Inside real life. A 360° view.

Consolidated First Half Financial Report
as at June 30, 2016

Welcome to
UniCredit

UniCredit firmly believes that to truly understand real life, we must directly experience it. That way we are more prepared to find sustainable solutions while the world's needs and values constantly change.

For us, helping customers fulfil the basic necessities of modern life is just as important as offering the very best financial and banking products.

This means providing a complete range of services to support families and businesses, fully aware that responding to their needs builds a sustainable future for everyone.

Our products begin with real human insights that help us accompany customers throughout their lives. Because life is full of ups and downs, but it is also full of many other things, like buying a home, getting married, having children and sending them to university, etc.

It's a 360-degree approach that we call Real Life Banking.

Over the following pages, our aim is not just to present data and numbers about our Group's performance. We also want to share stories that show how we have helped people realize their dreams and supported the communities that host our branches.

Because the drive to build a better future is what keeps people going.

And supporting people keeps us going too.

Life is full of ups and downs.
We're there for both.

Welcome to
UniCredit

Dude, you should really consider a house with a garden.

Let's talk about the spaces where we live.

There's nothing like staying at home for real comfort. But sometimes you really need to get out -- especially if you're a dog.

Take Osvaldo: His owner is being a bit lazy, preferring to stay in a small apartment rather than dealing with the stress and paperwork of the real estate jungle. Poor Osvaldo.

But we have a complete solution to help. First of all, dear Osvaldo's owner, wouldn't it make you more confident to know what amount you can get from the bank before start house hunting?

Yes, our consultants know very well that this can make a difference. And with products like Voucher Mutuo, there's no risk of choosing a house that you cannot afford.

What about the rest? Well, we are a convenient, trusted partner whether you sell or buy a house. In Italy, our Subito Casa program can establish the value of the house or handle all the paperwork – helping you get engineers, lawyers, you name it.

So, dear Osvaldo's owner, feel free to start looking for your cosy new home, and leave the boring part up to us.

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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.

My ideas are so big, they make me feel small.

Let's talk about realizing your projects.

Stefan runs his family's company in Bucharest. He has designed and built kitchens since he was a boy, and still loves it. But since he also loves to cook, he thinks it would be perfect to combine his passions by opening a special show room that hosts cooking classes and workshops with famous chefs.

A place like that would have some cultural value and give his whole neighborhood a boost, so he thinks he could apply to receive public funds. But he doesn't know where to start. He needs a partner, someone who helps prove the feasibility of the project to the government.

Hey Stefan, why not ask us? We often give advice to customers who want to get grants and other funding. In Romania, for instance, we provide 360° support, from the stage when a client gets an investment idea, to when the client secures funding, until even after that, while the client's use of funding is monitored.

Thanks to our preliminary advice, including guidance on where to apply for funds, and our full range of banking products and attentive monitoring service, Stefan can make his idea a reality. And, who knows, maybe it will also help him become the world's next great artisan-cook.

Introduction

Board of Directors, Board of Statutory Auditors and External Auditors as at June 30, 2016

	Board of Directors
Giuseppe Vita	Chairman
Vincenzo Calandra Buonaura	Deputy Vice Chairman
Luca Cordero di Montezemolo Fabrizio Palenzona	Vice Chairman
Federico Ghizzoni (*)	CEO
Mohamed Hamad Al Mehairi Sergio Balbinot (**) Cesare Bisoni Henryka Bochniarz Alessandro Caltagirone Jean Pierre Mustier Lucrezia Reichlin Clara-Christina Streit Paola Vezzani Alexander Wolfgring Anthony Wyand Elena Zambon	Directors
Gianpaolo Alessandro	Company Secretary
	Board of Statutory Auditors
Pierpaolo Singer	Chairman
Angelo Rocco Bonissoni Enrico Laghi Benedetta Navarra Maria Enrica Spinardi	Standing Auditors
Marina Natale	**Manager in charge with preparing the financial reports**
Deloitte & Touche S.p.A.	**External Auditors**

(*) The CEO Federico Ghizzoni will resign his position since July 12, 2016 and will be replaced by Director Jean Pierre Mustier

(**) On May 30 Director Helga Jung has resigned and therefore the Board meeting of June 9 coopted Mr. Sergio Balbinot.

(***) On May 30 Director Manfred Bischoff has resigned effective as of June 1, 2016; the Board meeting of June 30 coopted Mr. Jean Pierre Mustier, which, with effect from July 12, 2016 will assume the position of CEO.

UniCredit S.p.A.
A joint stock company
Registered Office in Rome: Via Alessandro Specchi, 16
Head Office in Milan: Piazza Gae Aulenti, 3 – Tower A – 20154 Milan
Share capital € 20,846,893,436.94 fully paid in
Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group, with cod. 02008.1
Cod. ABI 02008.1
Fiscal Code, VAT number and Registration number with the Company Register of Rome: 00348170101
Member of the National Interbank Deposit Guarantee Fund and of the National Compensation Fund

Note to the Consolidated First Half Financial Report

General Aspects

This Consolidated First Half Financial Report was prepared pursuant to Article 154-ter, paragraph 2 of Legislative Decree No. 58 of February 24, 1998, according to IAS/IFRS international accounting standards, in compliance with the requirements of IAS 34 Interim Financial Reporting, in the condensed version provided for in paragraph 10, instead of the full reporting provided for annual accounts.

Press releases on significant events occurred during the period, the market presentation on second quarter results, and the Disclosure by Institutions according to Regulation (EU) No. 575/213 are also available on UniCredit's website.

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

Preparation criteria

The Consolidated First Half Financial Report includes:
- the Interim Report on Operations using reclassified financial statement formats, including not only comments on the results for the period and on other main events, but also the additional financial information required by the CONSOB provisions;
- the Condensed Interim Consolidated Accounts, stated in comparison with those for 2015; specifically, as provided for by IAS 34, the balance sheet has been compared with the figures as at December 31, 2015, while the Income Statement, the Statement of Comprehensive Income, the Change in Shareholders' Equity and the Cash Flow Statement are compared with the corresponding figures for the first half of the previous year;
- the Explanatory Notes, which include not only the detailed information required by IAS 34, stated according to the formats adopted in the financial statements, but also the additional information required by the CONSOB and the information deemed useful for providing a true picture of the consolidated corporate standing;
- the Certification of the Condensed Interim Consolidated Financial Statements pursuant to Article 81-ter of CONSOB Regulation No. 11971 of May 14, 1999 and subsequent amendments and addenda;
- the Auditor's Report by Deloitte & Touche S.p.A., as a limited review.

To further illustrate the results for the period, the Consolidated Interim Report on Operations includes condensed accounts prepared using the same criteria of previous quarterly reports.

Moreover the Condensed Interim Financial Statement report is accompanied by a number of tables - Highlights, Condensed Accounts and their Quarterly Figures, Condensed Income Statement - Comparison of Q2 2016/ Q2 2015, Segment Reporting, Group historical data and UniCredit Share - as well as a comment on Group Results and Results by Business Segment, accompanied, in order to provide further information about the performance achieved by the Group, by some alternative performance indicators (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 alternative performance indicators - are not extracted nor directly reconciled with Condensed Interim Consolidated Financial Statements, in the Consolidated Interim 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 October 5, 2015. In particular in Annexes are included the reconciliations of the Condensed Accounts to Mandatory Reporting schedule.

Scope of consolidation

During the first half of 2016 the following overall changes have been recorded in the consolidation perimeter:
- the number of fully consolidated companies changed from 713 at the end of 2015 to 692 at June 2016 (9 incoming and 30 exited), presenting a decrease of 21;
- the number of companies consolidated using the equity method changed from 67 at the end of 2015 to 68 at June 2016 (1 incoming), presenting an increase of 1.

For further details see Explanatory Notes - Part A - Accounting Policies; A.1 General, Section 3 - Consolidation Procedures and Scope.

Non-Current Assets and Asset Groups Held for Disposal

In the Balance Sheet at June 30, 2016, the main reclassified assets based on the IFRS 5 accounting principle, as non-current assets and asset disposal groups refer to:
- regarding the individual asset and liabilities held for sale:
  - to the subsidiary Bankhaus Neelmayer AG;
  - to 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 following companies that have been already reported in the consolidated accounts at December 31, 2015 based on the accounting standard IFRS 5:
  - to the companies of the Ukrainian Group (PUBLIC JOINT STOCK COMPANY UKRSOTSBANK, PRIVATE JOINT STOCK COMPANY FERROTRADE INTERNATIONAL, LLC UKROTSBUD, LTD SI&C AMC UKRSOTS REAL ESTATE);
  - to the companies of the Immobilien Holding Group (Austria).

For additional information, reference is made to Part B – Information on the consolidated balance sheet – Assets – Section 15 of the condensed consolidated interim financial statements – Explanatory Notes.

Segment Reporting (Summary)

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

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

I know it's not the best time, but I need to check my finances.

Let's talk about financial advice anywhere, anytime.

Imagine you are in the middle of a ski holiday. Everything is beautiful and the conditions are just right. You feel like you don't have a single worry in the world. But suddenly a thought comes along to disturb your peace: Did you forget to settle your financial business last week?

That's exactly what happened to Nico. During his first romantic holiday with Emma, he realized that this little banking detail was driving him crazy, and spoiling the fun. And he thought to himself: "You know what would be really useful right now? A bank manager I can call or, even better, text."

No sooner said than done.

Thanks to SmartBanking in Austria, it's possible to bring the branch to you. Whether at home with your laptop or on the go with your mobile phone, SmartBanking enables you to manage your finances in the most convenient way for you.

Relationship managers will give advice quickly and conveniently, by any possible method you want, from SMS to video chat. So now answers that you need on every possible financial topic, from taking out a loan to explaining your banking transactions, are at your fingertips.

That means we can help you save for your holiday, and save your holiday.

Consolidated Interim Report on Operations

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

Highlights

Income Statement

(€ million)

	H1 2016	H1 2015	% CHANGE
Operating income	11,615	11,484	+ 1.1%
of which: - net interest	*5,795*	*5,962*	*- 2.8%*
- dividends and other income from equity investments	*510*	*387*	*+ 31.8%*
- net fees and commissions	*3,878*	*4,011*	*- 3.3%*
Operating costs	(6,579)	(6,853)	- 4.0%
Operating profit	5,036	4,631	+ 8.8%
Profit (loss) before tax	2,060	2,123	- 3.0%
Net profit (loss) attributable to the Group	**1,321**	**1,034**	**+ 27.7%**

The figures in this table refer to reclassified income statement.

Balance Sheet

(€ million)

	AMOUNTS AS AT 06.30.2016	AMOUNTS AS AT 12.31.2015	% CHANGE
Total assets	891,477	860,433	+ 3.6%
Financial assets held for trading	105,075	90,997	+ 15.5%
Loans and receivables with customers	489,155	473,999	+ 3.2%
of which: - Non-Performing loans	*36,697*	*38,920*	- 5.7%
Financial liabilities held for trading	79,991	68,919	+ 16.1%
Deposits from customers and debt securities in issue	596,408	584,268	+ 2.1%
of which: - deposits from customers	*472,369*	*449,790*	*+ 5.0%*
- securities in issue	*124,039*	*134,478*	*- 7.8%*
Shareholders' Equity	**50,123**	**50,087**	**+ 0.1%**

The figures in this table refer to reclassified balance sheet.

See § "Net write-downs on loans and provisions for guarantees and commitments" in this Consolidated Interim Report on Operations for more details.

Staff and Branches

	AS AT 06.30.2016	AS AT 12.31.2015	CHANGE
Employees[1]	123,888	125,510	-1,622
Branches	6,606	6,934	-328
of which: - Italy	*3,614*	*3,873*	*-259*
- Other countries	*2,992*	*3,061*	*-69*

1. "Full time equivalent" data (FTE): number of employees counted for the rate of presence.

Profitability Ratios

	H1		
	2016	2015	CHANGE
EPS[1] (€)	0.423	0.346	0.08
Cost/income ratio	56.6%	59.7%	-3.03pb
EVA[2] (€ million)	(380)	(1,317)	+ 937
Return on assets[3]	0.18%	0.14%	0.03pb

1. Annualized figure. 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 ratio of Net profit or loss to Total assets pursuant to art. 90 of CRD IV. The annualized figure amounts to 0.35%.

Risk Ratios

	AS AT	
	06.30.2016	12.31.2015
Net bad loans to customers/Loans to customers	4.03%	4.20%
Net Non-Performing loans to customers/Loans to customers	7.50%	8.21%

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

Transitional Capital Ratios

	AS AT	
	06.30.2016 (*)	12.31.2015
Total own funds (€ million)	55,960	55,579
Total risk-weighted assets (€ million)	399,260	390,599
Common Equity Tier 1 Capital Ratio	**10.51%**	**10.59%**
Total Capital Ratio	**14.02%**	**14.23%**

(*) Transitional own funds and capital ratios (Basel 3), based on the applicable percentages for 2016.

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

Ratings

	SHORT-TERM DEBT	MEDIUM AND LONG-TERM	OUTLOOK	STANDALONE RATING
Fitch Ratings	F2	BBB+	negative	bbb+
Moody's Investors Service	P-2	Baa1	stable	ba1
Standard & Poor's	A-3	BBB-	stable	bbb-

Data as at March 24, 2016.

Condensed Accounts

Consolidated Balance Sheet

(€ million)

ASSETS	AMOUNTS AS AT 06.30.2016	AMOUNTS AS AT 12.31.2015	CHANGE AMOUNT	CHANGE %
Cash and cash balances	12,523	10,303	+ 2,220	+ 21.5%
Financial assets held for trading	105,075	90,997	+ 14,078	+ 15.5%
Loans and receivables with banks	69,078	80,073	- 10,995	- 13.7%
Loans and receivables with customers	489,155	473,999	+ 15,157	+ 3.2%
Financial investments	163,684	152,845	+ 10,839	+ 7.1%
Hedging instruments	8,085	8,010	+ 76	+ 0.9%
Property, plant and equipment	9,559	10,031	- 472	- 4.7%
Goodwill	3,563	3,618	- 56	- 1.5%
Other intangible assets	2,110	2,140	- 30	- 1.4%
Tax assets	15,700	15,726	- 26	- 0.2%
Non-current assets and disposal groups classified as held for sale	3,501	2,820	+ 681	+ 24.1%
Other assets	9,445	9,872	- 427	- 4.3%
Total assets	**891,477**	**860,433**	**+ 31,043**	**+ 3.6%**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 06.30.2016	AMOUNTS AS AT 12.31.2015	CHANGE AMOUNT	CHANGE %
Deposits from banks	113,036	111,373	+ 1,663	+ 1.5%
Deposits from customers	472,369	449,790	+ 22,578	+ 5.0%
Debt securities in issue	124,039	134,478	- 10,439	- 7.8%
Financial liabilities held for trading	79,991	68,919	+ 11,073	+ 16.1%
Financial liabilities designated at fair value	1,465	455	+ 1,010	+ 222.2%
Hedging instruments	12,703	11,254	+ 1,449	+ 12.9%
Provisions for risks and charges	9,876	9,855	+ 22	+ 0.2%
Tax liabilities	1,430	1,529	- 99	- 6.5%
Liabilities included in disposal groups classified as held for sale	2,770	1,880	+ 890	+ 47.3%
Other liabilities	20,501	17,416	+ 3,084	+ 17.7%
Minorities	3,174	3,399	- 225	- 6.6%
Group Shareholders' Equity:	50,123	50,087	+ 36	+ 0.1%
- Capital and reserves	*49,814*	*48,315*	*+ 1,499*	*+ 3.1%*
- AfS assets fair value reserve, Cash-flow hedging reserve and Defined benefits plans reserve	*(1,013)*	*77*	*- 1,090*	*n.s.*
- Net profit (loss)	*1,321*	*1,694*	*- 373*	*- 22.0%*
Total liabilities and Shareholders' Equity	**891,477**	**860,433**	**+ 31,043**	**+ 3.6%**

Consolidated Income Statement

(€ million)

	H1		CHANGE		
	2016	2015	P&L	%	ADJUSTED[1]
Net interest	5,795	5,962	- 168	- 2.8%	- 1.5%
Dividends and other income from equity investments	510	387	+ 123	+ 31.8%	+ 40.4%
Net fees and commissions	3,878	4,011	- 133	- 3.3%	- 2.3%
Net trading income	1,312	1,092	+ 219	+ 20.1%	+ 22.0%
Net other expenses/income	121	31	+ 90	n.s.	n.s.
OPERATING INCOME	**11,615**	**11,484**	**+ 132**	**+ 1.1%**	**+ 2.6%**
Payroll costs	(4,049)	(4,220)	+ 171	- 4.0%	- 3.2%
Other administrative expenses	(2,423)	(2,583)	+ 160	- 6.2%	- 5.6%
Recovery of expenses	371	401	- 30	- 7.5%	- 7.5%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(477)	(451)	- 27	+ 5.9%	+ 7.2%
Operating costs	**(6,579)**	**(6,853)**	**+ 274**	**- 4.0%**	**- 3.2%**
OPERATING PROFIT (LOSS)	**5,036**	**4,631**	**+ 405**	**+ 8.8%**	**+ 11.2%**
Net write-downs on loans and provisions for guarantees and commitments	(1,669)	(1,893)	+ 224	- 11.8%	- 10.6%
NET OPERATING PROFIT (LOSS)	**3,367**	**2,737**	**+ 630**	+ 23.0%	+ 26.4%
Other charges and provisions	(939)	(623)	- 316	+ 50.6%	+ 51.5%
Integration costs	(351)	(4)	- 347	n.s.	n.s.
Net income from investments	(17)	13	- 30	n.s.	n.s.
PROFIT (LOSS) BEFORE TAX	**2,060**	**2,123**	**- 63**	**- 3.0%**	**+ 0.7%**
Income tax for the period	(493)	(581)	+ 87	- 15.1%	- 13.3%
NET PROFIT (LOSS)	**1,567**	**1,542**	**+ 25**	**+ 1.6%**	**+ 6.0%**
Profit (Loss) from non-current assets held for sale, after tax	3	(180)	+ 183	n.s.	n.s.
PROFIT (LOSS) FOR THE PERIOD	**1,570**	**1,363**	**+ 208**	**+ 15.2%**	**+ 22.8%**
Minorities	(240)	(202)	- 39	+ 19.1%	+ 23.4%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**1,330**	**1,161**	**+ 169**	**+ 14.6%**	**+ 22.6%**
Purchase Price Allocation effect	(8)	(126)	+ 118	- 93.3%	- 93.1%
Goodwill impairment	-	-	-	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**1,321**	**1,034**	**+ 287**	**+ 27.7%**	**+ 37.6%**

Notes:
1. Changes at constant foreign exchange rates and perimeter.

Condensed Accounts - Quarterly Figures

Consolidated Balance Sheet

(€ million)

ASSETS	AMOUNTS AS AT 06.30.2016	AMOUNTS AS AT 03.31.2016	AMOUNTS AS AT 12.31.2015	AMOUNTS AS AT 09.30.2015	AMOUNTS AS AT 06.30.2015	AMOUNTS AS AT 03.31.2015
Cash and cash balances	12,523	9,419	10,303	11,182	9,962	9,870
Financial assets held for trading	105,075	97,880	90,997	91,612	97,626	114,356
Loans and receivables with banks	69,078	86,907	80,073	90,689	86,192	89,014
Loans and receivables with customers	489,155	483,282	473,999	474,122	473,930	482,658
Financial investments	163,684	160,899	152,845	152,909	153,043	148,503
Hedging instruments	8,085	8,562	8,010	8,939	9,282	11,482
Property, plant and equipment	9,559	9,635	10,031	10,064	10,089	10,278
Goodwill	3,563	3,598	3,618	3,601	3,617	3,668
Other intangible assets	2,110	2,115	2,140	2,016	2,028	2,020
Tax assets	15,700	15,715	15,726	15,036	15,117	14,595
Non-current assets and disposal groups classified as held for sale	3,501	3,509	2,820	3,454	3,751	3,915
Other assets	9,445	10,682	9,872	9,882	10,490	10,291
Total assets	**891,477**	**892,203**	**860,433**	**873,506**	**875,126**	**900,649**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 06.30.2016	AMOUNTS AS AT 03.31.2016	AMOUNTS AS AT 12.31.2015	AMOUNTS AS AT 09.30.2015	AMOUNTS AS AT 06.30.2015	AMOUNTS AS AT 03.31.2015
Deposits from banks	113,036	112,130	111,373	120,555	121,454	130,422
Deposits from customers	472,369	477,833	449,790	450,204	435,898	423,162
Debt securities in issue	124,039	128,181	134,478	137,491	144,961	150,625
Financial liabilities held for trading	79,991	71,793	68,919	67,334	72,501	90,224
Financial liabilities designated at fair value	1,465	1,217	455	455	460	539
Hedging instruments	12,703	12,263	11,254	11,717	12,543	16,408
Provisions for risks and charges	9,876	9,495	9,855	9,958	10,017	10,449
Tax liabilities	1,430	1,657	1,529	1,569	1,427	1,892
Liabilities included in disposal groups classified as held for sale	2,770	2,760	1,880	1,415	1,448	1,479
Other liabilities	20,501	20,930	17,416	19,242	20,951	20,408
Minorities	3,174	3,513	3,399	3,327	3,272	3,711
Group Shareholders' Equity:	50,123	50,431	50,087	50,239	50,195	51,331
- Capital and reserves	*49,814*	*49,971*	*48,315*	*49,248*	*50,163*	*50,655*
- AfS assets fair value reserve, Cash-flow hedging reserve and Defined benefits plans reserve	*(1,013)*	*55*	*77*	*(551)*	*(1,003)*	*164*
- Net profit (loss)	*1,321*	*406*	*1,694*	*1,541*	*1,034*	*512*
Total liabilities and Shareholders' Equity	**891,477**	**892,203**	**860,433**	**873,506**	**875,126**	**900,649**

Consolidated Income Statement

(€ million)

	2016		2015			
	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	2,918	2,876	3,029	2,925	2,999	2,963
Dividends and other income from equity investments	299	212	250	192	269	118
Net fees and commissions	1,932	1,946	1,935	1,902	1,997	2,014
Net trading income	950	362	302	250	473	619
Net other expenses/income	41	80	73	63	(3)	34
OPERATING INCOME	**6,139**	**5,476**	**5,589**	**5,332**	**5,735**	**5,749**
Payroll costs	(2,022)	(2,028)	(2,053)	(2,067)	(2,127)	(2,093)
Other administrative expenses	(1,221)	(1,202)	(1,289)	(1,286)	(1,294)	(1,289)
Recovery of expenses	195	176	210	198	213	188
Amortisation, depreciation and impairment losses on intangible and tangible assets	(241)	(237)	(250)	(228)	(227)	(224)
Operating costs	**(3,289)**	**(3,291)**	**(3,382)**	**(3,383)**	**(3,435)**	**(3,418)**
OPERATING PROFIT (LOSS)	**2,850**	**2,186**	**2,207**	**1,949**	**2,299**	**2,331**
Net write-downs on loans and provisions for guarantees and commitments	(914)	(755)	(1,216)	(1,005)	(913)	(980)
NET OPERATING PROFIT (LOSS)	**1,937**	**1,430**	**991**	**944**	**1,386**	**1,351**
Other charges and provisions	(522)	(417)	(807)	(154)	(359)	(264)
Integration costs	(90)	(260)	(398)	(8)	(2)	(1)
Net income from investments	-	(17)	(39)	20	18	(5)
PROFIT (LOSS) BEFORE TAX	**1,324**	**736**	**(254)**	**802**	**1,043**	**1,080**
Income tax for the period	(247)	(246)	640	(197)	(238)	(343)
NET PROFIT (LOSS)	**1,077**	**490**	**387**	**605**	**805**	**737**
Profit (Loss) from non-current assets held for sale, after tax	(11)	14	(143)	27	(121)	(58)
PROFIT (LOSS) FOR THE PERIOD	**1,067**	**503**	**244**	**633**	**683**	**679**
Minorities	(147)	(93)	(72)	(78)	(100)	(102)
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**920**	**410**	**172**	**554**	**583**	**577**
Purchase Price Allocation effect	(4)	(4)	(19)	(48)	(61)	(65)
Goodwill impairment	-	-	-	-	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**916**	**406**	**153**	**507**	**522**	**512**

Condensed Income Statement - Comparison of Q2 2016/Q2 2015

Consolidated Income Statement

(€ million)

	Q2		CHANGE		
	2016	2015	P&L	%	ADJUSTED[1]
Net interest	2,918	2,999	- 81	- 2.7%	- 1.0%
Dividends and other income from equity investments	299	269	+ 30	+ 11.0%	+ 18.3%
Net fees and commissions	1,932	1,997	- 65	- 3.3%	- 2.1%
Net trading income	950	473	+ 477	+ 100.8%	+ 104.1%
Net other expenses/income	41	(3)	+ 44	n.s.	n.s.
OPERATING INCOME	**6,139**	**5,735**	**+ 404**	**+ 7.1%**	**+ 8.9%**
Payroll costs	(2,022)	(2,127)	+ 105	- 4.9%	- 4.0%
Other administrative expenses	(1,221)	(1,294)	+ 73	- 5.7%	- 4.9%
Recovery of expenses	195	213	- 18	- 8.5%	- 8.5%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(241)	(227)	- 14	+ 6.1%	+ 7.7%
Operating costs	**(3,289)**	**(3,435)**	**+ 146**	**- 4.3%**	**- 3.3%**
OPERATING PROFIT (LOSS)	**2,850**	**2,299**	**+ 551**	**+ 24.0%**	**+ 27.3%**
Net write-downs on loans and provisions for guarantees and commitments	(914)	(913)	- 1	+ 0.1%	+ 1.8%
NET OPERATING PROFIT (LOSS)	**1,937**	**1,386**	**+ 550**	**+ 39.7%**	**+ 44.2%**
Other charges and provisions	(522)	(359)	- 162	+ 45.2%	+ 46.0%
Integration costs	(90)	(2)	- 88	n.s.	n.s.
Net income from investments	-	18	- 18	n.s.	n.s.
PROFIT (LOSS) BEFORE TAX	**1,324**	**1,043**	**+ 282**	**+ 27.0%**	**+ 32.4%**
Income tax for the period	(247)	(238)	- 9	+ 4.0%	+ 7.8%
NET PROFIT (LOSS)	**1,077**	**805**	**+ 273**	**+ 33.9%**	**+ 39.6%**
Profit (Loss) from non-current assets held for sale, after tax	(11)	(121)	+ 111	- 91.3%	- 84.9%
PROFIT (LOSS) FOR THE PERIOD	**1,067**	**683**	**+ 383**	**+ 56.1%**	**+ 64.4%**
Minorities	(147)	(100)	- 47	+ 46.9%	+ 53.4%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**920**	**583**	**+ 337**	**+ 57.7%**	**+ 66.4%**
Purchase Price Allocation effect	(4)	(61)	+ 57	- 93.0%	- 92.9%
Goodwill impairment	-	-	-	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**916**	**522**	**+ 393**	**+ 75.3%**	**+ 85.9%**

Notes:
1. Changes at constant foreign exchange rates and perimeter.

Segment reporting (Summary)

Key Figures by Business Segment

(€ million)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	POLAND	CEE DIVISION	CIB	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER[1]	NON-CORE	CONSOLIDATED GROUP TOTAL
Income Statement											
OPERATING INCOME											
H1 2016	3,922	1,257	776	845	2,049	2,172	423	289	(38)	(79)	**11,615**
H1 2015	*3,953*	*1,331*	*773*	*868*	*1,895*	*2,136*	*455*	*268*	*(252)*	*58*	***11,484***
OPERATING COSTS											
H1 2016	(2,215)	(958)	(632)	(374)	(741)	(857)	(258)	(118)	(288)	(139)	**(6,579)**
H1 2015	*(2,148)*	*(1,017)*	*(674)*	*(392)*	*(727)*	*(908)*	*(288)*	*(120)*	*(344)*	*(237)*	***(6,853)***
OPERATING PROFIT											
H1 2016	1,707	298	144	471	1,308	1,315	165	171	(326)	(218)	**5,036**
H1 2015	*1,806*	*315*	*99*	*476*	*1,168*	*1,228*	*167*	*148*	*(596)*	*(179)*	***4,631***
PROFIT BEFORE TAX											
H1 2016	980	298	(143)	369	875	1,000	144	166	(615)	(1,014)	**2,060**
H1 2015	*1,196*	*181*	*28*	*372*	*679*	*982*	*158*	*141*	*(652)*	*(963)*	***2,123***
Balance Sheet											
LOANS TO CUSTOMERS											
as at June 30, 2016	138,353	80,768	48,654	27,092	59,242	109,509	-	880	(6,104)	30,761	**489,155**
as at December 31, 2015	*131,558*	*80,431*	*49,119*	*28,621*	*57,353*	*97,743*	*-*	*923*	*(7,556)*	*35,806*	***473,999***
DEPOSITS FROM CUSTOMERS AND DEBT SECURITIES IN ISSUE											
as at June 30, 2016	145,150	107,515	64,631	28,929	59,736	109,348	-	17,338	64,132	1,094	**597,873**
as at December 31, 2015	*145,257*	*106,389*	*63,783*	*30,862*	*58,692*	*96,559*	*-*	*16,084*	*65,402*	*1,695*	***584,723***
TOTAL RISK WEIGHTED ASSETS											
as at June 30, 2016	79,182	35,372	23,685	25,001	94,394	78,055	1,751	1,805	32,584	27,431	**399,260**
as at December 31, 2015	*77,008*	*34,030*	*24,969*	*26,354*	*93,055*	*68,249*	*1,920*	*1,804*	*32,036*	*31,174*	***390,599***
EVA											
H1 2016	272	28	(51)	73	208	319	85	70	(612)	(772)	**(380)**
H1 2015	*330*	*(71)*	*(51)*	*66*	*(209)*	*243*	*106*	*56*	*(940)*	*(847)*	***(1,317)***
Cost/income ratio											
H1 2016	56.5%	76.3%	81.4%	44.3%	36.1%	39.5%	61.1%	40.8%	n.s	- 175.0%	**56.6%**
H1 2015	*54.3%*	*76.4%*	*87.2%*	*45.2%*	*38.4%*	*42.5%*	*63.2%*	*44.7%*	*- 136.4%*	*410.4%*	***59.7%***
Employees											
as at June 30, 2016	37,028	11,039	6,153	17,417	28,408	3,837	1,959	1,025	16,474	548	**123,888**
as at December 31, 2015	*37,103*	*11,542*	*6,440*	*17,606*	*28,485*	*3,946*	*1,986*	*1,019*	*16,666*	*717*	***125,510***

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

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

Group historical data

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

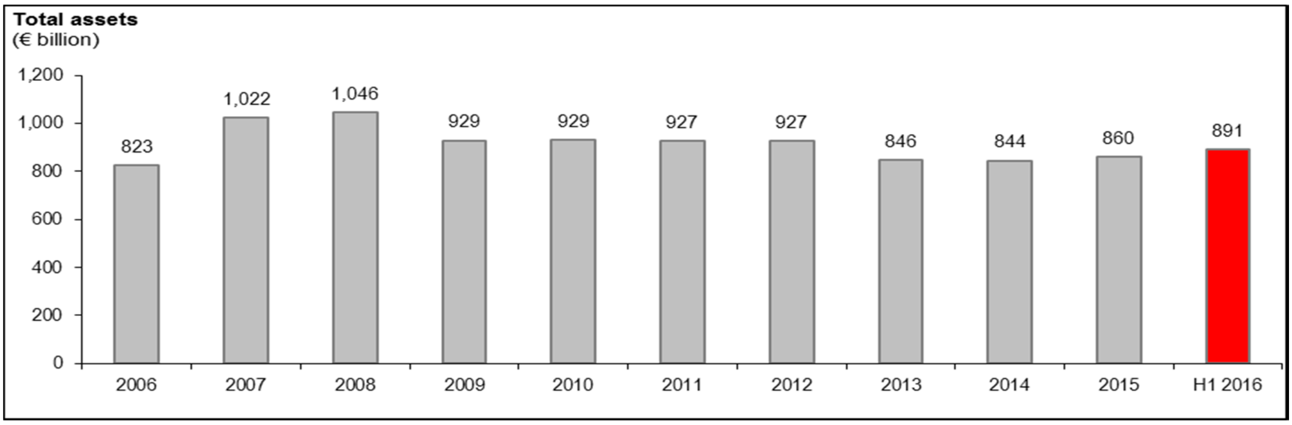
This expansion was characterized, particularly:

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

Group Figures 2006 - 2016

	IAS/IFRS										
	H1 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Income Statement (€ million)											
Operating income	11,615	22,405	22,513	23,973	25,049	25,200	26,347	27,572	26,866	25,893	23,464
Operating costs	(6,579)	(13,618)	(13,838)	(14,801)	(14,979)	(15,460)	(15,483)	(15,324)	(16,692)	(14,081)	(13,258)
Operating profit (loss)	5,036	8,787	8,675	9,172	10,070	9,740	10,864	12,248	10,174	11,812	10,206
Profit (loss) before income tax	2,060	2,671	4,091	(4,888)	317	2,060	2,517	3,300	5,458	9,355	8,210
Net profit (loss) for the period	1,570	2,239	2,669	(3,920)	1,687	644	1,876	2,291	4,831	6,678	6,128
Net profit (loss) attributable to the Group	1,321	1,694	2,008	(13,965)	865	(9,206)	1,323	1,702	4,012	5,961	5,448
Balance Sheet (€ million)											
Total assets	891,477	860,433	844,217	845,838	926,827	926,769	929,488	928,760	1,045,612	1,021,758	823,284
Loans and receivables with customers	489,155	473,999	470,569	503,142	547,144	559,553	555,653	564,986	612,480	574,206	441,320
of which: Non-Performing loans	*19,696*	*19,924*	*19,701*	*18,058*	*19,360*	*18,118*	*16,344*	*12,692*	*10,464*	*9,932*	*6,812*
Deposits from customers and debt securities in issue	596,408	584,268	560,688	571,024	579,965	561,370	583,239	596,396	591,290	630,533	495,255
Shareholders' Equity	50,123	50,087	49,390	46,841	62,784	51,479	64,224	59,689	54,999	57,724	38,468
Profitability ratios (%)											
Operating profit (loss)/Total assets	0.56	1.02	1.03	1.08	1.09	1.05	1.17	1.32	0.97	1.16	1.24
Cost/income ratio	56.6	60.8	61.5	61.7	59.8	61.4	58.8	55.6	62.1	54.4	56.5

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

	H1 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Share price (€) (*)											
- maximum	5.015	6.550	6.870	5.630	4.478	13.153	15.314	17.403	31.810	42.841	37.540
- minimum	1.879	4.910	5.105	3.238	2.286	4.222	9.820	4.037	8.403	28.484	30.968
- average	3.283	5.889	5.996	4.399	3.292	8.549	12.701	11.946	21.009	36.489	34.397
- end of period	1.970	5.135	5.335	5.380	3.706	4.228	10.196	14.730	9.737	31.687	37.049
Number of outstanding shares (million)											
- at period end[1]	6,180	5,970	5,866	5,792	5,789.0	1,930.0	19,297.6	16,779.3	13,368.1	13,278.4	10,351.3
- shares cum dividend	6,084	5,873	5,769	5,695	5,693.0	1,833.0	18,330.5	18,329.5	13,372.7	13,195.3	10,357.9
of which: savings shares	*2.52*	*2.48*	*2.45*	*2.42*	*2.4*	*2.4*	*24.2*	*24.2*	*21.7*	*21.7*	*21.7*
- average[1]	6,040	5,927	5,837	5,791	5,473.0	1,930.0	19,101.8	16,637.8	13,204.6	11,071.6	10,345.2
Dividend											
- total dividends (€ million)		706	697	570	512	(***)	550	550	(**)	3,431	2,486
- dividend per ordinary share		0.120	0.120	0.100	0.090	(***)	0.030	0.030	(**)	0.260	0.240
- dividend per savings share		0.120	1.065	0.100	0.090	(***)	0.045	0.045	(**)	0.275	0.255

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

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

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

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

In 2011 the following operations were carried out:

- the €2.5 billion free capital increase, through the allocation to capital of an equivalent amount transferred from the "Issue-premium reserve";
- the reverse stock split of ordinary and savings shares based on a ratio of 1 new ordinary or savings share for every 10 existing ordinary or savings shares;
- 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 May 13, 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 May 13, 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 April 14, 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

Earnings Ratios

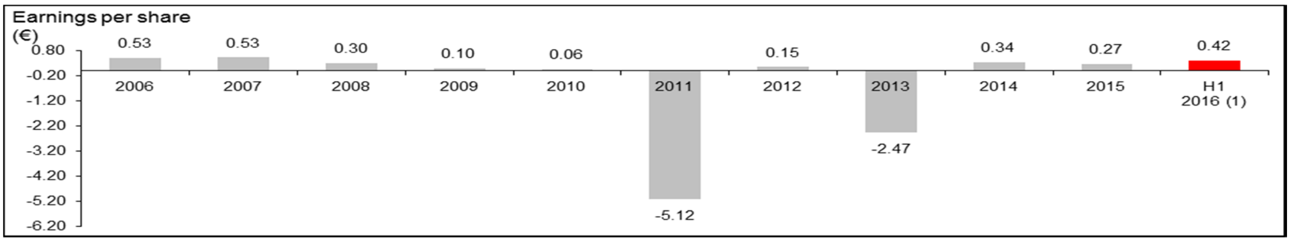
	IAS/IFRS										
	H1 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Shareholders' Equity (€ million)	50,123	50,087	49,390	46,841	62,784	51,479	64,224	59,689	54,999	57,724	38,468
Group portion of net profit (loss) (€ million)	1,321	1,694	2,008	(13,965)	865	(9,206)	1,323	1,702	4,012	5,961	5,448
Net worth per share (€)	8.11	8.39	8.42	8.09	10.85	26.67	3.33	3.56	4.11	4.35	3.72
Price/Book value	0.24	0.61	0.63	0.67	0.34	0.16	3.06	4.14	2.37	7.28	9.97
Earnings per share[1] (€)	0.423	0.27	0.34	-2.47	0.15	-5.12	0.06	0.10	0.30	0.53	0.53
Payout ratio (%)		41.7	34.7	-4.1	59.2		41.6	32.3	(*)	58.1	45.6
Dividend yield on average price per ordinary share (%)		2.04	2.00	2.27	2.73		1.55	1.58	(*)	3.98	3.90

1. Annualized figure. 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 December 31, 2008 was €0.30 and has now been amended to €0.26 due to the increase in the number of shares following the capital increase (IAS 33 § 28). 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 and for 2015 of €100 million and for 2016 first half of €65 million.



IAS/IFRS

1. Annualized figure.

Macroeconomic situation, banking and financial markets

International situation

USA/Eurozone

In the first half of the year, the global recovery expanded at a moderate pace. Rising populism, the Brexit referendum, the refugee crisis and the macroeconomic uncertainty surrounding the emerging world all weighed on global growth. So far, the UK economy has performed well, but the uncertainty generated by the decision to depart from the EU will likely trigger a mild technical recession by the end of the year. In the eurozone, the fundamentals remain solid and the Brexit spillovers will crucially depend on the extent of the deterioration in UK growth and will materialize through a complex mix of trade, financial and confidence channels. While the outlook for Japan remains subdued, economic activity is expected to recover in the United States. Growth prospects in emerging economies, however, have been hampered by structural hurdles and macroeconomic imbalances, aggravated in some cases by the tightening of financial conditions as well as the collapse in commodity prices. In China, GDP growth remains consistent with a soft landing scenario, while in Russia, still in the midst of a deep recession, funding costs remain elevated despite the easing of financing conditions during 2015. In contrast to what observed at the beginning of the year, financial markets across the developed world experienced a period of a more contained volatility between early March and early June 2016. Brexit will likely heighten financial market volatility.

Before the Brexit, hard and soft indicators (mainly survey indicator) were consistent with a 1.7% Eurozone GDP growth in 2016. Indeed, economic activity expanded by a solid 0.6% qoq in the first quarter and economic indicators available so far anticipate a further GDP expansion of 0.3% qoq in the second quarter. Domestic demand continues to be the main engine of growth, while net exports were slightly negative or flat at best as a result of sluggish global trade. In the wake of Brexit, we lowered our Eurozone GDP forecasts for the next year, while economic activity is expected to continue to expand by 1.6% in 2016.

Weak commodity prices continue to negatively weigh on inflationary pressures. In June, the inflation rate in the eurozone was just 0.1%. The "core" component (which excludes volatile goods like energy and food) also remains low, around 0.9%. Headline inflation set to accelerate towards the end of the year.

Given the high uncertainty surrounding the global economic outlook the Fed has paused its hiking cycle, while the ECB adopted a bold package of easing measures in March. The refi rate and the marginal lending rates were lowered by 5bps, to 0.0% and 0.25% respectively. The deposit rate was cut by 10bp to -0.40%. The monthly pace of asset purchases was raised to EUR 80 billion from EUR 60 billion, while liquidity measures included a new set of four TLTRO with maturity of four years and with interest rates ranging from the refi rate (0.0%) to the depo rate (-0.4%), depending on the evolution of lending volumes.

In the US, domestic demand remains the main driver of growth, supported by strong job growth, rising nominal wages and an increase in real disposable income. The energy sector is adjusting to the new, more sustainable price conditions and this should bode well for growth too. Net exports are likely to remain a drag on activity given the past strengthening of the US dollar and weak growth in foreign demand. The uncertainty generated by the Brexit referendum, coupled with a disappointing performance of emerging markets, has pushed the Fed to adopt a cautious approach, even in the face of rather solid macroeconomic data in the US. Once this uncertainty has gradually lifted, the Fed will likely tighten its monetary policy, with at least one rate hike taking place by the end of the year.

Banking and financial markets

In the first half of 2016, the credit recovery continued in the eurozone, albeit gradually. Lending to non-financial corporations, in particular, has been characterized by a strengthening in the pace of expansion, with an annual growth rate of 1.2% in May 2016 (the latest data available), which compares with a stabilization at the end of 2015. Loans to households, however, continued to grow at a rate of close to 2.0%, on an annual basis, in line with growth at the end of 2015. In the three countries of reference for the group, loans to households showed good growth momentum, with Germany seeing a further strengthening of the recovery in this segment. In contrast, the progress of loans to non-financial corporations has been modest in Italy, still characterized by negative growth rates, while in Germany, business loans have continued to expand at a faster pace than the euro area average.

As for bank funding at a system level, in the first half of 2016 in the three countries of reference for the group, bank deposit developments were mainly characterized by a clear dichotomy between an acceleration of sight deposits and further weakness in deposits over the medium and longer term (excluding bonds), which, however, supported a further expansion of total deposits. This framework is certainly consistent with the persistence of the low yields of bank liabilities.

The first half of 2016 was also characterized by further declines in interest rates, both for bank loans and for bank deposits. The downward trend of bank interest rates continues to be driven by the highly expansive monetary policy of the European Central Bank. And this monetary policy framework is not expected to change anytime soon. In all three core countries in the group, the bank spread (i.e. the difference between the average rate on loans and the average rate on deposits) showed a further gradual decline.

Group Results

Financial markets in the eurozone saw a return to higher volatility at the end of the first half of 2016, which negatively affected the banking sector in Italy in particular. This volatility was mainly related to higher uncertainty about possible further action by the Fed and the outcome of the UK's EU referendum. In terms of the impact on the equity market performance, in June 2016, the Italian stock market posted the worst performance among the three core countries of the group, with a cumulative reduction of approximately 25%, compared to December 2015. Next came the Austrian stock market, which was down by about 13%. Meanwhile, the German stock exchange ended the first half of the year with a fall of about 10%, in cumulative terms, compared to December 2015.

CEE Countries

Thus far, 2016 has been a rollercoaster ride for CEE, with gyrations between risk-on and risk-off sentiment resulting in sharply increased financial markets volatility. This volatility, along with a temporary drop in EU transfers at the start of the new programming period have had a dampening effect on growth. As the outlook seems to have started improving in 2Q16 amid increased dovishness of the world's major central banks and the fledging recovery in the EA, the Brexit shock, and, more recently, the failed coup attempt in Turkey have changed the outlook materially – not so much for this year but rather for 2017. We are less concerned about financial markets (except for Turkey), as they will continue to be supported by the extraordinary monetary accommodation by the major central banks, but rather for the growth outlook, especially for next year. This said, while the moderation in growth will be significant, on the order of 0.8 pp, no country will slip into recession or stagnation, and financial stability will not be threatened.

Economic growth in 1Q16 surprised to the downside in most of CEE-EU and in Turkey. In the former, a temporary export weakness and a drop-off in EU transfers from last year's peak have been the main drivers. In Turkey, growth slowed as a result of disappointing exports and flagging investment. Serbia and Croatia recorded faster pace of economic expansion, but even so, growth in both still lags that in the CEE-EU. Finally, Russia and Ukraine remained in recession, but its pace has slowed dramatically and we expect in both growth to bottom out during the summer.
In all countries in the region except for Russia and Ukraine, growth has been led by domestic demand. In CEE-EU, this mainly reflected sharply improved labor markets and accelerating real wage growth, facilitated in part by continued very low inflation, while improved confidence has helped buoy private investment. However, weak 1Q outturn has led us to revise downwards this year's growth forecasts for the Czech Republic, Hungary and Poland. Growth projections have been revised upwards, by contrast, for Bulgaria and Romania.

Growth in CEE has been supported also by continued ultra-easy monetary policy with interest rates at record lows, as well as stepped-up fiscal easing. This said, with external positions broadly balanced and revenues cyclically strong, the above-potential growth has not led to the emergence of macroeconomic imbalances.
Inflation remains well below central banks' targets and is unlikely to reach them until late 2017 at the earliest. However, while scope for policy accommodation is plentiful this year, it will be much more constrained next year, especially in Poland and Romania.
Growth in Turkey has been also driven by private consumption and stepped-up government spending, but unlike CEE-EU, investment has remained moribund for a fourth consecutive year. Also unlike CEE-EU, inflation in Turkey is the highest in the region and rising and the already large underlying current account deficit has continued deteriorating. Despite the buildup of substantial demand pressures the authorities have embarked on a significant fiscal and monetary expansion. These policies, along with the surge in political tensions following the failed coup d'état and the government's reprisals that followed, have sharply raised market volatility and have increased downside risks for growth, both in the short term and in the medium term.

In Russia, higher oil prices, prudent policies and gradually advancing enterprise-level restructuring have improved the near-term outlook. We expect growth to return during the summer and proceed ay a modest pace of 1-1.5% p.a. While full-year GDP would still contract 1.2% this year, next year it ought to increase by a similar magnitude next year, with Russia least affected by Brexit in CEE. Thanks to a collapse in domestic demand and tight fiscal and monetary policies, inflation has reverted to a firm downward path, enabling the CBR to resume with moderate rate cuts. The currency has stabilized, buoyed in part by renewed capital inflows driven by high nominal yields and improved fundamentals. The fiscal situation remain difficult, however, with the dramatic fall in revenues instilled by the drop in oil prices and the weak economy widening the fiscal deficit towards levels that will be difficult to finance, especially next year, when further austerity seems unlikely ahead of the March 2018 presidential election.
In Ukraine, the economy has continued to crawl along the bottom. With the impact of the war-related loss in production capacities in the East now out of the base, the decline has stopped, but there seem to be few factors supporting a meaningful recovery. The financial system remains in limbo, necessitating widespread capital controls that are crippling businesses. A prolonged political crisis has deferred IMF disbursements, complicating the already tense externa financing situation. Inflation remains in the double digits and the current account in deficit despite the weak economy. More importantly, lack of progress in advancing key structural and institutional reforms continues to hamper enterprise restructuring, a sorely needed reform of public finances and investor interest. While we expect the government to do just enough to secure the renewal of IMF lending in the next couple of months, the medium-term outlook remains clouded.

Main results and performance for the period

Introduction

In the first half 2016 the Group recorded a net profit equal to €1,321 million, increasing by 27.7% (up by 38.1% at constant exchange rates) compared with the same period in 2015, which closed at €1,034 million. The result of the first half of the year has been affected by restructuring charges in Austria and Italy for a total amount of € 295 million, as well as by the new warranty fee for the maintenance of the DTA transformation scheme for €128 million. However, the first half benefited from €196 million gains resulting from the effects related to the termination of securitization transactions, furthermore have been accounted capital gains from the disposal of VISA Europe stakes held by Group legal entities for €216 million. Excluding the mentioned non-recurring items the first half Group net profit would amount to €1,332 million.

"Core" segment (that includes the strategic business segments and in line with the risk strategies determined by the Group) contributed to this result for €1,977 million, increasing by 16.8% compared with the same period in 2015 (up by 22.7% at constant exchange rates). The growth was mainly attributable to higher revenues (up by 2.4%), to costs containment (down by 2.7%) and to net write-downs on loans decline (down by 20.9%), while a negative trend of non-operating items has been recorded.

In contrast the "Non-core" activities (that includes non-strategic segments and/or those with a considered poor fit to the Group's risk-adjusted return framework, to be managed with the aim of reducing the overall exposure) in first half 2016 registered a loss of €656 million as an effect of lower revenues caused by the progressive decrease of loans volumes, by the growing incidence of the non-performing component that do not accrue interests and by the still high provisions on credit risk.
The first half loss of "Non-core" activities decreased by 0.3% compared with the one of the same period of last year.

Operating income

In the first half 2016 Group's revenues amounted to €11,615 million, increasing by 1.1% over the same period 2015 (up by 2.5% at constant exchange rates) mainly due to trading result dynamics, dividends and other operating income. In particular net interest amounted to €5,795 million, falling by 2.8% over first half 2015, dividends (which include companies accounted for using the equity method's profit) to €510 million, increasing by 31.8% over first half 2015, net fees and commissions to €3,878 million, decreasing by 3.3% over first half 2015, while net trading, hedging and fair value income increased by 20.1% to €1,312 million. Finally net other expenses/income in first half totalized €121 million, in comparison to €31 million of the same period last year.

Almost the whole revenues (€11,695 million) were attributable to the "core" segment, increasing compared with the previous year (up by 3.7% at constant exchange rates) mainly attributable to a higher net trading, hedging and fair value income, to dividends and to other operating income, only partially offset by the decrease of the fees and commissions (down by 1.7% at constant exchange rates compared to first half 2015). Net interest remained substantially stable (up by 0.3% at constant exchange rates).

In particular "core" segment's net interest amounted equal to €5,866 million, decreasing by 1.1% over the previous year, but substantially stable at constant exchange rates (up by 0.3%).
Net interest was still characterized by the reduction of interests income on lending to customers, offset by the reduction of the average cost of commercial funding and by the growth of the other non-commercial components. Also in the first half 2016 the progressive reduction of credit spreads continued, in an environment of falling interest rates, moved to a negative territory (average 3 months Euribor equal to -0.22% in the first half 2016 compared with 0.02% in the same period 2015).

Net interests result has took place in a quite improving loans dynamic. In particular loans to customers related to the "core" segment (equal to €458.4 billion as of June 30, 2016) were up by 5.9% over the previous period of last year (up by 6.7% at constant exchange rates); also if compared to the previous quarter they continued to show some stabilization signs, with the stock of commercial loans to customers growing by 1.9% (up by 2.0% at constant exchange rates).
The evolution of commercial loans to customers volumes of "core" segment shows broad growths at geographical level: compared to first half 2015 both Western Europe registered an increase (up by 4.5%), in particular due to Italy up by 5.8%, Germany up by 4.8% and Austria up by 0.8% and the countries of CEE Region (up by 2.0% at constant exchange rates) driven by Czech Republic (up by 4.9% at constant exchange rates), Romania (up by 8.6% at constant exchange rates) Bulgaria (up by 1.2% at constant exchange rates) and Hungary (up by 9.7% at constant exchange rates), while Russia (down by 3.7% at constant exchange rates) and Poland (down by 0.3% at constant exchange rates) showed a decline.

Direct funding from customers (deposits and securities) of "core" segment was growing by 3.0% (up by 3.6% at constant exchange rates) over the first half 2015. Such a trend was a result of the commercial direct funding from customers (up by 4.3%), while the institutional component was quite stable (down by 0.1%).
Focusing on commercial direct funding from customers, the Western Europe countries were growing by 4.7%, with Italy up by 2.0%, Germany up by 12.7% and Austria up by 0.2%. The CEE Region kept a balance between loans and deposits, growing by 2.7% (up by 6.8% at constant exchange rates) over the previous year, driven by Poland (up by 1.2% at constant exchange rates), Russia (up by 4.3% at constant exchange rates), Czech Republic (up by 8.4% at constant exchange rates), Bulgaria (up by 11.9% at constant exchange rates), Croatia (up by 11.7% at constant exchange rates), Hungary (up by 18.7% at constant exchange rates) and Romania (up by 33.7% at constant exchange rates).
As a consequence of the above outlined dynamics, in the first half 2016, a commercial funding surplus "core" (which excludes institutional

Group Results

component) of €14.1 billion was recorded, compared to €9.3 billion of first half 2015.

"Core" segment's dividends (which include the profits of the companies accounted for using the equity method) in the first half 2016 amounted at €510 million, growing by €123 million compared with the same period 2015.

With regard to net fees and commissions related to the "core" segment, in the first half 2016 they amounted to €3,890 million, decreasing by 2.2% (down by 1.7% at constant exchange rates) over the same period of the previous year.
Decrease was mainly attributable to transactional services fees (down by 8.2% compared with the first half 2015) and to investment services (down by 0.4% compared with the first half 2015), hit by the shrinkage of assets under management's products (down by 2.1% compared with the first half 2015) due to lesser gross sales compared to the first half of previous year. Financing services fees were instead growing (up by 1.9% over the first half 2015) thanks to the commercial loans increase.
"Core" segment's net trading, hedging and fair value income in the first half 2016 was €1,288 million, growing by 19.1% over the same period 2015 (up by 21.0% at constant exchange rate). To such a result contributed the disposal of VISA Europe stakes (€306 million) and the effects related to the termination of securitization transactions.

Finally, "core" segment's net other expenses/income in the first half 2016 amounted to €140 million, up by €92 million over the first half 2015.

Regarding "Non-core" segment, in the first half 2016 it registered -€79 million of revenues, compared to €58 million of over the first half last year. Such a trend was consistent with the 25.1% reduction of customers loans, coupled with a higher weight of the portion of impaired loans that do not accrue interests.

Operating income

(€ million)

	H1									
	2015		2016		% CHANGE		2016 Q2		% CHANGE ON Q1 2016	
	GROUP	O/W CORE	GROUP	O/W CORE	GROUP	O/W CORE	GROUP	O/W CORE	GROUP	O/W CORE
Net interest	5,962	5,933	5,795	5,866	- 2.8%	- 1.1%	2,918	2,963	+ 1.4%	+ 2.1%
Dividends and other income from equity investments	387	387	510	510	+ 31.8%	+ 31.8%	299	299	+ 41.0%	+ 41.0%
Net fees and commissions	4,011	3,976	3,878	3,890	- 3.3%	- 2.2%	1,932	1,943	- 0.7%	- 0.2%
Net trading income	1,092	1,081	1,312	1,288	+ 20.1%	+ 19.1%	950	945	+	+
Net other expenses/income	31	47	121	140	+	+	41	55	- 49.2%	- 35.1%
Operating income	**11,484**	**11,426**	**11,615**	**11,695**	**+ 1.1%**	**+ 2.4%**	**6,139**	**6,205**	**+ 12.1%**	**+ 13.0%**

Operating costs

Group's operating costs were equal to €6,579 million in the first half 2016, decreasing by 4.0% compared with the same period 2015 (down by 3.4% at constant exchange rates). In detail staff expenses were equal to €4,049 million, decreasing by 4.0% over last year, other administrative expenses were equal to €2,423 million, decreasing by 6.2% over last year, expenses recovery were equal to €371 million, down by 7.5% over last year. Finally, write-downs on tangible and intangible assets were equal to €477 million, increasing by 5.9% over last year.

Such a result on operating costs was driven by Group's "core" segment, which registered €6,441 million in the period, lower by 2.7% over the same period of 2015 (down by 2.0% at constant exchange rates), thanks to savings both in staff expenses and in other administrative expenses.

Analyzing more in detail the single components, staff expenses related to the "core" segment in the first half 2016 were €4,024 million, decreased by 3.0% over the same period 2015 (down by 2.5% at constant exchange rates).
Such a trend was achieved mainly thanks to the general dynamic of employees reduction and to the pension scheme restructuring which took place in Austria.

Concerning "core" segment's other administrative expenses, they amounted to €2,251 million in the first half 2016, decreasing by 4.4% in comparison to the same period 2015. Good part of the expenses reduction was driven by lower consulting, legal, ICT and real estate expenses.

The expenses recovery "core" item in first half 2016 was €310 million, substantially in line with the €338 million of the same period last year.

Finally, the write-downs on tangible and intangible assets of "core" segment in the first half 2016 were €476 million, growing by 5.8% (up by 6.9% at constant exchange rates), mainly as a consequence of the IT investments carried out.

Overall "core" segment's total operating costs excluding staff expenses were reducing (down by 2.0%) over the same period of 2015.

Operating costs related to the "non-core" segment in the first half 2016 were €139 million, down by 41.5% over the same period 2015, mainly as a consequence of the credit recovery company UniCredit Credit Management Bank (UCCMB) disposal.

Operating costs

(€ million)

	H1									
	2015		2016		% CHANGE		2016 Q2		% CHANGE ON Q1 2016	
	GROUP	O/W CORE	GROUP	O/W CORE	GROUP	O/W CORE	GROUP	O/W CORE	GROUP	O/W CORE
Payroll costs	(4,220)	(4,150)	(4,049)	(4,024)	- 4.0%	- 3.0%	(2,022)	(2,011)	- 0.3%	- 0.1%
Other administrative expenses	(2,583)	(2,354)	(2,423)	(2,251)	- 6.2%	- 4.4%	(1,221)	(1,148)	+ 1.6%	+ 4.0%
Recovery of expenses	401	338	371	310	- 7.5%	- 8.2%	195	152	+ 10.7%	- 4.5%
Write downs of tangible and intangible assets	(451)	(450)	(477)	(476)	+ 5.9%	+ 5.8%	(241)	(240)	+ 1.7%	+ 1.7%
Operating costs	**(6,853)**	**(6,616)**	**(6,579)**	**(6,441)**	**- 4.0%**	**- 2.7%**	**(3,289)**	**(3,247)**	**-**	**+ 1.7%**

The growth of the revenues, jointly with the costs decrease, led to €5,036 million Group gross operating profit in the first half 2016, up by 8.8% over the same half 2015 (up by 11.3% at constant exchange rates). It has been better the gross operating profit of "core" segment, growing by 9.2% (up by 11.7% at constant exchange rates).

The cost income ratio of "core" segment amounted to 55.1% in the first half 2016, improving by 2.8 percentage points over the first half 2015.

Gross operating profit related to the "non-core" segment in the first half 2016 was -€218 million, against -€179 million in the first half 2015 as an effect of lower revenues caused by the progressive decrease of loans volumes and by the growing incidence of the non-performing component that does not accrue interests.

Group Results

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 the first half 2016, were €1,669 million, significantly reduced compared to the same period 2015 (down by 11.8%).

In the first half 2016 Group gross impaired loans decreased by €2.7 billion (down by 3.3%) over the beginning of the year figures, with an incidence on total loans of 14.50% compared to 15.42% at 2015 year end. Coverage ratio (52.41%) has improved in comparison to the value registered at 2015 year end (51.20%).

With regard to the "core" segment, in first half 2016 net write-downs on loans and provisions for guarantees and commitments amounted to €926 million, decreasing by 20.9% (down by 19.2% at constant exchange rates) over the same period 2015.
Cost of risk was 41 basis points in first half 2016, improved in comparison to the same period of the previous year (amounted to 54 basis points), showing however relevant differences on geographical basis, with Italy amounting to 51 basis points, Germany 22 basis points, Austria -14 basis points, Poland 18 basis points and CEE 113 basis points.

The "core" segment's gross impaired loans at June the 30, 2016 were decreasing by €1.072 million compared to December 31, 2015 (down by 3.9%). Thanks to this decrease over the last quarter 2015, the growth of gross impaired loans on total loans ratio improved, moving from 6.11% in December 2015 to 5.62% in June 2016. Gross non-performing loans stock was at €13.9 billion, increasing by €160 million over December 2015.

Regarding "Non-core" segment, instead, Net write-downs on loans and provisions for guarantees and commitments confirm the level of last year moving from €722 million in the first half 2015 to €743 million in the first half 2016.

"Non-core" segment's impaired loans as of June 30, 2016 were €50.4 billion, decreasing by 3.0% in comparison to €52.0 billion as of 2015 year end. Non-performing loans were €37.4 billion, stable on the 2015 year end level.
Coverage ratio of "Non-core" segment as of June 30, 2016 was at 52.95% in comparison to 52.37% as of 2015 year end.

Loans to customers - Asset quality

(€ million)

	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE	TOTAL (*) NON-PERFORMING	PERFORMING	TOTAL LOANS
As at 06.30.2016						
Gross Exposure	51,285	23,703	2,116	**77,105**	454,691	**531,796**
as a percentage of total loans	*9.64%*	*4.46%*	*0.40%*	***14.50%***	*85.50%*	
Writedowns	31,589	8,238	580	**40,408**	2,232	**42,640**
as a percentage of face value	*61.60%*	*34.76%*	*27.41%*	***52.41%***	*0.49%*	
Carrying value	19,696	15,465	1,536	**36,697**	452,458	**489,155**
as a percentage of total loans	*4.03%*	*3.16%*	*0.31%*	***7.50%***	*92.50%*	
As at 12.31.2015						
Gross Exposure	51,089	26,054	2,617	**79,760**	437,495	**517,255**
as a percentage of total loans	*9.88%*	*5.04%*	*0.51%*	***15.42%***	*84.58%*	
Writedowns	31,165	8,968	707	**40,840**	2,417	**43,257**
as a percentage of face value	*61.00%*	*34.42%*	*27.03%*	***51.20%***	*0.55%*	
Carrying value	19,924	17,086	1,910	**38,920**	435,079	**473,999**
as a percentage of total loans	*4.20%*	*3.60%*	*0.40%*	***8.21%***	*91.79%*	

(*) The perimeter of Impaired loans is substantially equivalent to the perimeter of EBA NPE exposures.

The information includes the full loans to customers portfolio of all the companies which are in the scope of the accounting consolidation, banking group and other companies.

From net operating profit to profit before tax

As a consequence of a gross operating profit growing by €405 million and net write-downs on loans down by €224 million over the first half 2015, Group's net operating profit amounted to €3,367 million in first half 2016, increasing by €630 million (up by 23.0%) compared to 2015.

The "core" segment contribution to net operating profit in first half 2016 was equal to €4,327 million, increasing by 18.9% compared with the same period of 2015.

Group's provisions for risk and charges were -€939 million, of which -€898 million related to the "core" segment. This item includes legal cases and estimated contingent liabilities of various nature totaling -€248 million, in addition to the systemic charges, amounting to -€691 million in the first half. These last include the contributions to the new Single Resolution Fund (SRF) and the Deposits Guarantee Scheme (DGS) charges, as well as the Bank Levies, in addition to the new guarantee fee for the DTA conversion for €191 million.

Integration costs were -€351 million against -€4 million registered in the first half 2015 that were mainly related to the pension scheme restructuring which took place in Bank Austria and to the managers leaving plan in Italy.

Finally, net income from investments was -€17 million, versus €13 million of first half 2015.

As an effect of the items above mentioned, in the first half 2016 the Group registered profit before tax of €2,060 million, compared to €2,123 million achieved in first half 2015 (down by 3.0%), of which €3,074 million related to the "core" segment (down by 0.4% in comparison to the €3,086 million of first half 2015) and -€1,014 million related to the "non-core" segment (in comparison to the -€963 million of the same period 2015).

Profit before tax by business segment

(€ million)

	OPERATING INCOME	OPERATING COSTS	NET WRITE-DOWNS ON LOANS AND PROVISIONS	NET OPERATING PROFIT	PROFIT BEFORE TAX H1 2015	PROFIT BEFORE TAX H1 2016
Commercial Banking Italy	3,922	(2,215)	(473)	1,234	1,196	980
Commercial Banking Germany	1,257	(958)	29	327	181	298
Commercial Banking Austria	776	(632)	7	151	28	(143)
Poland	845	(374)	(25)	446	372	369
Central Eastern Europe	2,049	(741)	(330)	979	679	875
Corporate & Investment Banking	2,172	(857)	(129)	1,186	982	1,000
Asset Management	423	(258)	-	165	158	144
Asset Gathering	289	(118)	(3)	168	141	166
Group Corporate Center	(38)	(288)	(2)	(328)	(652)	(615)
Non Core	(79)	(139)	(743)	(960)	(963)	(1,014)
Group Total	**11,615**	**(6,579)**	**(1,669)**	**3,367**	**2,123**	**2,060**

Group Results

Profit (loss) attributable to the Group

As a consequence of €2,060 million profit before tax, in the first half 2016 Group's income taxes were €493 million, from which derives a 23.9% tax rate, against the 27.3% of the same period last year.

Profit from discontinued operations net of taxes was €3 million and referred to the Ukrainian subsidiary Ukrsotsbank and Immobilien Holding group, classified according to the IFRS5.

Profit for the period in first half 2016 was €1,570 million, with the contribution of "core" segment amounting to €2,226 million, increasing by 10.2% (up by 15.3% at constant exchange rates) in comparison to the €2,020 million achieved in first half 2015.

Minorities were €240 million.

Purchase price allocation was -€8 million, decreasing in comparison to the -€126 million accounted in first half 2015.

Consequently, in first half 2016, a net profit attributable to the Group of €1,321 million was registered, growing by 27.7% (up by 38.1% at constant exchange rates) compared to €1,034 million profit registered in first half 2015.

The "core" segment in first half 2016 achieved €1,977 million profit attributable to the Group, increasing by 16.8% (up by 22.7% at constant exchange rates), in comparison to €1,692 million profit of first half 2015.

"Non-core" segment registers €656 million net loss attributable to the Group, in comparison to €658 million loss registered in first half 2015 (down by 0.3%).

Profit (loss) attributable to the Group

(€ million)

	H1									
	2015		2016		% CHANGE		2016 Q2		% CHANGE ON Q1 2016	
	GROUP	O/W CORE	GROUP	O/W CORE	GROUP	O/W CORE	GROUP	O/W CORE	GROUP	O/W CORE
Operating income	11,484	11,426	11,615	11,695	+ 1.1%	+ 2.4%	6,139	6,205	+ 12.1%	+ 13.0%
Operating costs	(6,853)	(6,616)	(6,579)	(6,441)	- 4.0%	- 2.7%	(3,289)	(3,247)	-	+ 1.7%
Operating profit (loss)	**4,631**	**4,810**	**5,036**	**5,254**	**+ 8.8%**	**+ 9.2%**	**2,850**	**2,958**	**+ 30.4%**	**+ 28.8%**
Net write-downs on loans and provisions for guarantees and commitments	(1,893)	(1,171)	(1,669)	(926)	- 11.8%	- 20.9%	(914)	(513)	+ 20.9%	+ 24.1%
Net operating profit (loss)	**2,737**	**3,639**	**3,367**	**4,327**	**+ 23.0%**	**+ 18.9%**	**1,937**	**2,445**	**+ 35.4%**	**+ 29.8%**
Provisions for risks and charges	(623)	(564)	(939)	(898)	+ 50.6%	+ 59.3%	(522)	(508)	+ 25.0%	+ 30.1%
Integration costs	(4)	(4)	(351)	(347)	n.s	n.s	(90)	(88)	- 65.2%	- 66.0%
Net income from investment	13	15	(17)	(8)	- 234.5%	- 153.1%	-	7	- 99.7%	- 146.5%
Profit (loss) before tax	**2,123**	**3,086**	**2,060**	**3,074**	**- 3.0%**	**- 0.4%**	**1,324**	**1,855**	**+ 80.0%**	**+ 52.2%**
Income tax for the period	(581)	(886)	(493)	(851)	- 15.1%	- 3.9%	(247)	(449)	+ 0.4%	+ 11.7%
Net profit (loss) of discontinued operations	(180)	(180)	3	3	- 101.8%	- 101.8%	(11)	(11)	- 177.0%	- 177.0%
Profit (loss) for the period	**1,363**	**2,020**	**1,570**	**2,226**	**+ 15.2%**	**+ 10.2%**	**1,067**	**1,396**	**+ 112.0%**	**+ 68.1%**
Minorities	(202)	(202)	(240)	(240)	+ 19.1%	+ 19.1%	(147)	(147)	+ 57.5%	+ 57.5%
Net profit (loss) attributable to the Group before PPA	**1,161**	**1,818**	**1,330**	**1,986**	**+ 14.6%**	**+ 9.2%**	**920**	**1,249**	**+ 124.4%**	**+ 69.4%**
Purchase Price Allocation effects	(126)	(126)	(8)	(8)	- 93.3%	- 93.3%	(4)	(4)	+ 0.1%	+ 0.1%
Goodwill impairment	-	-	-	-	n.s	n.s	-	-	n.s	n.s
Net profit (loss) attributable to the Group	**1,034**	**1,692**	**1,321**	**1,977**	**+ 27.7%**	**+ 16.8%**	**916**	**1,244**	**+ 125.7%**	**+ 69.8%**

Capital and Value Management

Principles of value creation and disciplined capital allocation

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

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

The process of capital allocation considers both economic capital, measured through the full evaluation of risks by risk management models, and regulatory capital, quantified applying internal capitalization targets to regulatory capital requirements.

Capital Ratios

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

Transitional Own Funds and Capital Ratios

(€ million)

	AS AT	
	06.30.2016 (*)	**12.31.2015**
Common Equity Tier 1 Capital	41,955	41,375
Tier 1 Capital	45,134	44,920
Total own funds	55,960	55,579
Total RWA	399,260	390,599
Common Equity Tier 1 Capital Ratio	**10.51%**	**10.59%**
Tier 1 Capital Ratio	**11.30%**	**11.50%**
Total Capital Ratio	**14.02%**	**14.23%**

(*) Transitional own funds and capital ratios (Basel 3), based on the applicable percentages for 2016.

The economic and financial crisis, which began in 2007, has raised an intense debate on the need to promote a stronger and more resilient financial system. Therefore, over the last 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 a series of changes relative to the requirements for banking institutions on capital and liquidity, also known as "Basel 3". The regulatory changes introduced by the Basel 3 framework define more stringent rules for capital requirements and introduce for the first time liquidity and leverage limits. According to the Basel 3 framework, the new rules 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 January 1, 2014: the Directive 213/36/EU and the Regulation n.575/2013. Moreover, in December 2013 Banca d'Italia published the "Circolare 285" which updated and adjusted to the new international regulation framework the rules on Italian banks and banking groups.
Italian banking groups are required to comply with the following minimum capital ratios: 4.5% CET1 ratio, 6% Tier 1 ratio and 8% Total Capital Ratio of 8%. Minimum ratios are are integrated by the combined buffer requirement which includes the capital conservation buffer, set at 2.5% for all Italian banking groups, extended, since January 2016, by the following, as applicable:

- institution specific coutercyclical capital buffer to be applied in the periods of excessive credit growth;
- global systemically important institution (G-SII) capital buffer for institutions relevant at global level;
- other systemically important institutions (O-SII) capital buffer for institutions relevant at local level.

Failure to comply with such combined buffer requirements triggers restrictions on distributions and the need to adopt a capital conservation plan.
As part of the transition arrangements, regulatory capital recognition of outstanding non-CET1 capital instruments that no longer meet the minimum criteria will be gradually phased out.

In March 2015 Banca d'Italia identified UniCredit banking group as a global systemically important institution (G-SIB) authorized to

Group Results

operate in Italy[1]. UniCredit group is in the first subcategory of global systemic importance. According to the transition period envisaged under Directive 2013/36/EU (Capital Requirements Directive IV – CRD IV), the UniCredit group is required to maintain a capital buffer for the G-SIIs of an amount equal to 0.25% from January 1, 2016. This buffer must be increased annually by 0.25% to reach 1% no later than January 1, 2019. This decision was confirmed by Banca d'Italia in December 2015.

In January 2016 Banca d'Italia has identified the UniCredit, Intesa Sanpaolo and Monte dei Paschi di Siena banking groups as domestic systemically important institutions (other systemically important institutions, OSIIs) authorized to operate in Italy.
Banca d'Italia has also decided to set an additional capital buffer ('O-SII buffer') equal to zero per cent for 2016 for the three banking groups[2].

Following the results of the Supervisory Review and Evaluation Process (SREP) performed by European Central Bank (ECB), UniCredit is required to meet on a consolidated basis a CET1 ratio transitional of 9.75% as of January 1, 2016. The G-SIB buffer of 0.25% in 2016 has to be applied on top of SREP ratio.
As of June 30, 2016, UniCredit's CET1 ratio transitional on a consolidated basis was equal to 10.51% for regulatory purposes, above the minimum SREP requirement, including the phase-in G-SIB buffer.

[1] The decision was taken pursuant to Banca d'Italia Circular No. 285 on prudential regulations for banks, published on December 17, 2013, which implements the CRD IV rules in Italy and specifies the criteria on which the methodology for identifying the G-SIIs is based. The criteria and data required to identify and classify the GSIIs among the various subcategories are listed in the Commission Delegated Regulation (EU) No 1222/2014 of 8 October 2014. The delegated regulation contains provisions consistent with the methodology used by the Basel Committee on Banking Supervision and the Financial Stability Board (FSB), in order to ensure that each year the banks identified as global systemically important institutions correspond to the European banks included on the FSB list, also published annually.
[2] The decision to identify the three banking groups as O-SIIs was taken pursuant to Banca d'Italia Circular No. 285/2013 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 methodology for identifying the O-SIIs 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 O-SIIs in EU jurisdictions. The Guidelines are consistent with the rules set by the Basel Committee on Banking Supervision to identify systemically important banks at a national level, the goal being uniformity in the identification process at an international level.

Shareholders' Equity attributable to the Group

The Shareholders' Equity of the Group, including the net profit of the period equal to €1,321 million, amounted to €50,123 million at June 30, 2016, compared to €50,087 million at December 31, 2015.

The statement of changes in Shareholders' Equity is included in the Consolidated Accounts.

The following table shows the main changes that occurred in 2016.

Shareholders' Equity attributable to the Group (€ million)

Shareholders' Equity as at December 31, 2015	**50,087**
Capital increase (net of capitalized costs)	-
Equity instruments	-
Disbursements related to Cashes transaction ("canoni di usufrutto")	(65)
Dividend payment (*)	(158)
Forex translation reserve (**)	105
Change in afs/cash-flow hedge reserve	(387)
Others (***)	(781)
Net profit (loss) for the period	1,321
Shareholders' Equity as at June 30, 2016	**50,123**

(*)The dividends distributed equal to €158 million mainly refer to the share of dividends paid in cash with respect to a total of approved dividends for Scrip dividend equal to €706 million. For further information, please see Part B – Liabilities, Section 15 of the Explanatory Notes.

(**)This positive effect is mainly due to the impact of the Ruble for 294 million, partially net of the negative impact of the Zloty for 156 million.

(***)This includes mainly the negative change in the reserves relating to the actuarial gains/losses on defined benefit plans of €703 million net of taxes and the negative change in the valuation reserve of the companies accounted for using the equity method for €59 million, mainly due to the revaluation of the items in Turkish Lira.

Capital Strengthening

During the first half of 2016 there were no transaction of capital strengthening.

On February 9, 2016 UniCredit's Board of Directors, pursuant to the powers conferred by the Extraordinary Shareholders' Meeting of April 29, 2011, the Extraordinary Shareholders' Meeting of May 11, 2012 and the Extraordinary Shareholders' Meeting of May 11, 2013, resolved to increase the share capital by € 40,674,329.08 by issuing 11,993,660 ordinary shares to be granted to the employees of UniCredit and of Group banks and companies.
Following the scrip dividend scheme approved by the Extraordinary Shareholders' Meeting of April 14, 2016, under which newly-issued ordinary and savings shares of the Company were allocated to the shareholders entitled to receive a dividend who did not opted for a cash payout, the share capital increased by € 548,551,596.24, corresponding to 198,646,706 ordinary shares and 44,219 savings shares.
Therefore, the share capital of the Bank is now € 20,846,893,436.94, divided in 6,180,343,073 shares with no face value, of which 6,177,818,177 ordinary shares and 2,524,896 savings shares.

Results by Business Segment

Commercial Banking Italy

Commercial Banking Italy is composed by UniCredit S.p.A. commercial network – except CIB clients – Leasing and Factoring. In relation to individual clients (Households and clients of specialized network Private Banking), Commercial Banking's goal is to offer a full range of investments and credit needs, relying on almost 3,450 branches and multichannel services provided by new technologies. In relation to corporate customers, Commercial Banking, with about 760 Managers divided in 131 Corporate branches, operates trying to guarantee both the support to the economic and entrepreneurial system and the profitability and quality of its portfolio.

Income Statement, Key Ratios and Indicators

(€ million)

COMMERCIAL BANKING ITALY	H1 2015	H1 2016	% CHANGE	2016 Q2	% CHANGE ON Q1 2016
Operating income	3,953	3,922	- 0.8%	1,990	+ 3.0%
Operating costs	(2,148)	(2,215)	+ 3.1%	(1,116)	+ 1.5%
Net write-downs on loans	(536)	(473)	- 11.7%	(236)	-
Net operating profit	1,270	1,234	- 2.8%	637	+ 6.8%
Profit before tax	1,196	980	- 18.0%	469	- 8.3%
Loans to customers (eop)	133,206	138,353	+ 3.9%	138,353	+ 1.9%
Customer deposits (incl. Securities in issue - eop)	143,698	145,150	+ 1.0%	145,150	+ 0.1%
Total RWA Eop	81,048	79,182	- 2.3%	79,182	+ 0.2%
EVA (€ million)	330	272	- 17.5%	126	- 13.6%
Absorbed Capital (€ million)	8,306	8,363	+ 0.7%	8,304	- 1.4%
ROAC	+ 19.79%	+ 15.92%	-388bp	+ 15.24%	-135bp
Cost/Income	+ 54.3%	+ 56.5%	215bp	+ 56.1%	-81bp
Cost of Risk	0.81%	0.70%	-11bp	0.69%	-2bp
Full Time Equivalent (eop)	37,054	37,028	- 0.1%	37,028	+ 0.2%

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, in Private Banking and especially in business with local corporate customers (including factoring and leasing). The Division also includes the local Corporate Center, which performs tasks as sub-holding towards other Subgroup legal entities.

Income Statement, Key Ratios and Indicators

(€ million)

COMMERCIAL BANKING GERMANY	H1 2015	H1 2016	% CHANGE	2016 Q2	% CHANGE ON Q1 2016
Operating income	1,331	1,257	- 5.6%	605	- 7.2%
Operating costs	(1,017)	(958)	- 5.8%	(479)	+ 0.2%
Net write-downs on loans	(66)	29	- 143.6%	7	- 69.1%
Net operating profit	249	327	+ 31.3%	132	- 32.2%
Profit before tax	181	298	+ 64.9%	139	- 12.6%
Loans to customers (eop)	79,563	80,768	+ 1.5%	80,768	+ 1.1%
Customer deposits (incl. Securities in issue - eop)	101,978	107,515	+ 5.4%	107,515	+ 0.6%
Total RWA Eop	33,402	35,372	+ 5.9%	35,372	+ 1.7%
EVA (€ million)	(71)	28	- 138.9%	6	- 71.6%
Absorbed Capital (€ million)	2,907	3,124	+ 7.4%	3,173	+ 3.2%
ROAC	+ 5.07%	+ 10.47%	540bp	+ 9.46%	-206bp
Cost/Income	+ 76.4%	+76.3%	-11bp	+ 79.3%	581bp
Cost of Risk	0.17%	-0.07%	-24bp	-0.03%	8bp
Full Time Equivalent (eop)	12,010	11,039	- 8.1%	11,039	- 1.6%

Results by Business Segment

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 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).

Income Statement, Key Ratios and Indicators

(€ million)

COMMERCIAL BANKING AUSTRIA	H1 2015	H1 2016	% CHANGE	2016 Q2	% CHANGE ON Q1 2016
Operating income	773	776	+ 0.5%	421	+ 18.7%
Operating costs	(674)	(632)	- 6.3%	(319)	+ 2.1%
Net write-downs on loans	4	7	+ 53.8%	10	n.s
Net operating profit	103	151	+ 46.6%	112	+ 190.2%
Profit before tax	28	(143)	n.s	87	- 137.8%
Loans to customers (eop)	48,603	48,654	+ 0.1%	48,654	- 0.5%
Customer deposits (incl. Securities in issue - eop)	64,308	64,631	+ 0.5%	64,631	- 0.6%
Total RWA Eop	26,550	23,685	- 10.8%	23,685	- 4.2%
EVA (€ million)	(51)	(51)	- 0.2%	24	- 131.7%
Absorbed Capital (€ million)	2,381	2,303	- 3.3%	2,276	- 2.3%
ROAC	+ 5.37%	- 13.66%	n.s.	+ 11.77%	n.s.
Cost/Income	+ 87.2%	+ 81.4%	-583bp	+ 75.8%	n.s.
Cost of Risk	-0.02%	-0.03%	-1bp	-0.09%	-11bp
Full Time Equivalent (eop)	6,488	6,153	- 5.2%	6,153	- 1.5%

Poland

Bank Pekao S.A. is one of the biggest banks in Poland providing a full range of banking services to individual and institutional clients. Bank Pekao has a nationwide network and a strong presence in all the major cities, enabling the Bank’s customers to have fully flexible and easy access to banking services all over the country.

Income Statement, Key Ratios and Indicators

(€ million)

POLAND	H1 2015	H1 2016	% CHANGE	2016 Q2	% CHANGE ON Q1 2016
Operating income	868	845	- 2.6%	462	+ 20.5%
Operating costs	(392)	(374)	- 4.6%	(187)	- 0.1%
Net write-downs on loans	(65)	(25)	- 60.8%	(30)	n.s
Net operating profit	411	446	+ 8.3%	245	+ 21.9%
Profit before tax	372	369	- 0.7%	202	+ 21.1%
Loans to customers (eop)	28,815	27,092	- 6.0%	27,092	- 1.6%
Customer deposits (incl. Securities in issue - eop)	30,784	28,929	- 6.0%	28,929	- 0.6%
Total RWA Eop	26,755	25,001	- 6.6%	25,001	- 1.7%
EVA (€ million)	66	73	+ 9.4%	43	+ 45.6%
Absorbed Capital (€ million)	1,273	1,282	+ 0.7%	1,265	- 2.6%
ROAC	+ 21.69%	+ 21.28%	-42bp	+ 23.58%	455bp
Cost/Income	+ 45.2%	+ 44.3%	-89bp	+ 40.5%	n.s.
Cost of Risk	0.46%	0.18%	-27bp	0.44%	51bp
Full Time Equivalent (eop)	17,916	17,417	- 2.8%	17,417	- 0.9%

CEE Division

UniCredit has a broad network of about 2,300 branches in Central and Eastern Europe. Its regional footprint is diverse and includes a direct presence in 16 countries (Azerbaijan, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine and Leasing activities in the 3 Baltic countries). The Group's market position in CEE provides local banks with substantial competitive advantages. This includes the sharing of best practices, significant economies of scale, access to international markets and strong brand recognition. Moreover, the diversified portfolio in this region enables modular growth and increased market penetration for UniCredit's global product lines.

Income Statement, Key Ratios and Indicators

(€ million)

CEE DIVISION	H1 2015	H1 2016	% CHANGE	2016 Q2	% CHANGE ON Q1 2016
Operating income	1,895	2,049	+ 8.1%	1,137	+ 24.6%
Operating costs	(727)	(741)	+ 1.8%	(379)	+ 5.0%
Net write-downs on loans	(395)	(330)	- 16.5%	(189)	+ 35.1%
Net operating profit	773	979	+ 26.6%	568	+ 38.2%
Profit before tax	679	875	+ 28.9%	533	+ 56.0%
Loans to customers (eop)	59,069	59,242	+ 0.3%	59,242	+ 2.1%
Customer deposits (incl. Securities in issue - eop)	56,098	59,736	+ 6.5%	59,736	- 2.2%
Total RWA Eop	95,651	94,394	- 1.3%	94,394	+ 2.0%
EVA (€ million)	(209)	208	- 199.8%	176	n.s
Absorbed Capital (€ million)	8,710	9,062	+ 4.0%	9,087	+ 0.6%
ROAC	+ 7.55%	+ 15.61%	n.s.	+ 18.60%	600bp
Cost/Income	+ 38.4%	+ 36.1%	-223bp	+ 33.4%	n.s.
Cost of Risk	1.35%	1.13%	-21bp	1.29%	32bp
Full Time Equivalent (eop)	28,867	28,408	- 1.6%	28,408	+ 0.2%

CIB

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

Income Statement, Key Ratios and Indicators

(€ million)

CORPORATE & INVESTMENT BANKING	H1 2015	H1 2016	% CHANGE	2016 Q2	% CHANGE ON Q1 2016
Operating income	2,136	2,172	+ 1.7%	1,111	+ 4.7%
Operating costs	(908)	(857)	- 5.6%	(436)	+ 3.5%
Net write-downs on loans	(112)	(129)	+ 15.3%	(74)	+ 34.4%
Net operating profit	1,116	1,186	+ 6.3%	601	+ 2.8%
Profit before tax	982	1,000	+ 1.9%	556	+ 25.1%
Loans to customers (eop)	89,281	109,509	+ 22.7%	109,509	+ 4.0%
Customer deposits (incl. Securities in issue - eop)	104,228	109,348	+ 4.9%	109,348	- 8.9%
Total RWA Eop	70,685	78,055	+ 10.4%	78,055	+ 10.1%
EVA (€ million)	243	319	+ 31.0%	189	+ 46.7%
Absorbed Capital (€ million)	7,069	7,244	n.s	7,381	+ 3.8%
ROAC	+ 18.84%	+ 18.22%	-61bp	+ 19.55%	n.s.
Cost/Income	+ 42.5%	+ 39.5%	-305bp	+ 39.2%	-48bp
Cost of Risk	0.24%	0.25%	1bp	0.28%	6pb
Full Time Equivalent (eop)	4,013	3,837	- 4.4%	3,837	- 2.0%

Results by Business Segment

Asset Management

Asset Management operates under the Pioneer Investments brand, the asset management company within the UniCredit group specializing in the management of customer investments worldwide. The business segment acts as a centralized product factory and, in addition, directs, supports and supervises the development of local business at regional level.

The Business Line, partner of many leading international financial institutions, offers investors a broad range of financial solutions, including mutual funds, assets under administration and portfolios for institutional investors.

Income Statement, Key Ratios and Indicators

(€ million)

ASSET MANAGEMENT	H1 2015	H1 2016	% CHANGE	2016 Q2	% CHANGE ON Q1 2016
Operating income	455	423	- 7.0%	215	+ 3.3%
Operating costs	(288)	(258)	- 10.2%	(124)	- 8.3%
Net write-downs on loans	-	-	n.s	-	n.s
Net operating profit	167	165	- 1.5%	91	+ 24.8%
Profit before tax	158	144	- 9.0%	81	+ 29.6%
TFAs (eop)	227,483	227,183	- 0.1%	227,183	+ 0.9%
RoA (Operating Income/ avg TFAs)	0.40%	0.37%	-2.20bp	0.38%	61.69bp
EVA (€ million)	106	85	- 20.0%	39	- 16.6%
Absorbed Capital (€ million)	264	184	- 30.1%	180	- 4.5%
ROAC	+ 88.84%	+ 88.86%	2bp	+ 82.83%	n.s.
Cost/Income	+ 63.2%	+ 61.1%	-217bp	+ 57.5%	n.s.
Full Time Equivalent (eop)	2,037	1,959	- 3.8%	1,959	- 2.2%

Asset Gathering

Asset gathering is a division specialized in wealth management through the direct channel and the financial advisors network, mainly focused on the retail customer segment.

It operates in Italy through Fineco Bank, which offers all the banking and the investment services of traditional banks, with a specific focus on innovation, that emerges mainly from the development of the online trading, with respect to which Fineco Bank is the benchmark for modern investors.

Income Statement, Key Ratios and Indicators

(€ million)

ASSET GATHERING	H1 2015	H1 2016	% CHANGE	2016 Q2	% CHANGE ON Q1 2016
Operating income	268	289	+ 7.9%	149	+ 6.2%
Operating costs	(120)	(118)	- 1.5%	(58)	- 4.5%
Net write-downs on loans	(3)	(3)	+ 4.0%	(1)	- 5.4%
Net operating profit	145	168	+ 15.8%	90	+ 14.6%
Profit before tax	141	166	+ 17.2%	89	+ 15.3%
Loans to customers Eop	836	880	+ 5.3%	880	+ 6.4%
Customer deposits (incl. Securities in issue) Eop	15,554	17,338	+ 11.5%	17,338	+ 2.6%
Total RWA Eop	1,800	1,805	+ 0.3%	1,805	- 1.8%
TFAs Outstading Stock (eop)	53,798	55,564	+ 3.3%	55,564	+ 1.1%
TFAs Net Sales	2,831	2,650	- 6.4%	1,216	- 15.1%
EVA (€ million)	56	70	+ 24.9%	40	+ 32.9%
Absorbed Capital (€ million)	121	159	+ 31.5%	163	+ 4.3%
ROAC	+ 101.25%	+ 96.75%	-451bp	+ 107.11%	n.s.
Cost/Income	+ 44.7%	+ 40.8%	-391bp	+ 38.7%	-433bp
Full Time Equivalent (eop)	992	1,025	+ 3.3%	1,025	+ 0.4%

Non-core

Non-core segment reports separately assets that the Group considers not strategic and with a poor fit to our risk-adjusted returns framework. These businesses are managed with the final goal of reducing the overall exposure in the course of time. 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 securitization transactions.

Income Statement, Key Ratios and Indicators

(€ million)

NON-CORE	H1 2015	H1 2016	% CHANGE	2016 Q2	% CHANGE ON Q1 2016
Operating income	58	(79)	- 237.1%	(66)	n.s
Operating costs	(237)	(139)	- 41.5%	(42)	- 56.9%
Net write-downs on loans	(722)	(743)	+ 2.8%	(401)	+ 17.2%
Net operating profit	(901)	(960)	+ 6.6%	(508)	+ 12.2%
Profit before tax	(963)	(1,014)	+ 5.3%	(531)	+ 9.9%
Loans to customers (eop)	41,059	30,761	- 25.1%	30,761	- 7.6%
Net Impaired Loans(percentage of total net loans)	62.85%	77.15%	14.3bp	77.15%	n.s.
Total RWA Eop	35,024	27,431	- 21.7%	27,431	- 6.2%
EVA (€ million)	(847)	(772)	- 8.8%	(377)	- 4.6%
Absorbed Capital (€ million)	3,198	2,212	- 30.8%	1,860	- 27.4%
ROAC	- 41.13%	- 59.29%	n.s.	- 70.68%	n.s.
Cost/Income	+ 410.4%	- 175.0%	n.s.	- 63.7%	n.s.
Cost of Risk	3.34%	4.46%	112bp	5.00%	104bp
Full Time Equivalent (eop)	1,707	548	- 67.9%	548	- 18.6%

Other information

Development of Group operations and other corporate transactions

During the first half year, UniCredit pursued new initiatives, in line with the multi-year plan strategies, on one hand focused on the development of digitization and innovation activities, and on the other hand starting a reorganization project of the CEE Division activities.
In addition, there have been further operations regarding the Group's shareholding portfolio.

Initiatives to develop business and to rationalise

Digitization and innovation plan

As part of the digitization and innovation plan that calls for an acceleration of the digital transformation of the multichannel retail bank and the building of the future of digital business model, UniCredit, throughout the first half year, continued to carry out activities to implement, as explained below, the "Buddybank" project and the "UniCredit EVO Investment partnership".

Buddybank

The new “molecular" bank of UniCredit, which will actually start its operations from January 1, 2017, is designed exclusively for smartphones users and will offer three financial products (modular current accounts, innovative credit / debit cards and instant and contextual loans) as well as a 24/7 concierge service (similar to the ones of big hotels) available thorugh phone chat and telephone 24 hours a day, 7 days a week.
The activities planned to launch the bank are ongoing: in particular, the authorization request has already been sent to Banca d’Italia; a partnership with Mastercard has been signed; also, Buddybank has already been working in collaboration with IBM on the core banking platform. The “molecular” bank expects to reach 1 million customers in Italy in 5 years while the break-even is expected in the third year with 300,000 customers.

UniCredit EVO Investment Partnership

In March, UniCredit and Anthemis Group (investment and advisory firm focused on re-inventing financial services) launched a new partnership through the establishment of a new investment fund (UniCredit EVO – Equity Venture Opportunities), which aims at identifying the best investment opportunities, in both already consolidated fintech companies and new start-ups.
Through this investment, UniCredit has the opportunity to scout for new fintech solutions, to be then used to innovate the Group’s banking business. The initial expected commitment is 175 million, which completes the commitment of UniCredit to invest $25 million in “Anthemis Venture Fund I”, a fund already established by Anthemis.
As of June, 30 2016 the fund has already made some investments in US and UK based companies, for a total amount of 25.3 million and, being an entity controlled by UniCredit S.p.A., it belongs to the consolidation perimeter.

Reorganization of the CEE Division activities

As part of the simplification process of the Group, in March 2016 UniCredit Board of Directors has approved a project that provides the transfer of the activities of CEE Division (composed of the banks operating in the above mentioned area) from UniCredit Bank Austria (UCBA) under the direct control of UniCredit S.p.A.
The project - which aims at strengthening UniCredit S.p.A. central governance of the banks shareholdings and eliminating intermediary role of sub-holding function currently held by UCBA - will be achieved through a dual corporate transaction, in particular:
i) partial demerger that would transfer the business unit "CEE Business" from UCBA (also including shareholdings in banks of the group operating in the mentioned area) to an Austrian newco wholly owned by UniCredit S.p.A.
ii) merger of the newco into UniCredit S.p.A. with the same effective date of the demerger.
The transaction will lead to the centralization of both business functions of CEE Division and Competence Lines activities dedicated to CEE perimeter in UniCredit S.p.A., allowing achievement of potential synergies.
The closing of the transaction, subject to the approval by the relevant authorities in each country involved, and by the ECB, is expected by 2016 year end.

Other transactions and initiatives involving shareholdings

Disposal to Visa Inc. of the shareholding in Visa Europe

In June, UniCredit Group sold own VISA Europe shares (representing 0.39% of the share capital) to VISA Inc.
The consideration for the sale comprises around 194 million in cash and 81,662 class C preferred shares of VISA Inc., unlisted and convertible into listed class A shares, valued at around 57 million in total, plus a three-year-deferred cash payment of around 16.7 million (including interest).
The sale contributed positively for €268 million to UniCredit Group’s consolidated income statement, gross of taxes and including the share of Yapi Kredi group. In addition, UniCredit Group’s consolidated income statement benefited of €68 million related to this transaction with reference to VISA Austria. The total contribution net of taxes and minorities has been €216 million.

Disposal of PJSC Ukrsotsbank to Alfa Group

As already illustrated in the Consolidated Report on Operations in 2015 Consolidated Reports and Accounts, UniCredit has reached a binding agreement for the transfer of its Ukrainian subsidiary, PJSC Ukrsotsbank ("USB") to Alfa Group. Currently, the parties are awaiting for the necessary regulatory approvals. The closing of the transaction is expected to happen within 2016.
The economic effects of the agreement were already included in the 2015 results and as of June 30, 2016 USB and its subsidiaries continue to be classified as held for sale (IFRS 5).
At the closing date of the agreement, as required under IFRS 5, the cumulative effects of the Exchange Fluctuations Reserve (equal to €716 million as of June 30, 2016 but subject to updating as of the date the transfer takes effect based on prevailing market conditions) will be recognized in UCG income statement without, however, any impact on the Group's overall equity level.

IDeA Corporate Credit Recovery

In June 2016, UniCredit, together with other banks reached an agreement for the transfer of their exposure related to a selected number of companies with loan exposures being restructured in the Credit Department of the fund IDeA Corporate Credit Recovery I (the "Fund"), managed by IDeA Capital Sgr, receiving units of the Fund in exchange.

The initiative represents an alternative route for recovering problem loans, the objective of which is to relaunch Italian SMEs in a state of financial tension, leveraging proactive managerial abilities and the injection of new finance by new investors, as well as a new ownership structure. The benefits brought will be shared by the original lending institutions and by the new investors.
As the conditions provided for in IAS 39 for derecognition were fulfilled, this transfer entailed derecognition of the receivables from the UniCredit S.p.A. financial statements for a gross amount of about €90 million, making a capital gain on disposal of approximately €26 million.

Conversion of DTAs into tax credit

UniCredit S.p.A. closed 2015 financial year with a net loss of €1,441.4 million; as such, the conditions for a new conversion of Deferred Tax Assets (DTA) into tax credits, pursuant to art. 2, paragraph 55, of Decree Law 29 December 2010 n. 225, were met. The conversion carried out by UniCredit S.p.A. amounted to €341.4 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 May 3, 2016 n. 59 (cd. "Banks Decree" - converted into Law 30 June 2016 n. 119), introduced the possibility, starting from 2016 since 2029, 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 recognized at the end of the fiscal year and the convertible DTA existing as of December 31, 2007 - for IRES tax – and as of December 31, 2012 – for IRAP tax, taking into account the amounts already converted into tax credits;
- taxes:
  - IRES paid by tax group starting from January 1, 2008;
  - IRAP paid registered starting from January 1, 2013 by Legal Entities included in Tax Group with convertible DTAs;
  - substitute taxes that generated convertible DTAs.

The fee has been recognized in the first half 2016 reporting for an amount of €190,9 million, on the basis of an estimate, which includes the fee due for the year 2015 – paid at the end of July 2016 - and an estimated 50% of the fee due for year 2016.

Certifications and other communications

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

a) according to the "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 March 10, 2016, and published on the website www.unicreditgroup.eu, during the first half of 2016 Bank's Presidio Unico received a report of two transactions of greater importance both ended in the period. Specific disclosure of one of these transactions was provided to Consob;
b) during the first half of 2016, no transactions with related parties as defined by Article 2427, paragraph 22-bis of the Civil Code was conducted, under different conditions from normal market conditions and materially affecting the Group's financial and economic situation;
c) during the first half of 2016, 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 Explanatory Notes – Part H of this document.

Subsequent Events and Outlook

Subsequent Events[3]

On July 11, 2016, UniCredit announced the launch of a placement of ordinary shares in its subsidiary, FinecoBank S.p.A. representing up to 10% of the Fineco existing share capital. On July 12, 2016, a successful completion of the operation has been announced, following a placement to institutional investors of approximately 60,7 million of ordinary shares in FinecoBank S.p.A. (equal to 10% of the Fineco's issued share capital) for a total gross proceeds of approximately €328 million (€5.40 per share).
The price represents a discount of approximately 6% to the last pre-announcement closing price of FinecoBank. The transaction results in a gain of €213 million – net of tax - that will be recognized in UniCredit S.p.A. separate financial statements in the third quarter 2016. In UniCredit Group consolidated financial statements the disposal gain will be recognized through net equity, taking into account the carrying value of the investment sold.
After completion of the Placement, UniCredit continues to hold a majority shareholding in FinecoBank, corresponding to 55.4% of Fineco share capital.
UniCredit has agreed, in line with the market practice, to a 90 days lockup period from the closing of the Placement with respect to sales of any remaining shares it holds in FinecoBank. Subject to customary exceptions, no additional sales of shares of FinecoBank will be made by UniCredit during the lock-up period without the consent of UBS Limited on behalf of the Joint Bookrunners.

On July 12, 2016, UniCredit announced the launch and a successful completion of the accelerated bookbuilding offering for the a placement to institutional investors of approximately €26,2 million of ordinary shares in Bank Pekao S.A, equal to approximately 10% of the Pekao's issued share capital at a price of PLN126 per share. Gross proceeds raised by UniCredit from the Placement amounted to approximately PLN3.3 billion (equal to approximately €749 million).
The price represents a discount of approximately 6% to the last pre-announcement closing price of Pekao. The transaction results in a gain of €8 million – net of tax - that will be recognized in UniCredit S.p.A. separate financial statements in the third quarter 2016. In UniCredit Group consolidated financial statements the disposal gain will be recognized through net equity, taking into account the carrying value of the investment sold.
After the completion of the Placement, UniCredit continues to hold a controlling shareholding in Pekao, corresponding to 40.1% of Pekao share capital. In the context of the Placement, UniCredit has agreed to a 90 days lock-up period with respect to its remaining controlling shareholding in Pekao, subject to customary carve-outs.

On July 27, 2016, UniCredit announced that it has agreed with Banco Santander S.A. and Sherbrooke Acquisition Corp SPC to terminate the agreements entered into on November 11, 2015 relating to the business combination of Pioneer Investments and Santander Asset Management (the "Transaction").
The parties held detailed discussions to identify viable solutions to meet all regulatory requirements to complete the transaction, but in the absence of any workable solution within a reasonable time horizon, the parties have concluded that ending the talks was the most appropriate course of action.

During July 2016 an agreement was reached between Pillarstone, UniCredit S.p.A, Intesa Sanpaolo and Banca Carige for the transfer of their exposure in receivables related to Premuda.

In execution of the agreement with KKR (cf Financial Report at December 31, 2015), UniCredit S.p.A. securitised through the vehicle Pillarstone Italy SPV S.r.l. (set up under the terms of Italian Law 130/99) the exposure in relation to the Premuda group for a total nominal amount of €98 million. As for the previous transfers, as the conditions provided for in IAS 39 for derecognition were not fulfilled, this transfer did not entail derecognition of the receivables and, therefore, the same continue to be recognised in the UniCredit S.p.A. financial statements.

On July 29 the EBA announced the results of the EU-wide stress test, to which UniCredit was subject. The 2016 EU-wide stress test does not contain a pass-fail threshold and instead is designed to be used as a crucial piece of information for the supervisory review process in 2016. The results will thus allow competent authorities to assess UniCredit's ability to meet applicable minimum and additional own funds requirements under stressed scenarios based on a common methodology and assumptions.
The adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2016-2018). The stress test has been carried out applying a static balance sheet assumption as at December 2015, and therefore does not take into account future business strategies and management actions. It is not a forecast of UniCredit profits.
Based on the results of the exercise, that will constitute a relevant input to the 2016 supervisory review process, UniCredit will work with SSM to understand the extent to which credible management actions may offset some of the impact of the adverse scenario; to assess the impact of the results on UniCredit forward looking capital plans and its capacity to meet applicable own funds requirements; and to determine whether any additional measures or changes to the UniCredit capital plan are needed.
UniCredit's results in 2018 are summarized below:
- baseline scenario: CET1 ratio at 11.57%, corresponding to 98bps higher than CET1 ratio transitional as of Dec-2015,
- adverse scenario: CET1 ratio at 7.12%, corresponding to 347bps lower than CET1 ratio transitional as of Dec-2015.

On August, 3 UniCredit announced that its global services company, UniCredit Business Integrated Solutions ("UBIS"), and SIA have signed a framework agreement for the sale of UBIS's card processing activities in Italy, Germany and Austria for a consideration of €500 million in cash. At the same time the Group has agreed to enter into a ten year outsourcing contract with SIA for the provision of card processing services, allowing UniCredit Group to retain access to the same high quality standard of service whilst exiting a non-core activity. The transaction will generate a consolidated net capital gain of around €440 million for UniCredit in 2016. The closing of the transaction is expected by the end of 2016, subject to customary regulatory authorisations.

[3] Up to the date of approval by the Board of Directors' Meeting of August 3, 2016.

Outlook

In the first half of the year, the global recovery expanded at a moderate pace. The Brexit referendum, the refugee crisis and the macroeconomic uncertainty surrounding the emerging world all weighed on global growth. So far, the UK economy has performed well, but the uncertainty generated by the decision to depart from the EU will likely trigger a mild technical recession by the end of the year. In the eurozone, the fundamentals remain solid and the Brexit spillovers will crucially depend on the extent of the deterioration in UK growth and will materialize through a complex mix of trade, financial and confidence channels. While the outlook for Japan remains subdued, economic activity is expected to remain at a steady state in the United States. Growth prospects in emerging economies, however, have been hampered by structural hurdles and macroeconomic imbalances, aggravated in some cases by the tightening of financial conditions as well as the collapse in commodity prices. In China, GDP growth remains consistent with a soft landing scenario, while in Russia, still in the midst of a deep recession, funding costs remain elevated despite the easing of financing conditions during 2015. In contrast to what observed at the beginning of the year, financial markets across the developed world experienced a period of a more contained volatility between early March and early June 2016. Brexit will likely continue to heighten financial market volatility.

Before the Brexit, hard and soft indicators (mainly confidence survey indicators) were consistent with a 1.7% eurozone GDP growth in 2016. Indeed, economic activity expanded by a solid 0.6% on quarterly basis in the first quarter and economic indicators available so far anticipate a further GDP expansion of 0.3% qoq in the second quarter. Domestic demand continues to be the main engine of growth, while net exports were slightly negative or flat at best as a result of sluggish global trade. In the wake of Brexit, the eurozone GDP forecasts for the next year have been lowered, while economic activity is expected to continue to expand by 1.6% in 2016. Italy is recovering very gradually and it is now expected to grow by 0.9% this year and by 0.6% in 2017, reflecting the negative shock caused by the Brexit vote. In the first quarter, Italy's GDP increased by 0.3% on quarterly basis and expectations are for a lower GDP growth in the second quarter, due to slower performance in both industry and services. The economic recovery sees a very large weight of private consumption, while net exports are the missing link so far. Fixed investments continue to show heterogeneous performances, as growth has been mainly driven by transport equipment investments. Against this backdrop, the recovery in lending continues, above all for lending to households, while the performance of lending to non-financial corporation remains more subdued.

Weak commodity prices negatively weigh on inflationary pressures. In June, the inflation rate in the eurozone was 0.1%. The "core" component (which excludes volatile goods like energy and food) also remains low, around 0.9%. Given the high uncertainty surrounding the global economic outlook the Fed has paused its hiking cycle, while the ECB adopted a bold package of easing measures in March. The refi rate and the marginal lending rates were lowered by 5bp, to 0.0% and 0.25% respectively. The deposit rate was cut by 10bp to -0.40%. The monthly pace of asset purchases was raised to €80 billion from e €60 billion, while liquidity measures included a new set of four TLTRO with maturity of four years and with interest rates ranging from the refi rate (0.0%) to the depo rate (-0.4%), depending on the evolution of lending volumes.

In 2016 the Group results will benefit from the recovery of the global macro cycle that, even if somewhat lowered by Brexit, seems to be better than the recent past. Even though the level of interest rates remains extraordinary low the Group has the aim to increase revenues thanks to an increase in "core" loans and by the services fees. Furthermore, the Group will further intensify its focus on costs containment and reduction. Policy measures of the ECB will contribute to keep the Group's cost of funding at a low level. The Group will keep on working for maintaining its liquidity position and further strengthen the capital base.

Milan – August 3, 2016

THE BOARD OF DIRECTORS

CHAIRMAN
GIUSEPPE VITA

CEO
JEAN PIERRE MUSTIER

I’d rather play basketball.

Let’s talk about making the right investments.

Nina’s father thinks she has a future as a dancer, but she has other plans. What exactly? Well, actually, she changes her mind every day ... basketball player, pop singer, pianist, actress. Right now, she’s probably just not mature enough to invest seriously in her future. But Nina’s father doesn’t see that. He could use some wise advice.

Everyone has different goals and needs – and everyone can use a good consultant to help meet them. That’s why we take care of each of our customers by tailoring our solutions to their individual needs.

This premium approach is especially popular with our clients in Germany, thanks to the FinanzKonzept project, which provides an interactive consulting platform for integrated advice.

This is financial counseling 2.0: Smart, transparent, available via video and telephone, from advisors with the right skills. We are doing this because, in a world of data and numbers, it makes a difference to have a personal relationship with clients and figure out together what to expect from the future.

Condensed Interim 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 completed (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 06.30.2016	AMOUNTS AS AT 12.31.2015
10. Cash and cash balances	12,523,075	10,303,334
20. Financial assets held for trading	105,074,558	90,996,708
30. Financial assets at fair value through profit or loss	32,412,026	34,368,295
40. Available-for-sale financial assets	122,181,850	109,806,652
50. Held-to-maturity investments	2,296,527	2,093,301
60. Loans and receivables with banks	69,078,255	80,073,334
70. Loans and receivables with customers	489,155,453	473,998,521
80. Hedging derivatives	5,310,211	5,368,364
90. Changes in fair value of portfolio hedged items (+/-)	2,775,054	2,641,257
100. Equity investments	6,793,245	6,576,603
110. Insurance reserves attributable to reinsures	-	-
120. Property, plant and equipment	9,558,564	10,030,830
130. Intangible assets	5,673,005	5,758,474
of which: - goodwill	*3,562,737*	*3,618,345*
140. Tax assets	15,699,522	15,725,896
a) current tax assets	*1,456,006*	*1,354,484*
b) deferred tax assets	*14,243,516*	*14,371,412*
of which for purposes of L. 214/2011	*11,340,914*	*11,685,183*
150. Non-current assets and disposal groups classified as held for sale	3,500,754	2,820,068
160. Other assets	9,444,578	9,871,738
Total assets	**891,476,677**	**860,433,375**

Continued: Consolidated Balance Sheet

(€ '000)

	AMOUNTS AS AT	
BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY	**06.30.2016**	**12.31.2015**
10. Deposits from banks	113,036,062	111,372,678
20. Deposits from customers	472,368,794	449,790,439
30. Debt securities in issue	124,039,362	134,477,901
40. Financial liabilities held for trading	79,991,272	68,918,595
50. Financial liabilities at fair value through profit or loss	1,464,919	454,656
60. Hedging derivatives	6,379,269	6,148,629
70. Changes in fair value of portfolio hedged items (+/-)	6,323,630	5,105,112
80. Tax liabilities	1,429,848	1,528,801
a) current tax liabilities	*849,282*	*941,347*
b) deferred tax liabilities	*580,566*	*587,454*
90. Liabilities included in disposal groups classified as held for sale	2,769,779	1,879,999
100.Other liabilities	19,312,728	16,281,650
110. Provision for employee severance pay	1,187,855	1,134,776
120. Provisions for risks and charges	9,876,290	9,854,616
a) post retirement benefit obligations	*6,152,082*	*5,198,039*
b) other provisions	*3,724,208*	*4,656,577*
130. Insurance reserves	-	-
140. Revaluation reserves	(5,025,355)	(3,976,940)
150. Share capital repayable on demand	-	-
160. Equity instruments	1,888,463	1,888,463
170. Reserves	16,714,792	14,254,879
180. Share premium	14,384,918	15,976,604
190. Share capital	20,846,893	20,257,668
200. Treasury shares (-)	(8,168)	(8,171)
210. Minorities (+/-)	3,173,970	3,398,780
220. Net Profit (Loss) for the period (+/-)	1,321,356	1,694,240
Total liabilities and Shareholders' Equity	**891,476,677**	**860,433,375**

Consolidated Income Statement

Consolidated Income Statement

(€ '000)

ITEM	AS AT 06.30.2016	AS AT 06.30.2015
10. Interest income and similar revenues	8,916,655	9,962,381
20. Interest expenses and similar charges	(3,122,767)	(4,173,538)
30. Net interest margin	**5,793,888**	**5,788,843**
40. Fee and commission income	4,707,241	4,783,602
50. Fee and commission expense	(783,988)	(802,288)
60. Net fees and commissions	**3,923,253**	**3,981,314**
70. Dividend income and similar revenue	345,111	318,274
80. Gains and losses on financial assets and liabilities held for trading	507,282	651,902
90. Fair value adjustments in hedge accounting	(43,730)	11,412
100. Gains (Losses) on disposal and repurchase of:	680,959	169,841
a) loans	*79,087*	*12,306*
b) available-for-sale financial assets	*599,864*	*222,008*
c) held-to-maturity investments	*485*	*12*
d) financial liabilities	*1,523*	*(64,485)*
110. Gains and losses on financial assets/liabilities at fair value through profit or loss	29,512	58,122
120. Operating income	**11,236,275**	**10,979,708**
130. Net losses/recoveries on impairment:	(1,745,372)	(1,892,246)
a) loans	*(1,810,489)*	*(1,874,950)*
b) available-for-sale financial assets	*(52,459)*	*(22,787)*
c) held-to-maturity investments	*(215)*	*458*
d) other financial assets	*117,791*	*5,033*
140. Net profit from financial activities	**9,490,903**	**9,087,462**
150. Premiums earned (net)	-	-
160. Other income (net) from insurance activities	-	-
170. Net profit from financial and insurance activities	**9,490,903**	**9,087,462**
180. Administrative costs:	(7,580,153)	(7,200,211)
a) staff expense	*(4,394,815)*	*(4,224,589)*
b) other administrative expense	*(3,185,338)*	*(2,975,622)*
190. Net provisions for risks and charges	(248,087)	(217,095)
200. Impairment/write-backs on property, plant and equipment	(355,226)	(322,311)
210. Impairment/write-backs on intangible assets	(252,954)	(226,197)
220. Other net operating income	570,714	499,269
230. Operating costs	**(7,865,706)**	**(7,466,545)**
240. Profit (loss) of investments	350,048	288,357
250. Gains and losses on tangible and intangible assets measured at fair value	(141)	(662)
260. Impairment of goodwill	-	-
270. Gains and losses on disposal of investments	73,577	28,768
280. Total profit or loss before tax from continuing operations	**2,048,681**	**1,937,380**
290. Tax expense (income) related to profit or loss from continuing operations	(490,006)	(521,363)
300. Total profit or loss after tax from continuing operations	**1,558,675**	**1,416,017**
310. Profit (Loss) after tax from discontinued operations	3,147	(179,767)
320. Net profit or loss for the period	**1,561,822**	**1,236,250**
330. Minorities	(240,466)	(201,837)
340. Holdings Income (Loss) of the period	**1,321,356**	**1,034,413**

Earnings per share (€)	0.211	0.173
Diluted earnings per share (€)	0.211	0.172

For further information on earnings per share and diluted earnings per share please see Explanatory Notes - Part C – Information on the Income Statement – Section 24.

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income

(€ '000)

ITEMS	AS AT 06.30.2016	AS AT 06.30.2015
10. Net profit (loss) for the period	**1,561,822**	**1,236,250**
Other comprehensive income after tax not reclassified to profit or loss		
20. Property, plant and equipment	-	-
30. Intangible assets	-	-
40. Defined benefit plans	(704,241)	250,093
50. Non-current assets classified as held for sale	(4,287)	-
60. Portion of revaluation reserves from investments valued at equity	(475)	-
Other comprehensive income after tax that may be reclassified to profit or loss		
70. Hedges of foreign investments	-	-
80. Exchange differences	3,139	522,829
90. Cash flow hedges	(66,925)	(95,938)
100. Available-for-sale financial assets	(344,490)	(534,739)
110. Non-current assets classified as held for sale	(67)	3,214
120. Valuation reserves from investments accounted for using the equity method	(58,311)	(135,984)
130. Total other comprehensive income after tax	**(1,175,657)**	**9,475**
140. Comprehensive income after tax (Item 10+130)	**386,165**	**1,245,725**
150. Consolidated comprehensive income attributable to minorities	(113,181)	(197,278)
160. Consolidated comprehensive income attributable to the Parent Company	272,984	1,048,447

Statement of changes in Shareholders' Equity

Statement of changes in Shareholders' Equity include Group portion and minorities.

Statement of changes in Shareholders' Equity as at June 30, 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	3,160,170	-
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 or Loss for the period	2,045,948	-	2,045,948	(1,718,721)	(327,227)
Total Shareholders' Equity	**53,485,523**	**-**	**53,485,523**	**-**	**(327,227)**
Shareholders' Equity Group	50,086,743	-	50,086,743	-	(2,654)
Shareholders' Equity minorities	3,398,780	-	3,398,780	-	(324,573)

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 change of revaluation reserve includes the negative effects for 704 million of actuarial gain/losses from the measurement of the actuarial liabilities (defined benefit plans) and for 344 million of AFS financial assets.

For further details about the Shareholders' equity changes see Part B – Liabilities, Section 15 of the Explanatory Notes.

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

(€ '000)

CHANGES DURING THE PERIOD												
	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 OF FIRST HALF 2016	TOTAL SHAREHOLDERS' EQUITY AS AT 06.30.2016	SHAREHOLDERS' EQUITY GROUP AS AT 06.30.2016	SHAREHOLDERS' EQUITY MINORITIES AS AT 06.30.2016
(7,313)	589,126	-	-	-	-	-	-	-	-	21,303,818	20,838,376	465,442
-	99	-	-	-	-	-	-	-	-	8,517	8,517	-
(161,957)	-	-	-	-	-	-	-	-	-	15,630,292	14,384,918	1,245,374
31,852	(589,226)	-	-	(157,630)	-	-	-	-	-	12,409,420	11,158,237	1,251,183
21,786	-	-	-	-	-	-	25,771	-	-	5,683,426	5,556,555	126,871
(100)	-	-	-	-	-	-	-	-	(1,175,657)	(5,177,737)	(5,025,355)	(152,382)
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	1,888,463	1,888,463	-
-	-	-	-	-	-	-	-	-	-	(11,152)	(8,168)	(2,984)
-	-	-	-	-	-	-	-	-	1,561,822	1,561,822	1,321,356	240,466
(115,732)	**-**	**-**	**-**	**(157,630)**	**-**	**-**	**25,771**	**-**	**386,165**	**53,296,869**	**50,122,899**	**3,173,970**
(102,314)	-	-	-	(157,630)	-	-	25,771	-	272,984	50,122,899		
(13,418)	-	-	-	-	-	-	-	-	113,181	3,173,970		

Statement of changes in Shareholders' Equity

Statement of changes in Shareholders' Equity as at June 30, 2015

	BALANCE AS AT 12.31.2014	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2015	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: RESERVES	ALLOCATION OF PROFIT FROM PREVIOUS YEAR: DIVIDENDS AND OTHER ALLOCATIONS
Issued capital:					
a) ordinary shares	20,433,062	-	20,433,062	-	-
b) other shares	8,312	-	8,312	-	-
Share premiums	17,223,368	-	17,223,368	-	-
Reserves:					
a) from profits	8,523,226	-	8,523,226	1,978,821	-
b) other	6,503,965	-	6,503,965	-	-
Revaluation reserves	(4,130,026)	-	(4,130,026)	-	-
Advanced dividends	-	-	-	-	-
Equity instruments	1,888,463	-	1,888,463	-	-
Treasury shares	(2,845)	-	(2,845)	-	-
Net profit or Loss for the period	2,388,027	-	2,388,027	(1,978,821)	(409,206)
Total Shareholders' Equity	**52,835,552**	**-**	**52,835,552**	**-**	**(409,206)**
Shareholders' Equity Group	49,389,733	-	49,389,733	-	(8,315)
Shareholders' Equity minorities	3,445,819	-	3,445,819	-	(400,891)

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).

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

(€ '000)

CHANGES DURING THE PERIOD												
	SHAREHOLDERS' EQUITY TRANSACTIONS											
CHANGES IN RESERVES	ISSUE OF NEW SHARES	ADVANCED DIVIDENDS	ACQUISITION OF TREASURY SHARES	DISTRIBUTION OF EXTRAORDINARY DIVIDENDS	CHANGE IN EQUITY INSTRUMENTS	OWN SHARE DERIVATIVES	STOCK OPTIONS	CHANGES IN SHAREHOLDINGS	COMPREHENSIVE INCOME OF FIRST HALF 2015	TOTAL SHAREHOLDERS' EQUITY AS AT 06.30.2015	SHAREHOLDERS' EQUITY GROUP AS AT 06.30.2015	SHAREHOLDERS' EQUITY MINORITIES AS AT 06.30.2015
(61,856)	351,788	-	-	-	-	-	-	-	-	20,722,994	20,249,250	473,744
-	106	-	-	-	-	-	-	-	-	8,418	8,418	-
(800)	-	-	-	-	-	-	-	-	-	17,222,568	15,976,604	1,245,964
74,379	(351,894)	-	-	(168,751)	-	-	-	-	-	10,055,781	8,832,404	1,223,377
(95,170)	-	-	-	-	-	-	47,415	-	-	6,456,210	6,329,339	126,871
(998)	-	-	-	-	-	-	-	-	9,475	(4,121,549)	(4,121,367)	(182)
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	1,888,463	1,888,463	-
193	-	-	-	-	-	-	-	-	-	(2,652)	(2,632)	(20)
-	-	-	-	-	-	-	-	-	1,236,250	1,236,250	1,034,413	201,837
(84,252)	**-**	**-**	**-**	**(168,751)**	**-**	**-**	**47,415**	**-**	**1,245,725**	**53,466,483**	**50,194,892**	**3,271,591**
(113,637)	-	-	-	(168,751)	-	-	47,415	-	1,048,447	50,194,892		
29,385	-	-	-	-	-	-	-	-	197,278	3,271,591		

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement (indirect method)

(€ '000)

	AS AT	
	06.30.2016	06.30.2015
A. OPERATING ACTIVITIES		
1. Operations	**3,896,861**	**5,177,608**
- profit and loss of the year (+/-)	1,321,356	1,034,413
- capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities designated at fair value through profit and loss (+/-)	(1,681,621)	(413,062)
- capital gains/losses on hedging operations (+/-)	43,730	(11,412)
- net losses/recoveries on impairment (+/-)	2,863,770	3,170,562
- net write-offs/write-backs on tangible and intangible assets (+/-)	608,323	549,170
- provisions and other incomes/expenses (+/-)	33,016	259,272
- uncollected net premiums (-)	-	-
- other uncollected incomes and expenses from insurance activities (+/-)	-	-
- unpaid taxes and tax credits (+/-)	428,936	211,258
- Impairment/write-backs on discontinued operations, net of tax (-/+)	6,539	173,738
- other adjustments (+)	272,812	203,669
2. Liquidity generated/absorbed by financial assets	**(28,268,392)**	**(32,155,145)**
- financial assets held for trading	(12,471,820)	4,088,472
- financial assets at fair value	2,057,432	(1,649,632)
- available-for-sale financial assets	(13,299,796)	(12,839,755)
- loans and receivables with banks	10,628,459	(17,958,442)
- loans and receivables with customers	(17,998,253)	(6,243,633)
- other assets	2,815,586	2,447,845
3. Liquidity generated/absorbed by financial liabilities	**27,676,351**	**29,977,754**
- deposits from banks	3,077,095	15,230,216
- deposits from customers	22,708,029	22,641,301
- debt certificates including bonds	(9,986,055)	(5,156,073)
- financial liabilities held for trading	11,077,842	(4,025,227)
- financial liabilities designated at fair value	1,009,172	(106,575)
- other liabilities	(209,732)	1,394,112
Net liquidity generated/absorbed by operating activities	**3,304,820**	**3,000,217**
B. INVESTMENT ACTIVITIES		
Liquidity generated/absorbed by:		
- equity investments	(7,741)	21,698
- collected dividends on equity investments	82,315	111,257
- financial assets held to maturity	(178,418)	(142,499)
- tangible assets	(174,002)	(233,651)
- intangible assets	(224,489)	(249,132)
- sales/purchases of subsidiaries and divisions	18,014	20,210
Net liquidity generated/absorbed by investment activities	**(484,321)**	**(472,117)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	-	-
- distribution of dividends and other scopes	(634,053)	(693,893)
Net liquidity generated/absorbed by funding activities	**(634,053)**	**(693,893)**
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	**2,186,446**	**1,834,207**

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

Continued: Consolidated Cash Flow Statement (indirect method)

Reconciliation

(€ '000)

ITEMS	AS AT 06.30.2016	AS AT 06.30.2015
Cash and cash equivalents at the beginning of the period	**10,303,334**	**8,051,122**
Net liquidity generated/absorbed during the period	2,186,446	1,834,207
Cash and cash equivalents: effect of exchange rate variations	33,295	76,382
Cash and cash equivalents at the end of the period	**12,523,075**	**9,961,711**

Explanatory Notes

Part A – Accounting Policies

Part A – Accounting Policies

A.1 - General

Section 1 - Statement of Compliance with IFRSs

These Condensed Interim Consolidated Financial Statements 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 June 30, 2016, pursuant to EU Regulation 1606/2002 which was incorporated into Italy's legislation through the Legislative Decree no 38 dated 28 February 2005 and as required by §. 154-ter 3 of the Single Finance Act (TUF, Legislative Decree no 58 dated. 24/2/1998).

They are an integral part of the Consolidated Half-Year Financial Report as required by art. 154-ter, paragraph 2, of the Single Finance Act (TUF Legislative Decree no. 58 of February 24, 1998).

As required by §. 154-ter 2 TUF, this Consolidated Half-Year Financial Report includes the Condensed Interim Consolidated Financial Statements, the Interim Report on Operations and the Attestation required by §. 154-bis 5 TUF.

The contents of this Condensed Interim Consolidated Financial Statements are in line with IAS 34 on interim reporting. In accordance with § 10 IAS 34, the Group has opted to provide Condensed Half-Year Consolidated accounts.

The Condensed Interim Consolidated Financial Statements are subject to a limited audit of the accounts by Deloitte & Touche S.p.A. as per the resolution passed by the Shareholders' Meeting on May 11, 2012.

Section 2 - General Preparation Criteria

As mentioned above, these Condensed Interim Consolidated Financial Statements have been prepared in accordance with the international accounting standards endorsed by the European Commission.
The following documents have been used to interpret and support the application of IFRS, even though they have not all been endorsed by the European Commission:

- 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 IFRS;
- Interpretative documents on the application of the 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.

These Condensed Interim 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 (compiled using the indirect method), the Explanatory Notes and Annexes.

These are in line with Banca d'Italia templates as prescribed by Circular 262 dated 22 December 2005 (fourth amendment dated December 15, 2015), and they present comparative figures, as at December 31, 2015 for the balance sheet and as at 30 June 2015 for the profit and loss account, the comprehensive income statement, the statement of changes in equity and the cash-flow statement.

Figures in the schedules and Explanatory Notes are given in **thousands of euros**, if not otherwise specified.

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

In this regard, the Directors, in light of the positive result of the half-year and not having identified symptoms in the capital and financial structure that could indicate uncertainty about the entity's ability to continue as a going concern, 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 IAS 1, the accounts as at June 30, 2016 has been prepared on a going concern basis.

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

Risk and uncertainty due to use of estimated figures

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

Estimated figures have been used for the recognition and measurement of some of the largest items in the Consolidated Accounts at June 30, 2016, as required by the accounting policies and regulations described above. These estimates are largely based on calculations of future recoverability of the values recognized in the accounts according to the rules laid down in current legislation and have been made on the assumption of a going concern, i.e. without contemplating the possibility of the forced sale of the estimated items.

The processes adopted support the carrying values as at June 30, 2016. Valuation is particularly complex 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 recognized in the period in which the review was carried out, provided the change only concerns that period. If the revision concerns both current and future periods it is recognized accordingly in both current and future periods.

Part A – Accounting Policies

Uncertainty affecting estimates is generally inherent, among others, in the measurement of:
- fair value of financial instruments not listed in active markets;
- loans and receivables, shareholdings 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);
- goodwill and other intangible assets;
- assets and liabilities related to insurance contracts;
- deferred tax assets;
- property held for investment;

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

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 related risk management policies – Section 5 – Other Aspects – Selected emerging risks.

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

Section 3 - Consolidation Scope and Methods

The consolidation criteria and principles used to prepare the Consolidated First Half Financial Report as at June 30, 2016 are described below.

Consolidated Accounts

For the preparation of the Consolidated First Half Financial Report as at June 30, 2016 the following sources have been used:

- UniCredit S.p.A. first-half accounts at June 30, 2016;
- the first-half accounts duly reclassified and adjusted to take account of consolidation needs and, where necessary, to align them to the Group accounting principles;
- the sub-consolidated first-half accounts of Nuova Compagnia di Partecipazioni Group including Nuova Compagnia di Partecipazioni S.p.A. (formerly Compagnia Italpetroli S.p.A.) and its direct and indirect subsidiaries, as at June 30, 2016.

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 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 it 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 governed;
- the power, in order to understand whether the Group has contractual rights that attribute the ability to govern the relevant activities; to this end only substantial rights that provide practical ability to govern are considered;
- the exposure held in relation to the investee, in order to assess whether the Group has relations 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 governed 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 the Parent 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 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.

Part A – Accounting Policies

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 contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control.
According to the standard IFRS 11 – Joint Arrangements, such agreements must 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 IAS 36 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 is to be pointed 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 IAS 36 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 (less any impairment loss) paid to purchase them. 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 associates". 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 greater than its carrying amount, no further losses are recognised, unless the investor has incurred specific obligations or made payments on behalf of the associate.

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

Any changes in the revaluation reserves of associates or joint arrangements, which are recorded as a contra item to changes in value of the phenomena 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.

Investments in subsidiaries and valued at equity

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
	A. LINE BY LINE METHOD						
1	**UNICREDIT SPA** Issued capital EUR 20,846,893,436.94	**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 10,000,000	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 3,576,202	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
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 36,337	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 2,715,063	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 UNICREDIT STRATEGIC VENTURES LLP Issued capital EUR 3,500	LONDON	LONDON	4	UNICREDIT SPA	50.00	(3)
18	ANTUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB PROJEKT GMBH	90.00	
19	AO UNICREDIT BANK Issued capital RUR 41,787,805,174	MOSCOW	MOSCOW	1	UNICREDIT BANK AUSTRIA AG	100.00	
20	ARABELLA FINANCE LTD.	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	

Part A – Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
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 03 IMMOBILIEN GMBH & CO KG Issued capital EUR 10,000	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	90.00	
					INV TOTALUNTERNEHMER GMBH	10.00	
30	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH Issued capital EUR 730,000	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.25	
					IMMOBILIEN HOLDING GMBH	99.75	
31	B A I BETEILIGUNGSVERWALTUNGS-GMBH Issued capital EUR 730,000	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.25	
					IMMOBILIEN HOLDING GMBH	99.75	
32	B.I. INTERNATIONAL LIMITED Issued capital EUR 792	GEORGE TOWN	GEORGE TOWN	1	TRINITRADE VERMOGENSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG	100.00	
33	BA ALPINE HOLDINGS, INC. Issued capital USD 74,435,918	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AUSTRIA AG	100.00	
34	BA BETRIEBSOBJEKTE GMBH Issued capital EUR 5,630,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
35	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	
36	BA BETRIEBSOBJEKTE PRAHA, SPOL.S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	BA BETRIEBSOBJEKTE GMBH	100.00	
37	BA CA LEASING (DEUTSCHLAND) GMBH Issued capital EUR 153,388	HAMBURG	HAMBURG	1	UNICREDIT LEASING S.P.A.	94.9	100.00
					TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	5.1	(4)
38	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	
39	BA CREDITANSTALT BULUS EOOD Issued capital BGN 6,250,000	SOFIA	SOFIA	1	UNICREDIT LEASING EAD	100.00	
40	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 363,364	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	

					OWNERSHIP RELATIONSHIP		
	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	HELD BY	HOLDING %	VOTING RIGHTS % (2)
41	BA GEBAEUDEVERMIETUNGSGMBH	VIENNA	VIENNA	1	BA GVG-HOLDING GMBH	89.00	
	Issued capital EUR 36,336				BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	
					PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	1.00	
42	BA GVG-HOLDING GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 18,168						
43	BA IMMO GEWINNSCHEIN FONDS1	VIENNA	VIENNA	4	UNICREDIT BANK AUSTRIA AG	..	(3)
44	BA-CA ANDANTE LEASING GMBH	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 36,500						
45	BA-CA FINANCE (CAYMAN) II LIMITED	GEORGE TOWN	GEORGE TOWN	1	ALPINE CAYMAN ISLANDS LTD.	100.00	
	Issued capital EUR 15,000						
46	BA-CA FINANCE (CAYMAN) LIMITED	GEORGE TOWN	GEORGE TOWN	1	ALPINE CAYMAN ISLANDS LTD.	100.00	
	Issued capital EUR 15,000						
47	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	
48	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	
49	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 127,177						
50	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	
51	BA-CA WIEN MITTE HOLDING GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 35,000						
52	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	
53	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	
54	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	
55	BACA KOMMUNALLEASING GMBH	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 36,500						
56	BACA LEASING ALFA S.R.O.	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital CZK 110,000						
57	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	
58	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	98.80	
	Issued capital EUR 21,936,492				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	1.00	

Part A – Accounting Policies

					OWNERSHIP RELATIONSHIP		
	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	HELD BY	HOLDING %	VOTING RIGHTS % (2)
59	BACA NEKRETNINE DRUSTVO SA OGRANICENOM ODGOVORNOSCU Issued capital BAM 29,685,557	SARAJEVO	BANJA LUKA	1	DV ALPHA GMBH	100.00	
60	BACA-LEASING AQUILA INGATLANHASNOSITO KORLATOLT FELELOSSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
61	BACAL ALPHA DOO ZA POSLOVANJE NEKRETNINAMA Issued capital HRK 20,000	ZAGREB	ZAGREB	1	LOCAT CROATIA DOO	100.00	
62	BAI WOHNUNGSEIGENTUMSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	99.90	
	Issued capital EUR 73,000				BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.10	
63	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	
64	BAL DEMETER 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	
65	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	
66	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	
67	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	
68	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	
69	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	
70	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	
71	BALEA SOFT GMBH & CO. KG Issued capital EUR 500,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
72	BALEA SOFT VERWALTUNGSGESELLSCHAFT MBH Issued capital EUR 50,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
73	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	
74	BANK AUSTRIA FINANZSERVICE GMBH Issued capital EUR 490,542	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
75	BANK AUSTRIA HUNGARIA BETA LEASING KORLATOLT FELELOSSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
76	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	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
77	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	
78	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	
79	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	
80	BANK AUSTRIA REAL INVEST CLIENT INVESTMENT GMBH Issued capital EUR 145,500	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
81	BANK AUSTRIA REAL INVEST IMMOBILIEN-KAPITALANLAGE GMBH Issued capital EUR 5,000,000	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
82	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH Issued capital EUR 10,900,500	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	94.95	
83	BANK AUSTRIA WOHNBAUBANK AG Issued capital EUR 18,765,944	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
84	BANK PEKAO SA Issued capital PLN 262,470,034	WARSAW	WARSAW	1	UNICREDIT SPA	50.10	
85	BANKHAUS NEELMEYER AG Issued capital EUR 12,800,000	BREMEN	BREMEN	1	UNICREDIT BANK AG	100.00	
86	BARD ENGINEERING GMBH Issued capital EUR 100,098	EMDEN	EMDEN	4	BARD HOLDING GMBH	..	(3)
87	BARD HOLDING GMBH Issued capital EUR 25,000	EMDEN	EMDEN	4	UNICREDIT BANK AG	..	(3)
88	BAREAL IMMOBILIENTREUHAND GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
89	BARODA PIONEER ASSET MANAGEMENT COMPANY LTD Issued capital INR 880,440,640	MUMBAI	MUMBAI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
90	BARODA PIONEER TRUSTEEE COMPANY PVT LTD Issued capital INR 500,000	MUMBAI	MUMBAI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
91	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	
92	BAVARIA SERVICOS DE REPRESENTACAO COMERCIAL LTDA.	SAO PAULO	SAO PAULO	1	UNICREDIT DELAWARE INC	0.47	
	Issued capital BRL 351,531				UNICREDIT SPA	99.53	
93	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	
94	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
95	BF NINE HOLDING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	ALLEGRO LEASING GESELLSCHAFT M.B.H.	100.00	
96	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

Part A – Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
97	BIL LEASING-FONDS VERWALTUNGS-GMBH Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
98	BLUE CAPITAL EUROPA IMMOBILIEN GMBH & CO. ACHTE OBJEKTE GROSSBRITANNIEN KG Issued capital EUR 5,500	MUNICH	MUNICH	1	WEALTHCAP FONDS GMBH	90.91	
					WEALTHCAP INVESTORENBETREUUNG GMBH	9.09	
99	BORGO DI PEROLLA SRL Issued capital EUR 2,043,952	MASSA MARITTIMA	MASSA MARITTIMA	1	FONDIARIA LASA SPA	100.00	
100	BREWO 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	
101	BUCHSTEIN IMMOBILIENVERWALTUNG GMBH UND CO OG Issued capital EUR 18,168	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
102	BUDDY SERVIZI MOLECOLARI SPA Issued capital EUR 15,000,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
103	BUITENGAATS HOLDING B.V. Issued capital EUR 18,000	EEMSHAVEN	EEMSHAVEN	4	BARD ENGINEERING GMBH	..	(3)
104	BV GRUNDSTUCKSENTWICKLUNGS-GMBH Issued capital EUR 511,300	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
105	BV GRUNDSTUCKSENTWICKLUNGS-GMBH & CO. VERWALTUNGS-KG Issued capital EUR 511,292	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
106	CA-LEASING EURO, S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
107	CA-LEASING OVUS S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
108	CA-LEASING SENIOREN PARK GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
109	CA-ZETA REAL ESTATE DEVELOPMENT LIMITED LIABILITY COMPANY Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
110	CABET-HOLDING GMBH Issued capital EUR 290,909	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
111	CABO BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 35,000	VIENNA	VIENNA	1	CABET-HOLDING GMBH	100.00	
112	CAFU VERMOEGENSVERWALTUNG GMBH & CO OG Issued capital EUR 6,719,227	VIENNA	VIENNA	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
113	CAL-PAPIER INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
114	CALG 307 MOBILIEN LEASING GMBH Issued capital EUR 90,959	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	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
115	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	
116	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	
117	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	
118	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	
119	CALG ANLAGEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 55,945,753				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
120	CALG ANLAGEN LEASING GMBH & CO GRUNDSTUECKVERMIETUNG UND -VERWALTUNG KG	MUNICH	MUNICH	1	CALG ANLAGEN LEASING GMBH	99.90	
	Issued capital EUR 2,326,378						
121	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
	Issued capital EUR 13,318,789				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
122	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	
123	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	
124	CALG IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
	Issued capital EUR 41,384,084				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
125	CALG IMMOBILIEN LEASING GMBH & CO. 1120 WIEN, SCHOENBRUNNER SCHLOSSSTRASSE 38-42 OG	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 300				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
126	CALG IMMOBILIEN LEASING GMBH & CO. PROJEKT ACHT OG	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 300				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
127	CALG IMMOBILIEN LEASING GMBH & CO. PROJEKT VIER OG	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 300				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
128	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	
129	CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE : BIPCA CORDUSIO RMBS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
130	CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE : CAPITAL MORTGAGE 2007 - 1)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)

Part A – Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP: HELD BY	HOLDING %	VOTING RIGHTS % (2)
131	CARD COMPLETE SERVICE BANK AG Issued capital EUR 6,000,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	50.10	
132	CARDS & SYSTEMS EDV-DIENSTLEISTUNGS GMBH Issued capital EUR 75,000	VIENNA	VIENNA	1	CARD COMPLETE SERVICE BANK AG	5.00	
					DC BANK AG	1.00	
					UNICREDIT BANK AUSTRIA AG	52.00	
133	CASTELLANI LEASING GMBH Issued capital EUR 1,800,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
					UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
134	CDM CENTRALNY DOM MAKLERSKI PEKAO SA Issued capital PLN 56,331,898	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
135	CEAKSCH VERWALTUNGS G.M.B.H.(IN LIQ.) Issued capital EUR 35,000	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	100.00	
136	CENTAR KAPTOL DOO Issued capital HRK 46,830,400	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
137	CENTRUM BANKOWOSCI BEZPOSREDNIEJ SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSC Issued capital PLN 500,000	KRAKOW	KRAKOW	1	BANK PEKAO SA	100.00	
138	CENTRUM KART SA Issued capital PLN 26,782,648	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
139	CHARADE 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	
140	CHEFREN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
141	CIVITAS 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	
142	COFIRI S.P.A. IN LIQUIDAZIONE Issued capital EUR 6,910,151	ROME	ROME	1	UNICREDIT SPA	100.00	
143	COMMUNA - LEASING GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	REAL-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
144	COMPAGNIA FONDIARIA ROMANA - SOCIETA' A RESPONDABILITA' LIMITATA Issued capital EUR 103,400	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	87.50	
					SOCIETA' VERONESE GESTIONE COMPRAVENDITA IMMOBILI A R.L.	12.50	
145	CONSORZIO QUENIT Issued capital EUR 10,000	VERONA	VERONA	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	55.00	
146	CONSUMER THREE SRL (CARTOLARIZZAZIONE : CONSUMER THREE)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
147	CONSUMER TWO SRL (CARTOLARIZZAZIONE : CONSUMER TWO)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
148	CONTRA LEASING-GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
					JAUSERN-LEASING GESELLSCHAFT M.B.H.	25.00	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
149	CORDUSIO RMBS - UCFIN SRL (CARTOLARIZZAZIONE : CORDUSIO RMBS UCFIN - SERIE 2006)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
150	CORDUSIO RMBS SECURITISATION SRL (CARTOLARIZZAZIONE : CORDUSIO RMBS SECURITISATION - SERIE 2006)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
151	CORDUSIO RMBS SECURITISATION SRL (CARTOLARIZZAZIONE : CORDUSIO RMBS SECURITISATION - SERIE 2007)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
152	CORDUSIO RMBS SRL (CARTOLARIZZAZIONE : CORDUSIO RMBS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
153	CORDUSIO SIM - ADVISORY & FAMILY OFFICE SPA Issued capital EUR 6,120,000	MILAN	MILAN	1	UNICREDIT SPA	67.32	(5)
154	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI Issued capital EUR 520,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
155	CORIT - CONCESSIONARIA RISCOSSIONE TRIBUTI S.P.A. IN LIQUIDAZIONE Issued capital EUR 1,243,732	ROME	ROME	1	UNICREDIT SPA	60.00	
156	CRIVELLI SRL Issued capital EUR 10,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
157	CUMTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
	Issued capital EUR 26,000				UNICREDIT BANK AG	6.15	
158	CUXHAVEN STEEL CONSTRUCTION GMBH Issued capital EUR 25,000	CUXHAVEN	CUXHAVEN	4	BARD ENGINEERING GMBH	..	(3)
159	DBC SP.Z O.O. Issued capital PLN 50,000	WARSAW	WARSAW	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
160	DC BANK AG Issued capital EUR 5,000,000	VIENNA	VIENNA	1	CARD COMPLETE SERVICE BANK AG	99.94	
161	DC ELEKTRONISCHE ZAHLUNGSSYSTEME GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H.	100.00	
162	DEBO LEASING IFN S.A.	BUCHAREST	BUCHAREST	1	UNICREDIT CONSUMER FINANCING IFN S.A.	0.01	
	Issued capital RON 724,400				UNICREDIT LEASING CORPORATION IFN S.A.	99.99	
163	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT ALPHA MANAGEMENT KG Issued capital EUR 255,650	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
164	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT BETA MANAGEMENT KG Issued capital EUR 255,650	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
165	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT GAMMA MANAGEMENT KG Issued capital EUR 255,650	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
166	DINERS CLUB CS, S.R.O. Issued capital EUR 995,000	BRATISLAVA	BRATISLAVA	1	DC BANK AG	100.00	
167	DINERS CLUB POLSKA SP.Z.O.O. Issued capital PLN 7,500,000	WARSAW	WARSAW	1	DC BANK AG	100.00	
168	DIRANA LIEGENSCHAFTSVERWERTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 17,500	VIENNA	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	

Part A – Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
169	DLV 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	
170	DOBLERHOF IMMOBILIEN GMBH & CO KG	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	90.00	
	Issued capital EUR 10,000				EUROGATE BETEILIGUNGSVERWALTUNG GMBH	10.00	
171	DOM INWESTYCYJNY XELION SP. Z O.O.	WARSAW	WARSAW	1	BANK PEKAO SA	50.00	
	Issued capital PLN 60,050,000				UNICREDIT SPA	50.00	
172	DOMUS CLEAN REINIGUNGS GMBH	VIENNA	VIENNA	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS AUSTRIA GMBH	100.00	
	Issued capital EUR 17,500						
173	DONAUMARINA PROJEKTENTWICKLUNG GMBH	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 35,000						
174	DR. W. W. DONATH IMMOBILIENVERWALTUNG GMBH	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 37,000						
175	DUODEC Z 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	DV ALPHA GMBH	VIENNA	VIENNA	1	PIRTA VERWALTUNGS GMBH	100.00	
	Issued capital EUR 35,000						
177	DV BETEILIGUNGSVERWALTUNGS GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 35,000						
178	EKAZENT GEBAEUDEVERMIETUNG GMBH	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.06	
	Issued capital EUR 1,310,000				EKAZENT REALITAETENGESELLSCHAFT M.B.H.	99.94	
179	EKAZENT IMMOBILIEN MANAGEMENT GMBH	VIENNA	VIENNA	1	IMMOBILIEN HOLDING GMBH	100.00	
	Issued capital EUR 35,000						
180	EKAZENT REALITAETENGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.02	
	Issued capital EUR 4,370,000				IMMOBILIEN HOLDING GMBH	99.98	
181	ELEKTRA PURCHASE NO. 17 S.A. - COMPARTEMENT 2	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
182	ELEKTRA PURCHASE NO. 28 LTD	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
183	ELEKTRA PURCHASE NO. 31 LTD	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
184	ELEKTRA PURCHASE NO. 32 S.A.	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
185	ELEKTRA PURCHASE NO. 33 LIMITED	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
186	ELEKTRA PURCHASE NO. 34 LIMITED	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
187	ELEKTRA PURCHASE NO. 35 LIMITED	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
188	ELEKTRA PURCHASE NO. 36 LIMITED	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
189	ELEKTRA PURCHASE NO. 37 LIMITED	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
190	ELEKTRA PURCHASE NO. 38 LIMITED	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
191	ELEKTRA PURCHASE NO. 40 LIMITED	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
192	ELEKTRA PURCHASE NO. 41 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
193	ELEKTRA PURCHASE NO. 42 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
194	ELEKTRA PURCHASE NO. 43 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
195	ELEKTRA PURCHASE NO. 47 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
196	ELEKTRA PURCHASE NO. 48 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
197	ELEKTRA PURCHASE NO. 911 LTD	ST. HELIER	ST. HELIER	4	UNICREDIT BANK AG	..	(3)
198	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	68.45	68.20
199	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
200	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
201	EUROGATE BETEILIGUNGSVERWALTUNG GMBH	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 35,000						
202	EUROGATE PROJEKTENTWICKLUNG GMBH	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 35,000						
203	EUROGATE PROJEKTENTWICKLUNG GMBH & CO AREA BETA KG	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 35,000						
204	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	
205	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	
206	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	
207	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	
208	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	
209	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 14,398,879				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
210	EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.)	BUDAPEST	BUDAPEST	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
	Issued capital HUF 100,000,000						
211	EUROPE REAL-ESTATE INVESTMENT FUND	BUDAPEST	BUDAPEST	4	UNICREDIT BANK HUNGARY ZRT.	..	(3)
212	EUROPEAN-OFFICE-FONDS	MUNICH	MUNICH	4	UNICREDIT BANK AG	..	(3)
213	EUROVENTURES-AUSTRIA-CA-MANAGEMENT GESMBH	VIENNA	VIENNA	1	CABET-HOLDING GMBH	100.00	
	Issued capital EUR 36,336						
214	EXPANDA 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	

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					OWNERSHIP RELATIONSHIP		
	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	HELD BY	HOLDING %	VOTING RIGHTS % (2)
215	F-E GOLD SRL (CARTOLARIZZAZIONE : F-E GOLD)	MILAN	MILAN	4	UNICREDIT LEASING S.P.A.	..	(3)
216	F-E MORTGAGES SRL (CARTOLARIZZAZIONE : F-E MORTGAGES 2005)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
217	F-E MORTGAGES SRL (CARTOLARIZZAZIONE : F-E MORTGAGES SERIES 1 - 2003)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
218	FACTORBANK AKTIENGESELLSCHAFT Issued capital EUR 3,000,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
219	FCT UCG TIKEHAU Issued capital EUR 33,830,000	PARIS	PARIS	4	UNICREDIT SPA	..	(3)
220	FINECO VERWALTUNG AG (IN LIQUIDATION) Issued capital EUR 50,000	MUNICH	MUNICH	1	UNICREDIT SPA	100.00	
221	FINECOBANK SPA Issued capital EUR 200,245,794	MILAN	REGGIO EMILIA	1	UNICREDIT SPA	65.44	
222	FMC LEASING INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
223	FMZ SAVARIA SZOLGALTATO KORLATOLT FELELOESSEG TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT LEASING KFT	75.00	
224	FMZ SIGMA PROJEKTENTWICKLUNGS GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 35,000				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
225	FOLIA LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
	Issued capital EUR 1,981,769				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
226	FONDIARIA LASA SPA Issued capital EUR 3,102,000	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
227	FONDO SIGMA IMMOBILIARE Issued capital EUR 180,100,960	ROME	ROME	4	UNICREDIT SPA	100.00	(3)
228	FOOD & MORE GMBH Issued capital EUR 100,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
229	FORUM POLSKIEGO BIZNESU MEDIA SP.Z O.O. Issued capital PLN 13,758,000	WARSAW	WARSAW	1	PEKAO PROPERTY SA	100.00	
230	FUGATO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
231	G.N.E. GLOBAL GRUNDSTUECKSVERWERTUNG GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,337				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
232	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 21,872,755				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
233	GARAGE AM HOF GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	IMMOBILIEN HOLDING GMBH	90.60	
	Issued capital EUR 220,000				SCHOELLERBANK AKTIENGESELLSCHAFT	2.00	
234	GBS GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.00	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	1.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
235	GEBAEUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT 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	
236	GELDILUX-TS-2013 S.A.	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
	Issued capital EUR 31,000						
237	GELDILUX-TS-2015 S.A.	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
	Issued capital EUR 31,000						
238	GEMEINDELEASING GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	37.30	
	Issued capital EUR 18,333				CALG IMMOBILIEN LEASING GMBH	37.50	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
239	GEMMA VERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG	PULLACH	PULLACH	4	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	6.13	(3)
	Issued capital EUR 68,325,723						
240	GENERAL LOGISTIC SOLUTIONS LLC	MOSCOW	MOSCOW	1	UCTAM RU LIMITED LIABILITY COMPANY	100.00	
	Issued capital RUB 142,309,444						
241	GIMMO IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH	MUNICH	MUNICH	1	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	100.00	
	Issued capital EUR 25,600						
242	GOLF- UND COUNTRY CLUB SEDDINER SEE IMMOBILIEN GMBH	MUNICH	MUNICH	1	ANTUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	6.00	
	Issued capital EUR 52,500				HVB PROJEKT GMBH	94.00	
243	GRAND CENTRAL FUNDING CORPORATION	NEW YORK	NEW YORK	4	UNICREDIT BANK AG	..	(3)
	Issued capital USD 1,000						
244	GRUNDSTUCKSAKTIENGESELLSCHAFT AM POTSDAMER PLATZ (HAUS VATERLAND)	MUNICH	MUNICH	1	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	98.24	
	Issued capital EUR 4,086,245						
245	GRUNDSTUCKSGESELLSCHAFT SIMON BESCHRANKT HAFTENDE KOMMANDITGESELLSCHAF	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
	Issued capital EUR 51,500						
246	GRUNDSTUECKSVERWALTUNG LINZ-MITTE GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 35,000				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
247	H & B IMMOBILIEN GMBH & CO. OBJEKTE KG	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
	Issued capital EUR 5,000						
248	H.F.S. IMMOBILIENFONDS GMBH	EBERSBERG	EBERSBERG	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
	Issued capital EUR 25,565						
249	H.F.S. LEASINGFONDS DEUTSCHLAND 1 GMBH & CO. KG (IMMOBILIENLEASING)	MUNICH	MUNICH	4	HVB IMMOBILIEN AG	..	(3)
	Issued capital EUR 61,170,962				WEALTHCAP REAL ESTATE MANAGEMENT GMBH	0.08	
250	H.F.S. LEASINGFONDS DEUTSCHLAND 7 GMBH & CO. KG	MUNICH	MUNICH	4	HVB PROJEKT GMBH	..	(3)
	Issued capital EUR 56,605,126				WEALTHCAP REAL ESTATE MANAGEMENT GMBH	0.08	
251	HAWA GRUNDSTUCKS GMBH & CO. OHG HOTELVERWALTUNG	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	99.50	
	Issued capital EUR 276,200				TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	0.50	

Part A – Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
252	HAWA GRUNDSTUCKS GMBH & CO. OHG IMMOBILIENVERWALTUNG	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	99.50	
	Issued capital EUR 54,300				TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	0.50	
253	HBF PROJEKTENTWICKLUNG ZWEI GMBH & CO KG	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 1,000						
254	HBF PROJEKTENTWICKLUNG DREI GMBH & CO KG	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 1,000						
255	HBF PROJEKTENTWICKLUNG EINS GMBH & CO KG	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 1,000						
256	HELICONUS SRL (CARTOLARIZZAZIONE : HELICONUS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
257	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	
258	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 25,000						
259	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	
260	HUMAN RESOURCES SERVICE AND DEVELOPMENT GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 18,168						
261	HVB ASSET LEASING LIMITED	LONDON	LONDON	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 1						
262	HVB ASSET MANAGEMENT HOLDING GMBH	MUNICH	MUNICH	1	HVB VERWA 4 GMBH	100.00	
	Issued capital EUR 25,000						
263	HVB CAPITAL LLC	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 10,000						
264	HVB CAPITAL LLC II	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 14						
265	HVB CAPITAL LLC III	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 10,000						
266	HVB CAPITAL PARTNERS AG	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 2,500,000						
267	HVB EXPORT LEASING GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 25,600						
268	HVB FUNDING TRUST	WILMINGTON	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
269	HVB FUNDING TRUST II	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 2,583						
270	HVB FUNDING TRUST III	WILMINGTON	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
271	HVB GESELLSCHAFT FUR GEBAUDE BETEILIGUNGS GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 25,000						
272	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	(7)
	Issued capital EUR 10,000,000						

					OWNERSHIP RELATIONSHIP		
	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	HELD BY	HOLDING %	VOTING RIGHTS % (2)
273	HVB HONG KONG LIMITED	HONG KONG	HONG KONG	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 129						
274	HVB IMMOBILIEN AG	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 520,000						
275	HVB INVESTMENTS (UK) LIMITED	GEORGE TOWN	GEORGE TOWN	1	UNICREDIT BANK AG	100.00	
	Issued capital GBP 2						
276	HVB LEASING CZECH REPUBLIC S.R.O.	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital CZK 49,632,000						
277	HVB LIFE SCIENCE GMBH & CO. BETEILIGUNGS-KG	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 1,025,000						
278	HVB LONDON INVESTMENTS (AVON) LIMITED	LONDON	LONDON	1	UNICREDIT BANK AG	100.00	
	Issued capital GBP 2						
279	HVB PRINCIPAL EQUITY GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 25,600						
280	HVB PROFIL GESELLSCHAFT FUR PERSONALMANAGEMENT MBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 26,000						
281	HVB PROJEKT GMBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	94.00	
	Issued capital EUR 24,543,000				UNICREDIT BANK AG	6.00	
282	HVB SECUR GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 50,000						
283	HVB TECTA GMBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	94.00	94.00
	Issued capital EUR 1,534,000				UNICREDIT BANK AG	6.00	
284	HVB VERWA 1 GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 51,200						
285	HVB VERWA 4 GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 26,000						
286	HVB VERWA 4.4 GMBH	MUNICH	MUNICH	1	HVB VERWA 4 GMBH	100.00	
	Issued capital EUR 25,000						
287	HVB-LEASING ATLANTIS INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 3,000,000						
288	HVB-LEASING FORTE INGATLANHASNOSITO KORLATOLT FELELOESSEGUE TARSASAG	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 3,000,000						
289	HVB-LEASING GARO INGATLANHSZNOSITO KORLATOLT FELELOESSEGUE TARSASAG	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 3,100,000						
290	HVB-LEASING JUPITER INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 3,000,000						
291	HVB-LEASING LAMOND INGATLANHASZNOSITO KFT (IN LIQUIDAZIONE)	BUDAPEST	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
	Issued capital HUF 3,000,000						

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
292	HVB-LEASING MAESTOSO INGATLANHASZNOSITO KFT. Issued capital HUF 3,100,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
293	HVB-LEASING ROCCA INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
294	HVB-LEASING RUBIN KFT. Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
295	HVB-LEASING SMARAGD KFT. Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
296	HVBFF INTERNATIONAL GREECE GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVBFF INTERNATIONALE LEASING GMBH	100.00	
297	HVBFF INTERNATIONALE LEASING GMBH Issued capital EUR 26,000	MUNICH	MUNICH	1	HVBFF OBJEKT BETEILIGUNGS GMBH	10.00	
					WEALTHCAP PEIA MANAGEMENT GMBH	90.00	
298	HVBFF OBJEKT BETEILIGUNGS GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
299	HVZ GMBH & CO. OBJEKT KG Issued capital EUR 148,090,766	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
300	HYPO-BANK VERWALTUNGSZENTRUM GMBH Issued capital EUR 25,600	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
301	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	
302	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	
303	HYPOVEREINS IMMOBILIEN EOOD Issued capital BGN 100,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
304	HYPOVEREINSFINANCE N.V. Issued capital EUR 181,512	AMSTERDAM	AMSTERDAM	1	UNICREDIT BANK AG	100.00	
305	I-FABER SPA Issued capital EUR 5,652,174	MILAN	MILAN	1	UNICREDIT SPA	88.32	
306	IMMOBILIEN HOLDING GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	ZETA FUENF HANDELS GMBH	100.00	
307	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	
308	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	
309	IMU IMMOBILIENENTWICKLUNG MUTHGASSE GMBH & CO KG Issued capital EUR 2,500	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	60.00	
310	INPROX CHOMUTOV, S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
311	INPROX KLADNO, S.R.O.	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital CZK 100,000						
312	INTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	93.85
	Issued capital EUR 26,000				UNICREDIT BANK AG	6.15	
313	INTRO LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
	Issued capital EUR 36,336						
314	INV TOTALUNTERNEHMER GMBH	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 35,000						
315	ISB UNIVERSALE BAU GMBH	BERLIN	BERLIN	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital EUR 6,288,890						
316	IVONA BETEILIGUNGSVERWALTUNG GMBH	VIENNA	VIENNA	1	BA IMMO GEWINNSCHEIN FONDS1	100.00	
	Issued capital EUR 18,168						
317	JAUSERN-LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 2,802,537						
318	JOHA GEBAEUDE- ERRICHTUNGS- UND VERMIETUNGS- GESELLSCHAFT M.B.H.	LEONDING	LEONDING	1	UNO-EINKAUFSZENTRUM-VERWALTUNGSGESELLSCHAFT M.B.H.	99.03	
	Issued capital EUR 37,000						
319	KAISERWASSER BAU- UND ERRICHTUNGS GMBH UND CO OG	VIENNA	VIENNA	1	RAMSES-IMMOBILIENHOLDING GMBH	..	100.00
	Issued capital EUR 36,336				UNICREDIT BANK AUSTRIA AG	99.80	0.00
320	KINABALU FINANCIAL PRODUCTS LLP (IN LIQU.)	LONDON	LONDON	1	UNICREDIT BANK AG	100.00	99.90
	Issued capital GBP 2,509,000				VERBA VERWALTUNGSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG	..	0.10
321	KINABALU FINANCIAL SOLUTIONS LTD (IN LIQU.)	LONDON	LONDON	1	UNICREDIT BANK AG	100.00	
	Issued capital GBP 1,700,000						
322	KLEA TERRAIN- UND BAU-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	..	
	Issued capital EUR 3,650,000				IMMOBILIEN HOLDING GMBH	100.00	
323	KLEA ZS-IMMOBILIENVERMIETUNG G.M.B.H.	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
	Issued capital EUR 36,336				UNICREDIT BANK AUSTRIA AG	99.80	
324	KLEA ZS-LIEGENSCHAFTSVERMIETUNG G.M.B.H.	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
	Issued capital EUR 36,336				UNICREDIT BANK AUSTRIA AG	99.80	
325	KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CARD COMPLETE SERVICE BANK AG	100.00	
	Issued capital EUR 44,000						
326	KUNSTHAUS LEASING GMBH	VIENNA	VIENNA	1	KUTRA GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	5.00	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
327	KUR- UND SPORTHOTEL GESELLSCHAFT M.B.H.	KITZBUHEL	KITZBUHEL	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	..	
	Issued capital EUR 3,650,000				KLEA TERRAIN- UND BAU-GESELLSCHAFT M.B.H.	100.00	
328	KUTRA GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 36,337				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
329	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	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
330	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	
331	LARGE CORPORATE ONE SRL (CARTOLARIZZAZIONE: LARGE CORPORATE ONE)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
332	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	
333	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	
334	LEASFINANZ BANK GMBH	VIENNA	VIENNA	1	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
	Issued capital EUR 5,136,500						
335	LEASFINANZ GMBH	VIENNA	VIENNA	1	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
	Issued capital EUR 672,053						
336	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	
337	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	
338	LIFE MANAGEMENT ERSTE GMBH	MUNICH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
	Issued capital EUR 25,000						
339	LIFE MANAGEMENT ZWEITE GMBH	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
	Issued capital EUR 26,000						
340	LINDENGASSE BUROHAUSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.20	
	Issued capital EUR 37,000				KLEA TERRAIN- UND BAU-GESELLSCHAFT M.B.H.	99.80	
341	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	
342	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	
343	LIVA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 38,731				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
344	LLC UKROTSBUD	KIEV	KIEV	1	PUBLIC JOINT STOCK COMPANY UKRSOTSBANK	100.00	
	Issued capital UAH 150,000,000						
345	LOCAT CROATIA DOO	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
	Issued capital HRK 39,000,000						
346	LOCAT SV SRL (CARTOLARIZZAZIONE : SERIE 2005)	CONEGLIANO	CONEGLIANO	4	UNICREDIT LEASING S.P.A.	..	(3)
347	LOCAT SV SRL (CARTOLARIZZAZIONE : SERIE 2006)	CONEGLIANO	CONEGLIANO	4	UNICREDIT LEASING S.P.A.	..	(3)

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
348	LOCAT SV SRL (CARTOLARIZZAZIONE : SERIE 2011)	CONEGLIANO	CONEGLIANO	4	UNICREDIT LEASING S.P.A.	..	(3)
349	LOCAT SV SRL (CARTOLARIZZAZIONE : SERIE 2014)	CONEGLIANO	CONEGLIANO	4	UNICREDIT LEASING S.P.A.	..	(3)
350	LTD SI&C AMC UKRSOTS REAL ESTATE (IN LIQUIDAZIONE) Issued capital UAH 7,000,000	KIEV	KIEV	1	PUBLIC JOINT STOCK COMPANY UKRSOTSBANK	100.00	
351	M. A. V. 7., BANK AUSTRIA LEASING BAUTRAEGER GMBH & CO.OG. Issued capital EUR 3,707	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	1.96	
					UNICREDIT LUNA LEASING GMBH	98.04	
352	M.A.I.L. BETEILIGUNGSMANAGEMENT GESELLSCHAFT M.B.H. & CO. MCL THETA KG	VIENNA	VIENNA	1	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	100.00	0.00
					TREUCONSULT PROPERTY BETA GMBH	0.00	100.00
353	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	
354	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	
355	MCL RE LJUBLJANA, POSLOVNI NAJEM NEPREMI NIN, D.O.O. Issued capital EUR 7,500	LJUBLJANA	LJUBLJANA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
356	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	
357	MERKURHOF GRUNDSTUCKSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG Issued capital EUR 5,112,919	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
358	MIK 2012 KARLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
359	MILLETERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
360	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	
361	MOBILITY CONCEPT GMBH Issued capital EUR 4,000,000	OBERHACHING	OBERHACHING	1	UNICREDIT LEASING GMBH	60.00	
362	MOC VERWALTUNGS GMBH & CO. IMMOBILIEN KG Issued capital EUR 5,112,940	MUNICH	MUNICH	4	HVB PROJEKT GMBH	23.00	(3)
363	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	
364	MOVIE MARKET BETEILIGUNGS GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
365	MY DREI HANDELS GMBH Issued capital EUR 17,500	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
366	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	

Part A – Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
367	NEWSTONE MORTGAGE SECURITIES NO.1 PLC	LONDON	LONDON	4	REDSTONE MORTGAGES LIMITED	..	(3)
368	NF OBJEKT FFM GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
369	NF OBJEKT MUNCHEN GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
370	NF OBJEKTE BERLIN GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
371	NOE HYPO LEASING ASTRICTA GRUNDSTUECKVERMIETUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
372	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	
373	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA Issued capital EUR 200,000	ROME	ROME	1	UNICREDIT SPA	100.00	
374	OCEAN BREEZE ASSET GMBH & CO. KG Issued capital EUR 2,000	BREMEN	BREMEN	1	OCEAN BREEZE ENERGY GMBH & CO. KG	100.00	
375	OCEAN BREEZE ENERGY GMBH & CO. KG Issued capital EUR 2,000	BREMEN	BREMEN	1	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH	..	
376	OCEAN BREEZE FINANCE S.A. - COMPARTMENT 1	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
377	OCEAN BREEZE GMBH Issued capital EUR 25,000	BREMEN	BREMEN	1	OCEAN BREEZE ENERGY GMBH & CO. KG	100.00	
378	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	
379	OLG HANDELS- UND BETEILIGUNGSVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
380	OMNIA GRUNDSTUCKS-GMBH & CO. OBJEKT EGGENFELDENER STRASSE KG Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	94.00	
					UNICREDIT BANK AG	6.00	
381	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	
382	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
383	OOO UNICREDIT LEASING Issued capital RUR 149,160,248	MOSCOW	MOSCOW	1	AO UNICREDIT BANK	100.00	
384	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH Issued capital EUR 10,149,150	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
385	OSI OFF-SHORE SERVICE INVEST GMBH	HAMBURG	HAMBURG	4	UNICREDIT BANK AG	..	(3)
386	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	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
387	OTHMARSCHEN PARK HAMBURG GMBH & CO. GEWERBEPARK KG	MUNICH	MUNICH	1	HVB PROJEKT GMBH	10.00	
	Issued capital EUR 51,129				T & P FRANKFURT DEVELOPMENT B.V.	30.00	
					T & P VASTGOED STUTTGART B.V.	60.00	
388	OWS LOGISTIK GMBH	EMDEN	EMDEN	4	OSI OFF-SHORE SERVICE INVEST GMBH	..	(3)
	Issued capital EUR 12,500						
389	OWS NATALIA BEKKER GMBH & CO. KG	EMDEN	EMDEN	4	OWS LOGISTIK GMBH	..	(3)
	Issued capital EUR 1,000						
390	OWS OCEAN ZEPHYR GMBH & CO. KG	EMDEN	EMDEN	4	OWS OFF-SHORE WIND SOLUTIONS GMBH	..	(3)
	Issued capital EUR 6,000						
391	OWS OFF-SHORE WIND SOLUTIONS GMBH	EMDEN	EMDEN	4	OSI OFF-SHORE SERVICE INVEST GMBH	..	(3)
	Issued capital EUR 25,000						
392	OWS WINDLIFT 1 CHARTER GMBH & CO. KG	EMDEN	EMDEN	4	OWS LOGISTIK GMBH	..	(3)
	Issued capital EUR 1,000						
393	PALAIS ROTHSCHILD VERMIETUNGS GMBH & CO OG	VIENNA	VIENNA	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
	Issued capital EUR 2,180,185						
394	PARZHOF-ERRICHTUNGS- UND VERWERTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.60	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	0.20	
395	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 36,336						
396	PEKAO BANK HIPOTECZNY S.A.	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
	Issued capital PLN 223,000,000						
397	PEKAO FAKTORING SP. ZOO	LUBLIN	LUBLIN	1	BANK PEKAO SA	100.00	
	Issued capital PLN 50,587,900						
398	PEKAO FINANCIAL SERVICES SP. ZOO	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
	Issued capital PLN 4,500,000						
399	PEKAO FUNDUSZ KAPITALOWY SP. ZOO	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
	Issued capital PLN 51,380,000						
400	PEKAO INVESTMENT BANKING SA	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
	Issued capital PLN 225,141,851						
401	PEKAO LEASING HOLDING S.A.IN LIQUIDATION	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
	Issued capital PLN 207,671,225						
402	PEKAO LEASING SP ZO.O.	WARSAW	WARSAW	1	BANK PEKAO SA	36.49	
	Issued capital PLN 241,588,600				PEKAO LEASING HOLDING S.A.IN LIQUIDATION	63.51	
403	PEKAO PIONEER P.T.E. SA	WARSAW	WARSAW	1	BANK PEKAO SA	65.00	
	Issued capital PLN 20,760,000				PIONEER GLOBAL ASSET MANAGEMENT SPA	35.00	
404	PEKAO PROPERTY SA	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
	Issued capital PLN 51,346,400						
405	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	
406	PENSIONSKASSE DER HYPO VEREINSBANK VVAG	MUNICH	MUNICH	4	UNICREDIT BANK AG	..	(3)

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	OWNERSHIP RELATIONSHIP HOLDING %	VOTING RIGHTS % (2)
407	PERIKLES 20092 VERMOGENSVERWALTUNG GMBH Issued capital EUR 25,000	BREMEN	BREMEN	1	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH	100.00	
408	PIANA 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	
409	PIONEER ALTERNATIVE INVESTMENT MANAGEMENT (BERMUDA) LIMITED Issued capital USD 12,000	HAMILTON	HAMILTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
410	PIONEER ALTERNATIVE INVESTMENT MANAGEMENT LTD Issued capital EUR 1,032,000	DUBLIN	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
411	PIONEER ALTERNATIVE INVESTMENTS (ISRAEL) LTD Issued capital ILS 50,000	RAMAT GAN.	RAMAT GAN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
412	PIONEER ALTERNATIVE INVESTMENTS (NEW YORK) LTD Issued capital USD 1	DOVER	NEW YORK	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
413	PIONEER ASSET MANAGEMENT AS Issued capital CZK 27,000,000	PRAGUE	PRAGUE	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
414	PIONEER ASSET MANAGEMENT S.A.I. S.A. Issued capital RON 3,022,000	BUCHAREST	BUCHAREST	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	97.42	
					UNICREDIT BANK S.A.	2.58	
415	PIONEER ASSET MANAGEMENT SA Issued capital EUR 10,000,000	LUXEMBOURG	LUXEMBOURG	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
416	PIONEER FUNDS DISTRIBUTOR INC Issued capital USD 2,060	BOSTON	BOSTON	1	PIONEER INVESTMENT MANAGEMENT INC	100.00	
417	PIONEER GLOBAL ASSET MANAGEMENT SPA Issued capital EUR 1,219,463,434	MILAN	MILAN	1	UNICREDIT SPA	100.00	
418	PIONEER GLOBAL FUNDS DISTRIBUTOR LTD Issued capital EUR 12,900	HAMILTON	HAMILTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
419	PIONEER GLOBAL INVESTMENTS (AUSTRALIA) PTY LIMITED Issued capital AUD 3,980,000	SYDNEY	SYDNEY	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
420	PIONEER GLOBAL INVESTMENTS (TAIWAN) LTD. Issued capital TWD 70,000,000	TAIPEI	TAIPEI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
421	PIONEER GLOBAL INVESTMENTS LIMITED Issued capital EUR 752,500	DUBLIN	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
422	PIONEER INSTITUTIONAL ASSET MANAGEMENT INC Issued capital USD 1,000	WILMINGTON	BOSTON	1	PIONEER INVESTMENT MANAGEMENT USA INC.	100.00	
423	PIONEER INVESTMENT COMPANY AS Issued capital CZK 61,000,000	PRAGUE	PRAGUE	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
424	PIONEER INVESTMENT FUND MANAGEMENT LIMITED Issued capital HUF 100,000,000	BUDAPEST	BUDAPEST	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
425	PIONEER INVESTMENT MANAGEMENT INC Issued capital USD 20,990	WILMINGTON	BOSTON	1	PIONEER INVESTMENT MANAGEMENT USA INC.	100.00	
426	PIONEER INVESTMENT MANAGEMENT LIMITED Issued capital EUR 1,032,912	DUBLIN	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
427	PIONEER INVESTMENT MANAGEMENT SOC. DI GESTIONE DEL RISPARMIO PER AZ	MILAN	MILAN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
	Issued capital EUR 51,340,995						
428	PIONEER INVESTMENT MANAGEMENT USA INC.	WILMINGTON	BOSTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
	Issued capital USD 1						
429	PIONEER INVESTMENTS (SCHWEIZ) GMBH	ZURICH	ZURICH	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
	Issued capital CHF 20,000						
430	PIONEER INVESTMENTS AUSTRIA GMBH	VIENNA	VIENNA	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
	Issued capital EUR 5,000,000						
431	PIONEER INVESTMENTS KAPITALANLAGEGESELLSCHAFT MBH	MUNICH	MUNICH	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
	Issued capital EUR 6,500,000						
432	PIONEER PEKAO INVESTMENT FUND COMPANY SA (POLISH NAME: PIONEER PEKAO TFI SA)	WARSAW	WARSAW	1	PIONEER PEKAO INVESTMENT MANAGEMENT SA	100.00	
	Issued capital PLN 37,804,000						
433	PIONEER PEKAO INVESTMENT MANAGEMENT SA	WARSAW	WARSAW	1	BANK PEKAO SA	49.00	
	Issued capital PLN 28,914,000				PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
434	PIRTA VERWALTUNGS GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 2,067,138						
435	POLLUX IMMOBILIEN GMBH	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
	Issued capital EUR 36,500				UNICREDIT BANK AUSTRIA AG	99.80	
436	POMINVEST DD	SPLIT	SPLIT	1	ZAGREBACKA BANKA D.D.	88.66	88.95
	Issued capital HRK 17,434,000						
437	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						
438	PORTIA GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
	Issued capital EUR 25,600						
439	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	
440	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	
441	PRIVATE JOINT STOCK COMPANY FERROTRADE INTERNATIONAL IN LIQUIDATION	KIEV	KIEV	1	PUBLIC JOINT STOCK COMPANY UKRSOTSBANK	100.00	
	Issued capital UAH 130,673,000						
442	PRO WOHNBAU AG	VIENNA	VIENNA	1	IMMOBILIEN HOLDING GMBH	99.69	
	Issued capital EUR 23,621,113				KLEA TERRAIN- UND BAU-GESELLSCHAFT M.B.H.	0.31	
443	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H.	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
444	PRVA STAMBENA STEDIONICA DD ZAGREB	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
	Issued capital HRK 80,000,000						
445	PUBLIC JOINT STOCK COMPANY UKRSOTSBANK	KIEV	KIEV	1	UNICREDIT BANK AUSTRIA AG	94.21	94.21
	Issued capital UAH 11,666,182,810				UNICREDIT SPA	5.66	
446	PURE FUNDING NO 10 LTD	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
447	QUADEC Z 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	
448	QUART Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
449	QUINT Z 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	
450	RAMSES IMMOBILIEN GESELLSCHAFT M.B.H. & CO OG	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.50	
	Issued capital EUR 36,500				RAMSES-IMMOBILIENHOLDING GMBH	0.20	
					UNICREDIT BANK AUSTRIA AG	99.30	
451	RANA-LIEGENSCHAFTSVERWERTUNG GMBH	VIENNA	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	99.90	
	Issued capital EUR 72,700						
452	REAL ESTATE MANAGEMENT POLAND SP. Z O.O.	WARSAW	WARSAW	1	UNICREDIT LEASING S.P.A.	100.00	
	Issued capital PLN 124,500						
453	REAL INVEST EUROPE D BA RI KAG	VIENNA	VIENNA	4	UNICREDIT BANK AUSTRIA AG	..	(3)
454	REAL INVEST IMMOBILIEN GMBH	VIENNA	VIENNA	1	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	99.00	
	Issued capital EUR 36,400						
455	REAL-LEASE GRUNDSTUECKSVERWALTUNGS-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	
456	REAL-RENT LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 73,000				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
457	REDSTONE MORTGAGES LIMITED	LONDON	LONDON	1	UNICREDIT BANK AG	..	
	Issued capital GBP 100,000						
458	REGEV REALITAETENVERWERTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 726,728				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
459	RHOTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
	Issued capital EUR 26,000				UNICREDIT BANK AG	6.15	
460	RIGEL IMMOBILIEN GMBH	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
	Issued capital EUR 36,500				UNICREDIT BANK AUSTRIA AG	99.80	
461	RONCASA IMMOBILIEN-VERWALTUNGS GMBH	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
	Issued capital EUR 256,000						
462	ROSENKAVALIER 2008 GMBH	FRANKFURT	FRANKFURT	4	UNICREDIT BANK AG	..	(3)
463	ROSENKAVALIER 2015 UG	FRANKFURT	FRANKFURT	4	UNICREDIT BANK AG	..	(3)
464	ROYSTON LEASING LIMITED	GRAND CAYMAN	GRAND CAYMAN	4	UNICREDIT BANK AG	..	(3)

					OWNERSHIP RELATIONSHIP		
	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	HELD BY	HOLDING %	VOTING RIGHTS % (2)
465	RSB ANLAGENVERMIETUNG GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 36,337				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
466	RVT BAUTRAEGER GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	IMMOBILIEN HOLDING GMBH	100.00	
	Issued capital EUR 37,000						
467	SALONE SPA	ROME	ROME	1	UNICREDIT SPA	100.00	
	Issued capital EUR 100,000						
468	SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG SAARLAND	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
	Issued capital EUR 1,533,900						
469	SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG VERWALTUNGSZENTRUM	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	97.78	
	Issued capital EUR 2,300,850				TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	2.22	
470	SALVATORPLATZ-GRUNDSTUECKSGESELLSCHAFT MIT BESCHRAENKTER HAFTUNG	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
	Issued capital EUR 511,300						
471	SANITA' - S.R.L. IN LIQUIDAZIONE	ROME	ROME	1	UNICREDIT SPA	99.60	
	Issued capital EUR 5,164,333						
472	SAS-REAL INGATLANUEZEMELTETOE ES KEZELOE KFT. (ENGLISH :SAS-REAL KFT)	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
	Issued capital HUF 750,000,000						
473	SCHOELLERBANK AKTIENGESELLSCHAFT	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 20,000,000						
474	SCHOELLERBANK INVEST AG	SALZBURG	SALZBURG	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
	Issued capital EUR 2,543,549						
475	SECA-LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
476	SEDEC 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	
477	SELFOSS BETEILIGUNGSGESELLSCHAFT MBH	GRUNWALD	GRUNWALD	1	HVB PROJEKT GMBH	100.00	
	Issued capital EUR 25,000						
478	SEXT Z 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	
479	SIA UNICREDIT INSURANCE BROKER	RIGA	RIGA	1	SIA UNICREDIT LEASING	100.00	
	Issued capital EUR 15,080						
480	SIA UNICREDIT LEASING	RIGA	RIGA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 15,569,120						
481	SIGMA LEASING GMBH	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.40	
	Issued capital EUR 18,286				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	0.40	
482	SIMON VERWALTUNGS-AKTIENGESELLSCHAFT I.L.	MUNICH	MUNICH	1	UNICREDIT BANK AG	99.98	
	Issued capital EUR 2,556,459						
483	SIRIUS IMMOBILIEN GMBH	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
	Issued capital EUR 36,500				UNICREDIT BANK AUSTRIA AG	99.80	

Part A – Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
484	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	
485	SOCIETA' DI GESTIONI ESATTORIALI IN SICILIA SO.G.E.SI. S.P.A. IN LIQ.	PALERMO	PALERMO	1	UNICREDIT SPA	80.00	
	Issued capital EUR 36,151,500						
486	SOCIETA' ITALIANA GESTIONE ED INCASSO CREDITI S.P.A. IN LIQUIDAZIONE	ROME	ROME	1	UNICREDIT SPA	100.00	
	Issued capital EUR 341,916						
487	SOCIETA' VERONESE GESTIONE COMPRAVENDITA IMMOBILI A R.L.	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
	Issued capital EUR 108,500						
488	SOFIGERE SOCIETE PAR ACTIONS SIMPLIFIEE	PARIS	PARIS	1	UNICREDIT SPA	100.00	
	Issued capital EUR 40,000						
489	SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
	Issued capital EUR 35,800						
490	SONATA LEASING-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H.	1.00	1.00
	Issued capital EUR 36,336				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	98.8	
491	SPECTRUM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
	Issued capital EUR 36,336						
492	SPREE GALERIE HOTELBETRIEBSGESELLSCHAFT MBH	MUNICH	MUNICH	1	ARGENTAURUS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH	100.00	
	Issued capital EUR 511,300						
493	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	
494	STRUCTURED INVEST SOCIETE ANONYME	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 125,500						
495	STRUCTURED LEASE GMBH	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
	Issued capital EUR 250,000						
496	SUCCESS 2015 B.V.	AMSTERDAM	AMSTERDAM	4	UNICREDIT LEASING (AUSTRIA) GMBH	..	(3)
	Issued capital EUR 1						
497	SUVREMENE POSLOVNE KOMUNIKACIJE D.O.O	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
	Issued capital HRK 1,110,000						
498	T & P FRANKFURT DEVELOPMENT B.V.	AMSTERDAM	AMSTERDAM	1	HVB PROJEKT GMBH	100.00	
	Issued capital EUR 4,938,271						
499	T & P VASTGOED STUTTGART B.V.	AMSTERDAM	AMSTERDAM	1	HVB PROJEKT GMBH	87.50	
	Issued capital EUR 10,769,773						
500	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	MUNICH	MUNICH	1	HVB TECTA GMBH	75.00	
	Issued capital EUR 920,400						
501	TERRONDA DEVELOPMENT B.V.	AMSTERDAM	AMSTERDAM	1	HVB PROJEKT GMBH	100.00	
	Issued capital EUR 1,252,433						
502	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	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
503	TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	99.67	
	Issued capital EUR 6,240,000						
504	TRANSTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
	Issued capital EUR 26,000				UNICREDIT BANK AG	6.15	
505	TREDEC 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	
506	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
	Issued capital EUR 365,000						
507	TRICASA GRUNDBESITZ GESELLSCHAFT MBH & CO. 1. VERMIETUNGS KG	MUNICH	MUNICH	1	HYPO-REAL HAUS- UND GRUNDBESITZ GESELLSCHAFT MBH	..	
	Issued capital EUR 6,979,476				ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	
508	TRICASA GRUNDBESITZGESELLSCHAFT DES BURGERLICHEN RECHTS NR. 1	MUNICH	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	
	Issued capital EUR 13,687,272						
509	TRIESTE ADRIATIC MARITIME INITIATIVES SRL	TRIESTE	TRIESTE	3	UNICREDIT SPA	36.86	
	Issued capital EUR 3,300,000						
510	TRINITRADE VERMOGENSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 102,300						
511	U2 ASPERN BAUPLATZ 1 BETEILIGUNGS-GMBH	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 35,000						
512	U2 ASPERN BAUPLATZ 1 GMBH & CO KG	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	90.00	
	Issued capital EUR 10,000				U2 ASPERN BAUPLATZ 1 BETEILIGUNGS-GMBH	10.00	
513	UCL NEKRETNINE D.O.O.	SARAJEVO	SARAJEVO	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	30.00	
	Issued capital BAM 10,000				UNICREDIT LEASING (AUSTRIA) GMBH	70.00	
514	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	VIENNA	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	90.00	
	Issued capital EUR 10,000				BA-CA ANDANTE LEASING GMBH	10.00	
515	UCTAM BALTICS SIA	RIGA	RIGA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
	Issued capital EUR 4,265,585						
516	UCTAM BULGARIA EOOD	SOFIA	SOFIA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
	Issued capital BGN 20,000						
517	UCTAM CZECH REPUBLIC SRO	PRAGUE	PRAGUE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.96	
	Issued capital CZK 45,500,000				UNICREDIT TURN-AROUND MANAGEMENT GMBH	0.04	
518	UCTAM D.O.O. BEOGRAD	BELGRADE	BELGRADE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
	Issued capital RSD 631,564,325						
519	UCTAM HUNGARY KFT	BUDAPEST	BUDAPEST	1	EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.)	0.33	0.33
	Issued capital HUF 10,200,000				UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.67	99.67
520	UCTAM RO S.R.L.	BUCHAREST	BUCHAREST	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
	Issued capital RON 30,257,830				UNICREDIT TURN-AROUND MANAGEMENT GMBH	..	

Part A – Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
521	UCTAM RU LIMITED LIABILITY COMPANY	MOSCOW	MOSCOW	1	AO UNICREDIT BANK	..	
	Issued capital RUB 4,000,000				UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
522	UCTAM UKRAINE LLC Issued capital UAH 1,013,324	KIEV	KIEV	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.99	
523	UCTAM UPRAVLJANJE D.O.O. Issued capital EUR 507,500	LJUBLJANA	LJUBLJANA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
524	UFFICIUM IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	KUTRA GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	5.00	
	Issued capital EUR 36,337				UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
525	UNI IT SRL Issued capital EUR 1,000,000	TRENTO	TRENTO	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	51.00	
526	UNICOM 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	
527	UNICREDIT (CHINA) ADVISORY LIMITED (IN LIQUIDAZIONE) Issued capital CNY 826,410	BEIJING	BEIJING	1	UNICREDIT BANK AG	100.00	
528	UNICREDIT AURORA LEASING GMBH Issued capital EUR 219,000	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
529	UNICREDIT BANK A.D. BANJA LUKA Issued capital BAM 97,055,000	BANJA LUKA	BANJA LUKA	1	UNICREDIT BANK AUSTRIA AG	98.44	
530	UNICREDIT BANK AG Issued capital EUR 2,407,151,016	MUNICH	MUNICH	1	UNICREDIT SPA	100.00	
531	UNICREDIT BANK AUSTRIA AG Issued capital EUR 1,681,033,521	VIENNA	VIENNA	1	UNICREDIT SPA	99.99	
532	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S. Issued capital CZK 8,754,617,898	PRAGUE	PRAGUE	1	UNICREDIT BANK AUSTRIA AG	99.96	
533	UNICREDIT BANK D.D. Issued capital BAM 119,195,000	MOSTAR	MOSTAR	1	ZAGREBACKA BANKA D.D.	99.35	93.31
534	UNICREDIT BANK HUNGARY ZRT. Issued capital HUF 24,118,220,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK AUSTRIA AG	100.00	
535	UNICREDIT BANK IRELAND PLC Issued capital EUR 1,343,118,650	DUBLIN	DUBLIN	1	UNICREDIT SPA	100.00	
536	UNICREDIT BANK S.A.	BUCHAREST	BUCHAREST	1	UNICREDIT BANK AUSTRIA AG	97.31	
	Issued capital RON 1,101,604,066				UNICREDIT LEASING CORPORATION IFN S.A.	..	
537	UNICREDIT BANK SERBIA JSC Issued capital RSD 23,607,620,000	BELGRADE	BELGRADE	1	UNICREDIT BANK AUSTRIA AG	100.00	
538	UNICREDIT BANKA SLOVENIJA D.D. Issued capital EUR 20,383,765	LJUBLJANA	LJUBLJANA	1	UNICREDIT BANK AUSTRIA AG	100.00	
539	UNICREDIT BETEILIGUNGS GMBH Issued capital EUR 1,000,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
540	UNICREDIT BIZTOSITASKOEZVETIT KFT. Issued capital HUF 5,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
541	UNICREDIT BPC MORTAGE SRL (COVERED BONDS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
542	UNICREDIT BPC MORTGAGE S.R.L. Issued capital EUR 12,000	VERONA	VERONA	1	UNICREDIT SPA	60.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
543	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	
544	UNICREDIT BROKER S.R.O.	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
	Issued capital EUR 8,266						
545	UNICREDIT BULBANK AD	SOFIA	SOFIA	1	UNICREDIT BANK AUSTRIA AG	99.45	
	Issued capital BGN 285,776,674				UNICREDIT SPA	..	
546	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						
547	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	MILAN	MILAN	1	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	..	
	Issued capital EUR 237,523,160				FINECOBANK SPA	..	
					HVB - MILANO (BAYERISCHE HYPO UND VEREINSBANK A.G.)	..	
					PIONEER INVESTMENT MANAGEMENT SOC. DI GESTIONE DEL RISPARMIO PER AZ	..	
					UNICREDIT BANK AG	..	
					UNICREDIT FACTORING SPA	..	
					UNICREDIT SPA	100.00	100.00
548	UNICREDIT CAPITAL MARKETS LLC	NEW YORK	NEW YORK	1	UNICREDIT U.S. FINANCE LLC	100.00	
	Issued capital USD 100,100						
549	UNICREDIT CENTER AM KAISERWASSER GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 35,000						
550	UNICREDIT CONSUMER FINANCING EAD	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
	Issued capital BGN 2,800,000						
551	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	
552	UNICREDIT DELAWARE INC	DOVER	NEW YORK	1	UNICREDIT SPA	100.00	
	Issued capital USD 1,000						
553	UNICREDIT DIRECT SERVICES GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 767,000						
554	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						
555	UNICREDIT FACTORING EAD	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
	Issued capital BGN 1,000,000						
556	UNICREDIT FACTORING SPA	MILAN	MILAN	1	UNICREDIT SPA	100.00	
	Issued capital EUR 414,348,000						
557	UNICREDIT FLEET MANAGEMENT S.R.O.	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital CZK 5,000,000						
558	UNICREDIT FLEET MANAGEMENT S.R.O.	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
	Issued capital EUR 6,639						
559	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	VIENNA	VIENNA	1	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 14,383,206				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
560	UNICREDIT GLOBAL LEASING EXPORT GMBH	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
	Issued capital EUR 11,745,607						
561	UNICREDIT GLOBAL LEASING PARTICIPATION MANAGEMENT GMBH	VIENNA	VIENNA	1	UNICREDIT LEASING S.P.A.	100.00	
	Issued capital EUR 7,476,432						

Part A – Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
562	UNICREDIT INGATLANLIZING ZRT Issued capital HUF 81,000,000	BEKESCABA	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
563	UNICREDIT INSURANCE BROKER EOOD Issued capital BGN 5,000	SOFIA	SOFIA	1	UNICREDIT LEASING EAD	100.00	
564	UNICREDIT INSURANCE BROKER SRL Issued capital RON 150,000	BUCHAREST	BUCHAREST	1	UNICREDIT LEASING CORPORATION IFN S.A.	100.00	
565	UNICREDIT INSURANCE MANAGEMENT CEE GMBH Issued capital EUR 156,905	VIENNA	VIENNA	1	DV ALPHA GMBH	100.00	
566	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA Issued capital EUR 10,000,000	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT SPA	100.00	
567	UNICREDIT JELZALOGBANK ZRT. Issued capital HUF 3,000,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
568	UNICREDIT KFZ LEASING GMBH Issued capital EUR 648,265	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	100.00	
569	UNICREDIT LEASING (AUSTRIA) GMBH	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	
	Issued capital EUR 93,510,420				PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.02	
					UNICREDIT BANK AUSTRIA AG	89.98	89.98
570	UNICREDIT LEASING AVIATION GMBH Issued capital EUR 1,600,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
571	UNICREDIT LEASING CORPORATION IFN S.A.	BUCHAREST	BUCHAREST	1	UNICREDIT BANK S.A.	99.96	
	Issued capital RON 90,989,013				UNICREDIT CONSUMER FINANCING IFN S.A.	0.04	
572	UNICREDIT LEASING CROATIA D.O.O. ZA LEASING Issued capital HRK 28,741,800	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
573	UNICREDIT LEASING CZ, A.S. Issued capital CZK 981,452,000	PRAGUE	PRAGUE	1	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	100.00	
574	UNICREDIT LEASING D.O.O. Issued capital BAM 8,479,356	SARAJEVO	SARAJEVO	1	UNICREDIT BANK D.D.	100.00	
575	UNICREDIT LEASING EAD Issued capital BGN 2,605,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
576	UNICREDIT LEASING FINANCE GMBH Issued capital EUR 17,580,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
577	UNICREDIT LEASING FLEET MANAGEMENT S.R.L.	BUCHAREST	BUCHAREST	1	DV ALPHA GMBH	90.02	
	Issued capital RON 680,000				UNICREDIT LEASING CORPORATION IFN S.A.	9.98	
578	UNICREDIT LEASING FUHRPARKMANAGEMENT GMBH Issued capital EUR 364,000	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
579	UNICREDIT LEASING GMBH Issued capital EUR 15,000,000	HAMBURG	HAMBURG	1	UNICREDIT BANK AG	100.00	
580	UNICREDIT LEASING HUNGARY ZRT Issued capital HUF 50,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
581	UNICREDIT LEASING IMMOTRUCK ZRT. Issued capital HUF 50,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
582	UNICREDIT LEASING INSURANCE SERVICES S.R.O. Issued capital EUR 5,000	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
583	UNICREDIT LEASING KFT	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 3,100,000						
584	UNICREDIT LEASING LUNA KFT	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	80.00	
	Issued capital HUF 3,000,000						
585	UNICREDIT LEASING MARS KFT	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	80.00	
	Issued capital HUF 3,000,000						
586	UNICREDIT LEASING S.P.A.	MILAN	MILAN	1	UNICREDIT SPA	100.00	
	Issued capital EUR 410,131,062						
587	UNICREDIT LEASING SLOVAKIA A.S.	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital EUR 26,560,000						
588	UNICREDIT LEASING SRBIJA D.O.O. BEOGRAD	BELGRADE	BELGRADE	1	UNICREDIT BANK SERBIA JSC	100.00	
	Issued capital RSD 1,078,133,000						
589	UNICREDIT LEASING TECHNIKUM GMBH	VIENNA	VIENNA	1	LEASFINANZ GMBH	99.80	
	Issued capital EUR 1,435,000				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
590	UNICREDIT LEASING TOB	KIEV	KIEV	1	UNICREDIT LEASING S.P.A.	100.00	
	Issued capital UAH 5,083,582						
591	UNICREDIT LEASING URANUS KFT	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	80.00	
	Issued capital HUF 3,000,000						
592	UNICREDIT LEASING VERSICHERUNGSSERVICE GMBH & CO KG	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 36,500						
593	UNICREDIT LEASING, LEASING, D.O.O.	LJUBLJANA	LJUBLJANA	1	UNICREDIT BANKA SLOVENIJA D.D.	100.00	
	Issued capital EUR 25,039,658						
594	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	
595	UNICREDIT LUXEMBOURG FINANCE SA	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	100.00	
	Issued capital EUR 350,000						
596	UNICREDIT LUXEMBOURG S.A.	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 238,000,000						
597	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	
598	UNICREDIT OBG S.R.L.	VERONA	VERONA	1	UNICREDIT SPA	60.00	
	Issued capital EUR 10,000						
599	UNICREDIT OBG SRL (COVERED BONDS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
600	UNICREDIT OPERATIV LIZING KFT	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
	Issued capital HUF 3,000,000						
601	UNICREDIT PARTNER D.O.O. BEOGRAD	BELGRADE	BELGRADE	1	UNICREDIT BANK SERBIA JSC	100.00	
	Issued capital RSD 2,001,875						
602	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	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
603	UNICREDIT PARTNER LLC	KIEV	KIEV	1	UNICREDIT INSURANCE MANAGEMENT CEE GMBH	100.00	
	Issued capital UAH 53,557						
604	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	
605	UNICREDIT POJISTOVACI MAKLERSKA SPOL.S R.O.	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital CZK 510,000						
606	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	
607	UNICREDIT RENT D.O.O. BEOGRAD	BELGRADE	BELGRADE	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital RSD 3,285,948,900						
608	UNICREDIT SUBITO CASA SPA	MILAN	MILAN	1	UNICREDIT SPA	100.00	
	Issued capital EUR 500,000						
609	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	
610	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	VIENNA	VIENNA	1	UNICREDIT TURN-AROUND MANAGEMENT GMBH	100.00	
	Issued capital EUR 750,000						
611	UNICREDIT TURN-AROUND MANAGEMENT GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 72,673						
612	UNICREDIT U.S. FINANCE LLC	WILMINGTON	NEW YORK	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 130						
613	UNICREDIT ZAVAROVALNO ZASTOPNISKA DRUZBA D.O.O.	LJUBLJANA	LJUBLJANA	1	UNICREDIT INSURANCE MANAGEMENT CEE GMBH	100.00	
	Issued capital EUR 40,000						
614	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	
615	UNICREDIT ZWEITE BETEILIGUNGS GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 1,000,000						
616	UNICREDIT-LEASING HOSPES KFT	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 1,000,000						
617	UNICREDIT-LEASING NEPTUNUS KFT	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	96.35	
	Issued capital HUF 3,010,000						
618	UNICREDIT-LEASING ORION INGATLANHASZNOSITO KORLATOLT FELELOSSEGUE TARSASAG	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 3,000,000						
619	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 32,715,000						
620	UNO-EINKAUFSZENTRUM-VERWALTUNGSGESELLSCHAFT M.B.H.	LEONDING	LEONDING	1	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	100.00	
	Issued capital EUR 37,000						
621	US PROPERTY INVESTMENTS INC.	DALLAS	DALLAS	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 100,000						

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
622	V.M.G. VERMIETUNGSGESELLSCHAFT MBH Issued capital EUR 25,565	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
623	VANDERBILT CAPITAL ADVISORS LLC	WILMINGTON	CHICAGO	1	PIONEER INSTITUTIONAL ASSET MANAGEMENT INC	100.00	
624	VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 431,630				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
625	VECTIGAL IMMOBILIEN GMBH Issued capital EUR 40,000	VIENNA	VIENNA	1	B A I BETEILIGUNGSVERWALTUNGS-GMBH	100.00	
626	VECTIGAL IMMOBILIEN GMBH & CO KG Issued capital EUR 2,470,930	VIENNA	VIENNA	1	KLEA TERRAIN- UND BAU-GESELLSCHAFT M.B.H.	100.00	
627	VERBA VERWALTUNGSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG Issued capital EUR 1,023,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
628	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
629	VERWALTUNGSGESELLSCHAFT KATHARINENHOF MBH Issued capital EUR 511,292	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
630	VIENNA DC BAUTRAEGER GMBH Issued capital EUR 18,168	VIENNA	VIENNA	1	WED WIENER ENTWICKLUNGSGESELLSCHAFT FUER DEN DONAURAUM GMBH	100.00	
631	VIENNA DC TOWER 1 LIEGENSCHAFTSBESITZ GMBH Issued capital EUR 17,500	VIENNA	VIENNA	1	WED DONAU-CITY GESELLSCHAFT M.B.H.	100.00	
632	VIENNA DC TOWER 2 LIEGENSCHAFTSBESITZ GMBH Issued capital EUR 17,500	VIENNA	VIENNA	1	WED DONAU-CITY GESELLSCHAFT M.B.H.	100.00	
633	VILLINO PACELLI SRL Issued capital EUR 41,600	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
634	VISCONTI SRL Issued capital EUR 11,000,000	MILAN	MILAN	1	UNICREDIT SPA	76.00	
635	WEALTH MANAGEMENT CAPITAL HOLDING GMBH Issued capital EUR 26,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
636	WEALTHCAP AIRCRAFT 27 GMBH & CO GESCHLOSSENE INVESTMENTKG	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
637	WEALTHCAP AIRCRAFT 27 KOMPLEMENTAR GMBH Issued capital EUR 25,000	GRUNWALD	GRUNWALD	1	WEALTHCAP ENTITY SERVICE GMBH	100.00	
638	WEALTHCAP ENTITY SERVICE GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	100.00	
639	WEALTHCAP EQUITY GMBH Issued capital EUR 500,000	MUNICH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
640	WEALTHCAP EQUITY MANAGEMENT GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP EQUITY GMBH	100.00	

Part A – Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
641	WEALTHCAP FONDS GMBH	MUNICH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
	Issued capital EUR 512,000						
642	WEALTHCAP INITIATOREN GMBH	MUNICH	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
	Issued capital EUR 1,533,876						
643	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	
644	WEALTHCAP INVESTMENTS INC.	WILMINGTON	ATLANTA	1	WEALTHCAP FONDS GMBH	100.00	
	Issued capital USD 312,000						
645	WEALTHCAP INVESTORENBETREUUNG GMBH	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
	Issued capital EUR 60,000						
646	WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	MUNICH	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
	Issued capital EUR 125,000						
647	WEALTHCAP LEASING GMBH	GRUNWALD	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
	Issued capital EUR 25,000						
648	WEALTHCAP MANAGEMENT SERVICES GMBH	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
	Issued capital EUR 50,000						
649	WEALTHCAP PEIA KOMPLEMENTAR GMBH	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
	Issued capital EUR 26,000						
650	WEALTHCAP PEIA MANAGEMENT GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	6.00	
	Issued capital EUR 1,023,000				WEALTH MANAGEMENT CAPITAL HOLDING GMBH	94.00	
651	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
	Issued capital EUR 60,000						
652	WEALTHCAP STIFTUNGSTREUHAND GMBH	MUNICH	MUNICH	1	WEALTHCAP FONDS GMBH	100.00	
	Issued capital EUR 25,000						
653	WEALTHCAP USA IMMOBILIEN VERWALTUNGS GMBH	MUNICH	MUNICH	1	WEALTHCAP FONDS GMBH	100.00	
	Issued capital EUR 25,000						
654	WED DONAU-CITY GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	WED WIENER ENTWICKLUNGSGESELLSCHAFT FUER DEN DONAURAUM GMBH	100.00	
	Issued capital EUR 726,728						
655	WED HOLDING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 72,673						
656	WED WIENER ENTWICKLUNGSGESELLSCHAFT FUER DEN DONAURAUM GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	38.00	
	Issued capital EUR 3,634,368				WED HOLDING GESELLSCHAFT M.B.H.	62.00	
657	WMC AIRCRAFT 27 LEASING LIMITED	DUBLIN	DUBLIN	1	WEALTHCAP AIRCRAFT 27 GMBH & CO GESCHLOSSENE INVESTMENTKG	100.00	
	Issued capital USD 1						
658	WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 3,322,141				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
659	WOHNBAUERRICHTUNGS-UND-VERWERTUNGS-GMBH	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.28	
	Issued capital EUR 6,615,700				IMMOBILIEN HOLDING GMBH	99.72	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
660	WOHNPARK BRANDENBURG-GORDEN GMBH	BRANDENBURG	BRANDENBURG	1	IMMOBILIEN HOLDING GMBH	5.18	
	Issued capital EUR 51,150				KLEA TERRAIN- UND BAU-GESELLSCHAFT M.B.H.	94.82	
661	Z LEASING ALFA 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	
662	Z LEASING ARKTUR 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	
663	Z LEASING AURIGA 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	
664	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	
665	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	
666	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	
667	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	
668	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	
669	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	
670	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	
671	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	
672	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	
673	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	
674	Z LEASING KALLISTO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 263,958				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
675	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	
676	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	

Part A – Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
677	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	
678	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	
679	Z LEASING PERSEUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BANK AUSTRIA LEASING ARGO IMMOBILIEN LEASING GMBH	100.00	
	Issued capital EUR 16,134,987						
680	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	
681	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	
682	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	
683	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	
684	ZABA PARTNER DOO ZA POSREDOVANJE U OSIGURANJU I REOSIGURANJU	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
	Issued capital HRK 1,500,000						
685	ZAGREB NEKRETNINE DOO	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
	Issued capital HRK 5,000,000						
686	ZAGREBACKA BANKA D.D.	ZAGREB	ZAGREB	1	UNICREDIT BANK AUSTRIA AG	84.48	
	Issued capital HRK 6,404,839,100						
687	ZANE BH DOO	SARAJEVO	SARAJEVO	1	ZAGREB NEKRETNINE DOO	100.00	
	Issued capital BAM 131,529						
688	ZAO LOCAT LEASING RUSSIA	MOSCOW	MOSCOW	1	OOO UNICREDIT LEASING	100.00	
	Issued capital RUR 107,000,000						
689	ZAPADNI TRGOVACKI CENTAR D.O.O.	RIJEKA	RIJEKA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HRK 20,000						
690	ZB INVEST DOO	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
	Issued capital HRK 4,000,000						
691	ZETA FUENF HANDELS GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 17,500						
692	ZM REVITALISIERUNGS-UND VERMIETUNGS-GMBH	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.04	
	Issued capital EUR 2,056,561				IMMOBILIEN HOLDING GMBH	99.96	

	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 57,229	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 BANK AUSTRIA AG	50.00	
4	OBJEKT-LEASE GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H. Capitale sociale EUR 107.912	VIENNA	VIENNA	8	2	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	49,23	
						UNICREDIT LEASING (AUSTRIA) GMBH	0,77	
5	PALATIN GRUNDSTUECKVERWALTUNGS GESELLSCHAFT M.B.H. Capitale sociale EUR 36.336	STOCKERAU	STOCKERAU	8	2	UNICREDIT LEASING (AUSTRIA) GMBH	50,00	
6	PURGE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Capitale sociale EUR 36.336	VIENNA	VIENNA	8	2	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	50,00	
7	REMBRA LEASING GESELLSCHAFT M.B.H. Capitale sociale EUR 886.336	VIENNA	VIENNA	8	2	UNICREDIT LEASING (AUSTRIA) GMBH	50,00	
8	STICHTING CUSTODY SERVICES YKB Issued capital EUR 125,000	AMSTERDAM	AMSTERDAM	7	2	YAPI KREDI BANK NEDERLAND N.V.	40.9	
9	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	40.9	
10	YAPI KREDI BANK AZERBAIJAN CLOSED JOINT STOCK COMPANY Issued capital AZN 47,325,904	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	
11	YAPI KREDI BANK MOSCOW Issued capital USD 30,760,000	MOSCOW	MOSCOW	7	1	YAPI KREDI FINANSAL KIRALAMA AO	0.07	
						YAPI VE KREDI BANKASI AS	40.83	
12	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	
13	YAPI KREDI DIVERSIFIED PAYMENT RIGHTS FINANCE Issued capital USD 1,000	GEORGE TOWN	GEORGE TOWN	7	2	YAPI VE KREDI BANKASI AS	40.90	(6)
14	YAPI KREDI FAKTORING AS Issued capital TRY 75,183,837	ISTANBUL	ISTANBUL	7	2	ENTERNASYONAL TURIZM YATIRIM A.S.	..	
						YAPI KREDI FINANSAL KIRALAMA AO	0.01	
						YAPI VE KREDI BANKASI AS	40.88	
15	YAPI KREDI FINANSAL KIRALAMA AO Issued capital TRY 389,927,705	ISTANBUL	ISTANBUL	7	2	YAPI VE KREDI BANKASI AS	40.9	
16	YAPI KREDI HOLDING BV Issued capital EUR 102,000,000	AMSTERDAM	AMSTERDAM	7	2	YAPI VE KREDI BANKASI AS	40.9	

Part A – Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	NATURE OF RELATIONSHIP (5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
17	YAPI KREDI INVEST LIMITED LIABILITY COMPANY Issued capital AZN 110,000	BAKU	BAKU	7	2	YAPI KREDI BANK AZERBAIJAN CLOSED JOINT STOCK COMPANY	40.9	
18	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	
19	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	
20	YAPI VE KREDI BANKASI AS Issued capital TRY 4,298,165,828	ISTANBUL	ISTANBUL	7	1	KOC FINANSAL HIZMETLER AS	40.9	
	B.2 COMPANIES UNDER SIGNIFICANT INFLUENCE							
21	ADLER FUNDING LLC Issued capital USD 2,142,857	DOVER	NEW YORK	8	5	UNICREDIT BANK AG	32.81	
22	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	..	
23	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	
24	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	
25	ASSET BANCARI II Issued capital EUR 17,523,740	MILAN	MILAN	8	2	UNICREDIT SPA	33.78	
26	AVIVA SPA Issued capital EUR 247,000,387	MILAN	MILAN	8	4	UNICREDIT SPA	49.00	
27	BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT Issued capital EUR 55,000,000	INNSBRUCK	INNSBRUCK	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	37.53	41.29
						UNICREDIT BANK AUSTRIA AG	9.85	5.42
28	BANQUE DE COMMERCE ET DE PLACEMENTS SA Issued capital CHF 75,000,000	GENEVA	GENEVA	8	1	YAPI VE KREDI BANKASI AS	30.67	
29	BARN BV Issued capital EUR 195,020,000	AMSTERDAM	AMSTERDAM	8	2	UNICREDIT BANK AUSTRIA AG	40.00	
30	BKS BANK AG Issued capital EUR 72,072,000	KLAGENFURT	KLAGENFURT	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	25.47	29.64
						UNICREDIT BANK AUSTRIA AG	7.29	7.46
31	BULKMAX HOLDING LTD Issued capital USD 3,200	LA VALLETTA	LA VALLETTA	8	5	HVB CAPITAL PARTNERS AG	45.00	
32	CASH SERVICE COMPANY AD Issued capital BGN 12,500,000	SOFIA	SOFIA	8	5	UNICREDIT BULBANK AD	20.00	
33	CBD INTERNATIONAL SP.ZO.O. Issued capital PLN 100,500	WARSAW	WARSAW	8	2	ISB UNIVERSALE BAU GMBH	49.75	
34	CNP UNICREDIT VITA S.P.A. Issued capital EUR 381,698,528	MILAN	MILAN	8	4	UNICREDIT SPA	38.80	
35	COINV S.P.A. Issued capital EUR 967,089	MILAN	MILAN	8	5	UNICREDIT SPA	12.00	
36	COMPAGNIA AEREA ITALIANA S.P.A. Issued capital EUR 358,391,437	FIUMICINO (ROME)	FIUMICINO (ROME)	8	5	UNICREDIT SPA	32.79	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	NATURE OF RELATIONSHIP (5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
37	COMTRADE GROUP B.V. Issued capital EUR 4,522,000	AMSTERDAM	AMSTERDAM	8	5	HVB CAPITAL PARTNERS AG	21.05	
38	CONSORZIO SE.TEL. SERVIZI TELEMATICI IN LIQUIDAZIONE Issued capital EUR 4,647	NAPLES	NAPLES	8	5	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	33.33	
39	CREDIFARMA SPA Issued capital EUR 10,000,000	ROME	ROME	8	2	UNICREDIT SPA	17.00	
40	CREDITRAS ASSICURAZIONI SPA Issued capital EUR 52,000,000	MILAN	MILAN	8	4	UNICREDIT SPA	50.00	
41	CREDITRAS VITA SPA Issued capital EUR 112,200,000	MILAN	MILAN	8	4	UNICREDIT SPA	50.00	
42	DA VINCI S.R.L. Issued capital EUR 100,000	ROME	ROME	8	5	FONDO SIGMA IMMOBILIARE	25.00	
43	ES SHARED SERVICE CENTER SOCIETA' PER AZIONI Issued capital EUR 120,000	CERNUSCO SUL NAVIGLIO	CERNUSCO SUL NAVIGLIO	8	5	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	49.00	
44	EUROPROGETTI & FINANZA S.P.A. IN LIQUIDAZIONE Issued capital EUR 5,636,400	ROME	ROME	8	2	UNICREDIT SPA	39.79	
45	FENICE HOLDING S.P.A. (IN LIQUIDAZIONE) Issued capital EUR 25,682,932	CALENZANO	CALENZANO	8	5	UNICREDIT SPA	25.91	
46	FOCUS INVESTMENTS SPA Issued capital EUR 50,000	MILAN	MILAN	8	5	UNICREDIT SPA	8.33	25.00
47	INCONTRA ASSICURAZIONI S.P.A. Issued capital EUR 5,200,000	MILAN	MILAN	8	4	UNICREDIT SPA	49.00	
48	MACCORP ITALIANA SPA Issued capital EUR 1,134,020	MILAN	MILAN	8	2	UNICREDIT SPA	25.45	
49	MEDIOBANCA BANCA DI CREDITO FINANZIARIO SPA Issued capital EUR 435,510,047	MILAN	MILAN	8	1	UNICREDIT SPA	8.56	
50	MEGAPARK OOD Issued capital BGN 50,936,362	SOFIA	SOFIA	8	5	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	49.24	
51	MULTIPLUS CARD D.O.O. ZA PROMIDZBU I USLUGE Issued capital HRK 5,000,000	ZAGREB	ZAGREB	8	2	SUVREMENE POSLOVNE KOMUNIKACIJE D.O.O	25.00	
52	NAUTILUS TANKERS LIMITED Issued capital USD 2,000	LA VALLETTA	LA VALLETTA	8	5	HVB CAPITAL PARTNERS AG	45.00	
53	NOTARTREUHANDBANK AG Issued capital EUR 8,030,000	VIENNA	VIENNA	8	1	UNICREDIT BANK AUSTRIA AG	25.00	
54	OBERBANK AG	LINZ	LINZ	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	26.02	28.69
	Issued capital EUR 95,845,925					UNICREDIT BANK AUSTRIA AG	3.74	1.46
55	OESTERREICHISCHE HOTEL- UND TOURISMUSBANK GESELLSCHAFT M.B.H. Issued capital EUR 11,628,000	VIENNA	VIENNA	8	1	UNICREDIT BANK AUSTRIA AG	50.00	
56	OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	VIENNA	VIENNA	8	1	CABET-HOLDING GMBH	24.75	
	Issued capital EUR 130,000,000					SCHOELLERBANK AKTIENGESELLSCHAFT	8.26	
						UNICREDIT BANK AUSTRIA AG	16.14	
57	OESTERREICHISCHE WERTPAPIERDATEN SERVICE GMBH Issued capital EUR 36,336	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	29.30	
58	PAYDIREKT BETEILIGUNGSGESELLSCHAFT PRIVATER BANKEN MBH Issued capital EUR 104,082	BERLIN	BERLIN	8	5	UNICREDIT BANK AG	24.02	

Part A – Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	NATURE OF RELATIONSHIP (5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
59	PSA PAYMENT SERVICES AUSTRIA GMBH	VIENNA	VIENNA	8	2	CAFU VERMOEGENSVERWALTUNG GMBH & CO OG	4.50	4.50
	Issued capital EUR 285,000					SCHOELLERBANK AKTIENGESELLSCHAFT	0.02	4.52
						UNICREDIT BANK AUSTRIA AG	19.48	
60	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							
61	SMIA SPA	ROME	ROME	8	5	UNICREDIT SPA	26.38	26.43
	Issued capital EUR 1,473,229							
62	SP PROJEKTENTWICKLUNG SCHOENEFELD GMBH & CO.KG	SCHOENEFELD	STUTTGART	8	5	UNICREDIT BANK AUSTRIA AG	50.00	
	Issued capital EUR 102,258							
63	SVILUPPO GLOBALE GEIE (IN LIQUIDAZIONE)	ROME	ROME	8	5	UNICREDIT SPA	33.33	
	Issued capital EUR 45,000							
64	SWANCAP PARTNERS GMBH	MUNICH	MUNICH	8	2	UNICREDIT BANK AG	75.25	49.00
	Issued capital EUR 1,010,000							
65	TORRE SGR S.P.A.	ROME	ROME	8	2	UNICREDIT SPA	37.50	
	Issued capital EUR 3,200,000							
66	UNI GEBAEUDEMANAGEMENT GMBH	LINZ	LINZ	8	2	BA GVG-HOLDING GMBH	50.00	
	Issued capital EUR 18,168							
67	WKBG WIENER KREDITBUERGSCHAFTS- UND BETEILIGUNGSBANK AG	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	21.54	
	Issued capital EUR 15,550,309							
68	YAPI KREDI KORAY GAYRIMENKUL YATIRIM ORTAKLIGI AS	ISTANBUL	ISTANBUL	8	2	YAPI VE KREDI BANKASI AS	30.45	
	Issued capital TRY 40,000,000							

Notes to the table showing the investments in subsidiaries and valued at equity within the scope of 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";
- 7 = joint control;
- 8 = associate companies.

(2) Voting rights available in general meeting. Voting rights are disclosed only if different from the percentage of ownership.
(3) Companies consolidatedline by line under IFRS 10.
(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.
(5) The equity investment in Cordusio SIM – Advisory & Family Office S.p.A. is consolidated at 100% by virtue of UniCredit S.p.A.'s of 67.32% and its option on minority interests representing 32.68% of the share capital.
(6) SPV consolidated IFRS11.
We remind that after the endorsement of IFRS 11 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 IFRS 11.

Changes in the scope of consolidation

Companies consolidated line by line, including the Parent Company, decreased by 21 entities compared with December 31, 2015 (9 inclusions and 30 exclusions as a result of disposals and mergers) from 713 as at December 31, 2015 to 692 as at June 30, 2016.

Companies consolidated at equity increased from 67 at the end of December 2015 to 68 at the end of June 2016.
This overall increase of 1 entity result from 1 inclusion.

We remind that after the application of IFRS 11, starting from January 1, 2014, 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 IFRS 11.

With reference to June 30, 2016, it can be noted that 197 controlled entities (of which 13 belonging to the Bankig Group) were not consolidated, of which 178 for materiality threshold and/or liquidation procedures. Based on available information, it is believed that their consolidation would not have impacted significantly the Group equity.

Among the non-consolidated remaining 19 entities can be outlined:

- 4 investment funds which quotas are entirely or partially subscribed by the Group and for which consolidation would not determine neither a significant increase in Group consolidated assets;
- 6 entities deriving from restructuring procedures which risks are measured coherently as part of the credit exposures;
- 1 SPE for which the Group is the main lender which valuation pertain to the ordinary lending activity in accordance with the performance of underlying assets.

Wholly-owned subsidiaries

The following table shows the changes in equity investments in wholly-owned subsidiaries.

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

	NUMBER OF COMPANIES
A. Opening balance (from previous year)	**713**
B. Increased by	**9**
B.1 Newly established companies	2
B.2 Change of the consolidation method	-
B.3 Entities consolidated for the first time in the year	7
C. Reduced by	**30**
C.1 Disposal	18
C.2 Change of the consolidation method	4
C.3 Absorption by other Group entities	8
D. Closing balance	**692**

The tables below analyze the other increases and decreases occurred during the first half of the year by company:

Increases

Newly established companies

COMPANY NAME	MAIN OFFICE
BUDDY SERVIZI MOLECOLARI SPA	MILAN

COMPANY NAME	MAIN OFFICE
ANTHEMIS UNICREDIT STRATEGIC VENTURES LLP	LONDON

Entities consolidated for the first time in the year

COMPANY NAME	MAIN OFFICE
WEALTHCAP AIRCRAFT 27 KOMPLEMENTAR GMBH	GRUNWALD
ELEKTRA PURCHASE NO. 43 DAC	DUBLIN
ELEKTRA PURCHASE NO. 48 DAC	DUBLIN
CONSUMER THREE SRL (CARTOLARIZZAZIONE : CONSUMER THREE)	VERONA

COMPANY NAME	MAIN OFFICE
WEALTHCAP ENTITY SERVICE GMBH	MUNICH
ELEKTRA PURCHASE NO. 47 DAC	DUBLIN
ELEKTRA PURCHASE NO. 42 DAC	DUBLIN

Part A – Accounting Policies

Reductions

The above table refers to disposals and liquidations of inactive companies.

Disposal

COMPANY NAME	MAIN OFFICE
DONAUTURM AUSSICHTSTURM-UND RESTAURANT-BETRIEBSGESELLSCHAFT M.B.H.	VIENNA
UNICREDITO ITALIANO FUNDING LLC III	NEW YORK
UNICREDITO ITALIANO CAPITAL TRUST III	NEWARK
ENTASI SRL IN LIQUIDAZIONE	ROME
SVIF UKRSOTSBUD	KIEV
CA-LEASING KAPPA INGATLANHASZNOSITO KORLATOLT FELELOSSEGUE TARSASAG	BUDAPES
VUWB INVESTMENTS INC.	WILMINGTON
HVB REALTY CAPITAL INC.	NEW YORK
TREVI FINANCE N 3 SRL (CARTOLARIZZAZIONE : TREVI FINANCE 3)	CONEGLIANO

COMPANY NAME	MAIN OFFICE
DONAUTURM LIEGENSCHAFTSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA
UNICREDITO ITALIANO FUNDING LLC IV	NEW YORK
UNICREDITO ITALIANO CAPITAL TRUST IV	NEWARK
NATA IMMOBILIEN-LEASING GESELLSCHAFT M.B.H.	VIENNA
HVB-LEASING HAMLET INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG	BUDAPEST
BACA LEASING GAMA S.R.O.	PRAGUE
BACA-LEASING OMIKRON INGATLANHASZNOSTO KORLATOLT FELELOESSEGUE TARSASAG	BUDAPEST
INTERKONZUM DOO SARAJEVO	SARAJEVO
BACAL BETA NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA	ZAGREB

Change of the consolidation method

COMPANY NAME	MAIN OFFICE
EUROPEYE SRL	ROME
TREVI FINANCE N. 3 S.R.L.	CONEGLIANO

COMPANY NAME	MAIN OFFICE
TREVI FINANCE S.R.L.	CONEGLIANO
HVBFF PRODUKTIONSHALLE GMBH I.L.	MUNICH

The changes in the consolidation method refer to transfers to item 100 of controlled non-consolidated subsidiaries due to immateriality.

Absorption by other Group entities

COMPANY NAME OF THE MERGERED ENTITY	MAIN OFFICE		COMPANY NAME OF THE TAKING IN ENTITY	MAIN OFFICE
INPROX POPRAD, SPOL. S.R.O.	BRATISLAVA	>>>	UNICREDIT LEASING SLOVAKIA A.S.	BRATISLAVA
INPROX SR I., SPOL. S R.O.	BRATISLAVA	>>>	UNICREDIT LEASING SLOVAKIA A.S.	BRATISLAVA
NORDBAHNHOF BAUFELD FUENF PROJEKTENTWICKLUNG GMBH	VIENNA	>>>	NORDBAHNHOF PROJEKTE HOLDING GMBH	VIENNA
NORDBAHNHOF BAUFELD ACHT PROJEKTENTWICKLUNG GMBH	VIENNA	>>>	NORDBAHNHOF PROJEKTE HOLDING GMBH	VIENNA
NORDBAHNHOF BAUFELD SIEBEN PROJEKTENTWICKLUNG GMBH	VIENNA	>>>	NORDBAHNHOF PROJEKTE HOLDING GMBH	VIENNA
UNICREDIT GLOBAL BUSINESS SERVICES GMBH	UNTERFOHING	>>>	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	MILANO
SALONE N. 2 SPA	ROME	>>>	SALONE SPA	ROME
SALONE N. 3 SPA	ROME	>>>	SALONE SPA	ROME

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

COMPANY NAME	MAIN OFFICE
WED WIENER ENTWICKLUNGSGESELLSCHAFT FUER DEN DONAURAUM GMBH (ex. WED WIENER ENTWICKLUNGSGESELLSCHAFT FUER DEN DONAURAUM AKTIENGESELLSCHAFT)	VIENNA
UNICREDIT BIZTOSÍTASKOEZVETÍT KFT (ex. UNICREDIT FUGGETLEN BIZTOSITASKOEZVETITOE SZOLGALTATO KFT)	BUDAPEST
SALONE SPA (ex. SALONE N. 1 SPA)	ROME
HVB-LEASING LAMOND INGATLANHASZNOSITO KFT (IN LIQUIDAZIONE) (ex. HVB-LEASING LAMOND INGATLANHASZNOSITO KFT.)	BUDAPEST
LTD SI&C AMC UKRSOTS REAL ESTATE (IN LIQUIDAZIONE) (ex. LTD SI&C AMC UKRSOTS REAL ESTATE)	KIEV

Companies consolidated at net equity increased from 67 at the end of December 2015 to 68 at the end of June 2016. This overall increase of 1 entity result from 1 inclusion.

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)	**67**
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	**-**
C.1 Disposal/Liquidation	-
C.2 Change of the consolidation method	-
C.3 Absorption by other entities	-
C.4 Other changes	-
D. Closing balance	**68**

The increase occurred during period refers to the application of the equity method accounting for the company Focus Investments S.p.A.

The following table shows the investments in Joint Ventures consolidated at Equity Method.

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 BANK MOSCOW	MOSCOW
KOC FINANSAL HIZMETLER AS	ISTANBUL
STICHTING CUSTODY SERVICES YKB	AMSTERDAM
YAPI KREDI DIVERSIFIED PAYMENT RIGHTS FINANCE	GEORGE TOWN
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 INVEST LIMITED LIABILITY COMPANY	BAKU
YAPI KREDI PORTFOEY YOENETIMI AS	ISTANBUL
HETA BA LEASING SUED GMBH	KLAGENFURT

Joint ventures and the companies under significant influence that changed their names during the year

COMPANY NAME	MAIN OFFICE
FENICE HOLDING S.P.A. (IN LIQUIDAZIONE) (ex. FENICE HOLDING S.P.A.)	CALENZANO

Part A – Accounting Policies

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 Half-Year Consolidated Financial Report as at June 30, 2016. For further details and information please refer to the Consolidated Interim Report on Operations.

Section 5 - Other Matters
In the first half of 2016 the following standards, amendments or interpretations have become effective:
- Amendments to IAS 27: Equity Method in Separate Financial Statements (EU Regulation 2015/2441);
- Amendments to IAS 1: Disclosure Initiative (EU Regulation 2406/2015);
- Annual Improvements to IFRSs 2012–2014 Cycle (EU Regulation 2343/2015);
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (EU Regulation 2231/2015);
- Amendments to IAS 16 and IAS 41: Bearer Plants (EU Regulation 2113/2015);
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (EU Regulation 2173/2015).
- Amendments to IAS 19 - Defined benefit plans: employee contributions (EU Regulation 29/2015);
- Annual Improvements to IFRSs 2010 - 2012 cycle (EU Regulation 28/2015).

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

The EBA issued for comments a proposal for changing the default definition (“Guidelines on the application of the definition of default under Article 178 of Regulation (EU) 575/2013”); the comment period ended on January 22, 2016. Based on the outcome of these new guidelines, it is expected that the classification criteria relating to impaired loans could undergo further changes in the future. The effects of these amendments will only become clear once the final guidelines have been issued, including new EBA guidelines on the materiality threshold for measuring impaired past-due exposures, which comment period was completed on January 31, 2015.

As of June 30, 2016 the IASB issued the following standards, amendments, interpretations or revisions:
- IFRS 9 Financial Instruments (July 2014);
- IFRS 14 Regulatory Deferral Accounts (January 2014);
- IFRS 15 Revenue from Contracts with Customers (May 2014);
- IFRS 16 Leases (January 2016);
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (December 2014);
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (September 2014);
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (January 2016);
- Amendments to IAS 7: Disclosure Initiative (January 2016);
- Clarifications to IFRS 15 Revenue from Contracts with Customers (April 2016);
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (June 2016).

However, the application of these principles by the Group is subject to completion of the approval process by the competent bodies of the European Commission, which is still ongoing.

In particular IFRS 9 will introduce significant changes to classification, measurement, impairment and hedge accounting for financial instruments, in substitution of IAS 39. The mandatory effective date of IFRS 9 will be January 1, 2018, subject to the completion of the currently ongoing endorsement process by the European Union. Following the effective application of IFRS 9 a revision of capital rules for expected credit losses is expected. Contents of such revision are to date still to be defined. Main impacts of IFRS 9 on UniCredit group are expected to come from the application of the new model for impairment, that will result in an increase of loan loss provisions for performing loans. Adjustments to the carrying value of financial instruments due to IFRS 9 transition will be accounted for through Equity as of 1 January 2018. For further details on IFRS 9 please refer to Part A, Section 5 – Other matters of 2015 Consolidated financial statements of UniCredit group. During the first months of 2016 EBA run an impact analysis of IFRS 9 involving a sample of 50 European banks.

The Consolidated First Half Financial Report has been approved by the Board of Directors’ meeting of August 3, 2016, which authorized its disclosure to the public, also pursuant to IAS 10.

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

A.2 - Main Items of the Accounts

With regard to the classification and measurement criteria of the main items, please refer to Part A.2 of the Notes to the Consolidated Accounts as at December 31, 2015.

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

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

In particular, the following may be reclassified:

- those HfT or AfS financial assets that would have satisfied the definition specified by 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 fair value as at June 30, 2016 (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 gains/losses that would have been recognized if such reclassifications had not occurred, as well as those effectively recognized through profit or loss or at equity are also provided.

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

As a result, the overall impact before tax that would have been recognized in the income statement as of June 30, 2016, if these assets had not been reclassified, would have been a gain of €89,344 thousand, while the impact actually recognized was a gain of €116,599 thousand.

Part A – Accounting Policies

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 06.30.2016 (4)	FAIR VALUE AS AT 06.30.2016 (5)	INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAX) FROM MEASUREMENT (6)	INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAX) OTHER (7)	INCOME/EXPENSE RECOGNIZED DURING FIRST HALF (BEFORE TAX) FROM MEASUREMENT (8)	INCOME/EXPENSE RECOGNIZED DURING FIRST HALF (BEFORE TAX) OTHER (9)
A. Debt securities			**2,392,316**	**2,505,558**	**10,670**	**70,684**	**42,603**	**60,685**
	Held for trading	Available for sale	2,807	2,807	134	99	134	114
	Held for trading	Held to maturity	151,217	152,462	(307)	1,326	-	1,326
	Held for trading	Loans to Banks	449,780	500,126	2,068	6,152	-	7,741
	Held for trading	Loans to Customers	1,774,172	1,836,584	8,748	62,917	42,395	51,321
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	14,340	13,579	27	190	74	183
B. Equity instruments			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
C. Loans			**257,902**	**267,623**	**4,914**	**3,076**	**10,844**	**2,467**
	Held for trading	Available for sale	-	-	-	-	-	-
	Held for trading	Held to maturity	-	-	-	-	-	-
	Held for trading	Loans to Banks	33,326	35,010	(411)	698	-	863
	Held for trading	Loans to Customers	224,576	232,613	5,325	2,378	10,844	1,604
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	-	-	-	-	-	-
D. Units in investment funds			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
Total			**2,650,218**	**2,773,181**	**15,584**	**73,760**	**53,447**	**63,152**

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 €1,216,632 thousand as at June 30, 2016.

A.4 - Information on fair value

Qualitative information

For this section please refer to the last "2015 Consolidated Reports and Accounts".

Credit and Debit valuation adjustment

As of June 30, 2016, net CVA/DVA cumulative adjustment amounts to €531 million negative. The part related to own credit spread evolution, which is filtered out from regulatory capital (accordingly to CRDIV), amounts to €290 million positive.

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

For this section please refer to the last “2015 Consolidated Reports and Accounts”.

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

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

(€ million)

PRODUCT CATEGORIES			FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	VALUATION TECHNIQUES	UNOBSERVABLE PARAMETERS	RANGE	
Derivatives	Financial							
		Commodities	21.30	146.54	Discounted Cash Flows	Swap Rate (% of used value)	10%	130%
							0%	0%
					Option Pricing Model	Volatility	20%	120%
						Correlation	-95%	95%
		Equity	291.23	256.13	Option Pricing Model	Volatility	10%	120%
						Correlation	-95%	95%
					Option Pricing Model/ Discounted Cash Flows	Dividends Yield	0%	10%
		Foreign Exchange	333.60	211.26	Option Pricing Model	Volatility	1%	40%
					Discounted Cash Flows	Interest rate	-30%	20%
		Interest Rate	305.15	103.76	Discounted Cash Flows	Swap Rate (bps)	- 30 bps	1000
						Inflation Swap Rate	100 bps	230 bps
					Option Pricing Model	Inflation Volatility	1%	10%
						Interest Rate	10%	100%
						Correlation	0%	100%
		Hybrid	4.86	6.08	Option Pricing Model	Volatility	10%	120%
						Correlation	-80%	80%
	Credit		18.60	32.58	Hazard Rate Model	Credit Spread	0.00%	29%
						Recovery rate	6%	61%
						Correlation	25%	85%
					Option Pricing Model	Volatility	55%	81%
Debt Securities and Loans		Corporate/ Government/Other	924.33	615.24	Market Approach	Price (% of used value)	0%	215%
		Mortgage & Asset Backed Securities	11.80		Discounted Cash Flows	Credit Spread (% of used value)	21bps	30%
						Recovery rate	18%	80%
						Default Rate	1%	3.0%
						Prepayment Rate	0%	30%
Equity Securities		Unlisted Equity & Holdings	384.18		Market Approach	Price (% of used value)	0%	100%
					Gordon Growth Model	Ke	2.5%	8.5%
						Growth Rate	0.5%	3.5%
Units in Investment Funds		Real Estate & Other Funds	845.62		Adjusted Nav	PD	1%	30%
						LGD	35%	60%

Part A – Accounting Policies

A.4.2 Valuations processes and sensitivities

For this section please refer to the last “2015 Consolidated Reports and Accounts”.

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

The direction of sensitivity for instruments categorized at level 3 of fair value hierarchy to variations in significant unobservable inputs is supplied in the 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. Furthermore, the effect of unobservable input variation has an impact on the amount and the direction of fair value measurement, also according to the instrument nature and sign.

(€ million)

PRODUCT CATEGORIES				FAIR VALUE MOVEMENTS GIVEN REASONABLE POSSIBLE ALTERNATIVES
Derivatives				
	Financial			
		Commodities	+/-	2.45
		Equity	+/-	69.02
		Foreign Exchange	+/-	4.77
		Interest Rate	+/-	10.60
		Hybrid	+/-	1.02
	Credit		+/-	29.88
Debt Securities and Loans				
		Corporate/Government/Other	+/-	4.36
		Mortgage & Asset Backed Securities	+/-	0.46
Equity Securities				
		Unlisted Equity & Holdings	+/-	118.66
Units in Investment Funds				
		Real Estate & Other Funds	+/-	7.05

Within the unlisted Level 3 equity instruments, measured using a model, are classified the shares in Atlante Fund (€504 million at June 30, 2016). The quantitative disclosure presented in this section does not include the effects of changes in the unobservable parameters in the valuation of Atlante Fund. For further information, please refer to see Part B - Section 4 – Available for sale.

A.4.3 Fair value hierarchy

For this section please refer to the last "2015 Consolidated Reports and Accounts".

A.4.4 Other information

For this section please refer to the last "2015 Consolidated Reports and Accounts".

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 06.30.2016			AMOUNTS AS AT 12.31.2015		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets held for trading	34,280,030	69,675,035	1,119,493	28,923,550	60,557,336	1,515,822
2. Financial assets at fair value through P&L	13,733,777	18,598,559	79,690	17,939,136	16,231,115	198,044
3. Available for sale financial assets	112,422,794	7,135,468	1,940,956	99,983,088	7,466,305	1,712,528
4. Hedging derivatives	-	5,310,211	-	-	5,363,265	5,099
5. Property, plant and equipment	-	-	58,759	-	-	68,860
6. Intangible assets	-	-	-	-	-	-
Total	**160,436,601**	**100,719,273**	**3,198,898**	**146,845,774**	**89,618,021**	**3,500,353**
1. Financial liabilities held for Trading	14,429,516	64,193,392	1,368,364	9,646,638	57,526,008	1,745,949
2. Financial liabilities at fair value through P&L	-	1,461,461	3,458	-	451,783	2,873
3. Hedging derivatives	-	6,379,269	-	2	6,144,990	3,637
Total	**14,429,516**	**72,034,122**	**1,371,822**	**9,646,640**	**64,122,781**	**1,752,459**

Transfers between level of fair value occurring between December 31, 2015 and June 30, 2016 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.

The sub-item 3. Available-for-sale financial assets at level 3 as of June 30, 2016 does not include €683 million measured at cost (€645 million as of December 31, 2015). It does include the investment in Atlante Fund (carrying value €504 million), underwritten in the period.
See Part B - Section 4 – Available for sale for further information.

Besides the transfers related to financial assets and liabilities carried at level 3 detailed in the sections below during the year the following transfers occurred:

- 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 €845 million;
  - of financial assets measured at fair value through reserves (financial assets available for sale) for approximately €132 million;
  - of financial liabilities measured at fair value through Profit & Loss (financial liabilities held for trading and carried at fair value) for approximately €13 million;
- from level 2 to level 1 owing to an improvement 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 €772 million;
  - of financial assets measured at fair value through reserves (financial assets available for sale) for approximately €95 million;
  - of financial liabilities measured at fair value through Profit & Loss (financial liabilities held for trading and carried at fair value) for approximately €9 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 FIRST HALF 2016					
	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	**1,515,822**	**198,044**	**1,712,528**	**5,099**	**68,860**	**-**
2. Increases	**2,826,822**	**57,554**	**1,149,023**	**-**	**404**	**-**
2.1 Purchases	2,578,517	55,510	922,537	-	31	-
2.2 Profits recognized in:	171,314	1,650	123,788	-	-	-
2.2.1 Income Statement	171,314	1,650	100,736	-	-	-
- of which Unrealized gains	*158,483*	*1,650*	*71*	-	-	-
2.2.2 Equity	X	X	23,052	-	-	-
2.3 Transfers from other levels	73,269	-	75,274	-	-	-
2.4 Other increases	3,722	394	27,424	-	373	-
3. Decreases	**3,223,151**	**175,908**	**920,595**	**5,099**	**10,505**	**-**
3.1 Sales	2,418,551	56,791	429,026	5,099	10,212	-
3.2 Redemptions	24,400	1,440	50,527	-	-	-
3.3 Losses recognized in:	476,657	3,168	61,709	-	143	-
3.3.1 Income Statement	476,657	3,168	17,107	-	143	-
- of which Unrealized losses	*337,072*	*2,779*	*8,168*	-	*143*	-
3.3.2 Equity	X	X	44,602	-	-	-
3.4 Transfers to other levels	285,044	114,200	257,719	-	-	-
3.5 Other decreases	18,499	309	121,614	-	150	-
4. Closing balances	**1,119,493**	**79,690**	**1,940,956**	**-**	**58,759**	**-**

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 and losses on financial assets and liabilities held for trading;
- Item 110: Gains and losses on financial assets/liabilities at fair value through Profit or Loss;
- Item 90: Fair value adjustments in hedge accounting.

The sub-item "2.2 Profits" 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 within item "130. b) Impairment losses on available-for-sale financial assets" and item "80. Gains and losses on financial assets and liabilities held for trading" until the financial asset is not sold, instant in which cumulative gains and losses are reported at Profit & Loss at item "100. b) Gains and losses on financial assets and liabilities available for sale".

Transfers between levels of fair value occurring between December 31, 2015 and June 30, 2016 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.

A.4.5.3 Annual changes in liabilities at fair value on a recurring basis (level 3)

(€ '000)

	CHANGES IN FIRST HALF 2016		
	FINANCIAL LIABILITIES HELD FOR TRADING	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH P&L	HEDGING DERIVATIVES
1. Opening balances	**1,745,949**	**2,873**	**3,637**
2. Increases	**738,443**	**23,860**	**46**
2.1 Issuance	409,620	1,091	46
2.2 Losses recognized in:	215,446	-	-
2.2.1 Income Statement	215,446	-	-
- of which Unrealized losses	*183,202*	-	-
2.2.2 Equity	X	X	-
2.3 Transfers from other levels	89,894	-	-
2.4 Other increases	23,483	22,769	-
3. Decreases	**1,116,028**	**23,275**	**3,683**
3.1 Redemptions	113,067	-	46
3.2 Purchases	340,732	-	-
3.3 Profits recognized in:	249,601	-	-
3.3.1 Income Statement	249,601	-	-
- of which Unrealized gains	*187,329*	-	-
3.3.2 Equity	X	X	-
3.4 Transfers to other levels	408,298	-	-
3.5 Other decreases	4,330	23,275	3,637
4. Closing balances	**1,368,364**	**3,458**	**-**

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 and losses on financial assets and liabilities held for trading;
- Item 110: Gains and losses on financial assets/liabilities at fair value through Profit or Loss;
- Item 90: Fair value adjustments in hedge accounting.

Transfers between levels of fair value occurring between December 31, 2015 and June 30, 2016 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 06.30.2016				AMOUNTS AS AT 12.31.2015			
	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	2,296,527	1,020,021	1,285,908	27,518	2,093,301	708,728	1,392,740	24,929
2. Loans and receivables with banks	69,078,255	512,667	49,374,908	19,556,134	80,073,334	403,021	51,688,503	28,336,129
3. Loans and receivables with customers	489,155,453	1,218,069	172,279,989	326,713,764	473,998,521	1,173,923	167,423,628	317,947,855
4. Property, plant and equipment held for investment	2,401,025	-	109,888	2,716,448	2,520,706	-	104,400	2,829,301
5. Non-current assets and disposal groups classified as held for sale	3,500,754	-	25,582	2,205,528	2,820,068	-	21,760	2,463,254
Total	**566,432,014**	**2,750,757**	**223,076,275**	**351,219,392**	**561,505,930**	**2,285,672**	**220,631,031**	**351,601,468**
1. Deposits from banks	113,036,062	-	69,219,983	43,873,534	111,372,678	-	59,259,162	52,817,167
2. Deposits from customers	472,368,794	-	166,755,200	306,868,733	449,790,439	10,922	144,578,797	306,703,898
3. Debt securities in issue	124,039,362	57,626,158	50,925,679	23,134,257	134,477,901	60,537,592	58,852,203	22,275,395
4. Liabilities included in disposal groups classified as held for sale	2,769,779	-	-	1,551,607	1,879,999	-	-	1,873,921
Total	**712,213,997**	**57,626,158**	**286,900,862**	**375,428,131**	**697,521,017**	**60,548,514**	**262,690,162**	**383,670,381**

Between December 31, 2015 and June 30, 2016 changes 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.
The above phenomenon together with the evolution of the approach to identify the significance of non-observable inputs has been reflected in fair value hierarchy level distribution.

The book value of sub-item 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 €1,270 million and €1,218 million. The fair value disclosed in the table is instead referred only to items measured on the basis of their fair value and, thus, does not include the fair values related to assets and liabilities measured on the basis of their cost. For further details on these two sub-items see Part B Section 15, table 15.1.

A.5 - Day One Profit/Loss

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

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

For financial instruments held for trading (see sections 1 and 14 of Part A.2 of the Notes to the Consolidated Accounts of 2015 Consolidated Reports and Accounts) and instruments designated at fair value (see sections 5 and 15 of Part A.2 above), any difference from the amount collected or paid is posted under the appropriate items of the income statement.

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

More specifically, the calculation of fair value adjustments to reflect model risk ensures that the fair value portion of these instruments relating to the use of subjective parameters is not recognized in the profit and loss account, but changes the balance sheet value of these instruments.
Recognition of this portion in the profit and loss account is then made only when objective parameters are applied and therefore the adjustments are derecognized.

The balance of value adjustments to reflect model risk (amount not recognized in the Income Statement) changed from €29,900 thousand at December 31, 2015 to €38,600 thousand at June 30, 2016.

Part B – Consolidated Balance Sheet

Part B – Consolidated Balance Sheet - Assets

Assets

Section 2 - Financial assets held for trading – Item 20

2.1 Financial assets held for trading: product breakdown

(€ '000)

	AMOUNTS AS AT 06.30.2016			AMOUNTS AS AT 12.31.2015		
ITEM/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A) Financial assets (non-derivatives)						
1. Debt securities	**20,265,234**	**1,973,436**	**48,042**	**14,029,342**	**2,274,280**	**72,305**
1.1 Structured securities	34,237	768,507	3,880	62,944	805,698	7,940
1.2 Other debt securities	20,230,997	1,204,929	44,162	13,966,398	1,468,582	64,365
2. Equity instruments	**9,927,457**	**12,305**	**1,286**	**11,318,894**	**21,465**	**16,634**
3. Units in investment funds	**1,507,721**	**398,833**	**95,503**	**1,178,028**	**350,476**	**76,395**
4. Loans	**656,723**	**15,940,705**	**-**	**777,013**	**12,002,025**	**-**
4.1 Reverse Repos	-	15,928,136	-	-	11,953,666	-
4.2 Other	656,723	12,569	-	777,013	48,359	-
Total (A)	**32,357,135**	**18,325,279**	**144,831**	**27,303,277**	**14,648,246**	**165,334**
B) Derivative instruments						
1. Financial derivatives	**1,897,399**	**50,978,904**	**956,125**	**1,559,414**	**45,354,780**	**1,326,903**
1.1 Trading	1,897,395	47,162,431	955,849	1,559,405	43,047,886	1,326,838
1.2 Related to fair value option	-	10,543	-	-	172	-
1.3 Other	4	3,805,930	276	9	2,306,722	65
2. Credit derivatives	**25,496**	**370,852**	**18,537**	**60,859**	**554,310**	**23,585**
2.1 Trading	25,496	370,851	18,537	60,859	551,585	22,507
2.2 Related to fair value option	-	-	-	-	-	-
2.3 Other	-	1	-	-	2,725	1,078
Total (B)	**1,922,895**	**51,349,756**	**974,662**	**1,620,273**	**45,909,090**	**1,350,488**
Total (A+B)	**34,280,030**	**69,675,035**	**1,119,493**	**28,923,550**	**60,557,336**	**1,515,822**
Total Level 1, Level 2 and Level 3			**105,074,558**			**90,996,708**

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.

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 IAS 32 – Offsetting, in order to improve the presentation of the liquidity profile and counterparty risk connected with them.

The effect as at June 30, 2016, already included in the net presentation of these transactions, totaled €21,164,992 (€15,770,961 as at December 31, 2015).

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

Assets are recognized 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)

	AMOUNTS AS AT 06.30.2016			AMOUNTS AS AT 12.31.2015		
ITEM/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**13,619,524**	**17,264,414**	**27,870**	**17,822,587**	**14,821,106**	**143,588**
1.1 Structured securities	-	1	-	-	1	-
1.2 Other debt securities	13,619,524	17,264,413	27,870	17,822,587	14,821,105	143,588
2. Equity instruments	**14**	**-**	**36,139**	**12**	**-**	**38,098**
3. Units in investment funds	**114,239**	**176,631**	**15,681**	**116,537**	**246,270**	**16,358**
4. Loans	**-**	**1,157,514**	**-**	**-**	**1,163,739**	**-**
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	1,157,514	-	-	1,163,739	-
Total	**13,733,777**	**18,598,559**	**79,690**	**17,939,136**	**16,231,115**	**198,044**
Cost	**13,559,337**	**18,149,429**	**85,635**	**17,920,144**	**15,909,939**	**190,828**
Total Level 1, Level 2 and Level 3			**32,412,026**			**34,368,295**

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.

Section 4 - Available for sale financial assets - Item 40

4.1 Available for sale financial assets:breakdown by product

(€ '000)

	AMOUNTS AS AT 06.30.2016			AMOUNTS AS AT 12.31.2015		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**112,136,570**	**5,669,014**	**860,166**	**99,613,105**	**5,955,345**	**1,057,959**
1.1 Structured securities	-	-	13,414	-	95,983	67,832
1.2 Other	112,136,570	5,669,014	846,752	99,613,105	5,859,362	990,127
2. Equity instruments	**73,580**	**1,439,962**	**677,586**	**109,860**	**1,483,690**	**802,281**
2.1 Measured at fair value	73,580	1,439,962	346,581	109,860	1,483,690	496,452
2.2 Carried at cost	-	-	331,005	-	-	305,829
3. Units in investment funds	**190,297**	**26,492**	**1,085,836**	**237,437**	**27,270**	**497,019**
4. Loans	**22,347**	**-**	**-**	**22,686**	**-**	**-**
Total	**112,422,794**	**7,135,468**	**2,623,588**	**99,983,088**	**7,466,305**	**2,357,259**
Total Level 1, Level 2 and Level 3			**122,181,850**			**109,806,652**

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.

Sub-item "2.1. Equity securities at fair value" includes Banca d'Italia stake (presented among level 2 instruments) with a value of €1,341 million at June 30, 2016.

Sub-item "3. Units in investments fund" includes Atlante Fund stake (presented among level 3 instruments) with a value of €504 million at June 30, 2016.

Information about the shareholding in Banca d'Italia

Starting from the third quarter of 2015, UniCredit began 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. 4.2% of Banca d'Italia share capital, reducing its shareholding to 17.9% (book value of €1,341 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 voting 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 May

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17, 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 December 5, 2005.

During 2015, shareholders with excess shares began selling, finalizing sales for around 12.5% of the total capital. With the objective of facilitating the redistribution of excess shares, Banca d'Italia's Governing Board began a process of dematerializing shareholdings in the Bank's capital, passing a resolution to transfer them to the central securities depository at Monte Titoli S.p.A., with effect from January 18, 2016. The book value at June 30, 2016, 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 in 2013, is supported by the price for the transactions that took place during 2015 and 2016. The relevant measurement was confirmed as level 2 in the fair value classification. Initiatives aimed at selling the shares exceeding the 3% limit are underway, with the completion of this process constituting a significant factor for the sustainability of value in the near future. The development of the secondary market should accelerate the completion of the redeployment of Banca d'Italia' share capital.

With regard to regulatory treatment at June 30, 2016 (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 recognized through profit or loss at December 31, 2013 is not subject to the filter.

Information about the units of Atlante Fund

On 18 April 2016 UniCredit S.p.A. has signed an agreement with Quaestio Capital Management SGR S.p.A. – an independent asset management company that manages the Atlante Fund ("Atlante") – for the sub-underwriting Atlante with reference to the commitments granted by UniCredit S.p.A. in the context of the capital increase of Banca Popolare di Vicenza.

Atlante is a closed-end alternative investment fund (FIA) ruled by Italian law in which 67 Italian and foreign institutions participated, such as banks, including UniCredit S.p.A., insurance firms, banking Foundations and Cassa Depositi e Prestiti and has a size of €4.249 million. The closing was on 29 April. Atlante has an investment period of 18 months (that can be extended for additional 6 months) and has a maturity of 5 years, plus 3 years renewable annually.

The investment policy of Atlante foresees that:

- up to 70% of Atlante may be invested in banks with regulatory capital ratios lower than the minimum level set down in the SREP process and, thus, realize, upon request of the supervisory authority, actions of capital strengthening through capital increases;
- at least 30% of Atlante will be invested in Non-Performing Loans (NPLs) of a plurality of Italian banks.

Main principle of Atlante is the independence of the management of the asset management company from shareholders and investors.

On May 2, 2016, acknowledging the announcement by the Italian Stock Exchange that did not allow the start of the trading on MTA of the ordinary shares of Banca Popolare di Vicenza S.p.A., Quaestio Capital Management SGR has announced the upcoming underwriting (in the name, on behalf and in the interest of Atlante) of n. 15 billion of newly issued ordinary shares of the Bank for a price of Euro 0.10 per share and a total consideration of 1.5 billion. Atlante obtained hence an investment representing 99.33% of share capital of Banca Popolare di Vicenza S.p.A..

On June 30, 2016, acknowledging the final outcome of the Global Offer of Veneto Banca shares, Quaestio Capital Management SGR has underwritten (in the name, on behalf and in the interest of Atlante) n. 9,885,823,295 of newly issued ordinary shares of the Bank for a price of €0.10 per share and a total consideration of €988,582,329.50. Atlante obtained hence an investment representing 97.64% of share capital of Veneto Banca.

As of June 30, 2016 UniCredit S.p.A. holds 845 shares out of 4,249 total shares of Atlante, with a carrying value of €503,6 million, classified as financial assets available for sale and measured at a value in line with the subscription price, which has been confirmed by a fundamental valuation made by the valuation expert appointed by Quaestio Capital Management SGR. The shares are classified as Level 3 in the fair value hierarchy. In addition UniCredit S.p.A. has a residual commitment to invest in Atlante additional €341,4 million.

The regulatory treatment of the units of Atlante Fund reflects the application of the look-through method to the underlying investments, i.e. the stakes indirectly held in Banca Popolare di Vicenza and Veneto Banca; the latter are classified as non-significant holdings in financial sector entity, according to the provisions of EU Regulation 2015/923.

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

5.1 Held-to-maturity investments: breakdown by product

(€ '000)

	AMOUNTS AS AT 06.30.2016				AMOUNTS AS AT 12.31.2015			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**2,296,527**	**1,020,021**	**1,285,908**	**27,518**	**2,093,301**	**708,728**	**1,392,740**	**24,929**
- Structured securities	-	-	-	-	-	-	-	-
- Other securities	2,296,527	1,020,021	1,285,908	27,518	2,093,301	708,728	1,392,740	24,929
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**2,296,527**	**1,020,021**	**1,285,908**	**27,518**	**2,093,301**	**708,728**	**1,392,740**	**24,929**
Total Level 1, Level 2 and Level 3				**2,333,447**				**2,126,397**

Fair value measurements solely for the purpose of fulfilling financial 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.

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Section 6 - Loans and receivables with banks - Item 60

6.1 Loans and receivables with banks: breakdown by product

(€ '000)

	AMOUNTS AS AT 06.30.2016				AMOUNTS AS AT 12.31.2015			
	BOOK	FAIR VALUE			BOOK	FAIR VALUE		
TYPE OF TRANSACTIONS/VALUES	VALUE	LEVEL 1	LEVEL 2	LEVEL 3	VALUE	LEVEL 1	LEVEL 2	LEVEL 3
A. Loans to Central Banks	**12,847,483**	**-**	**5,239,938**	**7,562,993**	**21,121,665**	**-**	**6,543,631**	**13,998,258**
1. Time deposits	3,403,848	X	X	X	3,989,974	X	X	X
2. Compulsory reserves	8,269,073	X	X	X	15,065,331	X	X	X
3. Reverse repos	1,105,753	X	X	X	1,702,269	X	X	X
4. Other	68,809	X	X	X	364,091	X	X	X
B. Loans to banks	**56,230,772**	**512,667**	**44,134,970**	**11,993,141**	**58,951,669**	**403,021**	**45,144,872**	**14,337,871**
1. Loans	**53,005,734**	**-**	**41,428,873**	**11,873,114**	**56,524,413**	**-**	**43,119,172**	**14,225,319**
1.1 Current accounts and demand	19,551,571	X	X	X	18,589,133	X	X	X
1.2 Time deposits	6,647,466	X	X	X	6,511,822	X	X	X
1.3 Other loans	26,806,697	X	X	X	31,423,458	X	X	X
- Reverse repos	*19,455,811*	*X*	*X*	*X*	*25,193,976*	*X*	*X*	*X*
- Finance leases	*2,977*	*X*	*X*	*X*	*4,314*	*X*	*X*	*X*
- Other	*7,347,909*	*X*	*X*	*X*	*6,225,168*	*X*	*X*	*X*
2. Debt securities	**3,225,038**	**512,667**	**2,706,097**	**120,027**	**2,427,256**	**403,021**	**2,025,700**	**112,552**
2.1 Structured	-	*X*	*X*	*X*	-	*X*	*X*	*X*
2.2 Other	*3,225,038*	*X*	*X*	*X*	*2,427,256*	*X*	*X*	*X*
Total	**69,078,255**	**512,667**	**49,374,908**	**19,556,134**	**80,073,334**	**403,021**	**51,688,503**	**28,336,129**

The figure as at June 30, 2016 reflects a reduction in the Compulsory reserves and in Reverse Repos, mainly attributable to the German subsidiary UniCredit Bank AG and to the Holding company UniCredit S.p.A., respectively.

Loans and receivables with banks are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements. Fair value measures are classified according to a three level hierarchy that reflects the significance of the inputs used in the measurement process.
For further information see Part A - Accounting Policies - A.4 Information on fair value.

Section 7 - Loans and receivables with customers - Item 70

7.1 Loans and receivables with customers: breakdown by product

(€ '000)

	AMOUNTS AS AT 06.30.2016						AMOUNTS AS AT 12.31.2015					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
		NON-PERFORMING						NON-PERFORMING				
TYPE OF TRANSACTION/VALUES	PERFORMING	PURCHASED	OTHERS	LEVEL 1	LEVEL 2	LEVEL 3	PERFORMING	PURCHASED	OTHERS	LEVEL 1	LEVEL 2	LEVEL 3
Loans	**440,210,039**	**38,584**	**36,503,734**	**-**	**163,761,776**	**323,886,094**	**423,436,930**	**41,621**	**38,766,304**	**-**	**159,895,420**	**314,717,134**
1. Current accounts	39,301,728	22,130	6,298,130	X	X	X	37,621,762	21,871	6,906,533	X	X	X
2. Reverse repos	33,643,706	-	12	X	X	X	28,704,594	-	10	X	X	X
3. Mortgages	159,050,128	10,296	16,272,070	X	X	X	155,231,438	11,583	16,752,503	X	X	X
4. Credit cards and personal loans, including wage assignment loans	15,199,408	4	370,990	X	X	X	15,175,958	6	474,395	X	X	X
5. Finance leases	21,601,704	-	4,120,934	X	X	X	22,310,500	-	4,156,121	X	X	X
6. Factoring	9,550,329	2	359,251	X	X	X	9,917,475	2	378,461	X	X	X
7. Other loans	161,863,036	6,152	9,082,347	X	X	X	154,475,203	8,159	10,098,281	X	X	X
Debt securities	**12,248,397**	**-**	**154,699**	**1,218,069**	**8,518,213**	**2,827,670**	**11,641,611**	**-**	**112,055**	**1,173,923**	**7,528,208**	**3,230,721**
8. Structured securities	-	-	-	X	X	X	-	-	-	X	X	X
9. Other debt securities	12,248,397	-	154,699	X	X	X	11,641,611	-	112,055	X	X	X
Total	**452,458,436**	**38,584**	**36,658,433**	**1,218,069**	**172,279,989**	**326,713,764**	**435,078,541**	**41,621**	**38,878,359**	**1,173,923**	**167,423,628**	**317,947,855**
Total carrying amount Performing and Non-Performing			**489,155,453**						**473,998,521**			

The sub-item "7. Other loans" includes:

- €56.102 million for other non-current account loans (€52,367 million as at December 31, 2015);
- €21,044 million for pooled transactions (€23,603 million as at December 31, 2015);
- €11,631 million advances to customers for import/export (€11,199 million as at December 31, 2015);
- €10,848 million for advances to ordinary customers (€10,215 million as at December 31, 2015);
- €9,690 million 'hot money' transactions (€9,997 million as at December 31, 2015).

The sub-items "2. Reverse repos" and "7. Other loans" do not include the type of securities lending transactions collateralized by securities or not collateralized. See also the section "Other information" of Part B.

Loans and receivables with customers are not managed on a fair value basis, which is presented solely for the purpose of fulfilling financial disclosure requirements. Fair value measures are classified according to a three level hierarchy that reflects the significance of the inputs used in the measurement process.
The fair value of on-demand items has been estimated to be equal to their net carrying amount using the option provided for by IFRS 7.29. According to this assumption, on-demand items has been classified within level 3 in the fair value hierarchy. The fair value of impaired loans has been estimated to be equal to their net carrying amount taking their specific realizable value as the best estimate of the future expected cash flows discounted at the valuation date. According to this assumption, impaired loans has been allocated to level 3 in the fair value hierarchy.
For further information see Part A - Accounting Policies - A.4 Information on fair value.

Part B – Consolidated Balance Sheet - Assets

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, core deposits, 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 June 30, 2016 intangible assets amounted to €5,673 million, decreased in comparison to €5,758 million as at December 31, 2015. The decrease is mainly related to amortizations of intangible assets with finite life and to the effects of exchange rates related to foreign currencies items.

13.1 Intangible assets: breakdown by asset type

(€'000)

	AMOUNTS AS AT 06.30.2016		AMOUNTS AS AT 12.31.2015	
ASSETS/VALUES	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**X**	**3,562,737**	**X**	**3,618,345**
A.1.1 attributable to the Group	X	3,562,737	X	3,618,345
A.1.2 attributable to minorities	X	-	X	-
A.2 Other intangible assets	**2,017,311**	**92,957**	**2,047,172**	**92,957**
A.2.1 Assets carried at cost:	2,017,311	92,957	2,047,172	92,957
a) Intangible assets generated internally	*1,427,709*	-	*1,420,037*	-
b) Other assets	*589,602*	*92,957*	*627,135*	*92,957*
A.2.2 Assets valued at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**2,017,311**	**3,655,694**	**2,047,172**	**3,711,302**
Total finite and indefinite life		**5,673,005**		**5,758,474**

The Group does not use the revaluation model (fair value) to measure intangible assets.
Intangible Assets - Other - Indefinite life include trademarks/brands (Fineco).
Intangible Assets - Other - Definite life include:
- Customer Relationships of €64 million;
- Software of €392million;
- Licenses, patents and similar rights of €91 million.

13.2 Intangible assets: annual changes

(€'000)

		CHANGES IN FIRST HALF 2016				
		OTHER INTANGIBLE ASSETS				
		GENERATED INTERNALLY		OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross opening balance	**20,013,850**	**2,609,495**	**-**	**7,064,043**	**994,734**	**30,682,122**
A.1 Total net reduction in value	(16,395,505)	(1,189,458)	-	(6,436,908)	(901,777)	(24,923,648)
A.2 Net opening balance	**3,618,345**	**1,420,037**	**-**	**627,135**	**92,957**	**5,758,474**
B. Increases	**-**	**169,867**	**-**	**80,366**	**-**	**250,233**
B.1 Purchases	-	8,946	-	64,337	-	73,283
B.2 Increases in intangible assets generated internally	X	152,956	-	-	-	152,956
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	-	3,565	-	5,381	-	8,946
B.6 Other changes	-	4,400	-	10,648	-	15,048
C. Reduction	**55,608**	**162,195**	**-**	**117,899**	**-**	**335,702**
C.1 Disposals	-	1,213	-	537	-	1,750
C.2 Write-downs	-	151,272	-	101,682	-	252,954
- amortization	X	149,708	-	101,440	-	251,148
- write-downs	-	1,564	-	242	-	1,806
+ in equity	*X*	-	-	-	-	-
+ through profit or loss	-	*1,564*	-	*242*	-	*1,806*
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	-	-	-	233	-	233
C.5 Negative exchange differences	55,608	159	-	8,189	-	63,956
C.6 Other changes	-	9,551	-	7,258	-	16,809
D. Net Closing Balance	**3,562,737**	**1,427,709**	**-**	**589,602**	**92,957**	**5,673,005**
D.1 Total net write-down	(16,408,876)	(1,333,286)	-	(6,451,684)	(901,777)	(25,095,623)
E. Gross closing balance	**19,971,613**	**2,760,995**	**-**	**7,041,286**	**994,734**	**30,768,628**
F. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

The book value of goodwill as June, 30 2016 (€3,563 million) has been affected for €55 million by the negative change, occurred in the period, of the exchange rate related to the original currencies in which the Goodwill was recognized. The negative variations mainly refer to the companies operating in Poland.

For further details of impairment test on goodwill and other intangible assets with definite and indefinite life, noted during business combinations, please refer to the following pages.

Part B – Consolidated Balance Sheet - Assets

13.3 Other information

Information on intangible assets noted during business combinations
The application of IFRS 3 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 12.31.2015	AMORTIZATION	IMPAIRMENT	(*) OTHER CHANGES	TOTAL 06.30.2016
Trademarks	93	-	-	-	93
Core deposits and customer relationships	75	(8)	-	(3)	64
Goodwill	3,618	-	-	(55)	3,563
TOTAL	**3,786**	**(8)**	**-**	**(58)**	**3,720**

(*) Mainly due to fx effect related to intangible assets in foreign currency.

Any discrepancies in this table and between data given in the above table and other information in Explanatory Notes are due to the effect of rounding.

The residual value of indefinite-useful-life intangible assets (trademarks) refers to Fineco Bank in amount of €93 million.

The residual amount of Core Deposits and of the following intangible assets are equal to zero due to fully write-off as of December 2013: Asset under Management (AuM), Asset under Custody (AuC), Life Insurance, Products.
“Core deposits & customers Relationship” item include all other types of so-called customer relationships, among them, for example the 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 average residual useful life of Customer relationship is 11 years.

The Group does not hold intangible assets acquired through public grants or intangible assets pledged against liabilities.

Refer to 2015 Consolidated Reports and Accounts – Notes to Consolidated Accounts - Part B - Section 13 - Intangible assets for a description of such assets and their recognition criteria.

Impairment testing of intangible assets during business combinations
The carrying amount of goodwill as of June 30, 2016 was €3,563 million, in line with the figure for December 31, 2015 with the exception of a decrease of €55 million due to the exchange rate effect.

Following IAS 36.99, a trigger analysis has been performed with reference to the key assumptions underlying the last calculation made for December 31, 2015. Goodwill impairment test and the results are being confirmed for June 30, 2016 both for the cash generating units to which residual goodwill is allocated and for the Group.

Estimating cash flows to determine the value in use as at December 31, 2015

The impairment test at December 31, 2015 was performed on the basis of the financial projections (Net Profit and RWA) embedded in the Budget for 2016 and the Strategic Plan approved by the Board of Directors on November 11, 2015.

For more details about the impairment test and of the sensitivity of the recoverable amount to the key parameters see the Consolidated financial statements as at December 31, 2015.

Analysis of indicators as at June 30, 2016

With the aim of assessing potential variations occurred in the first half of 2016 in the assumptions underlying latest impairment test calculation, a trigger analysis of the key indicators has been carried out.

Pursuant to IAS 36.99, the result of the analysis of changes in the prevailing circumstances as at June 30, 2016 compared to December 31, 2015 and of events that have occurred during the same period confirms the validity of the outcome of the goodwill impairment test performed on December 31, 2015; following this analysis, the results have therefore been confirmed also with respect to the June 30, 2016 impairment test.
In particular, the following considerations have been made:

- there are no substantial changes in assets and liabilities making up the CGU structure;
- Net Profit actual results do not show the need to review the financial projections underlying December 2015 Impairment Test, at both Group and CGUs' level
- at Group level and for most of the CGUs, RWA are in line with budget targets;
- cost of Equity updated as of June 2016 is c.a. 9.9% is continuing its decreasing trend both at Group level (c.a. 10.2% as of December 2015) and for all CGUs;
- there have been no changes in Common Equity Tier 1 ratio target.

In addition, the following elements of the prevailing Macro and Banking scenario have been observed:
a) Euro area GDP figures for Q1 surprised on the upside with growth accelerating to 0.6% q/q marking the 12th consecutive quarter of GDP increases, the fastest pace in this recovery so far and creating a favorable base effect for 2016. Unemployment rates have been continuing to decrease and consumers also profit from very low inflation. On the investment side, sentiment indicators signal ongoing moderate growth, consistent with improved corporate fundamentals and good support from higher consumption;
b) ECB launched further easing measures in 1Q 2016. Refi and marginal lending facility rates were cut by 5 bps to 0.0% and 0.25% respectively while deposit rate was reduced by 10 bps to -0.4%. Monthly asset purchase volume was increased from €60 billion to €80 billion with an extension of the program to corporate bonds. Additional liquidity provisions for banks will be provided with an additional four series of TLTROs with a four years duration. This new round of stimulus targets the transmission mechanism of monetary policy and brings relief to the banking sector.

At the reference date of this Consolidated First Half Financial Report the indirect impacts resulting from the outcome of Brexit referendum of June 23, 2016 on the financial projections underlying the test, are not observable yet.

Results of the impairment test

Based on analysis of events that have occurred and circumstances that have changed since December 2015 pursuant to IAS 36.99 the results of December 2015 impairment test are confirmed also for June 2016.

It must be emphasized that the parameters and information used to verify the recoverability of goodwill (in particular the expected cash flows for the CGUs and the discount rates used) are significantly influenced by the macroeconomic and market situation, which may be subject, to currently unpredictable changes.

The effect that these changes may have on the estimated cash flows of the different CGUs, as well as on the main assumptions made, could therefore lead to different results in the coming financial years.

Part B – Consolidated Balance Sheet - Assets

Section 15 - Non-current assets and disposal groups classified as held for sale - Item 150 (assets) and 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 June 30, 2016, compared with December 31, 2015, we note that the company Bankhaus Neelmayer AG has been attributed to the non-current assets and asset disposal groups pursuant to IFRS 5.

Data at June 30, 2016 refer mainly, as regards the single assets and liabilities held for sale, to the company Bankhaus Neelmayer AG 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 June 30, 2016 refers to the following companies already listed in the consolidated accounting statement at December 31, 2015, based on accounting standard IFRS 5:
- the companies of the Ukrainian Group (PUBLIC JOINT STOCK COMPANY UKRSOTSBANK, PRIVATE JOINT STOCK COMPANY FERROTRADE INTERNATIONAL, LLC UKROTSBUD, LTD SI&C AMC UKRSOTS REAL ESTATE);
- the companies of the Immobilien Holding Group.

As of June, 30 2016 the subsidiary Public Joint Stock Company Ukrsotsbank ("USB") and its subsidiaries continue to be classified as held for sale (IFRS 5) and their valuation had been already been adjusted as of December 31, 2015 to reflect the estimated expected result from the disposal. UniCredit Group has signed a binding agreement for the disposal of USB to Alfa Group, whose main terms are disclosed in the Notes to the Consolidated Accounts included in the 2015 Consolidated Reports and Accounts – Part C – Consolidated Income Statement – Section 21 – Profit (Loss) after tax from discontinued operations. As of June 30, 2016 the Group exposure includes, in addition to the investment in USB and its subsidiaries, also intercompany loans amounting to approx. €320 million, that are eliminated in the consolidated financial reporting. The contribution of USB group held for sale to UniCredit Group consolidated result as of June 30, 2016 has been negative and amounted to €19 million and has been affected mainly by the trend of items denominated in foreign currency.

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

(€'000)

	AMOUNTS AS AT	
	06.30.2016	12.31.2015
A. Individual assets		
A.1 Financial assets	910,254	8,800
A.2 Equity investments	547	547
A.3 Property, Plant and Equipment	403,286	366,518
A.4 Intangible assets	232	-
A.5 Other non-current assets	10,491	5,281
Total A	**1,324,810**	**381,146**
of which carried at cost	1,269,644	335,054
of which designated at fair value – level 1	-	-
of which designated at fair value – level 2	25,582	21,760
of which designated at fair value – level 3	29,584	24,332
B. Assets groups classified as held for sale		
B.1 Financial assets held for trading	8	491
B.2 Financial assets at fair value through profit or loss	-	-
B.3 Available for sale financial assets	2	4
B.4 Held to maturity investments	-	-
B.5 Loans and receivables with banks	137,663	208,252
B.6 Loans and receivables with customers	1,307,643	1,367,718
B.7 Equity investments	51,791	59,684
B.8 Property, Plant and Equipment	106,641	134,875
B.9 Intangible assets	34,037	35,809
B.10 Other assets	538,159	632,089
Total B	**2,175,944**	**2,438,922**
of which carried at cost	-	-
of which designated at fair value – level 1	-	-
of which designated at fair value – level 2	-	-
of which designated at fair value – level 3	2,175,944	2,438,922
Total A+B	**3,500,754**	**2,820,068**
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	1,186,922	2,005
C.2 Securities	-	-
C.3 Other liabilities	31,250	4,073
Total C	**1,218,172**	**6,078**
of which carried at cost	1,218,172	6,078
of which designated at fair value – level 1	-	-
of which designated at fair value – level 2	-	-
of which designated at fair value – level 3	-	-
D. Liabilities included in disposal groups classified as held for sale		
D.1 Deposits from banks	7,501	126,705
D.2 Deposits from customers	900,905	1,010,558
D.3 Debt securities in issue	-	1,917
D.4 Financial liabilities held for trading	25	315
D.5 Financial liabilities at fair value through profit or loss	-	-
D.6 Provisions	498,241	498,218
D.7 Other liabilities	144,935	236,208
Total D	**1,551,607**	**1,873,921**
of which carried at cost	-	-
of which designated at fair value – level 1	-	-
of which designated at fair value – level 2	-	-
of which designated at fair value – level 3	1,551,607	1,873,921
Total C+D	**2,769,779**	**1,879,999**

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 Ukrainian group are presented at June 30, 2016 among level 3 assets and liabilities, reflecting their measurement using a valuation model.

Part B – Consolidated Balance Sheet - Liabilities

Liabilities

Section 1 - Deposits from banks - Item 10

1.1 Deposits from banks: product breakdown

(€ '000)

	AMOUNTS AS AT	
TYPE OF TRANSACTIONS/GROUP COMPONENTS	**06.30.2016**	**12.31.2015**
1. Deposits from central banks	**32,438,238**	**29,445,479**
2. Deposits from banks	**80,597,824**	**81,927,199**
2.1 Current accounts and demand deposits	15,209,789	16,901,680
2.2 Time deposits	8,225,139	7,308,508
2.3 Loans	56,800,412	56,784,753
2.3.1 repos	*31,572,138*	*30,353,733*
2.3.2 other	*25,228,274*	*26,431,020*
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Other liabilities	362,484	932,258
Total	**113,036,062**	**111,372,678**
Fair value - level 1	-	-
Fair value - level 2	69,219,983	59,259,162
Fair value - level 3	43,873,534	52,817,167
Total fair value	**113,093,517**	**112,076,329**

The comparative amounts have been recasted and differ from the amounts published, reflecting a reclassification from the sub-item 2.5 to the sub-item 2.3.2.

The €2,993 million increase in sub-item “1. Deposits from central banks” is mainly attributable to UniCredit S.p.A., following the growth in the advances from Banca d’Italia.

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 securities lending transactions collateralized by securities or not collateralized. See also section “Other information” of Part B.

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.

Section 2 - Deposits from customers - Item 20

2.1 Deposits from customers: breakdown by product

(€ '000)

TYPE OF TRANSACTIONS/GROUP COMPONENTS	AMOUNTS AS AT 06.30.2016	AMOUNTS AS AT 12.31.2015
1. Current accounts and demand deposits	307,660,547	296,632,086
2. Time deposits	82,328,228	86,252,931
3. Loans	77,447,882	59,341,080
3.1 repos	*63,696,700*	*51,678,235*
3.2 other	*13,751,182*	*7,662,845*
4. Liabilities in respect of commitments to repurchase treasury shares	10,200	10,200
5. Other liabilities	4,921,937	7,554,142
Total	**472,368,794**	**449,790,439**
Fair value - level 1	-	10,922
Fair value - level 2	166,755,200	144,578,797
Fair value - level 3	306,868,733	306,703,898
Total fair value	**473,623,933**	**451,293,617**

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 item do not include the type of securities lending transactions collateralized by securities or not collateralized. See also the section "Other information" of Part B.

The €12,018 million increase in sub-item "3.3.1 Loans" – repos" is mainly attributable to UniCredit S.p.A. and UniCredit Bank AG.

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 IFRS 7.29. 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.

Part B – Consolidated Balance Sheet - Liabilities

Section 3 - Debt securities in issue - Item 30

3.1 Debt securities in issue: breakdown by product

(€ '000)

	AMOUNTS AS AT 06.30.2016				AMOUNTS AS AT 12.31.2015			
	BOOK	FAIR VALUE			BOOK	FAIR VALUE		
TYPE OF SECURITIES/VALUES	VALUE	LEVEL 1	LEVEL 2	LEVEL 3	VALUE	LEVEL 1	LEVEL 2	LEVEL 3
A. Listed securities								
1. Bonds	111,704,231	57,626,158	45,537,305	16,172,030	122,403,148	60,511,948	53,583,574	15,483,067
1.1 structured	7,136,519	1,319,656	5,863,806	-	9,605,895	1,552,779	8,184,857	-
1.2 other	104,567,712	56,306,502	39,673,499	16,172,030	112,797,253	58,959,169	45,398,717	15,483,067
2. Other securities	12,335,131	-	5,388,374	6,962,227	12,074,753	25,644	5,268,629	6,792,328
2.1 structured	289,114	-	302,068	-	293,001	-	307,349	-
2.2 other	12,046,017	-	5,086,306	6,962,227	11,781,752	25,644	4,961,280	6,792,328
Total	**124,039,362**	**57,626,158**	**50,925,679**	**23,134,257**	**134,477,901**	**60,537,592**	**58,852,203**	**22,275,395**
Total Level 1, Level 2 and Level 3				**131,686,094**				**141,665,190**

The sum of the sub-items "1.1 Structured bonds" and "2.1 Other structured securities" was equal to €7,426 million and accounted for 6% 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 and as a consequence of buybacks realized in the period, for a nominal amount of nearly 2.3 billion, mainly 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.

For information about fair value measurement and hierarchy see Part A. Accounting Policies - A.4. Information on fair value.

Section 4 - Financial liabilities held for trading - Item 40

Financial liabilities held for trading: product breakdown

(€ '000)

	AMOUNTS AS AT					
	06.30.2016			12.31.2015		
	FAIR VALUE			FAIR VALUE		
TYPE OF OPERATIONS/ GROUP COMPONENTS	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A. Financial liabilities						
1. Deposits from banks	1,044,554	16,842	1,123	603,492	129,405	-
2. Deposits from customers	11,361,847	11,835,867	44,036	6,907,832	7,920,641	8,228
3. Debt securities	-	6,036,154	566,657	-	5,984,486	563,523
3.1 Bonds	-	4,247,979	413,221	-	4,257,581	384,405
3.1.1 Structured	-	*3,884,168*	*413,221*	-	*3,946,728*	*384,405*
3.1.2 Other	-	*363,811*	-	-	*310,853*	-
3.2 Other securities	-	1,788,175	153,436	-	1,726,905	179,118
3.2.1 Structured	-	*1,788,175*	*153,436*	-	*1,726,905*	*179,118*
3.2.2 Other	-	-	-	-	-	-
Total A	**12,406,401**	**17,888,863**	**611,816**	**7,511,324**	**14,034,532**	**571,751**
B. Derivatives instruments						
1. Financial derivatives	1,999,730	45,921,294	723,715	2,058,975	42,927,805	1,129,534
1.1 Trading	1,999,730	45,534,618	661,909	2,058,948	42,594,405	1,055,952
1.2 Related to fair value option	-	216,073	-	-	147,130	-
1.3 Other	-	170,603	61,806	27	186,270	73,582
2. Credit derivatives	23,385	383,235	32,833	76,339	563,671	44,664
2.1 Trading derivatives	23,385	379,903	32,478	76,339	559,765	44,469
2.2 Related to fair value option	-	-	-	-	-	-
2.3 Other	-	3,332	355	-	3,906	195
Total B	**2,023,115**	**46,304,529**	**756,548**	**2,135,314**	**43,491,476**	**1,174,198**
Total A+B	**14,429,516**	**64,193,392**	**1,368,364**	**9,646,638**	**57,526,008**	**1,745,949**
Total Level 1, Level 2 and Level 3			**79,991,272**			**68,918,595**

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.

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 better present the liquidity profile and counterparty risk connected with them.

The effect as at June 30, 2016, already included in the net presentation of these transactions, totaled €22,877,811 (€17,222,039 as at December 31, 2015).

Part B – Consolidated Balance Sheet - Liabilities

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

Liabilities are recognized 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 COMPONENTS	AMOUNTS AS AT 06.30.2016					AMOUNTS AS AT 12.31.2015				
	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	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
3. Debt securities	**1,500,446**	**-**	**1,461,461**	**3,458**	**1,508,047**	**403,289**	**-**	**451,783**	**2,873**	**462,659**
3.1 Structured	1,496,988	-	1,461,461	-	X	400,416	-	451,783	-	X
3.2 Other	3,458	-	-	3,458	X	2,873	-	-	2,873	X
Total	**1,500,446**	**-**	**1,461,461**	**3,458**	**1,508,047**	**403,289**	**-**	**451,783**	**2,873**	**462,659**
Total Level 1, Level 2 and Level 3				**1,464,919**					**454,656**	

*Fair value: calcolato escludendo le variazioni di valore dovute al cambiamento del merito creditizio dell'emittente rispetto alla data di emissione.

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.

The increase of item "3.1 Structured debt securities" reflects the issuance by UniCredit S.p.A., starting from the first quarter of 2016, of "Certificates", structured debt securities. These securities are classified as measured at fair value through profit or loss and their embedded derivative component has not been separated.

Section 12 - Provisions for risks and charges - Item 120

As at June 30, 2016 Provision for risks and charges amounted to €9,876 million, a slightly increase over end 2015 (€9,855 million).
The sub-item 2. "Other provisions for risks and charges", which amounted to €3,724 million as at June 30, 2016, 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" - item 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 06.30.2016	AMOUNTS AS AT 12.31.2015
1. Pensions and other post retirement benefit obligations	**6,152,082**	**5,198,039**
2. Other provisions for risks and charges	**3,724,208**	**4,656,577**
2.1 Legal disputes	638,636	691,994
2.2 Staff expenses	1,337,676	2,258,103
2.3 Other	1,747,896	1,706,480
Total	**9,876,290**	**9,854,616**

PENSIONS AND OTHER POST RETIREMENT BENEFIT OBLIGATIONS

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.
Group's plans are not financed with segregated assets except for to the defined-benefits 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 set up by UCB AG, and by UniCredit S.p.A. for UK defined-benefit plans.
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).
The obligations arising from defined-benefit plans are determined using the "projected unit credit method". The assets of financed plans are measured at fair value at the balance sheet date. The balance sheet is the result of the deficit or surplus (i.e., the difference between obligations and

assets) net of any impacts of the limit on assets. Actuarial gains and losses are recognized 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 in accordance with IAS 19. 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 (i.e. no. 16 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).
The discount rate used as of June 30 2016 for pensions and post-retirement benefits drop by 60 to 65 bps (depending on different plan duration), compared to December 31, 2015 (70 bps the reduction for "Trattamento di fine rapporto del personale" presented to liability item 110-Provisions for employee severance pay) reflecting the yields evolution of the basket of selected securities.

The remeasurement at June 30, 2016 of such commitments (including employee severance pay for so called "Trattamento di fine rapporto del personale") leads to an increase in the negative balance of the revaluation reserve referred to actuarial gains/losses on defined benefit plans of €703 million, net of tax (balance moves from €2,256 million at December 31, 2015 to €2,959 million at June 30, 2016).
For additional information on amount, timing and uncertainty of cash flows (sensitivities) see Consolidated Reports and Accounts as at December 31, 2015.

The Austrian Parliament approved an ordinary law (published on April 13, 2016) on the transfer of pension obligations regarding active employees of subsidiary UniCredit Bank Austria AG ("UCBA") to the Austrian national pension system. The new law confirms the effectiveness of this kind of agreements, whose nature and features are the same of the Agreement reached between UCBA and the Central Works Council on December 14, 2015. The agreement is effective retroactively, in particular increasing the amount to be paid towards the transfers occurring from February 1, 2016 from 7% to 22.8% of the latest wage paid to the employee. The new law will be fully effective following the opinion of the European Commission on State aids. Despite UCBA believes that the new law is unconstitutional in light of its retroactive effect and the significant increase in the percentage to be applied for the transfer of pension obligations, UCBA made provisions for the higher costs related to the new law and at the same time revised the HR-related charges related to the restructuring plan, reflecting the developments of the plan itself. Net increase of restructuring charges amounted to €204 million pre-tax included in 1Q 2016 financials.

12.4 Provisions for risks and charges - other provisions

(€ '000)

	AMOUNTS AS AT	
	06.30.2016	**12.31.2015**
2.3 Other provisions for risks and charges - other		
- Real estate risks and costs	75,764	123,976
- Restructuring costs	115,705	124,229
- Out-of-court settlements and legal costs	11,706	11,706
- Allowances payable to agents	136,886	142,516
- Disputes regarding financial instruments and derivatives	131,594	148,175
- Tax Disputes	161,746	120,470
- Costs for liabilities arising from equity investment disposals	120,681	118,882
- Other	993,814	916,526
Total	**1,747,896**	**1,706,480**

The sub-item "Real estate risks and costs" decreases following utilizations by the subsidiary UniCredit Business Integrated Solutions.
The sub-item "Tax Disputes" increases mainly due to provisions made by holding company UniCredit S.p.A. and its subsidiary Pioneer Investment Management.

Part B – Consolidated Balance Sheet - Liabilities

Section 15 - Group Shareholders' Equity - Items 140, 160, 170, 180, 190, 200 and 220

At June 30, 2016 the **Group Shareholders' Equity**, including the profit for the period of €1,321 million, amounted to €50,123 million, against €50,087 million at the end of 2015.

The table below shows a breakdown of Group Equity and the changes over the previous year:

Group capital: breakdown

(€ '000)

	AMOUNTS AS AT		CHANGES	
	06.30.2016	12.31.2015	AMOUNT	%
1. Share capital	20,846,893	20,257,668	589,225	2.9%
2. Share premium reserve	14,384,918	15,976,604	-1,591,686	-10.0%
3. Reserves	16,714,792	14,254,879	2,459,913	17.3%
4. Treasury shares	(8,168)	(8,171)	3	-
a. Parent Company	(2,440)	(2,440)	-	-
b. Subsidiaries	(5,728)	(5,731)	3	0.1%
5. Revaluation reserve	(5,025,355)	(3,976,940)	-1,048,415	-26.4%
6. Equity instruments	1,888,463	1,888,463	-	-
7. Net profit (loss)	1,321,356	1,694,240	-372,884	-22.0%
Total	**50,122,899**	**50,086,743**	**36,156**	**0.1%**

The €36 million increase in Group Equity resulted from:

A free capital increase as resolved: • by the Board of Directors of April 9, 2016 and carried out taking €41 million from the specifically established reserve, for the issue of shares connected with the medium-term incentive plan for the Group's personnel; • by the Shareholders' Meeting of April 14, 2015 and connected with the payment of the "Scrip dividend" relating to financial year 2015, carried out taking the pre-existing "reserves" for €549 million.	589 million
• Coverage of the Holding loss of the financial year 2015 (€1,441 million) and increase in the "legal reserve" (€150 million) through use of "Share premium reserve".	(1,592) million
An increase in the reserves, including the change in treasury shares owing to:	
• attribution to the reserve of the result of the previous year for €1,692 million and coverage of the Holding loss of the financial year 2015 for €1,441 million taking from "Share premium reserve";	3,133 million
• increase of "legal reserve with use of "Share premium reserve";	150 million
• a decrease deriving from the use of reserves for the purpose of increasing the free capital and from the use of the reserve set aside specifically for the purpose of the issue of performance shares associated with the personnel incentive plan;	(589) million
• allocation to the reserve of the coupon paid to subscribers of the issue of Additional Tier 1 instruments, net of the related taxes;	(58) million
• use of the reserve for the usufruct fee associated with the "Cashes";	(65) million
• a decrease in the reserve for the extraordinary distribution of dividends;	(158) million
• an increase in the reserve connected with Share-Based Payments;	26 million
• other increases.	(20) million
A change in valuation reserves owing to:	
• decrease in the value of financial assets available for sale;	(317) million
• decrease in the value of the reserve on actuarial gains (losses) on defined-benefit plans;	(703) million
• decrease in the value of hedging for financial risks and of assets held for sale;	(75) million
• increase in exchange rate differences;	105 million
• decrease in the value of the valuation reserve of companies carried at equity.	59 million
A decrease in the profit for the period compared with that of December 31, 2015.	(373) million

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

During the first half of 2016 Share Capital – which at December 31, 2015 was represented by 5,967,177,811 ordinary shares and 2,480,677 savings shares, both categories with no per-share face value – changed due to the reasons illustrated in the paragraph “Capital Strengthening and other transactions concerning share capital” of the “Report on Operations”.

Specifically, share capital rose from €20,257,668 thousand at the end of 2015 to €20,846,893 thousand following the free share capital increases of:
- €40,674 thousand, resolved by the Board of Directors' meeting of February 9, 2016, executed through the concurrent withdrawal from the specifically constituted "reserves related to the medium-term incentive program for Group staff", which resulted in the issue 11,993,660 ordinary shares;
- €548,551 thousand, resolved by the Shareholders' Meeting of April 14, 2016 for the payment of the "scrip dividend” for 2015, through the concurrent withdrawal from the pre-existing “reserves”.

The Shareholders’ meeting held to approve UniCredit S.p.A.’s financial statements as at December 31, 2015 approved the distribution of a dividend of €706,181,777,04 to shareholders through withdrawal from retained earnings. Specifically, the Meeting approved a scrip dividend scheme under which the holders of UniCredit ordinary shares and the holders of UniCredit savings shares will be allocated 1 new share for every 23 shares held and 1 new share for every 54 shares held, respectively, without prejudice to the shareholders’ right to opt for a cash payout in lieu of the allocation of new shares.

The scrip dividend, which took place on May 5, 2016, resulted in:
- with respect to the shareholders who decided to exercise the option to receive a cash dividend, the payment of €157,630,180.80;
- with respect to the shareholders who did not opt for a cash payout, the issue of 198,646,706 new ordinary shares and 44,219 new savings shares, allocated according to the ratios mentioned above. Each new ordinary and savings share issued was recognized in the Shareholders’ Equity at approximately €2.76.

As a result, at June 30, 2016, the share capital is represented by 6,177,818,177 ordinary shares and 2,524,896 savings shares.

At the end of June 2016, the number of treasury shares outstanding was 47,600 ordinary shares, unchanged compared to the end of 2015 as no transactions in respect of treasury shares were carried out in the first half of 2016.

15.4 Reserves from allocation of profit: other information

(€ '000)

	AMOUNTS AS AT	
	06.30.2016	**12.31.2015**
Legal Reserve (*)	1,517,514	1,517,514
Statutory Reserve	840,018	1,217,304
Other Reserves	8,800,705	6,011,063
Total	**11,158,237**	**8,745,881**

(*) The Legal Reserve of UniCredit S.p.A. also includes €2,683,390 thousand deriving from usage of resources, as resolved by the Shareholders' Meeting of May 11, 2013 - May 13, 2014 and April 13,2016 from the Share premium reserve and therefore not classified among reserves from allocation of profit from previous year.

Part B – Consolidated Balance Sheet - Liabilities

15.5 Other Information

Revaluation reserve: breakdown

(€ '000)

ITEM/TYPES	AMOUNTS AS AT 06.30.2016	AMOUNTS AS AT 12.31.2015
1. Available-for-sale financial assets	1,557,087	1,873,921
2. Property, plant and equipment	-	-
3. Intangible assets	-	-
4. Hedges of foreign investments	-	-
5. Cash-flow hedges	389,242	459,826
6. Exchange differences	(3,155,223)	(3,260,329)
7. Non-current assets classified as held for sale	(4,354)	-
8. Actuarial gains (losses) on defined benefit plans	(2,959,275)	(2,256,366)
9. Revaluation reserves of investments valued at net equity	(1,129,852)	(1,071,012)
10. Special revaluation laws	277,020	277,020
Total	**(5,025,355)**	**(3,976,940)**

The FX currency reserves as at June 30, 2016 mainly refer to the following currencies:
- Turkish Lira: 1,272 million (negative), included in the share of the revaluation reserves of the investments valued at equity in accordance with IFRS11;
- Ruble: 1,821 million (negative);
- UAH (Krivna): 658 million (negative).

With reference to the exchange fluctuations reserve relative to the Ukrainian currency, and related to the equity investment in Public Joint Stock Company Ukrsotsbank and their subsidiaries, negative for 716 million, in respect of the process to dispose of the subsidiaries stated in accordance with IFRS 5, it is noted that IAS 21 require that net equity is reclassified to the income statement as part of the future final result of the sale. With reference to UAH exchange rate (Ukraine) the negative reserve existing as of June 30, 2016 does not include the negative exchange rate differences already recycled to profit or loss in 2013 (€380 million).

Other information

1. Guarantees given and commitments

(€ '000)

TRANSACTIONS	AMOUNTS AS AT 06.30.2016	12.31.2015
1) Financial guarantees given to	**22,017,168**	**23,055,867**
a) Banks	8,579,946	9,671,295
b) Customers	13,437,222	13,384,572
2) Commercial guarantees given to	**50,150,685**	**48,846,589**
a) Banks	9,260,347	10,193,733
b) Customers	40,890,338	38,652,856
3) Other irrevocable commitments to disburse funds	**108,449,670**	**107,721,461**
a) banks:	6,130,433	8,080,801
i) usage certain	*3,297,219*	*3,942,963*
ii) usage uncertain	*2,833,214*	*4,137,838*
b) customers:	102,319,237	99,640,660
i) usage certain	*26,429,437*	*23,375,364*
ii) usage uncertain	*75,889,800*	*76,265,296*
4) Underlying obligations for credit derivatives: sales of protection	**-**	**-**
5) Assets used to guarantee others' obligations	**13,301**	**13,325**
6) Other commitments	**2,355,796**	**2,675,865**
Total	**182,986,620**	**182,313,107**

2. Assets used to guarantee own liabilities and commitments

(€ '000)

PORTFOLIOS	AMOUNTS AS AT 06.30.2016	12.31.2015
1. Financial assets held for trading	27,499,605	20,424,477
2. Financial assets designated at fair value	16,189,211	15,515,132
3. Financial assets available for sale	62,911,103	56,178,606
4. Financial assets held to maturity	1,407,638	1,420,988
5. Loans and receivables with banks	1,928,390	1,588,278
6. Loans and receivables with customers	79,643,867	76,384,603
7. Property, plant and equipment	-	-

Deposits from Banks include €31,870 million related to Central Banks' refinancing operations collateralized by securities and loans respectively amounting to nominal €24,793 million and €17,988.
Regarding collateral securities, those not recognized on balance sheet - since they represent repurchased or retained Group's financial liabilities - amount to nominal €10,350 million.

Security borrowing transactions collateralized by securities or not collateralized

(€ '000)

	AMOUNTS AS AT 06.30.2016			
	AMOUNTS OF THE SECURITIES BORROWED/TRANSACTION PURPOSE			
LENDER BREAKDOWN	GIVEN AS COLLATERAL IN OWN FUNDING TRANSACTIONS	SOLD	SOLD IN REPO TRANSACTIONS	OTHER PURPOSES
A. Banks	861,396	669,085	6,601,736	1,623,484
B. Financial companies	-	202,583	1,805,201	357,333
C. Insurance companies	-	251	261,795	22,987
D. Non-Financial companies	-	65,724	605,562	363,759
E. Others	-	576	998,789	84
Total	**861,396**	**938,219**	**10,273,083**	**2,367,647**

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	AS AT 06.30.2016 DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	AS AT 06.30.2015 TOTAL
1. Financial assets held for trading	100,184	(13,901)	218,958	305,241	484,401
2. Financial assets at fair value through profit or loss	160,191	18,672	-	178,863	181,279
3. Available-for-sale financial assets	892,657	-	-	892,657	1,034,736
4. Held-to-maturity investments	26,387	-	-	26,387	20,646
5. Loans and receivables with banks	26,553	150,390	-	176,943	265,478
6. Loans and receivables with customers	125,824	6,325,186	-	6,451,010	7,048,540
7. Hedging derivatives	X	X	822,667	822,667	858,710
8. Other assets	X	X	62,887	62,887	68,591
Total	**1,331,796**	**6,480,347**	**1,104,512**	**8,916,655**	**9,962,381**

The "Debt securities" and "Loans" columns include interest income from non-performing assets, other than the interest income recognized in item "Write-backs", amounting to €2 million and €391 million, respectively.

1.4 Interest expense and similar charges: breakdown

(€ '000)

ITEMS/TYPE	AS AT 06.30.2016 DEBTS	SECURITIES	OTHER TRANSACTIONS	TOTAL	AS AT 06.30.2015 TOTAL
1. Deposits from Central banks	(32,572)	X	-	(32,572)	(91,720)
2. Deposits from banks	(223,533)	X	-	(223,533)	(266,552)
3. Deposits from customers	(652,626)	X	-	(652,626)	(1,029,382)
4. Debt securities in issue	X	(1,717,976)	-	(1,717,976)	(2,172,960)
5. Financial liabilities held for trading	5,948	(47,633)	(394,015)	(435,700)	(544,713)
6. Financial liabilities at fair value through profit or loss	-	(1,350)	-	(1,350)	(1,913)
7. Other liabilities and funds	X	X	(59,009)	(59,009)	(66,298)
8. Hedging derivatives	X	X	(1)	(1)	-
TOTAL	**(902,783)**	**(1,766,959)**	**(453,025)**	**(3,122,767)**	**(4,173,538)**

The negative interest components on financial assets and financial liabilities, contributing to net interest margin, amount respectively to €202 million and €172 million.

Section 2 - Fees and commissions - Items 40 and 50

2.1 Fee and commission income: breakdown

(€ '000)

TYPE OF SERVICES/VALUES	AS AT 06.30.2016	AS AT 06.30.2015
a) guarantees given	**265,248**	**274,009**
b) credit derivatives	**-**	**-**
c) management, brokerage and consultancy services:	**2,426,282**	**2,441,899**
1. securities trading	149,869	138,910
2. currency trading	52,801	56,634
3. portfolio management	999,548	1,007,666
3.1 individual	*111,359*	*104,770*
3.2 collective	*888,189*	*902,896*
4. custody and administration of securities	113,981	101,987
5. custodian bank	17,382	19,469
6. placement of securities	381,897	414,020
7. reception and transmission of orders	83,449	102,171
8. advisory services	49,506	45,658
8.1 related to investments	*29,171*	*25,836*
8.2 related to financial structure	*20,335*	*19,822*
9. distribution of third party services	577,849	555,384
9.1 portfolio management	152,861	155,764
9.1.1 individual	*414*	*744*
9.1.2 collective	*152,447*	*155,020*
9.2 insurance products	405,417	370,312
9.3 other products	19,571	29,308
d) collection and payment services	**795,725**	**802,788**
e) securitization servicing	**2,435**	**6,049**
f) factoring	**39,726**	**43,562**
g) tax collection services	**-**	**-**
h) management of multilateral trading facilities	**-**	**-**
i) management of current accounts	**632,326**	**679,681**
j) other services	**532,375**	**526,209**
k) security lending	**13,124**	**9,405**
Total	**4,707,241**	**4,783,602**

Item "j) other services" mainly comprise:

- fees on loans granted: €356 million in 2016, €307 million in 2015 (+16%);
- fees for foreign transactions and services of €45 million in 2016, €48 million in 2015 (-6%);
- fees for various services provided to customers (e.g. treasury, merchant banking, etc.) of €20 million in 2016, €40 million in 2015 (-50%);
- fees for ATM and credit card services not included in collection and payment services, amounting to €33 million in 2016, €29 million in 2015 (+13%).

Part C – Consolidated Income Statement

2.2 Fee and commission expense: breakdown

(€ '000)

SERVICES/VALUES	AS AT 06.30.2016	AS AT 06.30.2015
a) guarantees received	**(62,205)**	**(46,688)**
b) credit derivatives	**-**	**(1,696)**
c) management,brokerage and consultancy services:	**(418,293)**	**(450,476)**
1. trading financial instruments	(29,201)	(32,867)
2. currency trading	(7,978)	(10,009)
3. portfolio management	(101,211)	(106,125)
3.1 own portfolio	*(92,105)*	*(97,265)*
3.2 third party portfolio	*(9,106)*	*(8,860)*
4. custody and administration of securities	(83,812)	(91,226)
5. placement of financial instruments	(71,491)	(69,282)
6. off-site distribution of financial instruments, products and services	(124,600)	(140,967)
d) collection and payment services	**(201,738)**	**(224,849)**
e) other services	**(86,817)**	**(64,076)**
f) security borrowing	**(14,935)**	**(14,503)**
Total	**(783,988)**	**(802,288)**

Section 3 - Dividend income and similar revenue - Item 70

In 2016 dividend income, which is recognized in the accounts in the year in which their distribution is approved, totaled €331 million, or €345 million if income from units in investment funds is also considered, as against €318 million in the same period in 2015.

3.1 Dividend income and similar revenue: breakdown

(€ '000)

ITEMS/REVENUES	AS AT 06.30.2016		AS AT 06.30.2015	
	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS
A. Financial assets held for trading	209,066	7,729	208,062	5,223
B. Available for sale financial assets	121,988	5,830	92,756	11,531
C. Financial assets at fair value through profit or loss	-	53	-	274
D. Investments	445	X	428	X
Total	**331,499**	**13,612**	**301,246**	**17,028**
Total dividends and income from units in investment funds		**345,111**		**318,274**

Sub-item “B. Available for sale financial assets” includes €61 million in dividends received relating to the shareholding in Banca d’Italia (€75 million in the first half of 2015), €21 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 and losses on financial assets and liabilities held for trading - Item 80

The table below shows a breakdown of item 80.

Gains and losses on financial assets and liabilities held for trading

(€ million)

TRANSACTIONS/P&L ITEMS	AS AT 06.30.2016	AS AT 06.30.2015	CHANGE
Financial assets held for trading	(1,301)	812	(2,113)
Financial liabilities held for trading	57	(173)	230
Financial assets and liabilities in currency: exchange differences	187	596	(409)
Financial and credit derivatives	1,564	(583)	2,147
Total	**507**	**652**	**(145)**

4.1 Gains and losses on financial assets and liabilities held for trading: breakdown

(€ '000)

	AS AT 06.30.2016				
TRANSACTIONS/P&L ITEMS	UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets held for trading	**906,030**	**1,300,761**	**(1,665,890)**	**(1,842,183)**	**(1,301,282)**
1.1 Debt securities	302,753	539,876	(183,143)	(251,668)	407,818
1.2 Equity instruments	188,579	508,141	(948,049)	(1,104,605)	(1,355,934)
1.3 Units in investment funds	55,963	161,625	(55,911)	(160,187)	1,490
1.4 Loans	291,655	60,113	(465,632)	(266,128)	(379,992)
1.5 Other	67,080	31,006	(13,155)	(59,595)	25,336
2. Financial liabilities held for trading	**567,543**	**331,264**	**(289,499)**	**(551,969)**	**57,339**
2.1 Debt securities	485,345	130,400	(176,551)	(376,284)	62,910
2.2 Deposits	-	-	(4)	(2,266)	(2,270)
2.3 Other	82,198	200,864	(112,944)	(173,419)	(3,301)
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**186,902**
4. Derivatives	**69,621,102**	**25,365,771**	**(67,561,233)**	**(25,980,636)**	**1,564,323**
4.1 Financial derivatives:	68,442,781	24,928,883	(66,392,636)	(25,553,298)	1,545,049
- on debt securities and interest rates	*59,635,415*	*21,368,941*	*(58,465,826)*	*(22,262,894)*	*275,636*
- on equity securities and share indices	*7,705,401*	*2,803,697*	*(7,215,887)*	*(2,601,603)*	*691,608*
- on currency and gold	*X*	*X*	*X*	*X*	*119,319*
- other	*1,101,965*	*756,245*	*(710,923)*	*(688,801)*	*458,486*
4.2 Credit derivatives	1,178,321	436,888	(1,168,597)	(427,338)	19,274
Total	**71,094,675**	**26,997,796**	**(69,516,622)**	**(28,374,788)**	**507,282**

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Section 5 - Fair value adjustments in hedge accounting - Item 90

5.1 Fair value adjustments in hedge accounting: breakdown

(€ '000)

P&L COMPONENT/VALUES	AS AT 06.30.2016	AS AT 06.30.2015
A. Gains on:		
A.1 Fair value hedging instruments	11,590,902	8,232,639
A.2 Hedged asset items (in fair value hedge relationship)	1,884,645	472,798
A.3 Hedged liability items (in fair value hedge relationship)	113,009	1,541,265
A.4 Cash-flow hedging derivatives	1,577	626
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities	**13,590,133**	**10,247,328**
B. Losses on:		
B.1 Fair value hedging instruments	(11,109,075)	(8,784,244)
B.2 Hedged asset items (in fair value hedge relationship)	(809,136)	(903,528)
B.3 Hedged liability items (in fair value hedge relationship)	(1,707,912)	(532,631)
B.4 Cash-flow hedging derivatives	(7,699)	(15,434)
B.5 Assets and liabilities denominated in currency	(41)	(79)
Total losses on hedging activities	**(13,633,863)**	**(10,235,916)**
C. Net hedging result	**(43,730)**	**11,412**

Section 6 - Gains (losses) on disposals/repurchases - Item 100

As at June 30, 2016 the disposal/repurchase of financial assets/liabilities generated net gains in the amount of +€681 million (+€170 million in 2015), of which +€679 million on assets and +€2 million on liabilities.

In the first half 2016 net result recognized under sub-item "3. Available-for-sale financial assets – 3.1 Debt securities" was +€268 million and comprised gains on disposal of Trevi 3 (+€132 million on BTP disposal), UniCredit S.p.A. (+€109 million, mainly due to disposal of Italian Government securities), UniCredit Bank S.A. (+€7 million, mainly due to disposal of Romanian 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 +€332 million mainly includes gain on disposal of equity investment in Visa Europe Ltd for +€306 million, Cisalfa Sport S.p.A. for +€15 million and Util Industries S.p.A for +€7 million.

The net profit on repurchase of financial liabilities (+€2 million) principally relates to deposits with banks.

In 2015 the net result on repurchase of financial liabilities (-€64 million) principally relates to debt securities in issue, of which -€45 million relating to the offer for the partial repurchase of Subordinated Notes issued by UniCredit S.p.A. launched in the second quarter of 2015.

6.1 Gains and losses on disposals/repurchases: breakdown

(€ '000)

	AS AT 06.30.2016			AS AT 06.30.2015		
ITEMS/P&L ITEMS	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
Financial assets						
1. Loans and receivables with banks	**-**	**-**	**-**	**4,332**	**-**	**4,332**
2. Loans and receivables with customers	**142,542**	**(63,455)**	**79,087**	**80,563**	**(72,589)**	**7,974**
3. Available-for-sale financial assets	**759,130**	**(159,266)**	**599,864**	**342,820**	**(120,812)**	**222,008**
3.1 Debt securities	425,898	(158,109)	267,789	306,616	(119,841)	186,775
3.2 Equity instruments	332,435	(39)	332,396	33,825	(859)	32,966
3.3 Units in Investment funds	797	(1,118)	(321)	2,379	(112)	2,267
3.4 Loans	-	-	-	-	-	-
4. Held-to-maturity investments	**485**	**-**	**485**	**12**	**-**	**12**
Total assets	**902,157**	**(222,721)**	**679,436**	**427,727**	**(193,401)**	**234,326**
Financial liabilities						
1. Deposits with banks	**9,742**	**(5,358)**	**4,384**	**36,434**	**(39,201)**	**(2,767)**
2. Deposits with customers	**2,980**	**(3,922)**	**(942)**	**94**	**(6,692)**	**(6,598)**
3. Debt securities in issue	**71,196**	**(73,115)**	**(1,919)**	**37,055**	**(92,175)**	**(55,120)**
Total liabilities	**83,918**	**(82,395)**	**1,523**	**73,583**	**(138,068)**	**(64,485)**
Total financial assets and liabilities			**680,959**			**169,841**

Section 7 - Gains and 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 recognized in the accounts, as well as credit and financial derivatives economically associated with them and already recognized under Financial assets/liabilities held for trading (Sub-Items: “1. Financial derivatives – 1.1 Associated with the fair value option” e “2. Credit derivatives – 2.1 Associated with the fair value option”).

This table summarizes the net result of assets and liabilities valued at fair value for the related periods, as well as the related changes.

Gains and losses in financial assets and liabilities at fair value through profit or loss: breakdown

(€ million)

TRANSACTIONS/P&L ITEMS	AS AT 06.30.2016	AS AT 06.30.2015	CHANGE
Financial assets	199	(155)	354
Financial liabilities	80	(2)	82
Financial assets and liabilities in currency: exchange differences	-	-	-
Financial and credit derivatives	(249)	215	(464)
Total	**30**	**58**	**(28)**

7.1 Net change in financial assets and liabilities at fair value through profit or loss: breakdown

(€ '000)

	AS AT 06.30.2016				
TRANSACTIONS/P&L ITEMS	UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets	**375,836**	**39,986**	**(103,170)**	**(113,641)**	**199,011**
1.1 Debt securities	286,265	39,976	(89,418)	(110,397)	126,426
1.2 Equity securities	239	3	-	(389)	(147)
1.3 Units in investment funds	1,827	7	(9,540)	(1,861)	(9,567)
1.4 Loans	87,505	-	(4,212)	(994)	82,299
2. Financial liabilities	**78,115**	**2,354**	**(774)**	**-**	**79,695**
2.1 Debt securities	78,115	2,354	(774)	-	79,695
2.2 Deposits from banks	-	-	-	-	-
2.3 Deposits from customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**-**
4. Credit and financial derivatives	**331,575**	**4,099**	**(578,014)**	**(6,854)**	**(249,194)**
Total	**785,526**	**46,439**	**(681,958)**	**(120,495)**	**29,512**

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Section 8 - Impairment losses - Item 130

8.1 Impairment losses on loans and receivables: breakdown

(€ '000)

	AS AT 06.30.2016								AS AT 06.30.2015
	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC			SPECIFIC		PORTFOLIO			
TRANSACTIONS/P&L ITEMS	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	TOTAL
A. Loans and receivables with banks	**-**	**(9,879)**	**(7,479)**	**20**	**10,454**	**-**	**2,704**	**(4,180)**	**(6,550)**
- Loans	-	(9,879)	(7,375)	20	10,454	-	2,704	(4,076)	(7,477)
- Debt securities	-	-	(104)	-	-	-	-	(104)	927
B. Loans and receivables with customers	**(193,019)**	**(3,549,387)**	**(504,600)**	**405,007**	**1,547,369**	**-**	**488,321**	**(1,806,309)**	**(1,868,400)**
Impaired related to purchase agreements	**(1,131)**	**(2,107)**	**-**	**810**	**193**	**-**	**-**	**(2,235)**	**138**
- Loans	(1,131)	(2,107)	X	810	193	X	X	(2,235)	138
- Debt securities	-	-	X	-	-	X	X	-	-
Other loans	**(191,888)**	**(3,547,280)**	**(504,600)**	**404,197**	**1,547,176**	**-**	**488,321**	**(1,804,074)**	**(1,868,538)**
- Loans	(191,888)	(3,546,878)	(502,436)	403,431	1,501,550	-	480,937	(1,855,284)	(1,839,416)
- Debt securities	-	(402)	(2,164)	766	45,626	-	7,384	51,210	(29,122)
C. Total	**(193,019)**	**(3,559,266)**	**(512,079)**	**405,027**	**1,557,823**	**-**	**491,025**	**(1,810,489)**	**(1,874,950)**

Section 11 - Administrative costs - Item 180

11.1 Payroll: breakdown

(€ '000)

TYPE OF EXPENSES/SECTORS	AS AT 06.30.2016	AS AT 06.30.2015
1) Employees	**(4,357,005)**	**(4,183,199)**
a) wages and salaries	(2,907,037)	(2,950,800)
b) social charges	(674,769)	(676,256)
c) severance pay	(29,263)	(21,162)
d) social security costs	-	-
e) allocation to employee severance pay provision	(10,857)	(11,532)
f) provision for retirements and similar provisions:	(690,639)	(165,647)
- defined contribution	*(788)*	*(1,135)*
- defined benefit	*(689,851)*	*(164,512)*
g) payments to external pension funds:	(139,051)	(154,614)
- defined contribution	*(138,530)*	*(154,073)*
- defined benefit	*(521)*	*(541)*
h) costs related to share-based payments	(32,855)	(66,628)
i) other employee benefits	115,783	(151,625)
l) recovery payments seconded employees	11,683	15,065
2) Other staff	**(31,913)**	**(35,477)**
3) Directors and Statutory Auditors	**(5,897)**	**(5,913)**
4) Early retirement costs	**-**	**-**
Total	**(4,394,815)**	**(4,224,589)**

The increase of the charges to the provision for retirement payments included in sub-item f) is mainly due to the effects of a law approved by the Austrian Parliament in April, 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 further details please refer to Part B – Section 12 – Provisions for risks and charges.

See Part I for details of sub-item "h) costs related to share-based payments".

The net credit balance reported in sub-item i) was determined by the reduction of the estimations regarding the charges linked to the restructuring plans of UCBA. For further details please refer to Part B – Section 12 – Provisions for risks and charges.

11.5 Other administrative expenses: breakdown

(€ '000)

TYPE OF EXPENSES/SECTORS	AS AT 06.30.2016	AS AT 06.30.2015
1) Indirect taxes and duties	**(463,876)**	**(455,494)**
1a. Settled	(463,161)	(454,588)
1b. Unsettled	(715)	(906)
2) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)	**(375,135)**	**(309,631)**
3) Guarantee fee for DTA conversion	**(190,933)**	**-**
4) Miscellaneous costs and expenses	**(2,155,394)**	**(2,210,497)**
a) advertising marketing and communication	**(162,811)**	**(170,068)**
b) expenses related to credit risk	**(166,347)**	**(120,363)**
c) expenses related to personnel	**(99,411)**	**(118,533)**
d) Information & Communication Technology expenses	**(641,442)**	**(684,779)**
lease of ICT equipment and software	(49,573)	(51,420)
software expenses: lease and maintenance	(119,453)	(125,817)
ICT communication systems	(41,747)	(41,536)
services ICT in outsourcing	(349,689)	(380,549)
financial information providers	(80,980)	(85,457)
e) consulting and professionals services	**(190,291)**	**(177,368)**
consulting	(121,701)	(119,406)
legal expenses	(68,590)	(57,962)
f) real estate expenses	**(494,494)**	**(537,958)**
premises rentals	(281,317)	(299,070)
utilities	(90,199)	(98,014)
other real estate expenses	(122,978)	(140,874)
g) operative costs	**(400,598)**	**(401,428)**
surveillance and security services	(28,570)	(27,785)
money counting services and transport	(37,082)	(34,730)
printing and stationery	(28,019)	(28,070)
postage and transport of documents	(50,700)	(54,286)
administrative and logistic services	(133,451)	(130,070)
insurance	(46,711)	(43,550)
association dues and fees and Contributions to the administrative expenses Deposit Guarantee	(41,861)	(44,053)
other administrative expenses - Other	(34,204)	(38,884)
Total (1+2+3+4)	**(3,185,338)**	**(2,975,622)**

Expenses related to personnel include the expenses that do not represent remuneration of the working activity of an employee in compliance with IAS 19.

Contributions to Resolution and Guarantee Funds

The item *Other administrative costs* holds the contributions to resolution and guarantee funds, harmonised and non harmonised, connected to the contribution schemes relating to Deposit Guarantee Schemes (DGS), for €122.7 million, and in resolution funds, equal to €252.4 million. It is noted that the DGS contributions do not include Italy, and the contributions to resolution funds do not include Poland. As for the related accounting, this will occur in the coming quarters following the methods of payment locally established.

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 IFRIC 21 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 July 15, 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 December 31, 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

Part C – Consolidated Income Statement

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 April 16, 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 July 3, 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. The cash collateral has been recognized 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 financial year, the ordinary contribution to the SRF was €73 million for UniCredit S.p.A. In its capacity as National Resolution Authority ("NRA"), Banca d'Italia, with its Provisions dated November 21, 2015, approved by the Italian Minister of Economy and Finance on November 22, 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 Single Resolution Fund for about €783 million (portion of a total loan of €2,350 million disbursed together with other banks), fully repaid on December 21, 2015 through the liquidity inflow from the ordinary and extraordinary contributions of 2015;
- the provision of a loan in favour of the Single Resolution Fund whose value at June 30, 2016 was €516 million with maturity in 2017 (portion of a total loan of €1,650 million disbursed together with other banks) against which the Cassa Depositi e Prestiti has assumed a commitment of financial support in the event of insufficiency of the fund on the date the loan matures.

It should be noted that with reference to the financing of the resolution of the four banks mentioned above, Italian Legislative Decree 183/2015 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.

Guarantee fees for DTA conversion

The fee has been recognized in the first half 2016 reporting for an amount of €190.9 million, on the basis of an estimate, which includes the fee due for the year 2015 – paid at the end of July 2016 - and an estimated 50% of the fee due for year 2016. Refer to the Interim Report on Operations – Other Information for further details.

Section 12 - Net provisions for risks and charges - Item 190

In June 2016 **net provisions for risks and charges**, of -€248 million (-€31 million at June 2015), are referable to revocatory action, claims for compensation, and 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)

ASSETS/P&L ITEMS	AS AT 06.30.2016 PROVISIONS	AS AT 06.30.2016 REALLOCATION SURPLUS	AS AT 06.30.2016 TOTAL	AS AT 06.30.2015 TOTAL
1. Other provisions				
1.1 legal disputes	(98,895)	64,571	(34,324)	(87,418)
1.2 staff costs	(9)	-	(9)	(13)
1.3 other	(288,597)	74,843	(213,754)	(129,664)
Total	**(387,501)**	**139,414**	**(248,087)**	**(217,095)**

The item "Net provisions for risks and charges" includes, where applicable, variations in "time value" due to the passing of time and consequent approach of the maturity of the expected liability.

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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	AS AT 06.30.2016	AS AT 06.30.2015
Total other operating expense	(370,578)	(425,892)
Total other operating revenues	941,292	925,161
Other net operating income	**570,714**	**499,269**

15.1 Other operating expense: breakdown

(€ '000)

TYPE OF EXPENSE/VALUE	AS AT 06.30.2016	AS AT 06.30.2015
Costs for operating leases	(2,565)	(2,566)
Non-deductible tax and other fiscal charges	(1,026)	(1,279)
Write-downs on leasehold improvements	(36,012)	(34,982)
Costs related to the specific service of financial leasing	(63,792)	(60,214)
Other	(267,183)	(326,851)
Total other operating expenses	**(370,578)**	**(425,892)**

The sub-item “Other” includes:

- various settlements and indemnities of €60 million, €84 million in 2015;
- additional costs for the leasing business of €10 million, € 18 million in 2015;
- non-banking business costs €68 million, €55 million in 2015;
- charges relating to Group property of €25 million, €54 million in 2015;
- various payments relating to prior years of €1 million in 2016, €3 million in 2015;
- additional costs relating to customer accounts of €4 million, €8 million in 2015.

15.2 Other operating revenues: breakdown

(€ '000)

TYPE OF REVENUE/VALUES	AS AT 06.30.2016	AS AT 06.30.2015
A) Recovery of costs	**349,341**	**376,954**
B) Other Revenues	**591,951**	**548,207**
Revenues from administrative services	37,615	36,739
Revenues on rentals Real Estate investments (net of operating direct costs)	61,167	60,336
Revenues from operating leases	87,746	62,227
Recovery of miscellaneous costs paid in previous years	1,721	8,356
Revenues on Financial Leases activities	69,022	76,409
Others	334,680	304,140
Total operating revenues (A+B)	**941,292**	**925,161**

The sub-item “Other” includes:

- additional income received from leasing business of €16 million, €26 million in 2015;
- income from non-banking business of €169 million, €88 million in 2015;
- various income from Group property of €10 million, €16 million in 2015;
- payments of indemnities and compensation of €18 million, €42 million in 2015.

Section 24 - Earnings per share

24.1 and 24.2 Average number of diluted shares and other information

	FIRST HALF 2016	FIRST HALF 2015
Net profit for the period attributable to the Group (thousands of €)	1,256,778	1,000,983
Average number of outstanding shares	5,942,923,625	5,786,074,067
Average number of potential dilutive shares	9,097,676	21,340,930
Average number of diluted shares	5,952,021,301	5,807,414,997
Earnings per share (€)	**0.211**	**0.173**
Diluted earnings per share (€)	**0.211**	**0.172**

€64,578 thousand has been deducted from 2016 first half net profit of €1,321,356 thousand due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the ‘cashes’ transaction (€33,430 thousands was deducted from 2015 first half net profits).

Net of the average number of treasury shares and of further 96,756,406 shares held under a contract of usufruct.

Part E – Information on risks and related risk management 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-threehtml) according to the deadline defined in the relevant regulations.

Part E – Information on risks and related risk management policies

The information provided in Part E in this report refers to IFRS 10 Scope of Consolidation.

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 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. Furthermore, the model considers a specific point of reference for Italy through the "CRO Italy" function, to which the responsibilities related to credit, operational and reputational risks of the Italian perimeter as well as the managerial coordination of Risk Management functions in the Italian Legal Entities have been assigned.

In particular, the Risk Management function is responsible for the following tasks:
- optimizing the quality of the Group's assets and minimizing 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 Legal 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, three 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's risks;
- 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, including on 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
Measuring the risk profile is a fundamental element of the Internal Capital Adequacy Assessment Process under Basel Pillar II.

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

Capital adequacy is assessed considering the balance between the assumed risks, both Pillar I and Pillar II, and the available capital. With respect to Pillar II, the relevant metric is the Risk Taking Capacity, which is the ratio between available capital (Available Financial Resources, AFR) and Internal Capital.
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 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 a forward looking view;
- 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, compliance) in order to strategically guide the relevant processes and the internal control system.

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 group 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 Group's overall strategy;
- the risks the bank is willing to accept or should avoid both in normal and in stressed conditions;
- an indication on strategies to manage key risks within the perimeter of the Group;
- qualitative statements for not quantifiable risks (e.g. strategic, reputational, compliance) in order to ensure prevention/early intervention on emerging risks;
- a description of the key roles and responsibilities in the approval, cascading, monitoring, reporting and escalation processes related to Risk Appetite.

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:
- **Risk ownership and positioning:** in order to explicitly indicate main focus activities of UniCredit Group and overall risk positioning (e.g. target rating);
- **Regulatory requirements:** to guarantee at any time the fulfilment of the KPIs requested by Regulators (e.g. Common Equity Tier 1 Ratio, Risk Taking Capacity, Liquidity Coverage Ratio);
- **Profitability and Risk:** to ensure economically sustainable risk taking attitude of the Group (e.g. Net Operating Profit/RWA);
- **Control on specific risk types** to ensure steering of all key risks (e.g. Credit Risk, Market Risk, Operational Risk, Liquidity 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.

Part E – Information on risks and related risk management policies

Various levels of thresholds are defined such to act as early warning indicators anticipating potential risk situations that will be promptly escalated at relevant organizational level. In the event that the 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 case by case, 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 set a series of transversal operative limits and metrics that cover the main risk profiles in order to supplement the Risk Appetite Framework. Moreover, an annual consolidated report on capital adequacy is prepared in accordance with Banca d'Italia guidelines, including an overview of the main Group companies, and is sent to the Regulator. The Board of Directors that authorizes the sending of this report 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.

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 Risks Governance functions perform a managerial coordination with respect to the relevant Group Legal Entities' functions, which perform the control and the management of the risk portfolios at country level.

The UniCredit Board of Directors approves the "Credit Risk Strategies" in the context of the Risk Appetite Framework approval.

Since March 2008 Banca d'Italia authorized 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 authorized to use internal PD, LGD and EAD calculations for groupwide credit portfolios (Sovereign, Banks, Multinationals and Global Project Finance) and for credit portfolios of the relevant subsidiaries as illustrated below (corporate and retail). With reference to the Italian mid-corporate and small business portfolios, the EAD foundation values are currently used.

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. (UCI) in 2010, by UniCredit Bank AG (UCB AG) and UniCredit Bank Austria (BA AG). According to the roll-out 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), as well as, through the adoption of the IRB Foundation method, to UniCredit Bank Ireland p.l.c, UniCredit Banka Slovenija dd, UniCredit Bulbank AD, 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 Organizational Aspects

The credit risk organization in Parent Company breaks down into two 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" department, responsible, at Group level, for credit risk strategies definition, monitoring and controlling the credit risk of the Group portfolio as well as ensuring an integrated view across Pillar I and II risks to Top Management. The department has the following structures:
  - "Group Risk Strategies & Pillar 2" department, responsible for providing Top Management with an integrated and looking-forward vision of risks affecting the Group, defining and monitoring the Group Risk Appetite and the Group credit strategies processes, preparing the Internal Capital Adequacy Assessment Process (ICAAP) and managing the stress testing process (both regulatory and managerial). It is also responsible for developing and maintaining models for economic capital calculation within the perimeter of competence;
  - "Group Credit Risk Initiatives, Standards & Reporting" department, responsible for defining the credit risk reporting framework and producing standard reports on credit risk. Moreover, it is responsible for mapping the economic groups as well as coordinating and monitoring the progress of key initiatives of the "Group Risk Management" department;
  - "Group Risk Monitoring & Credit Rules" department, responsible for providing Top Management with an integrated vision (current and looking-forward) of risks affecting the Group and acting as point of reference and coordination towards Supervisor Authorities and major external stakeholders for issues within its perimeter of competence. It is responsible for monitoring, on a periodic basis, the Group credit portfolio and the integrated risk assessment. Furthermore, it is responsible for defining the Global Credit Rules.
- The "Group Credit Risk Governance" department, responsible for guaranteeing at Group level the coordination and steering of Pillar I Credit Risk models and architectual framework/information flow and processes, also ensuring their integration and alignment.

Part E – Information on risks and related risk management policies

Furthermore, it is responsible for validating, at Group level, the risk measurement methodologies and pricing of the financial instruments as well as cooperating with other Group competent functions on *Risk Weighted Assets* contents. The department is organized as follows:
- "Group Credit Risk Modeling" department, responsible for developing and maintaining methodologies and group models for Pillar 1 (credit) and providing guidelines, coordinating, interacting with and supporting local development functions in order to guarantee an homogenous methodology implementation at Group level;
- "Group Credit Risk Processes and Information Flow" department, responsible for defining and maintaining the group methodologies to be applied to credit risk processes and for their application on UniCredit S.p.A, in line with existing global rules. In addition, it is responsible for providing inputs to "Group Credit Rules" unit relevant for group-wide credit risk processes, in order to ensure alignment with methodologies and credit risk processes in its perimeter of competence. Finally, cooperating with "Group Data Office" department and "Group ICT & Security Office" department, it is responsible for defining and maintaining the methodology to be applied to credit risk end-to-end data processes and related architectures across the whole credit risk perimeter for all Legal Entities of the Group;
- "Group Internal Validation" department, responsible for validating, at Group level, the risk measurement methodologies and pricing of the financial instruments, 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;
- "RWA Quality and Analysis" unit, responsible for cooperating with other Group competent functions in order to identify potential improvement in capital absorption and to define data quality controls related to Group Risk Weighted Assets;
- "Group Credit Risk Coordination and Planning" unit, responsible, within "Group Credit Risk Governance" department, for managing the communication to Governance Bodies and Supervisory Authorities, coordinating key projects, monitoring performance KPIs and planning the activities related to IRB systems, processes and information flow.

• The "Group Credit Transactions" department, responsible for the assessment, monitoring and oversight of large credit transactions, is composed by the following structures:
- the "Group Credit Committee Secretariat" unit, responsible for supporting, as a central group-wide reference point for credit transactions above defined thresholds or according to other current regulations, the arrangement and coordination of the various procedural phases and information flows to facilitate the functioning of the approval and reporting processes involving the Committees under its remit or upper Bodies;
- "FIBS Credit Transactions" department, responsible for the management and the monitoring of the counterparties, single and economic groups, belonging to the client segments Financial Institutions, Banks and Sovereigns ("FIBS") within the perimeter in its remit;
- "CIB & Large Credit Transactions" unit, responsible for transactions above defined thresholds for Corporate counterparties, Structured Finance (including Special Products) transactions as well as Restructuring / Workout cases and Debt-to-Equity positions generated in the course of Restructuring activities;
- "Country Risks Analysis & Monitoring" team, responsible for the assessment, approval and daily management of Country Risks and Cross-Border credit risk-taking.

At Country level, steering and credit risk control activities, as well as the conducting of "operational" activities (e.g. loans disbursement, monitoring, etc.) fall under the responsibility of controlled subsidiaries CRO function.

In UniCredit S.p.A. with reference to Italian perimeter ("Country Chairman Italy" and "CIB Italy"), these functions are performed by organizational structures of "CRO Italy" department, reporting to the "Group CRO" and responsible for the governance and control of credit, operational and reputational risks, the coordination and management of credit underwriting activities for UniCredit S.p.A. customers, as well as 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.. The department comprises the following structures:

• the "Risk Management Italy" department, responsible for governance and control of credit risk and the operational and reputational risk for UniCredit S.p.A., as well as the consolidation of the Italian Legal Entities risk managers' analysis. The department with respect to credit risk, breaks down into the following structures:
- "Credit Risk Portfolio Analytics" department responsible for monitoring loan portfolio risk composition in terms of credit quality, cost of risk, RWAs and capital absorption for the UniCredit S.p.A. perimeter, with the exception of positions held by "FIBS" counterparties, preparing the required reporting;
- "Credit Policies & Products Italy" department responsible for assuring that products, services and commercial initiatives are coherent with global rules and credit strategies defining process and product credit rules;
- " Credit Risk Planning, Regulation And Controls" unit, responsible for planning and control of provisions, RWAs and capital absorption for performing and problem loans, and making proposals in terms of credit risk appetite for the portfolios of competence;
- "Rating Desk Italy" unit responsible, for the Italy perimeter, for correcting any discrepancies between the rating assigned by the internal automatic system and the actual risk level of corporate counterparties of UniCredit S.p.A. through overrides, and ensuring the communication of their creditworthiness assessment to all UniCredit S.p.A. functions concerned;

• the "Credit Underwriting" department responsible for credit underwriting activities in relation to the "Central Credit Risk Underwriting Italy", to the "Territorial Credit Risk Underwriting Italy" department and to the "Individual Credit Underwriting" department, within the perimeter of competence. The department is also responsible for the administrative management of the Credit Committee's activities within the Italy perimeter.

- the “Loan Administration” department, responsible for the post-sales credit activities, for providing assistance for technical legal problems and for the operative credit risk control related to medium/long term activities, guarantees, contracts and also for managing activities relating to subsidized loans. The department is furthermore responsible for the supporting activities with regards to SACE agreements and for the legal advice and consultancy on credit issues within the Italian perimeter, for both the performing and non-performing portfolios.
- the “Special Credit” department responsible for coordinating and guiding the management of positions undergoing non-revoked doubtful (i.e.doubtful loan with active overdaft) and for workout activities for the Italian perimeter of UniCredit S.p.A. under its perimeter of responsibility, identifying and controlling the implementation of the interventions aimed to the cost of risk reduction, in particular:
  - managing the collection of delinquent and overdue unpaid credits and the related activities, as the classification as doubtful or non performing credits, according to the delegated powers, ensuring the enforcement and implementations of collection strategies and activities;
  - managing activities aimed to the cost of risk reduction regarding irregular and problematic credit;
  - deliberating, within its delegated powers, on workout positions.
- the “Restructuring Italy” department, responsible for coordinating and guiding the management of positions (assessing and making decisions within the limits of its assigned powers - or formulating the related proposal to the competent decision-making Bodies) undergoing restructuring, with reference to customers in the Italian perimeter of UniCredit S.p.A., also monitoring compliance with the agreements set forth in the restructuring plan and any covenants established.
- the “Credit Monitoring” department responsible for coordinating, steering and managing the monitoring activities for all customers within the Italian perimeter ofUniCredit S.p.A. The department is split in the following structures:
  - “Credit Monitoring Operations & Support” unit responsible for the coordination and oversight of the activities within the monitoring operating model, and for defining the guidelines for maximizing the efficiency and the effectiveness of the monitoring operating model, in line with the strategic guidelines and credit policies;
  - “Central Credit Risk Monitoring Italy” responsible for coordinating and guiding the monitoring activities conducted by the local structures, making decisions based on applicable legislation;
  - “Territorial Credit Risk Monitoring” responsible for coordinating and managing credit monitoring through the performance monitoring of positions, defining corrective measures in coordination with the “Central Credit Risk Monitoring Italy” department;
  - “Customer Recovery” (Cu. Re.) department, responsible for managing and supporting processes and strategies of monitoring, credit collection and classification of customers to impaired loans portfolio for Individuals and Enterprises customers, as identified by the current regulation, including all the assessments and decisions concerning possible settlements or renegotiations and/or rehabilitation solutions (e.g. suspension of the installment), ensuring their operational effectiveness and efficiency. Furthermore the department is responsible to manage the relations with external credit collections servicers and with credit protection Associations (e.g. Unirec, Ebitec), as well as to promote the operative commercial relations aimed to ensure the collection results.

Furthermore, with respect to credit risk, the following Transactional Committees are active:

- 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 watchlist 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 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 / 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 capitalized interests related to counterparts UniCredit S.p.A .The “Italian Transactional Credit Committee” carries out, moreover, consulting function for files to be approved by upper Bodies;
- the “Italian Special & Transactional Credit Committee” has the responsibility – within its assigned credit decision making powers 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 capitalized interests related to counterparts UniCredit S.p.A.;
- the “Group Rating Committee” responsible, within its perimeter of competence and 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.).

Part E – Information on risks and related risk management policies

The main reasons for default lie in the borrower's lacking the autonomous ability to service and repay the debt (due to a lack of liquidity, insolvency, etc.), as well as the occurrence of events that are 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 standardize the assessment and management of credit risk, in line with the Group's 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 defined as a collection of risks that are associated with events identified at country level rather than at transaction, counterparty or counterparty group level. It 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 may cause losses of exposures regardless the counterparty's credit worthiness.

Country risk is primarily managed by determining the appropriate maximum risk levels (country limits), 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) in foreign currency (from the standpoint of the borrower).

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 PD and LGD) is performed using the specific internal rating model. The analysis, focused on both qualitative and quantitative factors, is an integral part of the final rating calculation process. In case the rating resulting from the model does not appropriately reflect the credit profile of the country, an override is requested from the competent Body. Both the calculation of PD and LGD values are mandatory and must be assigned before any decision on cross-border credit transactions is taken. The rating has to be updated at least once a year or whenever any material information impacting the country creditworthiness becomes available.

Groupwide cross-border country risk limits are calculated at single country level, in a top-down / bottom-up process considering, among other factors, the risk of the Country (rating), the size of the country, actual exposure, demand of the bank's export customers and other business opportunities. Cross-border plafonds are set, managed and monitored at Holding Company level and they are renewed at least on a yearly basis.

The evolution of the macroeconomic and political scenario is constantly monitored in order to be consistently reflected within the internal Country ratings. Internal ratings may therefore be revised more than on a yearly basis.

With specific reference to the sovereign risk, 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

The fundamental objective of the reporting and monitoring activities performed by the Group Risk Management function is the analysis of the main drivers and parameters of credit risk (exposure, portfolio mix, asset quality, cost of risk, shortfall, etc.) in order to promptly initiate any countermeasures on portfolios, sub-portfolios or individual counterparties. The reporting provides a managerial tool for supporting decision-making process in the management and mitigation of risks. Group Risk Management function performs credit risk reporting at portfolio level, producing reports at Group level, both recurring and specific (on demand of Top Management, Regulators or external entities, e.g. rating agencies) with the objective of analyzing the main risk components and their development over time, and thus to detect any signals of deterioration at an early stage and, subsequently, to put in place the appropriate corrective actions. Credit portfolio performance is analyzed with reference to its main risk drivers (such as growth and risk indicators), customer segments, regions, industrial sectors, and impaired credits performance and relevant coverage.

Portfolio reporting activities are performed at Group level in close collaboration with the Chief Risk Officers at Legal Entities level and Credit Risk Portfolio Managers who, within their respective perimeters, implement specific reporting activities.

At Group level, the Reporting and Monitoring activities are assigned to two different functions within the "Group Credit and Integrated Risks" Department.

The "Group Credit Risk Data Initiatives, Standards and Reporting" unit is responsible for defining the requirements of data analysis systems used for reporting purposes and the Group credit risk reporting framework, producing standard reports on credit risk as well as defining the reporting taxonomy. Furthermore, it is one of the interfaces with "Group Regulatory Reporting" department for second level controls on supervisory reports.

The "Risks Assessment & Monitoring" unit, instead, is responsible for analyzing 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. It is also 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 organizations.

Already starting from 2011 and 2012 reporting activities had been additionally refined through the intensive fine-tuning activity of data collection and consolidation processes. This led to a significant improvement in terms of quality of the information reported in consolidated reports such as, for example, the "ERM - Enterprise Risk Management Report", as well as the "Risk Assessment" addressed to Top Management. Furthermore, portfolio and business segment reporting units also helped to monitor credit risk exposure within their areas of responsibility. In 2014 and 2015 activities started aiming to improve the qualitative information at disposal in terms of completeness, reconciliation, granularity and timeliness of the information in order to optimize the reporting already existing. Such activities will continue in next months according to provisions issued by Basel Committee on Banking Supervision (Paper BCBS n. 239) requiring to Global Systemically Important Financial Institutions (G-SIFIs) the adoption of principles to assure a proper risk data aggregation and an efficient reporting process.

In the framework of a dedicated project ("PERDAR"), deployed in 2014, with the aim to guarantee the compliance to these principles, selected activities have been implemented in order to strengthen the Group Governance of Risk Reporting. Among these activities, it is worth mentioning the issuance of internal regulations that define the risk reporting production process as well as the Group risks' taxonomies.

All monitoring activities that aim at identifying and reacting in a timely manner to possible deterioration in the asset quality of the Group's counterparties were further enhanced with dedicated functions of the Group Risk Management that deal with the reporting activities aimed at analyzing the main components of this risk and their temporal evolution, in order to be able to detect promptly any symptoms of deterioration and take appropriate corrective actions.

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 to the Holding Company, specifically to the Group Risk Management function under Group governance, "General Group Credit Policies" define group-wide rules and principles for guiding, governing and standardizing the credit risk assessment and management, in line with the regulatory requirements and Group best practice.

The general rules are supplemented by policies governing defined subjects (e.g. business areas, segment activities, type of counterpart/ transaction). Such policies are divided into two categories:

- policies on groupwide topics, drafted and issued by the Holding Company and sent to all the Legal Entities. Some examples are the policies on FIBS counterparts (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.

Part E – Information on risks and related risk management policies

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 that will 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 a default of the borrower / issuer or a decrease of market value of financial obligation due to a deterioration in its credit quality. Since December 2015, UniCredit Group has been introducing 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, securitizations 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., applicable for instruments such as bonds, loans and derivatives belonging to corporates, financials and sovereign counterparties). For AfS/FVO[4] 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 organizational 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 score representing a synthetic assessment of the risk associated to each monitored customer. This score is obtained by using a statistical function that summarizes available information using a set of proven significant variables that are predictors of an event of default within a 12 months horizon.

The internal rating, or risk level assigned to the customer / transaction, forms a part of the lending decision calculation. In other words, at a constant credit amount the approval powers granted to the competent Bodies are gradually reduced in proportion to an increased borrower-related risk level. The organizational model also includes 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. change requests to the automatic rating calculated by the model.

Each borrower's credit rating is reviewed at least annually on the basis of new information acquired. Each borrower is also assessed in the context of any economic group with which it is affiliated by, 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.

[4] AfS/FVO: Available for Sale/ Fair Value Option

Besides the methodologies summarized in the rating systems, the Risk Management function uses portfolio models enabled to measure credit risk on an aggregated portfolio basis and, at the same time, to identify sub-portfolio, or single obligor contributions to the overall risk position.

There are three fundamental portfolio credit risk measures that are calculated and 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.

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 2 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 securitizations in transferring credit risk, a new 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 characterize the liability side of the securitization, 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.

Part E – Information on risks and related risk management policies

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 risk concentration, defined as any single exposure or group of exposures with the potential to generate losses large enough (relative to a bank's capital, total assets or overall risk level) to threaten a bank's health or ability to maintain its core operations and requires that banks have in place effective internal policies, systems and controls to identify, measure, monitor and control their credit concentration risk.

UniCredit, 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. With the stress test procedure it is possible to estimate credit risk parameters like Probability of Default, Expected Loss, Economic Capital and Risk Weighted Asset under the assumption of an adverse macroeconomic and financial scenario. Stressed parameters are used not only for regulatory purposes, but also as managerial indicators about the portfolio vulnerability of a single Legal Entity, business line, industry/regional area, customer group and other relevant cluster, conditioned by the downturn of the economic cycle.

In compliance with regulatory requirements, stress tests are performed on an on-going basis on updated stressed scenarios and are communicated to the senior management as well as to the Supervisory Authority. In addition to the regular stress test, ad hoc stress test simulations are performed on specific request by the Supervisory Authority.

2.4 Credit Risk Mitigation Techniques
UniCredit Group uses various credit risk mitigation techniques to reduce potential credit losses in case of the obligor default. Consistently 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 (Standardized, Foundation IRB or Advanced IRB), both for internal use in operations and for the purpose 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 standardize 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 of credit risk mitigation techniques is embedded in the credit approval process and in the credit risk monitoring process, which widely support the evaluation and data quality checks of collaterals / guarantees and their appropriate linking to the categories defined for LGD estimates purposes.

Controls and related responsibilities are duly formalized and documented in internal rules. 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 emphasizes 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 solvency and risk profile.

In case of collaterals, the process of valuation is based on precautionary principles, with reference to the use of "market values" and to the application of adequate haircuts to ensure that, in case of liquidation, there are no unexpected losses.

Monitoring processes of credit risk mitigation techniques ensure that general and specific requirements established by credit policies, internal and regulatory rules are met over the time.

2.5 Non-performing Exposures

The Group's approach to the *"non-performing"* portfolio is based on the following fundamental aspects:

- prompt action. With a solid and effective monitoring and reporting process, the early identification of possible credit quality deterioration allows the Group to perform 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/actions to be taken and the applicable default classification;
- initiating focused recovery procedures on basis of the type and amount of exposure and the specific characteristics of the borrower;
- appropriate provisioning through profit and loss in line with the relevant recovery strategies and plans as well as the type of exposure. Provisioning is carried out in line with the principles of IAS 39 and Basel 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 groupwide guidelines on principles for the categorization of loans, with the aim to:

- acknowledge the new loans categorization introduced by the European Banking Association (EBA);
- harmonize different local practices on loans categorization where not deriving from specific requirements of the local Regulator;
- 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[5].

As an alternative to conventional solutions used to manage non-performing exposures, Unicredit has set-up a specialized "Distressed Asset Management" structure to assess and initiate strategies directed at selling portfolios or individual exposures through the secondary market. 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 Distressed Asset Management structure has a coordinating role within the Group's Risk Management and with respect to the Italian Legal Entities it implements strategies and finalises asset sales, according to what was approved by the relevant governing bodies.

Loan Categorization in the risk categories and forborne exposures

With effect from January 1, 2015 Banca d'Italia reviewed the classification of impaired loans for regulatory and reporting purposes (7th update of Circular No. 272 of July 30, 2008 - "Accounts Matrix" issued by Banca d'Italia on January 20, 2015), in order to align with the new definitions of "non-performing exposures" and "forborne exposures" set by the EU Regulation 2015/227, in accordance with the EBA standard (EBA/ITS /2013/03/rev1 24/7/2014). These definitions had been introduced with effect on the consolidated harmonised supervisory reporting (FINREP) as of September 30, 2014.

The new classification process:

- 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 EBA standards;
- eliminates the previous concepts of doubtful and restructured loans;
- introduces the qualification of forborne exposures.

[5] Circular 272, 7th update and following amendments

Part E – Information on risks and related risk management policies

With specific reference to the categories making up the "impaired" loans classes:
- the classification made by the subsidiaries in the different "impaired" classes, must be done in accordance with legal and regulatory provisions issued by the local Supervisory Authorities. In light of the fact that the Parent Company is required to comply with the instructions issued by the Italian supervisory authorities, appropriate measures were adopted with reference to the Group's Foreign Entities, with the aim to reconcile “impaired” classes, otherwise not perfectly mutually homogeneous;
- at Group level, the volume of impaired assets according to the IFRS definition is substantially equivalent to the one for non-performing assets referred to in the EBA standards; potential misalignments might refer especially to the Group's non-Italian Entities, for example with reference to fully collateralised loans.

Despite no significant effect on overall volume of impaired loans resulted from the initial application of the new Circular 272 from January 1, 2015, Forborne non-performing exposures trend might be impacted by the changes on the risk classification process arising from the introduction of the EBA standards. These dynamics might be potentially justified by differences in the detailed classification criteria as compared by the previously applicable definitions.
Specifically, in view of the changes in the regulatory and reporting scenario, actions are being taken to align the credit process to the new classification rules, to monitor the dynamics of these exposures, and to ensure reporting to the supervisory authority.

In line with EBA Implementing Technical Standards issued on July 2014 and approved by the European Commission on 9th January 2015, a transaction has to be considered as forborne when both of the following conditions are simultaneously met:
- a concession, either (i) contractual modification or (ii) refinancing is granted in favour of the debtor;
- the debtor is facing or about to face financial difficulties.

With reference to the implementation of forbearance definition, it is worth mentioning that:
- 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 loan is renegotiated through a specific bank’s initiatives, in order to support specific debtor’s needs;
- during 2016, the refinement process of the IT platform and of the management system has continued, in order to optimize the detection and management of the forborne exposures;
- in order for these concessions to be included within the forborne perimeter, it’s necessary, as defined by EBA Standard, to evaluate the existence of financial difficulty of the debtor by means of the verification of specific criteria (Troubled Debt Test). The intrinsic characteristics of each local system entailed in this phase a number of differences in terms of the type of concessions considered and ways of recognizing the state of financial difficulty, even though consistently with the EBA definition;
- in consideration of the use of an approach based on the best estimates possible applicable in each case and the emergence of a reference implementation method, the volumes of exposures identified in this phase as forborne could differ from those corresponding to a precise application of the new definition when fully implemented.

On January 22, 2016 the EBA consultation on the Default Definition (“Guidelines on the application of the definition of default under Article 178 of Regulation (EU) 575/2013”) was completed. Based on its outcome, it is expected that the classification criteria related to impaired loans might be subject to future further changes. The effects of these amendments will become clearer once the final regulation will be issued (including the EBA guidelines on the materiality threshold of past due exposures, on which consultations were completed on January 31, 2015).

Quantitative information

A. Credit quality

A.1 Non-Performing and performing credit exposure: amounts, writedowns, changes, distribution by business activity/region
These tables exclude amounts from companies consolidated using the Equity Method, according to the requirements of IFRS 11 (including the companies of the Koc/Yapi Kredi Group subject to joint control).

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	5,779	4,602	-	-	118,677,716	118,688,097
2. Held-to-maturity financial instruments	-	7,495	-	-	2,289,032	2,296,527
3. Loans and receivables with banks	7,793	6,779	-	-	69,063,683	69,078,255
4. Loans and receivables with customers	19,692,708	15,463,409	1,530,753	10,147	452,458,436	489,155,453
5. Financial assets at fair value	-	8,208	-	-	32,061,114	32,069,322
6. Financial instruments classified as held for sale	676,842	293,154	71,812	-	1,313,765	2,355,573
Total 06.30.2016	**20,383,122**	**15,783,647**	**1,602,565**	**10,147**	**675,863,746**	**713,643,227**
Total 12.31.2015	**20,524,216**	**17,485,871**	**1,952,652**	**9,725**	**658,378,076**	**698,350,540**

The item "Other non-performing exposure" includes non-performing loans of companies which are in the scope of the accounting consolidation but are not belonging to the banking group.

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	-	-	-	-	138,455	138,455
4. Loans and receivables with customers	1,976,364	7,915,275	248,372	655	7,073,306	17,213,972
5. Financial assets at fair value	-	8,208	-	-	-	8,208
6. Financial instruments classified as held for sale	303,863	152,622	6,214	-	93,546	556,245
Total 06.30.2016	**2,280,227**	**8,076,105**	**254,586**	**655**	**7,305,307**	**17,916,880**
Total 12.31.2015	**2,430,789**	**7,781,114**	**303,821**	**655**	**5,828,479**	**16,344,858**

The increase in the period of the forborne loans is affected by the broader scope of renegotiation types that are identified for the purposes of forborne reporting, supported by the gradual enhancements of the dedicated management processes.

Breakdown of performing past-due financial assets by portfolio and past-due bucket (gross value)

(€ '000)

PORTFOLIOS/QUALITY	NOT PAST-DUE ASSETS 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	87,498	261	245	342	88,346
4. Loans and receivables with customers	4,939,426	1,663,056	1,070,643	3,342,208	11,015,333
5. Financial assets at fair value	-	-	-	-	-
6. Financial instruments classified as held for sale	-	-	-	-	-
Total 06.30.2016	**5,026,924**	**1,663,317**	**1,070,888**	**3,342,550**	**11,103,679**
Total 12.31.2015	**4,119,083**	**1,525,952**	**826,662**	**3,322,043**	**9,793,740**

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).

Part E – Information on risks and related risk management policies

A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)

(€ '000)

	NON-PERFORMING ASSETS			PERFORMING			06.30.2016
PORTFOLIOS/QUALITY	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	TOTAL (NET EXPOSURE)
1. Available-for-sale financial assets	64,514	54,133	10,381	118,677,716	-	118,677,716	118,688,097
2. Held-to-maturity financial instruments	16,863	9,368	7,495	2,289,032	-	2,289,032	2,296,527
3. Loans and receivables with banks	92,437	77,865	14,572	69,117,872	54,189	69,063,683	69,078,255
4. Loans and receivables with customers	77,104,826	40,407,809	36,697,017	454,690,845	2,232,409	452,458,436	489,155,453
5. Financial assets at fair value	8,208	-	8,208	X	X	32,061,114	32,069,322
6. Financial instruments classified as held	1,703,905	662,097	1,041,808	1,325,118	11,353	1,313,765	2,355,573
Total 06.30.2016	**78,990,753**	**41,211,272**	**37,779,481**	**646,100,583**	**2,297,951**	**675,863,746**	**713,643,227**
Total 12.31.2015	**81,703,286**	**41,730,822**	**39,972,464**	**626,915,064**	**2,478,541**	**658,378,076**	**698,350,540**

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	292,164	453,593	92,677,860
2. Hedging derivatives	-	-	5,310,211
Total 06.30.2016	**292,164**	**453,593**	**97,988,071**
Total 12.31.2015	**202,145**	**112,157**	**83,291,023**

On Balance Sheet credit exposure with banks: gross and net values and past-due buckets

(€ '000)

EXPOSURE TYPES/AMOUNTS	AMOUNT AS AT 06.30.2016							
	GROSS EXPOSURE					SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
	NON-PERFORMING ASSETS				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				
On-Balance Sheet								
a) Bad exposures	58,827	-	-	24,773	X	75,807	X	7,793
- of which: forborne exposures	4,437	-	-	-	X	4,437	X	-
b) Unlikely to pay	3,835	-	-	5,004	X	2,060	X	6,779
- of which: forborne exposures	-	-	-	-	X	-	X	-
c) Non-Performing past due	-	-	-	-	X	-	X	-
- of which: forborne exposures	-	-	-	-	X	-	X	-
d) Performing past-due	X	X	X	X	88,347	X	119	88,228
- of which: forborne exposures	X	X	X	X	-	X	-	-
e) Other performing exposures	X	X	X	X	88,829,924	X	54,070	88,775,854
- of which: forborne exposures	X	X	X	X	138,473	X	18	138,455
Total	**62,662**	**-**	**-**	**29,777**	**88,918,271**	**77,867**	**54,189**	**88,878,654**

On Balance sheet credit exposure with customers: gross and net values and past-due buckets

(€ '000)

EXPOSURE TYPES/AMOUNTS	AMOUNT AS AT 06.30.2016							
	GROSS EXPOSURE					SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
	NON-PERFORMING ASSETS				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				
On-Balance Sheet exposure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Bad exposures	3,201,216	1,187,923	599,880	47,585,843	X	32,195,858	X	20,379,004
- of which: forborne exposures	1,663,438	240,883	239,541	2,428,474	X	2,291,454	X	2,280,882
b) Unlikely to pay	5,069,882	1,243,148	1,463,293	16,353,211	X	8,351,551	X	15,777,983
- of which: forborne exposures	3,197,039	750,829	753,903	7,378,024	X	4,003,690	X	8,076,105
c) Non-Performing past-due	181,807	761,613	480,504	769,994	X	585,996	X	1,607,922
- of which: forborne exposures	66,685	116,570	63,301	74,411	X	66,381	X	254,586
d) Performing past-due	X	X	X	X	11,015,334	X	274,045	10,741,289
- of which: forborne exposures	X	X	X	X	2,235,244	X	96,010	2,139,234
e) Other performing exposures	X	X	X	X	617,112,228	X	1,969,717	615,142,511
- of which: forborne exposures	X	X	X	X	5,151,185	X	123,567	5,027,618
Total	**8,452,905**	**3,192,684**	**2,543,677**	**64,709,048**	**628,127,562**	**41,133,405**	**2,243,762**	**663,648,709**

Part E – Information on risks and related risk management policies

B.4 Large exposures

	06.30.2016
a) Amount book value (€ million)	241,595
b) Amount weighted value (€ million)	14,721
c) Number	9

In compliance with Article 4.1 39 of Regulation (EU) n. 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 regulatory approach above mentioned, both the amounts shown in letter a), b), and the number in the letter c) in the table above disclose only once the exposure towards the Central Government.
Please also note that deferred tax assets towards Italian Central Government were considered as fully exempted and, as a consequence, the weighted amount reported is null.

C. Securitization transactions

C.1 Securitization 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
For this section please refer to the last "2015 Consolidated Reports and Accounts" (except for what is reported in paragraph "Developments of the period").

Developments of the period
During first half 2016 UniCredit S.p.A. carried out one new traditional securitization transaction (self-securitization) and four new synthetic transactions:

- Consumer Three (traditional – self-securitization)
- Agribond1 (synthetic)
- Bond Italia3 Investimenti (synthetic)
- Bond Italia3 Misto (synthetic)
- ARTS MidCap4 (synthetic).

It should also be noted that in first half 2016 Cordusio RMBS, Trevi Finance 3 and Locat SV – Serie 2005, all traditional transactions, were closed.

Eventually it should be noted that "self-securitizations" are not included in the quantitative tables, as required by regulations.

For sections "The Group as sponsor" and "The Group as investor" please refer to the last "2015 Consolidated Reports and Accounts".

Part E – Information on risks and related risk management policies

C.4 Banking Group – Non consolidated Securitization Vehicles

As mentioned before in the context of securitization transactions the Group may operate as originator, sponsor and investor.

The following table provides indication on assets and off-balance sheet exposures of the Group towards consolidated securitization vehicles broken down by role of the Group.

Exposures to Securitization SPVs not subject to consolidation

(€ '000)

BALANCE SHEET ITEM/SPV TYPE	AMOUNTS AS AT 06.30.2016						
	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		**6,922,067**		**94,446**	**6,827,621**	**7,211,722**	**384,101**
	HFT	99,665	Deposits	91,174			
	FVO	17,875	Securities	-			
	AFS	71,420	HFT	3,272			
	HTM	81,534	FVO	-			
	LAR	6,651,573					
Commercial Paper Conduits (Sponsor)		**-**		**6,182**	**-6,182**	**796,869**	**803,051**
	HFT	-	Deposits	6,182			
	FVO	-	Securities	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	-					
Own securitizations		**140,853**		**12,306**	**128,547**	**128,547**	**-**
	HFT	-	Deposits	12,306			
	FVO	-	Securities	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	140,853					
Total		**7,062,920**		**112,934**	**6,949,986**	**8,137,138**	**1,187,152**

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, €6,869,042 thousand, by exposures in Asset Backed Securities. The remaining part is constituted by loans exposures.
The good credit quality of this portfolio is borne out by the fact that over 88% of these instruments are rated A or better and over 54% of the portfolio is triple-A rated.
As at December 31, 2015 over 88% of these exposures were rated equal to or better than A (over 51% of the portfolio was rated triple-A).
Over 88% of the exposure was toward countries belonging to European Union.
Exposure to Greece, Ireland, Portugal and Spain accounted for 15.33%, most of which concerns exposures to Spanish underlying assets (12.13%).

Structured credit product exposures broken down by rating class

EXPOSURE TYPE	AAA	AA	A	BBB	BB	B	CCC	CC	C	NR
RMBS	37.43%	43.43%	9.95%	6.36%	2.14%	0.69%	0.00%	0.00%	0.00%	0.00%
CMBS	38.88%	0.00%	18.71%	28.33%	14.08%	0.00%	0.00%	0.00%	0.00%	0.00%
CDO	0.00%	0.00%	78.81%	17.04%	0.01%	4.14%	0.00%	0.00%	0.00%	0.00%
CLO/CBO	89.16%	9.58%	0.97%	0.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other ABS	56.03%	22.30%	1.42%	1.12%	0.25%	0.09%	0.00%	0.00%	0.00%	18.79%
Total	**54.29%**	**28.04%**	**6.54%**	**4.43%**	**1.54%**	**0.38%**	**0.00%**	**0.00%**	**0.00%**	**4.78%**

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	21.17%	78.35%	0.00%	0.00%	0.05%	0.43%
CMBS	9.74%	66.19%	0.00%	0.00%	24.07%	0.00%
CDO	0.00%	9.28%	0.00%	0.00%	55.52%	35.20%
CLO/CBO	0.00%	61.42%	0.00%	0.00%	38.58%	0.00%
Other ABS	20.55%	79.16%	0.00%	0.00%	0.29%	0.00%
Total	**15.35%**	**73.46%**	**0.00%**	**0.00%**	**10.68%**	**0.51%**

Exposure to US Subprime and Alt-A mortgages amounts to €1,687 thousand at June 30, 2016, i.e. a reduction from December 31, 2015 when this figure amounted to €1,898 thousand.

Exposures toward Commercial Paper Conduit comprise non revocable credit line provided to the purchase companies that acquires the receivables from the originators. 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 securitization comprise securities and off balance sheet exposure toward Pillarstone Italy and Caesar finance.
These SPV are not consolidated as the conditions required by IFRS 10 are not fulfilled. For Pillarstone Italy, the securitized loans have not been derecognized from the balance sheet of the originator in the absence of the conditions requested by IAS 39

Part E – Information on risks and related risk management policies

D. Structured entities (other than entities for securitization 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:** 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 to buy assets (real estate, equipment, etc.) that are leased to a customer under a finance leasing contract.
- **Project finance:** 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:** These structured entities have been set-up in order to fund real estate project used in the business by the Group.
- **Funding:** 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 in which the Group acquired control under IFRS 10 having subscribed enough quotas to expose it to variability of returns and the ability to manage, directly and indirectly, the underlying portfolio.
- **Warehousing:** These structured entities are set-up in order to subsequently perform securitization transactions. In particular they purchase mortgages in specific markets and from different originators until a “critical mass” that allow to perform securitization is reached. The purchases of mortgages are funded through loans provided by the Group.

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	OFF BALANCE SHEET EXPOSURES
Leasing SPV	2,654,745	-
Project Finance SPV	1,597,172	28,256
Real Estate SPV	162,001	10,050
Funding SPV	498,268	-
Investment funds	1,085,813	-
Warehousing SPV	745,274	24,198
Total	**6,743,273**	**62,504**

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 purposes.

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 IFRS 12 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.
- **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.
  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 exposure against these vehicles through that do not transfer 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 or retaining significant exposures to its variability of return.
- **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 sponsor.
  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.
- **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 set up the SPV and provides the equity while 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 sponsor.
  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.
- **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 customer in the context of its 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 sponsor.
  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.
- **Investments funds** comprise open ended and closed ended investment funds in which the Group has subscribed quotas or provided loans.

Part E – Information on risks and related risk management policies

Quantitative information

The following table provides indication on assets, liabilities and off-balance sheet exposures recognized in the balance sheet of the Group.
The maximum exposure to loss has been calculating by grossing up the difference between assets and liabilities with off balance sheet positions (Credit lines and financial guarantees) held toward the mentioned structured entities.

Exposure to structured entites different from Securitization SPV not consolidated for accounting purposes

(€ '000)

	AMOUNTS AS AT 06.30.2016						
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		**192,749**		**4,364**	**188,385**	**286,733**	**98,348**
	HFT	-	Deposits	4,364			
	FVO	-	Securities	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	192,749					
Leasing SPV		**347,530**		**2,544**	**344,986**	**345,232**	**246**
	HFT	-	Deposits	2,544			
	FVO	-	Securities	-			
	AFS	633	HFT	-			
	HTM	-	FVO	-			
	LAR	346,897					
Market Related SPV		**262,295**		**6,983**	**255,312**	**326,533**	**71,221**
	HFT	22,781	Deposits	6,983			
	FVO	-	Securities	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	239,514					
Notes Issuing Vehicles		**453,358**		**4,206**	**449,152**	**449,152**	**-**
	HFT	12,431	Deposits	-			
	FVO	-	Securities	-			
	AFS	-	HFT	4,206			
	HTM	-	FVO	-			
	LAR	440,927					
Project Finance SPV		**192,148**		**54,758**	**137,390**	**150,688**	**13,298**
	HFT	-	Deposits	54,758			
	FVO	-	Securities	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	192,148					
Real Estate SPV		**407,830**		**17,200**	**390,630**	**414,194**	**23,564**
	HFT	-	Deposits	17,200			
	FVO	-	Securities	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	407,830					
Shipping Aircraft SPV		**156,377**		**7**	**156,370**	**219,788**	**63,418**
	HFT	-	Deposits	7			
	FVO	-	Securities	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	156,377					
Investment funds		**7,601,217**		**5,058,850**	**2,542,367**	**3,549,016**	**1,006,649**
	HFT	2,002,057	Deposits	5,058,850			
	FVO	306,551	Securities	-			
	AFS	1,302,625	HFT	-			
	HTM	-	FVO	-			
	LAR	3,989,984					
Total		**9,613,504**		**5,148,912**	**4,464,592**	**5,741,336**	**1,276,744**

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

Information on Sovereign Exposures

With reference to the Group's sovereign exposures[6], the book value of sovereign debt securities as at June 30, 2016 amounted to €142,716 million, of which about 90% concentrated in eight countries; Italy, with €62,865 million, represents 44% 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 June 30, 2016.

Breakdown of Sovereign Debt Securities by Country and Portfolio

(€ '000)

	AMOUNTS AS AT 06.30.2016		
COUNTRY/PORTFOLIO	NOMINAL VALUE	BOOK VALUE	FAIR VALUE
- Italy	**57,497,397**	**62,864,724**	**62,890,917**
financial assets/liabilities held for trading (net exposures*)	3,541,812	3,480,165	3,480,165
financial assets at fair value through profit or loss	1,099	1,102	1,102
available for sale financial assets	53,005,022	58,441,134	58,441,134
loans and receivables	183,970	186,027	190,874
held to maturity investments	765,494	756,296	777,642
- Germany	**20,437,839**	**20,942,457**	**20,942,457**
financial assets/liabilities held for trading (net exposures*)	1,747,248	1,750,244	1,750,244
financial assets at fair value through profit or loss	16,732,991	17,084,602	17,084,602
available for sale financial assets	922,600	1,072,388	1,072,388
loans and receivables	1,035,000	1,035,223	1,035,223
held to maturity investments	-	-	-
- Spain	**15,511,285**	**17,366,203**	**17,366,203**
financial assets/liabilities held for trading (net exposures*)	80,654	84,770	84,770
financial assets at fair value through profit or loss	162,517	174,442	174,442
available for sale financial assets	15,260,000	17,100,695	17,100,695
loans and receivables	-	-	-
held to maturity investments	8,114	6,296	6,296
- Austria	**8,732,859**	**10,090,878**	**10,105,821**
financial assets/liabilities held for trading (net exposures*)	423,356	490,594	490,594
financial assets at fair value through profit or loss	296,094	405,145	405,145
available for sale financial assets	7,744,694	8,967,438	8,967,438
loans and receivables	157,713	116,545	116,545
held to maturity investments	111,002	111,156	126,099
- Poland	**8,047,701**	**8,458,194**	**8,487,598**
financial assets/liabilities held for trading (net exposures*)	354,696	368,936	368,936
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	5,764,474	6,157,324	6,157,324
loans and receivables	1,153,817	1,161,369	1,190,052
held to maturity investments	774,714	770,565	771,286
- France	**4,170,316**	**4,349,972**	**4,349,972**
financial assets/liabilities held for trading (net exposures*)	-68,684	-212,498	-212,498
financial assets at fair value through profit or loss	464,000	479,761	479,761
available for sale financial assets	3,775,000	4,082,709	4,082,709
loans and receivables	-	-	-
held to maturity investments	-	-	-
- Czech Republic	**2,054,003**	**2,367,468**	**2,367,468**
financial assets/liabilities held for trading (net exposures*)	60,211	74,228	74,228
financial assets at fair value through profit or loss	1,791	1,791	1,791
available for sale financial assets	1,992,001	2,291,449	2,291,449
loans and receivables	-	-	-
held to maturity investments	-	-	-
- Hungary	**1,569,339**	**1,811,642**	**1,811,642**
financial assets/liabilities held for trading (net exposures*)	75,934	71,965	71,965
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,493,405	1,739,677	1,739,677
loans and receivables	-	-	-
held to maturity investments	-	-	-
Total on-balance sheet exposures	**118,020,739**	**128,251,538**	**128,322,078**

(*) Including exposures in Credit Derivatives

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

Part E – Information on risks and related risk management policies

The weighted duration of the sovereign bonds shown in the table above, divided by the *Banking*[7] and *Trading Book*, is the following:

Weighted duration (years)

	BANKING BOOK	TRADING BOOK
- Italy	2.77	2.33
- Germany	2.67	4.11
- Spain	3.16	5.12
- Austria	4.66	2.76
- Poland	3.83	-0,31 (*)
- France	3.71	5.75
- Czech Republic	4.72	0.63
- Hungary	3.85	1.31

(*) sale positions with weighted duration longer than purchase positions.

The remaining 10% of the total of sovereign debt securities, amounting to €14,465 million with reference to the book values as at June 30, 2016, is divided into 50 countries, including Russia (€1,406 million), Slovenia (€509 million), the US (€381 million), Portugal (€106 million), Ireland (€38 million) and Argentina (€6 million). The sovereign exposure to Greece, Cyprus and Ukraine is immaterial.
With respect to these exposures, as at June 30, 2016 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 30 June 2016 there are also debt securities towards Supranational Organizations such as the European Union, the European Financial Stability Facility and the European Stability Mechanism amounting to €4,089 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 06.30.2016				
	FINANCIAL ASSETS AT FAIR VALUE	AVAILABLE FOR SALE FINANCIAL ASSETS	LOANS	HELD TO MATURITY INVESTMENTS	TOTAL
Book value	21,841,656	109,390,831	2,528,693	2,104,036	135,865,215
% Portfolio	67.39%	89.53%	0.45%	91.62%	19.00%

In addition to the exposures to sovereign debt securities, loans[8] given to central and local governments and governmental bodies must be taken into account.

The table below shows the total amount as at June 30, 2016 of loans given to countries towards which the overall exposure exceeds €140 million, representing over 94% of the total.

Breakdown of Sovereign Loans by Country (€ '000)

	AMOUNTS AS AT
COUNTRY	BOOK VALUE
- Germany (*)	7,677,397
- Italy	6,418,834
- Austria (**)	5,268,834
- Croatia	2,660,965
- Poland	1,281,530
- Serbia	311,914
- Indonesia	303,877
- Slovenia	211,273
- Gabon	200,522
- Bosnia and Herzegovina	186,604
- Bulgaria	166,034
- Turkey	162,984
Total on-balance sheet exposures	**24,850,768**

(*) of which 1.094.468 thousands in financial assets held for trading and those at fair value through profit or loss.
(**) of which 285.767 thousands in financial assets at fair value through profit or loss.

7 The Banking Book includes assets at fair value through profit or loss, available-for-sale assets, held to maturity assets and loans.
8 Tax items are not included.

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, the China Hard Landing and the Interest Rate Shock scenarios in chapters 2.7 and 2.8. of the Section 2 – Market risk below, and for liquidity management policies see Section 3 – Liquidity risk below.

Other transactions

In accordance with Banca d'Italia/Consob/IVASS document no. 6 of March 8, 2013 – Booking of "long-term structured repos", the available-for-sale financial assets portfolio includes investments in Italian and Spanish government bonds held by the Irish subsidiary UniCredit Bank Ireland Plc and financed with repos with the same maturity (so-called term structured repos) amounting to €1,180 (nominal value of €1,170 million).

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"), is in line with the economic purpose, represented by the will to:

- assume a sovereign risk exposure;
- optimize 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, maximizing 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.

With respect to this type of transactions, please note that in 2016:

- outstanding contracts amounting to nominal €0.73 billion matured;
- no new transactions has been completed.

The overall reduction in the exposures relating to 2016 (from nominal € 1.942 million to nominal €1.170 million) partly refers (approximately €40 million) to foreign exchange revaluation of currency denominated investments.

The aggregate market value of the transactions described above, if considered collectively as a synthetic derivative, would have been positive for approximately €8 million (before tax) at June 30, 2016 (€24 million at December,31 2015). The cumulated valuation reserve (before tax) for the above mentioned investments totaled about €2 million positive at June 30, 2016 (€7 million positive at December 31, 2015).

The changes in market values are not representative of the economic result that would be generated if all the individual contracts were analyzed 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 August 30, 2019 (ITALY 19EUR FRN), subscribed for during placement for a nominal amount of €750 million and with a book value of €741 million including accrued interest at June 30, 2016 (classified into 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 (liability) of €761 million at June 30, 2016, was completed in June 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 €760 million at June 30, 2016, with the economic purpose of obtaining the availability of more liquid securities (compared with the security ITALY 19EUR FRN) – with the same maturity and similar underlying risks – that can be therefore used more easily for refinancing operations.

The term repo and the term reverse repo are subject to netting (whose value is collateralized by cash) in the event of the default of one of the two counterparties or of the Italian Republic. This clause is accounted for as a financial guarantee issued, in accordance with the nature of the commitments of the parties. The fair value at trade date, €22 million, was initially recorded in other liabilities and is amortized on a pro-rata basis according to the current accounting rules.

Part E – Information on risks and related risk management policies

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 centralization 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 underlyings, e.g.: interest rates, currency rates, share prices and indexes, commodities (precious metals, base metals, petroleum and energy materials) and credit rights.

OTC derivatives offer considerable scope for personalization: new payoff profiles can be constructed by combining several OTC derivatives (for example, a plain vanilla IRS with one or more plain vanilla or exotic options). The risk and the complexity of the structures obtained in this manner depend on the respective characteristics of the components (reference parameters and indexation mechanisms) and the way in which they are combined.

Credit and market risk arising from OTC derivatives business is controlled by the Chief Risk Officer competence line (CRO) in the Parent and/or in the Division or subsidiary involved. This control is carried out by means of guidelines and policies covering risk management, measurement and control in terms of principles, rules and processes, as well as by setting VaR limits.

This business with non-institutional clients does not entail the use of margin calls, whereas with institutional counterparties (dealt with by the CIB Division) recourse may be made to credit risk mitigation techniques, for example "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' to be used for items designated and measured at fair value maximizing 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 liability 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 on December 15, 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.

The balance of item 20 "Financial assets held for trading" of the consolidated accounts with regard to derivative contracts totaled €54,247 million (with a notional value of €1,107,834 million) including €25,782 million with customers. The notional value of derivatives with customers amounted to €674,966 million including €665,834 million in plain vanilla (with a fair value of €25,218 million) and €9,132 million in structured derivatives (with a fair value of €564 million). The notional value of derivatives with banking counterparties totaled €431,947 million (fair value of €28,484 million) including €32,456 million related to structured derivatives (fair value of €1,082 million).
The balance of item 40 "Financial liabilities held for trading" of the consolidated accounts with regard to derivative contracts totaled €49,084 million (with a notional value of €1,154,923 million) including €17,930 million with customers. The notional value of derivatives with customers amounted to €701,789 million including €694,977 million in plain vanilla (with a fair value of €17,585 million) and €6,813 million in structured derivatives (with a fair value of €345 million). The notional value of derivatives with banking counterparties totaled €453,134 million (fair value of €31,420 million) including €20,284 million related to structured derivatives (fair value of €686 million).

2. Exposures in the renewable energy sector

The Group owns through Ocean Breeze Energy GmbH & Co. KG, a fully consolidated company of UniCredit Bank AG, a wind park 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), 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	€1.4 billion

(1) Exclusive economic zone.

This power plant has been developed by the BARD Group on behalf of Ocean Breeze Energy GmbH & Co. KG ("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 December 31, 2013, fully consolidated in UniCredit Bank AG.
The total value of the wind farm amounts to €1.4 billion and includes the grants of €42 million provided by the European Union that have been classified as government grants in accordance with IAS 20 and, in compliance with IAS 20.24, have been 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 year end.
With year-end 2013 the wind farm was finalized and transferred to Ocean Breeze Energy GmbH & Co. KG. After the handover some remedial works need to be completed in order to ensure that the wind farm can be operated sustainably for at least 25 years and enhance the technical availability and performance of the 80 installed turbines: this optimization of the turbines will take a period of 36 to 48 months.
Bard Holding GmBH does not have other power plants under construction. A ramp down process to close all open items has been set in January 2014 and will take until July 2019/20.
To cover the risks regarding dismantlement/refurbishing of the power plants it has been posted a provision of about €22 million.
After outage experienced in 2014, grid connection is available and stable; wind farm availability has been improved steadily since Q2 2015 with about 70-75 WECs on average available feeding-in by the end of June 2016.

Final settlement of 2014 outage from grid operator (TenneT) according to relevant compensation regime is still pending and subject to court decision; all compensation payments revenues have been recognized 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 amount has been invoiced to TenneT but neither recognized in income nor shown as receivables in the balance sheet..

Part E – Information on risks and related risk management policies

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 organizational model guarantees the ability to steer, to coordinate and to control the activities of some aggregated risks (so-called Portfolio Risks), through dedicated responsibility centers (Portfolio Risk Managers), completely focused and specialized on such risks, under a Group and interdivisional perspective.

According to this organization, 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.

In addition to the Group Risk Internal Controller Committee, with reference to the management of Market Risks, the responsible Committees are:
- Group Market Risk Committee;
- Group Assets & Liabilities Committee.

The "Group Market Risk Committee" 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 Regional Liquidity Centers, Business Functions and Legal Entities, with the aim to optimize the usage of financial resources (e.g. liquidity and capital) in coherence with Risk Appetite and Business Strategies.

Trading Book

The Trading Book includes the positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the Trading Book itself. To be eligible for Trading Book capital treatment, in accordance with the current policy "Eligibility Criteria for the Regulatory Trading Book assignment", financial instruments must either be free of any restrictive covenants on their tradability or able to be hedged completely. In addition, positions should be frequently and accurately valued, and the portfolio should be actively managed.

The risk that the value of a financial instrument (an asset or a liability, cash or derivative) changes over time is determined by the following five standard market risk factors:
- 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:
- Sensitivities, which represent the change in the market value of a financial instrument due to moves of the relevant market risk factors.

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 establish a boundary to the economic capital absorption and to the economic loss accepted for activities under trading activities regime; these limits have to be consistent with the assigned budget of revenues and the defined risk taking capacity;
• 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 VaR.

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 optimize, 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 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 authorized 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 Asset and Liability management committees decide on the maturity profile that is deemed most appropriate to protect the bank's net interest income. The maturity profile for sight items, as well as the investment strategies, vary per regional centers, as they takes into account local specificities.

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 in the German mortgage portfolio is marginal due to the fees in case of early prepayment. However the prepayment exposure in specific contracts is separately hedged by swaptions. The prepayment risk in the Austrian and Polish 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);
• optimizing 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 Regional Center Italy;
• 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.

Part E – Information on risks and related risk management policies

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 Pekao and the CEE subsidiaries. The FX exposure is hedged using forwards and options that are classified as Trading Book. This general rule is valid for the Parent Company and Sub-holdings. The hedge strategy is reviewed by the relevant risk committees on a periodic basis.

Structure and Organization

The "Group Financial Risk" is responsible for the government and control of Group financial risks (liquidity, interest rate, market, counterparty and trading credit risks) through the evaluation of strategies and the proposal to relevant Bodies of risk limits and Global/Local rules. The department is also responsible for the managerial coordination of the corresponding functions of Regional Centers (RCs), according to "GMGR[9]" and "GMGR Evolution", and for providing decisions and Non-Binding Opinions (NBO), when specifically required, for all financial risks of the Group.

In addition, the "Group Financial Risk" department is responsible for the definition, set up and maintenance of Group methodologies and architectures for the measurement and control of financial risks and practices for Market Data Reference and Fair Value of financial instruments. The department ensures the compliance of the Financial Risk Management framework with regulatory requirements.

At the end of 2015, "Pricing Model Validation" team joined Group Risk Methodologies & Architecture as responsible for the validation of pricing models of financial instruments.

In order to effectively manage Group financial risks, the new organizational structure includes the following units/departments:

GROUP FINANCIAL RISK

- **"Group Market & Trading Credit Risk Management"** department, responsible for governing and checking the Group's market, trading credit and collateral risks
- **"Group Price Control",** unit, steering and controlling, for the whole Group, the Independent Price Verification (IPV) processes and the end-of-day (EoD) market data reference set identification. Responsible for calculating and reporting specific Market Risk-related fair value adjustments and additional valuation adjustments for managerial P&L and end of month accounting purposes
- **"Group Risk Methodologies & Architecture"** department, developing and maintaining Group methodologies and models concerning market, counterparty and balance sheet risks
- **"Financial Risk Italy"** unit, responsible for the independent control of liquidity, interest rate, market, counterparty, trading credit and collateral risks at Regional Center Italy level as well as for carrying out the stress tests required
- **"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

[9] Group Managerial Golden Rules.

Risk measurement and reporting systems

Trading Book

During 2015, 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. The monitoring of the risk profiles is made even more effective with the individual granular risk limits, in addition to Broad limits, in relation to primary investment banking operations.

Within the organizational context described above, the policy implemented by the UniCredit Group within the scope of market risk management is aimed at the gradual adoption and use of common principles, rules and processes in terms of appetite for risk, ceiling calculations, model development, pricing and risk model scrutiny.

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 1 bp 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 200 bps 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.

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 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, 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.

Part E – Information on risks and related risk management policies

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 policy implemented by UniCredit group within the scope of market risk management is aimed at the adoption and use of best practice principles, rules and processes in terms of risk appetite, model development and risk model scrutiny.
Group Financial Risk department is 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 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 analyzed 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 historical scenarios covering the most recent 500 days. The model is recalibrated on a daily basis. The use of a 1-day time-horizon makes the immediate comparison with realized 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.

Analogously stressed VaR is 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 Entitiy of the Group, plus the Group itself (relevant for RWA calculation on a consolidated level).
The SVAR window at Group level and for UniCredit S.p.A. has been set to the “Sovereign Debt Crisis” window (2012). For UCB AG and UCBA AG the stressed window corresponds instead to the “Lehman crisis” (2008/09).
The 10-day capital requirement is however obtained via 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.

The IRC capital charge captures default risk as well as migration risk for un-securitized 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. 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 1Y.
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 securitizations and credit products not covered by IRC is evaluated through the standardized approach.

The following table summarizes 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)

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 simply not applicable. 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).
In particular, among the topics Group Internal Validation addressed, we should mention model parameterization (sensitivities analysis with regard to the most relevant model parameters, stability analysis with regard to potentially hard-to-estimate model inputs), model design, model replication, portfolio structure, processes and model outputs.

While IRC has a unique view with UniCredit group, for VaR and Stressed VaR 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 major differences between Regulatory and Managerial VaR and SVaR, as far as Trading Book is concern, are:
- inclusion of the FX risk of the Banking Book for Regulatory purposes as for the approved legal entities (UniCredit Bank AG and UniCredit BankAustria AG); for those where it is not approved yet it is instead being activated in the managerial run;
- inclusion in the managerial run of UniCredit BankAustria AG of those positions held in sub Legal Entities (in particular the CEE ones) not subject to the Internal Model for regulatory purposes.

Part E – Information on risks and related risk management policies

Measure	View	UniCredit Bank AG	UniCredit BankAustria	UniCredit Spa
FX Risk BB	Reg	YES	YES	NO
	Mng	NO	YES	NO
Non IMA Legal Entities	Reg	NO	NO	NO
	Mng	YES	YES	YES

Banca d'Italia authorized UniCredit group to the use of internal models for the calculation of capital requirements for market risk. As of today UCI Ireland and Bank Pekao are the main companies of the Group that are still using the standardized approach for calculating capital requirements related to trading positions. As part of the progressive extension of the internal models approach to all Group companies, however, the VaR is already used for the management of market risk in these latter companies. Starting from second quarter of 2014, the contribution to the market risk capital requirement of the subsidiaries registered outside the European Union, has been quantified according to the approach approved by the competent national authorities.

The standardized measurement method is also applied to the calculation of capital covering the risk of holding Banking Book exposure in foreign currencies for the subsidiaries that do not perform trading activities.

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 parameterization (e.g different time horizon, percentile).

Finally Trading portfolios are subject to Stress tests according to a wide range of scenarios for managerial reporting, which are described in a dedicated paragraph below. According to national regulations, some relevant scenarios are also a matter of regulatory reporting on a quarterly basis. Moreover, substitute risk measures, i.e. sensitivities, defined stress scenarios or the indication of nominal amounts, are considered and included in the regulatory reporting for the estimation of risks that are not covered by the VaR simulation of the internal model.

As for internal scenario analysis, policies and procedures (i.e. "stress testing"), stress tests results for IMOD perimeter are calculated in the Group engine UGRM, thus ensuring a common methodological approach. For non-IMOD portfolio, these procedures have been entrusted to the individual legal entities. Overall, however, a set of scenarios common to the Group as a whole, is applied to all positions in order to check on a monthly basis the potential impact that their occurrence could have on the global trading portfolio. Stress Test's results and effects are discussed on monthly basis, during a Market Risk Stress Test Open Forum, where the Market Risk function' s representatives of the different Group's companies and Business' representatives take part.

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 data
Shown below are the VaR data for the Trading Book.

In aggregating the various risk profiles of the different risk taking units of the Group, the diversification arising from positions taken by different companies has been considered when calculating the overall risk for I-mod perimeter (Diversified VaR); while for the risk taking units of subsidiaries having legal residence out of European Union, the relative VaR and the Group VaR, calculated including them, are reported for informative purpose (without considering Diversification Benefit).

Risk on Trading Book

Daily VaR on Trading Book

(€ million)

I-MOD PERIMETER	End of Half 2016	AVERAGE LAST 60 DAYS	2016 AVERAGE	2016 MAX	2016 MIN	2015 AVERAGE
Diversified UniCredit Group VaR	**13.6**	**15.0**	**15.0**	**38.0**	**0.3**	**12.7**

Daily VaR on Trading Book

(€ million)

STANDARDIZED APPROACH PERIMETER	End of Half 2016	AVERAGE LAST 60 DAYS	2016 AVERAGE	2016 MAX	2016 MIN	2015 AVERAGE
UCBA AG NoN EU Countries(1)	4.0	5.5	5.0	6.4	2.5	4.9
Bank Pekao SA	0.3	0.3	0.3	0.4	0.2	0.3
Undiversified UniCredit Group VaR	**25.0**	**26.0**	**27.6**	**54.8**	**8.8**	**24.0**

(1) Including Turkey, Russia, Serbia, Bosnia

First quarter 2016 VaR figures do not reflect the methodological enhancements to the interest rates scenario generator that were eventually approved by ECB during the second quarter. The VaR figures for the second quarter are based on such enhanced model.

SVaR data
Shown below are the SVaR data for the Trading Book.

In aggregating the various risk profiles of the different risk taking units of the Group, the diversification arising from positions taken by different companies has been considered when calculating the overall risk for I-mod perimeter (Diversified SVaR); while for the risk taking units of subsidiaries having legal residence out of European Union, the relative SVaR and the Group SVaR, calculated including them, are reported for informative purpose (without considering Diversification Benefit).

Risk on Trading Book

SVaR on Trading Book

(€ million)

I-MOD PERIMETER	End of Half 2016	AVERAGE LAST 12 WEEKS	2016 AVERAGE	2016 MAX	2016 MIN	2015 AVERAGE
Diversified UniCredit Group	**33.9**	**36.1**	**23.0**	**52.2**	**0.1**	**30.7**

SVaR on Trading Book

(€ million)

STANDARDIZED APPROACH PERIMETER	End of Half 2016	AVERAGE LAST 12 WEEKS	2016 AVERAGE	2016 MAX	2016 MIN	2015 AVERAGE
UCBA AG Non EU Countries (*)	12.6	13.6	12.9	16.3	7.5	**10.3**
Undiversified UniCredit Group	**66.2**	**64.8**	**63.9**	**88.3**	**51.1**	**61.7**

(*) Including Turkey, Russia, Serbia, Bosnia

Part E – Information on risks and related risk management policies

First quarter 2016 Stressed VaR figures do not reflect the methodological enhancement to the interest rates scenario generator that were eventually approved di ECB for use during the second quarter. The SVaR figures for the second quarter are based on such enhanced model.

IRC data
Shown below are the IRC data for the Trading Book.

In aggregating the various risk profiles of the different risk taking units of the Group, the diversification arising from positions taken by different companies has been considered when calculating the overall risk for I-mod perimeter (Diversified IRC); while for the risk taking units of subsidiaries having legal residence out of European Union, the relative IRC and the Group IRC, calculated including them, are reported for informative purpose (without considering Diversification Benefit).

Risk on Trading Book

IRC on Trading Book

(€ million)

I-MOD PERIMETER	End of Half 2016	AVERAGE LAST 12 WEEKS	2016			2015
			AVERAGE	MAX	MIN	AVERAGE
Diversified UniCredit Group	**366.2**	**368.5**	**406.3**	**481.9**	**276.7**	**395.7**

IRC Portafoglio di Negoziazione

(€ million)

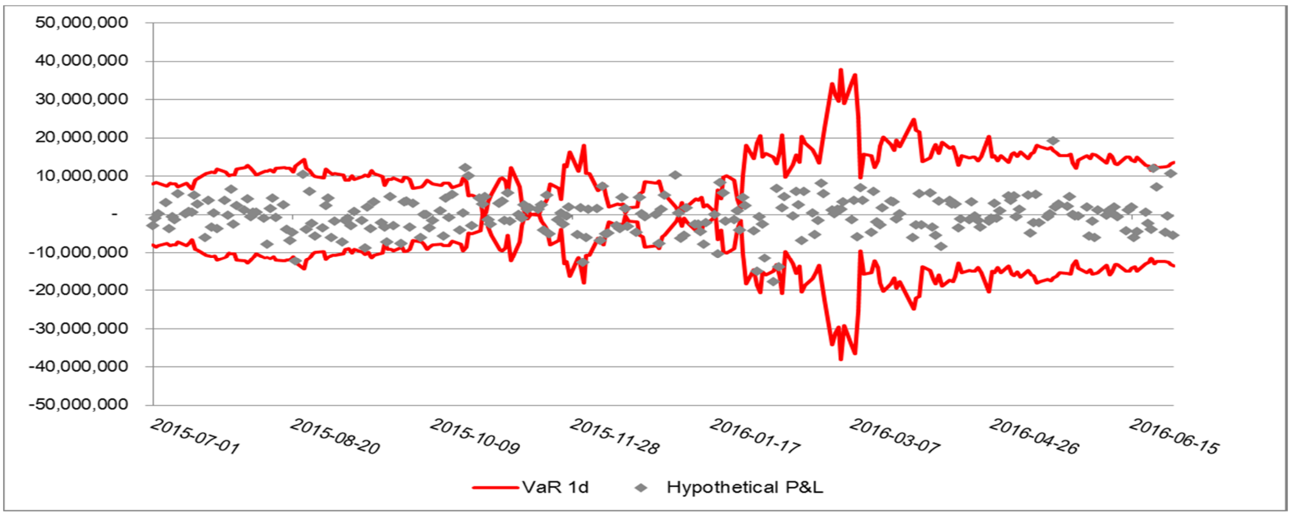
STANDARDIZED APPROACH PERIMETER	End of Half 2016	AVERAGE LAST 12 WEEKS	2016			2015
			AVERAGE	MAX	MIN	AVERAGE
UCBA AG Non EU Countries(*)	12.2	21.2	20.8	26.7	12.2	**23.6**
Undiversified UniCredit Group	**516.9**	**505.1**	**547.9**	**626.2**	**383.0**	**526.7**

(*) Including Turkey, Russia, Serbia, Bosnia

On average terms the IRC 2015 is aligned to IRC 2016 (first Half).
The Minimum value for I-mod perimeter has been measured in May 2016 due to UCI SpA reduced long position on Republic of Italy.
The Minimum value for UCBA AG Non EU countries has been measured at the end of first half 2016, driven by Serbia and Russia reduced long positions on domestic public debt.

VaR back-testing
The following graph analyze the 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):

Group (I-Mod Perimeter)



The negative overdrafts occurred in December 2015 and in the first quarter 2016 were all caused by the fact that scenario generator was not yet embedding the enhancements that were later approved by the ECB only in Q2 (negative rates flooring). The VaR level for the second quarter shown in the graph above is based on such enhanced model.

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 standardized approach (SA) is used.

Risk on Trading Book

CVA Trading Book (€ million)

	2016		2015
	Q1	Q2	Q4
CVA	**382.3**	**336.7**	**390.5**
CVA VaR	48.6	51.2	44.8
CVA SVaR	221.5	204.1	231.6
CVA SA	112.2	81.4	114.1

The reduction in CVA charge in the second quarter 2016 (46 €m) is mostly driven by the UniCredit Bank AG charge and can be evenly attributed to business dynamics and some refinements to the inputs of the SA calculation.

2.1 Interest Rate Risk and Price Risk – Regulatory Trading Book

Qualitative information

A.General information

Interest rate risk arises from financial positions taken by Group specialist centers 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. Management Processes and Measurement Methods of the Interest Rate and Price Risk

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer also to introduction on internal models.
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 a positive or negative shift 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 analyzed 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 analyzed 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.

Part E – Information on risks and related risk management policies

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 BPS	+10 BPS	+100 BPS	+100 BPS	CW	CCW
Total	**0.1**	**-0.3**	**0.1**	**0.2**	**0.2**	**-0.1**	**-0.1**	**0.2**	**3.0**	**-3.1**	**22.1**	**-18.9**	**-11.0**	**6.3**
of which: EUR	0.0	-0.2	0.0	0.2	0.3	0.0	-0.4	**-0.1**	6.5	-6.4	57.2	-53.8	0.3	-4.8
USD	0.0	-0.1	0.2	0.1	0.0	-0.1	0.0	**0.1**	-1.1	1.1	-8.7	16.8	-1.2	2.3
GBP	0.0	0.0	0.0	0.0	0.1	-0.1	0.3	**0.2**	-2.3	2.2	-25.5	18.6	-11.2	10.1
CHF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	0.0	-0.2	-0.2	-0.5	0.4
JPY	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	**-0.1**	0.8	-0.7	7.8	-7.4	2.2	-2.2

€ million

	-30%	**30%**
Interest Rates	**-0.995**	**-1.996**
EUR	**0.409**	**-3.938**
USD	**-1.581**	**2.084**

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 June 30, 2016, the sensitivity of interest income to an immediate and parallel shift of +100bps was +€537million.
The sensitivity of the economic value of shareholders' equity to an immediate and parallel change in interest rates ("parallel shift") of +200bps was -€2.131 million at June 30, 2016[10].

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.

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.

[10] The figures include modeled sensitivity estimates for assets and liabilities with not well-defined maturities, such as sight and savings deposits.

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 shocks for a rate rise and a rate fall scenario are an instantaneous and parallel shock of respectively +/- 100 bps 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.

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. On a monthly basis the Economic Value sensitivity for interest rate term structure shock of +200 basis point value and Net Interest Income Sensitivity are measured. The function responsible for interest rate risk management verifies on a daily basis the limit usage of the interest rate risk of relevant positions.

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 recognized (especially when they are classified in the available-for-sale portfolio).

C. Cash flow hedging operations

In certain instances, cash flow hedging strategies are also used as an alternative to fair value hedging strategies in order to stabilize income statement profits in the current and future years. Macro-hedging strategies are mainly used and they may also refer to the interest rate risk of the core portion of financial assets “on demand”.

Part E – Information on risks and related risk management policies

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 centers 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 analyze 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 a positive or negative shift 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	-40.42	-	-	-	-0.40	-	-
USA	15.61	-	-	-	0.16	-	-
Japan	1.94	-	-	-	0.02	-	-
Asia ex-Japan	5.00	-	-	-	0.05	-	-
Latin America	-0.69	-	-	-	-0.01	-	-
Other	-40.82	-	-	-	-0.41	-	-
Totale	**-59.39**	**0.91**	**3.37**	**0.23**	**-0.59**	**-2.43**	**-8.51**
Commodity	**6.99**	**-2.09**	**-0.98**	**-0.10**	**0.07**	**0.72**	**0.89**

€ million

	-30%	30%
Equities	**-23.780**	**1.730**

2.4 Price Risk – Banking Book

Qualitative information

A. General Aspects, Price 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, Exchange Rate 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 centers 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 analyze 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 a positive or negative shift 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	316.2	-26.0	-12.7	-3.2	3.2	20.4	46.0
GBP	-339.1	39.3	18.0	3.4	-3.4	-16.5	-33.4
CHF	10.7	-0.3	-0.9	-0.1	0.1	0.8	1.3
JPY	5.0	-3.5	0.2	0.0	0.0	1.1	1.9

€ million

	-30%	+30%
Exchange Rates	**4.640**	**-2.590**

Main contributors are EUR/USD and EUR/GBP.

Part E – Information on risks and related risk management policies

2.6 Exchange Rate Risk – Banking Book

Qualitative information

A. General Aspects, Exchange Rate 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 centers 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.

The management policy regarding currency risk related to the early repayment option on AT1 capital instruments denominated in a foreign currency already recognized as items of shareholders' equity (anyway subject to prior authorization by the regulator) provides for the maintenance of a long position in foreign currency.

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 centers 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 analyze 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/+10bp/+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	+10BPS	+100BPS
Total	**0.0**	**-0.1**	**-0.1**	**-0.1**	**-0.5**	**-0.1**	**0.0**	**-0.9**	**-9.8**	**-94.2**
Rating										
AAA	0.0	0.0	-0.1	0.1	-0.1	0.7	0.1	0.7	6.9	63.5
AA	0.0	0.0	0.0	-0.1	0.0	-0.3	-0.2	-0.6	-6.3	-60.1
A	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.2	-2.2	-20.9
BBB	0.0	-0.1	0.0	-0.1	-0.1	-0.3	0.0	-0.6	-7.1	-66.3
BB	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1	-0.8	-7.7
B	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-2.4
CCC and NR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-1.8
Sector										
Sovereigns & Related	0.0	-0.1	-0.1	-0.1	-0.2	-0.5	0.2	-0.7	-1.6	-17.9
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	0.0	-0.5	-5.5	-53.4
All Corporates	0.0	0.0	0.0	0.0	-0.3	0.0	0.0	-0.3	-2.7	-22.9
Basic Materials	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-2.0
Communications	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1	-0.5	-5.1
Consumer Cyclical	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.4	-3.8
Consumer Non cyclical	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1	-0.6	-5.2
Energy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-2.9
Technology	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Industrial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-3.3
Utilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	-3.6
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 related risk management 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). Stress test exercise is run under static balance sheet assumption.

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 fixed risk scenario we assume an intensification of political risks across the EU, with an escalation of tensions after Brexit, a clash between Catalonia and Spain, more extensive policy influence of protest parties in France, Italy and Germany, and renewed political issues in Greece and Portugal. Confidence of financial markets, businesses and households sours, leading to tighter financial conditions and lower economic activity. The ECB would cut the deposit rate; another dose of QE appears very likely at a time of meaningful deviation from the price stability target.

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. The main transmission channel of the shock is lower stock prices. Although not particularly severe for the US economy, the shock will dissuade the Fed from any further rate hike over the coming two years. Credit spreads would come under pressure, particularly in the early stages of the shock. The widening would be more severe for the periphery, but material also for core and semi-core countries.

The deterioration in risk appetite would cause some flight-to-quality, with the focus on German, US bonds. The Widespread Contagion is seen as quite negative for the euro. EUR cross rates will fall accordingly and, in particular, both JPY and CHF are expected to gain ground also given global-risk considerations/hunt for safe-haven currencies. In EU, heightened uncertainty and the deterioration in the growth/inflation outlook leads to lower equity market valuations, with the FTSE 100 seen underperforming.

As for CEE, economic growth is expected to slow more in more open economies like the Czech Republic, Hungary and Slovakia. In Poland and Romania, strong domestic demand helps GDP growth to be more resilient. While Bulgaria and the Balkans have weaker ties to the eurozone than Central Europe, domestic demand is not strong enough to prevent a slowdown. Russia, Turkey and Ukraine are less affected due to weaker ties to the eurozone. Russia, however, would be additionally hit by the lower oil prices, which would require further fiscal tightening and currency depreciation and would weigh on growth. Turkey, on its part, would benefit from the lower oil prices, which would cut the C/A deficit and ease financing pressures. Some CEE would cut rates to tackle the negative growth shock. CEE currencies are expected to depreciate as a reaction to the drop in foreign demand.

China hard landing
In this scenario we assume a significant deceleration that pushes down Chinese growth driven by a weakening of domestic demand, especially fixed investment. This is a more global shock than “widespread contagion” and the main transmission channels are trade and, especially, 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. In a context of a global growth slowdown amid much weaker commodity prices, the ECB would act further by cutting the deposit rate. One or more doses of QE appear very likely also in this scenario.

The US economy should be less affected than the eurozone, due to its stronger reliance on domestic demand. Credit spreads would come under pressure, particularly in the early stages of the shock. The widening would be more severe for the periphery, but material also for core and semi-core countries. We expect a reaction in the first three months after the shock materializes in line with that observed during the 2011-2012 crisis. Over a longer time horizon, the initial widening in sovereign spreads would be partially reabsorbed, due to a step up in policy response.

The deterioration in risk appetite would cause some flight-to-quality, with the focus on German and US, where we expect a moderate richening vs. swap. In this scenario we envisage no particular tensions in money markets, since abundant liquidity related to the ECB’s QE would prevent credit risk re-pricing on the interbank market. The global shock that raises widespread uncertainty and damages the outlook for growth and inflation leads to an aggressive sell-off in the equity market.

As for CEE, the impact is mostly indirect, via the eurozone and especially Germany, with the direct impact stronger for car manufacturers like Slovakia and the Czech Republic. All countries would slip into recession except for Poland, which would avoid outright recession thanks to strong domestic demand. Outside the EU, the magnitude of the deterioration would be much larger. Russia would be hit the hardest, suffering from a triple shock: sharply lower oil and commodity prices; the slowdown in China, which is a major trading partner and the broader financial contagion that would curtail capital inflows. Turkey would suffer a multiple shock from slower growth in the EU and other EM and the broader financial contagion, but these would be mitigated in part by the slump in oil prices. Several countries would cut rates to tackle the abrupt drop in foreign demand. Stronger currency depreciation in CEE-EU than in “widespread contagion” reflects a larger drop in activity, especially in exports.

Interest Rate Shock

In this scenario we assume that interest rates (IR) in the eurozone move sharply higher, by 250bp at the short end and by 300bp at the long end. 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.

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 channel of this shock are higher interest rates and lower stock prices, which directly affect household finances and balance sheets. To keep the focus on the IR risk, and given the exogenous nature of the shock itself, we assume yield curves stay at the new, higher level for the exercise horizon.

10Y yield are highly positively correlated across western economies. We preserve the correlation structure and, as a result, in this scenario we see a rise in the swap curve in the US, the UK and Japan. The scenario is thought as an IR stress. In this respect the pressure on credit spreads is likely to be smaller compared to other scenarios and relatively small in absolute terms. On the FX front, in this scenario we see a depreciation of the dollar vs. the EUR. Similarly, the EUR would gain vs. the CHF, GBP and JPY.

As for CEE, the Interest Rate Shock coupled with lower growth and inflation is a toxic mix for the equity market, especially in the euro area. Weaker growth or outright recessions in the CEE are caused by the recession in Europe and the sharp tightening in financial conditions. We assume that curves would steepen in countries where the exposure to foreign investors is sizable.

Stress Test on Trading Book
Scenario

(€ million)

	2016		
End First Half 2016	**WIDESPREAD CONTAGION**	**CHINA HARD LANDING**	**IR SHOCK**
UniCredit Spa	-99	-93	-75
Bank Pekao SA	1	1	4
UCBA AG Group	62	77	111
UCB AG Group	-139	-229	-74
UniCredit Group Total	**-175**	**-243**	**-33**

The Widespread Contagion is a recurrent stress test scenario which is kept updated to market and macroeconomic dynamics every six months. The China hard landing and the Interest Rate Shock have been introduced at the end of 2015 to deep dive the magnitude of the contagion effects stemming from an unexpected China slowdown and from exogenously driven increase of interest rates respectively.
Most of conditional losses in Trading Book are in UCB AG perimeter, mainly Integrated Credit Trading and Rates business lines in CIB perimeter. An additional relevant contribution comes from Italian Sovereign Bond portfolio in UniCredit Spa.
The results of stress test scenarios in UCBA AG evidenced conditional profits during the year due to the US dollar and Ukraine Hryvnia position stemming from the debt to capital swap in Ukrsotsbank.

Part E – Information on risks and related risk management 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 jeopardizing its day-to day operations or its financial condition.

The key principles

The Liquidity Centres
The Group aims to maintain liquidity at a level that enables to conduct safe operations, to fund its operations at the best rate conditions under normal operating circumstances, and to remain always in a position to meet payment obligations.
To this end, the 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 the Group-wide level, to ensure that liquidity position of any Entity meets the requirements of the Group.

For these reasons, the Group is organized on a managerial perspective, according to the concept of the Liquidity Centres.
The Liquidity Centres are Legal Entities that act in their responsibility as liquidity hub. They are in charge:
- of the liquidity management and concentration process of liquidity flows of the Legal Entities falling within their perimeter of responsibility;
- of the funding optimization carried out on the relevant local markets and are responsible to coordinate the access to short term and medium long term markets of the legal entities belonging to their perimeter;
- finally, of the implementation of the Group's liquidity rules at local level in line with Group's Governance Guideline and Policy and with local regulations.

A particularly important role is played by the Parent Company, as a "supervisory and overarching liquidity centre" with its role of steering, coordinating, and controlling all the aspects regarding liquidity for the whole Group. The Parent Company has the responsibility to set the overall Group Risk Appetite and sub-allocate the limits, in agreement with the Liquidity Centres and/or Legal Entities. The Parent Company, moreover, acts as the Liquidity Centre Italy.

The principle of "self-sufficiency"
This organization 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[11].

As a general rule, the Large Exposure Regime, which came into force on 31 Dec 2010, limits interbank exposures to a maximum of 25% of own funds: this rule is also applicable to intra-group exposures.

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.

[11] Also Banca d'Italia Rules, Circolare 263, foresees that the liquidity reserves are placed in each Legal Entity in order to minimize the transfers of cash reserves (Titolo V, capitolo 2, Sezione III. 7 before last paragraph).

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 (in particular those located in a country different from the one of its Liquidity Centre of reference), has to increase its liquidity self-sufficiency in an on-going basis and under stressed conditions, fostering each Legal Entity to exploit its strengths, in order to optimize the cost of funds of the Group.

This type of organization 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 optimizing: i) the liquidity surpluses and deficits within the Group's legal entities ii) the overall costs of funding across the Group.

Roles and responsibilities

At Group level, three main functions are identified in the management of the liquidity: the Group Risk Management competence line, the "Finance" function (within Strategy & Finance competence line), and the "Treasury" function (within the "Markets" Business Unit), each with different roles and responsibilities. In particular, the operational responsibilities reside in the Finance and the Treasury functions, while the Risk Management function has responsibilities of independent controls and independent reporting compared to the operational functions (in line with the current requirements of Banca d'Italia).

More specifically, 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.

Strategy & Finance competence line is responsible for the coordination of the overall financial planning process at Group, Liquidity Centres 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 securitization operations), coordinating the access to national and international capital markets for all the Liquidity Centres and relevant LEs, exploiting local market opportunities in order to reduce the costs of funding and diversify the financing sources.

Optimization 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 Centres.

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 whenever a financial institution cannot meet its current intraday obligations resulting from the current in and outflows still remaining solvent.
- 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 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.

Part E – Information on risks and related risk management policies

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. loan to deposit 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 3 months maturity;
- gap ratios on a monthly basis, which control the medium to long term risk (structural liquidity) from the 1Y maturity onwards.

The Group's liquidity framework
The Group's liquidity framework is based upon the Liquidity Risk Mismatch Model which is characterized by the following fundamental principles:
- <u>Short-term liquidity risk management (operational liquidity),</u> 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 minimizing the relevant costs.
- <u>Structural liquidity risk management (structural risk),</u> 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 optimizing the cost of funding.
- <u>Stress tests:</u> 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, integrated with the Core Banking Book Funding Gap, 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 Core Banking Book Funding Gap (an improved loan-to-depo gap), which is calculated on a quarterly basis and 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 utilization (analysis and active management of the maturity ladder).

These principles are applicable at Group level and have to be used across the Liquidity Centres.

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, calculated for all the relevant currencies, 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 a 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 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.

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 to avoid 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 optimizing 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 minimize costs, by diversifying sources, national markets, currencies of issuance and instruments used (realization of the Yearly Funding Plan).

The main metric used to measure the medium/long-term position is the Structural Ratio.
In general, the Structural Liquidity ratio "1Y Ratio" is calculated as the ratio between liabilities and assets with maturity above one year. All the balance sheet items are mapped according to their contractual maturity, their modelled maturity or according to their specific nature. The internal limit set at 90% means that at least 90% of the assets with a maturity above 1Y have to be financed with liabilities with maturity above 1Y.

A key structural metric, aimed at measuring the funding needs originated from the commercial activity of the Bank, is the Core Banking Book 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:
- assess the adequacy of 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 Centres, the Group has a centralised approach to stress testing, requiring each local Liquidity Centre to run the same scenario set under the coordination of the Group Risk Management. 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 worsen 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-hypothesized problem specific to the Group.

During the first half of 2016 the Group liquidity stress test result on the combined scenario was always positive.

Part E – Information on risks and related risk management policies

Regulatory metrics
The Group is also adopting Basel 3 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.
As far as the LCR is concerned, waiting for the specific disclosure obligations to became effective, in June 2016, the ratio for UniCredit Group was above 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 aimed at preventing potential vulnerabilities in the bank's ability to meet its cash flow obligations.

The short-term liquidity limits are monitored and reported on a daily basis. The structural liquidity ratios and its exposure against limits are monitored and reported on a monthly basis. The survival period and the result of the liquidity stress test are reported and monitored on a weekly basis.

The Group measures and manages the liquidity risk mainly through different types of restrictions – managerial and regulatory– embedded in risk metrics limits or warning/trigger levels.

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 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 market 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 Center 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 Parent Company accesses the market for Group capital instruments.
The Parent Company coordinates the market access of the Liquidity Centres and Legal Entities, while the Liquidity Centres coordinate the access of the Legal Entities falling within their perimeter.
Each Legal Entity or Liquidity Centre can access the markets for medium and long term funding, in order to increase its self-sufficiency, exploit market opportunities and functional specialization, safeguarding the optimization of cost of funds of the Group.
Planning & Finance function is responsible for the elaboration of the Funding Plan. Risk Management is responsible for providing an independent assessment of the Funding Plan

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 minimize the potentially disruptive consequences of a liquidity crisis. The analytics of the stress tests will form a valuable tool to identify the expected consequences and to define up front the most suitable actions in a certain crisis scenario. In combination with the Early Warning Indicators the organization 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 GOI 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 sizes, instruments, 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.

Part E – Information on risks and related risk management 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 losses 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
For this section please refer to the last "2015 Consolidated Reports and Accounts".

Organizational structure
For this section please refer to the last "2015 Consolidated Reports and Accounts".

Internal validation process
For this section please refer to the last "2015 Consolidated Reports and Accounts" (except for what is reported in paragraph "Developments of the period")

Developments of the period
The responsibility of this process has been assigned now to the "Market, Operational and Pillar II Risks Validation" unit.

Reporting
For this section please refer to the last "2015 Consolidated Reports and Accounts".

Operational risk management and mitigation
For this section please refer to the last "2015 Consolidated Reports and Accounts".

Risk capital measurement and allocation mechanism
For this section please refer to the last "2015 Consolidated Reports and Accounts" (except for what is reported in paragraph "Developments of the period").

Developments of the period
Capital at risk is calculated at a confidence level of 99.9%, instead of 99.93%, on the overall loss distribution for economic capital purposes.

B. Legal Risks

UniCredit S.p.A. and other UniCredit group companies are involved in numerous legal proceedings (which include commercial disputes, adversarial regulatory matters and investigations). 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 deal appropriately with various legal and regulatory requirements in relation to issues such as conflicts of interest, ethical issues, anti-money laundering laws, US and international sanctions, client assets, competition law, privacy and information security rules and others. Actual or alleged failure to do so may lead, and in certain instances has led, to additional litigation and investigations and subjects the Group to damages claims, regulatory fines, other penalties and/or reputational damage. In addition, one or more Group companies and/or their current and/or former directors is subject to investigations by the relevant supervisory or prosecutorial authority in a number of countries in which it operates. These include investigations relating to aspects of systems and controls and instances of actual and potential regulatory infringement by the relevant Group companies and/or its clients. Given the nature of the Group's business and the reorganization of the Group 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 outcome of the proceedings and the amount of any possible losses. These cases include criminal proceedings, administrative proceedings brought by the relevant supervisory or prosecution authority and claims in which the petitioner has not specifically quantified the penalties requested (for example, in lawsuits in the United States). In such cases, given the impossibility of predicting possible outcomes and estimating losses (if any) in a reliable manner, no provisions have been made. However, where it is possible to reliably estimate the amount of possible losses and the loss is considered likely, provisions have been made in the financial statements based on the circumstances and consistent with international accounting standards (IAS).
To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law, tax cases and credit recovery actions), the UniCredit group has set aside a provision for risks and charges of €616 million as at June 30, 2016. The estimate for reasonably possible liabilities and this provision are based upon currently available information but, given the numerous uncertainties inherent in legal proceedings, involve significant elements of judgment. In some cases it is not possible to form a reliable estimate, for example where proceedings have not yet been initiated or where there are sufficient legal and factual uncertainties to make any estimate speculative. Therefore, it is possible that this provision may not be sufficient to entirely meet the legal costs and the fines and penalties that may result from pending legal actions, and the actual costs of resolving pending matters may prove to be substantially higher.
Consequently it cannot be excluded that an unfavourable outcome of such legal proceedings or such investigations may have a negative impact on the results of the UniCredit group and/or its financial situation.
Set out below is a summary of information relating to matters involving the UniCredit group which are not considered groundless or in the ordinary course.
This section also describes pending proceedings against UniCredit S.p.A. and/or other companies of the UniCredit group 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, labour law, tax and credit recovery claims are excluded from this section and are described elsewhere in the notes.
In accordance with IAS 37 information which would seriously prejudice the relevant company's position in the dispute may be omitted.

Madoff

Background

UniCredit S.p.A. and various of its direct and indirect subsidiaries have been sued 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

Purported Class Actions

UniCredit S.p.A. and certain of its affiliates were among some 70 defendants in three putative class action lawsuits filed in a United States Federal Court between January and March 2009 by purported representatives of investors in certain funds which had invested in BLMIS and in which affiliates of UniCredit S.p.A. acted as investment advisors. Plaintiffs sought to recover some $ 6 billion. These litigations were dismissed on various legal grounds and appeals have now been exhausted.

Claims by the SIPA Trustee

In December of 2010, the bankruptcy administrator (the "SIPA Trustee") for the liquidation of BLMIS filed two cases (the "HSBC" and the "Kohn" case, respectively) in a United States Federal Court against several dozen defendants, including UniCredit S.p.A. and certain of its affiliates.

Part E – Information on risks and related risk management policies

Kohn Case

In the Kohn case, the SIPA Trustee sought to recover some $ 60 billion. However, in late 2014, the SIPA Trustee voluntarily dismissed its claim against UniCredit S.p.A. and its affiliates.

HSBC Case

In the HSBC case, the SIPA Trustee sought to recover several billion dollars for common law claims and avoidance claims (also known as “claw back” claims).

The common law claims were dismissed in 2011 and no further appeals from that decision are pending.

The avoidance claims against BA Worldwide Fund Management Ltd (“BAWFM”), an affiliate of UniCredit Bank Austria AG (“BA”)and Bank Medici, in which BA owned a 25 percent stake, remain pending. They are currently subject to a motion that they be dismissed pursuant to a ruling that such avoidance claims cannot be made in respect of transfers outside the United States between foreign transferors and foreign transferees because the relevant provisions of United States law do not apply extra-territorially.

In 2015, the SIPA Trustee voluntarily dismissed with prejudice the avoidance claims made in the HSBC case against UniCredit S.p.A. and the Alternative Investments Division of Pioneer (“PAI”), a UniCredit S.p.A. affiliate, and voluntarily dismissed without prejudice the avoidance claims against BA, all following certain settlements which the SIPA Trustee regarded as having satisfied such claims.

Certain current or formerly affiliated persons named as defendants in the HSBC may have rights to indemnification from UniCredit S.p.A. and its affiliated entities.

Claim by SPV OSUS Ltd.

UniCredit S.p.A. and certain of its affiliates – BA, BAWFM, PAI – have been named as defendants, together with approximately 40 other defendants, in a lawsuit filed in the Supreme Court of the State of New York, County of New York, on December 12, 2014, by SPV OSUS Ltd. The complaint asserts common law based claims in connection with the Madoff Ponzi scheme, principally that defendants aided and abetted and/or knowingly participated in Madoff's scheme. The case is brought on behalf of investors in BLMIS and claims damages in an unspecified amount. The action filed by SPV OSUS Ltd. is in the initial stages.

Proceedings Outside the United States

Investors in the Primeo and Herald Madoff feeder funds have brought numerous civil proceedings in Austria, of which 96 with a claimed amount totaling € 34,6 million plus interest remain. The claims in these proceedings are either that BA breached certain duties regarding its function as prospectus controller, or that BA improperly advised certain investors (directly or indirectly) to invest in those funds or a combination of these claims. The Austrian Supreme Court has issued 14 final decisions with respect to prospectus liability claims asserted in the legal proceedings. With respect to claims related to the Primeo feeder funds, all 9 final Austrian Supreme Court decisions have been in favour of BA. With respect to the Herald feeder funds, the Austrian Supreme Court has ruled four times with respect to prospectus liability, once in favour of BA and three times in favour of the claimant. In a prospectus liability case with Primeo and Herald investments the Austrian Supreme Court recently ruled in favour of BA. In some further cases the Supreme Court did not yet make a final decision but remanded the case back to lower instances: in one case the Austrian Supreme Court decided in favour of Bank Austria on Primeo prospectus liability; but remanded the case to the Court of First Instance on a different base of claim. The Court of First Instance decided in favour of BA. The Austrian Supreme Court issued two further Herald decisions in favour of BA and remanded the cases to the Court of Appeal. The Court of Appeal remanded both cases to the Court of First Instance. While we cannot predict with certainty the impact of these decisions on the remaining Herald cases, future rulings may be adverse to BA.

In respect of the Austrian civil proceedings pending as against BA related to Madoff's fraud, BA has made provisions for an amount considered appropriate to the current risk.

BA has been named as a defendant in criminal proceedings in Austria which concern the Madoff case. These complaints allege, amongst other things, that BA breached provisions of the Austrian Investment Fund Act as prospectus controller of the Primeo fund and certain tax issues. On the tax issues the tax authorities confirmed in a final report in April 2015 that all taxes had been correctly paid. The criminal proceedings are still at the pre-trial stage. In August 2015, the Public Prosecutor sent a questionnaire asking for a certain documents. The requested documents have been submitted. In addition to this, the Public Prosecutor sent a questionnaire in June 2016, asking for further documents to be submitted by end of July.

UCB AG issued several tranches of notes whose potential return was to be calculated by reference to the performance of a synthetic hypothetical investment in the Primeo fund. The nominal value of the notes issued by UCB AG is around € 27 million. Three legal proceedings have been commenced in Germany in connection with the issuance of said Primeo-linked notes, which named UCB AG as a defendant. In the first case, the court of appeal has dismissed the lawsuit and the German Federal Court of Justice has not allowed a further appeal. The second case has been abandoned by the plaintiff. The last case has been decided in favour of UCB AG at first instance and has been decided in favour of UCB AG but partially in favour of the plaintiffs by the court of appeal and the German Federal Court of Justice has not allowed a further appeal.

Subpoenas and Investigations

UniCredit S.p.A. and several of its subsidiaries received subpoenas, orders and requests to produce information and documents from the United States Securities Exchange Commission, the U.S. Department of Justice and the SIPA Trustee in the United States, the Austrian Financial Market Authority, the Irish Supervisory Authority for financial markets and BaFin in Germany related to their respective investigations into Madoff's fraud. These subpoenas, orders and requests have been satisfied.

Similar such subpoenas, orders and requests may be received in the future by UniCredit S.p.A. its affiliates, and some of their employees or former employees, in the foregoing countries or in countries where proceedings related to Madoff investments are, or may in the future be, pending.

Certain Potential Consequences

In addition to the foregoing proceedings and investigations stemming from the Madoff case against UniCredit S.p.A., its subsidiaries and some of their respective employees and former employees, additional Madoff-related proceedings and/or investigations may be filed in the future in said countries or in other countries. Such potential future proceedings and/or investigations could be filed against UniCredit S.p.A, its subsidiaries, their respective employees and former employees or entities with which UniCredit S.p.A. is affiliated. The pending or future proceedings and/or investigations may have negative consequences for the UniCredit S.p.A. group of companies.

UniCredit S.p.A. and its subsidiaries intend to defend themselves vigorously against the Madoff-related claims and charges.

Save as described above, for the time being it is not possible to estimate reliably the timing and results of the various proceedings, nor determine the level of responsibility, if any responsibility exists. Presently, and save as described above, in compliance with international accounting standards, no provisions have been made for specific risks associated with Madoff disputes.

Alpine Holding GmbH

Alpine Holding GmbH (a limited liability company) undertook a bond offering in every year from 2010 to 2012. In 2010 and 2011, UniCredit Bank Austria AG 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 UniCredit Bank Austria AG is concerned, bondholders based their claims primarily on prospectus liability of the Joint Lead Managers; only in a minority of cases did they also claim misselling due to bad investment advice by the banks which sold the bonds to their customers. At this time, UniCredit Bank Austria AG, among other banks, has been named as defendant in civil proceedings initiated by investors including three class actions filed by the Federal Chamber of Labour (with the claimed amount totalling about € 20,5 million). The principal claim is prospectus liability. These civil proceedings are mainly pending in the first instance. No final decisions have been issued so far against UniCredit Bank Austria AG. In addition to the foregoing proceedings against UniCredit Bank Austria AG 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 UniCredit Bank Austria AG. UniCredit Bank Austria AG intends to defend itself vigorously against these claims. At this stage, it is not possible to estimate reliably the timing and results of the various actions, nor determine the level of liability, if any.

Proceedings arising out of the purchase of UCB AG by UniCredit SpA and the related group reorganization

Proceedings in Germany challenging the validity of UCB AG shareholder resolutions

By resolutions adopted at UCB AG's Extraordinary Shareholders' Meeting of October 25, 2006 (the "2006 EGM"), various sale and purchase agreements were approved (the "2006 Resolutions"). In 2008, these resolutions were confirmed by a UCB AG Shareholders' Meeting (the "2008 Resolutions").

The validity of the 2006 Resolutions, as well as of the 2008 Resolutions, was challenged by several of UCB AG's former minority shareholders in two sets of proceedings in the German courts against UCB AG which are now definitively closed.

Squeeze-out of UCB AG minority shareholders (Appraisal Proceedings)

Approximately 300 former minority shareholders of UCB AG filed a request to have a review of the price paid to them when they were squeezed out (Appraisal Proceedings). The dispute mainly concerns the valuation of UCB AG.

The first hearing took place on April 15, 2010. The proceedings are still pending in Germany and are expected to last for a number of years.

Squeeze-out of Bank Austria's minority shareholders

Certain former minority shareholders in Bank Austria initiated proceedings before the Commercial Court of Vienna claiming that the squeeze-out price paid to them was inadequate, and asking the Court to review the adequacy of the amount paid (Appraisal Proceedings).

The Commercial Court of Vienna has 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 employed, continues to believe that the amount paid to the minority shareholders was adequate.

Should the parties fail to settle the matter, the Commercial Court will issue a decision (which is appealable), which could result in UniCredit S.p.A. having to pay additional cash compensation to the former shareholders.

Part E – Information on risks and related risk management policies

Financial Sanctions matters
In the past several years, violations of U.S. sanctions and certain US dollar payments practices have resulted in certain financial institutions entering into settlements and paying substantial fines and penalties to various U.S. 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"), depending on the individual circumstances of each case. Certain companies in the UniCredit Group are cooperating with various U.S. authorities and are updating other relevant non U.S. authorities as appropriate. More specifically, in March 2011 UCB AG received a subpoena from the NYDA relating to historic 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 US dollar payments practices and its historic compliance with applicable U.S. financial sanctions, in the course of which certain historic non-transparent practices have been identified. UniCredit Bank Austria AG has independently initiated a voluntary investigation of its historic compliance with applicable U.S. financial sanctions and similarly has identified certain historic non-transparent practices, UniCredit SpA is also in the process of conducting a voluntary review of its historic compliance with applicable U.S. financial sanctions. Each Bank is cooperating with various U.S. authorities and remediation activities are ongoing . It is possible that investigations into historic compliance practices may be extended to one or more of the other companies within the UniCredit Group. The scope, duration and outcome of each review or investigation will depend on facts specific to the individual case. Although we cannot at this time determine the form, extent or the timing of any resolution with any relevant authorities, the investigation costs, remediation required and/or payment or other legal liability incurred could lead to cash outflows and could potentially have a material adverse effect on the net assets and net results of UniCredit SpA (on a stand-alone and consolidated basis) and one or more individual Group entities in any particular period.

Proceedings related to claims for Withholding Tax Credits
In July 31, 2014, the Supervisory Board of UCB AG concluded its internal investigation into the so-called “cum-ex” transactions (the trading of equities around dividend dates and claims for withholding tax credits) at UCBAG. The findings of the Supervisory Board’s investigation indicated that the Bank sustained losses due to certain past acts/omissions of individuals, and such Board has taken appropriate action. UniCredit S.p.A., UCB AG’s parent company, supports the decisions taken by the Supervisory Board. UCB AG has also taken action to defend its interests. In addition, UCB AG has been cooperating with prosecutors in Frankfurt, Cologne and Munich who have been investigating 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 UCBAG and its former employees were closed in November 2015 by the payment by UCBAG of a fine of € 9.8 million. The investigations by the Frankfurt prosecutor against UCBAG under section 30 of the Administrative Offences Act (the “Ordnungswidrigkeitengesetz”) were closed by the payment of a fine of € 5 million. The investigation by the Munich prosecutor is ongoing, and UCBAG will continue to cooperate with the prosecutor. In relation to these matters, UCB AG could be subject to tax and interest claims, as well as further substantial penalties, administrative fines and profit or revenue claw backs. UCB AG is in communication with its relevant regulators regarding these matters.

Compound interest
In the first half of 2016, compared to 2015, the number of claims for refunds/compensation for compound interest decreased slightly. Specific appropriate provisions have been made for the risks associated with these claims.

Certain legal developments in CEE arising out of disputes relating to foreign currency loans
In Central and Eastern Europe, in the last decade, a significant number of customers 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 the loan was taken out, and floating rates retrospectively changed to fixed rates. In addition, politicians in a number of countries are proposing or have implemented legislation that impacts FX loans. These developments have resulted in litigation against subsidiaries of UniCredit in a number of countries including Croatia, Hungary, Poland, Romania, Slovenia and Serbia. More specifically, in Croatia, Zagrebačka banka ("Zaba") successfully defended a challenge brought by a consumer association against the validity of FX loans, with the Supreme Court finding in April 2015 that FX loans, and the related currency clause were lawful. As the Court held that the variable interest rate clause was however in principle unfair, this has resulted in individual customers bringing lawsuits to challenge the validity of the interest charged. Following the implementation of a new law in Croatia in September 2015 which purported to rewrite the terms of FX loan contracts, a number of these lawsuits were withdrawn as customers took advantage of the benefits of the new law. Zaba is of the view that the law is unlawful and has challenged it before the Croatian Constitutional Court. The outcome of that challenge is awaited. In the interim, it has complied with the provisions of the new law and adjusted accordingly all the respective contracts where the customers requested so. More specifically in Hungary, there was comprehensive legislation in 2014 requiring the compulsory conversion of foreign currency based retail home loans into forint based ones, as well as on the compensation banks had to pay to clients, with which the bank has complied. Some legacy litigation remains pending. At this time, it is not possible to reliably assess the ultimate impact of these developments, the timing of any final court decisions, how successful any litigation may ultimately be or what financial impact it or any associated legislative or regulatory initiatives, might ultimately have on the individual subsidiaries or the consolidated UniCredit Group.

Derivatives Litigation

In the years preceding the 2007 financial crisis, financial institutions, including the companies of the UC group, entered into numerous derivatives contracts both with institutional and non-institutional investors. In Germany and Italy such derivative contracts have been challenged most notably by non-institutional investors where those contracts are out of the money. This affected the financial sector generally and is not specific to UniCredit and its group companies. It is impossible to assess the full impact of such legal challenges on the Group.

Medienfonds/closed end funds

Various UCB AG customers bought shares in a fund known as VIP Medienfonds 4 Gmbh & Co. KG ("Medienfonds").
UCB AG did not sell shares in the fund, but granted loans to all private investors for a part of the amount invested in the fund; moreover, to collateralize the fund, UCB AG assumed specific payment obligations of certain film distributors with respect to the fund.
When certain expected tax benefits associated with this type of investment were revoked, many investors brought various kinds of legal proceedings against UCB AG and others. The investors argue that UCB AG did not disclose to them the risk of the tax treatment being revoked and assert UCB AG, together with other parties, including the promoter of the fund, is responsible for the alleged errors in the prospectus used to market the fund. Additionally some plaintiffs invoke rights under German consumer protection laws.
The courts of first and second instance passed various sentences, of which several were unfavourable for UCB AG.
On December 30, 2011 The District Higher Court of Munich decided the issue relating to prospectus liability through a specific procedure pursuant to the Capital Markets Test Case Act (Kapitalanleger-Musterverfahrensgesetz). The Court stated that the prospectus was incorrect concerning the description of tax risks, loss risk and the fund´s forecast; the Court further held UCB AG liable along with the promoter of Medienfonds for such errors. UCB AG filed an appeal to the Federal Court. The Federal Court has now heard the appeal and remanded the matter back to the Higher Regional Court for consideration. A decision with respect to the question of UCB AG's liability for the prospectus in this proceeding will affect only the few remaining pending cases since with the vast majority of the investors a general settlement has already been closed.
In a fiscal proceeding that the fund brought concerning the tax declaration of the fund for the fiscal year 2004, no final decision has been issued as to whether the tax benefits were rightfully revoked in the first place.
In addition to the above matter, UCB AG is defending lawsuits concerning other closed-end funds. The economic background of these lawsuits is often but not always linked to a modified view of the tax authorities with regard to tax benefits originally envisaged. Plaintiffs claim from UCB AG repayment of their capital investment in exchange for the respective shares in the fund.
With regard to a mutual fund investing in heating plants, a test case proceeding has been filed against UCB AG pursuant to the Kapitalanleger-Musterverfahrensgesetz (the "Capital Markets Test Case Act"). The Munich Higher Regional Court (Oberlandesgericht) has ordered that several court expert opinions be obtained in order to assess the question of an alleged prospectus liability.
UCB AG has made provisions which are, at present, deemed appropriate.

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). The purpose of VF was to invest in the equity tranche of various collateralized debt obligations (CDOs) managed primarily by VCA. The equity investments in VF, including those made by the ERB and SIC, became worthless. VF was later liquidated.
Beginning in 2009, several lawsuits were threatened or filed (some of which were later dismissed) on behalf of the state of New Mexico, including by private parties who claimed a right to sue in a representative capacity. The suits relate to losses suffered by the ERB and/or SIC on their VF investments, with additional claims threatened in relation to further losses suffered by SIC on its earlier investments in other VCA-managed CDOs. The lawsuits allege fraud and kickback practices. Damages claimed in the filed lawsuits are computed based on multiples of the original investment, up to a total of $ 365 million. In 2012, VCA reached an agreement with the ERB, SIC and State of New Mexico to settle all claims brought or threatened by or on behalf of the state of New Mexico or any of its agencies or funds. The settlement is contingent on the court's approval, but that process was temporarily delayed, and the original litigation was stayed, pending the determination by the New Mexico Supreme Court of a legal question 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 question 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 hearings on the matter in April 2016 and a decision is expected in the late 2016.

Other litigation

In November 2011, Bruce Malott, the former chairman of the ERB, brought suit in New Mexico state court against persons allegedly involved with "pay to play" or kickback practices at the ERB, alleging damages to his reputation in earning capacity as a result of his association with the challenged practices. Among the defendants were VCA, VF, PIM US and two former officers of VCA. No damages amount is specified, but Malott sought treble damages and punitive damages (as applicable) in addition to any actual damages he might prove. In June 2013, Malott's claims were dismissed but with leave to replead; his further amended complaints were dismissed in August 2013 and May 2014. In February 2016 Mallot dropped his plan to appeal those rulings and the matter is now concluded.

Part E – Information on risks and related risk management policies

Until April 2008, Standard Life Insurance Company of Indiana (SLICOI) was one of the asset management clients of VCA. A different manager then took over. In December 2008, SLICOI failed and was placed into rehabilitation proceedings by the Indiana State Insurance Commissioner (ISIC). In 2010, ISIC filed a lawsuit in Indiana state court in the USA against the successor manager of SLICOI's portfolio, the directors of SLICOI's former parent company, and VCA, alleging against VCA and the successor manager claims for breach of contract, breach of fiduciary duty and violations of the Indiana state Securities Act. Against the directors, ISIC alleged breach of fiduciary duty. The case is still at first instance. Although the alleged damage has not been quantified in the complaint, at year end 2015, ISIC quantified the claimed damage as between $ 98-348 million. The defendants deny all the claims.

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 S.p.A.) alleging violations of law and regulation in relation to certain rate and currency derivative transactions created between January 2000 and May 2005 first by Credito Italiano S.p.A. and subsequently by UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.).
The petition requests that the contracts be declared non-existent, or failing that, null and void or to be cancelled or terminated and that UniCredit Banca d'Impresa S.p.A. (then UniCredit Corporate Banking S.p.A. and now UniCredit S.p.A.) pay the claimant a total of € 276.6 million as well as legal fees and interest. It also seeks the nullification of a settlement the parties reached in 2005 under which Divania S.r.l had agreed to waive any claims in respect of the transactions.
UniCredit S.p.A. rejects Divania S.r.l.'s demands. Without prejudice to its rejection of liability, it maintains that the amount claimed has been calculated by aggregating all the debits made (for an amount much larger than the actual amount), without taking into account the credits received that significantly reduce the claimant's demands.
In 2010 the report of the Court named expert witness submitted a report which broadly confirms UniCredit's position stating that there was a loss on derivatives amounting to about € 6,400,000 (which would increase to about € 10,884,000 should the out-of-court settlement, challenged by the claimant, be judged unlawful and thus null and void). The expert opinion states that interest should be added in an amount between € 4,137,000 (contractual rate) and € 868,000 (legal rate). On September 29, 2014 the judges reserved their decision. A new Expert's 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.
Another two lawsuits have also been filed by Divania, one for € 68.9 million (which was subsequently increased up to € 80,5 million ex art 183 c.p.c.) and the second for € 1.6 million. As for the first one the Court in May 2016 ordered UniCredit S.p.A. to pay approximately € 12,6 million plus costs. UniCredit appealed against the decision. In respect of the second case, on 26 November 2015, the Court of Bari rejected the original claim of Divania.
UniCredit S.p.A. has made a provision for an amount consistent with 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 Rhodia S.A. share price between 2002 and 2003, allegedly caused by earlier fraudulent actions by members of the company's board of directors and others.
BA (as successor to Creditanstalt) was joined as the fourteenth defendant in 2007 on the basis that Creditanstalt 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 BA, 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 BA.
In BA's opinion, the claim is groundless and no provisions have been made.

Brontos – criminal proceeding
On 26 March 2015, the Judge of the preliminary hearing of the Court of Rome ruled that there was no case to answer in respect of any of the defendants, including all current and former employees and representatives of UniCredit. On 27 July 2015 the public prosecutor filed an appeal before the Court of Cassation. On 11 March 2016 the Court rejected the appeal.

I Viaggi del Ventaglio Group (IVV)
In 2011 a lawsuit was filed with the Court of Milan against UniCredit S.p.A. by I Viaggi del Ventaglio de Mexico SA, SA Tonle and the bankruptcy trustee of I Viaggi del Ventaglio International SA ("IVVISA") for approximately € 68 million. In 2014 two further lawsuits were filed with the Court of Milan by the bankruptcy trustee of IVV Holding srl and by the bankruptcy trustee of I Viaggi del Ventaglio S.p.A. 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 SpA's view is that the claims appear to be groundless.
UniCredit won in first instance the first lawsuit.

Lawsuit brought by “Paolo Bolici”
In May 2014, the company wholly owned by Paolo Bolici sued UniCredit SpA in the Court of Rome seeking the return of € 12 million for compound interest (including alleged usury component) and € 400 million for damages. Conclusions are being heard.
The company then went bankrupt. UniCredit SpA’s initial view is that no provisions are to be made.

Mazza Group
The lawsuit comes from a criminal proceedings before the Court of Rome for illicit lending transactions of disloyal employees in favor of certain clients for € 84 million.
The unexpected acquittal of May 2013 (no case to answer) was appealed by the Prosecutor and by the Bank.
Currently two damage claims are pending: the first filed in June 2014 by Notary Mazza for approximately € 15 million, the second filed in March 2016 by Como Srl and Camillo Colella for approximately € 379 million. These lawsuits appear to be, at this stage, groundless.
UniCredit S.p.A. has made provisions for an amount consistent with the risk arising from the illicit lending transactions.

Gruppo Di Mario
There are nine lawsuits currently pending: one claw back action and eight damage claims for, in total, € 157 million (the latest claim for approximately € 78 million was filed in April 2016) which allege that UniCredit S.p.A. (together with other Banks) facilitated debt restructuring agreements aimed to sterilize the risk of possible claw back actions and to obtain privileges.
The damage claims appear to be, at present, groundless.
UniCredit S.p.A. has made a provision for an amount consistent with the risk of claw back action.

Disposal by Nuova Compagnia di Partecipazioni S.p.A. (“NCP”) of the business “oil”
With reference to the disposal by Nuova Compagnia di Partecipazioni S.p.A. (“NCP”) of the business “oil” closed on November 28, 2014, the buyer Ludoil Energy S.r.l. (“Ludoil”) had raised some claims about:
- the amount of working capital as of the date of disposal, requiring to integrate it;
- alleged environmental issues related to the plants of the entities disposed, considering insufficient the related provisions recognized before the disposal and objecting the legal effectiveness of the agreements.

With reference to such claims, NCP had been confirmed by the same legal advisor that had assisted the disposal transaction that there are not, to date, elements that make the potential liability probable or possible.
In addition, during 2015, in agreement with its legal advisor, NCP has appointed a group of expert on environmental matters and an independent accountant, in order to express an advice on the appropriateness of the financial statements of the related provisions, including their quantification. Both advices have confirmed that the requests are unfounded. Finally, Ludoil has sent a letter dated February 1, 2016 asking for the cancellation of the original disposal contract. On this last request, the legal advisor of NCP has released an advice confirming that it is reasonable to consider unfounded the requests of cancellation of the disposal contract.
In this context, in March 2016, SO.DE.CO Srl, currently controlled by Ludoil filed a damage claim for approximately € 94 million against its former directors, NCP, UniCredit S.p.A. and others. The former directors for having allegedly breached their duties in the preparation and revision of the annual accounts between 2010 and 2013, NCP and UniCredit S.p.A, as controlling entity and managing and coordinating entity respectively, for having allegedly breached the principles of sound corporate management.

C. Risks arising from employment law cases
UniCredit is involved in employment law disputes. In general, all employment law disputes are supported by provisions made to meet any disbursements incurred and in any case 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 S.p.A. 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 Euro 384 million. No provisions were made as these actions are considered to be unfounded.

Part E – Information on risks and related risk management policies

D. Risks arising from tax disputes

In the previous financial statements, information was given on the service of a tax assessment notice relative to tax year 2009, relating to the alleged non-payment of withholding taxes on interest paid in relation to debt instruments issued to strengthen capital, with total taxes and ancillary charges of approximately €40 million, and on the service of a tax audit report relating to the same issue also for 2010, for an additional estimated amount of €40 million. The dispute relating to 2009 was settled on May 18, 2015, by paying only the claimed taxes and interest, for a total amount of €17.7 million, without applying the penalties as the Italian Revenue Agency expressly recognized the company's actions in good faith. Also for 2010 the litigation has been settled, according to the same criteria used for 2009, by paying €17.8 million.
With reference to the fiscal years 2011-2014, on April 6, 2016, the Tax Authorities have served an audit report requesting the payment of allegedly omitted withholding tax for a total amount of €11.9 million. The company filed a settlement proposal for the fiscal year 2011 and a provision equal to the higher tax claimed has been booked (€11.9 million).

New pending cases

In the first half of 2016 UniCredit S.p.A. was served several notices of assessment totaling over €13 million. The matters of particular significance include those served with regard to:

- 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", totaling €6.3 million. The company has promptly submitted appeal also against the last notice of assessment. Therefore, the total amount of all the notices of assessment notified with respect to the aforementioned issue which, as of December 31, 2015, amounted to €23.3 million, as of June 30, 2016, amounts to €29.6 million. At the end of the first instance trials the total amount canceled, though not definitively, is equal to €15 million. For all the notices of assessment served the litigation is pending;
- registration tax, plus interest and penalties, for a total amount of €7 million, requested after the first degree decisions referred to in the previous paragraph. A claim has been filed with the Tax Court.

On July 21, 2016, a tax audit report has been notified to the company UniCredit Business Integrated Solutions S.C.p.A. with reference to the years 2011 and 2012. The document is being analyzed in order to estimate reliably the higher taxes.
Having assessed tax risks in relation to the nature of the disputes arising in the first half of 2016, the company, as referred above, has booked an additional provision of €11.9 million, for risks arising only by the audit report regarding alleged non-payment of withholding taxes for the years 2011-2014. Moreover, with reference to the ongoing tax litigations (arising from notices notified in previous years), considering the jurisprudence of the first half of 2016, the company booked new provisions for a total amount of €12.7 million.

Updates on pending proceedings and tax audits

In the previous year's financial statements, notices of assessment were reported mainly referred to 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 June 30, 2016, the total amount of the notices canceled is equal to €15 million.
Moreover, in the first half of 2016 many litigations have been settled out of Court. In particular:

- the litigation regarding Pioneer Investment Management SGR S.p.A. (and UniCredit S.p.A. as the consolidating entity) for 2010 has been settled out of Court, without applications of administrative penalties since the Tax Authorities have recognized the correct application of the transfer pricing documentation regime, by means of the payment of €6.1 million (of which €5.2 million for taxes and €0.9 million for interest), in comparison to higher sums assessed totaling €14.3 million. With respect to challenges related to 2008, 2009, 2011 and 2012 , the negotiations ended on July 28, 2016, by means of an out of Court settlement; the outcome, substantially favourable, is in line with the criteria adopted for previous fiscal years settlements (2006, 2007, 2010);
- all the litigations regarding the alleged non-deductibility of goodwill amortization arising from group reorganizations carried out in 2001, regarding the company UniCredit Xelion Banca S.p.A. and, subsequently, UniCredit S.p.A. and FinecoBank S.p.A., have been settled. The aforementioned litigations refer to the fiscal years from 2004 to 2011. The settlement caused a total cost of €2.3 million, referred only to higher IRES tax, plus interest. Also in this case the Tax Authorities did not apply any administrative penalties having expressly recognized the company's actions in good faith and, in addition, have canceled all the challenges relating to IRAP tax;
- litigations started by Finecobank S.p.A. (and referred also to UniCredit S.p.A. as the consolidating entity) regarding certain allegedly non-deductible expenses suffered in connection to the its financial promoters for the years 2009, 2010 e 2011, have been settled. In comparison to a request of €2 million (referred only to higher IRES tax), the company settled the litigations by paying a total amount of €0.6 million (referred to higher tax, interest and penalties e interest);
- the litigation regarding UniCredit Factoring S.p.A. (and UniCredit S.p.A. as the consolidating entity) for IRES 2010 has been settled out of Court for a total amount of €3.9 million in comparison to a request of €6.3 million;
- the notice of assessment served to UniCredit S.p.A. and to UniCredit Business Integrated Solutions S.C.p.A. for the purposes of registration tax, with reference to the sale of a business unit, has been settled by means of the payment of €0.4 million in comparison to a request of €0.8 million.

Finally, UniCredit Bank A.G. – Milan Branch has settled the litigation regarding IRES 2007, arising from challenges relating to its endowment capital and to foreign tax credits, by means of the payment of €2.1 million, in comparison to a request of €23.6 million.

As of December 31, 2015 the total amount of provisions for tax risks amounted to €84 million. As explained above, during 2016 new provisions have been booked for a total amount of €24.6 million. Therefore, as of June 30, 2016, the provisions booked by UniCredit S.p.A. amount to €108 million.

Tax proceedings in Germany
See paragraph "Legal Risks".

E. Carlo Tassara S.p.A. restructuring process

On December 23, 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 December 31, 2016;
2) the appointment of the 9 members composing the Board of Directors, with 6 independent members in accordance with the new corporate governance;
3) the conversion of the creditor banks' exposures into Strumenti Finanziari Partecipativi ("SFP") for a total amount of €650 million. The SFP, which can be traded once the restructuring agreement expires, have no maturity date and have a priority over any classes of shares with respect to distribution of net income and reserves, as well as in case of liquidation of Carlo Tassara. The criteria to split the SFP among the banks was calculated taking into account the amount and the distribution of the unsecured debt and, for the difference, the uncovered portion of the secured debt. The value of the listed securities was determined on the basis of the 6-month average share price before the closing of the restructuring agreement;
4) the commitment of the creditor banks to subscribing additional SFP on a pro-rata basis if in the course of the plan material losses occur pursuant to article 2447 of the Italian Civil Code;
5) the commitment of the creditor banks to converting into SFP the residual credits that should remain in place after the disposal of all the available-for-sale assets of Carlo Tassara;
6) the business continuity of Carlo Tassara will be ensured by enterprises with historical links with the Valcamonica area.

The existing collateral (pledge on Intesa Sanpaolo, Eramet and Cattolica Assicurazioni shares) remained in place after the signing of the above-mentioned agreements. On December 27, 2013, following the fulfillment of the conditions precedent to the effectiveness of the third amendment agreement, the banks subscribed the SFP worth €650 million.
UniCredit subscribed 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 December 23, 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 December 27, 2013, by €63 million.
On December 23, 2013, in compliance with the governance provisions, the members of Carlo Tassara S.p.A.'s new Board of Directors were appointed.

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.

Based on the third amendment agreement on the moratorium on debt payments, in the first quarter of 2016 the third adjustment of SFP was concluded, following which UniCredit S.p.A. reached overall 31,996,223, each with a face value of 1.00.

UniCredit S.p.A. credit exposure at June 30, 2016 amounted approximately to €68 million, which was a significant reduction compared to the €91 million at the end of 2015, against which impairment losses amounting to €28 million were recognized (€13 million as at December 31, 2015).

Part E – Information on risks and related risk management policies

F. FITD – Voluntary Scheme

UniCredit S.p.A. and FinecoBank S.p.A. have subscribed the Voluntary Scheme, introduced in November 2015 for an initial amount of €300 million (aggregated available resources of the scheme), pursuant to an amendment to the Articles of Association of Fondo Interbancario Tutela dei Depositi ("FITD"). The Voluntary Scheme is a tool for the solution of bank crises through interventions providing support to the banks that participate to it, when the relevant conditions set down in the regulation apply. The Voluntary Scheme has an independent funding and the banks that participate to it are committed to provide the relevant resources upon demand, when resources are needed to fund interventions.

The Voluntary Scheme in the capacity of private entity, carried out an intervention in April 2016 for a total of €272 million (UniCredit group share €49 million) in order to restructure the transaction carried out in July 2014 that provided support to Banca Tercas. In particular, the European Commission concluded that such aid, previously granted by the FITD in its capacity as a mandatory Italian deposit guarantee scheme, constituted incompatible state aid; as such Banca Tercas proceeded to repay the contribution it received to the FITD. Such amounts were credited to the banks participating to the FITD as repayment for the transaction carried out in 2014, and simultaneously debited to the banks participating to the Voluntary Scheme. This transaction was substantially neutral on the six-monthly income statement.

The aggregated value of the resources available to the Voluntary Scheme has been subsequently increased to €700 million (UniCredit group share approx. €125 million).

In June 2016 the Voluntary Scheme has resolved to intervene in support of Cassa di Risparmio di Cesena, in relation to a capital increase resolved on June 8, 2016 for a total of €280 million (UniCredit group share €50 million). On June 30, 2016, the commitment of the participating banks to provide resources has not been executed and it did not trigger economic nor financial impacts, being the execution of the capital increase subject to certain conditions which had not yet been met on that date.

G. 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 services and anti- usury. Compliance as control function develops rules, check processes and procedures and monitor complaints trends.

Considering the regulatory complexity and interpretations not always homogeneous, a provision for risk has been recognized to cope with possible costs also whereas the complaints increase in the litigiousness.

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 the light of such complexity, the contracts with clients are subject to monitoring and, in order to face potential payments due to the clients, a provision for risks has been recognized according to the likelihood of disbursement.

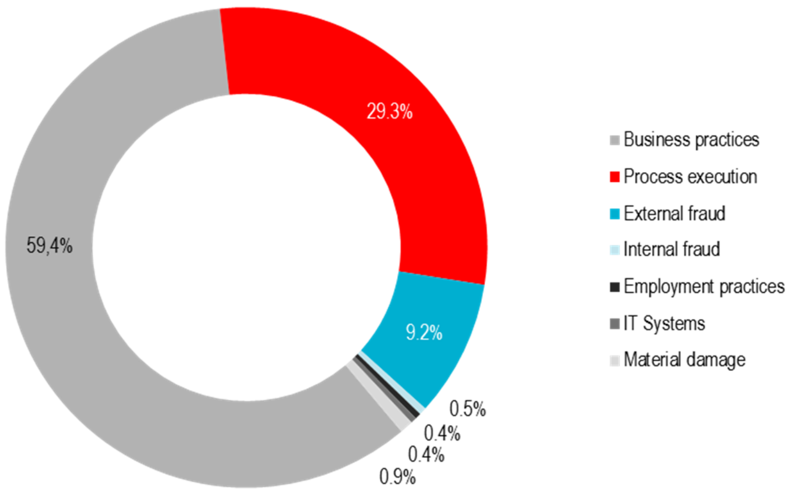
Quantitative information

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 New Regulations for the Prudential Supervision of Banks issued by Banca 'Italia in December 2006 (Circular No. 263) and in successive updates.

The major categories are as follows:

- internal fraud: losses owing to unauthorized activity, fraud, embezzlement or violation of laws, regulations or business directives that involve at least one internal member of the bank;
- external fraud: losses owing to fraud, embezzlement or violation of laws by subjects external to the bank;
- employment practices and workplace safety: losses arising from actions in breach of employment, health and workplace safety laws or agreements, from personal injury compensation payments or from cases of discrimination or failure to apply equal treatment;
- clients, products and 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 1H2016 divided by risk category



In the 1H 2016, 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, damage to physical assets from external events, and internal fraud. The residual risk categories were employment practices and IT systems related problems.

Part E – Information on risks and related risk management 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;
- financial investment risk;
- strategic risk;
- reputational risk.

For further details on the risks above mentioned (Risk measurement methods), please refer to the "Consolidated First Half Financial Report as at December 31, 2015", Notes to the Consolidated Accounts, Part E, Section 5 "Other Risks".

Developments of the periods

With respect to December 31st 2015, regarding business risk measurement, it is to be noticed that the resulting economic capital absorbs mainly the risks due to missing budgeted NII and Costs targets. This method differs from the previous one that was assuming a normal distribution of the risk drivers.

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 to manage and mitigate risks.

Over 2016 first half year, the Group paid particular attention to following kind of risks :
1. **Geopolitical Risks** existing in the areas where UniCredit operates, especially in **Turkey** and **Russia**
2. **Economic Consequences coming from "Brexit" event**
3. Risks stemming from **current Macroeconomic and Regulatory environments** and in particular:
   a. Worldwide economic slowdown
   b. The rebalancing of Chinese economy
   c. Regulatory developments affecting Group profitability
   d. CHF Mortgages Bill in Poland

1) Geopolitical Risks

In **Turkey**, notwithstanding positive developments for the Turkish economy over the last months (growth at 4% GDP last year, inflation under control and lower oil price) the failed coup occurred on July 15th 2016 is not good news for market as It was the tenuous political calm coupled with a favorable global environment which provided the recent boost to Turkish economy. With the stability now gone balances under threat and confidence shaken, markets will remain materially weaker for the foreseeable future. With drastically deteriorating economic prospects, more security concerns and a renewed political uncertainty, growth will almost certainly slow in the third quarter of 2016.
UniCredit will watch developments in coming months before considering specific actions to prevent possible instability in own Turkish Legal entity; so far Yepi Kredi shows a solid Capital position and a resilience Asset Quality. In the next months the Group expect slightly worsening in the inflow to impaired driven by deterioration about economic situation in the country
In **Russia**, the near-term outlook has improved thanks to the rebound in oil prices and improving local confidence. The recession seems to be bottoming out as the pace of contraction in domestic demand moderated: in the light of these considerations UniCredit expects economic growth to resume in second half 2016, prompting us to revise our Russian GDP full-year projection to -1.8%.
At this stage, business climate improvements are key as they alone can boost business confidence and investment, without which growth will languish. For this scope a special working group at the Presidential Economic Council is entrusted with the task to come up with measures needed to boost a robust GDP growth.
The Russian banking sector was already under strain due to weak growth and structural factors before the onset of the current economic turbulence in late 2014 and these conditions manifested quite strongly during the current crisis. The Russian banking authorities were able to stabilize the sector through a very decisive response which involved providing emergency liquidity, injecting capital, and some temporary regulatory forbearance.The Russian UniCredit branch at end of June has an impaired ratio below 10% coupled with a sound coverage ratio greater than 50% with sound liquidity and robust capital.

2) Economic Consequences coming from "Brexit" event

UK has voted to leave the EU on June 23rd 2016. The vote is not binding, but the UK parliament is going to follow the democratic will of the British people.
Quitting the EU is not an automatic process - it has to be negotiated with the remaining 27 members and ultimately approved by them by qualified majority. These negotiations are meant to be completed within two years, although many believe it will take even longer.

As a reaction to the UK vote, markets experienced significant weakness, mainly hitting equities and GBP. In addition, the Brexit outcome triggered a downgrade of the UK sovereign rating by S&P to AA and negative outlook from Moody's and Fitch on June 27th.
The main consequences will be in the Great Britain where the 2017 GDP is expected to be around zero (from 2.1%), coupled with a drop in the value of sterling pushing up UK inflation.
The position of UniCredit Group so far remained solid both under credit risk profile and under capital position.

3) Current Macroeconomic and Regulatory environments

The key sources of uncertainty, both in terms of macroeconomic scenario and regulatory developments impacting the financial industry, pertain the following aspects:

a. Worldwide economic trend

Global recovery continues, but at an ever slowing and increasingly fragile pace (in Italy weaker than expected); the 2016 first half have seen a renewed episode of global asset market volatility, some loss of growth momentum in the advanced economies, and continuing headwinds for emerging market economies and lower-income countries. In addition, several stresses of noneconomic origin threaten economic activity.

Global financial conditions are assumed to remain broadly accommodative, but with some sectors—notably commodities and related industries and oil- exporting countries—facing tighter conditions, considering that also the shocks of a noneconomic origin—related to geopolitical conflicts, political discord, terrorism, refugee flows, can affect the already weak recovery growth

b. The rebalancing of Chinese economy

The current slowdown in China's growth has been driven mainly by investment and exports and given the China's important role in global trade, this situation could have substantial spillover effects, especially on emerging market and developing economies: China is one of the main (top 10) trading partners of more than 100 economies that account for about 80 percent of world GDP and it is a major importer across a range of commodities, especially metals. The Chinese slowdown is a further factor in the uncertainty about global growth prospects

c. Regulatory development

A regulatory more demanding environment for financial industry has been shaped in the last few years as well as a greater supervisory focus on risk management.

Regulatory changes could affect the profitability and Capital adequacy of both the Group as a whole and of some or all of its subsidiaries. The most important expected changes are:

- IFRS9 framework: following the evolution of the regulatory framework, strengthening capital requirements(Basel III), the provision policies are moving towards a new impairment model based on the Expected Loss (EL) instead of the Incurred Loss. This new framework could lead to greater provisions caused by more sophisticated methodologies which will considering "forward looking" information", as well as macroeconomic factors.
- Consequences of sovereign risk removal limitations: there are ongoing discussions among the Regulators at both International and European level to address the preferential treatment of Sovereign exposure in the Banking Book, mainly focusing on removing zero risk weights and\or introducing concentration limits. These kind of changes could affect the Capital adequacy, increasing the Risk Weighted Assets.
- New Regulations could potentially affect the Group: there are, also, other regulations that could impact in the future the capital and profitability structure's Group. Beyond the introduction of G-SIFI Capital Buffer (introduction of the new mandatory requirements) there are rules still being defined at international level such as higher risk weights through harmonization and greater use of standard risk models; higher risk weights in the Trading Book; TLAC ie much higher level of equity or bail-in securities that will raise the cost of capital.

d. CHF Mortgages bill in Poland

Polish President may be ready with another version of CHF-bill in the next future and it allegedly is not going to be milder than initial version presented by the President in January 2016.

Pekao Bank has a portfolio of mortgage loans denominated in CHF equivalent of about 4.4 Bln in PLN taken over following the acquisition of BPH bank and the share of the total market is marginal and represents about 3%.

Pekao Bank shows a good quality of portfolio thanks both the most conservative parameters used for FX loans application and the positive macroeconomic environment in the country since 2006 (average wages increased by 60% and average price per square meter increased by 40%).

Part F – Consolidated Shareholders' Equity

Notes:
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.

Please note that the disclosures to be provided by the systemically important banks were published on the UniCredit group's website according to the deadline defined in the relevant regulations **(www.unicreditgroup.eu).**

Part F – Consolidated Shareholders' Equity

Section 1 – Consolidated Shareholders' Equity

A. Qualitative information

The UniCredit group has made a priority of capital management and allocation on the basis of the risk assumed in order to expand the Group's operations and create value. These activities are part of the Group planning and monitoring process and comprise:

- planning and budgeting processes:
  - proposals as to risk propensity and capitalization objectives;
  - analysis of risk associated with value drivers and allocation of capital to business areas and units;
  - assignment of risk-adjusted performance objectives;
  - analysis of the impact on the Group's value and the creation of value for shareholders;
  - preparation and proposal of the 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 individual companies.

The Group has set itself the goal of generating income in excess of that necessary to remunerate risk (cost of equity), and thus of creating value for its shareholders by allocating capital to the various business areas and business units on the basis of specific risk profiles. In support of planning and monitoring processes, the Group has adopted a methodology based on risk-adjusted performance measurement (Rapm) which provides a number of indicators that combine and summarize the operating, financial and risk variables to be considered.
Capital and its allocation are therefore extremely important in defining strategies, since on the one hand it represents the shareholders' investment in the Group which must be adequately remunerated, on the other hand it is a scarce resource on which there are external limitations imposed by regulatory provisions.

The definitions of capital used in the allocation process are as follows:

- Risk or employed capital: This is the equity component provided by shareholders (employed capital) for which a return that is greater than or equal to expectations (cost of equity) must be provided;
- 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) risks assumed to pursue the objective of creating value.

If capital at risk is measured using risk management methods, it is defined as economic capital, if it is measured using regulatory provisions, it is defined as regulatory capital.
Economic 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 exposure assumed, while the latter is based on schedules specified in regulatory provisions.
Economic capital is set at a level that will 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 that of major international banking groups and taking into account the impacts of the supervisory regulations in force or that will be adopted (CRR, Global Systemically Important Financial Institutions: G-SIFIs, etc.).

The purpose of the capital management function performed by the Capital Management unit of Planning and Capital Management is to define the target level of capitalization for the Group and its companies in line with supervisory regulations and the propensity for risk. UniCredit group has identified a Fully Loaded Common Equity Tier 1 Ratio Target equal to 11.50% as of 2018, as communicated in November 2015 within the Strategic Plan 2018. The Strategic Plan defines the referring macroeconomic scenario, the Group strategic guidelines and the main economic and financial targets as well as dividend payout assumptions coherent with the Common Equity Tier 1 Ratio Target.

The complete Strategic Plan presentation is available in the Group site (https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/group-results/2015/3Q15/UCI_strategic_plan.pdf).
Capital is managed dynamically: the Capital Management unit prepares the equity plan and monitors capital ratios for regulatory purposes. On the one hand, monitoring is carried out in relation to shareholders' equity, for both accounting and regulatory purposes (Common Equity Tier 1, Additional Tier 1 and Tier 2 Capital), and on the other hand, in relation to the planning and performance of riskweighted assets (RWAs).
The dynamic management approach is aimed at identifying the investment and capital-raising instruments (ordinary shares and other equity instruments) that are most suitable for achieving the Group's goals. If there is a capital shortfall, the gaps to be filled and capital generation measures are indicated, and their cost and efficiency are measured using Rapm. In this context, value analysis is enhanced by the joint role played by the Capital Management unit in the areas of regulatory, accounting, financial, taxrelated, risk management and other aspects and the changing regulations17 affecting these aspects so that an assessment and all necessary instructions can be given to other Group HQ areas or the companies asked to perform these tasks.

Section 2 – Own funds and banking regulatory ratios

2.1 Regulatory framework

Banca d'Italia Circular no. 285 of December 17, 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 more detail, 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 per cent, when they are owned by the banking group or 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 per cent subject to joint control) of at least 20 per cent 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 contained in Banca d'Italia Circular no. 115.

2.2 Banking Own funds

A. Qualitative information

Starting from January 1st, 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 firms (Capital Requirements Regulation – "CRR") and in the EU Directive 2013/36 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (Capital Requirements Directive 4 – "CRD 4"), 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 1Capital (AT1);
- Tier 2 Capital (T2);
- the sum of T1 and T2 generates the Total Own Funds (Total Capital).

Capital requirements and capital buffers

- The minimum capital requirements for the UniCredit Group as of June 30, 2016 are equal to the following capital ratios (which also includes the capital conservation buffer set at 2.5% to be fulfilled through CET1, required by Banca d'Italia starting January 1st, 2014):
  - CET1: 7%;
  - Tier 1 Capital: 8.5%;
  - Total Capital: 10.5%.
- Following the results of the Supervisory Review and Evaluation Process (SREP) performed by European Central Bank (ECB), UniCredit is required to meet on a consolidated basis a CET1 ratio transitional of 9.75% starting from January 1st, 2016.
- The G-SIB buffer required by the Financial Stability Board (FSB) to be applied on top of SREP ratio is equal to 0.25% on a phase-in basis from January 1st, 2016 and will be increased by 0.25% per annum thereafter until reaching 1% on fully loaded basis in 2019.
- The countercyclical capital buffer, to be considered in addition to the SREP requirement, applies starting from January 1st, 2016, according to the statement reported by the CRDIV Article 160 (paragraphs from 1 to 4); as required by Banca d'Italia, for the period from January 1st, 2016 until December 31st, 2016, institution-specific countercyclical capital buffer shall consist of Common Equity Tier 1 capital and shall be no more than 0.625 % of the total of the risk-weighted exposure amounts of the institution, in coherence with the transitional regime granted by Banca d'Italia. With reference to June 30, 2016:
  - countercyclical capital rates have generally been set at 0%, except for the following countries[12] : Sweden (1.50%), Norway (1.50%) and Hong Kong (0.625%);
  - at the consolidated level, the specific countercyclical rate of UniCredit amounts to 0.005%.
- On 22 January 2016, Banca d'Italia has identified UniCredit Group as an "Other Systemically Important Institution" (O-SII); Banca d'Italia has also decided to apply to the Group an additional capital buffer (O-SII buffer) equal to 0% for 2016.

[12] With reference to the exposures towards Italian counterparties as of June 30 2016, Banca d'Italia has set the rate equal to 0%.

Part F – Consolidated Shareholders' Equity

Transitional consolidated Own Funds

Regarding the amount of transitional adjustments as of June 30, 2016, it is worth mentioning that such amounts – compared to December 31, 2015 – also reflect the gradual reduction of the transitional adjustment requested for 2016, mainly:

- 40% for the items to be deducted from Common Equity Tier 1 (60% for 2015);
- 40% for unrealized gains on AFS securities other than those issued by EU countries' Central Administrations (60% for 2015);
- 60% for the amount of actuarial losses calculated according to CRR Article 473 (80% for 2015).

Profit of the period

The net profit of the first half of 2016, for €1,321 million, is fully recognized in Own Funds in line with the permission from the competent Authority according to CRR article 26(2). The net profit of the first half of 2016 is recognized without any foreseeable dividends deduction in line with the decision taken by the Board of Directors on August 3, 2016. The dividend policy for 2016 and for the subsequent years will be re-discussed while reviewing the strategic plan.

Stake in Banca d'Italia's capital

With reference to the regulatory treatment of UniCredit's stake in Banca d'Italia, it is worth mentioning that: (I) the carrying value as of June 30, 2016, equal to €1,341 million, is risk weighted at 100% (according to the CRR Article 133 "Equity exposure"); (II) the revaluation recognized on P&L as of December 31, 2013 is not filtered out.

Atlante Fund

The disclosure related to Atlante Fund is reported in “Available for sale financial assets” paragraph, Part B - Section 4.
The regulatory treatment of the quotes in the Atlante Fund held by UniCredit is based on the application of the look-through method to the underlying investments, in particular the stakes indirectly held in Banca Popolare di Vicenza and Veneto Banca are classified as non-significant holdings in financial sector entity, according to the provisions of EU Regulation 2015/923.

Unrealized gains and losses related to exposures towards Central Administrations classified as Available for Sale – AFS

With reference to the contents of Banca d’Italia Bollettino di Vigilanza n° 12 issued on December 2013 related to the transitional provisions on Own Funds for unrealized gain and losses associated to exposures towards Central Administrations classified in the IAS 39 category “Available For Sale – AFS”, UniCredit S.p.A. exercised the option contained in Banca d’Italia Circular 285 (“Disposizioni di vigilanza per le banche”, Part 2, Chapter 14, Section II, Paragraph 2) for the calculation of its Consolidated and Individual Own Funds for UniCredit S.p.A.

Accordingly, starting from March 31, 2014 reporting period and in coherence with previous periods, UniCredit S.p.A. (for those securities issued by EU Central Administration classified in the portfolio "Available for Sale – AFS”) excludes from Own Funds the unrealized gains and losses related to exposures towards EU Central Administration classified in the IAS 39 category "Available for Sale – AFS", taking into account the provisions contained in the CRR Article 467.

Financial conglomerate

Despite its classification as financial conglomerate especially active in the banking and financial sectors, pursuant to art. 4, paragraph 1, letter a, of Legislative Decree 142/2005 UniCredit is exempted from supplementary supervision .

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 related 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 recognized by CRR.
- Prudential filters of Common Equity Tier 1 Capital: (I) filter related to increase in its equity under the applicable accounting framework that results from securitized assets; (II) filter related to the fair value reserves related to 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 related to all fair value gains and losses arising from the institution's own credit risk related to derivative liabilities; (V) filter related 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) the exposure amount of the items which qualify for a risk weight of 1,250 %, where the institution deducts that exposure amount from the amount of Common Equity Tier 1 items as an alternative to applying a risk weight of 1,250 %; (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 June 30, 2016 Common Equity Tier 1 includes ordinary shares issued by UniCredit S.p.A, equal to €20,193 million.
The item includes neither the amount related to Cashes[13] (€609 million) reclassified within Additional Tier 1 Capital, nor Saving Shares and share premium referred to Saving Shares reclassified within Tier 2 Capital (€17 million).

13 The 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 December 15, 2050 and convertible, under certain conditions, into n° 96,756,406 ordinary shares of UniCredit S.p.A. (reduced from n° 967,564,061 after the reverse split occurred on December 23, 2011) underwritten by Mediobanca in the context of the capital increase approved by the UniCredit Extraordinary Shareholders' Meeting on November 14, 2008. Therefore, since such shares are legitimately issued, they are fully loss absorbing as any other ordinary share.

Part F – Consolidated Shareholders' Equity

2. Additional Tier 1 Capital – AT1

The main Additional Tier 1 Capital elements are the following: (I) capital instruments, where the conditions laid down in CRR Article 52(1) are met; (II) the share premium accounts related 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).

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	220	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	1250	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	1000	EUR	No maturity	09.10.2021	Fixed	6.75% p.a until 10/09/2021; therafter fixed every 5 years for 5-Year Mid-Swap Rate + 610bps	Non convertible	yes	Tier 2
yes	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	XS0372556299	141	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	440	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	17	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	19	300	USD	06.30.2031	06.30.2029	Fixed	8.741% p.a.	Non convertible	yes	Tier 2
yes	HVB FUNDING TRUST III	US404399AA50	18	200	USD	10.22.2031	10.22.2029	Fixed	9% payable semi-annually	Non convertible	yes	Tier 2

Notes:

(1) Please note 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". Hence, 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.

The ordinary shares underlying to the "Cashes" transaction, equal to €609 million, are included in Additional Tier 1 Capital.

3. Tier 2 Capital – T2

The main Tier 2 Capital elements are the following: (I) capital instruments and subordinated loans where the conditions laid down in CRR Article 63 are met; (II) the share premium accounts related 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).
Consolidated Own Funds as of June 30, 2016 do not include Tier 2 instruments having a contractual amortization plan in line with regulatory rules stated by CRR Article 63; while they includes – according to CRR Article 484(5) among grandfathered instruments – the amount of such instruments issued before December 31, 2011 and subject to the grandfathering provisions.

On May 26, 2016, with value date June 3, 2016, UniCredit S.p.A. launched Tier 2 notes, denominated in EUR, for a total of €750 million. The securities have a legal maturity of 10.5 years and can be called by the Issuer after 5.5 years from the issue date. Notes pay fixed rate coupons of 4.375% per annum, on an annual basis; if not redeemed, coupons will be reset to the then 5-Years Mid-Swap rate + 431.6 basis points. The Notes were distributed to different institutional investors' categories, mainly funds (88%) and banks and insurance companies. The demand was mainly coming from the following regions: UK (57%), Italy (20%), France (11%). Bonds are listed on the Luxembourg Stock Exchange.

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	XS0322918565	237	1,000	EUR	09.26.2017	-	Fixed	5.75% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0332831485	49	171	EUR	12.04.2017	-	Floating	Max between 5.14% and 100% of swap Euro 10 y	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0334815601	29	100	EUR	12.11.2017	-	Floating	Minimum between 11% and 113.5% of swap Euro 10 y	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0348222802	110	125	EUR	03.03.2023	-	Fixed	6.04% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0356063940	5	15	EUR	04.10.2018	-	Floating	Max between 5.535% and 10 y Euro CMS	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0356629369	36	100	EUR	04.24.2018	-	Floating	Max between 5% and 10 y Euro CMS + 0.67%	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0367777884	271	1,000	EUR	06.05.2018	-	Fixed	6.70% p.a.	Non Convertible	yes	Lower Tier 2
no	UNICREDIT SPA	XS0372227982	50	125	EUR	06.25.2018	-	Floating	Euribor 6M + 1.7%	Non Convertible	yes	Lower Tier 2
no	UNICREDIT SPA	XS0503612250	48	50	EUR	04.21.2021	-	Fixed	5% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0504566414	50	50	EUR	04.25.2022	-	Fixed	5.05% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0503708280	38	50	EUR	04.26.2020	-	Fixed	4.75% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004605074	255	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	40	50	EUR	06.14.2020	-	Fixed	5.16% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004615305	62	327	EUR	06.14.2017	-	Fixed	06/14/2011: 3.00%; 06/14/2012: 3.25%; 06/14/2013: 3.50%; 06/14/2014: 3.80%; 06/14/2015: 4.10%; 06/14/2016: 4.40%; 06/14/2017: 4.70%.	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)
yes	UNICREDIT SPA	IT0004698418	157	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	258	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	568	750	EUR	04.19.2021	-	Fixed	6.125% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004723927	151	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	8	20	EUR	07.05.2018	-	Floating	Euribor 3M + 2.50% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0849517650	1,493	1,500	EUR	10.31.2022	-	Fixed	6.95% p.a	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004747330	65	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	4	10	EUR	07.21.2018	-	Floating	Euribor 3M + 2.637% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004764004	191	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	268	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	198	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	671	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	995	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_SL0001	3	10	EUR	10.30.2017	-	Fixed	5.45% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0002	3	10	EUR	10.30.2017	-	Fixed	5.45% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0003	3	10	EUR	11.13.2017	-	Fixed	5.54% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0004	1	5	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0005	1	5	EUR	11.27.2017	-	Fixed	5.7% 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)
no	UNICREDIT SPA	135_SL0006	6	20	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0007	6	20	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0008	0	1	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0009	11	40	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0010	1	5	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0011	6	20	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0012	1	5	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0013	3	10	EUR	01.30.2018	-	Fixed	5.74% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0014	3	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	60	10,000	JPY	03.12.2021	-	Fixed	6.3% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0070770333	3	5,000	JPY	10.31.2016	-	Fixed	5.39% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0071432222	4	5,000	JPY	11.28.2016	-	Fixed	5.2% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	US060587AB85	79	700	USD	02.15.2017	-	Fixed	7.25% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000541719	17	20	EUR	10.06.2020	-	Fixed	6.5% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000541669	4	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	AT0000539606	9	9	EUR	12.21.2026	12.21.2017	Fixed	6% p.a.	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	AT0000539531	0	5	EUR	12.06.2016	-	Fixed to Floating	7% from 12/06/2001 to 12/05/2006; thereafter 9.90% minus Euribor 12M. floor: 0%	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	XS0138355515	1	10	USD	11.14.2016	-	Fixed	6.00% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0138294201	2	30	USD	11.14.2016	-	Fixed	6.00% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0139264682	36	40	USD	12.05.2031	-	Fixed	6.21% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	A111_SL0040	25	28	USD	12.15.2046	-	Fixed	USD 130.000 per month/ 5.673% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0140394817	94	95	EUR	12.27.2031	-	Floating	Euribor 3M + 0.48% payable quarterly	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	XS0140907626	50	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	63	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	100	100	EUR	12.28.2021	-	Floating	Euribor 6M +0.48% payable semi-annually	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000539481	40	40	EUR	11.29.2021	-	Fixed	6% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	A111_SL0050	25	25	EUR	10.19.2021	-	Fixed	6.01% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	A111_SL0053	20	20	EUR	12.02.2021	-	Fixed	5.51% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000246814	2	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	15	60	DEM	12.21.2018	-	Fixed	5.43% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0097425226	21	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	2	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	22	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	15	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	12	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	7	8	EUR	08.03.2020	-	Floating	Euribor 6M + 0.65%	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0119485885	12	14	EUR	10.23.2020	-	Floating	Euribor 3M + 0.70%	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0120851174	9	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 BANK AG	A1982_SL0068	3	10	EUR	11.27.2017	-	Fixed	5.85% 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)
no	UNICREDIT BANK AG	XS0150812872	2	10	EUR	07.08.2017	-	Fixed	1.00% from 07/08/2003 to 07/08/2007; 3.00% from 07/08/2008 to 07/08/2012; 4.00% from 07/08/2013 to 07/08/2017	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0154897317	6	25	EUR	09.24.2017	-	Floating	Max between 6.50% and 94% of Euro CMS 10y from issue date to 09/24/2007; 94% of Euro CMS 10Y 09/24/2007.	Non Convertible	no	Senior
no	BANK AUSTRIA WOHNBAUBANK AG	AT0000347695	1	12	EUR	11.02.2016	11.03.2013	Fixed	4.875% p.a.	Convertible - AT1	yes	Senior
no	BANK AUSTRIA WOHNBAUBANK AG	AT000B074141	2	8	EUR	10.22.2017	-	Fixed	4.625% p.a.	Convertible - AT1	no	Senior
no	UNICREDIT LUXEMBOURG FINANCE SA	US90466GAC69	180	750	USD	10.31.2017	-	Fixed	6.00% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	IT0005087116	2,494	2,500	EUR	05.03.2025	05.03.2020	Floating	Euribor 3M + 2.75%	Non Convertible	no	Senior
no	UNICREDIT SPA	XS1426039696	747	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

Notes:

(1) Please note that ISIN Guidelines (paragraph 7) state 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". Hence, 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 coherent with the regulatory framework in force at the issuance date.

Saving shares and related share premium are included in Tier 2 Capital for a total amount of €17 million.

Part F – Consolidated Shareholders' Equity

B. Quantitative information

(€ '000)

OWN FUNDS	06.30.2016	12.31.2015
A. Common Equity Tier 1 Capital (CET1) before prudential filters	**48,811,364**	**48,145,784**
of/w grandfathered CET1 instruments	-	-
B. CET1 Prudential Filters (+/-)	**(1,243,489)**	**(1,270,500)**
C. CET1 gross of deductions and transitional adjustments (A +/- B)	**47,567,875**	**46,875,284**
D. Items to be deducted from CET1	**6,342,975**	**6,330,745**
E. Transitional adjustments – Effect on CET1 (+/-), including minority interests subject to transitional adjustments	**730,209**	**830,619**
F. Common Equity Tier 1 Capital (C – D +/-E)	**41,955,110**	**41,375,158**
G. Additional Tier 1 Capital (AT1) gross of deductions and transitional adjustments	**3,297,959**	**3,601,536**
of/w grandfathered AT1 instruments	1,409,496	1,713,073
H. Items to be deducted from AT1	**127,326**	**71,078**
I. Transitional adjustments – Effect on AT1 (+/-), including qualifying instruments issued by subsidiaries and computable in AT1 due to transitional provisions	**8,631**	**14,448**
L. Additional Tier 1 Capital (G - H +/- I)	**3,179,264**	**3,544,906**
M. Tier 2 (T2) Capital gross of deductions and transitional adjustments	**11,187,196**	**10,654,380**
of/w grandfathered T2 instruments	1,418,397	1,789,267
N. Items to be deducted from T2	**887,608**	**791,726**
O. Transitional adjustments – Effect on T2 (+/-), including qualifying instruments issued by subsidiaries and computable in T2 due to transitional provisions	**526,285**	**795,962**
P. Tier 2 Capital (M - N +/- O)	**10,825,873**	**10,658,616**
Q. Total Own Funds (F + L + P)	**55,960,247**	**55,578,680**

The changes in the Own Funds as at June 30, 2016 compared to the previous year, are shown in detail in the Disclosure by Institutions as at June 30, 2016, in the "Own Funds" chapter, on the Group website to the link https://www.unicreditgroup.eu/it/investors/third-pillar-basel-two-and-three.html.

Description of main capital items as of June 30, 2016

Regarding the amount of transitional adjustments as of June 30, 2016, it is worth mentioning that such amounts – compared to December 31, 2015 – reflect also the gradual reduction of the transitional adjustment requested for 2016; here follows the main items:

- 40% for the items to be deducted from Common Equity Tier 1 (60% for 2015);
- 40% for unrealized gains on AFS securities other than exposures towards EU Central Administration (60% for 2015);
- 60% for the amount of actuarial losses calculated according to CRR Article 473 (80% for 2015).

A. Common Equity Tier 1 Capital (CET1) before prudential filters

The item includes:

- paid up instruments for €20,193 million: compared to December 31, 2015 such item includes the effects of the increase related to the scrip dividend scheme as approved by the Extraordinary Shareholders' Meeting of April 14, 2016, under which newly-issued ordinary shares of the Company were granted to the shareholders entitled to receive the 2015 dividend not requesting a cash payment;
- share premium for €14,351 million;
- other reserves included retained earnings for €18,036 million. Such item includes the net profit of the first half of 2016 attributable to the Parent Company, for €1,321 million, fully recognized in Own Funds in line with the permission from the competent Authority according to CRR article 26(2). The net profit of the first half of 2016 is recognized without any dividend deduction in line with the decision taken by the Board of Directors on August 3, 2016. The dividend policy for 2016 and for the subsequent years will be re-discussed while reviewing the strategic plan.
- minority interest given recognition in CET1 capital for €1,257 million;
- accumulated other comprehensive income, negative for €5,025 million; such item includes – among the others – the following items whose regulatory treatment is outlined below:
  - reserves for actuarial losses (IAS19)[14]:
    - amount of the negative reserve: €2,964 million;
    - amount of the positive transitional filter included in section "*E. Transitional adjustments – Effect on CET1 (+/-), including minority interests subject to transitional adjustments*": €1,398 million;
  - reserves on available for sale (AFS) securities:
    - amount of the positive reserve: €1,780 million;
    - amount of the negative transitional adjustment for unrealized gains on fair value items included in section "*E. Transitional adjustments – Effect on CET1 (+/-), including minority interests subject to transitional adjustments*": €1,450 million, of/w €1,229 million referred to securities issued by UE Central Administrations;
  - revaluation reserve on exchange differences: amount of the negative reserve included in this item for € 4,454 million.

The item includes neither the amount related to Cashes (€609 million) reclassified in the Item "*G. Additional Tier 1 Capital (AT1) gross of deductions and transitional adjustments*", nor Saving Shares and share premium referred to Saving Shares (€17 million) reclassified in the Item "*M. Tier 2 (T2) Capital gross of deductions and transitional adjustments*".

[14] As of January 1, 2013, following the entry into force of the amendments to IAS 19 (IAS 19R), 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 recognized in line with such method.

Part F – Consolidated Shareholders' Equity

B. CET1 Prudential Filters

The item includes:

- filters required by CRR including, referred to:
  - negative filter on cash flow hedge reserve of financial instruments (CRR art. 33), equal to €335 million;
  - negative filter on gains on liabilities of the institutions related to changes in own credit standing (CRR art. 33), equal to €304 million;
  - additional value adjustments (CRR art. 34), equal to €194 million;
- national filters as required by Banca d'Italia Circular n° 285, referred to:
  - multiple goodwill redemption ("affrancamenti mutipli"), equal to € 382 million [15];
  - gain on sale of properties mainly used in operations ("cessione in blocco"), equal to €28 million.

D. Items to be deducted from CET1

The item includes the following main elements:

- goodwill and other intangible assets, for €5,709 million;
- deferred tax assets that rely on future profitability and do not arise from temporary differences, for € 329 million;
- deductions for securitizations, for €235 million.

E. Transitional adjustments – Effect on CET1, including minority interests subject to transitional adjustments

The item includes the following elements:

- exclusion of 100% of unrealized gains related to exposures towards EU Central Administrations classified in the portfolio "Available For Sale – AFS", equal to €1,229 million;
- exclusion of 40% of both unrealized gains related to debt instruments other than those issued by EU Central Administration, and capital instruments classified in the portfolio "Available For Sale – AFS", for an overall amount of €221 million;
- positive filter on negative actuarial reserves (IAS19) equal to 60% of the amount calculated according to CRR Article 473, for €1,398 million;
- positive filter for the 40% of the deduction related to deferred tax assets that rely on future profitability and do not arise from temporary differences, for €132 million;
- positive filter due to the inclusion of minority interests subject to transitional adjustments, for €649 million.

I. Transitional adjustments – Effect on AT1, including qualifying instruments issued by subsidiaries and computable in AT1 due to transitional provisions

The item includes the positive transitional adjustments for €9 million equal to:

- 40% (€18 million) of the amount of the deduction (€45 million) related to direct, indirect and synthetic positions in AT1 instruments issued by financial sector entities (FSE) in which a significant investment is held,
- net of 50% of the residual amount of the deduction related to direct positions (€9 million).

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 transitional adjustments:

- 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, for €9 million;
- positive filter due to the inclusion of instruments issued by subsidiaries and included in Tier 2 Capital according to transitional provisions, equal to €426 million;
- national positive filter as regulated by Banca d'Italia Circular n° 285, equal to 40% of 50% of unrealized gains on AFS, equal to €110 million.

[15] The calculation takes into account the provisions of the Resolution n. 55/E of the Italian Revenue Agency (Agenzia delle Entrate) issued on May 29th, 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, n. 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, n. 225").

2.3 Capital adequacy

A. Qualitative information

See the "Section 1 – Consolidated Shareholders' Equity" for qualitative information on the procedures adopted by the Banking Group to assess the adequacy of own funds supporting current and future activities.

B. Quantitative information

Capital Adequacy

(€ '000)

ITEMS/VALUES	UNWEIGHTED ASSETS		WEIGHTED ASSETS/EQUIREMENTS	
	06.30.2016	12.31.2015	06.30.2016	12.31.2015
A. RISK ASSETS				
A.1 CREDIT AND COUNTERPARTY RISK	**904,702,776**	**893,409,844**	**337,609,027**	**333,598,220**
1. Standardized approach (1)	410,011,002	407,955,532	185,571,064	184,884,012
2. IRB approaches	473,349,356	466,172,785	149,075,041	145,833,652
2.1 Foundation	*20,816,561*	*20,527,719*	*13,715,728*	*13,968,643*
2.2 Advanced	*452,532,795*	*445,645,066*	*135,359,313*	*131,865,009*
3. Securitizations	21,342,418	19,281,527	2,962,922	2,880,556
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			**27,008,722**	**26,687,858**
B.2 Credit valuation adjustment risk			**336,697**	**390,513**
B.3 Settlement risk			**2,485**	**1,981**
B.4 Market Risk			**1,430,950**	**877,142**
1. Standard approach			124,353	178,037
2. Internal Models			1,306,597	699,105
3. Concentration Risk			**-**	-
B.5 Operational Risk			**3,161,934**	**3,290,415**
1. Basic indicator approach			189,711	225,086
2. Traditional standardized approach			284,773	300,729
3. Advanced measurement approach			2,687,450	2,764,601
B.6 Other calculation elements			**-**	-
B.7 Total capital requirements			**31,940,788**	**31,247,909**
C. RISK ASSETS AND CAPITAL RATIOS			-	**-**
C.1 Risk Weighted Assets			**399,259,852**	**390,598,859**
C.2 Common Equity Tier 1 Capital/Risk weighted assets (CET1 capital ratio)			**10.51%**	**10.59%**
C.3 Tier 1 Capital/Risk weighted assets (Tier 1 capital ratio)			**11.30%**	**11.50%**
C.4 Total Own Funds/Risk weighted assets (Total capital ratio)			**14.02%**	**14.23%**

Note:
1. The weighted amounts include the "Exposures with or central counterparties as pre-funded contributions to the default fund".

Part H – Related-Party Transactions

Part H – Related-Party Transactions

Related-Party Transactions

For the purposes of financial disclosure, in accordance with the Commission Regulation (EU) 632/2010 of July 19, 2010, the text of IAS 24 applies, which defines the concept of related party and identifies the relations between that party and the entity producing the financial statements. IAS 24 also explains that the disclosure must include transactions entered into with subsidiaries of associates and subsidiaries of joint ventures.

Pursuant to IAS 24, UniCredit S.p.A.'s related parties include:
- companies belonging to the UniCredit group and companies controlled by UniCredit but not consolidated[16];
- 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;
- Group employee post-employment benefit plans.

Key management personnel are persons having authority and responsibility for planning, directing, and controlling UniCredit's activities, directly or indirectly. Key management personnel include the Chief Executive Officer and the other members of the Board of Directors, the Standing Auditors, the General Manager and the other members of UniCredit's Executive Management Committee, as well as the Head of Internal Audit during the period under consideration.

Also for the management of related-party transactions refer to the discipline established by CONSOB Regulation 17221/2010 (deriving from the provisions of art. 2391-bis of the Italian Civil Code) and as introduced in 2011 by the Title V, Chapter 5 of Banca d'Italia Circular 263/2006 and 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.

UniCredit, as a listed issuer, has adopted the "Global Policy for the management of transactions with persons in conflict of interest", which is published on the UniCredit website (www.unicreditgroup.eu), that is designed to define preliminary and conclusive rules with respect to transactions initiated by UniCredit, including those conducted through subsidiaries, with related parties and associated persons (Banca d'Italia), and the manner in which information is disclosed to corporate bodies and the market.
Specific guidelines contained in the Global Policy have been distributed to the company's functions and Group Entities in order to systematically abide to the above-mentioned reporting requirements.
UniCredit has also established, in accordance with those guidelines, the 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.
Moreover UniCredit is provided of 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.

UniCredit, in the context of the Global Policy, taking advantage of the options provided by Banca d'Italia and Consob disciplines, has expanded the scope of related parties to apply the provisions above-mentioned, identifying a list of additional subjects compared to the cases strictly provided by lawmakers.

In first half 2016, 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 Consolidated Interim Report on Operations of this document.

Details of related-party transactions carried out pursuant to IAS 24 are given below.

[16] For the purposes of this Consolidated Financial Report as at June 30, 2016 transactions and outstanding balances between consolidated companies were written off as described in Part A.

The following table sets out the assets, liabilities, guarantees and commitments as at June 30, 2016, for each group of related parties, pursuant to IAS 24:

Related party transactions: balance sheet items

(€ '000)

	AMOUNT AS AT 06.30.2016								
	NON-CONSOLIDATED SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON CONSOLIDATED	SHAREHOLDERS (*)	% ON CONSOLIDATED
Financial asset held for trading	-	6,881	731,242	-	6,674	744,797	0.71%	187,590	0.18%
Financial asset designated at fair value	-	-	-	-	36,137	36,137	0.11%	-	-
Available for sale financial asset	6,879	-	140,026	-	295	147,200	0.12%	19,000	0.02%
Held to maturity investments	-	-	-	-	-	-	-	-	-
Loans and receivables with banks	-	2,583,099	1,351,636	-	-	3,934,735	5.70%	-	-
Loans and receivables with customers	122,171	1,170,141	1,108,045	4,793	131,336	2,536,486	0.52%	977,775	0.20%
Other assets	1,296	2,158	170,360	-	512	174,326	1.85%	86	-
Total Assets	**130,346**	**3,762,279**	**3,501,309**	**4,793**	**174,954**	**7,573,681**	**0.91%**	**1,184,451**	**0.14%**
Deposits from banks	27	81,962	8,228,210	-	-	8,310,199	7.35%	164,657	0.15%
Deposits from customers	14,481	7,117	493,061	9,682	166,122	690,463	0.15%	300,033	0.06%
Debt securities in issue	-	13,292	168,701	20	-	182,013	0.09%	524,119	0.26%
Other liabilities	38	718	63,442	-	394	64,592	0.33%	1	-
Total Liabilities	**14,546**	**103,089**	**8,953,414**	**9,702**	**166,516**	**9,247,267**	**1.14%**	**988,810**	**0.12%**
Guarantees given and commitments	193,350	3,825,739	1,840,529	1,793	28,182	5,889,593	3.22%	117,392	0.06%

(*) Shareholders and related companies holding a stake with voting right in the Bank's share capital exceeding 2%.

The following table sets out, for each group of related parties, the impact of transactions with related parties on the main Income Statement items.

Related party transactions: profit and loss items

(€ '000)

	AMOUNT AS AT 06.30.2016								
	NON-CONSOLIDATED SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMET PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON CONSOLIDATED	SHAREHOLDERS (*)	% ON CONSOLIDATED
Interest income and similar revenues	1,906	51,557	39,972	17	1,432	94,884	1.06%	2,575	0.03%
Interest expense and similar charges	-	(522)	(27,716)	(8)	(508)	(28,754)	0.92%	(566)	0.02%
Fee and commission income	105	2,647	358,341	3	4,899	365,995	7.78%	7,710	0.16%
Fee and commission expense	(42)	(39)	(33,846)	-	-	(33,927)	4.33%	(124)	0.02%
Impairment losses on:	(72)	1	(15,833)	(2)	1,124	(14,782)	0.85%	(172)	0.01%
a) loans	(72)	-	(15,833)	(2)	1,126	(14,781)	0.82%	(160)	0.01%
b) available for sale assets	-	-	-	-	-	-	-	-	-
c) held-to-maturity assets	-	-	-	-	-	-	-	-	-
d) other financial assets	-	1	-	-	(2)	(1)	-	(12)	-0.01%
Operating costs	135	1,125	(332,134)	6	(15,689)	(346,557)	4.41%	51	-

(*) Shareholders and related companies holding more than 2% of voting shares in UniCredit.

Part H – Related-Party Transactions

The “other related parties” 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.

Specifically, below are illustrated the major related-party transactions that have had economic or financial impacts in the period:
- in 2012 the subsidiary UniCredit Business Integrated Solutions S.C.p.A. (UBIS) assumed the role of operating sub-holding to provide the Group’s support services both in Italy and abroad.
  - Against this backdrop, on February 15, 2013 the Board of Directors of UBIS approved the executive plan relating to the “Invoice Management” transaction aimed at the formation of a joint venture with the partner Accenture S.p.A. (Accenture) for the provision of back office services with respect to the “income and expense cycle” (issuance, receipt, verification, recording and payment of invoices). In relation to this, UBIS - with effect from April 1, 2013 - transferred its “income and expense cycle” business unit to the company formed by Accenture, called “Accenture Back Office and Administration Services S.p.A.”, and sold Accenture some of the shares resulting from the transfer. As a result of the transaction, UBIS holds 49% of the share capital of Accenture Back Office and Administration Services S.p.A.’s; the remaining 51% is held by Accenture (which is the controlling shareholder).
  - Afterwards, on April 19, 2013, the Board of Directors of UBIS approved the executive plan of the project aimed at the formation of a joint venture with another major player in the industry, IBM Italia S.p.A. (IBM), for the provision of technological infrastructure services (hardware, data center, etc.) to Commercial Banking. The transaction was completed when UBIS, with effect from September 1, 2013, transferred the “Information Technology” business unit to the company named “Value Transformation Services S.p.A.” (V-TServices), formed and controlled by IBM Italia S.p.A. As a result of the transaction, UBIS holds 49% of V-TServices’s share capital; the remaining 51% is held by IBM (which is the controlling shareholder).

  The services provided to the UniCredit group by the above-mentioned 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 the UniCredit S.p.A. shares subscribed for by Mediobanca in January 2009, as part of the capital increase approved by UniCredit in November 2008. These shares were concomitantly used in support of the issuance of convertible securities denominated “CASHES”. Following the resolutions of UniCredit S.p.A.’s Extraordinary Meeting of December 2011, the number of shares underlying the usufruct agreement and the formula for calculating the remuneration fees in favor of Mediobanca were adjusted to reflect (i) the reverse split of UniCredit S.p.A. shares and (ii) the free capital increase of December 2011 carried out through the allocation to capital of an equivalent amount transferred from the issue-premium reserve recorded in January 2009. In first half 2016, given the conditions envisaged by the contract, the last installment referred to the 2014 result and the first installments referred to the 2015 result amounting to €65 million were paid.

  As part of the “CASHES” transaction, Mediobanca also acts as a custodian of the shares issued by UniCredit S.p.A.
- At June 30, 2016 the Group’s exposure to Nuova Compagnia di Partecipazioni (formerly Gruppo Italpetroli), 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 by UCB AG of services in support of the activity now carried out by UniCredit S.p.A., a cooperation agreement on the remuneration for these services was entered into, which was also in force for 2016, 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 recapitalization 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 January 1, 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).

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, reduced at 32.792% at the end of June 2016.

- 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).
- UniCredit Bank Austria AG has issued to the Ukrainian National Bank a comfort letter to guarantee that Ukrsotsbank will continue as a going concern.

Part I – Share-Based Payments

Part I – Share-Based Payments

A. Qualitative information

1. Description of payment agreements based on own equity instruments

1.1 Outstanding instruments

Group Medium & Long Term Incentive Plans for selected employees include the following categories:
- Equity-Settled Share Based Payments;
- Cash Settled Share Based Payments[17].

The first category includes the following:
- **Stock Options** allocated to selected Top & Senior Managers and Key Talents of the Group;
- **Group Executive Incentive System** that offer to eligible Group Executive a variable remuneration for which payment will be made within five years. The beneficiary will receive the payment by cash and/or by Unicredit shares; the payment are related to the achievement of performance condition (other than marked 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 shares, to be paid over a period of ranging from 1 to 6 years (first year upfront and 4 or 5 years deferred). 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) as defined in Plan Rules (both non-market vesting conditions);
- **Employee Share Ownership Plan (ESOP – Let's Share)** that offers to eligible Group employees the possibility to buy UniCredit ordinary shares with the advantages to foresee the granting of free ordinary shares ("Free Shares" or, for the second category, rights to receive them) measured on the basis of the shares purchased by each Participant ("Investment Shares") during the "Enrolment Period". The granting of free ordinary shares is subordinated to vesting conditions (other than market conditions) stated in the Plan Rules;
- **FinecoBank Stock granting to employees** that offer to eligible FinecoBank 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 FinecoBank ordinary shares, subject to malus and claw back conditions (as legally enforceable) as defined in Plan Rules.

The second category includes synthetic "Share Appreciation Rights" linked to the share-value and performance results of some Group-Companies[18] and other equity instruments (Phantom Shares) used for Group Incentive System 2015 of FinecoBank Personal Financial Advisors, subject to malus and claw back conditions (as legally enforceable) as defined in Plan Rules.

It is also noted that, according to Banca d'Italia Circular 285 (VII update dated November 19, 2014), the Equity Settled Share Based Payments, represented by deferred payments in UniCredit ordinary shares not subject to vesting conditions, are used for the settlement of the 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 recognized on a basis of instrument vesting period.
Any new Stock Options' Plans haven't been granted during 2016.

[17] Linked to the economic value of instruments representing a subsidiary's Shareholders' Equity.
[18] Pioneer Global Asset Management.

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 expresses 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 2015" – Shares

The economic value of Performance Shares is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period.

The plan is divided into clusters, each of which can have two or three installments of share-based payments spread over a period defined according to Plan rules.

	SHARES GRANTED GROUP EXECUTIVE INCENTIVE SYSTEM - BONUS POOL 2015			
	INSTALLMENT (2018)	**INSTALLMENT (2019)**	**INSTALLMENT (2020)**	**INSTALLMENT (2021)**
Date of Bonus Opportunity Economic Value granting	Jan-21-2015	Jan-21-2015	Jan-21-2015	Jan-21-2015
Date of Board resolution (to determine number of shares)	Mar-15-2016	Mar-15-2016	Mar-15-2016	Mar-15-2016
Vesting Period Start-Date	Jan-01-2015	Jan-01-2015	Jan-01-2015	Jan-01-2015
Vesting Period End-Date	Dec-31-2015	Dec-31-2017	Dec-31-2018	Dec-31-2019
UniCredit Share Market Price [€]	3.411	3.411	3.411	3.411
Economic Value of Vesting conditions [€]	-0.261	-0.492	-0.814	-1.175
Performance Shares' Fair Value per unit @ Grant Date [€]*	**3.150**	**2.919**	**2.597**	**2.236**

* The same Fair Value per unit are used for the quantification of costs connected to share based payments for the settlement of golden parachute.

Group Executive Incentive System 2016 (Bonus Pool)

New Group Incentive system 2016 is based on a bonus pool approach, aligned with regulatory requirements and market practices, it defines:

- sustainability, through direct link with entity results and alignment with relevant risk categories, utilizing specific indicators linked to risk-appetite;
- link between bonuses and organization structure, defining the pool on a country/division level with further review at Group level;
- bonuses allocated to Executives and other relevant employee, on a basis of European Bank Authority (EBA) rules and 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.

1.2.4 Employee Share Ownership Plan (Let's Share for 2016)

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 2015.

Measurement of Free Shares ESOP 2016

	FREE SHARES
Date of Free Shares delivery to Group employees	Jul-29-2016
Vesting Period Start-Date	Jul-29-2016
Vesting Period End-Date	Jul-29-2017
Discount Shares' Fair Value per unit [€]	**To be defined-**

Part I – Share-Based Payments

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 UniCredit free ordinary shares assigned in plan rules applications had been acquired on the market.

1.2.5. 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.

B. Quantitative information

Effects on Profit and Loss

All Share-Based Payment granted after November 7, 2002 whose vesting period ends after January 1, 2005 are included within the scope of the IFRS2.

Financial statement presentation related to share based payments (€ '000)

	FIRST HALF 2016		FIRST HALF 2015	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
(Costs)/Revenues(1)	**(33,389)**		**(67,143)**	
- connected to Equity Settled Plans(2)	*(26,993)*		*(49,260)*	
- connected to Cash Settled Plans	*(6,396)*		*(17,883)*	
Debts for Cash Settled Plans (3)	**92,332**	**-**	**60,271**	**-**

(1) Includes costs/revenues and debts for Plans referred to equity instruments of other Group's entities (e.g. Pioneer Global Asset Management and FinecoBank).
(2) Includes costs for €6.5 million related to golden parachute.
(3) The increase of costs and debts for Cash Settled Plans is connected to the effects of the early termination of vesting period end in relation to the enhancement actions to Pioneer Investments.

Part L – Segment Reporting

Part L – Segment Reporting

Organizational Structure

The format for segment information reflects the organizational 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, Poland, Corporate & Investment Banking ("CIB"), Asset Management, Central and Eastern Europe ("CEE"), Asset Gathering, Group Corporate Center and Non-Core.

Commercial Banking Italy

Commercial Banking Italy is composed by UniCredit S.pA. 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 Center with supporting functions for the Italian business.
In relation to individual clients (Households and clients of specialized 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 3,450 branches and multichannel services provided by 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 organized on the territory with about 760 Managers divided in 131 Corporate Centers.
The territorial organization 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 577 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 detail the corporates 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. The specific, 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 Center, which performs tasks as sub-holding towards other Subgroup 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), Private Banking (with its two well-known brands Bank Austria Private Banking and Schoellerbank AG), the product factories Factoring and Leasing and the local Corporate Center Retail covers business with private individuals, ranging from mass-market to affluent customers. Corporates covers the entire range of business customers, SMEs and medium-sized 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 about 170 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.
In response to changing customer needs and behaviors, 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, new formats of advisory service centres and modern self-service branches, internet solutions, Mobile Banking with innovative apps and video-telephony.

Poland

The segment Poland manages the UniCredit group's operations within the Bank Pekao S.A. Group in Poland.
Bank Pekao S.A. Group includes financial institutions operating in banking, asset management, pension funds, brokerage services, transactional advisory, leasing and factoring markets.
Bank Pekao S.A. operates for over 85 years and is one of the largest financial institutions in Central and Eastern Europe. In particular, Bank Pekao is a universal commercial bank providing a full range of banking services to individual and institutional clients.
The Bank offers to its clients a broad distribution network with 1,754 ATMs and 947 branches conveniently located throughout Poland. In relation to individual customers, the Bank is focused on the strengthening the position on consumer goods financing market and mortgage loans market while maintaining a prudent credit risk policy.
The Bank continues activities focused on strengthening its market position in the area of small and micro enterprises, including also agro sector, enrichment and promotion of products offer and acquisition of new customers.
The Bank constantly develops and actively promotes innovative solutions and provides clients with state-of-the art and user-friendly solutions in the area of mobile banking, which are top rated for high quality of service and innovativeness by several Polish institutions.
In relation to corporate and institutional clients, Bank Pekao S.A. is the leader in servicing large and medium-sized companies and has one of the widest product offer for corporate clients on the market. The Bank offers a wide range of products of money markets and currency exchange, both within the scope of current operations and long-term hedging structures of client's exposures.. Bank Pekao S.A. is a leading organizer of investment project financing, mergers and acquisitions and debt securities issues. The Bank's product offer for corporate clients also includes financial services such as granting guarantees in national and international turnover and financial services provided through leasing and factoring subsidiaries.
In 2016 Bank's activities continuously focused on acquisition of new customers and strengthening of relationships with existing customers which results in a further growth in number of customers.

Corporate & Investment Banking ("CIB")

The CIB Division targets 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 50 countries and supports such clients in their growth, internationalization projects and restructuring phases.
The organizational structure of CIB is based on a matrix that distinguishes (i) market coverage (carried out through the Group's country-specific commercial networks: Italy, Germany and Austria) and (ii) 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 and CIB Network Austria) 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 Product Lines supplement and add value to the activities of the commercial networks and the marketing of the relevant products. The Product Lines are broken down as follows:

Financing and Advisory ("F&A")

F&A is the 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 services ranging from plain vanilla and standardized 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, Shipping Finance, Structured Trade and Export Finance and Principal Investments.

Markets

Markets is the centre specialized 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 centralized "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 and e-banking products, Supply Chain Finance and Trade Finance products and global securities services.

In 2015 has been set-up a Joint Venture between Commercial Banking and CIB division with the objective to increase cross selling of Investment Banking products such as M&A, Capital Markets and Derivatives to Commercial Banking clients.

Part L – Segment Reporting

Asset Management
Asset Management business segment operates through Pioneer Investments, the company within the UniCredit group specializing in the management of customer investments worldwide.
The business segment acts as a centralized product factory and, in addition, directs, supports and supervises the development of local business at regional level.
Leveraging on different investment partnerships with third-party financial institutions at international level, Asset Management offers a wide range of financial solutions, including mutual funds, asset administration services and portfolios for institutional investors.

Central and Eastern Europe ("CEE")
The Group operates, through the CEE business segment, in 13 Central and Eastern Europe countries: Azerbaijan, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine; having, in addition, Leasing activities in the 3 Baltic countries. The CEE business segment operates through approximately 2,300 branches (including more than 1,000 branches of the Turkish subsidiaries which are consolidated at equity) and offers a wide range of products and services to retail, corporate and institutional clients in these countries. UniCredit Bank Austria manages this segment and acts as sub-holding for the banking operations in the CEE countries through its CEE Division.
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, Austrian and Polish customers.
With respect to corporate clients, UniCredit group is constantly engaged in standardizing 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.

Asset Gathering
Asset Gathering is a business segment specialized in wealth management through the direct channel and the financial advisors network, mainly focused on the retail customer segment.
Asset Gathering operates through Fineco Bank, UniCredit group's direct multichannel bank. It has one of the largest advisory networks in Italy and is the leading bank in Italy for equity trades in terms of volume of orders and the top online broker in Europe 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. With its fully integrated platform, Fineco Bank is the benchmark for modern investors.

Group Corporate Center
The Group Corporate Center includes:
Global Banking Services ("GBS")
The mission of the GBS area is to optimize costs and internal processes guaranteeing operating excellence and supporting the sustainable growth of the Business Lines. GBS falls within the scope of the Chief Operating Officer ('COO'), whose main areas of responsibility are: ICT, Operations, Workout Germany, Real Estate, Global Sourcing, Security, Organization and Legal.
Corporate Center
The Corporate Center'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.

Non-Core
Starting from the first quarter 2014 the Group decided to introduce a clear distinction between activities defined as "core" segment, meaning strategic business segments and in line with risk strategies, above described, 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 client basis) to be managed with a risk mitigation approach and some special vehicles for securitization operations

A – Primary Segment

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	POLAND	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER1	NON CORE	CONSOLIDATED GROUP TOTAL 06.30.2016
Net interest	1,994,304	763,495	341,644	492,580	1,179,962	1,169,215	1,021	123,449	(199,827)	(71,287)	5,794,556
Dividends and other income from equity investments	42,869	44,124	60,421	8,085	227,614	48,741	163	-	78,474	-	510,491
Net fees and commissions	1,843,180	369,906	294,860	224,429	363,927	334,583	419,118	117,691	(77,706)	(11,990)	3,877,998
Net trading, hedging and fair value income	61,748	5,805	70,514	116,513	252,577	593,366	(1,401)	46,926	142,423	23,260	1,311,731
Net other expenses/income	(20,593)	73,178	8,744	3,260	24,883	26,550	4,004	759	19,033	(19,197)	120,621
OPERATING INCOME	**3,921,508**	**1,256,508**	**776,183**	**844,867**	**2,048,963**	**2,172,455**	**422,905**	**288,825**	**(37,603)**	**(79,214)**	**11,615,397**
Payroll costs	(1,374,037)	(547,644)	(361,226)	(217,257)	(352,075)	(323,843)	(166,401)	(37,716)	(643,367)	(25,883)	(4,049,449)
Other administrative expenses	(1,023,105)	(388,800)	(259,036)	(117,561)	(335,797)	(532,888)	(86,537)	(117,715)	610,534	(172,412)	(2,423,317)
Recovery of expenses	212,626	483	-	264	128	789	209	42,337	53,341	60,409	370,586
Amortisation, depreciation and impairment losses on tangible and intangible assets	(30,210)	(22,162)	(11,529)	(39,386)	(52,944)	(1,265)	(5,497)	(4,618)	(308,870)	(763)	(477,244)
Operating expenses	**(2,214,726)**	**(958,123)**	**(631,791)**	**(373,940)**	**(740,688)**	**(857,207)**	**(258,226)**	**(117,712)**	**(288,362)**	**(138,649)**	**(6,579,424)**
OPERATING PROFIT	**1,706,782**	**298,385**	**144,392**	**470,927**	**1,308,275**	**1,315,248**	**164,679**	**171,113**	**(325,965)**	**(217,863)**	**5,035,973**
Net writedowns of loans and provisions for guarantees and commitments	(472,848)	28,607	6,875	(25,297)	(329,772)	(129,130)	-	(2,801)	(2,078)	(742,542)	(1,668,986)
OPERATING NET PROFIT	**1,233,934**	**326,992**	**151,267**	**445,630**	**978,503**	**1,186,118**	**164,679**	**168,312**	**(328,043)**	**(960,405)**	**3,366,987**
Provision for risks and charges	(167,659)	(48,705)	(96,205)	(76,673)	(104,904)	(117,611)	(4,494)	(2,554)	(279,413)	(40,679)	(938,897)
Integration costs	(79,939)	(239)	(204,174)	-	(5,814)	(11,831)	(16,070)	(7)	(29,019)	(3,461)	(350,554)
Net income from investments	(6,175)	20,229	5,890	376	7,408	(56,861)	(39)	-	21,379	(9,504)	(17,297)
PROFIT BEFORE TAX	**980,161**	**298,277**	**(143,222)**	**369,333**	**875,193**	**999,815**	**144,076**	**165,751**	**(615,096)**	**(1,014,049)**	**2,060,239**

A.2 - Breakdown by business segment: balance sheet amounts and RWA

(€ '000)

BALANCE SHEET AMOUNTS	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	POLAND	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER	NON CORE	CONSOLIDATED GROUP TOTAL 06.30.2016
LOANS AND RECEIVABLES WITH CUSTOMERS	138,353,331	80,767,889	48,653,976	27,091,622	59,241,558	109,509,265	2	880,232	(6,103,690)	30,761,268	**489,155,453**
DEPOSITS FROM CUSTOMERS	127,807,365	86,029,471	47,269,480	28,458,782	56,992,929	99,122,635	-	17,133,049	8,483,775	1,071,308	**472,368,794**
DEBT CERTIFICATES	16,188,191	21,485,981	16,985,954	470,059	2,742,746	10,291,857	-	205,231	55,647,315	22,028	**124,039,362**
TOTAL RISK WEIGHTED ASSETS (BASEL 3)	79,182,073	35,371,745	23,684,821	25,001,075	94,393,971	78,055,132	1,750,626	1,805,198	32,584,360	27,430,853	**399,259,852**

A.3 - Staff

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	POLAND	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER	NON CORE	CONSOLIDATED GROUP TOTAL 06.30.2016
STAFF (KFS group on a proportional basis)											
Employees (FTE)	37,028	11,039	5,968	17,417	24,236	3,513	1,959	1,025	16,474	548	**119,207**
STAFF (KFS group fully considered)											
Employees (FTE)	37,028	11,039	6,153	17,417	28,408	3,837	1,959	1,025	16,474	548	**123,888**

Part L – Segment Reporting

Segment Reporting by Business Segment – year 2015

A.1 - Breakdown by business segment: income statement

(€ '000)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	POLAND	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER	NON CORE	CONSOLIDATED GROUP TOTAL 06.30.2015
Net interest	2,090,738	831,444	360,208	497,172	1,199,901	1,150,496	1,721	115,744	(314,089)	28,822	5,962,157
Dividends and other income from equity investments	24,371	4,415	69,671	10,225	164,730	15,304	454	-	98,246	-	387,416
Net fees and commissions	1,845,172	385,816	308,063	243,018	351,429	325,193	445,415	126,846	(54,595)	34,977	4,011,334
Net trading, hedging and fair value income	19,669	55,959	29,511	86,973	169,057	652,728	2,861	28,074	36,556	10,868	1,092,256
Net other expenses/income	(26,670)	53,632	5,149	30,343	10,208	(8,102)	4,272	(3,090)	(18,274)	(16,893)	30,575
OPERATING INCOME	**3,953,280**	**1,331,266**	**772,602**	**867,731**	**1,895,325**	**2,135,619**	**454,723**	**267,574**	**(252,156)**	**57,774**	**11,483,738**
Payroll costs	(1,368,798)	(585,105)	(394,351)	(231,204)	(349,616)	(341,751)	(189,823)	(37,181)	(652,007)	(70,224)	(4,220,060)
Other administrative expenses	(977,176)	(409,578)	(267,702)	(120,989)	(326,817)	(565,477)	(92,042)	(120,535)	526,221	(229,133)	(2,583,228)
Recovery of expenses	228,276	1,027	33	260	353	833	259	42,388	64,625	62,634	400,688
Amortisation, depreciation and impairment losses on tangible and intangible assets	(29,917)	(22,989)	(11,902)	(39,889)	(51,398)	(1,341)	(5,902)	(4,191)	(282,697)	(356)	(450,582)
Operating expenses	**(2,147,615)**	**(1,016,645)**	**(673,922)**	**(391,822)**	**(727,478)**	**(907,736)**	**(287,508)**	**(119,519)**	**(343,858)**	**(237,079)**	**(6,853,182)**
OPERATING PROFIT	**1,805,665**	**314,621**	**98,680**	**475,909**	**1,167,847**	**1,227,883**	**167,215**	**148,055**	**(596,014)**	**(179,305)**	**4,630,556**
Net writedowns of loans and provisions for guarantees and commitments	(535,797)	(65,543)	4,471	(64,529)	(394,999)	(111,963)	(8)	(2,693)	(245)	(722,011)	(1,893,317)
OPERATING NET PROFIT	**1,269,868**	**249,078**	**103,151**	**411,380**	**772,848**	**1,115,920**	**167,207**	**145,362**	**(596,259)**	**(901,316)**	**2,737,239**
Provision for risks and charges	(70,995)	(79,570)	(73,643)	(39,658)	(91,230)	(135,113)	(5,510)	(3,929)	(64,173)	(59,541)	(623,362)
Integration costs	(290)	(23)	(149)	-	(1,536)	427	(3,414)	(1)	1,136	-	(3,850)
Net income from investments	(2,746)	11,381	(910)	152	(1,160)	336	16	-	7,603	(1,812)	12,860
PROFIT BEFORE TAX	**1,195,837**	**180,866**	**28,449**	**371,874**	**678,922**	**981,570**	**158,299**	**141,432**	**(651,693)**	**(962,669)**	**2,122,887**

A.2 - Breakdown by business segment: balance sheet amounts and RWA

(€ '000)

BALANCE SHEET AMOUNTS	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	POLAND	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2015
LOANS AND RECEIVABLES WITH CUSTOMERS	131,558,129	80,431,006	49,119,111	28,621,445	57,352,705	97,743,220	2	922,774	(7,555,902)	35,806,031	**473,998,521**
DEPOSITS FROM CUSTOMERS	122,136,313	82,686,701	45,882,391	30,181,276	55,780,235	87,175,647	-	15,822,459	8,487,182	1,638,235	**449,790,439**
DEBT CERTIFICATES	23,121,005	23,701,893	17,448,904	680,887	2,911,554	9,383,377	-	261,506	56,911,764	57,011	**134,477,901**
TOTAL RISK WEIGHTED ASSETS (BASEL 3)	77,008,148	34,029,693	24,969,079	26,354,022	93,055,055	68,248,538	1,919,756	1,804,193	32,036,363	31,174,131	**390,598,976**

A.3 - Staff

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	POLAND	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET MANAGEMENT	ASSET GATHERING	GROUP CORPORATE CENTER	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2015
STAFF (KFS group on a proportional basis)											
Employees (FTE)	37,103	11,542	6,164	17,606	24,142	3,600	1,986	1,019	16,666	717	**120,545**
STAFF (KFS group fully considered)											
Employees (FTE)	37,103	11,542	6,440	17,606	28,485	3,946	1,986	1,019	16,666	717	**125,510**

Annexes

Reconciliation of Condensed Accounts to Mandatory Reporting Schedule

Consolidated Balance Sheet

(€ million)

ASSETS		AMOUNTS AS AT 06.30.2016	AMOUNTS AS AT 12.31.2015	SEE THE NOTES PART B - ASSETS
Cash and cash balances = item 10		12,523	10,303	Section 1
Financial assets held for trading = item 20		105,075	90,997	Section 2
Loans and receivables with banks = item 60		69,078	80,073	Section 6
Loans and receivables with customers = item 70		489,155	473,999	Section 7
Financial investments		163,684	152,845	
Item 30.	*Financial assets at fair value through profit or loss*	*32,412*	*34,368*	*Section 3*
Item 40.	*Available-for-sale financial assets*	*122,182*	*109,807*	*Section 4*
Item 50.	*Held-to-maturity investments*	*2,297*	*2,093*	*Section 5*
Item 100.	*Equity Investments*	*6,793*	*6,577*	*Section 10*
Hedging instruments		8,085	8,010	
Item 80.	*Hedging derivatives*	*5,310*	*5,368*	*Section 8*
Item 90.	*Changes in fair value of portfolio hedged items*	*2,775*	*2,641*	*Section 9*
Property, plant and equipment = item 120		9,559	10,031	Section 12
Goodwill = item 130 - Intangible assets of which: goodwill		3,563	3,618	Section 13
Other intangible assets = item 130 - Intangible assets net of goodwill		2,110	2,140	Section 13
Tax assets = item 140		15,700	15,726	Section 14
Non-current assets and disposal groups classified as held for sale = item 150		3,501	2,820	Section 15
Other assets		9,445	9,872	
Item 160.	*Other assets*	*9,445*	*9,872*	*Section 16*
Total assets		**891,477**	**860,433**	

Continued: Consolidated Balance Sheet

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY		AMOUNTS AS AT 06.30.2016	AMOUNTS AS AT 12.31.2015	SEE THE NOTES PART B - LIABILITIES
Deposits from banks = item 10		113,036	111,373	Section 1
Deposits from customers = item 20		472,369	449,790	Section 2
Debt securities in issue = item 30		124,039	134,478	Section 3
Financial liabilities held for trading = item 40		79,991	68,919	Section 4
Financial liabilities at fair value through profit or loss = item 50		1,465	455	Section 5
Hedging instruments		12,703	11,254	
Item 60.	*Hedging derivatives*	*6,379*	*6,149*	*Section 6*
Item 70.	*Changes in fair value of portfolio hedged items*	*6,324*	*5,105*	*Section 7*
Provisions for risks and charges = item 120		9,876	9,855	Section 12
Tax liabilities = item 80		1,430	1,529	Section 8
Liabilities included in disposal groups classified as held for sale = item 90		2,770	1,880	Section 9
Other liabilities		20,501	17,416	
Item 100.	*Other liabilities*	*19,313*	*16,282*	*Section 10*
Item 110.	*Provision for employee severance pay*	*1,188*	*1,135*	*Section 11*
Item 130.	*Insurance reserves*	-	-	*Section 13*
Minorities = item 210		3,174	3,399	Section 16
Shareholders' Equity, of which:		50,123	50,087	
- Capital and reserves		49,814	48,315	
Item 140.	*Revaluation reserves, of which: Special revaluation laws*	*277*	*277*	*Section 15*
Item 140.	*Revaluation reserves, of which: Exchange differences*	*(3,155)*	*(3,260)*	*Section 15*
Item 140.	*Revaluation reserves, of which: equity investments valued at equity method*	*(1,130)*	*(1,071)*	*Section 15*
Item 140.	*Revaluation reserves, of which: non current assets classified held for sale*	*(4)*	-	*Section 15*
Item 160.	*Equity instruments*	*1,888*	*1,888*	*Section 15*
Item 170.	*Reserves*	*16,715*	*14,255*	*Section 15*
Item 180.	*Share premium*	*14,385*	*15,977*	*Section 15*
Item 190.	*Issued capital*	*20,847*	*20,258*	*Section 15*
Item 200.	*Treasury shares*	*(8)*	*(8)*	*Section 15*
- AfS assets fair value reserve, Cash-flow hedging reserve and Defined benefits plans reserve		(1,013)	77	
Item 140.	*Revaluation reserves, of which: Available-for-sale financial assets*	*1,557*	*1,874*	*Section 15*
Item 140.	*Revaluation reserves: actuarial gains (losses) on defined benefits plans*	*(2,959)*	*(2,256)*	*Section 15*
Item 140.	*Revaluation reserves, of which: Cash-flow hedges*	*389*	*460*	*Section 15*
- Net profit (loss) = item 220		1,321	1,694	Section 15
Total liabilities and Shareholders' Equity		**891,477**	**860,433**	

Note:
An explanation for the restatement of comparative figures is provided in the previous sections.

Reconciliation of Condensed Accounts to Mandatory Reporting Schedule

Consolidated Income Statement

(€ million)

		H1 2016	H1 2015	SEE THE NOTES PART C
Net interest		5,795	5,962	Section 1
Item 30.	*Net interest margin*	*5,794*	*5,789*	
less: Purchase Price Allocation effect		*-*	*173*	
Dividends and other income from equity investments		510	387	
Item 70.	*Dividend income and similar revenue*	*345*	*318*	*Section 3*
	less: Dividends from held for trading equity instruments included in item 70	*(217)*	*(213)*	
Item 240.	*Profit (Loss) of equity investments - of which: Profit (Loss) of equity investments valued at equity*	*382*	*282*	*Section 16*
Net fees and commissions		3,878	4,011	Section 2
Item 60.	*Net fees and commissions*	*3,923*	*3,981*	*Section 2*
	less: Other administrative expenses - of which: outsourced services for the management of non-performing loans	*(67)*	*-*	
	+ Other operating income - of which: recovery of costs - commissioni istruttoria veloce (CIV)	*22*	*30*	
Net trading income		1,312	1,092	
Item 80.	*Gains (losses) on financial assets and liabilities held for trading*	*507*	*652*	*Section 4*
	+ Dividends from held for trading equity instruments (from item 70)	*217*	*213*	
Item 90.	*Fair value adjustments in hedge accounting*	*(44)*	*11*	*Section 5*
Item 100.	*Gains (Losses) on disposal or repurchase of: d) financial liabilities*	*2*	*(64)*	*Section 6*
	+ Gains (Losses) on disposal or repurchase of: b) available-for-sale financial assets (from item 100)	*600*	*222*	*Section 6*
Item 110.	*Gains (Losses) on financial assets and liabilities designated at fair value through profit and loss*	*30*	*58*	*Section 7*
Net other expenses/income		121	31	
	Gains (losses) on disposals/repurchases on loans and receivables - not impaired position (from item 100 a)	*50*	*36*	
Item 220.	*Other net operating income*	*571*	*499*	*Section 15*
	less: Other operating income - of which: recovery of costs	*(327)*	*(347)*	
	less: Other operating income - of which: recovery of costs - commissioni istruttoria veloce (CIV)	*(22)*	*(30)*	
	Net write-downs/-backs of tangible operating lease assets (from item 200)	*(61)*	*(58)*	
	less: Write-downs on leasehold improvements (on non-separable assets) - No Group	*36*	*35*	
	less: Other operating income - Other income from invoicing JVs (only with respect to Ubis)	*(43)*	*(54)*	
	+ Result of industrial companies	*(86)*	*(54)*	
	Gains (Losses) on disposals of investments - assets leasing operation (from item 270)	*4*	*3*	
OPERATING INCOME		**11,615**	**11,484**	
Payroll costs		(4,049)	(4,220)	
Item 180.	*Administrative costs: a) staff expenses*	*(4,395)*	*(4,225)*	*Section 11*
	less: Administrative expenses: a) employee payroll costs - Provision for post retirement benefit obligations - Settlement Gains (Losses)	*583*	*-*	
	less: Administrative costs: a) staff expenses of industrial companies	*11*	*5*	
	less: Integration costs	*(249)*	*-*	
Other administrative expenses		(2,423)	(2,583)	
Item 180.	*Administrative costs: b) other administrative expenses*	*(3,185)*	*(2,976)*	*Section 11*
	less: Administrative costs: b) other administrative expenses of industrial companies	*17*	*17*	
	less: Administrative costs - contributions to Resolution Funds, Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA	*697*	*406*	
	less: outsourced services for the management of non-performing loans	*67*	*-*	
	Write-downs on leasehold improvements (on non-separable assets) - No Group	*(36)*	*(35)*	
	less: Integration costs	*17*	*4*	
Recovery of expenses		371	401	Section 15
Item 220.	*Other net operating income - of which: Operating income - recovery of costs*	*327*	*347*	
	+ Other operating income - Other income from invoicing JVs (only with respect to Ubis)	*43*	*54*	
Amortization, depreciation and impairment losses on intangible and tangible assets		(477)	(451)	
Item 200.	*Impairment/Write-backs on property, plant and equipment*	*(355)*	*(322)*	*Section 13*
	less: Impairment losses/write backs on property owned for investment	*2*	*(4)*	
	less: Net write-downs/-backs of tangible operating lease assets (from item 200)	*61*	*58*	
Item 210.	*Impairment/Write-backs on intangible assets*	*(253)*	*(226)*	*Section 14*
	Net write-downs on property, plant and equipment and intangible assets of industrial companies	*57*	*34*	
less: Purchase Price Allocation effect		*11*	*11*	
Operating costs		**(6,579)**	**(6,853)**	
OPERATING PROFIT (LOSS)		**5,036**	**4,631**	

Continued: Consolidated Income Statement

(€ million)

		H1 2016	H1 2015	SEE THE NOTES PART C
OPERATING PROFIT (LOSS)		**5,036**	**4,631**	
Net impairment losses on loans and provisions for guarantees and commitments		(1,669)	(1,893)	
Item 100.	*Gains (Losses) on disposal and repurchase of: a) loans*	*79*	*12*	*Section 6*
	less: Gains (Losses) on disposals/repurchases on loans and receivables - not impaired position (from item 100 a)	*(50)*	*(36)*	
Item 130.	*Net losses/recoveries on impairment: a) loans*	*(1,810)*	*(1,875)*	*Section 8*
Item 130.	*Net losses/recoveries on impairment: d) other financial assets*	*118*	*5*	*Section 8*
	less: Net losses on impairment other financial assets - contribution to National Interbank Deposit Guarantee Fund (F.I.T.D.)	*(5)*	*-*	
NET OPERATING PROFIT (LOSS)		**3,367**	**2,737**	
Other charges and provisions		(939)	(623)	
Item 190.	*Provisions for risks and charges*	*(248)*	*(217)*	*Section 12*
	less: Provisions for risks and charges of industrial companies	*1*	*-*	
	+ Administrative costs - contributions to Resolution Funds, Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA	*(697)*	*(406)*	
	+ Provisions for risks and charges - contribution to National Interbank Deposit Guarantee Fund (F.I.T.D.)	*5*	*-*	
Integration costs		(351)	(4)	
	+ Administrative expenses: a) employee payroll costs - Provision for post retirement benefit obligations - Settlement Gains (Losses)	*(583)*	*-*	
	Integration costs before Purchase Price Allocation effect	*232*	*(4)*	
Net income from investments		(17)	13	
Item 130.	*Net losses/recoveries on impairment: b) available-for-sale financial assets*	*(52)*	*(23)*	*Section 8*
	Impairment losses/write backs on property owned for investment (from item 200)	*(2)*	*4*	
Item 240.	*Profit (Loss) of equity investments -of which: write-backs/impairment losses and gains/losses on disposal of associates valued at equity*	*(32)*	*6*	*Section 16*
Item 250.	*Net valuation at fair value of tangible and intangible assets*	*-*	*(1)*	*Section 17*
Item 270.	*Gains (Losses) on disposal of investments*	*74*	*29*	*Section 19*
	less: Gains (Losses) on disposals of investments - assets leasing operation (from item 270)	*(4)*	*(3)*	
PROFIT (LOSS) BEFORE TAX		**2,060**	**2,123**	
Income tax for the period		(493)	(581)	
Item 290.	*Tax expense related to profit from continuing operations*	*(490)*	*(521)*	*Section 20*
	less: Tax expense related to profit from continuing operations of industrial companies	*(1)*	*(1)*	
less: Purchase Price Allocation effect		*(2)*	*(58)*	
NET PROFIT (LOSS)		**1,567**	**1,542**	
Profit (Loss) after tax from discontinued operations = item 310		3	(180)	
Item 310.	*Profit (Loss) after tax from discontinued operations*	*3*	*(180)*	*Section 21*
PROFIT (LOSS) FOR THE PERIOD		**1,570**	**1,363**	
Minorities		(240)	(202)	
Item 330.	*Minorities*	*(240)*	*(202)*	*Section 22*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA		**1,330**	**1,161**	
Purchase Price Allocation effect		(8)	(126)	
Impairment of goodwill		-	-	
Item 260.	*Impairment of goodwill*	*-*	*-*	*Section 18*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP		**1,321**	**1,034**	

Note:
An explanation for the restatement of comparative figures is provided in the previous sections.

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" (q.v.) set up to securitize various types of assets and financed by Commercial Paper (q.v.).
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 (q.v.) which purchase the assets to be securitized.
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 program.

ABS-Asset Backed Securities
Debt securities, generally issued by an "SPV – Special Purpose Vehicle" (q.v.) 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 securitized 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.

ALM – Asset & Liability Management
Integrated management of assets and liabilities, designed to allocate resources in such a manner as to optimize the risk/return ratio.

ALT-A (residential mortgages)
Mortgages whose borrowers, while not subject to the significant repayment problems of those described as Subprime (q.v.), 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 (q.v.) and Hedge Funds (q.v.).

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 standardized 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.

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 recognized 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.

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 capitalization 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 characterized by different levels of complexity, with the ability to use internally developed models subject to prior authorization 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 January 1, 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 – Collateralized Bond Obligations
CDO – Collateralized Debt Obligations (q.v.) 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.

Definition of Terms and Acronyms

CDO – Collateralized Debt Obligations
Bonds issued by a vehicle with loans, bonds, ABS - Asset Backed Securities (q.v.) or other CDOs as underlyings. CDOs make it possible to derecognize assets in the bank's balance sheet and also to arbitrage the differences in yield between the securitized 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 (q.v.) 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 (q.v.), usually a bank, to transfer its credit risk to outside investors, and, where possible under local law and supervisory regulations, to derecognize 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 (q.v.) issued by financial institutions;
- Synthetic Arbitrage CDOs which arbitrage the differences in yield between the securitized 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 – Collateralized Loan Obligations
CDO - Collateralized Debt Obligations (q.v.) with loans made by authorized lenders such as commercial banks as underlyings.

CMBS – Commercial Mortgage Backed Securities
ABS - Asset Backed Securities (q.v.) 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 (q.v.) in which the collateral consists of consumer credits.

Corporate
Customer segment consisting of medium to large businesses.

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 (q.v.).

CRD (Capital Requirement Directive)
EU directives No. 2006/48 and 2006/49, incorporated into Banca d'Italia circular 263/2006 of December 27, 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 December 17, 2013 as amended.

Credit Quality Step
Step based on external ratings, which is used to assign risk weights under credit risk Standardized 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.

Definition of Terms and Acronyms

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 (q.v.) advanced approach are allowed to estimate EAD (q.v.). 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 (q.v.) and the cost of the invested 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").

Forwards
Forward contracts on interest rates, exchange rates or share indices, generally traded on "OTC - Over-the-Counter" (q.v.) 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
Standardized 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 Organization 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 harmonization 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 harmonize the IAS/IFRS with the US GAAP – United States Generally Accepted Accounting Principles (q.v.).

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 (q.v.).

Definition of Terms and Acronyms

Impairment
Within the framework of the IAS/IFRS (q.v.), 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 (q.v.) or Originator (q.v.) with exposure to a securitization.

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 (q.v.). 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" (q.v.). The use of IRB methods for the calculation of capital requirements is subject to authorization 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 securitization 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 securitization 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.

LCP Loss Confirmation Period.

Lead Arranger
The bank responsible for arranging a securitization. The arranger's duties include checking the quality and quantity of the assets to be securitized, 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", q.v.).

Liquidity risk
The risk of the company being unable to meet its payment commitments due to the inability to mobilize 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" (q.v.) or US municipal bonds – on default by the issuer, which enables the guaranteed bond to obtain a better rating than similar unguaranteed issues.

Definition of Terms and Acronyms

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 remaining after the deduction of taxes.

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 securitized 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 standardized 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.

Overcollateralization
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 material23 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" (q.v.) 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.

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” (q.v.) to purchase the assets to be securitized 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 (q.v.) with residential mortgages as underlyings.

ROAC –Return On Allocated Capital
It is an indicator calculated as ratio between the net profit and the average allocated/absorbed capital. It shows in percentage terms the earning capacity for allocated/absorbed capital units.

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.

Securitization
Transfer of a portfolio of assets to an “SPV – Special Purpose Vehicle” (q.v.) and the issue of securities with various levels of seniority to meet any default by the underlying assets.
Securitizations can be:
- traditional: method of securitization whereby transfer of the assets is by means of sale of the portfolio to the “SPV - Special Purpose Vehicle” (q.v.).
- synthetic: method of securitization 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.

Definition of Terms and Acronyms

SFA
Supervisory Formula Approach.

SL
Specialized Lending.

SME
Small and Medium Enterprise

Sponsor
An entity other than the Originator (q.v.) which sets up and manages an ABCP conduit or other securitization scheme where assets are acquired from a third entity for securitization.

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 (q.v.) 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 (q.v.). 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 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" (q.v.).

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" (q.v.) and other collective investment Funds (real estate collective investment funds, closed-end investment funds).

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 realizing 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 securitization. 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 securitization transaction whereby an "SPV – Special Purpose Vehicle" (q.v.) acquires assets for a certain period of time until it reaches a sufficient quantity to be able to issue an ABS.

Daddy, are you done working yet?

Let’s talk about lending a hand to entrepreneurs.

Being an entrepreneur often means that the line between work and private life is very thin. Sometimes it just does not exist, as is the case with Matteo and Giacomo’s father: He wants to balance everything by himself, but often he just can’t make that happen.

But help is closer than it looks. When you think about the ways banks can support private businesses, you probably think about financing, or special current accounts for small enterprises.

Our Italian colleagues were able to look beyond that when they created My Business Manager. To help small entrepreneurs in their everyday lives, My Business Manager is an online report that enables them to continuously monitor and forecast flows, transactions, payments, receipts, invoices and credit.

It’s just like having a personal manager who handles the administration while you take care of your business. Easy, isn’t it?

Thanks to this simple interface, entrepreneurs like Matteo and Giacomo’s dad can check their business at a glance and be faster in all of their transactions and, above all, spend more time with their families.

Certification

Condensed Interim 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 Marina Natale (as the Manager in Charge with preparing the financial reports) of UniCredit S.p.A., also in compliance with Art. 154-bis (paragraphs 3 and 4) of Italian Legislative Decree no. 58 of February 24, 1998, do hereby **certify**:
   - the adequacy in relation to the Legal Entity's features, and
   - the actual application

   of the administrative and accounting procedures employed to draw up the 2016 Condensed Interim Consolidated Financial Statements.

2. The adequacy of administrative and accounting procedures employed to draw up the 2016 Condensed Interim Consolidated Financial Statements has been evaluated by applying a model devised by UniCredt S.p.A. in accordance with "Internal Control – Integrated Framework (CoSO)" and "Control Objective for IT and Related Technologies (Cobit)", which represent generally accepted international standards for internal control system and, specifically, for financial reporting.

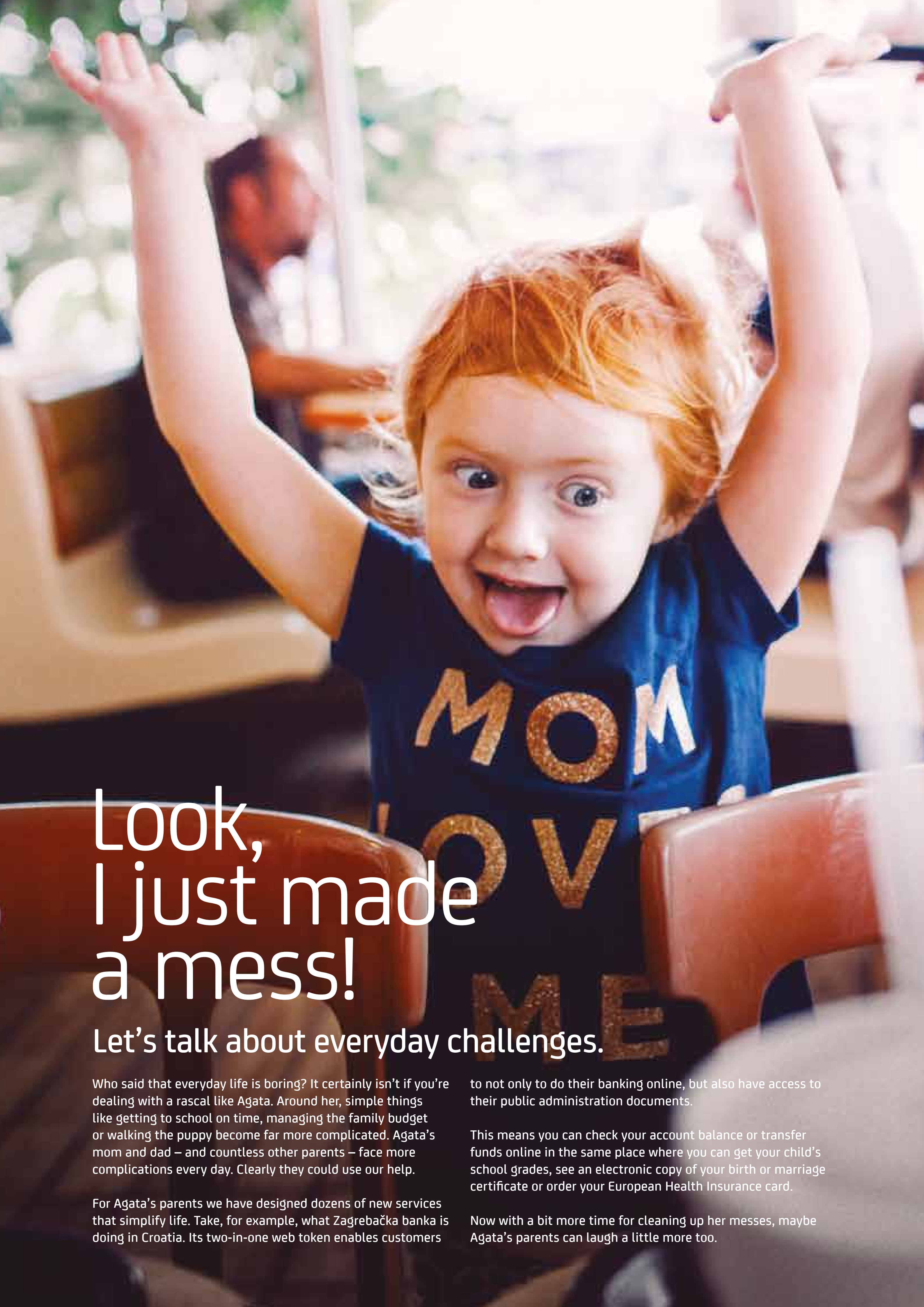
3. The undersigned also **certify** that :
   3.1 the 2016 Condensed Interim Consolidated Financial Statements:
   a) were prepared in compliance with applicable international accounting standards recognized by the European Community pursuant to European Parliament and Council Regulation no.1606/2002 of July 19, 2002;
   b) are consistent with accounting books and records;
   c) are suitable to provide a fair and correct representation of the economic and financial situation of the issuer and the group of companies included in the scope of consolidation;

   3.2 the Interim Report on Operations includes a reliable analysis of the most significant events in the first six months of the financial year and their impact on the Condensed Interim Consolidated Financial Statements, together with a description of the main risks and uncertainties concerning the remaining six months of the year. The Consolidated First Half Financial Report also contains a reliable analysis of information on significant related party transactions.

Milan – August 3, 2016

Jean Pierre MUSTIER

Marina NATALE



Look, I just made a mess!

Let’s talk about everyday challenges.

Who said that everyday life is boring? It certainly isn’t if you’re dealing with a rascal like Agata. Around her, simple things like getting to school on time, managing the family budget or walking the puppy become far more complicated. Agata’s mom and dad – and countless other parents – face more complications every day. Clearly they could use our help.

For Agata’s parents we have designed dozens of new services that simplify life. Take, for example, what Zagrebačka banka is doing in Croatia. Its two-in-one web token enables customers to not only to do their banking online, but also have access to their public administration documents.

This means you can check your account balance or transfer funds online in the same place where you can get your child’s school grades, see an electronic copy of your birth or marriage certificate or order your European Health Insurance card.

Now with a bit more time for cleaning up her messes, maybe Agata’s parents can laugh a little more too.

Report of the External Auditors

Deloitte.

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REPORT ON REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
UNICREDIT S.p.A.

Introduction

We have reviewed the condensed interim consolidated financial statements of UNICREDIT S.p.A. and subsidiaries (the "UNICREDIT Group"), which comprise the consolidated balance sheet as of June 30, 2016 and the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in shareholders' equity, the consolidated cash flow statement for the six month period then ended and the related explanatory notes. The Directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of UNICREDIT Group as at June 30, 2016 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Riccardo Motta
Partner

Milan, Italy
August 8, 2016

This report has been translated into the English language solely for the convenience of international readers.