,818,207**	**4,414**	**238,029**	**9,220,817**	**1.21%**	**31,744**	**0.00%**
Guarantees given and commitments	94	1,173,080	2,239,726	-	69,532	3,482,432	2.01%	121	0.00%

Note:
(*) Shareholders and related companies holding more than 2% of voting shares in UniCredit.

The following table sets out the impact of transactions with related parties on the main Income Statement items, for each group of related parties.

Related-party transactions: profit and loss items

(€ '000)

	AMOUNT AS AT 12.31.2017								
	NON-CONSOLIDATED SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMET PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON CONSOLIDATED	SHAREHOLDERS (*)	% ON CONSOLIDATED
Interest income and similar revenues	1,208	114,819	92,623	16	5,305	213,971	1.45%	9,546	0.06%
Interest expense and similar charges	-	(920)	(26,016)	(9)	(25)	(26,970)	0.60%	(267)	0.01%
Fee and commission income	47	6,145	698,130	6	1,666	705,994	9.21%	3,853	0.05%
Fee and commission expense	(89)	(255)	(18,277)	-	-	(18,621)	1.47%	(165)	0.01%
Impairment losses on:	(4,832)	-	(37,844)	(25)	676	(42,025)	1.74%	(537)	0.02%
a) loans	*(4,764)*	*(2)*	*(32,366)*	*(25)*	*682*	*(36,475)*	1.74%	*(531)*	0.03%
b) available for sale assets	*(69)*	-	*(5,679)*	-	-	*(5,748)*	1.72%	-	-
c) held-to-maturity assets	-	-	-	-	-	-	-	-	-
d) other financial assets	*1*	*2*	*201*	-	*(6)*	*198*	3.20%	*(6)*	-0.10%
Operating costs	(120)	3,308	(631,760)	5	(33,738)	(662,305)	5.21%	(3,504)	0.03%

Note:
(*) Shareholders and related companies holding more than 2% of voting shares in UniCredit.

The “other related-parties IAS” category includes:
- close family members of key management personnel (i.e. those family members who, as is expected, may influence - or be influenced by - the person in question);
- companies controlled (or jointly controlled) by key management personnel or their close family members;
- Group employee post-employment benefit plans.

The main related-party transactions are the following:
- 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.
  - In this regard, on 15 February 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 1 April 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 19 April 2013, the Board of Directors of UBIS approved the executive plan of the project aimed at establishing 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 centre, etc.) to Commercial Banking. The transaction was completed when UBIS transferred, with effect from 1 September 2013, of “Information Technology" business unit to the company "Value Transformation Services S.p.A.” (V-TServices), formed and controlled by IBM Italia S.p.A. 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). In December 2016 a contractual renegotiation, with extention of expiry to December 2026, between UniCredit Business Integrated Solution e V-TService has been concluded with the aim of increasing value creation and ability to catch new opportunities from technological evolution.
- The services provided to UniCredit group by the abovementioned companies result in an exchange of fees (administrative costs).With reference to transactions 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 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. In 2017 the fourth installment referred to the 2015 result has been paid for €32 million; as contractual conditions for installment payments referred to 2016 result have not been met, the related four instalments (May 2017, August 2017, November 2017 and February 2018) will not be paid.
  As part of the “CASHES” transaction, Mediobanca also acts as a custodian of the shares issued by UniCredit S.p.A.
  Following a different qualification by Agenzia delle Entrate (Italian Tax Authority) of the fiscal regime of returns of CASHES compared to the interpretation used by UniCredit S.p.A (as Depositary Bank), notified to the investors qualified as related parties or subjects that can be assimilated, conciliatory definitive transactions with such investors were defined in order to consistently compose the recourses.
- As at 31 December 2017 the Group’s exposure to Nuova Compagnia Partecipazioni (formerly Italpetroli Group), considered part of the intragroup transactions, consisted mainly of the credit exposure.
- 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 of services by UCB AG in support of the activity now carried out by UniCredit S.p.A., a cooperation agreement on the remuneration for these services was concluded, which was also in force for 2017, considered among intercompany transactions.
- In August 2014, Alitalia sealed an investment agreement with Etihad Airways aimed at strengthening Alitalia in terms of competitiveness and sustainable income, which also includes: (i) an investment of €560 million by Etihad, which thus became a non-controlling shareholder of the company; (ii) the commitment by the main stakeholders (in addition to UniCredit, Intesa Sanpaolo, Poste Italiane, Atlantia, Immsi, Pirelli, Gavio and Macca) to support an additional recapitalisation of the company (maximum liability for UniCredit of €62.1 million); and (iii) support for the transaction from the shareholder financial institutions and banks with a maximum of €598 million in the form of conversion and/or consolidation of short- and medium-term debt.

The transaction, which took effect on 1 January 2015, substantially resulted in: (i) the transfer by Alitalia CAI (subsequently renamed CAI) to a new company named Alitalia-Società Aerea Italiana S.p.A. (SAI) of the business pertaining to all the operating activities performed; (ii) the transfer to Midco S.p.A., by Alitalia CAI, of the investment in SAI deriving from the contribution of the aforementioned business; (iii) the subscription by Etihad, through a cash payment of €387.5 million, of a capital increase of SAI resulting in Etihad holding 49% of SAI (the residual 51% is held by CAI, through Midco).

Part H - Related-Party Transactions

Following the restructuring of the short- and medium-term debt by the financial institutions and shareholder banks, at the end of 2014 UniCredit held a share of 33.50% of CAI (36.59% at the end of 2017).

- With regard to UniCredit's current strategy of disposal of "non-core" assets in order to strengthen the Group's risk profile as per the Transform 2019 plan, it should be noted that:
  - In June 2017, an agreement was signed with MBCredit Solution S.p.A. (member of Mediobanca Group) for the non-recourse sale in three tranches of bad exposures from consumer loan portfolios, two tranches of which were completed in 2017 and the third tranche is to be completed in the first half of 2018.
  - In November and December 2017, two further agreements were signed with MBCredit Solution S.p.A. for (i) the non-recourse sale of a portfolio of loans with the Italian SME segment and (ii) for the sale of a portfolio of loans deriving from unsecured terminated lease agreements.
- In December 2017, a settlement agreement was signed amending administrative services contracts for the management of UniCredit S.p.A. and UniCredit Bank Austria AG personnel at UBIS and Enterprise Services - Shared Service Center S.p.A. (which is 49% owned by UBIS and 51% owned by Enterprise Services S.r.l.). The agreement provides for the termination of the service contract in Italy and the sale of the interest held by UBIS to the majority shareholder during 2018, as well as an extension of the term of the service contract in Austria until 2033.

- 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.;
  - Incontra Assicurazioni S.p.A.
- The relationships with other related parties include the relationships with external pension funds (for UniCredit employees), 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 interests).

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**, which provide for the delivery of shares**;**
- **Cash Settled Share Based Payments**, which provide for a cash payments[31].

The first category includes the following:
- **Stock Options** allocated to selected top & senior managers and key talents of the Group and represented by subscription rights of UniCredit shares;
- **Group Executive Incentive System** that offers to eligible Group executive a variable remuneration for which payment will be made within five years. The beneficiary will receive the payment in cash and/or in UniCredit shares; the payment is related to the achievement of performance conditions (other than market conditions) stated in the plan rules;
- **Group Executive Incentive System (Bonus Pool)** that offer to eligible Group executives and relevant employees identified following regulatory rules, a bonus structure composed by upfront (following the moment of performance evaluation) and deferred payments in cash and in UniCredit shares, to be paid over a period of ranging from 1 to 6 years. This payment structure will guarantee the alignment to shareholder interest and will be subjected to malus (which applies in case specific profitability, capital and liquidity thresholds are not met at both Group and country/division level) and claw back conditions (as legally enforceable) according to the plan rules (both non-market vesting conditions);
- **Employee Share Ownership Plan (ESOP - Let's Share)** that offers to eligible Group employees the opportunity to buy UniCredit ordinary shares with the advantages to foresee the 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 the plan rules;
- **Long Term Incentive 2017-2019** that offers to eligible executives and key players of the Group an incentive 100% based on ordinary UniCredit shares, subject to 3-years deferral and to malus and claw-back conditions, as legally enforceable, according to the plan rules. The plan is structured on 3-years performance period, aligned to the new UniCredit strategic plan and provides for the allocation of an award based on gateway conditions on profitability, liquidity, capital and risk position and a set of performance conditions focused on Group targets, aligned with Transform 2019;
- **FinecoBank Stock granting for employees and for Personal Financial Advisors (PFA)** offering the allocation of free shares of FinecoBank to beneficiaries belonging to top management, executives and employees of the Bank (other than top management) and to selected network's Personal Financial Advisors. The shares shall be allocated to the beneficiaries in three or four annual instalments. The plans are subject to entry conditions (profitability and capital thresholds) and clawback clauses (as legally applicable) in accordance with the plan rules;
- **FinecoBank Personal Financial Advisors (PFA) incentive system**, that offer to selected financial advisors, identified as key personnel in accordance with regulatory requirements, an incentive system consisting of immediate cash payments (following performance evaluation) and deferred payments, in cash and FinecoBank ordinary shares, over a period of 5 years. This payment structure ensures that bonuses are aligned to shareholders' interests and is subject to malus clauses (which apply when specific earnings, liquidity and capital thresholds are not met at Group and/or at FinecoBank level) and clawback clauses (to the extent they are legally applicable) in accordance with the plan rules (which are both vesting conditions other than market conditions).

The second category includes the following:
- **Group Long Term Incentive Plan 2015-2018** that offers to selected top managers of the UniCredit S.p.A. other equity instruments (phantom shares) with the right to receive a future cash incentives determined by the market price of UniCredit ordinary shares. This right is subject to the achievement of specific performance indicators and malus and clawback conditions (as legally enforceable) according to the plan rules. This payment structure will guarantee the alignment to the shareholders and top management interests, rewarding long term value creation, share price and Group performance appreciation. This plan was forfeited during the 2017 first half;
- other equity instruments (phantom shares) used for incentive system 2015 of selected FinecoBank Personal Financial Advisors, subject to malus (which apply in the event that specific profitability, liquidity and capital thresholds are not met at Group and/or at country/division level) and clawback clauses (to the extent they are legally applicable) in accordance with the plan rules (both vesting conditions other than market conditions).

It is also noted that, according to Banca d'Italia Circular 285 (update No.20 dated 22 November 2017), the equity-settled share based payments,

31 Linked to the economic value of instruments representing a subsidiaries Shareholders' Equity.

represented by deferred payments in UniCredit ordinary shares not subject to vesting conditions, are used for the settlement of the so-called golden parachute (e.g. severance) for the relevant employees.

1.2 Measurement model

1.2.1 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.

Economic and equity effects will be recognised on a basis of instrument vesting period.
Any new stock options' plans haven't been granted during 2017.

1.2.2 Group Executive Incentive System
The amount of the incentive is 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 is expressed as a percentage, from a minimum of 0% to a maximum of 150% (non-market vesting conditions).
This percentage, adjusted by the application of a risk/opportunity factor - Group gate - at first payment multiplied by the bonus opportunity, determines the effective amount that will be paid to the beneficiary.

Economic and net equity effects will be accrued on a basis of instruments' vesting period.

1.2.3 Group Executive Incentive System (Bonus Pool)
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.

Economic and net equity effects will be accrued on a basis of instruments' vesting period.

Group Executive Incentive System "Bonus Pool 2016" - Shares
The plan is divided into clusters, each of which can have three or four installments of share-based payments spread over a period defined according to plan rules.

	SHARES GRANTED GROUP EXECUTIVE INCENTIVE SYSTEM - BONUS POOL 2016			
	INSTALLMENT (2019)	INSTALLMENT (2020)	INSTALLMENT (2021)	INSTALLMENT (2022)
Date of bonus opportunity economic value granting	Feb-09-2016	Feb-09-2016	Feb-09-2016	Feb-09-2016
Date of Board resolution (to determine number of shares)	Mar-13-2017	Mar-13-2017	Mar-13-2017	Mar-13-2017
Vesting period start-date	Jan-01-2016	Jan-01-2016	Jan-01-2016	Jan-01-2016
Vesting period end-date	Dec-31-2016	Dec-31-2018	Dec-31-2019	Dec-31-2020
UniCredit share market price [€]	13.057	13.057	13.057	13.057
Economic value of vesting conditions [€]	-0.231	-0.562	-0.993	-1.421
Performance shares' fair value per unit @ grant date [€](*)	**12.826**	**12.495**	**12.064**	**11.636**

Note:
(*) The same fair value per unit are used for quantification of costs connected to share based payments for the settlement of golden parachute.

Group Executive Incentive System 2017 (Bonus Pool)
The new Group Incentive System 2017 is based on a bonus pool approach, aligned with regulatory requirements and market practices, which defines:
- sustainability, through direct link with entity results and alignment with relevant risk categories, utilising specific indicators linked to risk-appetite framework;
- link between bonuses and organisation structure, defining the pool at country/division level with further review at Group level;
- bonuses allocated to executives and other relevant employee, identified on a basis of European Bank Authority (EBA) rules, according to local regulations;
- payment structure has been defined in accordance with regulatory provisions qualified by Directive 2013/36/EU (CRD IV) and will be distributed in a period of six years by using a mix of shares and cash.

All profit and loss and net equity effects related to the plan will be booked during the vesting period.

Part I - Share-Based Payments

1.2.4 Employee Share Ownership Plan (Let's Share for 2017)

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 2016.

Measurement of Free Shares ESOP for 2017

	FREE SHARES ELECTION WINDOW
Date of free shares delivery to Group employees	Jul-31-2017
Vesting period start-date	Jul-31-2017
Vesting period end-date	Jul-31-2018
Free shares' fair value per unit [€]	**17.000**

All profit and loss and net equity effects referred 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 plan Let's share for 2017 plan provides for the use of shares to be purchased on the market.

1.2.5. Long Term Incentive 2017-2019

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.

The plan is divided into clusters, based on the beneficiary position, each of which can have from one to four installments of share-based payments spread over a period defined according to plan rules.

	SHARES GRANTED LONG TERM INCENTIVE 2017-2019			
	INSTALLMENT (2020)	INSTALLMENT (2021)	INSTALLMENT (2022)	INSTALLMENT (2023)
Date of bonus opportunity economic value granting	Jan-09-2017	Jan-09-2017	Jan-09-2017	Jan-09-2017
Date of Board resolution (to determine number of shares)	Jan-09-2017	Jan-09-2017	Jan-09-2017	Jan-09-2017
Vesting period start-date	Jan-01-2017	Jan-01-2017	Jan-01-2017	Jan-01-2017
Vesting period end-date	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022
UniCredit share market price [€]	13.816	13.816	13.816	13.816
Economic value of vesting conditions [€]	-0.563	-0.995	-1.425	-1.853
Performance shares' fair value per unit @ grant date [€]	**13.253**	**12.821**	**12.391**	**11.963**

1.2.6. FinecoBank stock granting to employees and personal financial advisor (PFA)

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.

1.2.7. FinecoBank incentive system 2015 PFA - cash settled share based payments plan

The economic value of phantom shares allocated corresponds to the market price of the FinecoBank shares.

The plan was assigned in 2015 and the income statement and the balance sheet effects will be recognised during the vesting period of the instruments.

B. Quantitative information

1. Annual changes

Stock Option and Performance Stock Option UniCredit

ITEMS/NUMBER OF OPTIONS AND EXERCISE PRICE	YEAR 2017[1] NUMBER OF OPTIONS	YEAR 2017[1] AVERAGE EXERCISE PRICE [€]	YEAR 2017[1] AVERAGE MATURITY	YEAR 2016[1] NUMBER OF OPTIONS	YEAR 2016[1] AVERAGE EXERCISE PRICE [€]	YEAR 2016[1] AVERAGE MATURITY
A. Outstanding at beginning of period	**4,288,319**	**137.099**	**Aug-2018**	**6,453,298**	**109.018**	**Jul-2019**
B. Increases	**-**	**-**	**-**	**-**	**-**	**-**
B.1 New issues	-	-	-	-	-	-
B.2 Other	-	-	-	-	-	-
C. Decreases	**1,402,520**	**-**	**-**	**2,164,979**	**-**	**-**
C.1 Forfeited	963,056	145.763	-	513,633	160.454	-
C.2 Exercised	-	-	-	-	-	-
C.3 Expired	439,464	-	-	1,651,346	-	-
C.4 Other	-	-	-	-	-	-
D. Outstanding at end of period	**2,885,799**	**126.261**	**Oct-2018**	**4,288,319**	**137.099**	**Aug-2018**
E. Vested Options at end of period	**2,885,799**	**126.261**	**Oct-2018**	**4,288,319**	**137.099**	**Aug-2018**

Note:
(1) The information related to Number of options and Average exercise price had been modified following the grouping operations resolved by UniCredit Annual General Meeting held on 15 December 2011 and the UniCredit Extraordinary Shareholders' Meeting on 12 January 2017 and following the application of "adjustment factors" recommended by AIAF (Associazione Italiana Analisti Finanziari) equal to:
- 0.88730816 as the free capital increase resolved by the UniCredit Annual General Meeting on 29 April 2009 ("scrip dividend");
- 0.95476659 as the capital increase resolved by the UniCredit Extraordinary Shareholder Meeting on 16 November 2009 and finalised on 24 February 2010;
- 0.6586305 as the capital increase resolved by the UniCredit Extraordinary Shareholders' Meeting on 15 December 2011 and finalised in 2012;
- 0.50112555 as the capital increase resolved by the UniCredit Extraordinary Shareholders' Meeting on 12 January 2017 and finalised on 2 March 2017.

Other UniCredit equity instruments: Performance Shares

ITEMS/NUMBER OF OTHER EQUITY INSTRUMENTS AND EXERCISE PRICE	YEAR 2017[1] NUMBER OF OTHER EQUITY INSTRUMENTS	YEAR 2017[1] AVERAGE EXERCISE PRICE [€]	YEAR 2017[1] AVERAGE MATURITY	YEAR 2016[1] NUMBER OF OTHER EQUITY INSTRUMENTS	YEAR 2016[1] AVERAGE EXERCISE PRICE [€]	YEAR 2016[1] AVERAGE MATURITY
A. Outstanding at beginning of period	**8,515,174**	**-**	**Feb-2018**	**6,497,218**	**-**	**Mar-2017**
B. Increases	**9,197,282**	**-**	**-**	**4,733,568**	**-**	**-**
B.1 New issues	9,197,282	-	-	4,733,568	-	-
B.2 Other	-	-	-	-	-	-
C. Decreases	**1,938,819**	**-**	**-**	**2,715,612**	**-**	**-**
C.1 Forfeited	651,780	-	-	68,052	-	-
C.2 Exercised[2]	1,287,039	-	-	2,647,560	-	-
C.3 Expired	-	-	-	-	-	-
C.4 Other	-	-	-	-	-	-
D. Outstanding[3]	**15,773,637**	**-**	**Aug-2019**	**8,515,174**	**-**	**Feb-2018**
E. Vested instruments	**5,828,989**	**-**	**-**	**3,374,865**	**-**	**-**

Note:
(1) The information related to number of options and average exercise price had been modified following the grouping operation resolved by UniCredit Extraordinary Shareholders' Meeting held on 12 January 2017 and following the application of "adjustment factor" equal to 0.50112555 recommended by AIAF (Associazione Italiana Analisti Finanziari) for the capital increase resolved by the UniCredit Extraordinary Shareholder Meeting on 12 January 2017 and finalised on 2 March 2017.
(2) As far as the 2017 movement is concerned, the average market price at the exercise date is equal to €14.23 (€18.54 was the price observed at exercise date for 2016 movimentation).
(3) UniCredit undertakes to grant, conditional upon achieving performance targets set in the strategic plan 15,773,637 ordinary shares at the end of 2017 (8,515,174 ordinary shares at the end of 2016).

According to Let's Share 2017 plan rules, in July 2017 it had been delivered to Group participants 129,716 free shares related to services rendered during the period 2017-2018.

The said above UniCredit free ordinary shares had been acquired on the market, and are not considered in the table of annual changes.

Part I - Share-Based Payments

2. Other information

Effects on Profit and Loss

All Share-Based Payment granted after 7 November 2002 whose vesting period ends after 1 January 2005 are included within the scope of the IFRS2.

Financial statement presentation related to share based payments

(€ '000)

	2017		2016	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
(Costs)/Revenues(1)	**(77,135)**		**(62,611)**	
- connected to equity-settled plans(2)	*(78,626)*		*(58,393)*	
- connected to cash-settled plans(3)	*1,491*		*(4,218)*	
Debts for cash-settled plans(1)(3)	**2,853**	**-**	**5,272**	**-**

Notes:
(1) Includes costs/revenues and debts for plans referred to equity instruments of other Group's entities (e.g. FinecoBank).
(2) Includes costs for €5.6 million related to golden parachute.
(3) The decrease in the costs and debts for Cash-Settled Plans is due to the forfeiting of the Group Long Term Incentive Plan 2015-2018 occurred during the 2017 first half.

Part L - Segment Reporting

Part L - Segment Reporting

Organisational Structure

The format for segment information reflects the organisational structure currently used in management reporting for monitoring the Group's results, which is broken down into the following business segments: Commercial Banking Italy, Commercial Banking Germany, Commercial Banking Austria, Corporate & Investment Banking (CIB), Central and Eastern Europe (CEE), Fineco, Group Corporate Centre and Non-Core.

Commercial Banking Italy

Commercial Banking Italy is composed by UniCredit SpA commercial network related to Core clients (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking Division), Leasing (excluding Non-Core clients), Factoring and local Corporate Centre with supporting functions for the Italian business.
In relation to individual clients (Households and clients of specialised network Private Banking), Commercial Banking Italy' s goal is to offer a full range of products and services to fulfill transactional, investments and credit needs, relying on about 2.900 branches and multichannel services provided thanks to new technologies.
In relation to corporate customers, Commercial Banking Italy operates trying to guarantee both the support to the economic and entrepreneurial system and the profitability and quality of its portfolio. The current Corporate channel is organised on the territory with about 642 Managers divided in 56 Corporate Areas.
The territorial organisation promotes a bank closer to customers and faster decision-making processes, while the belonging to UniCredit group allows to support companies in developing International attitudes.

Commercial Banking Germany

Commercial Banking Germany provides all German customers (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking Division) with a complete range of banking products and services through a network of 553 branch offices.
Commercial Banking Germany holds large market shares and a strategic market position in retail banking, in private banking and especially in business with local corporate customers (including factoring and leasing).
Different service models are applied in line with the needs of its various customer groups: retail customers, private banking customers, small business and corporate customers, commercial real estate customers and wealth management customers. In particular: the Corporate segment employs a different "Mittelstand" bank model to its competitors in that it serves both business and personal needs across the whole bandwidth of German enterprises and firms operating in Germany; the private clients segment serves retail customers and private banking customers with banking and insurance solutions across all areas of demand. In detail, all-round advisory offering reflects the individual and differentiated needs of these customer groups in terms of relationship model and product offering.
The Segment also includes the local Corporate Centre, which performs tasks as sub-holding towards other sub-group legal entities.

Commercial Banking Austria

Commercial Banking Austria provides all Austrian customers (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking Division) with a complete range of banking products and services. It is composed of: Retail, Corporate (excluding CIB clients, but including the product factories Factoring and Leasing), Private Banking (with its two well-known brands Bank Austria Private Banking and Schoellerbank AG) and the local Corporate Centre. Retail covers business with private individuals, ranging from mass-market to affluent customers and business customers. Corporates covers the entire range of SMEs and medium-sised and large companies which do not access capital markets (including real estate and public sector).
A broad coverage of the Retail and Corporate business lines is ensured through a network of approximately 140 branches.
The goal of Commercial Banking Austria is to strengthen regional responsibility, to increase synergies, effectiveness and to improve time-to-market; therefore customer service teams can now adjust more quickly to local market changes.
Commercial Banking Austria holds significant market shares and a strategic market position in retail banking, private banking and especially in business with local corporate customers and is one of the leading providers of banking services in Austria.
Commercial Banking Austria has launched Smart Banking Solutions, an integrated new service model, allowing clients to decide when, where and how they contact UniCredit Bank Austria. This approach combines classic branches which are continuously modernised, new formats of advisory service centres and modern self-service branches, internet solutions, mobile banking with innovative apps and contact to relationship managers via video-telephony.

Corporate & Investment Banking (CIB)

The CIB Division targets mainly Large Corporate and Multinational clients with highly sophisticated financial profile and needs for investment banking services, as well as institutional clients of UniCredit group. CIB serves UniCredit group's clients across 35 countries with a wide range of specialised products and services, combining geographical proximity with an high expertise in all segments in which it is active.
Moreover CIB acts as products and solutions provider for the commercial network, provides structured financing, hedging and treasury solutions for corporate and investment products for private and retail, according to the "CIB fully plugged-in concept". In the light of a more integrated client offering, Joint Venture between Commercial Banking and CIB Division have been set up in Italy and Germany, with the objective to increase cross selling of investment banking products (M&A, Capital Markets and derivatives) to commercial banking clients.

The organisational structure of CIB is based on a matrix that integrates market coverage (carried out through an extensive network in Western, Central and Eastern Europe and an international network of branches and representative offices) and product offering (divided into three Product Lines that consolidate the breadth of the Group's CIB know-how).
The dedicated country-specific commercial networks (CIB Network Italy, CIB Network Germany, CIB Network Austria, CIB Network France, International Network) are responsible for the relationships with corporate clients, banks and financial institutions as well as the sale of a broad range of financial products and services, ranging from traditional lending and merchant banking operations to more sophisticated services with high added value, such as project finance, acquisition finance and other investment banking services and operations in international financial markets.

The three following Product Lines supplement and add value to the activities of the commercial networks and the marketing of the relevant products:
- **Financing and Advisory (F&A)** - F&A is the expertise centre for all business operations related to credit and advisory services for corporate and institutional clients. It is responsible for providing a wide variety of products and services ranging from plain vanilla and standardised products, extending to more sophisticated products such as Capital Markets (Equity and Debt Capital Markets), Corporate Finance and Advisory, Syndications, Leverage Buy-Out, Project and Commodity Finance, Real Estate Finance, Structured Trade and Export Finance.
- **Markets** - Markets is the centre specialised for all financial markets activities and serves as the Group's access point to the capital markets. This results in a highly complementary international platform with a strong presence in emerging European financial markets. As a centralised product line, it is responsible for the coordination of financial markets-related activities, including the structuring of products such as FX, Rates, Equities and credit related activities.
- **Global Transaction Banking (GTB)** - GTB is the centre for Cash Management, e-banking, Supply Chain Finance and Trade Finance products and global securities services.

Central and Eastern Europe (CEE)
The Group operates, through the CEE business segment, in 12 Central and Eastern Europe countries: Azerbaijan, Bosnia- Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia and Turkey; having, in addition, Leasing activities in the 3 Baltic countries. The CEE business segment operates through approximately 1.900 branches (including about 900 branches part of a Joint Venture with a local partner in Turkey, which is consolidated at equity) and offers a wide range of products and services to retail, corporate and institutional clients in these countries. UniCredit group is able to offer its retail customers in the CEE countries a broad portfolio of products and services similar to those offered to its Italian, German and Austrian customers.
With respect to corporate clients, UniCredit group is constantly engaged in standardising the customer segments and range of products. The Group shares its business models on an international level in order to ensure access to its network in any country where the Group is present. This approach is vital due to the variety of global products offered, particularly cash management and trade finance solutions to corporate customers operating in more than one CEE country.

Fineco
Fineco is the UniCredit group's direct multichannel bank specialised in wealth management through the direct channel and the financial advisors network, mainly focused on the retail customer segment.
Fineco is one of the largest advisory networks in Italy and it is the leading bank for equity trades in terms of volumes of orders and in Europe it is the top online broker for number of order executed. Fineco Bank offers an integrated business model combining direct banking and financial advice, with a full range of banking, credit, trading and investment services which are also available through mobile applications.

Group Corporate Centre
The Group Corporate Centre's objective is to lead, control and support the management of the assets and related risks of the Group as a whole and of the single Group companies in their respective areas of competence. In this framework, an important objective is to optimise costs and internal processes guaranteeing operating excellence and supporting the sustainable growth of the Business Lines.
According to actions included in the Strategic Plan 2016-2019 approved on 12 December 2016 and to IFRS5 principles, Group Corporate Centre includes the P&L results of Bank Pekao and PGAM sub-group (previously part of the Poland and the Asset Management business segments) booked in the "Net profit (loss) of discontinued operations" Income Statement item, till the closing of the sale deals (May 2017 for Poland and July 2017 for Asset Management).

Non-Core
Starting from the first quarter 2014 the Group decided to introduce a clear distinction between above described activities defined as core segment, meaning strategic business segments and in line with risk strategies, and activities defined as non-core segment, including non-strategic assets and those with a poor fit to the Group's risk-adjusted return framework, with the aim of reducing the overall exposure of this last segment in the course of time and to improve the risk profile. Specifically, the non-core segment includes selected assets of Commercial Banking Italy (identified on a single deal/client basis) to be managed with a risk mitigation approach and some special vehicles for securitisation operations.

Part L - Segment Reporting

A - Primary Segment

Segment Reporting by Business Segment - year 2017

A.1 - Breakdown by business segment: income statement

(€ '000)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	FINECO	GROUP CORPORATE CENTRE	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2017
Net interest	3,673,628	1,656,265	690,760	2,599,797	2,091,976	263,892	(640,560)	(37,234)	10,298,524
Dividends and other income from equity investments	79,960	4,485	146,214	334,032	18,548	29	54,643	-	637,911
Net fees and commissions	3,716,058	776,812	622,888	848,661	632,373	269,847	(86,256)	(72,578)	6,707,805
Net trading income	41,876	139,292	37,882	356,083	1,243,046	48,218	(71,987)	23,642	1,818,052
Net other expenses/income	(96,327)	149,187	52,376	49,148	80,538	3,762	(17,221)	(65,066)	156,397
OPERATING INCOME	**7,415,195**	**2,726,041**	**1,550,120**	**4,187,721**	**4,066,481**	**585,748**	**(761,381)**	**(151,236)**	**19,618,689**
Payroll costs	(2,527,536)	(1,029,304)	(581,284)	(740,910)	(637,844)	(79,294)	(1,267,143)	(41,706)	(6,905,021)
Other administrative expenses	(2,269,563)	(769,192)	(488,870)	(677,858)	(988,192)	(236,917)	1,233,934	(201,054)	(4,397,712)
Recovery of expenses	430,932	3,734	-	73	1,970	93,369	113,377	116,525	759,980
Amortisation, depreciation and impairment losses on tangible and intangible assets	(71,948)	(39,861)	(15,078)	(124,847)	(2,787)	(10,398)	(542,554)	(25)	(807,498)
Operating expenses	**(4,438,115)**	**(1,834,623)**	**(1,085,232)**	**(1,543,542)**	**(1,626,853)**	**(233,240)**	**(462,386)**	**(126,260)**	**(11,350,251)**
OPERATING PROFIT	**2,977,080**	**891,418**	**464,888**	**2,644,179**	**2,439,628**	**352,508**	**(1,223,767)**	**(277,496)**	**8,268,438**
Net writedowns of loans and provisions for guarantees and commitments	(944,723)	(108,329)	32,369	(573,511)	(246,297)	(5,151)	(37,031)	(721,962)	(2,604,635)
OPERATING NET PROFIT	**2,032,357**	**783,089**	**497,257**	**2,070,668**	**2,193,331**	**347,357**	**(1,260,798)**	**(999,458)**	**5,663,803**
Provision for risks and charges	(264,248)	(101,146)	(84,021)	(179,485)	(140,565)	(19,025)	(161,066)	(114,214)	(1,063,770)
Integration costs	21,403	(6,950)	(380)	(28,211)	(3,025)	408	(130,428)	571	(146,612)
Net income from investments	(11,331)	(19,177)	14,253	4,024	(65,122)	(13,399)	(207,794)	(6,742)	(305,288)
PROFIT BEFORE TAX	**1,778,181**	**655,816**	**427,109**	**1,866,996**	**1,984,619**	**315,341**	**(1,760,086)**	**(1,119,843)**	**4,148,133**

A.2 - Breakdown by business segment: balance sheet amounts and RWA

(€ '000)

BALANCE SHEET AMOUNTS	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	FINECO	GROUP CORPORATE CENTRE	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2017
CUSTOMERS LOANS (NET REPOS AND IC)	138,435,012	80,927,404	44,336,458	60,041,743	79,233,994	1,926,504	2,649,715	14,295,504	**421,846,334**
CUSTOMERS DEPOS (NET REPOS AND IC)	141,982,128	91,581,651	46,271,524	62,405,820	47,932,232	20,058,626	2,513,222	1,045,838	**413,791,041**
TOTAL RISK WEIGHTED ASSETS (BASEL 3)	85,516,123	34,023,267	20,939,465	85,995,509	75,556,602	2,331,771	30,023,860	21,713,627	**356,100,221**

A.3 - Staff

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	FINECO	GROUP CORPORATE CENTRE	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2017
STAFF (KFS group fully considered)									
Employees (FTE)	32,372	10,091	4,966	24,089	3,316	1,082	15,573	464	**91,952**

Segment Reporting by Business Segment - year 2016

A.1 - Breakdown by business segment: income statement

(€ '000)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	FINECO	GROUP CORPORATE CENTRE	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2016
Net interest	3,850,658	1,489,085	771,396	2,490,872	2,297,007	248,795	(670,611)	(169,746)	10,307,456
Dividends and other income from equity investments	95,179	49,160	125,564	394,380	54,893	6	124,410	-	843,592
Net fees and commissions	3,482,130	726,305	594,630	804,478	620,017	242,611	(152,864)	(54,685)	6,262,622
Net trading income	57,287	79,958	128,681	416,519	1,234,250	69,054	98,716	(4,541)	2,079,924
Net other expenses/income	(51,726)	127,157	18,287	59,535	27,265	(2,211)	(32,958)	(43,592)	101,757
OPERATING INCOME	**7,433,528**	**2,471,665**	**1,638,558**	**4,165,784**	**4,233,432**	**558,255**	**(633,307)**	**(272,564)**	**19,595,351**
Payroll costs	(2,634,540)	(1,045,039)	(643,589)	(713,488)	(649,041)	(73,698)	(1,317,292)	(47,563)	(7,124,250)
Other administrative expenses	(2,311,342)	(818,893)	(576,891)	(662,031)	(1,080,805)	(228,100)	1,009,414	(231,337)	(4,899,985)
Recovery of expenses	437,556	2,902	-	166	3,370	85,395	119,584	119,010	767,983
Amortisation, depreciation and impairment losses on tangible and intangible assets	(65,129)	(42,412)	(15,113)	(120,935)	(3,081)	(9,970)	(939,807)	(25)	(1,196,472)
Operating expenses	**(4,573,455)**	**(1,903,442)**	**(1,235,593)**	**(1,496,288)**	**(1,729,557)**	**(226,373)**	**(1,128,101)**	**(159,915)**	**(12,452,724)**
OPERATING PROFIT	**2,860,073**	**568,223**	**402,965**	**2,669,496**	**2,503,875**	**331,882**	**(1,761,408)**	**(432,479)**	**7,142,627**
Net writedowns of loans and provisions for guarantees and commitments	(2,002,717)	43,927	(31,925)	(792,948)	(565,881)	(4,199)	(5,386)	(8,847,495)	(12,206,624)
OPERATING NET PROFIT	**857,356**	**612,150**	**371,040**	**1,876,548**	**1,937,994**	**327,683**	**(1,766,794)**	**(9,279,974)**	**(5,063,997)**
Provision for risks and charges	(395,437)	(140,240)	(272,409)	(144,682)	(388,745)	(9,982)	(641,227)	(84,851)	(2,077,573)
Integration costs	(971,031)	(300,920)	(360,659)	(13,660)	(114,281)	(5,503)	(349,232)	(16,357)	(2,131,643)
Net income from investments	(44,282)	18,319	(72,363)	(8,702)	(97,219)	(6,724)	(689,316)	(9,902)	(910,189)
PROFIT BEFORE TAX	**(553,394)**	**189,309**	**(334,391)**	**1,709,504**	**1,337,749**	**305,474**	**(3,446,569)**	**(9,391,084)**	**(10,183,402)**

A.2 - Breakdown by business segment: balance sheet amounts and RWA

(€ '000)

BALANCE SHEET AMOUNTS	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	FINECO	GROUP CORPORATE CENTRE	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2016
CUSTOMERS LOANS (NET REPOS AND IC)	134,906,368	80,518,578	44,983,587	59,935,258	75,611,232	910,299	2,040,848	18,962,233	**417,868,403**
CUSTOMERS DEPOS (NET REPOS AND IC)	134,495,059	86,042,845	47,095,655	59,175,367	46,330,718	18,569,697	3,299,836	970,287	**395,979,464**
TOTAL RISK WEIGHTED ASSETS (BASEL 3)	79,043,099	35,970,216	23,674,618	91,403,272	75,143,048	1,889,913	53,815,914	26,195,852	**387,135,931**

A.3 - Staff

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	FINECO	GROUP CORPORATE CENTRE	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2016
STAFF (KFS group fully considered)									
Employees (FTE)	35,222	10,910	5,486	24,302	3,480	1,052	17,324	529	**98,304**

Part L - Segment Reporting

B - Secondary Segment

(€ '000)

AMOUNTS AS AT 12.31.2017	TOTAL ASSETS	OPERATING INCOME(*)	COST OF INVESTMENT
Italy	368,184,663	8,509,300	163,836
Germany	250,168,547	3,836,299	173,445
Austria	93,077,063	1,751,038	123,226
Total other european countries	125,071,477	4,044,644	320,849
of which: Western Europe	*33,835,531*	*362,460*	*655*
of which: Central and Eastern Europe	*91,235,946*	*3,682,184*	*320,194*
America	277,040	5,359	-
Asia	10,934	(612)	-
Rest of the world	-	-	-
Total	**836,789,724**	**18,146,028**	**781,356**

(*) Item 120 in Income Statement.

The amounts of each country are aggregated by country of residence of the relevant legal Head Office (i.e.: foreign branches are generally included in the relevant parent company or conventionally attributed to another country).

(€ '000)

AMOUNT AS AT 12.31.2016	TOTAL ASSETS	OPERATING INCOME(*)	COST OF INVESTMENT
Italy	364,163,592	8,523,728	217,789
Germany	243,897,380	3,898,398	216,765
Austria	89,162,837	1,772,554	102,268
Total other european countries	161,058,111	3,845,667	294,015
of which: Western Europe	*33,794,162*	*250,567*	*1,140*
of which: Central and Eastern Europe	*127,263,949*	*3,595,100*	*292,875*
America	1,222,791	17,058	-
Asia	27,237	(609)	-
Rest of the world	826	-	-
Total	**859,532,774**	**18,056,796**	**830,837**

(*) Item 120 in Income Statement.

Annexes

Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

Consolidated Balance Sheet

(€ million)

		AMOUNTS AS AT	
ASSETS		12.31.2017	12.31.2016
Cash and cash balances		64,493	13,858
Item 10.	*Cash and cash balances*	*64,493*	*13,858*
Financial assets held for trading		74,686	87,467
Item 20.	*Financial assets held for trading*	*74,686*	*87,467*
Loans and receivables with banks		70,983	74,692
Item 60.	*Loans and receivables with banks*	*70,983*	*74,692*
Loans and receivables with customers		447,727	444,607
Item 70.	*Loans and receivables with customers*	*447,727*	*444,607*
Financial investments		138,664	149,004
Item 30.	*Financial assets at fair value through profit or loss*	*22,073*	*28,702*
Item 40.	*Available-for-sale financial assets*	*104,101*	*110,180*
Item 50.	*Held-to-maturity investments*	*6,277*	*3,963*
Item 100.	*Equity Investments*	*6,212*	*6,159*
Hedging instruments		5,676	6,872
Item 80.	*Hedging derivatives*	*3,431*	*4,515*
Item 90.	*Changes in fair value of portfolio hedged items (+/-)*	*2,245*	*2,357*
Property, plant and equipment		8,449	9,092
Item 120.	*Property, plant and equipment*	*8,449*	*9,092*
Goodwill		1,484	1,484
Item 130.	*Intangible assets of which: goodwill*	*1,484*	*1,484*
Other intangible assets		1,902	1,708
Item 130.	*Intangible assets net of goodwill*	*1,902*	*1,708*
Tax assets		12,658	15,161
Item 140.	*Tax assets*	*12,658*	*15,161*
Non-current assets and disposal groups classified as held for sale		1,111	45,854
Item 150.	*Non-current assets and disposal groups classified as held for sale*	*1,111*	*45,854*
Other assets		8,958	9,735
Item 160.	*Other assets*	*8,958*	*9,735*
Total assets		**836,790**	**859,533**

continued: Consolidated Balance Sheet

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 12.31.2017	AMOUNTS AS AT 12.31.2016
Deposits from banks	123,244	103,852
Item 10. Deposits from banks	*123,244*	*103,852*
Deposits from customers	462,895	452,419
Item 20. Deposits from customers	*462,895*	*452,419*
Debt securities in issue	98,603	115,436
Item 30. Debt securities in issue	*98,603*	*115,436*
Financial liabilities held for trading	55,784	68,361
Item 40. Financial liabilities held for trading	*55,784*	*68,361*
Financial liabilities at fair value through profit or loss	3,011	2,497
Item 50. Financial liabilities at fair value through profit or loss	*3,011*	*2,497*
Hedging instruments	6,610	9,405
Item 60. Hedging derivatives	*3,568*	*4,921*
Item 70. Changes in fair value of portfolio hedged items (+/-)	*3,042*	*4,484*
Provisions for risks and charges	8,650	10,541
Item 120. Provisions for risks and charges	*8,650*	*10,541*
Tax liabilities	1,093	1,399
Item 80. Tax liabilities	*1,093*	*1,399*
Liabilities included in disposal groups classified as held for sale	185	35,869
Item 90. Liabilities included in disposal groups classified as held for sale	*185*	*35,869*
Other liabilities	16,491	16,566
Item 100. Other liabilities	*15,573*	*15,440*
Item 110. Provision for employee severance pay	*917*	*1,126*
Minorities	894	3,853
Item 210. Minorities (+/-)	*894*	*3,853*
Group Shareholders' Equity:	59,331	39,336
- Capital and reserves	54,588	51,881
Item 140. Revaluation reserves, of which: Special revaluation laws	*277*	*277*
Item 140. Revaluation reserves, of which: Exchange differences	*(1,938)*	*(2,064)*
Item 140. Revaluation reserves, of which: equity investments valued at equity method	*(1,935)*	*(1,460)*
Item 140. Revaluation reserves, of which: non current assets classified held for sale	*-*	*(37)*
Item 160. Equity instruments	*4,610*	*2,383*
Item 170. Reserves	*19,297*	*17,554*
Item 180. Share premium	*13,400*	*14,385*
Item 190. Share capital	*20,881*	*20,847*
Item 200. Treasury shares (+/-)	*(3)*	*(4)*
- AFS assets fair value reserve, Cash-flow hedging reserve and Defined benefits plans reserve	(731)	(755)
Item 140. Revaluation reserves, of which: Available-for-sale financial assets	*1,475*	*1,565*
Item 140. Revaluation reserves: actuarial gains (losses) on defined benefits plans	*(2,408)*	*(2,650)*
Item 140. Revaluation reserves, of which: Cash-flow hedges	*203*	*330*
- Net profit (loss)	5,473	(11,790)
Item 220. Net Profit (loss) for the period (+/-)	*5,473*	*(11,790)*
Total liabilities and Shareholders' Equity	**836,790**	**859,533**

An explanation for the restatement of comparative figures is provided in the previous sections.

Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

Consolidated Income Statement

(€ million)

		YEAR	
		2017	2016
Net interest		10,299	10,307
Item 30.	*Net interest margin*	*10,298*	*10,307*
	less: Net interest margin of industrial companies	-	-
less: Purchase Price Allocation effect		-	-
Dividends and other income from equity investments		638	844
Item 70.	*Dividend income and similar revenue*	*315*	*405*
	less: Dividends from held for trading equity instruments included in item 70	*(258)*	*(260)*
Item 240.	*Profit (Loss) of investments - of which: Profit (Loss) of equity investments valued at equity*	*581*	*699*
Net fees and commissions		6,708	6,263
Item 60.	*Net fees and commissions*	*6,392*	*5,585*
	+ Reclassification of net fees vs. PGAM and PEKAO	*443*	*794*
	+ Reclassification of indemnities for the management of Non-Performing Loans	*1*	*11*
	less: Other administrative expenses - of which: outsourced services for the management of Non-Performing loans	*(139)*	*(167)*
	+ Other operating income - of which: recovery of costs - commissioni istruttoria veloce (CIV)	*12*	*40*
Net trading income		1,818	2,080
Item 80.	*Gains (Losses) on financial assets and liabilities held for trading*	*1,075*	*1,206*
	+ Dividends from held for trading equity instruments (from item 70)	*258*	*260*
	+ Gains (Losses) on disposal not realised on Pekao equity stake underlying the Equity-linked Certificates issued by UniCredit S.p.A. (from item 310)	*5*	-
Item 90.	*Fair value adjustments in hedge accounting*	*57*	*(8)*
Item 100.	*Gains (Losses) on disposal or repurchase of: d) financial liabilities*	*(1)*	*3*
	+ Gains (Losses) on disposal or repurchase of: b) available-for-sale financial assets (from item 100)	*533*	*699*
	less: Gains (Losses) on AFS disposals - Equity instruments - Equity investments - day one profit/loss	*(20)*	-
Item 110.	*Gains (Losses) on financial assets and liabilities at fair value through profit or loss*	*(91)*	*(80)*
Net other expenses/income		156	102
	Gains (losses) on disposals/repurchases on loans and receivables - not impaired position (from item 100 a)	*89*	*52*
Item 220.	*Other net operating income*	*1,036*	*1,095*
	less: Other operating income - of which: recovery of costs	*(687)*	*(718)*
	less: Net write-downs/-backs of tangible operating lease assets (from item 200)	*(141)*	*(131)*
	less: Write-downs on leasehold improvements (on non-separable assets) - No Group	*67*	*72*
	less: Other operating income - Other income from invoicing JVs (only with respect to Ubis)	*(81)*	*(89)*
	less: Other administrative expenses - of which: outsourced services for the management of Non-Performing loans - penalties	*(12)*	-
	less: Reclassification of indemnities for the management of Non-Performing Loans	*(1)*	*(11)*
	+ Result of industrial companies	*(146)*	*(181)*
	less: Integration costs	*29*	*1*
	Gains (Losses) on disposals of investments - assets leasing operation (from item 270)	*7*	*11*
OPERATING INCOME		**19,619**	**19,595**
Payroll costs		(6,905)	(7,124)
Item 180.	*Administrative costs: a) staff expense*	*(6,930)*	*(9,315)*
	less: Administrative expenses: a) employee payroll costs - Provision for post retirement benefit obligations - Settlement Gains (Losses)	-	*589*
	less: Administrative costs: a) staff expenses of industrial companies	*11*	*23*
	less: Integration costs	*14*	*1,580*
Other administrative expenses		(4,398)	(4,900)
Item 180.	*Administrative costs: b) other administrative expense*	*(5,139)*	*(6,117)*
	less: Administrative costs: b) other administrative expense of industrial companies	*24*	*37*
	less: Administrative costs - Contributions to the Resolution Funds, Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA	*586*	*1,068*
	less: outsourced services for the management of Non-Performing loans	*151*	*167*
	Write-downs on leasehold improvements (on non-separable assets) - No Group	*(67)*	*(72)*
	less: Integration costs	*48*	*18*
Recovery of expenses		760	768
Item 220.	*Other net operating income - of which: Operating income - recovery of costs*	*687*	*718*
	less: Other operating income - of which: recovery of costs - commissioni istruttoria veloce (CIV)	*(12)*	*(40)*
	+ Other operating income - Transition revenues from Pekao and Pgam (only with respect to Ubis)	*4*	-
	+ Other operating income - Other income from invoicing JVs (only with respect to Ubis)	*81*	*89*
Amortisation, depreciation and impairment losses on intangible and tangible assets		(808)	(1,196)
Item 200.	*Impairment/write-backs on property, plant and equipment*	*(760)*	*(809)*
	less: Impairment losses/write backs on property owned for investment	*76*	*83*
	less: Net write-downs/-backs of tangible operating lease assets (from item 200)	*141*	*131*
	less: Integration costs	*25*	-
Item 210.	*Impairment/write-backs on intangible assets*	*(407)*	*(732)*
	less: Net write-downs on property, plant and equipment and intangible assets of industrial companies	*113*	*122*
less: Purchase Price Allocation effect		*5*	*7*
Operating costs		**(11,350)**	**(12,453)**
OPERATING PROFIT (LOSS)		**8,268**	**7,143**

continued: Consolidated Income Statement

(€ million)

		YEAR	
		2017	**2016**
OPERATING PROFIT (LOSS)		**8,268**	**7,143**
Net impairment losses on loans and provisions for guarantees and commitments		(2,605)	(12,207)
Item 100.	*Gains (Losses) on disposal and repurchase of: a) loans*	*(434)*	*(60)*
	less: Gains (Losses) on disposals/repurchases on loans and receivables - not impaired position (from item 100 a)	*(89)*	*(52)*
Item 130.	*Net losses/recoveries on impairment: a) loans*	*(2,091)*	*(11,930)*
Item 130.	*Net losses/recoveries on impairment: d) other financial assets*	*6*	*(154)*
	less: Net losses on impairment other financial assets - contribution to National Interbank Deposit Guarantee Fund (F.I.T.D.)	*3*	*(11)*
NET OPERATING PROFIT (LOSS)		**5,664**	**(5,064)**
Other charges and provisions		(1,064)	(2,078)
Item 190.	*Provisions for risks and charges*	*(509)*	*(964)*
	less: Provisions for risks and charges of industrial companies	*2*	*-*
	+ Administrative costs - contributions to Resolution Funds, Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA	*(586)*	*(1,068)*
	+ Provisions for risks and charges - contribution to National Interbank Deposit Guarantee Fund (F.I.T.D.)	*(3)*	*11*
	Surplus on release of integration provision	*31*	*(56)*
Integration costs		(147)	(2,132)
	+ Administrative expenses: a) employee payroll costs - Provision for post retirement benefit obligations - Settlement Gains (Losses)	*-*	*(589)*
	Integration costs before Purchase Price Allocation effect	*(147)*	*(1,543)*
less: Purchase Price Allocation effect		*-*	*-*
Net income from investments		(305)	(910)
Item 130.	*Net losses/recoveries on impairment: b) available-for-sale financial assets*	*(335)*	*(707)*
	+ Gains (Losses) on AFS disposals - Equity instruments - Equity investments - day one profit/loss	*20*	*-*
Item 130.	*Net losses/recoveries on impairment: c) held-to-maturity investments*	*6*	*-*
	Impairment losses/write backs on property owned for investment (from item 200)	*(76)*	*(83)*
Item 240.	*Profit (Loss) of investments of which: write-backs/impairment losses and gains/losses on disposal of associates valued at equity*	*(5)*	*(602)*
Item 250.	*Gains (Losses) on tangible and intangible assets measured at fair value*	*(1)*	*(2)*
Item 270.	*Gains (Losses) on disposal of investments*	*100*	*496*
	less: Gains (Losses) on disposals of investments - assets leasing operation (from item 270)	*(7)*	*(11)*
	less: Industrial companies	*(8)*	*(1)*
PROFIT (LOSS) BEFORE TAX		**4,148**	**(10,183)**
Income tax for the period		(609)	(734)
Item 290.	*Tax expense (income) related to profit or loss from continuing operations*	*(596)*	*(712)*
	less: Tax expense related to profit from continuing operations of industrial companies	*5*	*1*
	less: Reclassification of UPASSMNG - UCI	*(16)*	*(20)*
less: Purchase Price Allocation effect		*(2)*	*(2)*
NET PROFIT (LOSS)		**3,539**	**(10,917)**
Profit (Loss) from non-current assets held for sale, after tax		2,251	(144)
Item 310.	*Profit (Loss) after tax from discontinued operations*	*2,682*	*630*
	less: Reclassification of net fees vs. PGAM and PEKAO	*(426)*	*(774)*
	less: Gains (Losses) on disposal not realised on Pekao equity stake underlying the Equity-linked Certificates issued by UniCredit S.p.A.	*(5)*	*-*
PROFIT (LOSS) FOR THE PERIOD		**5,790**	**(11,061)**
Minorities		(313)	(464)
Item 330.	*Minorities*	*(313)*	*(464)*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA		**5,477**	**(11,524)**
Purchase Price Allocation effect		(4)	(5)
Impairment of goodwill		-	(261)
Item 260.	*Impairment of goodwill*	*-*	*(261)*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP		**5,473**	**(11,790)**

An explanation for the restatement of comparative figures is provided in the previous sections.

Fees for annual audits and related services

UniCredit group 2017 - Deloitte Network

As prescribed by Art.149-duodecies of the Consob Issuers Regulation, the following table gives fees paid in 2017 for services rendered by Deloitte & Touche S.p.A. and firms in its network.

(€ '000)

SERVICE TYPE	SERVICE PROVIDER	USER	FEES[1]
Audit[2]	Deloitte & Touche S.p.A.	Parent company - UniCredit S.p.A.	2,925
	Deloitte & Touche S.p.A.	Subsidiaries	1,655
	Deloitte Network	Subsidiaries	16,847
Certification, letters of comfort, etc.[3]	Deloitte & Touche S.p.A	Parent company - UniCredit S.p.A.	3,319
	Deloitte & Touche S.p.A.	Subsidiaries	495
	Deloitte Network	Parent company - UniCredit S.p.A.	107
	Deloitte Network	Subsidiaries	5,912
Other services[4]	Deloitte & Touche S.p.A.	Parent company - UniCredit S.p.A.	322
	Deloitte & Touche S.p.A.	Subsidiaries	110
	Deloitte Network	Parent company - UniCredit S.p.A.	622
	Deloitte Network	Subsidiaries	6,232
Total			**38,546**

Notes:

(1) Excl. VAT and Expenses.

(2) Does not include fees for audits of investment funds.

(3) Mainly: verification services provided to UniCredit S.p.A. (Limited review on 2017 non-financial information, Limited review on 31 March 2017 and 30 September 2017 Consolidated Reports for the inclusion of interim net profit in Common Equity Tier 1 capital, IFRS9 Structured Review and implementation review, Issuing Comfort Letters concerning bond issues, Signing the Italian tax declaration forms), other verification services required by regulations/local Supervisory Authority in Germany and Austria.

(4) Mainly: other services provided to UniCredit S.p.A. (AUP on own funds, AUP on sales figures as requested by EU Commission, Support to project "Gestione Normativa: digitalizzazione dell'iter approvativo e Processo Sub Deleghe", support to project "Reporting e Data Model"); services provided to the subsidiary UniCredit Business Integrated Solutions S.c.p.A.; support provided to the subsidiary UniCredit Bank AG.

Securitizations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Traditional securitisations of Performing and Non-Performing loans

New transactions 2017

For the most detailed disclosure on securitisation transactions carried out in 2017 related to the FINO Project (made with the SPVs Fino 1 Securitisation S.r.l., Fino 2 Securitisation S.r.l and ONIF Finance S.r.l.) refer to the informations provided in Part E-Information on risks and hedging policies-Section 1. Credit Risk, at the foot of table “A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values).

NAME:	FINO 1	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A/Arena Npl ONE S.r.l.	
Issuer:	FINO 1 Securitisation S.r.l.	
Servicer:	doBank S.p.A. (Master Servicer and Special Servicer)	
Arranger:	Morgan Stanley International Plc - UniCredit Bank AG	
Target transaction:	UniCredit S.p.A. NPL stock reduction	
Type of asset:	Secured and unsecured loans granted to small and medium enterprises and individuals	
Quality of Asset:	Bad loans (sofferenze)	
Closing date:	31 July 2017	
Nominal Value of disposal portfolio (€):	5,376,266,868	
Net amount of pre-existing writedown/writebacks:	890,222,581	
Disposal Profit & Loss realised (€) (*):	-95,911,884	
Portfolio disposal price (€):	794,310,697	
Guarantees issued by the Bank:	No	
Guarantees issued by Third Parties:	No	
Bank Lines of Credit :	No	
Third Parties Lines of Credit (€):	No	
Other Credit Enhancements (€):	No	
Other relevant information:	UniCredit S.p.A. holds a credit exposure (Deferred Subscription Prices - DSPs) towards a group of counterparties guarantor of the investor and deriving from the deferment in payment of 60% of the purchase price of the notes by the investor	
Rating Agencies:	Moody's - DBRS	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005277311	IT0005277337
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	A2 - BBB (high) (sf)	Ba3 - BB (high) (sf)
. Quotation	not listed	not listed
. Issue date	07.31.2017	07.31.2017
. Legal maturity	October 2045	October 2045
. Call option	not before 07.31.2020	
. Expected duration (years)	2.2	4.1
. Rate	3M Eur + 1.5%	3M Eur + 4%
. Subordinated level	-	SUB A
. Nominal value issued (€)	500,000,000	175,000,000
. Nominal value at the end of accounting period (€)	650,000,000	29,640,000
. Security subscribers	Fortress Italian NPL Opportunities Series Fund LLC Series 6, UniCredit S.p.A.	Fortress Italian NPL Opportunities Series Fund LLC Series 6, UniCredit S.p.A.
. ISIN	IT0005277345	IT0005277352
. Type of security	Mezzanine	Junior
. Class	C	D
. Rating	B1 - BB (sf)	-
. Quotation	not listed	not listed
. Issue date	07.31.2017	07.31.2017
. Legal maturity	October 2045	October 2045
. Call option	not before 07.31.2020	
. Expected duration (years)	4.2	6.8
. Rate	3M Eur + 6%	3M Eur + 12%
. Subordinated level	SUB A-B	SUB A-B-C
. Nominal value issued (€)	69,000,000	50,311,000
. Nominal value at the end of accounting period (€)	40,000,000	50,311,000
. Security subscribers	Fortress Italian NPL Opportunities Series Fund LLC Series 6, UniCredit S.p.A.	Fortress Italian NPL Opportunities Series Fund LLC Series 6, UniCredit S.p.A.
Distribution of securitised assets by area (€):		
Italy - Northwest	1,109,050,255	
- Northeast	1,197,299,707	
- Central	1,452,915,904	
- South and Islands	1,617,001,003	
Other European Countries - E.U. countries	-	
- non-E.U. countries	-	
America	-	
Rest of the World	-	
TOTAL	**5,376,266,868**	
Distribution of securitised assets by business sector of the borrower (€):		
Governments	-	
Other public-sector entities	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial companies	-	
Other entities	5,376,266,868	
TOTAL	**5,376,266,868**	

Note:

(*) Amount gross of initial transaction's costs.

Securitizations - qualitative tables

NAME:	FINO 2	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A/Arena Npl ONE S.r.l.	
Issuer:	FINO 2 Securitisation S.r.l.	
Servicer:	doBank S.p.A. (Master Servicer and Special Servicer)	
Arranger:	Morgan Stanley International Plc - UniCredit Bank AG	
Target transaction:	UniCredit S.p.A. NPL stock reduction	
Type of asset:	Secured and unsecured loans granted to small and medium enterprises and individuals	
Quality of Asset:	Bad loans (sofferenze)	
Closing date:	31 July 2017	
Nominal Value of disposal portfolio (€):	7,840,924,572	
Net amount of pre-existing writedown/writebacks:	821,592,350	
Disposal Profit & Loss realised (€) (*):	-181,439,057	
Portfolio disposal price (€):	640,153,293	
Guarantees issued by the Bank:	No	
Guarantees issued by Third Parties:	No	
Bank Lines of Credit :	No	
Third Parties Lines of Credit (€):	No	
Other Credit Enhancements (€):	No	
Other relevant information:	UniCredit S.p.A. holds a credit exposure (Deferred Subscription Prices - DSPs) towards a group of counterparties guarantor of the investor and deriving from the deferment in payment of 60% of the purchase price of the notes by the investor	
Rating Agencies:	No	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005277378	IT0005277394
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Quotation	Not listed	Not listed
. Issue date	07.31.2017	07.31.2017
. Legal maturity	October 2045	October 2045
. Call option	-	
. Expected duration (years)	1.6	3.6
. Rate	3M Eur + 2%	3M Eur + 6%
. Subordinated level	-	SUB A
. Nominal value issued (€)	400,000,000	125,000,000
. Nominal value at the end of accounting period (€)	389,428,000	125,000,000
. Security subscribers	Fortress Italian NPL Opportunities Series Fund LLC Series 6, UniCredit S.p.A.	Fortress Italian NPL Opportunities Series Fund LLC Series 6, UniCredit S.p.A.
. ISIN	IT0005277402	IT0005277410
. Type of security	Mezzanine	Junior
. Class	C	D
. Rating	-	-
. Quotation	Not listed	Not listed
. Issue date	07.31.2017	07.31.2017
. Legal maturity	October 2045	October 2045
. Call option	-	
. Expected duration (years)	4.3	6.2
. Rate	3M Eur + 8%	3M Eur + 12%
. Subordinated level	SUB A-B	SUB A-B-C
. Nominal value issued (€)	75,600,000	39,554,000
. Nominal value at the end of accounting period (€)	75,600,000	39,554,000
. Security subscribers	Fortress Italian NPL Opportunities Series Fund LLC Series 6, UniCredit S.p.A.	Fortress Italian NPL Opportunities Series Fund LLC Series 6, UniCredit S.p.A.
Distribution of securitised assets by area (€):		
Italy - Northwest	1,729,102,636	
- Northeast	1,439,379,203	
- Central	2,274,552,837	
- South and Islands	2,397,845,326	
Other European Countries - E.U. countries	-	
- non-E.U. countries	-	
America	-	
Rest of the World	-	
TOTAL	**7,840,924,572**	
Distribution of securitised assets by business sector of the borrower (€):		
Governments	-	
Other public-sector entities	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial companies	-	
Other entities	7,840,924,572	
TOTAL	**7,840,924,572**	

Note:
(*) Amount gross of initial transaction's costs.

NAME:	ONIF	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Onif Finance S.r.l.	
Servicer:	Zenith Service S.p.A. (Master Servicer) - Phoenix Asset Management S.p.A. (Special Servicer)	
Arranger:	Morgan Stanley International Plc - UniCredit Bank AG	
Target transaction:	UniCredit S.p.A. NPL stock reduction	
Type of asset:	Secured and unsecured loans granted to large enterprises	
Quality of Asset:	Bad loans (sofferenze)	
Closing date:	26 July 2017	
Nominal Value of disposal portfolio (€):	2,994,149,412	
Net amount of pre-existing writedown/writebacks:	401,928,516	
Disposal Profit & Loss realised (€) (*):	-84,423,445	
Portfolio disposal price net of Lock Box Cash (€):	317,505,071	
Guarantees issued by the Bank:	No	
Guarantees issued by Third Parties:	No	
Bank Lines of Credit :	2,000,000	
Third Parties Lines of Credit (€):	No	
Other Credit Enhancements (€):	Cash reserve 700,000	
Other relevant information:	UniCredit S.p.A. holds a credit exposure (Deferred Subscription Prices - DSPs) towards a group of counterparties guarantor of the investor and deriving from the deferment in payment of 60% of the purchase price of the notes by the investor	
Rating Agencies:	No	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005277014	IT0005277022
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Quotation	Not listed	Not listed
. Issue date	07.26.2017	07.26.2017
. Legal maturity	October 2042	October 2042
. Call option	-	
. Expected duration (years)	2.0	4.5
. Rate	2.00%	5.00%
. Subordinated level	-	SUB A
. Nominal value issued (€)	150,000,000	100,000,000
. Nominal value at the end of accounting period (€)	150,000,000	100,000,000
. Security subscribers	Celidoria S.a.r.l., UniCredit S.p.A., GIE Generali Investments Europe SGR S.p.A., Generali Italia S.p.A., Alleanza Assicurazioni S.p.A., Generali Iard Sa, GENERTELLIFE S.p.A., Generali Versicherung AG, Aachen und Muenchener Versicherung AG, Generali VIE Sa, Generali Versicherung AG (A), Generali Espana S.A. de Seguros y Reaseg	Celidoria S.a.r.l., UniCredit S.p.A., GIE Generali Investments Europe SGR S.p.A., Generali Italia S.p.A., Alleanza Assicurazioni S.p.A., Generali Iard Sa, GENERTELLIFE S.p.A., Generali Versicherung AG, Aachen und Muenchener Versicherung AG, Generali VIE Sa, Generali Versicherung AG (A), Generali Espana S.A. de Seguros y Reaseg
. ISIN	IT0005277030	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Quotation	Not listed	
. Issue date	07.26.2017	
. Legal maturity	October 2042	
. Call option	-	
. Expected duration (years)	6.7	
. Rate	10.00%	
. Subordinated level	SUB A-B	
. Nominal value issued (€)	79,508,000	
. Nominal value at the end of accounting period (€)	79,508,000	
. Security subscribers	Celidoria S.a.r.l., UniCredit S.p.A., GIE Generali Investments Europe SGR S.p.A., Generali Italia S.p.A., Alleanza Assicurazioni S.p.A., Generali Iard Sa, GENERTELLIFE S.p.A., Generali Versicherung AG, Aachen und Muenchener Versicherung AG, Generali VIE Sa, Generali Versicherung AG (A), Generali Espana S.A. de Seguros y Reaseg	
Distribution of securitised assets by area (€):		
Italy - Northwest	778,478,847	
- Northeast	808,420,341	
- Central	838,361,835	
- South and Islands	568,888,388	
Other European Countries - E.U. countries	-	
- non-E.U. countries	-	
America	-	
Rest of the World	-	
TOTAL	**2,994,149,412**	

Securitizations - qualitative tables

continued from previous page

NAME:	ONIF
Distribution of securitised assets by business sector of the borrower (€):	
Governments	-
Other public-sector entities	-
Banks	-
Financial Companies	-
Insurance Companies	-
Non-financial companies	2,994,149,412
Other entities	-
TOTAL	**2,994,149,412**

Note:
(*) Amount gross of initial transaction's costs.

ORIGINATOR: UniCredit S.p.A.

Traditional securitisations of Performing and Non-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 through the disposal of existing "Performing" and "Non-Performing" loan portfolios and also creating eligible securities for refinancing operations with the ECB and/or with third parties (counterbalancing capacity). The main advantages of the transactions can be summarised as follows: - improvement in the matching of asset maturities; - diversification of sources of financing; - broadening of investor base and resulting optimisation of funding cost; - creating counterbalancing capacity. Moreover, securitisation transactions can also be implemented for purposes related to business projects (for better management of assets), corporate restructuring or deleveraging projects.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	UniCredit S.p.A. acts as "Servicer" for almost all transactions concerned for which is Originator. 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 securitised 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 securitised loans and constantly monitoring their collection, with the assistance of third party companies (especially for the recovery of impaired loans; the company involved is DoBank S.p.A., which operates as an assistant to the Servicer, governed by a special agreement). The Service provides the Special Purpose Vehicle (and other counterparties indicated in the servicing agreements) information on the activity performed by, periodically reports that indicate, among other things, the collection and transfer of the income stream sold, the amount of default positions and recoveries completed, overdue installments, etc., with all information broken down in relation to specific transactions. These reports (which are usually quarterly) are periodically checked (if contractually required) by an auditing firm.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	From a strategic point of view, Group Finance Department is responsible for central coordination. In this context, the above structure plays: a) in the launch phase of the operation the role of proposer and provides support to the other Bank's Divisions and to the individual Legal Entities in conducting transactions, cooperating with all the other departments (Planning & Capital Management, Group Risk Management, M&A etc.) in identifying the characteristics and the distinctive features of "true sale" securitisations loans in order to achieve the targets set in the Group's Funding Plan and in the Contingency Funding Plan, approved by the Board of Directors, in the ordinary plan of creating counterbalancing capacity, as well as in organisational strategy and business of Top Management. Specific transactions are subject to prior approval by the competent departments of the Holding and of the Originator Bank (during approval, among other things, the structure, costs and impacts in terms of liquidity, counterbalancing capacity, organisational, business and/or any capital relief are discussed and analysed), and to final approval by the Board of Directors of the Originator Bank; b) in the management phase of the operation, the monitoring role of the securitised portfolios performances and any rating action published by Ratings Agencies, the interactions with the Ratings Agencies in order to submit regular information on portfolios and, more generally, the role of coordination of the Originator Bank to facilitate the solution of events relating to the securitised portfolios (management of actions of payments holidays, downgrading, restructurings, etc.). The Bank has established a special coordination unit (GL & securitisation Reporting) within the Accounting & Regulatory Reporting Department. This unit has been tasked with administrative activities connected to the Servicer and Account Bank related-duties, and to carry out these duties, it works in close cooperation with specific, qualified areas of the Bank (Group Risk Management, Group Finance, Group Legal Advice & Contracts, etc.) and the Group (UniCredit Business Integrated Solutions S.C.p.A., etc.). It also provides a technical and operational support to network units. The information regarding the monitoring of collections and the performance of the securitised portfolio is periodically submitted to the Servicer's Board of Directors.
HEDGING POLICIES:	By agreement, securitised portfolios can be 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, always if required by agreements, related back-to-back swap contracts are entered into between the Swap counterparty and UniCredit S.p.A. as Originator, interfaced in some cases by UniCredit Bank AG.
OPERATING RESULTS:	At the end of December 2017, the operating results related to existing securitisation 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 securitised. The exercise of the option to repurchase the securitised portfolio underlying operation " Consuner Two" did not result in significant additional economic impacts.

Securitizations - qualitative tables

Transactions from previous periods

NAME:	CONSUMER THREE	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Consumer Three 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:	04.20.2016	
Nominal Value of disposal portfolio (€):	4,077,354,013	
Net amount of preexinting writedown/writebacks (€):	4,077,354,013	
Disposal Profit & Loss realised:	-	
Portfolio disposal price (€):	4,096,856,762	
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 50 million euro. UniCredit S.p.A. also paid into an eligible entity a cash reserve amount outstanding, at the end of accounting period, for €60.3 million	
Other relevant information:	Self-securitisation	
Rating Agencies:	Moody's/Fitch	
Amount of CDS or other supersenior risk transferred:		
Amount and Condition of tranching:		
. ISIN	IT0005176505	IT0005176513
. Type of security	Senior	Junior
. Class	A	J
. Rating	Aa2/A	Not rated
. Nominal value issued (€)	3,015,000,000	1,062,353,969
. Nominal value at the end of accounting period (€)	3,015,000,000	1,062,353,969

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.

Transactions from previous periods

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	
Issued guarantees by the Bank (€):	Senior Notes Guarantee amounting to 304 million	
Issued guarantees by third parties:	-	
Bank Lines of Credit (€):	Interest Shortfall Facility amounting to 12.7 million	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	The credit line of Interest Shortfall Facility, of the original value of €15 million, was used, online capital for €2,341,588	
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	-
. 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

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.

Securitizations - qualitative tables

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 SPA (ex 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:	UCB AG London Branch	
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 (€):	2,495,969,428	
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, which at the end of accounting period is fully reimbursed	
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; during the year, as a result of the contractual amendment and the contextual outsourcing of the role of the Account Bank, the fund was fully repaid. Moreover UniCredit S.p.A., on 2013, has been replaced as swap counterparty with another Bank rated as eligible by ratings Agencies.	
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/Aa2/AA
. Nominal value issued (€)	600,000,000	1,735,000,000
. Nominal value at the end of accounting period (€)	-	344,035,926
. ISIN	IT0004144900	IT0004144934
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	AA/Aa2/A+	A+/Aa2/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/Baa1/A+	-
. 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 securitisation 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 UniCredit Banca S.p.A.)

Transactions from previous periods

NAME:	CORDUSIO RMBS SECURITISATION - SERIE 2007		CORDUSIO RMBS SECURITISATION - SERIE 2006 (EX CORDUSIO RMBS 2)	
Type of securitisation:	Traditional		Traditional	
Originator:	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.)	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UCB Ag London Branch (ex Bayerische Hypo und Vereinsbank AG, London Branch)		UCB Ag London Branch (ex Bayerische Hypo und Vereinsbank AG, London Branch)	
Target transaction:	Funding/Counterbalancing capacity		Funding/Counterbalancing capacity	
Type of asset:	Private Mortgage Loans		Private Mortgage Loans	
Quality of Asset:	Performing		Performing	
Closing date:	05.22.2007		07.06.2006	
Nominal Value of disposal portfolio (€):	3,908,102,838		2,544,388,351	
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, at the end of accounting period that amount is fully reimbursed		UniCredit S.p.A. has granted SPV a subordinated loan of €6.361 million, 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 €236 million of funds into an eligible entity to maintain its role as an Account Bank; during the year, as a result of the contractual amendment and the contextual outsourcing of the role of the Account Bank, the fund was fully repaid. Moreover UniCredit S.p.A. has been replaced as swap counterparty with another Bank rated as eligible by ratings Agencies.		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; during the year, as a result of the contractual amendment and the contextual outsourcing of the role of the Account Bank, the fund was fully repaid. Moreover UniCredit S.p.A. has been replaced as swap counterparty with another Bank rated as eligible by ratings Agencies.	
Rating Agencies:	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
. Type of security	Senior	Senior	Senior	Senior
. Class	A1	A2	A1	A2
. Rating	-	-	-	AA/Aa2/AA
. Nominal value issued (€)	703,500,000	2,227,600,000	500,000,000	1,892,000,000
. Nominal value at the end of accounting period (€)	-	-	-	150,273,235
. ISIN	IT0004231244	IT0004231285	IT0004087182	IT0004087190
. Type of security	Senior	Mezzanine	Mezzanine	Mezzanine
. Class	A3	B	B	C
. Rating	A+/Aa2/AA	A+/Aa2/A+	AA/Aa2/A+	BBB+/Ba1/A+
. Nominal value issued (€)	697,518,329	71,100,000	45,700,000	96,000,000
. Nominal value at the end of accounting period (€)	738,600,000	71,100,000	45,700,000	96,000,000
. ISIN	IT0004231293	IT0004231301	IT0004087216	
. Type of security	Mezzanine	Mezzanine	Junior	
. Class	C	D	D	
. Rating	A/Aa3/A+	B/Ba1/BBB	-	
. Nominal value issued (€)	43,800,000	102,000,000	10,688,351	
. Nominal value at the end of accounting period (€)	43,800,000	102,000,000	10,688,351	
. ISIN	IT0004231319	IT0004231327		
. Type of security	Mezzanine	Junior		
. Class	E	F		
. Rating	CCC/Caa1/B-	-		
. 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 securitisation transaction was completed, i.e. the date when all contractual documents were signed.

Securitizations - qualitative tables

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:	UniCredit S.p.A. (ex Bipop Carire, Società per Azioni)	
Issuer:	Capital Mortgage Srl	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A. (ex Bipop Carire, Società per Azioni)	
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. At the end of accounting period € 6.97 million of the principal amount has been repaid	
Other relevant information:	All securities issued outstanding from 31 December 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; during the year, as a result of the contractual amendment and the contextual outsourcing of the role of the Account Bank, the fund was fully repaid. Moreover UniCredit S.p.A. has been replaced as swap counterparty with another Bank rated as eligible by ratings Agencies.	
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/Aa2	A+/Aa2
. Nominal value issued (€)	666,300,000	185,500,000
. Nominal value at the end of accounting period (€)	43,920,097	185,500,000
. ISIN	IT0004302755	IT0004302763
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	A+/Aa3	A+/A2
. Nominal value issued (€)	61,800,000	14,300,000
. Nominal value at the end of accounting period (€)	61,800,000	14,300,000
. ISIN	IT0004302797	IT0004302854
. Type of security	Mezzanine	Mezzanine
. Class	D	E
. Rating	BB-/A3	B-/Baa3
. 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	-	
. Nominal value issued (€)	250,000	
. Nominal value at the end of accounting period (€)	250,000	

The "Closing date" is the date when the securitisation 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 Banca di Roma S.p.A.)

Transactions from previous periods

NAME:	CAPITAL MORTGAGE 2007 - 1	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A. (ex Banca di Roma S.p.A.)	
Issuer:	Capital Mortgage S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UCB AG (ex 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 (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 €155.75 million at 31 December 2016) to maintain its role as Account Bank; during the year, as a result of the contractual amendment and the contextual outsourcing of the role of the Account Bank, the fund was fully repaid.	
Rating Agencies:	S & P/Moody's/Fitch	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004222532	IT0004222540
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	AA/A3/B+	AA/A3/B+
. Nominal value issued (€)	1,736,000,000	644,000,000
. Nominal value at the end of accounting period (€)	231,115,416	351,825,314
. ISIN	IT0004222557	IT0004222565
. Type of security	Mezzanine	Junior
. Class	B	C
. Rating	BB/B3/CCC	D/Ca/CC
. 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 securitisation transaction was completed, i.e. the date when all contractual documents were signed.

Securitizations - qualitative tables

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:	UniCredit S.p.A. (ex FinecoBank S.p.A.)		UniCredit S.p.A. (ex Fin-eco Banca ICQ S.p.A.)		UniCredit S.p.A. (ex Fin-eco Banca ICQ S.p.A.)	
Issuer:	F-E Mortgages S.r.l.		F-E Mortgages S.r.l.		Heliconus S.r.l	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit SpA (ex MCC S.p.A. - Capitalia Gruppo Bancario)		UniCredit SpA (ex MCC S.p.A. - Capitalia Gruppo Bancario)		UniCredit SpA (ex MCC S.p.A. - Capitalia Gruppo Bancario)	
Target transaction:	Funding/Counterbalancing capacity		Funding/Counterbalancing capacity		Funding/Counterbalancing capacity	
Type of asset:	Private Mortgage Loans		Private Mortgage Loans		Mortgage Loans	
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. issued a credit line 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. issued a credit line for €10.220 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 (as Equity). At the end of accounting period the amount of capital tranche is fully reimboursed		-		-	
Other relevant information:	-		Following the downgrade of Royal Bank of Scotland Plc by Moody's, on 3 August 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 12 January 2012 UniCredit S.p.A. made a reserve of €10.220 million for the SPV, corresponding to the liquidity line	
Rating Agencies:	S & P/Moody's/Fitch		S & P/Moody's/Fitch		S & P/Moody's/Fitch	
Amount of CDS or other supersenior risk transferred:	-		-		-	
Amount and Conditions of tranching:						
. ISIN	IT0003830418	IT0003830426	IT0003575039	IT0003575070	IT0003383855	IT0003383871
. Type of security	Senior	Mezzanine	Senior	Mezzanine	Senior	Mezzanine
. Class	A	B	A1	B	A	B
. Rating	AA/Aa2/AA	A+/Aa2/AA	AA/Aa2/AA	A+/Aa2/AA	AA/Aa2/AA	- /Aa2/AA
. 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 (€)	110,365,997	36,863,691	32,244,380	48,000,000	14,649,702	30,800,000
. ISIN	IT0003830434		IT0003575088	IT0003575096	IT0003383939	
. Type of security	Junior		Mezzanine	Junior	Junior	
. Class	C		C	D	C	
. Rating	BBB-/Aa3/A+		A+/Baa1/AA	-	-	
. 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 securitisation transaction was completed, i.e. the date when all contractual documents were signed.

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Credit Management Bank S.p.A.)

Transactions from previous periods

NAME:	ARENA NPL ONE	
Type of securitisation:	Self-securitisation	
Originator:	UniCredit S.p.A. (ex UCCMB S.p.A.)	
Issuer:	Arena NPL S.r.L.	
Servicer:	UniCredit S.p.A.	
Arranger:	UBS	
Target transaction :	Funding	
Type of asset:	Unsecured loans - mortgage loans	
Quality of asset:	Bad loans	
Closing date:	12.04.2014	
Nominal Value of disposal portfolio (€):	8,460,706,273	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	UniCredit S.p.A. issued a line of Liquidity Facility revolving amounts to €100 million, used for €99.84 million at the end of accounting period	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	UniCredit S.p.A. has granted SPV a loans facility of €30 million, used for legal expenses	
Rating Agencies:	No Rating Agency	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005070120	IT0005070138
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Nominal value issued (€)	304,300,000	913,049,310
. Nominal value at the end of accounting period (€)	60,104,391	913,049,310

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.

Securitizations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transactions from previous periods

STRATEGIES, PROCESSES AND GOALS:	The following initiatives, called Pillarstone Italy, were undertaken to allow the Group to improve the management of loan restructuring, also through the innovative use (for this purpose) of securitization. The goal is to facilitate and increase recoveries of the exposures under securitization thanks to: - restructuring with long-term industrial logic, focusing on introducing new finance (by third parties) in favour of the debtors sold, with focus on concrete needs and opportunities for the companies involved; - efficient and targeted restructuring and turnaround processes. Shared acceptance of the economic principles that guide the transactions in question and a strong alignment of the interests between the parties involved, ensures the asset manager 's commitment to maximise the value of the said assets, optimising therefore the expected recovery on the junior notes bought by UniCredit S.p.A., through the transferred management of the securitised portfolio.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	UniCredit S.p.A. does not act as Servicer. The business of servicing is carried out by third parties outside the Group, as per the contracts stipulated with the Special Purpose Vehicle issuing the ABS securities, and involves the administration, encashment, restructuring and collection of securitised loans, on behalf thereof, as well as managing any recovery proceedings on Non-Performing loans. The Servicer of the assets, therefore, has the task, on an ongoing basis, of following the financial flows arising from the securitised loans, constantly monitoring the encashment, also where appropriate making use of third party companies. For each specific transaction, the Servicer provides the Special Purpose Vehicle (in addition to other counterparties as defined in the servicing contracts, including UniCredit S.p.A.) with information on the activities carried out via periodic reports which show, inter alia, the collection and realization of the assigned receivables, the number of defaulted positions and the successfully completed recoveries, the instalments in arrears, restructuring activities, etc. Where contractually provided for, these reports are periodically checked by an independent auditors' firm.
ORGANIZATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The Servicer provides UniCredit S.p.A. with a series of reports that enable the evaluation and monitoring of the underlying portfolios. On a quarterly basis the performances are also presented in the reference internal Credit Committees.
HEDGING POLICIES:	There are no risk hedging derivatives.
OPERATING RESULTS:	We are currently implementing a set of monitoring initiatives, focused on one side on the single company performances and, on the other side, on the evolution of the Pillartsone project as a whole.

NAME:	PILLARSTONE ITALY - PREMUDA	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Pillarstone Italy SPV S.r.l.	
Servicer:	Securitisation Services S.p.A.	
Arranger:	Not applicable	
Target transaction:	Innovative structure of securitisation to manage and overcome the temporary difficulties of the debtor sold, in order to optimise the reimbursement of the securitised portfolio	
Type of asset:	Corporate loans	
Quality of Asset:	Unlikely to pay	
Closing date:	07.14.2016	
Nominal Value of disposal portfolio:	$78,220,999.08 + €31,265,398.23	
Net amount of pre-existing writedown/writebacks:	-	
Disposal Profit & Loss realised:	-	
Portfolio disposal price:	$78,220,999.08 + €31,265,398.23	
Guarantees issued by the Bank:	no	
Guarantees issued by Third Parties:	no	
Bank Lines of Credit :	no	
Third Parties Lines of Credit (€):	7,000,000	
Other Credit Enhancements (€):	no	
Other relevant information:	no	
Rating Agencies:	no	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005203937	IT0005203952
. Type of security	Senior(*)	Mezzanine(*)
. Class	A	B
. Rating	Not applicable	Not applicable
. Quotation	Not applicable	Not applicable
. Issue date	07.14.2016	07.14.2016
. Legal maturity	10.20.2030	10.20.2030
. Call option	no	
. Expected duration (years)	5.0	5.0
. Rate	8.50%	2.67%
. Subordinated level	-	Sub A
. Nominal value issued	€2,743,000	$57,663,000
. Nominal value at the end of accounting period	€2,758,000	$57,663,000
. Security subscribers	Pall Mall Solution ICAV	UniCredit S.p.A.
. ISIN	IT0005246712	IT0005246761
. Type of security	Mezzanine(*)	Junior(*)
. Class	B	C
. Rating	Not applicable	Not applicable
. Quotation	Not applicable	Not applicable
. Issue date	04.04.2017	04.04.2017
. Legal maturity	10.20.2030	10.20.2030
. Call option	no	
. Expected duration (years)	3.4	3.4
. Rate	3.43%	9.76%
. Subordinated level	Sub A	Sub A,B
. Nominal value issued	€280,000	€2,956,000
. Nominal value at the end of accounting period	€280,000	€2,956,000
. Security subscribers	UniCredit S.p.A.	UniCredit S.p.A.
. ISIN	IT0005204125	IT0005204133
. Type of security	Junior(*)	Junior(*)
. Class	C	C
. Rating	Not applicable	Not applicable
. Quotation	Not applicable	Not applicable
. Issue date	07.14.2016	07.14.2016
. Legal maturity	10.20.2030	10.20.2030
. Call option	no	
. Expected duration (years)	5.0	5.0
. Rate	9.71%	10.69%
. Subordinated level	Sub A,B	Sub A,B
. Nominal value issued	€25,272,000	$20,558,000
. Nominal value at the end of accounting period	€25,272,000	$20,558,000
. Security subscribers	UniCredit S.p.A.	UniCredit S.p.A.

Note:
(*) The classification of the field "Type of security" refers to Banca d'ItaliaCircular 262 "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

The "Closing date" is the date when the securitisation vehicle has issued the securities of the transaction.

Securitizations - qualitative tables

NAME:	PILLARSTONE ITALY - BURGO		PILLARSTONE ITALY - COMITAL	
Type of securitisation:	Traditional		Traditional	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	Pillarstone Italy SPV S.r.l.		Pillarstone Italy SPV S.r.l.	
Servicer:	Securitisation Services S.p.A.		Securitisation Services S.p.A.	
Arranger:	Not applicable		Not applicable	
Target transaction:	Innovative structure of securitisation to manage and overcome the temporary difficulties of the debtor sold, in order to optimise the reimbursement of the securitised portfolio		Innovative structure of securitisation to manage and overcome the temporary difficulties of the debtor sold, in order to optimise the reimbursement of the securitised portfolio	
Type of asset:	Corporate loans		Corporate loans	
Quality of Asset:	Unlikely to pay		Unlikely to pay	
Closing date:	12.10.2015		12.10.2015	
Nominal Value of disposal portfolio (€) :	150,646,763		33,074,000	
Net amount of pre-existing writedown/writebacks:	-		-	
Disposal Profit & Loss realised (€):	-		-	
Portfolio disposal price (€):	150,646,763		33,074,000	
Guarantees issued by the Bank:	No		No	
Guarantees issued by Third Parties:	No		No	
Bank Lines of Credit :	No		No	
Third Parties Lines of Credit (€):	7,000,000		2,500,000	
Other Credit Enhancements (€):	21,998,763		No	
Other relevant information:	Credit Enhancement is represented by the deferred purchase price (DPP), subordinated to the junior security for the payment, of a convertible loan sold to the vehicle		No	
Rating Agencies:	No		No	
Amount of CDS or other supersenior risk transferred:	-		-	
Amount and Condition of tranching:				
. ISIN	IT0005154809	IT0005154825	IT0005152324	IT0005152340
. Type of security	Senior(*)	Mezzanine(*)	Senior(*)	Mezzanine(*)
. Class	A	B	A	B
. Rating	-	-	-	-
. Quotation	Not listed	Not listed	Not listed	Not listed
. Issue date	12.10.2015	12.10.2015	12.10.2015	12.10.2015
. Legal maturity	10.20.2030	10.20.2030	10.20.2030	10.20.2030
. Call option	Not applicable		Not applicable	
. Expected duration (years)	5.0	5.0	5.0	5.0
. Rate	8.50%	EUR6M(360) + 200bps	8.50%	EUR6M(360) + 78bps
. Subordinated level	-	Sub A	-	Sub A
. Nominal value issued (€)	5,423,000	103,043,000	810,000	15,396,000
. Nominal value at the end of accounting period (€)	5,423,000	103,043,000	6,894	8,932,431
. Security subscribers	Pall Mall Solutions 1 ICAV	UniCredit S.p.A.	Pall Mall Solutions 1 ICAV	UniCredit S.p.A.
. ISIN	IT0005155251		IT0005152357	
. Type of security	Junior(*)		Junior(*)	
. Class	C		C	
. Rating	-		-	
. Quotation	Not listed		Not listed	
. Issue date	12.10.2015		12.10.2015	
. Legal maturity	10.20.2030		10.20.2030	
. Call option	No		No	
. Expected duration (years)	5.0		5.0	
. Rate	EUR6M(360)+1000bps		EUR6M(360)+1000bps	
. Subordinated level	Sub A, B		Sub A, B	
. Nominal value issued (€)	20,182,000		16,868,000	
. Nominal value at the end of accounting period (€)	20,182,000		16,868,000	
. Security subscribers	UniCredit S.p.A.		UniCredit S.p.A.	

Note:
(*) The classification of the field "Type of security" refers to Banca d'Italia Circular 262 "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

The "Closing date" is the date when the securitisation vehicle has issued the securities of the transaction.

NAME:	PILLARSTONE ITALY - LEDIBERG		PILLARSTONE ITALY - RAINBOW	
Type of securitisation:	Traditional		Traditional	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	Pillarstone Italy SPV S.r.l.		Pillarstone Italy SPV S.r.l.	
Servicer:	Securitisation Services S.p.A.		Securitisation Services S.p.A.	
Arranger:	Not applicable		Not applicable	
Target transaction:	Innovative structure of securitisation to manage and overcome the temporary difficulties of the debtor sold, in order to optimise the reimbursement of the securitised portfolio		Innovative structure of securitisation to manage and overcome the temporary difficulties of the debtor sold, in order to optimise the reimbursement of the securitised portfolio	
Type of asset:	Corporate loans		Corporate loans	
Quality of Asset:	Unlikely to pay		Unlikely to pay	
Closing date:	12.10.2015		12.10.2015	
Nominal Value of disposal portfolio (€):	30,508,000		74,216,000	
Net amount of pre-existing writedown/writebacks:	-		-	
Disposal Profit & Loss realised:	-		-	
Portfolio disposal price (€):	30,508,000		74,216,000	
Guarantees issued by the Bank:	No		No	
Guarantees issued by Third Parties:	No		No	
Bank Lines of Credit:	No		No	
Third Parties Lines of Credit (€):	3,000,000		3,500,000	
Other Credit Enhancements:	-		No	
Other relevant information:	-		No	
Rating Agencies:	No		No	
Amount of CDS or other supersenior risk transferred:	-		-	
Amount and Condition of tranching:				
. ISIN	IT0005154726	IT0005154734	IT0005155833	IT0005155103
. Type of security	Senior(*)	Mezzanine(*)	Senior(*)	Mezzanine(*)
. Class	A	B	A	B
. Rating	-	-	-	-
. Quotation	Not listed	Not listed	Not listed	Not listed
. Issue date	12.10.2015	12.10.2015	12.10.2015	12.10.2015
. Legal maturity	10.20.2030	10.20.2030	10.20.2030	10.20.2030
. Call option	Not applicable		Not applicable	
. Expected duration (years)	5.0	5.0	5.0	5.0
. Rate	8.50%	Until 06.30.2016: EUR6M(360) + 25bps From 07.01.2016: EUR6M(360) + 200bps	8.50%	EUR6M(360) + 129bps
. Subordinated level	-	Sub A	-	Sub A
. Nominal value issued (€)	244,000	4,637,000	890,000	16,921,000
. Nominal value at the end of accounting period (€)	244,000	4,637,000	890,000	16,921,000
. Security subscribers	Pall Mall Solutions 1 ICAV	UniCredit S.p.A.	Pall Mall Solutions 1 ICAV	UniCredit S.p.A.
. ISIN	IT0005154759		IT0005155111	
. Type of security	Junior(*)		Junior(*)	
. Class	C		C	
. Rating	-		-	
. Quotation	Not listed		Not listed	
. Issue date	12.10.2015		12.10.2015	
. Legal maturity	10.20.2030		10.20.2030	
. Call option	Not applicable		Not applicable	
. Expected duration (years)	5.0		5.0	
. Rate	EUR6M(360)+1000bps		EUR6M(360)+1000bps	
. Subordinated level	Sub A, B		Sub A, B	
. Nominal value issued (€)	25,627,000		56,405,000	
. Nominal value at the end of accounting period (€)	25,627,000		56,405,000	
. Security subscribers	UniCredit S.p.A.		UniCredit S.p.A.	

Note:
(*) The classification of the field "Type of security" refers to Banca d'Italia Circular 262 "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

The "Closing date" is the date when the securitisation vehicle has issued the securities of the transaction.

Securitizations - qualitative tables

ORIGINATOR: UniCredit S.p.A. - New transactions 2017

NAME:	SANDOKAN	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Yanez S.r.l.	
Servicer:	Securitisation Services S.p.A.	
Arranger:	-	
Target transaction:	Innovative structure of securitisation to manage and overcome the temporary difficulties of the debtors sold, in order to optimise the reimbursement of the securitised portfolio	
Type of asset:	Corporate loans	
Quality of Asset:	Unlikely to pay	
Closing date:	08.02.2017	
Nominal Value of disposal portfolio (€):	860,757,400	
Net amount of pre-existing writedown/writebacks:	-	
Disposal Profit & Loss realised (€):	-	
Portfolio disposal price (€):	860,757,400	
Guarantees issued by the Bank:	No	
Guarantees issued by Third Parties:	No	
Bank Lines of Credit (€) :	10,000,000	
Third Parties Lines of Credit (€):	No	
Other Credit Enhancements (€):	No	
Other relevant information:	No	
Rating Agencies:	No	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005273674	IT0005273666
. Type of security	Senior	Senior
. Class	AS2	AX
. Rating	-	-
. Quotation	Not listed	Not listed
. Issue date	07.31.2017	07.31.2017
. Legal maturity	11.30.2050	11.30.2050
. Call option	-	-
. Expected duration (years)	0.5	0.5
. Rate	4.0%	14.0%
. Subordinated level	-	Sub AS2
. Nominal value issued	1,000	1,000
. Nominal value at the end of accounting period	1,000	1,000
. Security subscribers	Celidoria S.a.r.l./Europa Plus SCA SIF/Banca Finanziaria Internazionale	Banca Finanziaria Internazionale
. ISIN	IT0005273690	IT0005273708
. Type of security	Senior	Senior
. Class	AJ2	B1
. Rating	-	-
. Quotation	Not listed	Not listed
. Issue date	07.31.2017	07.31.2017
. Legal maturity	11.30.2050	11.30.2050
. Call option	-	-
. Expected duration (years)	0.5	3.10
. Rate	14.0%	3.0%
. Subordinated level	Sub AS2, AX	Sub AS2, AX, AJ2
. Nominal value issued	1,000	171,520,000
. Nominal value at the end of accounting period	1,000	171,520,000
. Security subscribers	Celidoria S.a.r.l./Europa Plus SCA SIF	UniCredit S.p.A.
. ISIN	IT0005273724	IT0005273732
. Type of security	Senior	Mezzanine
. Class	B2	C1
. Rating	-	-
. Quotation	Not listed	Not listed
. Issue date	7,312,017	07.31.2017
. Legal maturity	11,302,050	11.30.2050
. Call option	-	-
. Expected duration (years)	3	4.70
. Rate	7.5%	3.5%
. Subordinated level	Sub AS2, AX, AJ2, B1	Sub AS2, AX, AJ2, B1, B2
. Nominal value issued	42,880,000	57,360,000
. Nominal value at the end of accounting period	42,880,000	57,360,000
. Security subscribers	Celidoria S.a.r.l./Europa Plus SCA SIF/FR Invest	UniCredit S.p.A.
. ISIN	IT0005273740	IT0005273757
. Type of security	Mezzanine	Mezzanine
. Class	C2	D1
. Rating	-	-
. Quotation	Not listed	Not listed
. Issue date	07.31.2017	07.31.2017
. Legal maturity	11.30.2050	11.30.2050
. Call option	-	-
. Expected duration (years)	4.60	7.60
. Rate	15.0%	4.0%
. Subordinated level	Sub AS2, AX, AJ2, B1, B2, C1	Sub AS2, AX, AJ2, B1, B2, C1, C2
. Nominal value issued	14,340,000	126,350,000
. Nominal value at the end of accounting period	14,340,000	126,350,000
. Security subscribers	Celidoria S.a.r.l./Europa Plus SCA SIF/FR Invest	UniCredit S.p.A.

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NAME:	SANDOKAN	
. ISIN	IT0005273773	IT0005273872
. Type of security	Mezzanine	Junior
. Class	D2	E
. Rating	-	-
. Quotation	Not listed	Not listed
. Issue date	07.31.2017	07.31.2017
. Legal maturity	11.30.2050	11.30.2050
. Call option	-	-
. Expected duration (years)	6.80	10.10
. Rate	19.0%	5%
. Subordinated level	Sub AS2, AX, AJ2, B1, B2, C1, C2, D1	Sub AS2, AX, AJ2, B1, B2, C1, C2, D1,
. Nominal value issued	6,650,000	441,654,400
. Nominal value at the end of accounting period	6,650,000	441,654,400
. Security subscribers	Celidoria S.a.r.l./Europa Plus SCA SIF/FR Invest	UniCredit S.p.A.
Distribution of securitised assets by area (€):		
Italy	860,757,400	
Other European Countries - E.U. countries	-	
- non-E.U. countries	-	
America	-	
Rest of the World	-	
TOTAL	**860,757,400**	
Distribution of securitised assets by business sector of the borrower (€):		
Governments	-	
other governments agencies	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial companies	860,757,400	
Other entities	-	
TOTAL	**860,757,400**	

Securitizations - qualitative tables

ORIGINATOR: UniCredit S.p.A. (formerly Capitalia S.p.A., formerly Banca di Roma S.p.A.)

Transactions from previous periods

NAME:	CAESAR FINANCE	
Type of securitisation:	Traditional	
Originator:	Banca di Roma S.p.A	
Issuer:	Caesar Finance S.A.	
Servicer:	Bank of New York	
Arranger:	Donaldson, Lufkin & Jenrette	
Target transaction:	Funding	
Type of asset:	Collateralised Bond Obligation	
Quality of asset:	Performing	
Closing date:	11.05.1999	
Nominal Value of disposal portfolio (€):	360,329,000	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	Fitch/Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	XS0103928452	XS0103929773
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Nominal value issued (€)	270,000,000	90,329,000
. Nominal value at the end of accounting period (€)	-	47,380,559

ORIGINATOR: UniCredit S.p.A.

New transactions 2017

NAME:	BOND ITALIA 5 INV		BOND ITALIA 5 MIX	
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:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 24 and 60 months - to small and medium enterprises		Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing		Performing	
Closing date:	06.16.2017		06.16.2017	
Nominal Value of reference portfolio (€):	72,447,737		296,985,668	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Unfunded financial guarantee hedging the junior risk		Unfunded financial guarantee hedging the junior risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Junior	Senior	Mezzanine
. Class	A	B	A	B
. Rating	-	-	-	-
. Quotation	Not applicable	Not applicable	Not applicable	Not applicable
. Issue date	06.16.2017	06.16.2017	06.16.2017	06.16.2017
. Legal maturity	06.30.2022	06.30.2022	06.30.2022	06.30.2022
. Call option	Not applicable		Not applicable	
. Expected duration	06.30.2022	06.30.2022	06.30.2022	06.30.2022
. Rate	Not applicable	Not applicable	Not applicable	Not applicable
. Subordinated level	-	Sub A	-	Sub A
. Reference Position (€)	67,014,157	5,433,580	278,424,064	18,561,604
. Reference Position at the end of accounting period (€)	62,794,112	5,433,580	248,264,693	18,561,604
. Security subscribers	UniCredit S.p.A.	Partially hedged by protection seller	UniCredit S.p.A.	Partially hedged by protection seller
Distribution of securitised assets by area (€):				
Italy - Northwest	20,749,032		83,987,547	
- Northeast	21,640,139		101,569,098	
- Central	10,562,880		52,714,956	
- South and Islands	19,495,686		58,714,067	
Other European Countries - E.U. countries	-		-	
- non-E.U. countries	-		-	
America	-		-	
Rest of the World	-		-	
TOTAL	**72,447,737**		**296,985,668**	
Distribution of securitised assets by business sector of the borrower (€):				
Governments	-		-	
Other public-sector entities	-		-	
Banks	-		-	
Financial Companies	-		-	
Insurance Companies	-		-	
Non-financial companies	72,447,737		296,985,668	
Other entities	-		-	
TOTAL	**72,447,737**		**296,985,668**	

Note:
(*) Synthetic securitisations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by Art.262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art.259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitisation shall be performed using the Supervisory formula, in accordance with Art.262, taking care to provide the following five elements:
1. the capital requirement on the securitised assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitised assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitisation tranche related to its seniority, granularity, support level and risk of the underlying.

Securitizations - qualitative tables

New transactions 2017

NAME:	SME Initiative 2017	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Pool of UniCredit's SME loans, concentrated in South of Italy for at least 50%	
Quality of Asset:	Performing	
Closing date:	12.22.2017	
Nominal Value of reference portfolio (€):	460,440,633	
Issued guarantees by the Bank:	-	
Issued guarantees by third parties:	Financial guarantee to hedge the mezzanine tranches and the junior tranche in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)	
Amount and Conditions of tranching:		
. ISIN	Not applicable	Not applicable
. Type of security	Senior	Upper Mezzanine
. Class	A	B1
. Rating	-	-
. Quotation	Not applicable	Not applicable
. Issue date	12.22.2017	12.22.2017
. Legal maturity	11.13.2030	11.13.2030
. Call option	Clean-up call, regulatory call,Time call	
. Expected duration	11.13.2030	11.13.2030
. Rate	Not applicable	Not applicable
. Subordinated level	-	Sub A
. Reference Position (€)	395,040,094	2,369,585
. Reference Position at the end of accounting period (€)	395,040,094	2,369,585
. Security subscribers	UniCredit S.p.A.	Hedged by protection seller
. ISIN	Not applicable	Not applicable
. Type of security	Middle Mezzanine	Lower Mezzanine
. Class	B2	B3
. Rating	-	-
. Quotation	Not applicable	Not applicable
. Issue date	12.22.2017	12.22.2017
. Legal maturity	11.13.2030	11.13.2030
. Call option	Clean-up call, regulatory call,Time call	
. Expected duration	11.13.2030	11.13.2030
. Rate	Not applicable	Not applicable
. Subordinated level	Sub A, B1	Sub A, B1, B2
. Reference Position (€)	473,917	11,847,924
. Reference Position at the end of accounting period (€)	473,917	11,847,924
. Security subscribers	Hedged by protection seller	Hedged by protection seller
. ISIN	Not applicable	Not applicable
. Type of security	Second Loss	Junior
. Class	C	D
. Rating	-	-
. Quotation	Not applicable	Not applicable
. Issue date	12.22.2017	12.22.2017
. Legal maturity	11.13.2030	11.13.2030
. Call option	Clean-up call, regulatory call,Time call	
. Expected duration	11.13.2030	11.13.2030
. Rate	Not applicable	Not applicable
. Subordinated level	Sub A, B1, B2, B3	Sub A, B1, B2, B3, C
. Reference Position (€)	14,217,509	36,491,605
. Reference Position at the end of accounting period (€)	14,217,509	36,491,605
. Security subscribers	UniCredit S.p.A.	Hedged by protection seller
Distribution of securitised assets by area (€):		
Italy - Northwest	52,490,232	
- Northeast	65,843,011	
- Central	61,238,604	
- South and Islands	280,868,786	
Other European Countries - E.U. countries	-	
- non-E.U. countries	-	
America	-	
Rest of the World	-	
TOTAL	**460,440,633**	

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NAME:	SME Initiative 2017
Distribution of securitised assets by business sector of the borrower (€):	
Governments	-
Other public-sector entities	-
Banks	-
Financial Companies	-
Insurance Companies	-
Non-financial companies	460,440,633
Other entities	-
TOTAL	**460,440,633**

Note:
(*) Synthetic securitisations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by Art.262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art.259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitisation shall be performed using the Supervisory formula, in accordance with Art.262, taking care to provide the following five elements:
1. the capital requirement on the securitised assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitised assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitisation tranche related to its seniority, granularity, support level and risk of the underlying.

Securitizations - qualitative tables

New transactions 2017

NAME:	Finpiemonte 2016		FILSEC 2016	
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:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises located in Piemonte		Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises located in Liguria	
Quality of Asset:	Performing		Performing	
Closing date:	10.31.2017		10.31.2017	
Nominal Value of reference portfolio (€):	58,000,000		28,000,000	
Issued guarantees by the Bank:				
Issued guarantees by third parties:	Funded cash collateralised financial guarantee partially hedging the junior risk		Funded cash collateralised financial guarantee partially hedging the junior risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Junior	Senior	Mezzanine
. Class	A	B	A	B
. Rating	-	-	-	-
. Quotation	Not listed	Not listed	Not listed	Not listed
. Issue date	10.31.2017	10.31.2017	06.16.2017	06.16.2017
. Legal maturity	12.31.2021	12.31.2021	12.31.2021	12.31.2021
. Call option	Not applicable		Not applicable	
. Expected duration	12.31.2021	12.31.2021	12.31.2021	12.31.2021
. Rate	Not applicable	Not applicable	Not applicable	Not applicable
. Subordinated level	-	Sub A	-	Sub A
. Reference Position (€)	50,750,000	7,250,000	24,500,000	3,500,000
. Reference Position at the end of accounting period (€)	31,762,318	7,250,000	13,991,670	3,500,000
. Security subscribers	UniCredit S.p.A.	Partially hedged by protection seller	UniCredit S.p.A.	Partially hedged by protection seller
Distribution of securitised assets by area (€):				
Italy - Northwest	58,000,000		28,000,000	
- Northeast	-		-	
- Central	-		-	
- South and Islands	-		-	
Other European Countries - E.U. countries	-		-	
- non-E.U. countries	-		-	
America	-		-	
Rest of the World	-		-	
TOTAL	**58,000,000**		**28,000,000**	
Distribution of securitised assets by business sector of the borrower (€):				
Governments	-		-	
Other public-sector entities	-		-	
Banks	-		-	
Financial Companies	-		-	
Insurance Companies	-		-	
Non-financial companies	58,000,000		28,000,000	
Other entities	-		-	
TOTAL	**58,000,000**		**28,000,000**	

Note:
(*) Synthetic securitisations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by Art.262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art.259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitisation shall be performed using the Supervisory formula, in accordance with Art.262, taking care to provide the following five elements:
1. the capital requirement on the securitised assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitised assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitisation tranche related to its seniority, granularity, support level and risk of the underlying.

Transactions from previous periods

NAME:	ARTS MIDCAP4		AGRIBOND	
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:	UniCreditBank A.G.		UniCreditBank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Loans to Small and Mid Corporate		Unsecured loans - maturity 72 months - to small and medium enterprises pertaining to the agricolture sector	
Quality of Asset:	Performing		Performing	
Closing date:	06.21.2016		06.30.2015	
Nominal Value of reference portfolio (€):	2,258,505,513		172,000,000	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Funded cash collateralised financial guarantee hedging the junior risk		Unfunded financial guarantee hedging the junior risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	Not rated	Not rated	Not rated	Not rated
. Quotation	Not applicable	Not applicable	Not applicable	Not applicable
. Issue date	06.21.2016	06.21.2016	06.30.2015	06.30.2015
. Legal maturity	01.31.2036	01.31.2036	12.31.2022	12.31.2022
. Call option	Clean-up call, Regulatory Call, Time call		-	
. Expected duration (years)	WAL 3,8Y; time call after 5Y; regulatory call expected Mar 2024	WAL 3,8Y; time call after 5Y; regulatory call expected Mar 2024	12.31.2022	12.31.2022
. Rate	Not applicable	Not applicable	Not applicable	Not applicable
. Subordinated level	-	Sub A	-	-
. Reference Position (€)	2,145,505,513	113,000,000	161,256,654	10,743,346
. Reference Position at the end of accounting period (€)	1,472,060,142	112,891,208	95,523,103	10,743,346
. Security subscribers	UniCredit S.p.A.	Hedged by protection seller	UniCredit S.p.A.	Partially hedged by protection seller

Note:
(*) Synthetic securitisations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by Art.262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art.259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitisation shall be performed using the Supervisory formula, in accordance with Art.262, taking care to provide the following five elements:
1. the capital requirement on the securitised assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitised assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitisation tranche related to its seniority, granularity, support level and risk of the underlying.

Securitizations - qualitative tables

NAME:	BOND ITALIA 3 INVESTIMENTI		BOND ITALIA3 MISTO	
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.		UniCreditBank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 24 and 60 months - to small and medium enterprises		Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing		Performing	
Closing date:	05.14.2016		05.14.2016	
Nominal Value of reference portfolio (€):	99,037,451		166,024,432	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Unfunded financial guarantee hedging the junior risk		Unfunded financial guarantee hedging the junior risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Standardised Approach(*)		No rating agency, use of Standardised Approach(*)	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Junior	Senior	Junior
. Class	-	-	-	-
. Rating	Not rated	Not rated	Not rated	Not rated
. Quotation	Not applicable	Not applicable	Not applicable	Not applicable
. Issue date	05.14.2016	05.14.2016	05.14.2016	05.14.2016
. Legal maturity	02.28.2022	02.28.2022	02.28.2021	02.28.2021
. Call option	Not applicable		Not applicable	
. Expected duration (years)	02.28.2022	02.28.2022	02.28.2021	02.28.2021
. Rate	Not applicable	Not applicable	Not applicable	Not applicable
. Subordinated level	-	-	-	-
. Reference Position (€)	91,609,642	7,427,809	155,647,905	10,376,527
. Reference Position at the end of accounting period (€)	55,164,525	7,077,809	22,793,007	10,376,527
. Security subscribers	UniCredit S.p.A.	Partially hedged by protection seller	UniCredit S.p.A.	Partially hedged by protection seller

Note:
(*) Synthetic securitisations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by Art.262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art.259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitisation shall be performed using the Supervisory formula, in accordance with Art.262, taking care to provide the following five elements:
1. the capital requirement on the securitised assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitised assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitisation tranche related to its seniority, granularity, support level and risk of the underlying.

NAME:	BOND ITALIA4 MISTO		ARTS MIDCAP5	
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:	UniCreditBank A.G.		UniCreditBank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterpises		Loans to Mid - Corporate	
Quality of Asset:	Performing		Performing	
Closing date:	12.07.2016		12.02.2016	
Nominal Value of reference portfolio (€):	299,997,840		2,462,951,367	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Unfunded financial guarantee hedging the junior risk		Funded cash collateralised financial guarantee hedging the junior risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of SFA Approach(*)		No rating agency, use of Standardised Approach(*)	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	Not rated	Not rated	Not rated	Not rated
. Quotation	Not applicable	Not applicable	Not applicable	Not applicable
. Issue date	12.07.2016	12.07.2016	12.02.2016	12.02.2016
. Legal maturity	06.30.2023	06.30.2023	12.31.2046	12.31.2046
. Call option	Not applicable		Clean-up call, Regulatory Call, Time call	
. Expected duration (years)	06.30.2023	06.30.2023	WAL 3,58Y; time call after 5Y; regulatory call expected Dec 2023	WAL 3,58Y; time call after 5Y; regulatory call expected Dec 2023
. Rate	Not applicable	Not applicable	Not applicable	Not applicable
. Subordinated level	-	Sub A	-	Sub A
. Reference Position (€)	281,247,975	18,749,865	2,339,951,367	123,000,000
. Reference Position at the end of accounting period (€)	240,576,446	18,749,865	1,669,360,268	123,000,000
. Security subscribers	UniCredit S.p.A.	Partially hedged by protection seller	UniCredit S.p.A.	Hedged by protection seller

Note:
(*) Synthetic securitisations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by Art.262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art.259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitisation shall be performed using the Supervisory formula, in accordance with Art.262, taking care to provide the following five elements:
1. the capital requirement on the securitised assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitised assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitisation tranche related to its seniority, granularity, support level and risk of the underlying.

Securitizations - qualitative tables

NAME:	SARDAFIDI		BOND ITALIA4 INVESTIMENTI	
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:	UniCreditBank A.G.		UniCredit S.p.A.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans to small and medium enterprises in the region Sardinia, originated with the purpose of financing working capitale and/or investments		Unsecured loans - maturity between 24 and 60 months - to small and medium enterpises	
Quality of Asset:	Performing		Performing	
Closing date:	10.15.2015		12.07.2016	
Nominal Value of reference portfolio (€):	14,472,615		99,999,355	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Funded cash collateralised financial guarantee hedging the junior risk		Unfunded financial guarantee hedging the junior risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	Not rated	Not rated	Not rated	Not rated
. Quotation	Not applicable	Not applicable	Not applicable	Not applicable
. Issue date	10.15.2016	10.15.2016	12.07.2016	12.07.2016
. Legal maturity	06.30.2021	06.30.2021	06.30.2023	06.30.2023
. Call option	Not applicable		Not applicable	
. Expected duration (years)	06.30.2021	06.30.2021	06.30.2023	06.30.2023
. Rate	Not applicable	Not applicable	Not applicable	Not applicable
. Subordinated level	-	-	-	Sub A
. Reference Position (€)	13,186,160	1,286,455	92,499,404	7,499,951
. Reference Position at the end of accounting period (€)	3,718,543	1,286,455	86,479,060	7,499,951
. Security subscribers	UniCredit S.p.A.	Partially hedged by protection seller	UniCredit S.p.A.	Partially hedged by protection seller

Note:
(*) Synthetic securitisations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by Art.262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art.259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitisation shall be performed using the Supervisory formula, in accordance with Art.262, taking care to provide the following five elements:
1. the capital requirement on the securitised assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitised assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitisation tranche related to its seniority, granularity, support level and risk of the underlying.

NAME:	GEPAFIN		ARTS MIDCAP2	
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.		UniCreditBank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans with maturity > 18 months, to corporate clients settled in Umbria		Underlying pool of loans to small and mid corporates	
Quality of Asset:	Performing		Performing	
Closing date:	03.09.2015		06.12.2015	
Nominal Value of reference portfolio (€):	7,473,980		1,618,022,277	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Funded cash collateralised financial guarantee hedging the junior risk		Funded cash collateralised financial guarantee hedging the junior risk; unfunded financial guarantee hedging the mezzanine risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Junior	Senior	Mezzanine
. Class	A	B	A	B
. Rating	-	-	-	-
. Quotation	Not applicable	Not applicable	Not applicable	Not applicable
. Issue date	03.09.2015	03.09.2015	06.12.2015	06.12.2015
. Legal maturity	12.31.2019	12.31.2019	12.31.2026	12.31.2026
. Call option	Not applicable		Clean-up call, regulatory call	
. Expected duration	12.31.2019	12.31.2019	WAL 2,7 regulatory call expected Sep 2019	WAL 2,7 regulatory call expected Sep 2019
. Rate	Not applicable	Not applicable	Not applicable	Not applicable
. Subordinated level	-	Sub A	-	Sub A
. Reference Position (€)	6,772,921	701,059	1,504,772,277	32,350,000
. Reference Position at the end of accounting period (€)	-	353,857	451,014,623	32,350,000
. Security subscribers	UniCredit S.p.A.	Partially hedged by protection seller	UniCredit S.p.A.	Hedged by protection seller
. ISIN			Not applicable	
. Type of security			Junior	
. Class			C	
. Rating			-	
. Quotation			Not listed	
. Issue date			06.12.2015	
. Legal maturity			12.31.2026	
. Rate			Not applicable	
. Subordinated level			Sub A, B	
. Reference Position (€)			80,900,000	
. Reference Position at the end of accounting period (€)			80,752,996	
. Security subscribers			Hedged by protection seller	

Note:
(*) Synthetic securitisations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by Art.262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art.259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitisation shall be performed using the Supervisory formula, in accordance with Art.262, taking care to provide the following five elements:
1. the capital requirement on the securitised assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitised assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitisation tranche related to its seniority, granularity, support level and risk of the underlying.

Securitizations - qualitative tables

NAME:	ARTS LEONARDO		BOND ITALIA1 INVESTIMENTI	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	ARTS LEONARDO 2015-1 S.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCreditBank A.G.		UniCredit S.p.A.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Project financing Loans and Shipping		Unsecured loans - maturity between 24 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing		Performing	
Closing date:	06.26.2015		06.30.2015	
Nominal Value of reference portfolio (€):	1,519,889,561		93,593,038	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Funded cash collateralised financial guarantee hedging the junior risk		Unfunded financial guarantee hedging the junior risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	-	-	-	-
. Quotation	Not applicable	Not applicable	Not applicable	Not applicable
. Issue date	06.26.2015	06.26.2015	06.30.2015	06.30.2015
. Legal maturity	2040	2040	02.28.2025	02.28.2025
. Call option	Clean-up call, regulatory call		Not applicable	
. Expected duration	2021	2021	02.28.2025	02.28.2025
. Rate	Not applicable	Not applicable	Not applicable	Not applicable
. Subordinated level	-	Sub A	-	Sub A
. Reference Position (€)	1,413,497,292	106,392,269	86,573,560	7,019,478
. Reference Position at the end of accounting period (€)	823,600,618	99,853,166	48,210,669	6,769,478
. Security subscribers	UniCredit S.p.A.	Hedged by protection seller	UniCredit S.p.A.	Partially hedged by protection seller

Note:
(*) Synthetic securitisations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by Art.262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art.259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitisation shall be performed using the Supervisory formula, in accordance with Art.262, taking care to provide the following five elements:
1. the capital requirement on the securitised assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitised assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitisation tranche related to its seniority, granularity, support level and risk of the underlying.

NAME:	BOND ITALIA1 MISTO		BOND ITALIA2 MISTO	
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:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises		Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing		Performing	
Closing date:	06.30.2015		12.31.2015	
Nominal Value of reference portfolio (€):	295,689,323		299,780,540	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Unfunded financial guarantee hedging the junior risk		Unfunded financial guarantee hedging the junior risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	-	-	-	-
. Quotation	Not applicable	Not applicable	Not applicable	Not applicable
. Issue date	06.30.2015	06.30.2015	12.31.2015	12.31.2015
. Legal maturity	12.31.2023	12.31.2023	02.28.2021	02.28.2021
. Call option	Not applicable		Not applicable	
. Expected duration	12.31.2023	12.31.2023	02.28.2021	02.28.2021
. Rate	Not applicable	Not applicable	Not applicable	Not applicable
. Subordinated level	-	Sub A	-	Sub A
. Reference Position (€)	277,208,740	18,480,583	281,044,256	18,736,284
. Reference Position at the end of accounting period (€)	36,860,494	16,320,766	40,858,027	18,376,284
. Security subscribers	UniCredit S.p.A.	Partially hedged by protection seller	UniCredit S.p.A.	Partially hedged by protection seller

Note:
(*) Synthetic securitisations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by Art.262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art.259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitisation shall be performed using the Supervisory formula, in accordance with Art.262, taking care to provide the following five elements:
1. the capital requirement on the securitised assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitised assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitisation tranche related to its seniority, granularity, support level and risk of the underlying.

Securitizations - qualitative tables

NAME:	BOND ITALIA2 INVESTIMENTI		ARTS MIDCAP3	
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.		UniCreditBank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 24 and 60 months - to small and medium enterprises		Underlying pool of loans to small and mid corporates	
Quality of Asset:	Performing		Performing	
Closing date:	12.31.2015		11.21.2015	
Nominal Value of reference portfolio (€):	99,861,218		4,367,226,943	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Unfunded financial guarantee hedging the junior risk		Funded cash collateralised financial guarantee hedging the junior risk; unfunded financial guarantee hedging the mezzanine risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Junior	Senior	Mezzanine
. Class	A	B	A	B
. Rating	-	-	-	-
. Quotation	Not applicable	Not applicable	Not applicable	Not applicable
. Issue date	12.31.2015	12.31.2015	11.21.2015	11.21.2015
. Legal maturity	02.28.2022	02.28.2022	12.31.2030	12.31.2030
. Call option	Not applicable		Clean-up call, regulatory call	
. Expected duration	02.28.2022	02.28.2022	WAL 3,36 regulatory call expected Dec 2022	WAL 3,36 regulatory call expected Dec 2022
. Rate	Not applicable	Not applicable	Not applicable	Not applicable
. Subordinated level	-	Sub A	-	Sub A
. Reference Position (€)	92,371,627	7,489,591	4,105,194,943	43,672,000
. Reference Position at the end of accounting period (€)	54,799,520	7,489,591	1,779,543,948	43,672,000
. Security subscribers	UniCredit S.p.A.	Partially hedged by protection seller	UniCredit S.p.A.	Hedged by protection seller
. ISIN			Not applicable	
. Type of security			Junior	
. Class			C	
. Rating			-	
. Quotation			Not applicable	
. Issue date			11.21.2015	
. Legal maturity			12.31.2030	
. Rate			Not applicable	
. Subordinated level			Sub A, B	
. Reference Position			218,360,000	
. Reference Position at the end of accounting period			218,001,105	
. Security subscribers			Hedged by protection seller	

Note:
(*) Synthetic securitisations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by Art.262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art.259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitisation shall be performed using the Supervisory formula, in accordance with Art.262, taking care to provide the following five elements:
1. the capital requirement on the securitised assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitised assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitisation tranche related to its seniority, granularity, support level and risk of the underlying.

NAME:	CONFIDIMPRESA TRENTINO E COOPERATIVA ARTIGIANA DI GARANZIA DELLA PROVINCIA DI TRENTO	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Small and Medium Enterprises Receivables	
Quality of Asset:	Performing	
Closing date:	06.30.2014	
Nominal Value of reference portfolio (€):	10,540,000	
Issued 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	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	The Consortia guarantee hedges the 95% of the Junior tranche and the tranche is equal to €665,694	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)	
Amount and Conditions of tranching:		
. ISIN	Not applicable	Not applicable
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Legal maturity	03.31.2020	03.31.2020
. Subordinated level	-	Sub A
. Reference Position (€)	9,874,316	665,694
. Reference Position at the end of accounting period (€)	1,137,892	648,687
. Security subscribers	UniCredit S.p.A.	Covered by protection seller

Note:
(*) Synthetic securitisations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by Art.262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art.259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitisation shall be performed using the Supervisory formula, in accordance with Art.262, taking care to provide the following five elements:
1. the capital requirement on the securitised assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitised assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitisation tranche related to its seniority, granularity, support level and risk of the underlying.

Securitizations - qualitative tables

NAME:	UNICREDIT MIDCAP 2014	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Small and Medium Enterprises loans	
Quality of Asset:	Performing	
Closing date:	12.16.2014	
Nominal Value of reference portfolio (€):	1,864,170,543	
Issued 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 personal guarantee.	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)	
Amount and Conditions of tranching:		
. ISIN	Not applicable	Not applicable
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Legal maturity	12.31.2026	12.31.2026
. Subordinated level	-	Sub A
. Reference Position (€)	1,715,036,900	37,133,644
. Reference Position at the end of accounting period (€)	257,342,786	37,133,644
. Security subscribers	UniCredit S.p.A.	Covered by Protection Seller
. ISIN	Not applicable	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Legal maturity	12.31.2026	
. Subordinated level	Sub A, B	
. Reference Position (€)	112,000,000	
. Reference Position at the end of accounting period (€)	111,967,259	
. Security subscribers	Covered by Protection Seller	

Note:
(*) Synthetic securitisations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by Art.262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art.259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitisation shall be performed using the Supervisory formula, in accordance with Art.262, taking care to provide the following five elements:
1. the capital requirement on the securitised assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitised assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitisation tranche related to its seniority, granularity, support level and risk of the underlying.

ORIGINATOR: UniCredit Leasing S.p.A.

STRATEGIES, PROCESSES AND GOALS:	The main reasons for these transactions are: improve asset allocation, diversification of funding sources and improve Regulatory Ratios.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	Each portfolio is monitored on an ongoing basis and is described in monthly and quarterly reports (required by the agreements) with a breakdown of loans by status and the trend of repayments.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	UniCredit leasing set up a Coordination Structure in the Accounts Department. The Board of Directors is provided with a report with a breakdown of repayments and the status of loans.
HEDGING POLICIES:	The Special Purpose Vehicle bought IRSs as fair value hedge and Basis Swaps as Cash flow hedge (and related back to back between Originator and Counterparty).
OPERATING RESULTS:	Repayments are in line with the schedule provided on issue (business plan) such that the equity tranche yield (including extra spread) is in line with expected yield on investments with similar risk level.

Securitizations - qualitative tables

Transactions from previous periods

NAME:	LSV9 - SERIE 2016	
Type of securitisation:	Traditional	
Originator:	UniCredit Leasing S.p.A.	
Issuer:	Locat SV S.r.l	
Servicer:	UniCredit Leasing S.p.A.	
Arranger:	UniCredit Bank AG London Branch	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Leasing loans bearing car, capital goods and real estate	
Quality of Asset:	Performing	
Closing date:	11.11.2016	
Nominal Value of disposal portfolio (€):	3,784,088,049	
Net amount of preexinting writedown/writebacks:	-	
Disposal Profit & Loss realised:	-	
Portfolio disposal price (€):	3,784,088,049	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit Leasing S.p.A. has granted SPV a subordinated loan of €40 million	
Other relevant information:	Self - securitisation (No Revolving)	
Rating Agencies:	Moodys/DBRS	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005219578	IT0005219586
. Type of security	Senior	Junior
. Class	A	B
. Rating	A2/A	Not rated
. Quotation	Dublin	Dublin
. Issue date	11.14.2016	11.14.2016
. Legal maturity	12.12.2042	12.12.2042
. Call option	Clean-up call	
. Expected duration		
. Expected duration (years)	3.14	-
. Rate	Euribor 3m + 130bps	Euribor 3m + 500 bps
. Subordinated level	-	Sub A
. Nominal value issued (€)	2,667,800,000	1,116,288,048
. Nominal value at the end of accounting period (€)	1,973,356,454	1,116,288,048
. Security subscribers	UniCredit S.p.A.	UniCredit Leasing S.p.A.

ORIGINATOR: UniCredit Leasing S.p.A. (formerly Locat S.p.A.)

Transactions from previous periods

NAME:	LOCAT SV - SERIE 2006	
Type of securitisation:	Traditional	
Originator:	Locat S.p.A.	
Issuer:	Locat SV S.r.l.	
Servicer:	Locat S.p.A.	
Arranger:	UniCredit Banca Mobiliare S.p.A.	
Target transaction:	Capital Relief/Funding	
Type of asset:	Leasing loans bearing car, capital goods and real estate	
Quality of asset:	Performing	
Closing date:	11.14.2006	
Nominal Value of disposal portfolio (€):	1,972,909,866	
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:	Revolving	
Rating Agencies:	S&P/Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004153661	IT0004153679
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	-	-
. Nominal value issued (€)	400,000,000	1,348,000,000
. Nominal value at the end of accounting period (€)	-	-
. ISIN	IT0004153687	IT0004153695
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	BBB (sf)/A1 (sf)	CCC (sf)/Caa2 (sf)
. Nominal value issued (€)	152,000,000	64,000,000
. Nominal value at the end of accounting period (€)	25,743,510	64,000,000
. ISIN	IT0004153885	
. Type of security	Junior	
. Class	D	
. Rating	-	
. Nominal value issued (€)	8,909,866	
. Nominal value at the end of accounting period (€)	8,909,866	

Securitizations - qualitative tables

ORIGINATOR: UniCredit Bank AG

STRATEGIES, PROCESSES AND GOALS:	The main motivation for the Bank's securitisation programmess is the Capital relief and Funding for True Sale Transactions.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	Each portfolio is monitored by the servicing department on an ongoing basis and it is illustrated in the form of quarterly report (investor report), which provides a breakdown of the status of loans.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The Board Members approve each new transaction and any other related decision and they are informed on the expected performances and on those in the final balance. The bank's annual/interim report contains information on the
HEDGING POLICIES:	For true sale transactions the issuer hedged portfolio's interest rate risks through Interest Rate Swaps.
OPERATING RESULTS:	The results achieved up to the present are broadly in line with expectations; payments received from the portfolio ensured punctual and full payment to security holders and other parties to the transaction.

Transactions from previous periods

NAME:	ROSENKAVALIER 2015	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank AG	
Issuer:	Rosenkavalier 2015 UG	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	Large Corporate and SME corporate loans	
Quality of Asset:	Performing	
Closing date:	12.18.2015	
Nominal Value of disposal portfolio (€):	2,517,000,000	
Net amount of preexinting writedown/writebacks:	-	
Disposal Profit & Loss realised:	-	
Portfolio disposal price (€):	2,517,000,000	
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:	Transaction executed to create ECB collateral	
Rating Agencies:	Fitch/DBRS	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	DE000A1687E2	DE000A1687F9
. Type of security	Senior	Junior
. Class	A	B
. Rating	A/A	NR
. Quotation	Munich	Munich
. Issue date	12.18.2015	12.18.2015
. Legal maturity	11.30.2045	11.30.2045
. Call option	Any payment date	
. Rate	EUR1M + 80bps	EUR1M + 350bps
. Subordinated level	Waterfall Position 1	Waterfall Position 2
. Nominal value issued (€)	1,728,400,000	788,600,000
. Nominal value at the end of accounting period (€)	1,728,400,000	788,600,000
. Security subscribers	UniCredit Bank AG	UniCredit Bank AG

NAME:	GELDILUX-TS-2015	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank AG	
Issuer:	Geldilux-TS-2015 S.A. (Luxembourg)	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	SME corporate loans	
Quality of Asset:	Performing	
Closing date:	07.29.2015	
Nominal Value of disposal portfolio (€):	2,000,000,000	
Net amount of preexinting writedown/writebacks:	-	
Disposal Profit & Loss realised:	-	
Portfolio disposal price (€):	2,000,000,000	
Garantees issued by the Bank(1) (€):	2,000,000,000	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Transaction executed to create ECB collateral, True Sale - Revolving	
Rating Agencies:	Moody's/DBRS	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	XS1261539610	XS1261582545
. Type of security	Senior	Senior
. Class	A	Liqudity Note
. Rating	A2/A	-/-
. Quotation	Luxembourg	Luxembourg
. Issue date	07.29.2015	07.29.2015
. Legal maturity	04.11.2023	04.11.2023
. Call option	Clean-up call	
. Rate	EUR1M + 60bps	EUR1M + 130bps
. Subordinated level	Waterfall Position 1	Waterfall Position 2
. Nominal value issued (€)	1,830,000,000	22,000,000
. Nominal value at the end of accounting period (€)	1,830,000,000	73,714
. Security subscribers	UniCredit Luxembourg S.A.	UniCredit Luxembourg S.A.
. ISIN	XS1261576810	XS1261577206
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	A2/-	Baa2/-
. Quotation	Luxembourg	Luxembourg
. Issue date	07.29.2015	07.29.2015
. Legal maturity	04.11.2023	04.11.2023
. Call option	Clean-up call	
. Rate	EUR1M + 95bps	EUR1M + 150bps
. Subordinated level	Waterfall Position 3	Waterfall Position 4
. Nominal value issued (€)	84,000,000	36,000,000
. Nominal value at the end of accounting period (€)	84,000,000	36,000,000
. Security subscribers	UniCredit Luxembourg S.A.	UniCredit Luxembourg S.A.
. ISIN	XS1261577628	
. Type of security	Junior	
. Class	D	
. Rating	-	
. Quotation	Luxembourg	
. Issue date	07.29.2015	
. Legal maturity	04.11.2023	
. Call option	Clean-up call	
. Rate	EUR1M + 760bps	
. Subordinated level	Waterfall Position 5	
. Nominal value issued (€)	50,000,000	
. Nominal value at the end of accounting period (€)	50,000,000	
. Security subscribers	UniCredit Luxembourg S.A	

Note:
(1) UniCredit Bank AG guarantees in favor of UniCredit Luxembourg S.A. on the A, B, C, D class notes.

Securitizations - qualitative tables

NAME:	GELDILUX-TS-2013	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank AG	
Issuer:	Geldilux-TS-2013 S.A. (Luxembourg)	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (Corporate & Investment Banking)	
Target transaction:	Funding	
Type of asset:	EURO Loans	
Quality of Asset:	Performing	
Closing date:	07.30.2013	
Nominal Value of disposal portfolio (€):	852,400,000	
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:	Replenishing	
Rating Agencies:	Moody´s	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	XS0942202622	XS0942212266
. Type of security	Senior	Senior
. Class	A	Liqudity Note
. Rating	Aaa	-
. Legal maturity	08.01.2021	08.01.2021
. Subordinated level	-	Sub A
. Nominal value issued (€)	750,000,000	10,700,000
. Nominal value at the end of accounting period (€)	750,000,000	-
. ISIN	XS0942205211	XS0942206615
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	A1	Baa2
. Legal maturity	08.01.2021	08.01.2021
. Subordinated level	Sub A, Liquidity Note	Sub A, Liquidity Note, B
. Nominal value issued (€)	63,100,000	11,100,000
. Nominal value at the end of accounting period (€)	63,100,000	11,100,000
. ISIN	XS0942207936	XS0942209718
. Type of security	Mezzanine	Junior
. Class	D	E
. Rating	Ba2	-
. Legal maturity	08.01.2021	08.01.2021
. Subordinated level	Sub A, Liquidity Note, B, C	Sub A, Liquidity Note, B, C, D
. Nominal value issued (€)	12,800,000	15,400,000
. Nominal value at the end of accounting period (€)	12,800,000	15,400,000

NAME:	ROSENKAVALIER 2008	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank AG	
Issuer:	Rosenkavalier 2008 GmbH	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	Mortgage loans	
Quality of Asset:	Performing	
Closing date:	12.12.2008	
Nominal Value of disposal portfolio (€):	3,140,316,084	
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:	Transaction executed to create ECB collateral	
Rating Agencies:	FITCH/Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	DE000A0AEDB2	DE000A0AEDC0
. Type of security	Senior	Junior
. Class	A	B
. Rating	A+/A2	-
. Legal maturity	10.31.2058	10.31.2058
. Subordinated level	-	sub A
. Nominal value issued (€)	9,652,700,000	2,293,750,000
. Nominal value at the end of accounting period (€)	2,575,059,189	565,256,895

Securitizations - qualitative tables

ORIGINATOR: UniCredit Bank Austria AG

Transactions from previous periods

NAME:	AMADEUS 2015	
Type of securitisation:	Synthetic	
Originator:	UniCredit Bank Austria AG	
Issuer:	-	
Servicer:	UniCredit Bank Austria AG	
Arranger:	UniCredit Bank AG	
Target transaction:	Risk Transfer and RWA relief	
Type of asset:	Loans and Guarantees granted to SMEs	
Quality of Asset:	Performing	
Closing date:	12.21.2015	
Nominal Value of reference portfolio (€):	1,964,785,123 (of which securitised 1,866,545,867, corresponding to 95% of the portfolio)	
Net amount of preexisting writedown/writebacks:	-	
Disposal Profit & Loss realised:	-	
Portfolio disposal price:	-	
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:	(*)	
Amount of CDS or other risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	Not applicable	Not applicable
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	12.21.2015	12.21.2015
. Legal maturity	11.30.2028	11.30.2028
. Call option	10% Clean Up Call	10% Clean Up Call
. Expected duration	-	-
. Rate	-	-
. Subordinated level	-	Sub A
. Reference Position (€)	1,731,221,292	41,997,282
. Reference Position at the end of accounting period (€)	926,025,685	41,997,282
. Security subscribers	UniCredit Bank Austria AG	Hedged by protection seller
. ISIN	Not applicable	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Quotation	-	
. Issue date	12.21.2015	
. Legal maturity	11.30.2028	
. Call option	10% Clean Up Call	
. Expected duration	-	
. Rate	-	
. Subordinated level	Sub A and B	
. Reference Position (€)	93,327,293	
. Reference Position at the end of accounting period (€)	81,997,677	
. Security subscribers	Hedged by protection seller	

Note:
(*) Synthetic securitisations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by Art.262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art.259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitisation shall be performed using the Supervisory formula, in accordance with Art.262, taking care to provide the following five elements:
1. the capital requirement on the securitised assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitised assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitisation tranche related to its seniority, granularity, support level and risk of the underlying.

ORIGINATOR: UniCredit Leasing (Austria) GmbH

Transactions from previous periods

NAME:	SUCCESS 2015	
Type of securitisation:	Traditional	
Originator:	UniCredit Leasing (Austria) GMBH	
Issuer:	Success 2015 B.V.	
Servicer:	UniCredit Leasing (Austria) GMBH	
Arranger:	UniCredit Bank AG	
Target transaction:	Funding	
Type of asset:	Leasing Assets (Vehicle and Equipment)	
Quality of Asset:	Performing	
Closing date:	11.09.2015	
Nominal Value of disposal portfolio (€):	325,300,000	
Net amount of preexinting writedown/writebacks:	-	
Disposal Profit & Loss realised:	-	
Portfolio disposal price (€):	325,300,000	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	Subordinated Loan €4,618,000	
Other relevant information:	-	
Rating Agencies:	Fitch & DBRS	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	XS1317727698	XS1317727938
. Type of security	Senior	Junior
. Class	A	B
. Rating	AAA	-
. Quotation	Listed Luxembourg Stock Exchange	Not listed
. Issue date	11.09.2015	11.09.2015
. Legal maturity	10.31.2029	10.31.2029
. Call option	10% clean up call	
. Expected duration (years)	6.0	6.0
. Rate	EUR3M + 0,47%	EUR3M + 2%
. Subordinated level	-	sub A
. Nominal value issued (€)	230,900,000	94,400,000
. Nominal value at the end of accounting period (€)	230,900,000	94,400,000
. Security subscribers	European Investment Bank	UniCredit Leasing (Austria) GmbH

Securitizations - qualitative tables

ORIGINATOR: UniCredit Bulbank AD

Transactions from previous periods

NAME	EIF JEREMIE	
Type of securitisation:	Synthetic - First loss Portfolio Guarantees	
Originator:	UniCredit Bulbank AD	
Issuer:	European Investment Fund (EIF)	
Servicer:	UniCredit Bulbank AD	
Arranger:	UniCredit Bulbank AD	
Target transaction:	Risk transfer and capital relief	
Type of asset:	Highly diversified and granular pool of UniCredit Bulbank's SME loans	
Quality of Asset:	Performing	
Closing date:	08.15.2011	
Nominal Value of reference portfolio (€):	21,119,722	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	First loss cash collateral EIF	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	- The agreed portfolio maximum volume is equal to €50 million - The guarantee covers 80% of each outstanding loan up to a total amount equal to 25% of the portfolio volume	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)	
Amount of CDS or other risk transferred:		
Amount and Condition of tranching:		
. ISIN	Not applicable	Not applicable
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Reference Position (€)	4,932,780	11,962,997
. Reference Position at the end of accounting period (€)	4,932,780	11,962,997

Note:
(*) Synthetic securitisation carried out used the Standardised Approach as required under Basel III.
Where there is no eligible external rating, the Bank that holds or guarantees such an exposure may determine the risk weight by applying the "look through" treatment, provided the composition of the underlying pool is known at all times. The unrated most senior position receives the average risk weight of the underlying exposures subject to supervisory review. Where Bank is unable to determine the risk weights assigned to the underlying credit risk exposures, the unrated position must be deducted from regulatory capital.

Definition of Terms and Acronyms

ABCP Conduits - Asset Backed Commercial Paper Conduits
Asset Backed Commercial Paper Conduits are a type of “SPV - Special Purpose Vehicle” (see item) set up to securitise various types of assets and financed by Commercial Paper (see item).
Commercial Paper generally matures in 270 days, with payment of principal and interest depending on the cash flow generated by the underlying assets.
ABCP Conduits may be single-sellers or multi-sellers according to the number of issues they make. Conduits generally require several SPVs. The first-level vehicles issue the Commercial Paper and finance one or more second-level vehicles or Purchase Companies (see item) which purchase the assets to be securitised.
An ABCP Conduit will have the following:

- issues of short-term paper creating a maturity mismatch between the assets held and the paper issued;
- liquidity lines covering the maturity mismatch; and
- security covering default risk in respect of both specific assets and the entire programme.

ABS - Asset Backed Securities
Debt securities, generally issued by an “SPV - Special Purpose Vehicle” (see item) guaranteed by assets of various types such as mortgage loans, consumer credits, credit card receivables, etc. Principal and interest payments are subject to the performance of the securitised assets and the existence of any further security guaranteeing the bond. ABSs are divided into tranches (senior, mezzanine and junior) according to the priority with which principal and interest will be paid.

Absorbed capital
Absorbed capital represents the amount of capital that the Group sets aside as a buffer against potential losses and needs to support its business activities and all positions held. It is measured by the regulatory capital and the internal capital. The regulatory capital is obtained by multiplying risk-weighted assets by target Common Equity tier 1 ratio. The internal capital is the sum of the economic capital, obtained through aggregation of the capital needed to cover the different types of risk measured according to internal models, plus a reserve to consider the effects of the cycle and model risk.

Acquisition Finance
Finance for business acquisition operations. The most common form of Acquisition Finance is the leveraged buy-out (see Leveraged Finance).

Affluent
Banking customer segment whose available assets for investment are regarded as moderate to high.

Allocated capital
It represents the amount of capital absorbed by the Group and the Divisions to perform their business activities and to cover all the types of related risks. It is measured by Regulatory Capital obtained by multiplying risk-weighted assets by target Common Equity tier 1 ratio, plus certain regulatory deductions (e.g. shortfall, securitizations, equity exposures). Only for Fineco and Private Banking, it is measured by the maximum between the result of the Regulatory Capital and Internal Capital. The Internal Capital is the capital needed to cover, with an high level of confidence, the risks faced by the Group measured according to internal models.

ALM - Asset & Liability Management
Integrated management of assets and liabilities, designed to allocate resources in such a manner as to optimise the risk/return ratio.

ALT-A (residential mortgages)
Mortgages whose borrowers, while not subject to the significant repayment problems of those described as Subprime (see item), have a risk profile with high loan-to-value and installment-to-income ratios or incomplete documentation of the debtor's income.

Alternative investment
Alternative investments cover a wide range of forms of investment, including investments in Private Equity (see item) and Hedge Funds (see item).

AMA (Advanced Measurement Approach)
Applying this methodology the operational risk requirement is obtained with calculation models based on operational loss data and other evaluation elements collected and processed by the bank. Admittance threshold and specific suitability requirements have been provided for the use of the standardised and advanced approaches. For the AMA approach the requirements concern, beside the management system, also the measurement system.

Asset allocation
Decisions to invest in markets, geographical areas, sectors or products.

Definition of Terms and Acronyms

Asset management
Activities of management of the financial investments of third parties.

ATM - Automated Teller Machine
Automated machine that allows customers to carry out operations such as withdrawing cash, paying in cash or checks, requesting account information, paying utility bills, topping up mobile phone credits, etc.
The customer activates the terminal by inserting a smart card and entering his/her Personal Identification Number.

Audit
Process of controlling a company's activities and accounting, carried out either by an internal body (internal audit) or by an external firm of auditors (external audit).

Back-testing
Statistical technique which entails the comparison of model estimates of risk parameters with the ex-post empirical evidences.

Bad Loans ("Sofferenze")
Exposures to borrowers in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the bank (i.e. irrespective of whether any, secured or personal, guarantees covering the exposures).

Banking Book
Used in relation to financial instruments, particularly securities, this term identifies the portion of such portfolios intended for "proprietary" activities.

Bank Levy
Charges applied at national level specifically to financial institutions, mainly based on Balance Sheet figures, or parts of it.

Basel 2
New international capital agreement redefining the guidelines for determining the minimum capital requirements for banks.
The new prudential regulations, which came into force in Italy in 2008, are based on three pillars.
- Pillar 1: while the objective of a level of capitalisation equivalent to 8% of the risk-weighted exposures remains unchanged, a new set of rules has been defined for measuring the typical risks associated with banking and financial activities (credit risk, counterparty risk, market risk and operational risk) which provides for alternative calculation methods characterised by different levels of complexity, with the ability to use internally developed models subject to prior authorisation by the Regulatory Authority;
- Pillar 2: this requires the banks to have processes and tools for determining the adequate level of total internal capital (Internal Capital Adequacy Assessment Process - ICAAP) for covering all types of risk, including risks other than those covered by the overall capital requirement (Pillar 1), within the framework of an evaluation of current and future exposure that takes account of strategies and of changes in the reference context. It is the Regulatory Authority's task to examine the ICAAP process, formulate an overall judgment and, where necessary, apply the appropriate corrective measures;
- Pillar 3: this introduces obligations to publish information concerning capital adequacy, exposure to risks, and the general characteristics of the systems used for identifying, measuring and managing those risks.

Basel 3
In the light of the crisis that in recent years has hit the financial markets, the Basel Committee on Banking Supervision has approved the substantial enhancement of the minimum capital requirements and the changes to the rules on the liquidity of banks (Basel 3) by providing for the gradual introduction of the new prudential requirements as of 1 January 2014. These rules have been implemented at the European level through the CRD IV "Package".

Best practice
Behavior commensurate with the most significant experience and/or the best level of knowledge achieved in relation to a given technical or professional field.

Budget
Statement forecasting the future costs and revenues of a business.

CBO - Collateralised Bond Obligations
CDO - Collateralised Debt Obligations (see item) with bonds as underlyings.

CCF - Credit Conversion Factor
Ratio between (a) the unused portion of the line of credit that it is estimated may be used in the event of default and (b) the portion currently unused.

CDO - Collateralised Debt Obligations
Bonds issued by a vehicle with loans, bonds, ABS - Asset Backed Securities (see item) or other CDOs as underlyings. CDOs make it possible to derecognise assets in the bank's balance sheet and also to arbitrage the differences in yield between the securitised assets and the bonds issued by the vehicle.
CDOs may be funded if the vehicle legally acquires title to the assets or unfunded if the vehicle acquires the underlying risk by means of a CDS - Credit Default Swap (see item) or similar security.
These bonds may be further subdivided as follows:
- CDOs of ABSs, which in turn have tranches of ABSs as underlyings;
- Commercial Real Estate CDOs (CRE CDOs), with commercial property loans as underlyings;
- Balance Sheet CDOs which enable the Originator (see item), usually a bank, to transfer its credit risk to outside investors, and, where possible under local law and supervisory regulations, to derecognise the assets from its balance sheet;
- Market Value CDOs whereby payments of interest and principal are made not only out of cash flow from the underlying assets, but also by trading the instruments. The performance of the notes issued by the vehicle thus depends not only on the credit risk, but also on the market value of the underlyings;
- Preferred Stock CDOs with hybrid debt/equity instruments or Preference shares (see item) issued by financial institutions;
- Synthetic Arbitrage CDOs which arbitrage the differences in yield between the securitised assets acquired synthetically by means of derivatives and the bonds issued by the vehicle.

CDS - Credit Default Swap
A derivative in which a seller of protection engages, for a fee, to pay the buyer of protection a fixed amount should a certain event indicating a deterioration of the creditworthiness of a reference entity occur.

CEO
Chief Executive Officer.

CFO
Chief Financial Officer.

CGU - Cash Generating Unit
A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

CIU
Collective investment undertakings.

CLO - Collateralised Loan Obligations
CDO - Collateralised Debt Obligations (see item) with loans made by authorised lenders such as commercial banks as underlyings.

CMBS - Commercial Mortgage Backed Securities
ABS - Asset Backed Securities (see item) with commercial mortgages as underlyings.

Commercial Paper
Short-term securities issued to raise funds from third-party subscribers as an alternative to other forms of debt.

Consumer ABS
ABS (see item) in which the collateral consists of consumer credits.

Corporate
Customer segment consisting of medium to large businesses.

Definition of Terms and Acronyms

Cost/Income Ratio
The ratio between operating expenses and operating income. It is one of the main key performance indicators of the bank's efficiency: the lower the ratio, the more efficient the bank.

Cost of risk
The ratio between loan loss provisions and loans and receivables with customers. It is one of the indicators of the bank assets' level of risk: the lower the ratio, the less risky the bank assets.

Counterparty Credit Risk
The risk that the counterparty to a transaction involving financial instruments might default prior to completing all agreed cash-flows exchanges.

Covenant
A loan agreement clause whereby the lender is entitled to restructure or call in the loan on occurrence of the events specified in the clause, which ties changes in the borrower's profits and financial situation to events of default or restructuring (modifying e.g. the repayment schedule or the interest rate charged).

Covered bond
A bond which, as well as being guaranteed by the issuing bank, may also be covered by a portfolio of mortgages or other high-quality loans transferred, to this end, to a suitable SPV - Special Purpose Vehicle (see item).

CRD (Capital Requirement Directive)
EU directives No.2006/48 and 2006/49, incorporated into Banca d'Italia circular 263/2006 of 27 December 2006 as amended.
The CRD IV "Package" has replaced the two aforementioned Directives and consists of the EU Directive 2013/36 on the taking up of the business of credit institutions and prudential supervision and the EU Regulation 575/2013 on prudential requirements, incorporated into Banca d'Italia circular 285 of 17 December 2013 as amended.

Credit Quality Step
Step based on external ratings, which is used to assign risk weights under credit risk Standardised Approach.

Credit risk
The risk that an unexpected change in the creditworthiness of a counterparty, the value of the guarantees provided by it or the margins used by it in the event of insolvency might produce an unexpected change in the value of the bank's credit position.

Credit Valuation Adjustment
Is the adjustment to the valuation of a portfolio of transactions reflecting the market value of the counterparties' credit risk.

CRM
Credit Risk Mitigation is a set of techniques, contracts accessories to the loan or other instruments (e.g. securities, guarantees), which allows a reduction of the credit risk capital requirements

CRO
Chief Risk Officer.

Default
A party's declared inability to honor its debts and/or the payment of the associated interest.

Duration
This is generally calculated as the weighted average of the maturities for payment of the interest and capital associated with a bond, and represents an indicator of the interest rate risk to which a security or a bond portfolio is subject.

EAD - Exposure at Default
Relating to the on-balance and off-balance sheet positions, EAD is defined as the estimation of the future value of an exposure at the time of the debtor's default. Only banks that meet the requirements for adopting the IRB - Internal Rating Based (see item) advanced approach are allowed to estimate EAD (see item). Other banks are required to refer to regulatory estimations.

EBA - European Banking Authority
The European Banking Authority is an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector. Its overall objectives are to maintain financial stability in the EU and to safeguard the integrity, efficiency and orderly functioning of the banking sector.

ECA
Export Credit Agency.

ECAI
External credit assessment institution.

ECB European Central Bank
The ECB is the central bank for Europe's single currency, the euro. The ECB's main task is to preserve the purchasing power of the single currency thus ensuring the maintenance of price stability in the Euro area

Economic capital
Capital level that is required to cover the bank's losses that may occur with at a time horizon of one year and a certain probability or confidence level. Economic Capital is a measure of the variability of the Expected Loss of the portfolio and depends on the degree of diversification of the portfolio itself.

EL
Expected Losses are the losses recorded on average over a one year period on each exposure (or pool of exposures).

EPS - Earnings Per Share
An indicator of a company's profitability calculated as: Net Profit divided by Average total outstanding shares (excluding treasury shares)

EVA - Economic Value Added
Expresses the ability to create value in monetary terms. EVA is equal to the difference between the Net Operating Profit After Tax ("NOPAT" Net Operating Profit After Tax - see item) and the cost of the absorbed capital.

Factoring
Contract for the sale without recourse (with credit risk borne by the buyer) or with recourse (with credit risk borne by the seller) of commercial credits to banks or specialist companies, for the purposes of management and collection. May be associated with financing in favor of the seller.

Fair value
The sum for which, in a freely competitive market, an item can be exchanged or a liability extinguished between aware and independent parties.

FINREP
Document issued by the Committee of European Banking Supervisors (CEBS). The Committee gives advice to the European Commission on policy and regulatory issues related to banking supervision; it also promotes cooperation and convergence of supervisory practice across the European Union. The objective of FINREP is to provide guidelines for implementation of the consolidated Financial Reporting framework for supervisory purposes; it is based on International Financial Reporting Standards (IFRSs).

Forbearance/Forborne exposures
According to EBA Implementing Technical Standards, forborne exposures consist of exposures to which forbearance measures have been extended, i.e. concessions towards a debtor who is facing or about to face difficulties in meeting its financial commitments ("financial difficulties").

Definition of Terms and Acronyms

Forwards
Forward contracts on interest rates, exchange rates or share indices, generally traded on "OTC - Over-the-Counter" (see item) markets, in which the conditions are fixed when the contract is agreed but execution will take place at a predetermined future date, by means of the collection or payment of differentials calculated with reference to various parameters according to the subject of the contract.

FRA - Forward Rate Agreement
Contract whereby the parties agree to receive (pay) at maturity the difference between the value calculated by applying a predetermined interest rate to the transaction amount and the value obtained on the basis of the level reached by a reference rate preselected by the parties.

FTE - Full Time Equivalent
The number of a company's full-time employees. Part-time employees are considered on a pro-rata temporis basis.

Funding
Provision, in various forms, of the funds necessary to finance business activities or particular financial transactions.

Futures
Standardised contracts whereby the parties undertake to exchange money, transferable securities or goods at a preset price at a future date. These contracts are traded on regulated markets, where their execution is guaranteed.

Goodwill
The additional sum paid for the acquisition of an equity interest, equal to the difference between the cost and the corresponding share of net assets, for the portion not attributable to the identifiable assets of the acquired company.

Hedge Fund
Speculative mutual investment fund adopting hedging techniques which generally are not used by ordinary mutual funds, in order to deliver a constant performance, which is only hardly linked to reference markets. Hedge Funds are distinguished by a limited number of partners and require a high minimum level of investment.

IAA
Internal Assessment Approach.

IAS/IFRS
International accounting standards issued by the International Accounting Standard Board (IASB), a private international body established in April 2001, involving representatives of the accounting professions of the principal countries and, as observers, the European Union, IOSCO (International Organisation of Securities Commissions) and the Basel Committee. This body is the successor of the International Accounting Standards Committee (IASC), set up in 1973 to promote harmonisation of the rules for the preparation of company accounts. When the IASC became the IASB, it was decided, among other things, to name the new accounting principles "International Financial Reporting Standards" (IFRS). At international level, work is currently underway to harmonise the IAS/IFRS with the US GAAP - United States Generally Accepted Accounting Principles (see item).

IBNR
Incurred But Not Reported (losses).

ICAAP - Internal Capital Adequacy Assessment Process
See "Basel 2 - Pillar 2".

IMA
Internal Models Approach is an approach to calculate market risk capital requirement using internal models

Impaired loans
Loans are subjected to periodic examination in order to identify those which, following events occurring after their entry in the accounts (at the market value, normally equal to the disbursed amount including the transaction costs and revenues directly attributable to the disbursement of the loan), show objective signs of a possible loss of value. This category includes loans that have been classed as bad, doubtful, restructured or overdue, in accordance with Banca d'Italia rules consistent with IAS/IFRS (see item).

Impairment
Within the framework of the IAS/IFRS (see item), this refers to the loss of value of a balance sheet asset, recorded when the book value is greater than the recoverable value, i.e. the sum that can be obtained by selling or using the asset.

Index linked
Policies whose performance at maturity depends on a benchmark parameter that may be a share index, a basket of securities or another indicator.

(Internal) validation
Expert unit, internal but sufficiently independent, that verifies the adequacy of internal models for internal and regulatory purposes and issues a formal opinion about their usefulness and effectiveness. Usually a prerequisite for the validation process carried out by the authorities.

Investment banking
Banking segment devoted to the subscription and placement of newly issued securities, as well as the trading of financial instruments.

Investor
Any entity other than the Sponsor (see item) or Originator (see item) with exposure to a securitisation.

IPRE
Income Producing Real Estate.

IRB - Internal Rating Based
Method for determining the capital needed to cover credit risk within the framework of Pillar 1 of Basel 2 (see item). The rules are applied to the exposures of the banking portfolio. Furthermore, in the IRB methods the risk weightings of the assets are determined on the basis of the bank's own internal evaluations of the debtors (or, in some cases, of the transactions). Using systems based on internal ratings, the banks determine the weighted risk exposure. The IRB methods consist of a basic method and an advanced method, which differ in terms of the risk parameters that the bank must estimate: in the basic method, the banks use their own estimates for "PD - Probability of Default” and the regulatory values for the other risk parameters; in the advanced method, the banks use their own estimates for " PD - Probability of Default ", "LGD - Loss Given Default", "CCF - Credit Conversion Factors" and, where provided for, "M - Maturity" (see item). The use of IRB methods for the calculation of capital requirements is subject to authorisation from Banca d’Italia.

IRC
Incremental Risk Charge is a measure of potential losses arising from default and migration risks of unsecuritised credit products over a 1-year capital horizon at a 99.9% confidence level, taking into account the liquidity horizons of individual positions.

IRS - Interest Rate Swap
See "Swap".

Joint venture
Agreement between two or more companies for the conduct of a given economic activity, usually through the constitution of a joint stock company.

Junior, Mezzanine and Senior exposures
In a securitisation transaction, the exposures may be classified as follows:
- junior exposures are the last to be repaid, and consequently absorb the first loss produced by the securitisation transaction;
- mezzanine exposures are those with medium repayment priority, between senior and junior;
- senior exposures are the first to be repaid.

Ke
The cost of equity is the minimum return on investment required by the shareholder. It is the sum of a risk-free rate and an additional spread remunerating the shareholder for the credit risk and the volatility of the share price. The cost of capital is based on medium/longterm averages of market parameters.

KPI - “Key Performance Indicators”
Set of indicators used to evaluate the success of a particular activity or process.

Definition of Terms and Acronyms

LCP
Loss Confirmation Period.

Lead Arranger
The bank responsible for arranging a securitisation. The arranger's duties include checking the quality and quantity of the assets to be securitised, conducting relations with rating agencies, drawing up the prospectus and dealing with accounting and legal problems.

Leasing
Contract whereby one party (the lessor) grants to another party (the lessee) for a given period of time the enjoyment of an asset purchased or built by the lessor at the choice and on the instructions of the lessee, with the latter having the option of acquiring ownership of the asset under predetermined conditions at the end of the leasing contract.

Leveraged Finance
Loans provided mainly to Private Equity funds in order to finance the acquisition of a company through a financial transaction based on the cash flow generation capacity of such target company. This can result in a higher level of debt and therefore a higher level of risk. Leveraged finance may be syndicated.

LGD - Loss Given Default
Expected value (which may be conditional upon adverse scenarios) of the ratio, expressed as a percentage, between the loss giving rise to the default and the amount of exposure at the time of the default ("EAD - Exposure At Default", see item).

Liquidity risk
The risk of the company being unable to meet its payment commitments due to the inability to mobilise assets or obtain adequate funding from the market (funding liquidity risk) or due to the difficulty/impossibility of easily liquidating positions in financial assets without significantly and unfavorably affecting the price because of insufficient depth or temporary malfunction of the financial market (market liquidity risk).

M - Maturity
The average, for a given exposure, of the residual contractual maturities, each weighted for the relevant amount.

Mark-up
Positive differential with respect to a benchmark index, generally an interbank rate, applied to the lending rate offered to customers.

Market risk
The effect that changes in market variables might have on the economic value of the Group's portfolio, where this includes both the assets held in the Trading Book and those entered in the Banking Book, or the operations connected with the characteristic management of the commercial bank and its strategic investment choices.

Medium Term Note
Bond with a maturity of between 5 and 10 years.

Merchant banking
This term covers activities such as the subscription of securities, shares or debt instruments, by corporate customers for subsequent placement on the market, the taking of more permanent equity interests but always with a view to subsequent disposal, and the conduct of business consultancy activities for the purposes of mergers and acquisitions or restructurings.

Monoline Insurers
Insurance companies that insure only one kind of risk. Against payment of premium they guarantee the repayment of principal and interest of bonds, usually "ABS - Asset Backed Securities" (see item) or US municipal bonds, on default by the issuer, which enables the guaranteed bond to obtain a better rating than similar unguaranteed issues.

Non-Performing exposures
According to EBA Implementing Technical Standards, non performing exposures are debt instruments and off-balance sheet exposures which satisfy either or both of the following criteria: (i) material exposures which are more than 90 days past-due; (ii) the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.

NOPAT - Net Operating Profit After Tax
Net Operating Profit after tax and minority interests, adjusted by elements that would not allow to assess the capability to create value through ordinary operations.
It represents the share of Group Net Profit produced by typical business activities, gross of the costs of capital.

Notch
Level, referred to a scale.

Operational risk
The risk of losses due to errors, violations, interruptions, damages caused by internal processes, personnel or systems, or by external events. This definition includes legal and compliance risk, but excludes strategic and reputational risk.
For example, operational risks include losses deriving from internal or external fraud, employment contracts and employment protection regulations, customer claims, distribution of products, fines and other sanctions arising from breaches of regulations, damages to the company's assets, interruption of operations, malfunction of systems and the management of processes.

Option
The right, but not the commitment, acquired by the payment of a premium, to buy (call option) or sell (put option) a financial instrument at a given price (strike price) by or at a determined future date (American option/European option).

Originator
The entity that originated the assets to be securitised or acquired them from others.

OTC - Over the counter
Over-the-counter (OTC) trading consists of the exchange of financial instruments such as shares, bonds, derivatives or goods directly between two counterparties. The OTC markets do not have standardised contracts or buying/selling procedures and are not associated with a set of rules (admissions, controls, obligations of information, etc.) like those that govern the official markets.

Overcollateralisation
The value of the assets underlying the bonds issued is higher than the amount of the bonds.

Past Due
Problematic exposures that, at the reporting date, are more than 90 days past due on any material obligation, as required by the relevant prudential regulation. Past due can be determined either at individual debtor or at single transaction level according to the relevant local prudential regulation.

Payout ratio
It indicates the percentage of net income that is distributed to shareholders. The percentage distributed is determined mainly on the basis of the company's self-financing needs and the return expected by shareholders.

PD - Probability of Default
Probability of a counterparty entering into a situation of "default" (see item) within a time horizon of one year.

Preference shares
Capital instruments that associate forms of remuneration tied to market rates with particularly pronounced subordination conditions, such as non-recovery in subsequent years of the interest not paid by the bank and bearing a share of its losses in the event that these produce a significant reduction in the capital requirements. The regulatory authorities set the conditions under which preference shares may be counted among the core capital of banks and banking groups.

Definition of Terms and Acronyms

Private banking
Financial services aimed at so-called "high-end" private customers for the global management of financial needs.

Private equity
Investments in the risk capital of companies, generally unlisted but with high growth potential and the ability to generate constant cash flows. Investments in private equity include a wide range of operations that vary according to both the development phase of the company concerned and the investment techniques used. These techniques include closed-end private equity funds.

Purchase Companies
Vehicle used by “ABCP Conduits - Asset Backed Commercial Paper Conduits” (see item) to purchase the assets to be securitised and subsequently financed by the Conduit vehicle by means of commercial paper.

Rating
Evaluation of the quality of a company or its issues of debt securities on the basis of the company's financial soundness and prospects. This evaluation is made either by specialist agencies or by the bank on the basis of internal models.

RBA
Ratings-Based Approach.

Retail
Customer segment consisting principally of private individuals, self-employed professionals, traders and artisans.

RIC
IRB calculation model - Rating Integrato Privati (Individuals Integrate Rating).

RISB
IRB calculation model - Rating Integrato Small Business (Small Business Integrate Rating)

RMBS - Residential Mortgage Backed Securities
Asset Backed Securities (see item) with residential mortgages as underlyings.

ROA - Return On Asset
Ratio between Net Profit/(Loss) of the year and Total Assets as per IFRS balance sheet.

ROAC - Return On Allocated Capital
Annualised ratio between the net profit and the average allocated capital. It shows in percentage terms the earning capacity for absorbed capital units. A corrective factor is applied to net profit where capitalisation is substantially higher than Group’s target.

RUF
Revolving Underwriting Facility.

RWA - Risk Weighted Assets
On-balance sheet assets and off-balance sheet assets (derivatives and guarantees) classified and weighted by different coefficients referring to risks, following banking rules issued by local Supervisors (i.e. Banca d’Italia, Bafin, etc.), to calculate solvency ratios.

Securitisation
Transfer of a portfolio of assets to an “SPV - Special Purpose Vehicle” (see item) and the issue of securities with various levels of seniority to meet any default by the underlying assets.
Securitisations can be:
- traditional: method of securitisation whereby transfer of the assets is by means of sale of the portfolio to the “SPV - Special Purpose Vehicle” (see item).
- synthetic: method of securitisation whereby the transfer of assets is by means of credit derivatives or similar security enabling the risk of the portfolio to be transferred.

Sensitivity
The greater or lesser degree of sensitivity with which certain assets or liabilities react to changes in rates or other reference parameters.

SFA
Supervisory Formula Approach.

SL
Specialised Lending.

SME
Small and Medium Enterprise

Sponsor
An entity other than the Originator (see item) which sets up and manages an ABCP conduit or other securitisation scheme where assets are acquired from a third entity for securitisation.

SPV - Special Purpose Vehicles
An entity, partnership, limited company or trust, set up to carry out a set object, such as isolating financial risk or obtaining special regulatory or tax treatment for specific portfolios of financial assets.
SPV's operations are accordingly limited by a set of rules designed for this purpose.
In general SPVs' sponsors (see item) do not hold equity in them. The equity is held by other entities in order to ensure that there is no shareholder relationship with the Sponsor (see item). SPVs are usually bankruptcy-remote, in that their assets cannot be claimed by the creditors of the sponsor, even if the latter becomes insolvent.

Subprime (Residential Mortgages)
Although Subprime has no univocal definition, this category includes mortgages granted to borrowers who have had repayment difficulties in the past, e.g. delayed installments, insolvency or bankruptcy, or who are more likely to default than the average due to high loan-to-value and installment-to-income ratios.

SVaR - Stressed VaR
Stressed VaR is a quantification of exposures to particular extreme losses that can be inflicted to a Bank during market tensions, by modeling the portfolio response conditional on historical data from a (continuous 12-month) period of significant financial stress.

Swap
A transaction that generally consists of the exchange of financial streams between operators according to different contractual arrangements.
In the case of an interest rate swap (IRS), the counterparties exchange payment streams that may or may not be linked to interest rates, calculated on a notional principal amount (for example, one counterparty pays a stream on the basis of a fixed rate, while the other does so on the basis of a variable rate).
In the case of a currency swap, the counterparties exchange specific amounts in two different currencies, with these amounts being exchanged back in due course according to predefined arrangements that may concern both the capital (notional) and the streams of interest payments.

Tier 1 Capital
The most reliable and liquid part of a bank's capital, as defined by regulatory rules.

Tier 1 Capital Ratio
The percentage of a bank's Tier 1 Capital to its risk weighted assets "RWA - Risk Weighted Assets" (see item).

TSR - Total Shareholder Return
It is the full reward, in terms of capital gain and dividends, that a shareholder gets from holding one share.

UCI - Undertakings for Collective Investment
This term includes "UCITS" (see item) and other collective investment Funds (real estate collective investment funds, closed-end investment funds).

Definition of Terms and Acronyms

UCITS - Undertakings for Collective Investment in Transferable Securities
This term covers open-end real estate investment funds, both Italian and foreign, and investment companies with variable capital. The latter are joint stock companies that have the sole purpose of collective investment of the assets gathered through a public offer of their own shares.

UL
Unexpected Losses are the losses exceeding the expected losses.

Unlikely to Pay
The classification in this category is the result of the judgment of the bank about the unlikeliness, without recourse to actions such as realising collaterals, that the obligor will pay in full (principal and/or interest) its credit obligations. This assessment should be carried out independently of the presence of any amount (or rate) past due and unpaid.

US GAAP - United States Generally Accepted Accounting Principles
Accounting principles issued by the FASB (Financial Accounting Statement Board), generally accepted in the USA.

VaR - Value at Risk
A method used for quantifying risk. It measures potential future losses which will not be exceeded within a specified period and with a specified probability.

Vintage
The year of issue of the collateral underlying bonds created by securitisation. In the case of subprime mortgages this information is an indicator of the riskiness of the bond, since the practice of granting mortgages to subprime borrowers became significant in the US starting in 2005.

Warehousing
A stage in the preparation of a securitisation transaction whereby an “SPV - Special Purpose Vehicle” (see item) acquires assets for a certain period of time until it reaches a sufficient quantity to be able to issue an ABS.

Adopt lean but steering center.

We have created a lean but steering center to drive Group-wide performance and ensure accountability. Through leaner support functions and transparent cost allocation, we focus on efficiency and simplification. We are positioned as best in class in terms of European corporate governance.

Certification

Consolidated Financial Statements Certification pursuant to art.81-ter of Consob Regulation No.11971/99, as amended

1. The undersigned Jean Pierre Mustier (as Chief Executive Officer) and Francesco Giordano (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 24 February 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 2017 Consolidated Financial Statements.

2. The adequacy of administrative and accounting procedures employed to draw up the 2017 Consolidated 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 2017 Consolidated Financial Statements:

   a) were prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation No.1606/2002 of 19 July 2002;

   b) correspond to the results of the accounting books and records;

   c) are suitable to provide a fair and correct representation of the economic and financial situation of the issuer and of the group of companies included in the scope of consolidation;

   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 and of the Legal Entities included in the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

Milan - 7 February 2018

Jean Pierre MUSTIER

Francesco GIORDANO

Report of the External Auditors

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
UniCredit S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of UniCredit S.p.A. and its subsidiaries (the "Group"), which comprise the balance sheet as at December 31, 2017, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the related notes to the accounts.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2017 and of its consolidated financial performance and its consolidated 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 no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of UniCredit S.p.A. (the "Bank") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters - FINO project: accounting derecognition of a portfolio of non performing loans following transfer through securitization	Audit procedures in response to the Key Audit Matters
On February 1, 2017, as part of the 2016-2019 Strategic Plan, "Transform 2019", the Bank's Board of Directors approved a project concerning the disposal of credit exposures originally classified as bad exposures, referring to different categories, unitarily linked to a portfolio conventionally called "FINO Portfolio". In accordance with the international accounting standard IFRS 5, loans to customers connected to the aforementioned portfolio (with a gross value as at December 31, 2016 of 17,045 million Euro) were recorded in the 2016 consolidated financial statements under item "150. Non-current assets and disposal groups classified as held for sale", in consideration of the Bank's expressed intention to proceed with the progressive disposal of the entire portfolio within 12 months at a value of 2,209 million Euro. This valuation, recorded in accordance with IAS 39 (paragraph 63 and AG 84), corresponded to the sale prices deriving from the framework agreements signed by the Bank in December 2016 with two third-party investors. As represented in the report on operations and in *Part E – Information on risks and hedging policies* of the notes to the accounts, the Directors inform that during the second half of 2017 the sale of the receivables included in the FINO Portfolio was completed with the issue of Asset Backed Securities (ABS) by the Special Purpose Vehicles (SPV) underwriters of receivables. The Bank subscribed 49.9% of all the classes of ABS securities issued and third-party investors 50.1% of all the classes of ABS securities issued. Following the sale, the conditions required by IAS39 for the application of the accounting derecognition from the Balance Sheet of UniCredit S.p.A. were met.	The audit procedures, performed also with the support of experts in securitization and legal transactions belonging to the Deloitte network, and IAS/IFRS international accounting standards experts, have consisted among others, of the following: • analysis and understanding of the process of: i) selection of third parties who signed the transfer agreements; ii) approval of the credit transfer operation by the competent bodies of the Bank; • obtaining and analyzing: i) the contracts formalized with the third parties that have signed the transfer agreements; ii) the relevant correspondence with the Supervisory Authorities; iii) the minutes of the meetings of the Bank's corporate bodies; • analysis of the accounting treatment of the credit transfer operation (through securitization) also through interviews with the heads of the Bank departments and the related organizational units involved, as well as with the Bank's Board of Statutory Auditors; • analysis of the existence of the conditions required by the international accounting standard IAS 39, and in particular paragraphs 18 (a), 20 (a) and 20 (c, i), for the application of the accounting derecognition from the balance sheet of UniCredit S.p.A. receivables included in the FINO Portfolio also by analyzing accounting opinions issued by experts appointed by the Bank's Management; • analysis of the quantitative model used by the Bank to analyze the cash flows relating to the portfolio of non performing loans subject to transfer; • development of additional stress scenarios for the quantitative model used by the Bank to verify the substantial transfer (by the Bank) of the risks and benefits to the portfolio of non performing loans transferred; • obtaining external confirmations relating to the portion of the deferred purchase price recorded in the Bank's balance sheet assets under "Loans to customers";

Subsequently, also following the obtainment of the Guarantee on the securitization of non-performing loans (GACS) on the senior tranche (Class A) issued by one of the assignee SPVs, the Bank has implemented the progressive sell down to third party investors of the ABS securities originally underwritten, in order to reduce the amount held below the threshold of 20% through multiple arm's length transactions some of which settled in January 2018. As represented in the notes to the accounts *Part C – Income statement Section 6 - Gains (Losses) on disposal/repurchase - Item 100* of the consolidated financial statements as at December 31, 2017, the economic effects recorded in the financial year 2017 are described in relation to the above-mentioned sale of the FINO portfolio. Considering the complexity of the transaction and the significance of the related accounting effects, we have identified the accounting treatment ("derecognition") of the FINO Project a Key Audit Matter of the consolidated financial statements of the UniCredit Group as at December 31, 2017.	• obtaining and analyzing the documentation prepared by the Bank for the application for granting the guarantee on the securitization of non-performing loans (GACS); • test of the adequate valuation of the Asset Backed Securities subscribed by the Bank and recorded in the consolidated financial statements as at December 31, 2017 in the Financial Assets Available for Sale (Senior and Mezzanine tranches) and Financial Assets Valued at Fair Value (Junior tranches) based on values observed from the market transactions some of which settled in January 2018 (Fair Value Level 2) or based on an internal model (Fair Value Level 3). Finally, we verified the adequacy and compliance of the disclosure provided in the notes to the accounts with respect to the requirements of the applicable accounting standards.
Key Audit Matters – Classification and valuation of performing customer loans	**Audit procedures in response to the Key Audit Matters**
As represented in the notes to the accounts *Part B – Balance Sheet Assets* and in the report on operations, as at December 31, 2017, performing loans to customers of the UniCredit Group amount to a gross book value of 428,550 million Euro, allowances for impairment to 2,015 million Euro and the net book value to 426,535 million Euro. The report on operations also shows a coverage ratio of performing loans as at December 31, 2017 equal to 0.47%. For the classification of credit exposures in the various homogeneous risk classes, the Group refers to sector regulations, supplemented by the internal rules governing the classification and transfer rules within the various risk categories.	The audit procedures performed included, among others, the following: • analysis and understanding of the internal control system and the relative internal regulations concerning to the credit process which included, in particular, the identification of the organizational and procedural safeguards implemented to monitor credit quality as well as the adequacy of the classification according to the provisions of the sector legislation and for the relative assessment in compliance with the applicable accounting standard; • analysis of the implementation of the procedures and processes, test of the operational effectiveness of the relevant controls for the purposes of the classification and assessment process;

The notes to the accounts *Part A – Accounting Policies* describes the methods used for the collective assessment for groups of performing loans for which individually there are no indicators of impairment, as a product among the risk factors derived from the parameters used for the purposes of the requirements of the prudential regulation (EU Regulation 575/2013 on the prudential requirements for credit institutions and investment firms, so-called "CRR"), which have one-year time horizon, and the average delay between the deterioration of a debtor's financial condition and its classification among non performing exposures. Considering the significance of the amount of the performing loans recorded in the consolidated financial statements, the complexity of the estimation processes adopted by the Group which implied an articulated classification activity into homogeneous risk categories and the use of valuation models characterized by numerous variables, including the existence of indicators of possible impairment, we have identified the classification and valuation of performing loans, with particular reference to performing credit portfolios with higher levels of management risk ("watchlist" exposures), as a Key Audit Matter of the consolidated financial statements of the UniCredit Group as at December 31, 2017.	• analysis and understanding of the IT systems and applications used and test of the operational effectiveness of relevant controls, also with the support of IT experts belonging to the Deloitte network; • comparative analysis procedures with reference to the most significant changes compared to the data of the previous year, also through the obtainment and analysis of the monitoring reports; analysis of the related results with the heads of the Bank departments and related organizational units involved; • analysis and recalculation of the collective assessment of performing loans; • analysis and understanding of the main valuation models adopted and verification, on a sample basis, of the reasonableness of the parameters subject to estimation, also used with the support of credit model experts and IT experts belonging to the Deloitte network; • checks on a sample basis on the classification according to the provisions of the sector legislation as well as on the related valuation in compliance with the applicable accounting standards; • analysis of events occurred after the reference date of the consolidated financial statements. Finally, we verified the adequacy and compliance of the information provided in the notes to the accounts with respect to the requirements of the applicable accounting standards and the relevant legislation.
Key Audit Matters – Classification and valuation of non performing loans (unlikely to pay and bad loans)	**Audit procedures in response to the Key Audit Matters**
As represented in the notes to the accounts *Part B – Balance Sheet Assets* and in the report on operations, non performing loans to customers of the UniCredit Group as at December 31, 2017 amount to a gross book value of 48,432 million Euro, allowances for impairment to 27,240 million Euro and the net book value to 21,192 million Euro.	The audit procedures performed included, among others, the following: • analysis and understanding of the internal control system as well as the related internal regulations regarding the monitoring of credit quality, the management of impaired loans as well as the adequacy of the classification according to the provisions of the sector legislation and its assessment in compliance with the applicable accounting principles;

The report on operations also shows that the coverage ratio of non performing loans as at December 31, 2017 is equal to 65.84% for bad exposures, with a net exposure of 9,499 million Euro, 43.51% for unlikely to pay, with a net exposure of 11,028 million Euro and 39.89% for past due exposures, with a net exposure of 664 million Euro. In the notes to the accounts *Part A - Accounting Policies* the classification rules for non performing exposures are described, i.e. those that have the characteristics set out in paragraphs 58-62 of IAS39. In the notes to the accounts *Part A - Accounting policies*, it is also described that the assessment of bad exposures and unlikely to pay takes place: • on an analytical basis, as the difference between the carrying amount and the current value of the estimated cash flows, discounted at the original interest rate of the financial asset; • through the comparison with coverage levels defined statistically for some credit portfolios below a predefined threshold. Considering the significance of non performing loans amount recorded in the consolidated financial statements and the complexity of the estimation processes adopted by the Group which implied a complex classification activity into homogeneous risk categories and the use of some variables characterized by a high subjectivity (such as the estimates of expected cash flows, the relative recovery times, the value of any guarantees) for the determination of the relative recoverable amount, we have identified the classification of non performing loans and their valuation as a Key Audit Matter of the consolidated financial statements of the UniCredit Group as at December 31, 2017.	• analysis of the implementation of the procedures and Bank processes, test of the operational effectiveness of the relevant controls for the purposes of the classification and assessment process; • analysis and understanding of the IT systems and applications used and test of the operational effectiveness of relevant controls, also with the support of IT experts belonging to the Deloitte network; • comparative analysis procedures, for each category of non-performing loans, by calculating appropriate hedging indices and comparing them with the data for the previous year, also by obtaining and analyzing the monitoring reports, and analysis of the relative results with the heads of the Bank departments and the related organizational units involved, in addition to sector data; • analysis and understanding of the main evaluation models adopted and verification, on a sample basis, of the reasonableness of the parameters to be assessed, also with the support of credit model experts and IT experts belonging to the Deloitte network; • checks on a sample basis, for each category of non-performing loans, on the classification according to the provisions of the sector legislation as well as on the related valuation in compliance with the applicable accounting standards; • analysis of events occurred after the reference date of the consolidated financial statements. Finally, we verified the adequacy and compliance of the information provided in the notes to the accounts with respect to the requirements of the applicable accounting standards and the relevant legislation.

Deloitte.

Key Audit Matters - Legal risks related to non-compliance with the economic sanctions imposed by the United States of America ("U.S.") to other countries	Audit procedures in response to the key audit matters
As described in the *Part E – Information on risks and hedging policies* of the notes to the accounts, in March 2011 the subsidiary UniCredit Bank AG ("UCB AG") received a subpoena from the District Attorney for New York County ("NYDA") relating to historical transactions involving certain Iranian entities designated by U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"). In June 2012, the U.S. Department of Justice opened an investigation of OFAC-related compliance by UCB AG and, more generally, by its subsidiaries. In this context, UCB AG is conducting, with the support of external lawyers, a voluntary investigation of its U.S. dollar payments practices and its historical compliance with applicable U.S. financial sanctions against Iran, in the course of which certain historical non-transparent practices have been identified. In addition, also UniCredit S.p.A. and UniCredit Bank Austria AG have independently started, with the support of external lawyers, a voluntary investigation of its historical compliance with applicable U.S. financial sanctions and have similarly identified certain historical non-transparent practices. The Directors' considerations on this matter are reported in the *Part E - Information on risks and hedging policies* of the notes to the accounts in the paragraph "Financial sanctions matters". In relation to the complexity of the matter, the uncertainties related to the outcomes of the investigations and the relevance of the economic and financial effects that may occur in connection therewith, we have identified the assessment of legal risks related to non-compliance with US economic sanctions a Key Audit Matter of the consolidated financial statements of the UniCredit Group.	The main audit procedures, performed also with the support of legal experts belonging to the Deloitte network, were: • analysis and understanding of the internal control system related to the monitoring and management of litigations and any other legal issue; • analysis and understanding of the process adopted by the legal and the compliance functions to monitor, manage and report to the governance bodies with specific reference to the U.S. economic sanctions; • periodic meetings with the heads of the legal and the compliance functions and with the external lawyers appointed by the Group; • obtaining and examining written confirmations and opinions prepared by the lawyers appointed by the Group to support the assessments made by the Directors of UniCredit S.p.A. for the purpose of preparing the consolidated financial statements for the year ended December 31, 2017; • analysis of any significant events occurred after the reference date of the consolidated financial statements. Finally, we verified the adequacy and compliance of the disclosure provided in the notes to the accounts with respect to the requirements of the applicable accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view 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 no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the parent company UniCredit S.p.A. or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of UniCredit S.p.A. has appointed us on May 11, 2012 as auditors of the Bank for the years from December 31, 2013 to December 31, 2021.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Bank in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of UniCredit S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of UniCredit Group as at December 31, 2017, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art.123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of UniCredit Group as at December 31, 2017 and on their compliance with the law, as well as to make a statement about any material misstatement.

Deloitte.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of UniCredit Group as at December 31, 2017 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4, of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 54

The Directors of UniCredit S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254. We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Riccardo Motta
Partner

Milan, Italy
March 12, 2018

This report has been translated into the English language solely for the convenience of international readers.

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The emissions related to the printing and distribution of the UniCredit S.p.A. 2017 Reports and Accounts, 2017 Consolidated Reports and Accounts and the 2017 Integrated Report have been compensated with the support of Officinæ 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.