One Bank
One
UniCredit

Consolidated First Half Financial Report as at June 30, 2017

Welcome to
UniCredit

We are a simple pan-European commercial bank with a fully plugged in Corporate & Investment Banking, delivering our unique Western, Central and Eastern European network to our extensive client franchise.

We offer local expertise as well as international reach. We accompany and support our 25 million clients globally, providing them with unparalleled access to our leading banks in 14 core markets as well as to another 18 countries worldwide.

Our vision is to be "One Bank, One UniCredit".

Everything we do to implement our vision is based on our Five Fundamentals.

Our top priority, every minute of the day, is to serve our customers the very best we can (Customers First).

To do this, we rely on the quality and commitment of our people (People Development), and on our ability to cooperate and generate synergies as "One Bank, One UniCredit" (Cooperation & Synergies).

We take the right kind of risk (Risk Management) whilst being very disciplined in executing our strategy (Execution & Discipline).

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

Welcome to
UniCredit

One Bank, One UniCredit.

A shared vision based on Five Fundamentals.

As a strong pan-European Group with leading banks in 14 core markets, and operations in another 18 countries, we perfectly embody our vision to be “One Bank, One UniCredit”. A simple pan-European commercial bank enriched by multiple cultures where everybody shares the same vision and are guided by our Five Fundamentals: Customers First, People Development, Execution & Discipline, Cooperation & Synergies and Risk Management.

Contents

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

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

Customers First

Our top priority, every minute of the day, is to serve our customers the very best we can. We provide solutions for a wide variety of different personal finance and enterprise business needs. Our products and services are based on our customer's real needs and aimed at creating value for both individuals and businesses.

Introduction

Board of Directors, Board of Statutory Auditors and External Auditors as at June 30, 2017

Board of Directors

Giuseppe Vita	Chairman
Vincenzo Calandra Buonaura	Deputy Vice Chairman
Jean Pierre Mustier	CEO
Mohamed Hamad Al Mehairi Sergio Balbinot Cesare Bisoni Henryka Bochniarz Martha Boeckenfeld Alessandro Caltagirone Luca Cordero di Montezemolo(*) Fabrizio Palenzona(**) 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 Benedetta Navarra Guido Paolucci(***) Maria Enrica Spinardi	Standing Auditors
Francesco Giordano	**Manager in charge with preparing the financial reports**
Deloitte & Touche S.p.A.	**External Auditors**

(*) On April 20, 2017 Mr. Luca Cordero di Montezemolo was stepping down from his role as Vice Chairman.
(**) On March 1, 2017 Mr. Fabrizio Palenzona was stepping down from his role as Vice Chairman.
(***) Mr. Guido Paolucci, already an Alternate Auditor, replaced, as per article 2401 of Italian Civil Code, Standing Auditor Enrico Laghi who resigned from his office with effect from May 2, 2017.

UniCredit S.p.A.
A joint stock company
Registered Office in Rome: Via Alessandro Specchi, 16 - 00186 Roma
Head Office in Milan: Piazza Gae Aulenti, 3 - Tower A - 20154 Milano
Share capital €20,880,549,801.81 fully paid in
Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group, with cod. 02008.1
Cod. ABI 02008.1
Fiscal Code, VAT number and Registration number with the Company Register of 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 IAS34 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) 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 Consolidated Interim Report on Operations using Reclassified Consolidated Accounts 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 Consolidated Accounts, stated in comparison with those for 2016; specifically, as provided for by IAS34, the balance sheet has been compared with the figures as at December 31, 2016, 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 IAS34, 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 Art.81-ter of Consob Regulation No.11971/99 as amended;
- 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 Consolidated Interim Report on Operations is accompanied by a number of tables - Highlights, Reclassified Consolidated Accounts and their Quarterly Figures and Reclassified Consolidated Income Statement - Comparison of Q2 2017/ Q2 2016, 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 explanatory descriptions of the contents and, in case, of the calculation methods used, are inserted in accordance with European Securities and Markets Authority Guidelines (ESMA/2015/1415) of October 5, 2015.
In particular in Annex 1 is included the reconciliation of the Reclassified Consolidated Accounts to Mandatory Reporting Schedule, as required by Consob Notice No.6064293 of July 28, 2006, is presented in Annex 1 to the Accounts.

Reconciliation principles followed for the Reclassified Balance Sheet and Income Statement

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

Balance Sheet

- the aggregation of Financial assets designated at fair value, Available-for-sale financial assets, Held-to-maturity financial assets and Equity investments as 'Financial investments';
- grouping under Hedging Instruments, both assets and liabilities, of Hedging derivatives and Value adjustments to macro-hedged financial assets;
- the inclusion of Severance pay (TFR) under Other liabilities.

Income Statement

- the inclusion in "Dividends and other income from equity investments" of gains (losses) on equity investments valued at net equity and the exclusion of dividends on held-for-trading shares, which are included in trading, hedging and fair value income;
- the exclusion from "Dividends and other income from equity investments" of profit (loss) of associates valued at equity following the adoption of IFRS10-11 and whose possession originated from debt-to-equity transactions, and the inclusion under the item "Net income from investments";
- the inclusion in the balance of other operating expense/income,

excluding recovery of expenses which is classified under its own item;

- presentation of payroll costs, other administrative expenses, write-downs of tangible and intangible assets and provisions for risks and charges net of integration costs related to the reorganization program, which are shown in their own items;
- the exclusion from the “other administrative expenses” of the contributions to the Resolution Funds (SRF), the Deposit Guarantee Schemes (DGS), the Bank Levies and the Guarantee fees for DTA presented in the line “other charges and provision”;
- the exclusion from write-downs of tangible assets of impairment losses and write-backs on investment property, which are recognized in net income from investments;
- the inclusion in net income from investments of write-downs and write-backs on available-for-sale financial assets and held-to-maturity investments, gains (losses) on disposal of investments, as well as gains (losses) on equity investments and on disposals of investments.

Changes made to increase comparability

Starting from at December 31, 2016, in accordance with IFRS5, the assets and liabilities of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups’ companies (except for the following five ones: Pioneer Global Funds Distributor Ltd, Pioneer Alternative Investment Management Ltd, Pioneer Alternative Investment Management (Bermuda) Ltd, Pioneer Alternative Investments (New York) Ltd e Pioneer Alternative Investments (Israel) Ltd, belonging to Pioneer Group not included in the sale) were recognized under items “Non-current assets and disposal groups classified as held for sale” and “Liabilities included in disposal groups classified as held for sale” as a result of their classification as “discontinued operations”.
The previous periods have been consistently reclassified in order to allow their comparability, pursuant to the applicable regulations. For further information please refer to the Consolidated Report on Operations of the 2016 Consolidated Reports and Accounts.

Scope of consolidation

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

- the number of fully consolidated companies changed from 680 at the end of 2016 to 640 at June 2017 (5 incoming and 45 exited), presenting a decrease of 40;
- the number of companies consolidated using the equity method remain 65 at the end of June 2017 as well as at the end of December 2016, due to 1 new incoming and 1 disposal.

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, 2017, the main reclassified assets based on the IFRS5 accounting principle, as non-current assets and asset disposal groups refer to:

- regarding the individual asset and liabilities held for sale:
  - to credit exposures belonging to the FINO Portfolio in view of the Group intention to gradually dispose of the entire portfolio within 12 months starting from December 31, 2016;
  - to the controlled companies OSI Off-Shore Service Invest GmbH Group and its subsidiaries;
  - to the controlled company Salone S.p.A.;
  - 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:
  - to the companies of Pioneer Group (except for the following five companies: Pioneer Global Funds Distributor Ltd, Pioneer Alternative Investment Management Ltd, Pioneer Alternative Investment Management (Bermuda) Ltd, Pioneer Alternative Investments (New York) Ltd and Pioneer Alternative Investments (Israel) Ltd, belonging to Pioneer Group and not subject to sale);
  - 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 Interim Consolidated 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;
- CEE Division;
- CIB;
- Asset Gathering;
- Non-Core;
- Governance/Group Corporate Centre (including COO Services, Corporate Centre Global Function, inter-segment adjustments and consolidation adjustments not attributable to individual segments).

People Development

Our success depends on the quality and commitment of our people. That's why we have such a strong commitment to developing and empowering our teams. We must make sure we can attract and retain the very best talent and we must create and nurture an environment and culture in which our staff can grow, thrive and reach their full potential.

Consolidated Interim Report on Operations

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

Highlights

Income Statement

(€ million)

	H1		
	2017	2016	% CHANGE
Operating income	9,688	9,937	- 2.5%
of which: - net interest	*5,216*	*5,301*	*- 1.6%*
- dividends and other income from equity investments	*353*	*507*	*- 30.3%*
- net fees and commissions	*2,988*	*2,818*	*+ 6.0%*
Operating costs	(5,744)	(5,958)	- 3.6%
Operating profit	3,944	3,979	- 0.9%
Profit (loss) before tax	1,950	1,125	+ 73.3%
Net profit (loss) attributable to the Group	**1,853**	**1,321**	**+ 40.2%**

The figures in this table refer to reclassified income statement.

Balance Sheet

(€ million)

	AMOUNTS AS AT		
	06.30.2017	12.31.2016	% CHANGE
Total assets	827,128	859,533	- 3.8%
Financial assets held for trading	79,529	87,467	- 9.1%
Loans and receivables with customers	450,298	444,607	+ 1.3%
of which: - Non-Performing loans	*23,156*	*24,995*	*- 7.4%*
Financial liabilities held for trading	55,505	68,361	- 18.8%
Deposits from customers and debt securities in issue	543,681	567,855	- 4.3%
of which: - deposits from customers	*433,017*	*452,419*	*- 4.3%*
- securities in issue	*110,664*	*115,436*	*- 4.1%*
Shareholders' Equity	**55,161**	**39,336**	**+ 40.2%**

The figures in this table refer to reclassified balance sheet.

See paragraph "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		
	06.30.2017	12.31.2016	CHANGE
Employees[1]	95,288	98,304	-3,016
Branches[2]	5,072	6,221	-1,149
of which: - Italy	*3,329*	*3,524*	*-195*
- Other countries	*1,743*	*2,697*	*-954*

Note:
(1) "Full time equivalent" data (FTE): number of employees counted for the rate of presence.
(2) Figures do not include the branches of the Koç/Yapi Kredi group (Turkey).

The decrease of figures recorded in Staff and Branches compared to December 31, 2016 depends on the exit of Bank Pekao from the Group, occurred in June 2017. For further information please refer to paragraph “Initiatives to support the strategic plan” - Other information of this Consolidated Interim Report on Operations.

Profitability Ratios

	H1		
	2017	2016	CHANGE
EPS[1] (€)	2.175	4.230	-2.06
Cost/income ratio	59.3%	60.0%	-0.67 bp
EVA[2] (€ million)	45	(568)	+ 613
ROA[3]	0.50%	0.35%	0.15 bp

Notes:
(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) Annualized figure. Return on assets: calculated as the Net profit (loss) attributable to the Group to Total assets pursuant to Art.90 of CRD IV.

Risk Ratios

	AS AT	
	06.30.2017	12.31.2016
Net bad loans to customers/Loans to customers	2.23%	2.46%
Net Non-Performing loans to customers/Loans to customers	5.14%	5.62%

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	
	06.30.2017(*)	12.31.2016(*)
Total own funds (€ million)	60,848	45,150
Total risk-weighted assets (€ million)	352,669	387,136
Common Equity Tier 1 Capital Ratio	**12.93%**	**8.15%**
Total Capital Ratio	**17.25%**	**11.66%**

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

See paragraph “Capital and Value Management - Capital Ratios”, for more details.

Ratings

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

Data as at May 8, 2017.

Reclassified Consolidated Accounts

Reclassified Consolidated Balance Sheet

(€ million)

ASSETS	AMOUNTS AS AT 06.30.2017	AMOUNTS AS AT 12.31.2016	CHANGE AMOUNT	CHANGE %
Cash and cash balances	48,428	13,858	+ 34,570	+ 249.5%
Financial assets held for trading	79,529	87,467	- 7,938	- 9.1%
Loans and receivables with banks	65,225	74,692	- 9,467	- 12.7%
Loans and receivables with customers	450,298	444,607	+ 5,691	+ 1.3%
Financial investments	138,209	149,004	- 10,794	- 7.2%
Hedging instruments	5,975	6,872	- 897	- 13.1%
Property, plant and equipment	8,947	9,092	- 145	- 1.6%
Goodwill	1,484	1,484	-	-
Other intangible assets	1,763	1,708	+ 56	+ 3.3%
Tax assets	14,252	15,161	- 909	- 6.0%
Non-current assets and disposal groups classified as held for sale	4,052	45,854	- 41,801	- 91.2%
Other assets	8,966	9,735	- 770	- 7.9%
Total assets	**827,128**	**859,533**	**- 32,405**	**- 3.8%**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 06.30.2017	AMOUNTS AS AT 12.31.2016	CHANGE AMOUNT	CHANGE %
Deposits from banks	129,844	103,852	+ 25,993	+ 25.0%
Deposits from customers	433,017	452,419	- 19,403	- 4.3%
Debt securities in issue	110,664	115,436	- 4,771	- 4.1%
Financial liabilities held for trading	55,505	68,361	- 12,856	- 18.8%
Financial liabilities designated at fair value	3,045	2,497	+ 548	+ 22.0%
Hedging instruments	7,245	9,405	- 2,161	- 23.0%
Provisions for risks and charges	8,665	10,541	- 1,877	- 17.8%
Tax liabilities	1,188	1,399	- 210	- 15.0%
Liabilities included in disposal groups classified as held for sale	618	35,869	- 35,251	- 98.3%
Other liabilities	21,354	16,566	+ 4,788	+ 28.9%
Minorities	822	3,853	- 3,030	- 78.7%
Group Shareholders' Equity:	55,161	39,336	+ 15,825	+ 40.2%
- capital and reserves	*53,955*	*51,881*	*+ 2,074*	*+ 4.0%*
- available-for-sale assets fair value reserve, cash-flow hedging reserve and defined benefits plans reserve	*(647)*	*(755)*	*+ 108*	*- 14.3%*
- net profit (loss)	*1,853*	*(11,790)*	*+ 13,643*	*n.s.*
Total liabilities and Shareholders' Equity	**827,128**	**859,533**	**- 32,405**	**- 3.8%**

Reclassified Consolidated Income Statement

(€ million)

	H1		CHANGE		
	2017	2016	P&L	%	% AT CONSTANT FX(*) RATES
Net interest	5,216	5,301	- 85	- 1.6%	- 2.9%
Dividends and other income from equity investments	353	507	- 153	- 30.3%	- 23.2%
Net fees and commissions	2,988	2,818	+ 170	+ 6.0%	+ 5.5%
Net trading income	1,053	1,197	- 144	- 12.0%	- 12.5%
Net other expenses/income	78	114	- 36	- 31.8%	- 33.1%
OPERATING INCOME	**9,688**	**9,937**	**- 249**	**- 2.5%**	**- 3.0%**
Payroll costs	(3,500)	(3,669)	+ 169	- 4.6%	- 5.0%
Other administrative expenses	(2,195)	(2,227)	+ 32	- 1.4%	- 1.9%
Recovery of expenses	344	370	- 26	- 7.1%	- 7.1%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(393)	(432)	+ 40	- 9.2%	- 9.9%
Operating costs	**(5,744)**	**(5,958)**	**+ 214**	**- 3.6%**	**- 4.1%**
OPERATING PROFIT (LOSS)	**3,944**	**3,979**	**- 35**	**- 0.9%**	**- 1.5%**
Net write-downs on loans and provisions for guarantees and commitments	(1,235)	(1,644)	+ 409	- 24.9%	- 25.7%
NET OPERATING PROFIT (LOSS)	**2,709**	**2,335**	**+ 374**	+ 16.0%	+ 15.5%
Other charges and provisions	(598)	(858)	+ 260	- 30.3%	- 30.5%
Integration costs	(12)	(334)	+ 322	- 96.3%	- 96.4%
Net income from investments	(149)	(18)	- 132	n.s.	n.s.
PROFIT (LOSS) BEFORE TAX	**1,950**	**1,125**	**+ 825**	**+ 73.3%**	**+ 72.3%**
Income tax for the period	(346)	(339)	- 7	+ 2.0%	- 0.7%
NET PROFIT (LOSS)	**1,604**	**786**	**+ 818**	**+ 104.1%**	**+ 103.7%**
Profit (Loss) from non-current assets held for sale, after tax	456	778	- 322	- 41.4%	- 41.8%
PROFIT (LOSS) FOR THE PERIOD	**2,059**	**1,564**	**+ 496**	**+ 31.7%**	**+ 31.1%**
Minorities	(204)	(240)	+ 36	- 15.0%	- 16.2%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**1,855**	**1,323**	**+ 532**	**+ 40.2%**	**+ 39.8%**
Purchase Price Allocation effect	(2)	(2)	-	+ 18.6%	+ 18.6%
Goodwill impairment	-	-	-	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**1,853**	**1,321**	**+ 531**	**+ 40.2%**	**+ 39.8%**

Note:
(*) Foreign Exchange.

Starting from December 31, 2016, in accordance with IFRS5, the profit/loss of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies was entirely recognized under item "Profit (Loss) from non-current assets held for sale, after tax" as a result of their classification as "discontinued operations". The previous period was restated accordingly to increase comparability, pursuant to the regulations in force.

Reclassified Consolidated Accounts - Quarterly Figures

Reclassified Consolidated Balance Sheet

(€ million)

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

(€ million)

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

Starting from December 31, 2016, in accordance with IFRS5, the assets and liabilities of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies were recognized under items "Non-current assets and disposal groups classified as held for sale" and "Liabilities included in disposal groups classified as held for sale" as a result of their classification as "discontinued operations". The previous periods were restated accordingly to increase comparability, pursuant to the regulations in force.

Starting from December 31, 2016 the credit exposures belonging to the so-called "FINO Portfolio" were recognized in item "150. Non-current assets and disposal groups classified as held for sale".

Reclassified Consolidated Income Statement

(€ million)

	2017		2016			
	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	2,652	2,564	2,415	2,591	2,670	2,631
Dividends and other income from equity investments	183	170	148	189	295	212
Net fees and commissions	1,507	1,481	1,306	1,334	1,401	1,417
Net trading income	462	590	405	478	860	337
Net other expenses/income	50	28	(51)	49	37	77
OPERATING INCOME	**4,855**	**4,833**	**4,223**	**4,642**	**5,262**	**4,674**
Payroll costs	(1,744)	(1,755)	(1,665)	(1,791)	(1,837)	(1,832)
Other administrative expenses	(1,081)	(1,114)	(1,561)	(1,112)	(1,122)	(1,105)
Recovery of expenses	167	176	207	191	194	176
Amortisation, depreciation and impairment losses on intangible and tangible assets	(199)	(193)	(536)	(228)	(218)	(214)
Operating costs	**(2,858)**	**(2,886)**	**(3,555)**	**(2,940)**	**(2,982)**	**(2,976)**
OPERATING PROFIT (LOSS)	**1,997**	**1,947**	**667**	**1,702**	**2,280**	**1,698**
Net write-downs on loans and provisions for guarantees and commitments	(564)	(670)	(9,586)	(977)	(884)	(760)
NET OPERATING PROFIT (LOSS)	**1,433**	**1,277**	**(8,919)**	**726**	**1,397**	**938**
Other charges and provisions	(135)	(463)	(973)	(247)	(477)	(381)
Integration costs	(8)	(5)	(1,771)	(26)	(83)	(252)
Net income from investments	(173)	24	(885)	(8)	-	(18)
PROFIT (LOSS) BEFORE TAX	**1,117**	**833**	**(12,547)**	**445**	**837**	**288**
Income tax for the period	(134)	(212)	(103)	(271)	(153)	(186)
NET PROFIT (LOSS)	**983**	**621**	**(12,650)**	**173**	**684**	**102**
Profit (Loss) from non-current assets held for sale, after tax	79	376	(525)	378	379	398
PROFIT (LOSS) FOR THE PERIOD	**1,062**	**997**	**(13,175)**	**551**	**1,064**	**500**
Minorities	(116)	(89)	(121)	(103)	(147)	(93)
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**946**	**909**	**(13,296)**	**448**	**917**	**407**
Purchase Price Allocation effect	(1)	(1)	(2)	(1)	(1)	(1)
Goodwill impairment	-	-	(261)	-	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**945**	**907**	**(13,558)**	**447**	**916**	**406**

Starting from December 31, 2016, in accordance with IFRS5, the profit/loss of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies was entirely recognized under item "Profit (Loss) from non-current assets held for sale, after tax" as a result of their classification as "discontinued operations". The previous periods were restated accordingly to increase comparability, pursuant to the regulations in force.

Reclassified Consolidated Income Statement - Comparison of Q2 2017/Q2 2016

Reclassified Consolidated Income Statement

(€ million)

	Q2		CHANGE		
	2017	2016	P&L	%	% AT CONSTANT FX(*) RATES
Net interest	2,652	2,670	- 18	- 0.7%	- 1.5%
Dividends and other income from equity investments	183	295	- 112	- 37.9%	- 32.1%
Net fees and commissions	1,507	1,401	+ 106	+ 7.6%	+ 7.1%
Net trading income	462	860	- 397	- 46.2%	- 46.7%
Net other expenses/income	50	37	+ 13	+ 35.7%	+ 33.9%
OPERATING INCOME	**4,855**	**5,262**	**- 408**	**- 7.8%**	**- 8.1%**
Payroll costs	(1,744)	(1,837)	+ 92	- 5.0%	- 5.4%
Other administrative expenses	(1,081)	(1,122)	+ 40	- 3.6%	- 4.0%
Recovery of expenses	167	194	- 27	- 13.9%	- 13.9%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(199)	(218)	+ 19	- 8.7%	- 9.3%
Operating costs	**(2,858)**	**(2,982)**	**+ 124**	**- 4.2%**	**- 4.6%**
OPERATING PROFIT (LOSS)	**1,997**	**2,280**	**- 283**	**- 12.4%**	**- 12.7%**
Net write-downs on loans and provisions for guarantees and commitments	(564)	(884)	+ 319	- 36.1%	- 36.7%
NET OPERATING PROFIT (LOSS)	**1,433**	**1,397**	**+ 36**	**+ 2.6%**	**+ 2.4%**
Other charges and provisions	(135)	(477)	+ 342	- 71.7%	- 71.9%
Integration costs	(8)	(83)	+ 75	- 90.9%	- 90.9%
Net income from investments	(173)	-	- 173	n.s.	n.s.
PROFIT (LOSS) BEFORE TAX	**1,117**	**837**	**+ 280**	**+ 33.4%**	**+ 33.5%**
Income tax for the period	(134)	(153)	+ 19	- 12.5%	- 14.9%
NET PROFIT (LOSS)	**983**	**684**	**+ 299**	**+ 43.7%**	**+ 44.3%**
Profit (Loss) from non-current assets held for sale, after tax	79	379	- 300	- 79.1%	- 79.5%
PROFIT (LOSS) FOR THE PERIOD	**1,062**	**1,064**	**- 2**	**- 0.2%**	**-**
Minorities	(116)	(147)	+ 31	- 21.3%	- 22.8%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**946**	**917**	**+ 30**	**+ 3.2%**	**+ 3.7%**
Purchase Price Allocation effect	(1)	(1)	-	- 1.8%	- 1.8%
Goodwill impairment	-	-	-	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**945**	**916**	**+ 30**	**+ 3.3%**	**+ 3.7%**

Note:
(*) Foreign Exchange.

Starting from December 31, 2016, in accordance with IFRS5, the profit/loss of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies was entirely recognized under item "Profit (Loss) from non-current assets held for sale, after tax" as a result of their classification as "discontinued operations". The previous period was restated accordingly to increase comparability, pursuant to the regulations in force.

Segment Reporting Summary

Key Figures by Business Segment

(€ million)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CEE DIVISION	CIB	ASSET GATHERING	GROUP CORPORATE CENTER[1]	NON-CORE	CONSOLIDATED GROUP TOTAL
Income Statement									
OPERATING INCOME									
H1 2017	3,783	1,437	768	2,144	2,174	282	(810)	(90)	**9,688**
H1 2016	*3,921*	*1,266*	*826*	*2,111*	*2,196*	*289*	*(596)*	*(76)*	***9,937***
OPERATING COSTS									
H1 2017	(2,221)	(940)	(556)	(767)	(838)	(121)	(238)	(63)	**(5,744)**
H1 2016	*(2,317)*	*(959)*	*(633)*	*(741)*	*(860)*	*(118)*	*(261)*	*(70)*	***(5,958)***
OPERATING PROFIT									
H1 2017	1,562	497	212	1,377	1,336	161	(1,048)	(153)	**3,944**
H1 2016	*1,604*	*307*	*193*	*1,370*	*1,337*	*171*	*(857)*	*(145)*	***3,979***
PROFIT BEFORE TAX									
H1 2017	949	374	221	968	1,143	156	(1,218)	(643)	**1,950**
H1 2016	*880*	*305*	*(95)*	*942*	*1,019*	*165*	*(1,149)*	*(943)*	***1,125***
Balance Sheet									
CUSTOMERS LOANS (NET REPOS AND IC)									
as at June 30, 2017	138,209	83,134	44,626	59,774	74,905	1,303	2,313	16,391	**420,655**
as at December 31, 2016	*134,906*	*80,660*	*44,984*	*59,935*	*75,470*	*910*	*2,041*	*18,962*	***417,868***
CUSTOMERS DEPOS (NET REPOS AND IC)									
as at June 30, 2017	134,830	84,393	46,375	59,677	46,839	19,281	2,514	1,035	**394,944**
as at December 31, 2016	*134,495*	*86,603*	*47,096*	*59,175*	*45,770*	*18,570*	*3,300*	*970*	***395,979***
TOTAL RISK WEIGHTED ASSETS[2]									
as at June 30, 2017	81,405	35,231	21,960	87,390	70,379	2,063	31,499	22,742	**352,669**
as at December 31, 2016	*79,043*	*36,109*	*23,675*	*91,403*	*74,977*	*1,890*	*53,843*	*26,196*	***387,136***
EVA									
H1 2017	123	144	139	214	350	30	(373)	(583)	**45**
H1 2016	*194*	*12*	*(33)*	*229*	*330*	*37*	*(572)*	*(766)*	***(568)***
Cost/income ratio									
H1 2017	58.7%	65.4%	72.4%	35.8%	38.5%	42.9%	- 29.3%	- 70.7%	**59.3%**
H1 2016	*59.1%*	*75.8%*	*76.6%*	*35.1%*	*39.1%*	*40.8%*	*- 43.7%*	*- 92.3%*	***60.0%***
Employees									
as at June 30, 2017	34,295	10,375	5,329	24,224	3,417	1,067	16,082	500	**95,288**
as at December 31, 2016	*35,250*	*10,946*	*5,596*	*24,271*	*3,453*	*1,052*	*17,207*	*529*	***98,304***

Notes:
(1) COO Services, Corporate Centre Global Functions, inter-segment adjustments and consolidation adjustments not attributable to individual segments.
(2) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level).

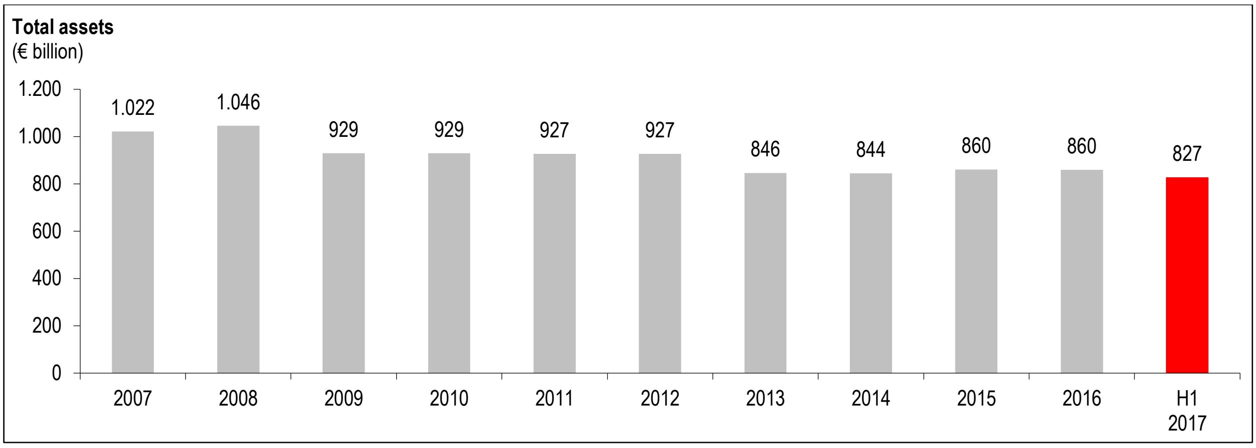
Figures have been recasted, where necessary, on a like-to-like basis to consider changes in scope of business segment and methodological rules.

Group historical data

Group Figures 2007 - 2017

	IAS/IFRS										
	H1 2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Income Statement (€ million)											
Operating income	9,688	18,801	22,405	22,513	23,973	25,049	25,200	26,347	27,572	26,866	25,893
Operating costs	(5,744)	(12,453)	(13,618)	(13,838)	(14,801)	(14,979)	(15,460)	(15,483)	(15,324)	(16,692)	(14,081)
Operating profit (loss)	3,944	6,348	8,787	8,675	9,172	10,070	9,740	10,864	12,248	10,174	11,812
Profit (loss) before income tax	1,950	(10,978)	2,671	4,091	(4,888)	317	2,060	2,517	3,300	5,458	9,355
Net profit (loss) for the period	2,059	(11,061)	2,239	2,669	(3,920)	1,687	644	1,876	2,291	4,831	6,678
Net profit (loss) attributable to the Group	1,853	(11,790)	1,694	2,008	(13,965)	865	(9,206)	1,323	1,702	4,012	5,961
Balance Sheet (€ million)											
Total assets	827,128	859,533	860,433	844,217	845,838	926,827	926,769	929,488	928,760	1,045,612	1,021,758
Loans and receivables with customers	450,298	444,607	473,999	470,569	503,142	547,144	559,553	555,653	564,986	612,480	574,206
of which: Non-Performing loans	*10,043*	*10,945*	*19,924*	*19,701*	*18,058*	*19,360*	*18,118*	*16,344*	*12,692*	*10,464*	*9,932*
Deposits from customers and debt	543,681	567,855	584,268	560,688	571,024	579,965	561,370	583,239	596,396	591,290	630,533
Shareholders' Equity	55,161	39,336	50,087	49,390	46,841	62,784	51,479	64,224	59,689	54,999	57,724
Profitability ratios (%)											
Operating profit (loss)/Total assets	0.48	0.74	1.02	1.03	1.08	1.09	1.05	1.17	1.32	0.97	1.16
Cost/income ratio	59.3	66.2	60.8	61.5	61.7	59.8	61.4	58.8	55.6	62.1	54.4

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



IAS/IFRS

UniCredit Share

Share Information

	H1 2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Share price (€)(*)											
- maximum	17.100	25.733	32.824	34.427	28.213	22.440	65.912	76.243	87.212	151.942	204.632
- minimum	12.160	8.785	24.605	25.583	16.227	11.456	21.157	49.212	19.283	40.138	136.484
- average	14.487	13.820	29.509	30.015	22.067	16.520	42.923	63.702	59.078	99.949	174.068
- end of period	16.350	13.701	25.733	26.735	26.961	18.572	21.190	51.093	73.819	46.507	151.355
Number of outstanding shares (million)											
- at period end(1)	2,226	6,180	5,970	5,866	5,792	5,789	1,930	19,297.6	16,779.3	13,368.1	13,278.4
- shares cum dividend	2,216	6,084	5,873	5,769	5,695	5,693	1,833	18,330.5	18,329.5	13,372.7	13,195.3
of which: savings shares	*0.25*	*2.52*	*2.48*	*2.45*	*2.42*	*2.42*	*2.42*	*24.2*	*24.2*	*21.7*	*21.7*
- average(1)	1,684	6,110	5,927	5,837	5,791	5,473	1,930	19,101.8	16,637.8	13,204.6	11,071.6
Dividend											
- total dividends (€ million)		-	706	697	570	512	(***)	550	550	(**)	3,431
- dividend per ordinary share		-	0.120	0.120	0.100	0.090	(***)	0.030	0.030	(**)	0.260
- dividend per savings share		-	0.120	1.065	0.100	0.090	(***)	0.045	0.045	(**)	0.275

Notes:
(1) The number of shares is the precise one, net of Treasury shares, and included 9.676 million of shares held under a contract of usufruct.
(*) Following extraordinary corporate operations, which involve the detachment of rights, stock splitting or grouping, demerger operations and distribution of extraordinary dividends, the price of the shares can fluctuate so much that they are no longer comparable. Thus, the time series hereby published are adjusted accordingly to restore the continuity of historical price series.
(**) 2008 dividend was paid with cash to savings shareholders (€0.025 per share, for a total amount of €0.5 million), and with newly issued shares (so called scrip dividend).
(***) As per Banca d'Italia's paper dated 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 No.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.

In 2017 the following operations were carried out:
- the reverse stock split of ordinary and savings shares based on a ratio of 1 new ordinary or savings share for every 10 existing ordinary or savings shares;
- the €13,000 million fully subscribed capital increase, of which €16 million as share capital and €12,984 as share premium, through the issuance of No.1,606,876,817 new ordinary shares.

UniCredit Share

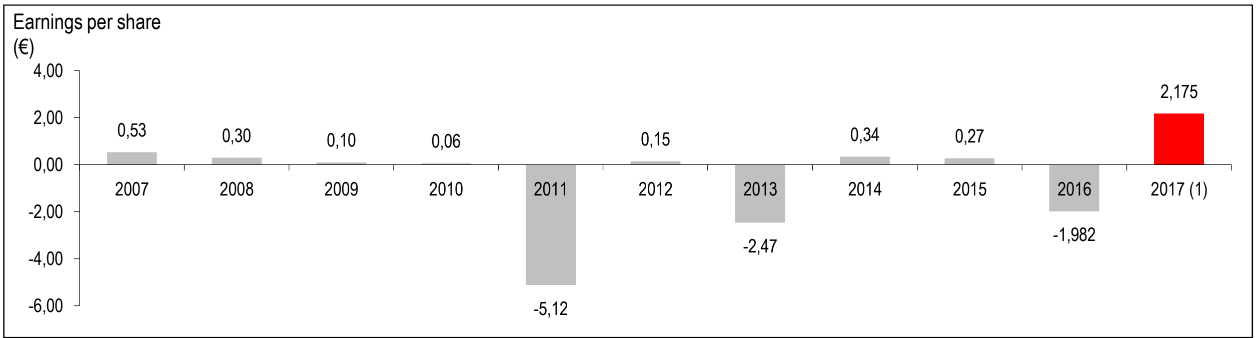
Earnings Ratios

	IAS/IFRS										
	H1 2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Shareholders' Equity (€ million)	55,161	39,336	50,087	49,390	46,841	62,784	51,479	64,224	59,689	54,999	57,724
Group portion of net profit (loss) (€ million)	1,853	(11,790)	1,694	2,008	(13,965)	865	(9,206)	1,323	1,702	4,012	5,961
Net worth per share (€)	24.78	6.36	8.39	8.42	8.09	10.85	26.67	3.33	3.56	4.11	4.35
Price/Book value	0.66	4.30	0.61	0.63	0.67	0.34	0.16	3.06	4.14	2.37	7.28
Earnings per share(1) (€)	2.175	-1.98	0.27	0.34	-2.47	0.15	-5.12	0.06	0.10	0.30	0.53
Payout ratio (%)		-	41.7	34.7	-4.1	59.2	-	41.6	32.3	(*)	58.1
Dividend yield on average price per ordinary share (%)		-	2.04	2.00	2.27	2.73	-	1.55	1.58	(*)	3.98

Notes:
(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 (IAS33 paragraph 28). From 2009 for the purposes of calculating EPS, due to disbursements made in connection with the foreseen use of treasury shares agreed under the 'cashes' transaction, and charged to equity, net profit for the period was reduced by the following amounts: for 2009 of €131 million, for 2010 of €156 million, for 2011 of €172 million, for 2012 of €46 million, for 2013 of €105 million, for 2014 of €35 million, for 2015 of €100 million, for 2016 €128 million and for 2017 first half of €32 million.



IAS/IFRS

(1) Annualized figure.

Macroeconomic situation, banking and financial markets

International situation

USA/Eurozone

In the first half of the year, the recovery in global growth gained momentum thanks to better-than-expected performance in emerging markets. This has encouraged global trade, which is now expanding at its strongest pace since 2011, providing fresh impulses to economic growth in a number of countries, predominantly in Europe. Thanks to the positive electoral outcomes in the Netherlands and France, where populist forces were defeated, extreme political movements no longer represent a major threat to the stability of the monetary union. The UK economy has entered what is likely to be a persistent slowdown. The major determinant of the UK outlook is Brexit: the general election result has increased political uncertainty and so the likelihood of an exit from both the single market and the EU customs union. The US recovery remains solid, but has likely lost steam as a result of the disappointing first half of 2017. In China, growth remains above the 6.5% target set by the government. So far, Beijing has succeeded in reviving the industrial sector through a combination of demand-management policies and curbed supply in overstretched industries, boosting prices and profits of the most indebted state-owned enterprises (SOEs). Finally, resurgent foreign demand and global trade, along with strong risk appetite, have helped to improve the growth outlook for the CEE region. Russia, in particular, has come out the recession, but growth is likely to remain sluggish due to structural constraints.

The eurozone recovery is strengthening and broadening, with GDP growth likely stabilizing at around 2% in annualized terms in the first half of 2017. This brighter picture mainly hinges on the accelerating recovery in global trade, boosted by emerging markets. Firming trade provided a fresh impulse to eurozone exports and generates broader positive spillover across the economy, which remains supported by particularly loose financial conditions, including still very low bank lending rates. Clear signs of broadening recovery come from surveys among companies producing capital goods and operating in the construction sector, whose optimism is at multi-year highs, which bodes well for the investment outlook. Employment has risen above its pre-crisis level and household sentiment has been booming. Weak commodity prices continue to curb inflationary pressure. In June, the inflation rate in the eurozone was just 1.4%. The "Core" component (which excludes volatile goods like energy and food) also remains low at around 1.0%. Headline inflation is set to accelerate towards the end of the year.

With a brightening macroeconomic outlook, the major central banks have started to gradually normalize their policies.
The Fed has increased its target interest rate twice since the beginning of the year, bringing the fed funds target to 1.25% and started to discuss the shrinking of its balance sheet that will not begin before the end of the year. In March, as previously announced, the European Central Bank has reduced its monthly asset purchases to €60 billion from €80 billion. In addition, it has dropped its easing bias for lower interest rates in the future. Its benchmark rates, instead, have remained unchanged and will stay at the current level at least for the next year (depo rate: -0.40% and refi rate: 0.00%).

The US economy likely expanded an annualized 2% to 2.25% in the first half of the year. After GDP growth disappointed (again) in the first quarter, coming in at a lackluster 1.4%, it is on track for a 3% rebound in the current quarter. The main growth driver in the first half of 2017 was once again consumer spending. In addition, business fixed investment has gained some momentum after various headwinds, notably low energy prices, faded. From a political point of view, the first six months of the Trump presidency were rather disappointing. In particular, the long-awaited fiscal stimulus has not materialized yet and the political debate has become more and more polarized, making even more difficult for the executive to pass meaningful reforms.

Banking and financial markets

In the first half of 2017, the improving trend of credit to the private sector continued in the eurozone, with the annual loan growth rate standing at around 2.5%. The pace of growth has also become more uniform between loans to households and loans to non-financial corporations, with the latter having seen an accelerating recovery in the first part of the year. In the three countries of reference for the Group, household loans have seen a relatively similar trend, with an annual growth rate of around 2.5% in Italy and close to or slightly above 3% in Germany and Austria. Corporate loans, on the other hand, while confirming a continued solid expansion in both Germany and Austria, remained modest in Italy, with corporate lending in the first half of 2017 having remained more or less stable compared to the previous year. However, this is an improvement compared to the significant contraction that this credit aggregate underwent in Italy in recent years.
As for bank funding at a system level, in the three countries of reference for the Group, the growth of bank deposits continued at a sustained pace in the first half of 2017, mainly driven by a significant expansion of sight deposits, as a consequence of the low yields that continue to characterize this bank liability.

The first half of 2017 also witnessed a relative stabilization, or a slight decline, in interest rates on bank deposits towards zero in all the three countries of reference for the Group, while interest rates on bank loans showed early signs of a trend reversal (upward), especially in Germany and Italy, albeit modest and not widespread among all categories of loans.
As a result, the significant reduction in the bank interest rate spread (i.e. the difference between the average interest rate on loans and

the average interest rate on deposits) observed in recent years in the three main reference countries of the Group, and in particular in Italy, seems to have been interrupted in the first few months of 2017. This should gradually help mitigate the compression of lending margins that eurozone banks have experienced so far as a result of the expansive, conventional and unconventional monetary policy adopted by the European Central Bank over the last three years. Finally, volatility in eurozone financial markets was generally low in the first half of 2017, with the only exception being the period before the presidential election in France at the end of April. In terms of the impact on equity market performance, in the period December 2016 to June 2017, among the Group's three reference countries, the Austrian stock market experienced the largest gain, with a cumulative expansion of around 20%. The German and Italian markets both showed cumulative gains of about 7% in the period.

CEE Countries

The outlook for the CEE has improved markedly further, with the global environment as favorable as it has ever been in the last decade, supported by expectations for continued monetary policy accommodation. Financial markets are on a roll, volatility near historic lows and risk appetite and portfolio flows to EM near record highs. The growth outlook has improved, especially in Europe, with global trade and EM growth rebounding, while inflation risks remain remote and deflation fears behind us.
As a result, activity has gained further momentum, expanding at a pace not seen since 2006, amid buoyant exports, stronger confidence and vigorous domestic demand. Currencies' have appreciated and risk premia have fallen. We upgraded our 2017 growth projections for most countries, with growth almost everywhere running at or above potential.

Growth this year will continue to be supported also by policy accommodation. Due to subdued inflation and ample global liquidity, central banks will remain accommodative throughout the region. Russia will continue easing at a moderate pace through 2018 with inflation now approaching the 4% target, while Turkey alone will need to keep monetary policies tight to contain inflation. Scope for fiscal accommodation will be more limited, however. While most of the CEE-EU countries, along with Croatia and Turkey, have room for stimulative policy thanks to low deficits and debt, Poland and Romania would need to tighten, along with Russia as its grapples with the impact of the renewed decline in oil prices.

After a temporary spike on the back of a rebound in oil and food prices, headline inflation is set to recede through the rest of the year, with core inflation remaining still subdued. However, as core creeps up with output gaps closed and labor markets tight, price pressures will gradually build up into next year. In Russia, inflation is likely to remain anchored near the 4% target this year and next with the central bank determined to keep an overly tight monetary stance.

Inflation will also ease in Turkey, but only gradually and from very high levels and will remain elevated through 2018 in high single digits, nearly double the target.

In CEE-EU, growth is likely to slow somewhat from the first-quarter pace, but will still outperform the rest of the region, firming to 3.6% this year and 3.2% next year from 3.0% in 2016, buoyed by the rebound in Europe and in global trade, stepped-up EU fund absorption and, in most countries, by fiscal stimulation. Growth in Croatia and Serbia will remain somewhat lower at 2.5-2.7%, constrained in the former by problems related to a large corporate failure, and in the latter by a very weak first quarter.

Macroeconomic imbalances will remain contained in CEE-EU. With inflation within target ranges, we expect central banks to remain on hold this year, except for the Czech Republic, where a rate hike is likely in the third quarter of 2017. The rest of the region may begin tightening late next year, depending on how European Central Bank's policies evolve, with Hungary alone likely to keep rates unchanged into 2019. While C/A will remain mostly in good shape, we expect some weakening in a few countries, especially in Romania, as a result of excessive policy stimulus, as well as in Serbia.

In Russia, we reaffirm our growth projection at 1.4% for this year, as demand begins recovering amid rising real incomes and a firmer RUB, as well as thanks to the benign global environment.
In Turkey, we revised upwards our growth forecast for 2017 (from 2.5% to 4.6%) to take account of the diminished political uncertainty following the April constitutional referendum and the massive fiscal and government-induced credit stimuli.

Turkey is also the only CEE country facing significant external imbalances, with the C/A deficit set to exceed 5% of GDP both this year and next, and external financing more expensive and more difficult to attract. It is this heavy dependence on foreign funding that has left Turkey by far the most vulnerable in the CEE region to shifts in market sentiment. Not surprisingly, Turkey is by far most vulnerable to a potential tightening in global liquidity and a reversal of capital flows as the major central banks proceed with monetary policy normalization and the Fed begins reducing its balance sheet.

For the region as a whole, external risks have diminished, with the global upturn on solid footing and the normalization of monetary policy likely to proceed only gradually. Political risks have receded as well, with the elections in France.
At the same time, domestic policy-related risks have moved to center stage, especially in Turkey and in Romania. A sharper-than-currently expected global liquidity tightening or a reversal of risk appetite would have limited impact on CEE-EU or Russia, but would hit Turkey hard, and could affect Serbia as well.

Main results and performance for the period

Introduction

In the first half of 2017 the Group has begun to carry out the objectives on which the new Strategic Plan 2016 - 2019 “Transform 2019” is based, in summary:

- **Strengthen and optimize capital**
  On March 2, the capital increase of €13 billion has carried out, with the subscription of the 99.8% of the total new shares offered.
  On June 7 the disposal of the 32.8% shareholding held in Bank Pekao S.A. to Powszechny Zakład Ubezpieczeń S.A. ("PZU") e Polski Fundusz Rozwoju S.A. ("PFR") has been completed. Such actions, combined with the earning generation and RWA dynamic, brought the CET 1 fully loaded the ratio to 12.80%.
- **Improve the asset quality**
  During the first half of the year the proactive risk reduction measures continued, leading the Non-Performing Exposure (NPE) ratio to 11.0% at the end of June (13.9% excluding the effect deriving from FINO portfolio reclassification among assets held for sale), in comparison to the 11.8% of the end of 2016, with a coverage ratio increased to 56.3%, compared to 55.6% of the end of 2016.
- **Transform the operating model**
  The cost cutting initiatives have been confirmed on track with the Plan targets, in particular the branch network rationalization program has positively progressed. The branch closures have achieved the 464 units starting from 2015, corresponding to the 49% of the 944 branch closures targeted by 2019 by the Strategic Plan.
  During the semester the staff has been reduced by 3,016 FTEs, leading the overall decrease to about 6,000 FTEs starting from the end of 2015 and equivalent to the 42% of the 14,000 exits planned by the year 2019.
- **Maximize commercial bank value**
  Commercial initiatives are ongoing in all Group geographies, together with some strategic initiatives, among which:
  - the partnership with Amundi aimed to support the Asset Under Management (AUM) sales and to strengthen the bank’s commercial proposition;
  - the partnership with Apple Pay in Italy addressed to 6 million UniCredit cardholders;
  - the focus on multichannel approach to clients.
- **Adopt a lean but strong steering Group Corporate Center**
  The operating costs of the first half have been reduced by the 8.8% compared to the same period of 2016, with a staff decrease of 1,324 FTEs (down by 7.6%).

Also thanks to the mentioned initiatives, the Group in the first half of the year achieved a net profit of €1,853 million, up by 40.2% in comparison to the result of the same period of 2016.
Netting the first half 2017 result by negative P&L effect deriving from Bank Pekao dismissal, equal to -€310 million, the year on year growth would amount to up 67.3% in comparison to the net profit of the first half 2016, also netted by the extraordinary items (for an overall balance of -€29 million, including restructuring charges in Italy and Austria, the warranty fee for the maintenance of the DTA transformation scheme, the non-recurrent gains resulting from the termination of a securitization transaction and from the disposal of VISA Europe stakes held by Group legal entities).

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

Always according to the IFRS5 accounting principle the positions involved by the FINO project have been classified as “Non-current assets and disposal groups classified as held for sale”, basing on the Board of Directors’ decision to complete their sale by the year 2017.

Accordingly with the new principle “One Bank - One UniCredit” adopted by the Strategic Plan “Transform 2019” the explanations of the first half 2017 results, as already done for December 2016, will be detailed below with reference to the whole Group, wirh no details of the aggregate Core Bank.

Operating income

In the first half of 2017 Group’s revenues amounted to €9,688 million, decreasing by 2.5% over the same period last year (down by 3.0% at constant exchange rates). Net of the extraordinary gains accounted in the first half of 2016 (eg. termination of a securitization transaction and disposal of VISA), the first half 2017 revenues would be growing by 1.6% in comparison to the same period of last year.

The net interest was equal to €5,216 million, decreasing by 1.6% over the previous year (down by 2.9% at constant exchange rates). It is worth to remember that the semester benefitted from a release of interests on fiscal related accruals with regards to the years 2005-2008 in Germany, that proved to be in excess, for an amount of €90 million.
During the first half of the year the net interest was still characterized by the reduction of interests income on lending to customers, mainly as an effect of the rates reduction, only partially offset by the reduction of the average cost of funding from customers and by the benefit recognized on the value of the TLTRO (Targeted Long Term Refinancing Operation) financing with ECB.
Also the first half of the year has been affected by the progressive reduction of credit spreads, in an environment of interest rates

Group Results

remained in a negative territory (average 3 months Euribor equal to -0.33% in the half 2017 compared with -0.22% in the same period of 2016).

Net interests result has took place in an overall decreasing loans dynamic (€450.3 billion as of June 30, 2017, down by 2.5% over the same period of last year), but in recovery (up by 0.5%) net of the reduction of the Non-Core component, on which has operated the FINO project, aimed to the reduction of the Non-Performing Exposure (NPE).
A similar trend was registered for the stock of loans to customers net of repos, that was decreasing compared to the first half of last year (down by 1.8%), but growing (up by 1.6%) net of the Non-Core component.
At a geographic level, the positive loan trend of the region Italy, has been confirmed with a growth, net of Non-Core Division contribution, of 4.7% compared to the first half of 2016. The loans to customers net of repos have increased also in Germany, up by 2.6%, and in Austria up by 1.2%. Stable the CEE division's countries (down by 0.3% at constant exchange rates), characterized by a drop of Russia (down by 17.1% at constant exchange rates) and of Croatia (down by 5.9% at constant exchange rates), while widespread growths have been recorded in the remaining Countries, in particular Czech Republic (up by 5.4% at constant exchange rates), Romania (up by 9.0% at constant exchange rates), Bulgaria (up by 4.8% at constant exchange rates) and Hungary (up by 10.2% at constant exchange rates).
Non-Core division recorded a further reduction of customers loans net of repos from €30.7 billion of end of June 2016, to €16.4 billion of end of June 2017 (down by 46.6%), also as an effect of the additional loans loss provisions, partly related to FINO project accounted at the end of 2016.
Deposits from customers registered a stabilization, decreasing by 2.5% (down by 2.8% at constant exchange rates) compared to the first half of 2016, but deposits from customers net of repos have increased (up by 3.8% or up by 3.5% at constant exchange rates). More specifically, Italy grew up by 9.0% (net of Non-Core division), while deposits have decreased in Germany, down by 0.1% and Austria, down by 4.6%. The CEE division deposits grew by 5.6% (up by 3.1% at constant exchange rates) compared to the first half of 2016, driven Romania (up by 19.0% at constant exchange rates), Bulgaria (up by 6.9% at constant exchange rates), Croatia (up by 1.1% at constant exchange rates), Hungary (up by 12.1% at constant exchange rates), while Russia (down by 2.2% at constant exchange rates) and Czech Republic (down by 0.5% at constant exchange rates) registered a drop.

Dividends (which include the profits of the companies accounted at equity method) in first half of 2017 amounted at €353 million, declining by €153 million compared with the first half 2016. The drop was mainly related to the lower dividends from Banca d'Italia and from company Euro Kartensysteme Gesellschaft mit Beschraenkter Haftung, to profits for VISA disposal included among Yapi Kredi group's profits valued at equity method and to the result of the period of Camfin.

The net fees and commissions in first half 2017 amounted to €2,988 million, growing by 6.0% (up by 5.5% at constant exchange rates) over the previous year.
The growth has been led by the investment services (up by 12.5% compared to first half 2016), inside of which there was a remix between the asset under management fees (up by 23.3% over the first half 2016) and the asset under custody fees (-37.9% over the first half 2016).
Transactional services fees showed a positive trend too (up by 10.7% in comparison to the first half of 2016).
On the other hand the financing services were decreasing, down by 5.6% over the first half of 2016, mainly as an effect of the commission income on the restructuring of a big real estate ticket in charge to the German CIB Division, accounted in the first half of 2016 and of lower "Money supply" fees accounted in the current semester.

The net trading, hedging and fair value income in the first half of 2017 was €1,053 million, falling by 12.0% over the first half 2016 (down by 12.5% at constant exchange rate). On the first half 2016 result have been accounted the gains of the disposal of VISA Europe stakes (€246 million) and the effects related to the termination of a securitization transaction. Net of these components, the first half of 2017 would have recorded a growth of 28.6%.

Finally, net other expenses/income in the first half of 2017 amounted to €78 million, down by €36 million over the same period of 2016.

Operating income

(€ million)

	H1				
	2016	2017	% CHANGE	2017 Q2	% CHANGE ON Q1 2017
Net interest	5,301	5,216	- 1.6%	2,652	+ 3.4%
Dividends and other income from equity investments	507	353	- 30.3%	183	+ 7.7%
Net fees and commissions	2,818	2,988	+ 6.0%	1,507	+ 1.8%
Net trading income	1,197	1,053	- 12.0%	462	- 21.7%
Net other expenses/income	114	78	- 31.8%	50	+ 81.3%
Operating income	**9,937**	**9,688**	**- 2.5%**	**4,855**	**+ 0.4%**

Operating costs

Group's operating costs in the first half of 2017 were equal to €5,744 million, decreasing by 3.6% compared with the first half of 2016 (down by 4.1% at constant exchange rates), thanks to the staff reduction initiatives and to the administrative expenses control actions.

Analyzing more in detail the single components, staff expenses of the first half 2017 were €3,500 million, decreased by 4.6% over the first half of 2016 (down by 5.0% at constant exchange rates). Such a trend was achieved mainly thanks to the resolute dynamic of employees reduction, characterized by a decline of over 4,500 FTEs compared to the first half of 2016.

Concerning conversely the other administrative expenses, in the first half of 2017 they amounted to €2,195 million, decreasing by 1.4% in comparison to the first half of 2016 (down by 1.9% at constant exchange rates).

Lower costs have been mainly recorded within the legal expenses and litigations, as well as the communication and marketing expenses.

The expenses recovery in the first half of 2017 was €344 million, in comparison to the €370 million of the same period last year.

Finally, the write-downs on tangible and intangible assets in the first half of 2017 were €393 million, decreasing by 9.2% (down by 9.9% at constant exchange rates) over the first half of 2016, also thanks to some extraordinary devaluations of a subsidiary's (UBIS) applications internally developed and of real estates in Austria carried out at the end of 2016.

Operating costs

(€ million)

	H1		%	2017	% CHANGE
	2016	2017	CHANGE	Q2	ON Q1 2017
Payroll costs	(3,669)	(3,500)	- 4.6%	(1,744)	- 0.6%
Other administrative expenses	(2,227)	(2,195)	- 1.4%	(1,081)	- 2.9%
Recovery of expenses	370	344	- 7.1%	167	- 5.1%
Write downs of tangible and intangible assets	(432)	(393)	- 9.2%	(199)	+ 3.0%
Operating costs	**(5,958)**	**(5,744)**	**- 3.6%**	**(2,858)**	**- 1.0%**

The dynamics of the slightly decreasing revenues, not fully offset by the cost savings, led to €3,944 million Group gross operating profit in the first half 2017, down by 0.9% over the first half of 2016 (down by 1.5% at constant exchange rates). Excluding the mentioned extraordinary charges P&L effects of the first half 2016, a 10.3% growth of the gross operating profit would have been recorded.

The cost income ratio of the first half 2017 amounted to 59.3%, improving by 67 basis points over the same period last year. Excluding the extraordinary items, the first half 2017 cost income would be improving by 3.2 percent points.

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 first half 2017 were €1,235 million, compared to €1,644 million of the first half last year, therefore recording a decrease of 24.9%.
The positive result has also been influenced by the implications deriving from the extraordinary provisions related to FINO and PORTO projects, as well as by other extraordinary provisions, for a total of €8.1 billion, accounted in fourth quarter of 2016, aimed to address the risk level of the Italian Non-Performing credit portfolio and to accelerate the run-down of the Non-Core portfolio.

In the first half of 2017 the cost of risk was equal to 55 basis points, improving by 17 basis points in comparison to the same period of last year (amounted to 72 basis points), showing differences on geographical basis, with Italy amounting to 92 basis points, Germany to 17 basis points, Austria to -33 basis points and CEE to 88 basis points.
The Group gross impaired loans at June 30, 2017 were decreasing by €3.4 billion compared to December 31, 2016.
Thanks to this decrease, the gross impaired loans on total loans ratio improved, moving from 11.78% in December 2016 to 10.99% in June 2017. Gross Non-Performing loans stock was at €29.9 billion, decreasing by €1.9 billion over December 2016.

The Group coverage ratio as of June 30, 2017 improved by 67 basis points, reaching 56.30% in comparison to 55.64% as of 2016 year end.

Group Results

Referring to the FINO Project - for the most detailed disclosure see the information provided in Part E - Information on risks and hedging policies - Section 1 - Credit Risk, at the foot of table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)", the Non-Performing exposures included in the FINO Portfolio were valued at June 30, 2017 in accordance with the prices stated in the Transfer Agreements signed on July 14, 2017 by UniCredit S.p.A. and the SPVs (attributable to Third Party Investors Pimco and Fortress) transferees of the receivables within the FINO Portfolio, in accordance with IAS39 (paragraphs 63 and AG 84). The economics of the FINO Portfolio dynamic in the first half 2017, together with the evaluation adjustments based on the sale prices (which consider the collections between July 1, 2016 and June 30, 2017 be transferred back to the transferees accordingly with the agreements) led an overall net impairment loss attributable to the first half of 2017 for approximately €26 million. In addition, in view of the commitments entered into in the agreements signed, it was considered in the valuation at June 30, 2017 the inclusion of an additional adjustment of about €24 million, considering the collection at the end of June 2017 compared to a minimum level guaranteed in the same agreements.

Loans to customers - Asset Quality

(€ million)

	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE	TOTAL(*) NON-PERFORMING	PERFORMING	TOTAL LOANS
As at 06.30.2017						
Gross Exposure	29,940	21,757	1,294	**52,991**	429,231	**482,222**
as a percentage of total loans	*6.21%*	*4.51%*	*0.27%*	***10.99%***	*89.01%*	
Writedowns	19,896	9,493	446	**29,835**	2,089	**31,924**
as a percentage of face value	*66.45%*	*43.63%*	*34.45%*	***56.30%***	*0.49%*	
Carrying value	10,043	12,264	849	**23,156**	427,142	**450,298**
as a percentage of total loans	*2.23%*	*2.72%*	*0.19%*	***5.14%***	*94.86%*	
As at 12.31.2016						
Gross Exposure	31,799	23,165	1,378	**56,342**	421,804	**478,146**
as a percentage of total loans	*6.65%*	*4.84%*	*0.29%*	***11.78%***	*88.22%*	
Writedowns	20,854	10,021	472	**31,347**	2,192	**33,539**
as a percentage of face value	*65.58%*	*43.26%*	*34.25%*	***55.64%***	*0.52%*	
Carrying value	10,945	13,144	906	**24,995**	419,612	**444,607**
as a percentage of total loans	*2.46%*	*2.96%*	*0.20%*	***5.62%***	*94.38%*	

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

Loans to customers - Asset Quality ("FINO" portfolio Included)(1)

(€ million)

	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE	TOTAL(*) NON-PERFORMING	PERFORMING	TOTAL LOANS
As at 06.30.2017						
Gross Exposure	46,149	21,759	1,294	**69,202**	429,231	**498,433**
as a percentage of total loans	*9.26%*	*4.37%*	*0.26%*	***13.88%***	*86.12%*	
Writedowns	34,344	9,494	446	**44,284**	2,089	**46,373**
as a percentage of face value	*74.42%*	*43.63%*	*34.45%*	***63.99%***	*0.49%*	
Carrying value	11,804	12,265	849	**24,918**	427,142	**452,060**
as a percentage of total loans	*2.61%*	*2.71%*	*0.19%*	***5.51%***	*94.49%*	
As at 12.31.2016						
Gross Exposure	48,844	23,165	1,378	**73,387**	421,804	**495,191**
as a percentage of total loans	*9.86%*	*4.68%*	*0.28%*	***14.82%***	*85.18%*	
Writedowns	35,690	10,021	472	**46,183**	2,192	**48,375**
as a percentage of face value	*73.07%*	*43.26%*	*34.25%*	***62.93%***	*0.52%*	
Carrying value	13,154	13,144	906	**27,204**	419,612	**446,816**
as a percentage of total loans	*2.94%*	*2.94%*	*0.20%*	***6.09%***	*93.91%*	

Notes:
(*) The perimeter of Non-Performing loans, including the FINO portfolio recognized in the item "150 Non-current assets and disposal groups classified in held for sale", is equivalent to the perimeter of EBA NPE exposures.
(1) The FINO portfolio consists in group of credit exposures with customers originally classified as bad loans with a gross nominal value of €17,700 million at June 30, 2016, dropped to €16,211 million as at June 30, 2017 (as a result of the "work out" activity), which produced write-downs of €14,449 million in total, bringing the book value on the same date to €1,762 million. The FINO Portfolio is recognized in item "150. Non-current assets and disposal groups held for sale" pursuant to IFRS5. For complete disclosure, see the information provided in Part E - Information on risks and related risk management policies, at the bottom of table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)".

From net operating profit to profit before tax

As a consequence of a gross operating profit decreasing by €35 million and net write-downs on loans down by €409 million in comparison with the first half 2016, the first half 2017 Group's net operating profit amounted to €2,709 million, improving by €374 million (up by 16.0%) compared to the first half 2016.

Group's provisions for risk and charges were -€598 million, compared to -€858 million of the first half 2016. This item includes provisions for legal cases and estimated liabilities of various nature totaling -€145 million, in addition to the systemic charges, amounting to -€453 million. These last include the contributions to the Single Resolution Fund (SRF), the harmonized guarantee schemes charges (i.e Deposits Guarantee Scheme -DGS) and the not-harmonized ones, as well as the Bank Levies.

Integration costs were -€12 million against -€334 million registered in the first half of 2016, that included the charges 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 in the first half 2017 was -€149 million, versus -€18 million of the first half 2016. The item's trend was affected by the Atlante stake carrying value impairment for €135 million.

As an effect of the items above mentioned, in first half 2017 the Group registered a profit before tax of €1,950 million, compared to €1.125 million of first half 2016, with a growth of 73.3% (up by 72.3% at constant exchange rates).

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 2016	PROFIT BEFORE TAX H1 2017
Commercial Banking Italy	3,783	(2,221)	(468)	1,093	880	949
Commercial Banking Germany	1,437	(940)	(52)	445	305	374
Commercial Banking Austria	768	(556)	82	294	(95)	221
Central Eastern Europe	2,144	(767)	(266)	1,111	942	968
Corporate & Investment Banking	2,174	(838)	(70)	1,267	1,019	1,143
Asset Gathering	282	(121)	(2)	160	165	156
Group Corporate Center	(810)	(238)	(4)	(1,052)	(1,149)	(1,219)
Non-Core	(90)	(63)	(455)	(608)	(943)	(643)
Group Total	**9,688**	**(5,744)**	**(1,235)**	**2,709**	**1,125**	**1,950**

Group Results

Profit (Loss) attributable to the Group

In the first half of 2017 Group's income taxes were -€346 million. It is worth to remember that the semester's tax benefitted from a release of fiscal accruals related to the years 2005-2008 in Germany, for a net amount of €80 million.

Profit from discontinued operations net of taxes in the first half of 2017 was €456 million and referred to Bank Pekao, to Pioneer group and to Immobilien Holding group, classified according to the IFRS5. The item shows a decrease of €322 million compared to the €778 million accounted in the first half of 2016, mainly due to the reclassification throught profit and loss of Bank Pekao negative exchange effects as a result of dismissal occurred in the first half 2017.

The profit for the period of the first half 2017 was €2,059 million, in comparison to the €1,564 million profit achieved in the same period of 2016, recording a growth of 31.7% (up by 31.1% at constant exchange rates).

Minorities in the first half of 2017 were €204 million, against €240 million of the first half of 2016.

Purchase price allocation was -€2 million, unchanged in comparison to the first half of 2016.

Consequently, in the first half of 2017, a net profit attributable to the Group of €1,853 million was registered, with a growth of 40.2% (up by 39.8% at constant exchange rates), compared to the profit of €1,321 million registered in the same period of 2016.

Profit (Loss) attributable to the Group

(€ million)

	H1				
	2016	**2017**	**% CHANGE**	**2017 Q2**	**% CHANGE ON Q1 2017**
Operating income	9,937	9,688	- 2.5%	4,855	+ 0.4%
Operating costs	(5,958)	(5,744)	- 3.6%	(2,858)	- 1.0%
Operating profit (loss)	**3,979**	**3,944**	**- 0.9%**	**1,997**	**+ 2.6%**
Net write-downs on loans and provisions for guarantees and commitments	(1,644)	(1,235)	- 24.9%	(564)	- 15.8%
Net operating profit (loss)	**2,335**	**2,709**	**+ 16.0%**	**1,433**	**+ 12.2%**
Provisions for risks and charges	(858)	(598)	- 30.3%	(135)	- 70.9%
Integration costs	(334)	(12)	- 96.3%	(8)	+ 61.4%
Net income from investment	(18)	(149)	n.s.	(174)	n.s.
Profit (loss) before tax	**1,125**	**1,950**	**+ 73.3%**	**1,117**	**+ 34.1%**
Income tax for the period	(339)	(346)	+ 2.0%	(134)	- 36.8%
Net profit (loss) of discontinued operations	778	456	- 41.4%	79	- 79.0%
Profit (Loss) for the period	**1,564**	**2,059**	**+ 31.7%**	**1,062**	**+ 6.5%**
Minorities	(240)	(204)	- 15.0%	(116)	+ 30.6%
Net profit (loss) attributable to the Group before PPA	**1,323**	**1,855**	**+ 40.2%**	**946**	**+ 4.2%**
Purchase Price Allocation effects	(2)	(2)	+ 18.6%	(1)	- 28.8%
Goodwill impairment	-	-	n.s.	-	n.s.
Net profit (loss) attributable to the Group	**1,321**	**1,853**	**+ 40.2%**	**945**	**+ 4.2%**

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 (Economic Value Added), which is the main performance indicator related to TSR (Total Shareholder Return).

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

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

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

Capital Ratios

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

Transitional Own Funds and Capital Ratios (€ million)

	AS AT	
	06.30.2017(*)	12.31.2016(*)
Common Equity Tier 1 Capital	45,616	31,537
Tier 1 Capital	50,462	35,005
Total own funds	60,848	45,150
Total RWA	352,669	387,136
Common Equity Tier 1 Capital Ratio	**12.93%**	**8.15%**
Tier 1 Capital Ratio	**14.31%**	**9.04%**
Total Capital Ratio	**17.25%**	**11.66%**

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

The economic and financial crisis, which began in 2007, has raised an intense debate on the need to promote a stronger financial system, more resilient to external shocks.

Therefore, over the last years, global regulators introduced a series of new regulatory requirements that have contributed greatly to re-shape the financial markets landscape. In particular, in December 2010, the Basel Committee for Banking Supervision (BCBS) published an additional series of significant changes relating to the global standard requirements for banking institutions on capital and liquidity, also known as "Basel 3". The regulatory changes introduced by the Basel 3 framework define more stringent rules for capital requirements levels and introduce for the first time liquidity and leverage limits. According to the Basel 3 framework, the new rules are introduced gradually in order to allow the banking system to comply with the new requirements and contain the impact on the real economy. In Europe, the Basel 3 framework has been translated into law by means of two separate legislative instruments applied from January 1, 2014: Directive 213/36/EU (CRD) and Regulation 575/2013/EU (CRR). In addition, in December 2013 Banca d'Italia published Circular 285, which updated and adjusted to the new international regulation framework the rules applicable to Italian banks and banking groups..

In addition, Council Regulation 1024/2013/EU of October 15, 2013 (Regulation "SSM" - Single Supervisory Mechanism) conferred specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.

Over the years, several regulations delegated by the Commission and regulations of the European Central Bank were published with the aim of disciplining specific regulatory issues..

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

Group Results

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

The combined buffer requirement applicable to UniCredit at consolidated level includes the following reserves:
- a Capital Conservation Buffer (CCB) set at 1.25% for all the Italian Banking Groups[1];
- an istitution specific Countercyclical Capital Buffer (CCyB) to be applied in periods of excessive credit growth, for UniCredit group equal to 0.02% as at June 30, 2017. This buffer is calculated on a quarterly basis, depending on the geographical distribution of the relevant Group's credit exposures and on the national authorities' decisions which define country-specific buffers..As of June 30, 2017 only the national authorities of Sweden, Iceland, Norway, Czech Republic and Hong Kong have defined countercyclical capital buffers different from 0% (respectively 2%, 1%, 1.5%, 0.5% and 1.25%). According to the transitional rules set by Banca d'Italia, the maximum capital requirement (cap) for 2017 is equal to 1.25%, to be covered by Common Equity Tier 1 capital; the requirement will increase by 0.625% per year and will reach 2.5% from January 1, 2019;
- a Global Systemically Important Institutions ("G-SII") capital buffer; for UniCredit group, identified by Banca d'Italia as G-SII authorized to operate in Italy[2], the requirement is equal to 0.50% for 2017. This buffer will have to increase annually by 0.25% per year, in order to reach 1% from January 1, 2019. UniCredit group is classified in the first subcategory of the Systemically Important Institutions according to the transitional provisions as defined by Directive 2013/36/EU (Capital Requirements Directive IV - CRD IV);
- an Other Systemically Important Institutions ("O-SII") buffer, equal to 0%. Banca d'Italia identified UniCredit group, Intesa Sanpaolo and Monte dei Paschi di Siena banking groups as O-SIIs authorized to operate in Italy. This "O-SII buffer" for UniCredit will be increased by 0.25% from January 1, 2018 annually in order to reach 1% no later than January 1, 2021[3]. However, it should be considered that Article 131, paragraph 14 of CRD IV requires that the highest buffer between G-SII and O-SII is applied. Therefore UniCredit group will have to comply with the requirement linked to the G-SII capital reserve, equal to 0.50% for 2017;
- a capital reserve against systemic risk (Systemic Risk Buffer) aimed at preventing and mitigating the systemic or macro-prudential non-cyclical risk in the long run, not included in CRR (not applicable at June 30, 2017).

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

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

Similarly, the following Overall Capital Requirements (OCR), which encompass both the TSCR and the Combined Buffer Requirement, apply to UniCredit on a consolidated basis:
- 8.77% CET 1 ratio;
- 10.27% Tier 1 ratio;
- 12.27% Total Capital ratio.

The abovementioned requirements are the ones which are relevant for MDA purposes for UniCredit group as of June 30, 2017.

As of June 30, 2017, UniCredit group's ratios are compliant with all the above requirements.

For the first half 2017, the Board of Directors, for the purpose of calculating the consolidated Own Funds at June 30, proposed to approve to allocate to dividend a share of 20% of the Net Profit of the first half, excluding the P&L impact arising from the M&A disposal.

1 Based on the 18th update of Circular 285 of Banca d'Italia (published on October 6, 2016) which provides for the modification of capital preservation requirement, national regulations are aligned with the transitional rules as required by the CRD both at UniCredit S.p.A. and Group level: the reserve of capital preservation equal to 1.25% for 2017 will be subsequently increased annually by 0.625% until the achievement of 2.5% by January 1, 2019.
2 The decision was taken pursuant to Circular 285 of Banca d'Italia on prudential regulations for banks. The Circular implements the CRD IV rules in Italy and specifies the criteria on which the G-SIIs identification methodology is based. This methodology applied to identify and classify the G-SIIs among the various subcategories is defined in the delegated Regulation 1222/2014 of the European Commission. The regulation contains provisions consistent with the rules set by the Basel Committee on Banking Supervision and the Financial Stability Board (FSB), in order to ensure that each year the banks identified as G-SIIs correspond to the European banks included on the FSB list, also published annually.
3 The decision to identify the three banking groups as O-SIIs was taken pursuant to Banca d'Italia Circular 285 on prudential regulations for banks, which implements Directive 2013/36/EU (Capital Requirements Directive, CRD IV) in Italy and specifies the criteria on which the O-SIIs identification methodology is based.
The assessment was carried out following the European Banking Authority Guidelines (EBA/GL/2014/10), which set out the criteria and the data required to identify the O-SIIs in the European Union jurisdictions. The Guidelines are consistent with the rules set by the Basel Committee on Banking Supervision to identify systemically important banks at national level, the goal being uniformity in the identification process at international level.

Shareholders’ Equity attributable to the Group

The Shareholders’ Equity of the Group, including the net profit of the period equal to €1,853 million, amounted to €55,161 million at June 30, 2017, compared to €39,336 million at December 31, 2016.

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

The following table shows the main changes that occurred in 2017.

Shareholders' Equity attributable to the Group (€ million)

Shareholders' Equity as at December 31, 2016	**39,336**
Capital increase (net of capitalized costs)(*)	12,673
Equity instruments	1,237
Disbursements related to Cashes transaction ("canoni di usufrutto")	(32)
Dividend payment	-
Forex translation reserve(**)	160
Change in afs/cash-flow hedge reserve	(113)
Others(***)	48
Net profit (loss) for the period	1,853
Shareholders' Equity as at June 30, 2017	**55,161**

(*) Please note that the capital increase is €12,999.6 million.
(**)This positive effect is mainly due to the negative impact of the Ruble for €145 million and the reclassification throught profit and loss, for €310 million, of the negative exchange reserve of Zloty related to the polish subsidiary, for the only part related to Group (€487 million for Group and Minorities), due to the loss of control occured in June 7, 2017.
(***)This includes mainly:
- the positive change in the reserves relating to the actuarial gains/losses on defined benefit plans of €222 million net of taxes;
- the negative change in the valuation reserve of the companies accounted for using the equity method for €188 million, mainly due to the depreciation of the items in Turkish Lira;
- the positive change of the reserve related of non current assets classified as held for sale for €25 million mainly due to the sale of the polish subsidiary;
- the positive effect of €29 million related to the disposal of Pekao SA' share (1.04%) due to the early redemption of mandatorily settled equity-linked certificates occurred in the first quarter 2017.

For further information, please refer to Section “Consolidated Accounts - Statement of changes in Shareholders’ Equity”

Capital Strengthening

On January 12, 2017, the Shareholders’ Meeting approved the share capital increase, completed on March 2, 2017 through the issuance of No.1,606,876,817 no par value new ordinary shares for an overall amount of €12,999,633,449.53 (of which €16,068,768.17 as share capital and €12,983,564,681.36 as share premium).
The Rights Issue is one of the pillars of the 2016-2019 Strategic Plan and allowed a significant strengthening of the Group’s capital ratios.
The Shareholders’ Meeting also approved a reverse stock split of ordinary and savings shares based on a ratio of 1 new ordinary or savings share for every 10 existing ordinary or savings shares.

On March13, 2017 UniCredit’s Board of Directors, pursuant to the powers conferred by the Extraordinary Shareholders' Meeting of May 11, 2012, Extraordinary Shareholders' Meeting of May 11, 2013, Extraordinary Shareholders' Meeting of May 13, 2014 and the Extraordinary Shareholders' Meeting of May 13, 2015, resolved to increase the share capital by €17,587,596.70 by issuing No.1,034,172 ordinary shares to be granted to the employees of UniCredit group.
The share capital, fully subscribed and paid up amounts to €20,880,549,801.81 divided into No.2,225,945,295 shares with no face value, of which No.2,225,692,806 ordinary shares and No.252,489 savings shares.

On May 22, 2017 UniCredit S.p.A. launched Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes - Additional Tier 1 notes, for a total amount of €1,250 million.
The securities are perpetual (with maturity linked to corporate duration of UniCredit S.p.A.) and can be called by the Issuer after 5.5 years (June 2023) and thereafter at any interest payment date.
Notes pay fixed rate coupons of 6.625% per annum for the initial 5.5 years on a semi-annual basis; if not redeemed, coupon will be reset every 5 years to the then 5-Years Mid-Swap rate +638.7 bps.
In line with the regulatory requirements, the coupon payments are fully discretionary.

Results by Business Segment

Commercial Banking Italy

Commercial Banking Italy is composed by UniCredit S.p.A. commercial network, except for CIB clients, and by Leasing and Factoring product entities 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 branches and multichannel services thanks to new technologies. In relation to corporate customers, Commercial Banking Italy operates trying to guarantee both the support to the economic and entrepreneurial system and the profitability and quality of its portfolio.

Income Statement, Key Ratios and Indicators

(€ million)

COMMERCIAL BANKING ITALY	H1 2016	H1 2017	% CHANGE	2017 Q2	% CHANGE ON Q1 2017
Operating income	3,921	3,783	- 3.5%	1,927	+ 3.8%
Operating costs	(2,317)	(2,221)	- 4.1%	(1,112)	+ 0.2%
Net write-downs on loans	(471)	(468)	- 0.5%	(227)	- 5.7%
Net operating profit	1,133	1,093	- 3.5%	588	+ 16.3%
Profit before tax	880	949	+ 7.8%	495	+ 9.1%
Customers loans (net Repos and IC)	138,282	138,209	- 0.1%	138,209	+ 1.9%
Customer depos (net Repos and IC)	126,683	134,830	+ 6.4%	134,830	+ 1.6%
Total RWA Eop	79,488	81,405	+ 2.4%	81,405	+ 3.4%
EVA (€ million)	194	123	- 36.2%	64	+ 8.3%
Absorbed Capital (€ million)	8,374	9,610	+ 14.8%	9,712	+ 2.1%
ROAC(*)	+ 11.41%	+ 12.88%	147bp	+ 12.97%	19bp
Cost/Income	+ 59.1%	+ 58.7%	-38bp	+ 57.7%	-208bp
Cost of Risk	0.70%	0.69%	-1bp	0.66%	-5bp
Full Time Equivalent (eop)	36,384	34,295	- 5.7%	34,295	- 1.0%

(*) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level).

Commercial Banking Germany

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

Income Statement, Key Ratios and Indicators

(€ million)

COMMERCIAL BANKING GERMANY	H1 2016	H1 2017	% CHANGE	2017 Q2	% CHANGE ON Q1 2017
Operating income	1,266	1,437	+ 13.5%	734	+ 4.3%
Operating costs	(959)	(940)	- 2.0%	(463)	- 2.7%
Net write-downs on loans	29	(52)	- 283.2%	(32)	+ 60.5%
Net operating profit	336	445	+ 32.6%	238	+ 14.9%
Profit before tax	305	374	+ 22.6%	202	+ 18.0%
Customers loans (net Repos and IC)	80,508	83,134	+ 3.3%	83,134	+ 0.5%
Customer depos (net Repos and IC)	85,769	84,393	- 1.6%	84,393	+ 0.7%
Total RWA Eop	35,372	35,231	- 0.4%	35,231	- 3.3%
EVA (€ million)	12	144	n.s.	135	n.s.
Absorbed Capital (€ million)	3,516	4,355	+ 23.9%	4,327	- 1.3%
ROAC(*)	+ 7.70%	+ 14.85%	n.s.	+ 20.54%	n.s.
Cost/Income	+ 75.8%	+65.4%	n.s.	+ 63.2%	-454bp
Cost of Risk	-0.07%	0.13%	20bp	0.16%	6bp
Full Time Equivalent (eop)	11,036	10,375	- 6.0%	10,375	- 3.9%

(*) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level).

Commercial Banking Austria

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

Income Statement, Key Ratios and Indicators

(€ million)

COMMERCIAL BANKING AUSTRIA	H1 2016	H1 2017	% CHANGE	2017 Q2	% CHANGE ON Q1 2017
Operating income	826	768	- 7.1%	402	+ 10.0%
Operating costs	(633)	(556)	- 12.2%	(272)	- 4.1%
Net write-downs on loans	7	82	n.s.	30	- 42.4%
Net operating profit	200	294	+ 47.2%	160	+ 19.5%
Profit before tax	(95)	221	n.s.	170	+ 230.4%
Customers loans (net Repos and IC)	44,383	44,626	+ 0.5%	44,626	- 0.7%
Customer depos (net Repos and IC)	47,060	46,375	- 1.5%	46,375	- 0.7%
Total RWA Eop	23,685	21,960	- 7.3%	21,960	- 2.1%
EVA (€ million)	(33)	139	n.s.	138	n.s.
Absorbed Capital (€ million)	2,438	2,743	+ 12.5%	2,740	- 0.2%
ROAC(*)	- 8.56%	+ 18.56%	n.s.	+ 28.17%	n.s.
Cost/Income	+ 76.6%	+ 72.4%	-427bp	+ 67.6%	n.s.
Cost of Risk	-0.03%	-0.35%	-32bp	-0.25%	18bp
Full Time Equivalent (eop)	5,671	5,329	- 6.0%	5,329	- 1.7%

(*) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level).

CEE Division

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

Income Statement, Key Ratios and Indicators

(€ million)

CEE DIVISION	H1 2016	H1 2017	% CHANGE	2017 Q2	% CHANGE ON Q1 2017
Operating income	2,111	2,144	+ 1.6%	1,074	+ 0.4%
Operating costs	(741)	(767)	+ 3.5%	(387)	+ 1.9%
Net write-downs on loans	(326)	(266)	- 18.4%	(81)	- 56.4%
Net operating profit	1,044	1,111	+ 6.4%	606	+ 20.1%
Profit before tax	942	968	+ 2.8%	590	+ 56.2%
Customers loans (net Repos and IC)	58,919	59,774	+ 1.5%	59,774	- 1.1%
Customer depos (net Repos and IC)	56,524	59,677	+ 5.6%	59,677	- 2.1%
Total RWA Eop	94,277	87,390	- 7.3%	87,390	- 4.1%
EVA (€ million)	229	214	- 6.6%	192	n.s.
Absorbed Capital (€ million)	9,246	10,663	+ 15.3%	10,539	- 2.3%
ROAC(*)	+ 12.95%	+ 14.30%	135bp	+ 17.36%	n.s.
Cost/Income	+ 35.1%	+ 35.8%	68bp	+ 36.0%	53bp
Cost of Risk	1.12%	0.88%	-25bp	0.53%	-69bp
Full Time Equivalent (eop)	24,236	24,224	- 0.0%	24,224	+ 0.2%

(*) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level).

Results by Business Segment

CIB

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

Income Statement, Key Ratios and Indicators

(€ million)

CORPORATE & INVESTMENT BANKING	H1 2016	H1 2017	% CHANGE	2017 Q2	% CHANGE ON Q1 2017
Operating income	2,196	2,174	- 1.0%	1,023	- 11.2%
Operating costs	(860)	(838)	- 2.5%	(410)	- 4.3%
Net write-downs on loans	(129)	(70)	- 46.2%	3	- 103.8%
Net operating profit	1,207	1,267	+ 4.9%	616	- 5.5%
Profit before tax	1,019	1,143	+ 12.2%	601	+ 11.1%
Customers loans (net Repos and IC)	73,035	74,905	+ 2.6%	74,905	+ 0.6%
Customer depos (net Repos and IC)	43,616	46,839	+ 7.4%	46,839	+ 3.6%
Total RWA Eop	79,604	70,379	- 11.6%	70,379	- 1.9%
EVA (€ million)	330	350	+ 6.3%	193	+ 23.3%
Absorbed Capital (€ million)	7,207	8,900	+ 23.5%	8,736	- 3.6%
ROAC(*)	+ 15.04%	+ 16.54%	150bp	+ 17.50%	187bp
Cost/Income	+ 39.1%	+ 38.5%	-60bp	+ 40.1%	289bp
Cost of Risk	0.25%	0.13%	-12bp	-0.01%	-28bp
Full Time Equivalent (eop)	3,521	3,417	- 3.0%	3,417	- 0.1%

(*) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level).

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.
It operates in Italy through Fineco Bank, which offers an integrated business model combining direct banking and financial advice, with a full range of banking, credit, trading and investment services which are also available through mobile applications.

Income Statement, Key Ratios and Indicators

(€ million)

ASSET GATHERING	H1 2016	H1 2017	% CHANGE	2017 Q2	% CHANGE ON Q1 2017
Operating income	289	282	- 2.2%	141	- 0.7%
Operating costs	(118)	(121)	+ 2.9%	(60)	- 0.4%
Net write-downs on loans	(3)	(2)	- 45.0%	(1)	+ 85.9%
Net operating profit	168	160	- 5.1%	79	- 1.5%
Profit before tax	165	156	- 5.7%	78	+ 0.0%
Customers loans (net Repos and IC)	781	1,303	+ 66.9%	1,303	+ 28.3%
Customer depos (net Repos and IC)	16,981	19,281	+ 13.5%	19,281	+ 3.1%
Total RWA Eop	1,805	2,063	+ 14.3%	2,063	+ 6.5%
TFAs Outstading Stock (eop)	55,564	63,627	+ 14.5%	63,627	+ 2.3%
TFAs Net Sales	2,650	2,892	+ 9.2%	1,512	+ 9.6%
EVA (€ million)	37	30	- 19.7%	15	+ 1.5%
Absorbed Capital (€ million)	86	111	+ 29.1%	102	- 15.0%
ROAC(*)	+ 95.77%	+ 64.92%	n.s.	+ 70.94%	n.s.
Cost/Income	+ 40.8%	+ 42.9%	213bp	+ 43.0%	12bp
Full Time Equivalent (eop)	1,025	1,067	+ 4.1%	1,067	+ 2.2%

(*) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level).

Non-Core

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

Income Statement, Key Ratios and Indicators

(€ million)

NON-CORE	H1 2016	H1 2017	% CHANGE	2017 Q2	% CHANGE ON Q1 2017
Operating income	(76)	(90)	+ 18.7%	(49)	+ 18.0%
Operating costs	(70)	(63)	- 9.1%	(21)	- 51.8%
Net write-downs on loans	(744)	(455)	- 38.8%	(255)	+ 27.0%
Net operating profit	(890)	(608)	- 31.6%	(324)	+ 13.8%
Profit before tax	(943)	(643)	- 31.8%	(334)	+ 7.9%
Customers loans (net Repos and IC)	30,674	16,391	- 46.6%	16,391	- 10.1%
Net Impaired Loans(percentage of total net loans)	77.37%	76.73%	-64.8bp	76.73%	504.3bp
Total RWA Eop	27,352	22,742	- 16.9%	22,742	- 9.9%
EVA (€ million)	(766)	(583)	- 23.8%	(294)	+ 1.7%
Absorbed Capital (€ million)	2,919	2,984	+ 2.2%	2,878	- 6.8%
ROAC(*)	- 33.31%	- 27.07%	n.s.	- 28.79%	-332bp
Cost/Income	- 92.3%	- 70.7%	n.s.	- 42.5%	n.s.
Cost of Risk	4.49%	5.01%	52bp	5.80%	154bp
Full Time Equivalent (eop)	553	500	- 9.4%	500	- 2.0%

(*) Roac at 12.5% CET1 ratio target (allocated capital based on CET1 ratio target constant at 2019 level).

Other information

Development of Group operations and other corporate transactions

Initiatives to support the strategic plan

Bank Pekao

On June 7, 2017, the sale of the stake (32.8%) held in Bank Pekao was completed at Powszechny Zaklad Ubezpieczen S.A. ("PZU") and Polski Fundusz Rozwoju S.A. ("PFR") at the agreed price per share (PLN 123) and therefore a total consideration of PLN 10.6 billion which implied the loss of control; a residual 6.3% stake has been consequently recognised into “Financial asset at fair value through profit or loss” with a carrying value, as at June 30, 2017, of €485 million.

The transaction, already described in the consolidated financial statements as of December 31, 2016, coincides with the issue in December 2016 of mandatory settled equity-linked certificates guaranted as pledge on the remaining shares held in Bank Pekao. This operation allows to dispose of the entire shareholding in Bank Pekao by December 2019 at the same time maintaining an exposure to the potential appreciation of Bank Pekao's shares due to the additional value that can be made by the two new shareholders (PZU and PFR).

On June 1, 2017, the agreement with Bank Pekao was signed for the sale of the shares held in other Polish companies (Pioneer Pekao Investment Management SA, Pekao Pioneer PTE SA and Dom Inwestycyjny Xelion Sp. Zoo) for a total price of €142 million. The completion of the transaction, subject to approval by the regulatory authorities, is expected for the second half of 2017 to complete the process of disposing of assets in Poland.

Pioneer Investments

For the evolution of the sale of Pioneer group refer to the paragraph subsequent events of this Consolidated Interim Report on Operations.

FINO Project

The “Transform 2019” 2016-2019 Strategic Plan includes the “FINO Project”, aimed at divesting "Non-Core" assets belonging to the UniCredit group through a market transaction. It pertains to credit exposures originally classified as Non-Performing that originate from different sectors and were grouped into a portfolio conventionally referred to as "FINO Portfolio", with a net nominal value of Euro 17,700 million at June 30, 2016.

Project FINO, which is analysed in more depth in the disclosure in 2016 Consolidated Reports and Accounts, consists of 2 stages, whose guidelines were defined in the Framework Agreements signed by UniCredit S.p.A. with two qualified third-party investors (Pimco and Fortress) in December 2016.
Stage 1 consists in initiating several securitisation transactions whose closing took place at the end of July 2017 entailing the issuing of asset-backed securities (Senior, Mezzanine and Junior) by Special Purpose Vehicles (SPVs or Vehicles) that are transferees of the loans included in the FINO Portfolio, and with their relevant subscription by UniCredit S.p.A. (49.9% of all classes of the securities issued) and by third-party Investors (50.1% of all classes of the securities issued).
Stage 2 entails the possible allocation of a public rating (“GACS” guarantee) to Senior and Mezzanine securities, as well as the gradual sale to third-party investors by UniCredit S.p.A. of securities that it had subscribed.
On February 1, 2017, the Bank's Board of Directors approved Project FINO on the basis of the features and contents detailed in the aforementioned Framework Agreements (and relevant documentation attached), and tasked the Directors with implementing the initiatives required for its execution.

Pursuant to the IFRS5 Standard, receivables included in the FINO Portfolio (with a gross nominal value of €16,211 million and a net book value of €1,762 million at June 30, 2017) were recognised in item “150. Non-current assets and disposal groups classified as held for sale”, consistently with the December 31, 2016 classification.
For a complete analysis of and disclosure on Project FINO (and relevant accounting treatment), see Part E- Information on risks and hedging policies - Section 1. Credit risk, at the bottom of Table “A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net amounts)”.

Agreement with the Italian Trade Unions

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

Sales of Non-Performing portfolios initiatives

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

UniCredit Bulbank (Bulgaria) sells non performing credit portfolio to Debt collection agency EAD (DCA), the Bulgarian subsidiary of B2Holding ASA

On January 17, 2017 UniCredit reached an agreement with B2 KAPITAL in relation to the disposal on a non-recourse basis (prosoluto) of a portfolio composed of secured/unsecured Non-Performing loans granted by UniCredit Bulbank (Bulgaria) to corporate customers.
The portfolio consists entirely of Bulgarian loans with a Legal Claim value of approximately €93 million.

Yapi Kredi sells non performing credit portfolio to Güven Varlık Yönetim A.Ş.

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

UniCredit Bank Hungary sold non performing credit portfolio composed of residential mortgages

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

UniCredit Leasing sold non performing credit portfolio to MBCredit Solution S.p.A.

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

Zagrebacka banka sold non performing exposures portfolio granted to corporate and individual customers

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

UniCredit announces the sale of an Italian Consumer unsecured non performing credit portfolio

On June 16, 2017 UniCredit S.p.A. has reached an agreement with MBCredit Solutions ("MBCS") in relation to the disposal on a non-recourse basis (pro-soluto) of a Non-Performing unsecured consumer credit portfolio, in Italy.
The portfolio consists entirely of Italian unsecured consumer credits with a gross book value of approximately €310 million. UniCredit and MBCS have also reached an agreement for the disposal of up to €140 million of Italian unsecured consumer loans of the same nature, originated in the course of 2017.

Yapi Kredi sells non performing credit portfolio to a selection of asset management companies

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

Other information

Other transactions and initiatives involving shareholdings

Contribution to Funds Atlante and Atlante II

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

As at June 30, 2017, UniCredit has been holding No.845 shares of Atlante Fund (out of 4,249 total shares) classified as financial assets available for sale with a carrying value of €58 million net of additional impairment of 136 million (following the 547 million recognized in December 2016) following investments of 742 million, of which 56 million carried in 2017, and a residual commitment to invest €103 million.

In August 2016 Atlante II ("Atlante II") was established; an alternative closed-end investment fund reserved for institutional investors and managed by Quaestio SGR as well. Atlante II Fund is allowed, unlike the Atlante fund, to invest into NPLs and other instruments related to junior and mezzanine notes issued by SPVs of NPL securitizations from Italian banks (in line with institutional investors criteria) aiming at reducing the risk.
UniCredit has subscribed No.155 shares for a total consideration of €155 million of which €56 million effectively paid on June 30, 2017. As at June 30, 2017, total funds of Atlante II were €2.155 billion (UniCredit stake 7.2%).

Organizational Model

Significant organizational changes in first half of 2017

During the first half of 2017, following the selling of the participation in Bank Pekao, the position of the Country Chairman Poland has been cancelled.

Organizational Structure

UniCredit group organization reflects an organizational and business model that maintains a divisional structure for the governance of the Corporate Investment Banking business/products and the business in the CEE Countries, as well as overall control over the COO/Global Banking Services functions, by ensuring the autonomy of the Countries/Banks for specific activities, in order to guarantee increased proximity to the client and faster decision-making processes. The organizational model for UniCredit S.p.A. is focused on the following responsibilities:

- the **Chief Executive Officer** (CEO) has a direct supervision on the definition of Group Strategy, Risks, Compliance, Human Resources, on the optimization of structure costs and on the main operating activities;
- the **General Manager** role has the responsibilities for all the business activities (Retail, Corporate, Global CIB, Asset Management, Asset Gathering, in the Country where the Group is present), focusing on the ongoing development of clients services aiming to maximize the cross selling, leading the Group digital strategies, as well as defining the new service model of the Bank;
- the **Chief Operating Office**, position covered by two co-Heads (co-Chief Operating Officers), leads the oversight of the operational machine with a specific focus on Costs and on IT & Operations; in particular the two co-Heads are respectively responsible for Finance & Cost Management and for IT & Operations, Security and Internal Controls;
- the **CIB Division**, position covered by two co-Heads directly reporting to General Manager, has a coverage role for the multinational customers ("Multinational"), for selected "Large corporate" clients with a strong potential demand for investment banking products, for the Financial and Institutional Groups (FIG) customers and for the Global Lines "Global Transaction Banking (GTB)", "Global Financing & Advisory (F&A)", "Markets", and for internationalization activities;
- as far as the Italian perimeter is concerned, the **co-Heads Italy**, directly reporting to General Manager, are responsible for the definition of the business strategies of the "commercial banking" and the assignment of such strategies to the territories and to the client segments (Family, First, Business First, Corporate, Private Banking and Ultra High Net Worth Individuals);
- the **CEE Division**, directly reporting to General Manager, coordinates the Group's activities in the countries of Central and Eastern Europe, aligning them to a single comprehensive business vision in the area;
- **Group Institutional & Regulatory Affairs**, directly reporting to Chief Executive Officer, is responsible for developing the relations with institutional counterparts of interest for Group activities and managing the relationship with European Banking Supervisory Authorities (e.g. EBA, ECB) and Bank of Italy;
- the functions called **Competence Lines** (Internal Audit, Planning, Finance & Administration, Risk Management, Legal, Compliance, Identity & Communications and Human Capital) oversee the guidance, coordination and control of UniCredit's activities and manage the related risks.

Conversion of DTAs into tax credit

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

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

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

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

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 13, 2017, and published on the website www.unicreditgroup.eu, during the first half of 2017 Bank’s Presidio Unico did not receive any report of transactions of greater importance ended in the period;
b) during the first half of 2017, 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 2017, there were no changes or developments in the individual transactions with related parties already described in the latest annual report that had a material effect on the Group’s financial position or results during the reference period.

For more information on related-party transactions please refer to Explanatory Notes - Part H of this document.

Other information

Subsequent Events[4]

In July 2017, FinecoBank approved the launch the project aimed at the constitution of a new Irish Asset Management Company, fully owned by the Bank.
The project aims at further strengthening the competitiveness of FinecoBank, through a vertically integrated business model and to diversify and improve the offer that will be made up of UCITS products, with a strategy focused on the definition of strategic asset allocation and on the selection of the best asset managers.
The start of the project is subject to all the authorizations envisaged by the relevant regulations.

On July 3, 2017, pursuant to the agreement signed in December 2016, Pioneer Global Asset Management ("PGAM") completed the sale to Amundi of Pioneer Investments companies operating at the price of €3.5 billion. This operation already described in the consolidated financial statements at December 31, 2016.
The transaction, whose effects will be accounted for in the third quarter of this year, generating for the Group a net capital gain of about €2.1 billion. The agreement also provides for UniCredit and Amundi to form a strategic partnership for the distribution of managed savings products in Italy, Germany and Austria consolidated by a ten-year distribution agreement. UniCredit will reposition itself on a business-focused distribution model, while maintaining exposure to the commission income generated from the distribution of asset management products. PGAM has lost the role of sub-holding, owning the control of some non-operating companies in addition to two companies in India (for which are trading negotiations) and one in Romania (whose sale to Amundi is already foreseen but we are awaiting improvement due to the authorization of local authorities).
That being the case, UniCredit, with the aim of simplifying the structure of the Group also in order to reduce its costs, approved the merger by incorporation of PGAM (wholly owned subsidiary), whose legal effect, subject to regulatory approval, should be completed by the end of the current year.

On July 6, 2017 the Board of Directors of UniCredit S.p.A. approved the merger of Buddy Servizi molecolari S.p.A. into UniCredit S.p.A.

On July 17, 2017 UniCredit S.p.A. announced the signature of the final agreements for the disposal of the FINO Portfolio with Pimco and Fortress, as provided for in Stage 1 of Project FINO. Pursuant to these agreements, the Securitisation Vehicles have purchased the loans included in the portfolio for the various funds (sub-portfolios) pertaining to the relevant equity interests of Pimco and Fortress, as set out in the contractual documentation (Transfer Agreement) signed on July 14, 2017 by the Bank and ONIF Finance S.r.l. (the loan transferee SPV that refers to Pimco), and by the Bank and Arena NPL One S.r.l. and Fino 1 Securitisation S.r.l. and Fino 2 Securitisation S.r.l. (the latter are the loan transferee SPVs that refer to Fortress). Securitisation transactions were finalized by end of July 2017 with the signing of the remaining contractual documentation that allowed asset-backed securities (ABS) to be issued by the SPVs and subscribed by UniCredit (49.9% of all classes of ABSs issued) and by third-party Investors (50.1% of all classes of ABSs issued).
During Stage 2 of Project FINO in the second half of the year, UniCredit will consider allocating a public rating to Senior and Mezzanine securities issued as part of the securitization and selling its remaining share, in order to reduce its position.

On July 21, 2017 UniCredit and FinecoBank were the first banks in Italy to have been admitted to the cooperative compliance scheme pursuant to articles 3-7 of Legislative Decree 128/2015.
This important achievement has been reached thanks to the match of both the subjective and objective requirements, that means to have an effective system for identifying, measuring, managing and controlling tax risk in line with the "essential" requirements of the Tax Control Framework envisaged by law, Revenue Agency ordinances and by the OECD documents published on the subject.
This scheme, deemed to be effective as of 2016, the year in which the application was submitted, establishes a closer relationship of trust and cooperation with the Revenue Agency, helping to increase the level of certainty on significant tax issues under conditions of full transparency, through ongoing and prior discussions on situations likely to generate tax risks for UniCredit and FinecoBank.

On July 26, 2017 UniCredit announced it has been the victim of a security breach in Italy due to unauthorised access through an Italian third party provider to Italian customer data related to personal loans only.
A first breach seems to have occurred in September and October 2016 and a second breach which has just been identified in June and July 2017. Data of approximately 400,000 customers in Italy is assumed to have been impacted during these two periods. No data, such as passwords allowing access to customer accounts or allowing for unauthorised transactions, has been affected, whilst some other personal data and IBAN numbers might have been accessed.
UniCredit has launched an audit and has informed all the relevant authorities. UniCredit else also filed a claim with the Milan Prosecutor's office. The bank has also taken immediate remedial action to close this breach.

On July 28, 2017 UniCredit and Ardian have reached an agreement for the sale to Ardian of the stakes held by UniCredit group in the two Infrastructure Funds managed by F2i SGR S.p.A.
Closing of the transaction is expected in autumn, subject to the consent to the sale by F2i SGR, according to the Funds Rules.
At Closing, the transaction will generate a gross profit of about €90 million for UniCredit group.

On August 2, 2017, the Board of Directors of UniCredit S.p.A. approved the increase of the total fund of the Schema Volontario for €95 million, of which €18 million related to UniCredit group.
This commitment is added to the residual one, equal to €76 million, subscribed and not yet disbursed with reference to Schema Volontario (an instrument introduced by FITD for the resolution of bank crises through support measures in favor of its member banks, if specific conditions laid down by the legislation occurring).

4 Up to the date of approval of this Consolidated First Half Financial Report by the Board of Directors' Meeting of August 2, 2017.

Outlook

In the first half of the year, the recovery in global growth gained momentum thanks to better-than-expected performance in emerging markets. This has encouraged global trade, which is now expanding at its strongest pace since 2011, providing fresh impulses to economic growth (currently and in the near future) in a number of countries, predominantly in Europe. Thanks to the positive electoral outcomes in the Netherlands and France, where populist forces were defeated, extreme political movements no longer represent a major threat to the stability of the monetary union. The UK economy has entered what is likely to be a persistent slowdown. The major determinant of the UK outlook is Brexit: the general election result has increased political uncertainty and so the likelihood of an exit from both the single market and the EU customs union. The US recovery remains solid, but has likely lost steam as a result of the disappointing first half of 2017. In China, growth remains above the 6.5% target set by the government. So far, Beijing has succeeded in reviving the industrial sector through a combination of demand-management policies and curbed supply in overstretched industries, boosting prices and profits of the most indebted state-owned enterprises. Finally, resurgent foreign demand and global trade, along with strong risk appetite, have helped improving the growth outlook for the CEE region. Russia, in particular, has come out of recession, but growth is likely to remain sluggish due to structural constraints.

The eurozone recovery is strengthening and broadening, with GDP growth likely stabilizing at around 2% in annualized terms in the first half of 2017 and to maintain a similar pace of growth in the second semester. This brighter picture mainly hinges on the accelerating recovery in global trade, that provided a fresh impulse to eurozone exports and generates broader positive spillover across the economy, which remains supported by loose financial conditions, including still very low bank lending rates. Clear signs of broadening recovery come from surveys among companies producing capital goods and operating in the construction sector, whose optimism is at multi-year highs, which bodes well for the investment outlook. Employment has risen above its pre-crisis level and household sentiment has been booming. In the second half of the year, these positive trends are expected to continue. In Italy, economic growth in the first quarter of 2017 was stronger than expected, with GDP growth up 0.4% quarter on quarter. This positive surprise appears to be more consistent with the upbeat messages from the business surveys in both the manufacturing and services sectors. Therefore a continuation of the economic recovery is expected this year, supporting GDP growth slightly above 1% in 2017. The main impulse to growth is expected to be an acceleration in exports and an improvement in investment in machinery and equipment, also thanks to existing fiscal incentives for equipment and innovation. Private consumption is expected to show signs of moderation compared to the previous two years, mainly due to higher inflation which is likely to dent consumer purchasing power, although a support may result from a better performance of employment expectations and therefore of household income. The credit recovery is expected to continue, with a likely improvement in corporate lending dynamics, which remained more or less stable in the first half of 2017 compared to the previous year.

Weak commodity prices continue to curb inflationary pressure. In June, the inflation rate in the eurozone was just 1.4%. The "Core" component (which excludes volatile goods like energy and food) also remains low at around 1%. Headline inflation is set to accelerate towards the end of the year. In March, as previously announced, the ECB has reduced its monthly asset purchases to €60 billion from €80 billion. In addition, it has dropped its easing bias for lower interest rates in the future. Its benchmark rates, instead, have remained unchanged and will stay at the current level at least for the next year (depo rate: -0.40% and refi rate: 0.00%).

In the second half of 2017, the Group results should benefit from a moderate acceleration in economic growth, in light of the positive trend recorded in the first months of the year.
The level of interest rates is expected to remain low with the related implications on the dynamic of the net interest income, but the Group will continue in the implementation of the actions embedded in the Plan, with particular attention to cost reduction and to de-risking & risk-monitoring.
Moreover, Group results will continue to benefit from wide cross-selling, synergies as well as geographical and product diversification, which should be further underpinned by a general recovery in the European macroeconomic environment.
The Group will also leverage on a further strengthened capital position, having successfully carried out the capital increase and the M&A actions envisaged in 2016-2019 Multi-Year Plan “Transform 2019”.

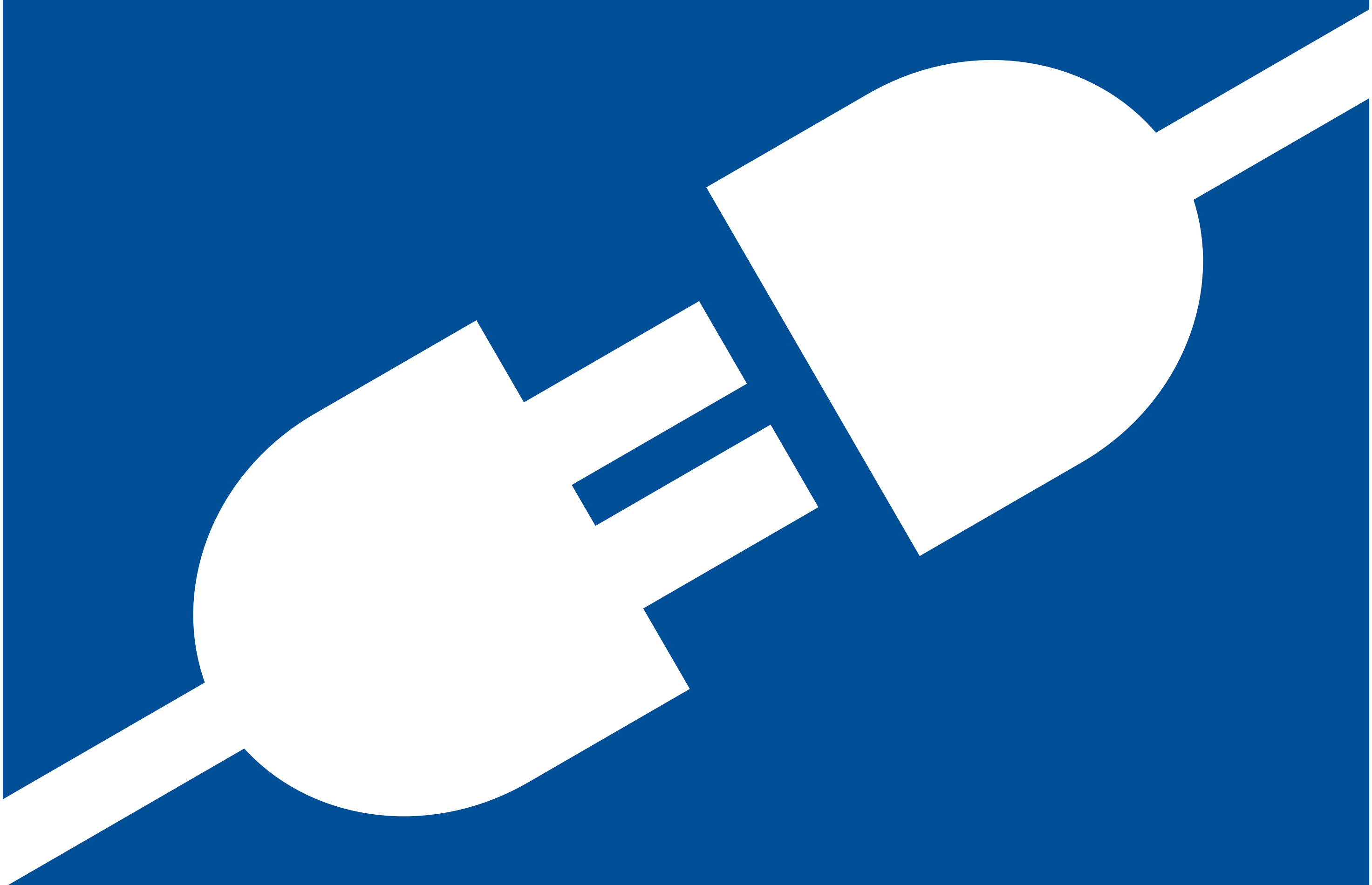
Milan - August 2, 2017

THE BOARD OF DIRECTORS

CHAIRMAN
GIUSEPPE VITA

CEO
JEAN PIERRE MUSTIER

Cooperation & Synergies



Our ability to cooperate and generate synergies across departments and geographies is what makes us unique and allows us to be “One Bank, One UniCredit”. We are a true pan-European bank and we work seamlessly across the Group.

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 06.30.2017	12.31.2016
10. Cash and cash balances	48,427,622	13,857,831
20. Financial assets held for trading	79,529,275	87,466,838
30. Financial assets at fair value through profit or loss	24,693,397	28,701,661
40. Available-for-sale financial assets	102,548,997	110,180,074
50. Held-to-maturity investments	4,722,484	3,963,222
60. Loans and receivables with banks	65,224,777	74,691,847
70. Loans and receivables with customers	450,298,251	444,607,482
80. Hedging derivatives	3,764,862	4,514,597
90. Changes in fair value of portfolio hedged items (+/-)	2,209,945	2,357,447
100. Equity investments	6,244,445	6,158,551
110. Insurance reserves attributable to reinsures	-	-
120. Property, plant and equipment	8,946,908	9,091,558
130. Intangible assets	3,247,164	3,191,380
of which: - goodwill	*1,483,721*	*1,483,721*
140. Tax assets	14,252,082	15,161,189
a) current tax assets	*3,339,894*	*1,142,944*
b) deferred tax assets	*10,912,188*	*14,018,245*
of which for purposes of L. 214/2011	*8,317,181*	*11,339,783*
150. Non-current assets and disposal groups classified as held for sale	4,052,459	45,853,911
160. Other assets	8,965,520	9,735,186
Total assets	**827,128,188**	**859,532,774**

continued: Consolidated Balance Sheet

(€ '000)

BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT	
	06.30.2017	12.31.2016
10. Deposits from banks	129,844,440	103,851,521
20. Deposits from customers	433,016,527	452,419,189
30. Debt securities in issue	110,664,283	115,435,500
40. Financial liabilities held for trading	55,504,945	68,361,337
50. Financial liabilities at fair value through profit or loss	3,044,948	2,496,732
60. Hedging derivatives	4,030,342	4,921,464
70. Changes in fair value of portfolio hedged items (+/-)	3,214,379	4,484,034
80. Tax liabilities	1,188,354	1,398,525
a) current tax liabilities	*698,255*	*896,901*
b) deferred tax liabilities	*490,099*	*501,624*
90. Liabilities included in disposal groups classified as held for sale	617,505	35,868,601
100.Other liabilities	20,309,403	15,440,363
110. Provision for employee severance pay	1,045,088	1,125,758
120. Provisions for risks and charges	8,664,660	10,541,448
a) post retirement benefit obligations	*4,622,540*	*5,241,807*
b) other provisions	*4,042,120*	*5,299,641*
130. Insurance reserves	-	-
140. Revaluation reserves	(3,933,839)	(4,039,304)
150. Share capital repayable on demand	-	-
160. Equity instruments	3,620,463	2,383,463
170. Reserves	19,345,361	17,553,781
180. Share premium	13,399,799	14,384,918
190. Share capital	20,880,550	20,846,893
200. Treasury shares (-)	(4,162)	(4,107)
210. Minorities (+/-)	822,497	3,852,752
220. Net Profit (Loss) for the period (+/-)	1,852,645	(11,790,094)
Total liabilities and Shareholders' Equity	**827,128,188**	**859,532,774**

Consolidated Income Statement

Consolidated Income Statement

(€ '000)

ITEMS	AS AT 06.30.2017	AS AT 06.30.2016
10. Interest income and similar revenues	7,491,414	8,300,744
20. Interest expenses and similar charges	(2,275,836)	(3,000,196)
30. Net interest margin	**5,215,578**	**5,300,548**
40. Fees and commissions income	3,679,737	3,450,383
50. Fees and commissions expenses	(619,944)	(586,841)
60. Net fees and commissions	**3,059,793**	**2,863,542**
70. Dividend income and similar revenues	247,938	341,237
80. Gains (Losses) on financial assets and liabilities held for trading	666,703	450,916
90. Fair value adjustments in hedge accounting	51,823	(42,493)
100. Gains (Losses) on disposal and repurchase of:	248,399	584,753
a) loans	*15,662*	*43,444*
b) available-for-sale financial assets	*221,768*	*539,299*
c) held-to-maturity investments	*-*	*485*
d) financial liabilities	*10,969*	*1,525*
110. Gains (Losses) on financial assets/liabilities at fair value through profit or loss	(115,872)	30,072
120. Operating income	**9,374,362**	**9,528,575**
130. Net losses/recoveries on impairment:	(1,409,652)	(1,685,729)
a) loans	*(1,414,389)*	*(1,764,115)*
b) available-for-sale financial assets	*(189,410)*	*(52,459)*
c) held-to-maturity investments	*5,758*	*(215)*
d) other financial assets	*188,389*	*131,060*
140. Net profit from financial activities	**7,964,710**	**7,842,846**
150. Premiums earned (net)	-	-
160. Other income (net) from insurance activities	-	-
170. Net profit from financial and insurance activities	**7,964,710**	**7,842,846**
180. Administrative costs:	(6,225,094)	(6,912,309)
a) staff expenses	*(3,512,579)*	*(4,012,403)*
b) other administrative expenses	*(2,712,515)*	*(2,899,906)*
190. Net provisions for risks and charges	(148,211)	(242,927)
200. Impairment/write-backs on property, plant and equipment	(342,864)	(333,691)
210. Impairment/write-backs on intangible assets	(195,415)	(221,265)
220. Other net operating income	516,372	565,807
230. Operating costs	**(6,395,212)**	**(7,144,385)**
240. Profit (Loss) of investments	303,894	350,048
250. Gains (Losses) on tangible and intangible assets measured at fair value	(1,372)	(141)
260. Impairment of goodwill	-	-
270. Gains (Losses) on disposal of investments	72,342	73,240
280. Profit (Loss) before tax from continuing operations	**1,944,362**	**1,121,608**
290. Tax expense (income) related to profit or loss from continuing operations	(347,678)	(337,714)
300. Profit (Loss) after tax from continuing operations	**1,596,684**	**783,894**
310. Profit (Loss) after tax from discontinued operations	460,306	777,928
320. Net profit or loss for the period	**2,056,990**	**1,561,822**
330. Minorities	(204,345)	(240,466)
340. Holdings Income (Loss) of the period	**1,852,645**	**1,321,356**

Earnings per share (€)	1.087	2.110
Diluted earnings per share (€)	1.082	2.110

Starting from December 31, 2016, in accordance with IFRS5, the profit/loss of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies was entirely recognized under item "Profit (Loss) after tax from discontinued operation" as a result of their classification as "discontinued operations".
The previous period was restated accordingly to increase comparability, pursuant to the regulations in force.

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income

(€ '000)

ITEMS	AS AT 06.30.2017	AS AT 06.30.2016
10. Net profit (loss) for the period	**2,056,990**	**1,561,822**
Other comprehensive income after tax not reclassified to profit or loss		
20. Property, plant and equipment	-	-
30. Intangible assets	-	-
40. Defined benefit plans	222,744	(704,236)
50. Non-current assets classified as held for sale	(49)	(4,292)
60. Portion of revaluation reserves from investments valued at equity	380	(475)
Other comprehensive income after tax that may be reclassified to profit or loss		
70. Hedges of foreign investments	-	-
80. Exchange differences	344,717	3,139
90. Cash flow hedges	(42,883)	(73,314)
100. Available-for-sale financial assets	(69,677)	(290,403)
110. Non-current assets classified as held for sale	42,344	(47,765)
120. Valuation reserves from investments accounted for using the equity method	(185,422)	(58,311)
130. Total other comprehensive income after tax	**312,154**	**(1,175,657)**
140. Comprehensive income after tax (Item 10+130)	**2,369,144**	**386,165**
150. Consolidated comprehensive income attributable to minorities	(416,783)	(113,181)
160. Consolidated comprehensive income attributable to the Parent Company	1,952,361	272,984

Figures as at June 30, 2016 were restated following the classification, carried out in 2016, of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies as discontinued operations.

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, 2017

	BALANCE AS AT 12.31.2016	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2017	ALLOCATION OF PROFIT FROM PREVIOUS YEAR	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS
Issued capital:					
a) ordinary shares	21,371,076	-	21,371,076	-	-
b) other shares	8,517	-	8,517	-	-
Share premiums	15,833,467	-	15,833,467	(11,460,133)	-
Reserves:					
a) from profits	13,648,993	-	13,648,993	(65,554)	-
b) other	5,531,632	-	5,531,632	-	-
Revaluation reserves	(4,255,598)	-	(4,255,598)	-	-
Advanced dividends	-	-	-	-	-
Equity instruments	2,383,463	-	2,383,463	-	-
Treasury shares	(6,935)	-	(6,935)	-	-
Net profit or Loss for the period	(11,326,313)	-	(11,326,313)	11,525,687	(199,374)
Total Shareholders' Equity	**43,188,302**	**-**	**43,188,302**	**-**	**(199,374)**
Shareholders' Equity Group	39,335,550	-	39,335,550	-	(2,000)
Shareholders' Equity minorities	3,852,752	-	3,852,752	-	(197,374)

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 positive effect for €222 million of actuarial gain (losses) from the measurement of the actuarial liabilities (defined benefit plans), the negative effect of €70 million of the reserve on AFS financial assets, the negative effects of the cash flow hedges reserve for €43 million and the positive effects of the reserve on non-current assets classified as held for sale for €55 million.
This change includes furthermore the positive effect of exchange differences reserve for €345 million, mainly related to negative effect of Ruble for €145 million and the reduction for €487 million of the exchange differences reserve of Zloty, related to polish subsidiary due to the loss of control occurred in June 7, 2017. This positive effect is partially net of the negative change in the valuation reserve of the companies accounted for using the equity method for €188 million, mainly due to the depreciation of the items in Turkish Lira for €169 million.

The column "Changes in reserves" for items "Reserves", "Issued Capital" e "Share premiums" represent the coverage of the loss included in "Reserves - other" through the use of Share Premium reserve for €2,509 million. The reduction of "Issued Capital", "Share premiums" and "Reserves from profit" related to minorities refers to the sale of the polish subsidiary for €3,462 million.

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

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 1ST HALF 2017	TOTAL SHAREHOLDERS' EQUITY AS AT 06.30.2017	SHAREHOLDERS' EQUITY GROUP AS AT 06.30.2017	SHAREHOLDERS' EQUITY MINORITIES AS AT 06.30.2017
(202,113)	39,805	-	-	-	-	-	-	3,307	-	21,212,076	20,878,182	333,894
-	(6,149)	-	-	-	-	-	-	-	-	2,368	2,368	-
(3,891,339)	12,983,565	-	-	-	-	-	-	22,586	-	13,488,146	13,399,799	88,347
(2,110,676)	(17,588)	-	-	-	-	-	-	60,821	-	11,515,996	11,443,636	72,360
2,460,465	-	-	-	-	-	-	36,499	-	-	8,028,596	7,901,725	126,871
9,228	-	-	-	-	-	-	-	-	312,154	(3,934,216)	(3,933,839)	(377)
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,236,999	-	-	-	-	3,620,463	3,620,463	-
(170)	-	-	-	-	-	-	-	-	-	(7,105)	(4,162)	(2,943)
-	-	-	-	-	-	-	-	-	2,056,990	2,056,990	1,852,645	204,345
(3,734,606)	**12,999,633**	**-**	**-**	**-**	**1,236,999**	**-**	**36,499**	**86,714**	**2,369,144**	**55,983,314**	**55,160,817**	**822,497**
(427,220)	12,999,633	-	-	-	1,236,999	-	36,499	28,992	1,952,361	55,160,817		
(3,307,386)	-	-	-	-	-	-	-	57,722	416,783	822,497		

Statement of changes in Shareholders' Equity

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 effect for €704 million of actuarial gain (losses) from the measurement of the actuarial liabilities (defined benefit plans), the negative effect of €290 million of the reserve on AFS financial assets, the negative effects of the cash flow hedges reserve for €73 million and the negative effects of the reserve on non-current assets classified as held for sale for €52 million. This change includes furthermore the positive effect of exchange differences reserve for €3 million, mainly related to positive effect of Ruble for €295 million and the negative effect of Zloty for €265 million and the negative change in the valuation reserve of the companies accounted for using the equity method for €59 million, mainly due to the depreciation of the items in Turkish Lira for €24 million.

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 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		

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement (indirect method)

(€ '000)

	AS AT	
	06.30.2017	06.30.2016
A. OPERATING ACTIVITIES		
1. Operations	**6,788,712**	**3,896,861**
- profit (loss) of the year (+/-)	1,852,645	1,321,356
- capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities designated at fair value through profit and loss (+/-)	886,656	(1,713,305)
- capital gains (losses) on hedging operations (+/-)	(51,823)	42,493
- net losses/recoveries on impairment (+/-)	2,500,003	2,781,936
- net write-offs/write-backs on tangible and intangible assets (+/-)	539,651	555,099
- provisions and other incomes/expenses (+/-)	1,461	17,665
- uncollected net premiums (-)	-	-
- other uncollected incomes and expenses from insurance activities (+/-)	-	-
- unpaid taxes and tax credits (+/-)	275,776	280,897
- Impairment/write-backs on discontinued operations, net of tax (-/+)	571,939	337,909
- other adjustments (+)	212,404	272,811
2. Liquidity generated/absorbed by financial assets	**19,252,574**	**(29,013,742)**
- financial assets held for trading	7,162,876	(12,414,978)
- financial assets at fair value	3,864,660	2,055,896
- available-for-sale financial assets	7,424,097	(12,240,533)
- loans and receivables with banks	9,584,918	9,620,742
- loans and receivables with customers	(8,281,540)	(19,461,820)
- other assets	(502,437)	3,426,951
3. Liquidity generated/absorbed by financial liabilities	**(6,909,597)**	**27,778,862**
- deposits from banks	26,217,879	3,118,406
- deposits from customers	(19,202,969)	24,411,923
- debt certificates including bonds	(4,831,179)	(9,775,227)
- financial liabilities held for trading	(12,856,608)	11,279,642
- financial liabilities designated at fair value	548,216	1,009,172
- other liabilities	3,215,064	(2,265,054)
Net liquidity generated/absorbed by operating activities	**19,131,689**	**2,661,981**
B. INVESTMENT ACTIVITIES		
Liquidity generated/absorbed by:		
- equity investments	(18,877)	(7,741)
- collected dividends on equity investments	97,345	82,316
- financial assets held to maturity	(818,688)	(175,810)
- tangible assets	(256,905)	(165,294)
- intangible assets	(254,221)	(212,299)
- sales/purchases of subsidiaries and divisions	3,186,007	18,014
Net liquidity generated/absorbed by investment activities	**1,934,661**	**(460,814)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	12,590,851	-
- issue/purchase of equity instruments	1,236,999	-
- distribution of dividends and other scopes	(331,789)	(634,053)
Net liquidity generated/absorbed by funding activities	**13,496,061**	**(634,053)**
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	**34,562,411**	**1,567,114**

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

continued: Consolidated Cash Flow Statement (indirect method)

Reconciliation

(€ '000)

ITEMS	AS AT 06.30.2017	AS AT 06.30.2016
Cash and cash equivalents at the beginning of the period	**13,857,831**	**10,303,334**
Net liquidity generated/absorbed during the period	34,562,411	1,567,114
Cash and cash equivalents: effect of exchange rate variations	7,380	33,295
Cash and cash equivalents at the end of the period	**48,427,622**	**11,903,743**

Figures as at June 30, 2016 were restated following the classification, carried out in 2016, of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies as discontinued operations.

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, 2017, pursuant to EU Regulation No.1606/2002 which was incorporated into Italy's legislation through the Legislative Decree No.38 dated February 28, 2005 and as required by paragraph 154-ter 3 of the Single Finance Act (TUF, Legislative Decree No.58 dated 02/24/1998).

They are an integral part of the Consolidated First Half 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 paragraph 154-ter 2 TUF, this Consolidated First Half Financial Report includes the Condensed Interim Consolidated Financial Statements, the Interim Report on Operations and the Attestation required by paragraph 154-bis 5 TUF.

The contents of this Condensed Interim Consolidated Financial Statements are in line with IAS34 on interim reporting. In accordance with paragraph 10 IAS34, the Group has opted to provide Condensed First Half 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.

The schemes of Condensed Interim Consolidated Financial Statements are in line with *Banca d'Italia* templates as prescribed by Circular 262 dated December 22, 2005 (fourth amendment dated December 15, 2015), and they present comparative figures, as at December 31, 2016 for the Balance sheet and as at June 30, 2016 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**, unless 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, based on the 2016-2019 Strategic Plan as well as on the results of the capital increase fully subscribed with effect from March 2, 2017, identified no symptoms in the capital and financial structure and in the economic performance that could indicate uncertainty about the ability to continue as a going-concern and therefore believe with reasonable certainty that the Group will continue to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS1, the accounts as at June 30, 2017 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 - 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.

In particular, estimated figures have been used for the recognition and measurement of some of the largest items in the Consolidated Accounts as at June 30, 2017, 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 by assessing, when referred to shareholdings, goodwill, other intangible assets and deferred tax assets, that there have not been adverse changes in key assumptions compared with the ones in use for Consolidated Financial Statements as at December 31, 2016.
The processes adopted support the carrying values as at June 30, 2017.
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.

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 - Operational risks);
- 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 (i) domestic and international socio-economic conditions and subsequent impact on the Bank's profitability and customers' creditworthiness, (ii) financial markets which affect changes in interest rates, prices and actuarial assumptions and (iii) real estate market affecting the value of property owned by the Group 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, other intangible assets and deferred tax assets conducted by assessing that there have not been adverse changes in key assumptions compared with the ones in use for Consolidated Financial Statements as at December 31, 2016, it should be noted that the parameters and information used are significantly influenced by the macro-economic market situation, which may change unpredictably. For additional 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.

Part A - Accounting Policies

Section 3 - Consolidation scope and methods

The consolidation criteria and principles used to prepare the Consolidated First Half Financial Report as at June 30, 2017 are described below.

Consolidated Accounts

For the preparation of the Consolidated First Half Financial Report as at June 30, 2017 the following sources have been used:

- UniCredit S.p.A. first-half accounts at June 30, 2017;
- 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 Accounts of Nuova Compagnia di Partecipazioni Group, including Nuova Compagnia di Partecipazioni S.p.A. (formerly Compagnia Italpetroli S.p.A.), and Capital Dev Group, including Capital Dev S.p.A., and their direct and indirect subsidiaries, as at June 30, 2017.

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

The accounts and Explanatory Notes of the main fully consolidated subsidiaries prepared under IIAS/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.

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 IFRS11 - 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 IAS36 as a single asset, by comparing it with the corresponding recoverable amount (i.e. higher of VIU and FV less cost to sell).

Associates
An associate is an entity over which the investor has significant influence and which are not subsidiaries or joint ventures.
Significant influence is presumed when the investor:
- holds, directly or indirectly, at least 20% of the share capital of another entity, or
- is able, also through shareholders' agreements, to exercise significant influence through:
  - representation on the governing body of the company;
  - participation in the policy-making process, including participation in decisions about dividends or other distributions;
  - the existence of significant transactions;
  - interchange of managerial personnel;
  - provision of key technical information.

It 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 IAS36 as a single asset, by comparing it with the corresponding recoverable amount (i.e. higher of VIU and FV less cost to sell).

Equity Method
Equity investments in companies measured using the equity method include the goodwill (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.

Part A - Accounting Policies

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 20,880,549,801.81	**ROME**	**MILAN**		**HOLDING**		
2	A&T-PROJEKTENTWICKLUNGS GMBH & CO. POTSDAMER PLATZ BERLIN KG Issued capital EUR 613,550	MUNICH	MUNICH	1	GRUNDSTUCKSAKTIENGESELLSCHAFT AM POTSDAMER PLATZ (HAUS VATERLAND)	100.00	
3	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. OBERBAUM CITY KG Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	..	1.89
					SIRIUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	100.00	98.11
4	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. PARKKOLONNADEN KG Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	A&T-PROJEKTENTWICKLUNGS GMBH & CO. POTSDAMER PLATZ BERLIN KG	100.00	98.11
					ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	..	1.89
5	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. STUTTGART KRONPRINZSTRASSE KG Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	..	1.89
					HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	98.11
6	AGROB IMMOBILIEN AG Issued capital EUR 11,689,200	ISMANING	ISMANING	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	52.72	75.02
7	AI BETEILIGUNGS GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
8	ALLEGRO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
9	ALLIB LEASING S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
10	ALLIB NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA Issued capital HRK 20,000	ZAGREB	ZAGREB	1	LOCAT CROATIA DOO	100.00	
11	ALMS LEASING GMBH. Issued capital EUR 36,000	VIENNA	SALZBURG	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
12	ALPINE CAYMAN ISLANDS LTD. Issued capital EUR 798	GRAND CAYMAN	GEORGE TOWN	1	UNICREDIT BANK AUSTRIA AG	100.00	
13	ALTUS ALPHA PLC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
14	ALV IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
15	AMBASSADOR PARC DEDINJE D.O.O. BEOGRAD Issued capital RSD 98,672,974	BELGRADE	BELGRADE	1	UCTAM D.O.O. BEOGRAD	100.00	
16	ANTARES IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
17	ANTHEMIS EVO LLP Issued capital EUR 26,007,115	LONDON	LONDON	4	UNICREDIT SPA	..	(3)
18	ANTUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB PROJEKT GMBH	90.00	
19	AO UNICREDIT BANK Issued capital RUR 41,787,805,174	MOSCOW	MOSCOW	1	UNICREDIT SPA	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
20	ARABELLA FINANCE DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
21	ARANY PENZUEGYI LIZING ZRT. Issued capital HUF 60,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
22	ARENA NPL ONE S.R.L. (CARTOLARIZZAZIONE 2014)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
23	ARGENTAURUS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH Issued capital EUR 511,300	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
24	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
25	ARRONDA IMMOBILIENVERWALTUNGS GMBH Issued capital EUR 511,500	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
26	ATLANTERRA IMMOBILIENVERWALTUNGS GMBH Issued capital EUR 1,023,000	MUNICH	MUNICH	1	HVB PROJEKT GMBH	90.00	
27	AUFBAU DRESDEN GMBH Issued capital EUR 260,000	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
28	AUSTRIA LEASING GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	0.40	
					GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.40	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
29	B A I BETEILIGUNGSVERWALTUNGS-GMBH Issued capital EUR 730,000	VIENNA	VIENNA	1	IMMOBILIEN HOLDING GMBH	100.00	
30	B A I PROJEKTENTWICKLUNG GMBH Issued capital EUR 730,000	VIENNA	VIENNA	1	IMMOBILIEN HOLDING GMBH	100.00	
31	B.I. INTERNATIONAL LIMITED Issued capital EUR 792	GEORGE TOWN	GEORGE TOWN	1	TRINITRADE VERMOGENSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG	100.00	
32	BA ALPINE HOLDINGS, INC. Issued capital USD 74,435,918	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AUSTRIA AG	100.00	
33	BA BETRIEBSOBJEKTE GMBH Issued capital EUR 5,630,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
34	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	
35	BA BETRIEBSOBJEKTE PRAHA, SPOL.S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	BA BETRIEBSOBJEKTE GMBH	100.00	
36	BA CA LEASING (DEUTSCHLAND) GMBH Issued capital EUR 153,388	HAMBURG	HAMBURG	1	UNICREDIT LEASING S.P.A.	94.9	
					TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	5.1	(4)
37	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	

Part A - Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
38	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 363,364	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
39	BA GEBAEUDEVERMIETUNGSGMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	BA GVG-HOLDING GMBH	89.00	
					BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	
					PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	1.00	
40	BA GVG-HOLDING GMBH Issued capital EUR 18,168	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
41	BA IMMO GEWINNSCHEIN FONDS1	VIENNA	VIENNA	4	UNICREDIT BANK AUSTRIA AG	..	(3)
42	BA-CA ANDANTE LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
43	BA-CA FINANCE (CAYMAN) II LIMITED Issued capital EUR 15,000	GEORGE TOWN	GEORGE TOWN	1	ALPINE CAYMAN ISLANDS LTD.	100.00	
44	BA-CA FINANCE (CAYMAN) LIMITED Issued capital EUR 15,000	GEORGE TOWN	GEORGE TOWN	1	ALPINE CAYMAN ISLANDS LTD.	100.00	
45	BA-CA LEASING DREI GARAGEN GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
46	BA-CA LEASING MAR IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
47	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H. Issued capital EUR 127,177	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
48	BA-CA PRESTO LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
49	BA-CA WIEN MITTE HOLDING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
50	BA/CA-LEASING BETEILIGUNGEN GMBH Issued capital EUR 454,000	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
51	BACA CENA IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
52	BACA HYDRA LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
53	BACA KOMMUNALLEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
54	BACA LEASING ALFA S.R.O. Issued capital CZK 110,000	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)
55	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	
56	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	98.80	
	Issued capital EUR 18,287				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
57	BACA-LEASING AQUILA INGATLANHASNOSITO KORLATOLT FELELOSSEGUE TARSASAG	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 3,000,000						
58	BACAL ALPHA DOO ZA POSLOVANJE NEKRETNINAMA	ZAGREB	ZAGREB	1	LOCAT CROATIA DOO	100.00	
	Issued capital HRK 20,000						
59	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	
60	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	
61	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	
62	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	
63	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	
64	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	
65	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	
66	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	
67	BALEA SOFT GMBH & CO. KG	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
	Issued capital EUR 500,000						
68	BALEA SOFT VERWALTUNGSGESELLSCHAFT MBH	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
	Issued capital EUR 50,000						
69	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	
70	BANK AUSTRIA FINANZSERVICE GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 490,542						

Part A - Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
71	BANK AUSTRIA HUNGARIA BETA LEASING KORLATOLT FELELOSSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
72	BANK AUSTRIA LEASING ARGO IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	99.80	
73	BANK AUSTRIA LEASING HERA IMMOBILIEN LEASING GMBH Issued capital EUR 36,337	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
74	BANK AUSTRIA LEASING IKARUS 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	
75	BANK AUSTRIA LEASING MEDEA IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
76	BANK AUSTRIA REAL INVEST CLIENT INVESTMENT GMBH Issued capital EUR 145,500	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
77	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	
78	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH Issued capital EUR 10,900,500	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	94.95	
79	BANK AUSTRIA WOHNBAUBANK AG Issued capital EUR 18,765,944	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
80	BARD ENGINEERING GMBH	EMDEN	EMDEN	4	BARD HOLDING GMBH	..	(3)
81	BARD HOLDING GMBH	EMDEN	EMDEN	4	UNICREDIT BANK AG	..	(3)
82	BARODA PIONEER ASSET MANAGEMENT COMPANY LTD Issued capital INR 949,440,640	MUMBAI	MUMBAI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
83	BARODA PIONEER TRUSTEEE COMPANY PVT LTD Issued capital INR 500,000	MUMBAI	MUMBAI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
84	BAULANDENTWICKLUNG GDST 1682/8 GMBH & CO OEG Issued capital EUR 58,000	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	1.00	
					CALG IMMOBILIEN LEASING GMBH	99.00	
85	BAVARIA SERVICOS DE REPRESENTACAO COMERCIAL LTDA. Issued capital BRL 351,531	SAO PAULO	SAN PAOLO	1	UNICREDIT (U.K.) TRUST SERVICES LTD	0.47	
					UNICREDIT SPA	99.53	
86	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	
87	BERTRAM PROJEKT UNODECIMA TECHNIKZENTRUM GMBH & CO. KG Issued capital EUR 10,000	HANNOVER	HANNOVER	1	ROLIN GRUNDSTUCKSPLANUNGS- UND -VERWALTUNGSGESELLSCHAFT MBH	87.00	
					WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	6.00	
					WEALTHCAP MANAGEMENT SERVICES GMBH	1.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
88	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
89	BF NINE HOLDING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	ALLEGRO LEASING GESELLSCHAFT M.B.H.	100.00	
90	BIL LEASING-FONDS GMBH & CO VELUM KG Issued capital EUR 2,556	GRUNWALD	GRUNWALD	1	BIL LEASING-FONDS VERWALTUNGS-GMBH	..	33.33
					UNICREDIT BANK AG	100.00	33.33
91	BIL LEASING-FONDS VERWALTUNGS-GMBH Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
92	BORGO DI PEROLLA SRL Issued capital EUR 2,043,952	MASSA MARITTIMA	MASSA MARITTIMA	1	FONDIARIA LASA SPA	100.00	
93	BREWO GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	UNICREDIT PEGASUS LEASING GMBH	100.00	
94	BUCHSTEIN IMMOBILIENVERWALTUNG GMBH UND CO OG Issued capital EUR 18,168	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
95	BUDDY SERVIZI MOLECOLARI SPA Issued capital EUR 15,000,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
96	BUITENGAATS HOLDING B.V.	EEMSHAVEN	EEMSHAVEN	4	BARD ENGINEERING GMBH	..	(3)
97	BV GRUNDSTUCKSENTWICKLUNGS-GMBH Issued capital EUR 511,300	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
98	BV GRUNDSTUCKSENTWICKLUNGS-GMBH & CO. VERWALTUNGS-KG Issued capital EUR 511,292	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
99	C.E.CO.S. COMPLETAMENTO EDILIZIO CORSO SICILIA SPA Issued capital EUR 103,300	CATANIA	CATANIA	1	ISTITUTO IMMOBILIARE DI CATANIA SPA	100.00	
100	CA-LEASING OVUS S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
101	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	
102	CA-ZETA REAL ESTATE DEVELOPMENT LIMITED LIABILITY COMPANY Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
103	CABET-HOLDING GMBH Issued capital EUR 290,909	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
104	CABO BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 35,000	VIENNA	VIENNA	1	CABET-HOLDING GMBH	100.00	
105	CAFU VERMOEGENSVERWALTUNG GMBH & CO OG Issued capital EUR 6,719,227	VIENNA	VIENNA	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
106	CAL-PAPIER INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	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)
107	CALG 307 MOBILIEN LEASING GMBH Issued capital EUR 18,286	VIENNA	VIENNA	1	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	100.00	
108	CALG 443 GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
					CALG IMMOBILIEN LEASING GMBH	1.00	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
109	CALG 445 GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 18,168	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
110	CALG 451 GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
111	CALG ALPHA GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
112	CALG ANLAGEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
113	CALG ANLAGEN LEASING GMBH & CO GRUNDSTUECKVERMIETUNG UND - VERWALTUNG KG Issued capital EUR 2,326,378	MUNICH	MUNICH	1	CALG ANLAGEN LEASING GMBH	99.90	
114	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
115	CALG GAMMA GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,337	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
116	CALG GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	74.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
117	CALG IMMOBILIEN LEASING GMBH Issued capital EUR 254,355	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
118	CALG IMMOBILIEN LEASING GMBH & CO. 1120 WIEN, SCHOENBRUNNER SCHLOSSSTRASSE 38-42 OG Issued capital EUR 300	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
119	CALG IMMOBILIEN LEASING GMBH & CO. PROJEKT VIER OG Issued capital EUR 300	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
120	CALG MINAL GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 18,286	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	

					OWNERSHIP RELATIONSHIP		
	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	HELD BY	HOLDING %	VOTING RIGHTS % (2)
121	CANDOUR FIVE GMBH & CO KG Issued capital EUR 2,500	VIENNA	VIENNA	1	VIENNA DC TOWER 1 LIEGENSCHAFTSBESITZ GMBH	100.00	
122	CAPITAL DEV SPA Issued capital EUR 272,000	ROME	ROME	1	UNICREDIT SPA	100.00	
123	CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE: BIPCA CORDUSIO RMBS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
124	CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE: CAPITAL MORTGAGE 2007 - 1)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
125	CARD COMPLETE SERVICE BANK AG Issued capital EUR 6,000,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	50.10	
126	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	
127	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	
128	CAVE NUOVE SPA Issued capital EUR 140,000	ROME	ROME	1	CAPITAL DEV SPA	100.00	
129	CENTAR KAPTOL DOO Issued capital HRK 46,830,400	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
130	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	
131	CHEFREN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
132	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	
133	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	
134	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	
135	CONSUMER THREE SRL (CARTOLARIZZAZIONE: CONSUMER THREE)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
136	CONSUMER TWO SRL (CARTOLARIZZAZIONE: CONSUMER TWO)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
137	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	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
138	CORDUSIO RMBS - UCFIN SRL (CARTOLARIZZAZIONE: CORDUSIO RMBS UCFIN - SERIE 2006)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
139	CORDUSIO RMBS SECURITISATION SRL (CARTOLARIZZAZIONE: CORDUSIO RMBS SECURITISATION - SERIE 2006)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
140	CORDUSIO RMBS SECURITISATION SRL (CARTOLARIZZAZIONE: CORDUSIO RMBS SECURITISATION - SERIE 2007)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
141	CORDUSIO SIM SPA Issued capital EUR 51,282,051	MILAN	MILAN	1	UNICREDIT SPA	96.1	(5)
142	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI Issued capital EUR 520,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
143	CORIT - CONCESSIONARIA RISCOSSIONE TRIBUTI S.P.A. IN LIQUIDAZIONE Issued capital EUR 1,243,732	ROME	ROME	1	UNICREDIT SPA	60.00	
144	CRIVELLI SRL Issued capital EUR 10,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
145	CUMTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
					UNICREDIT BANK AG	6.15	
146	CUXHAVEN STEEL CONSTRUCTION GMBH	CUXHAVEN	CUXHAVEN	4	BARD ENGINEERING GMBH	..	(3)
147	DBC SP.Z O.O. Issued capital PLN 50,000	WARSAW	WARSAW	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
148	DC BANK AG Issued capital EUR 5,000,000	VIENNA	VIENNA	1	CARD COMPLETE SERVICE BANK AG	99.94	
149	DC ELEKTRONISCHE ZAHLUNGSSYSTEME GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H.	100.00	
150	DEBO LEASING IFN S.A. Issued capital RON 724,400	BUCHAREST	BUCHAREST	1	UNICREDIT CONSUMER FINANCING IFN S.A.	0.01	
					UNICREDIT LEASING CORPORATION IFN S.A.	99.99	
151	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT ALPHA MANAGEMENT KG Issued capital EUR 255,650	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
152	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT BETA MANAGEMENT KG Issued capital EUR 255,650	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
153	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT GAMMA MANAGEMENT KG Issued capital EUR 255,650	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
154	DINERS CLUB CS, S.R.O. Issued capital EUR 995,000	BRATISLAVA	BRATISLAVA	1	DC BANK AG	100.00	
155	DINERS CLUB POLSKA SP.Z.O.O. Issued capital PLN 7,500,000	WARSAW	WARSAW	1	DC BANK AG	100.00	
156	DIRANA LIEGENSCHAFTSVERWERTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 17,500	VIENNA	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
157	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	
158	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	
159	DV ALPHA GMBH	VIENNA	VIENNA	1	PIRTA VERWALTUNGS GMBH	100.00	
	Issued capital EUR 35,000						
160	EKAZENT IMMOBILIEN MANAGEMENT GMBH	VIENNA	VIENNA	1	IMMOBILIEN HOLDING GMBH	100.00	
	Issued capital EUR 35,000						
161	ELEKTRA PURCHASE NO. 17 S.A. - COMPARTEMENT 2	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
162	ELEKTRA PURCHASE NO. 28 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
163	ELEKTRA PURCHASE NO. 31 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
164	ELEKTRA PURCHASE NO. 32 S.A.	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
165	ELEKTRA PURCHASE NO. 33 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
166	ELEKTRA PURCHASE NO. 34 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
167	ELEKTRA PURCHASE NO. 35 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
168	ELEKTRA PURCHASE NO. 36 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
169	ELEKTRA PURCHASE NO. 37 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
170	ELEKTRA PURCHASE NO. 38 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
171	ELEKTRA PURCHASE NO. 39 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
172	ELEKTRA PURCHASE NO. 40 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
173	ELEKTRA PURCHASE NO. 41 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
174	ELEKTRA PURCHASE NO. 42 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
175	ELEKTRA PURCHASE NO. 43 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
176	ELEKTRA PURCHASE NO. 46 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
177	ELEKTRA PURCHASE NO. 47 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
178	ELEKTRA PURCHASE NO. 48 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
179	ELEKTRA PURCHASE NO. 911 LTD	ST. HELIER	ST. HELIER	4	UNICREDIT BANK AG	..	(3)
180	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
181	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
182	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
183	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	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
184	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	
185	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	
186	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	
187	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	
188	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,336				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
189	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						
190	EUROPA INGATLANBEFEKTETESI ALAP (EUROPE REAL-ESTATE INVESTMENT FUND)	BUDAPEST	BUDAPEST	4	UNICREDIT BANK HUNGARY ZRT.	..	(3)
191	EUROPEAN-OFFICE-FONDS	MUNICH	MUNICH	4	UNICREDIT BANK AG	..	(3)
192	EUROVENTURES-AUSTRIA-CA-MANAGEMENT GESMBH	VIENNA	VIENNA	1	CABET-HOLDING GMBH	100.00	
	Issued capital EUR 36,336						
193	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	
194	F-E GOLD SRL (CARTOLARIZZAZIONE: F-E GOLD)	MILAN	MILAN	4	UNICREDIT LEASING S.P.A.	..	(3)
195	F-E MORTGAGES SRL (CARTOLARIZZAZIONE: F-E MORTGAGES 2005)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
196	F-E MORTGAGES SRL (CARTOLARIZZAZIONE: F-E MORTGAGES SERIES 1 - 2003)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
197	FACTORBANK AKTIENGESELLSCHAFT	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 3,000,000						
198	FCT UCG TIKEHAU	PARIS	PARIS	4	UNICREDIT SPA	..	(3)
199	FINECO VERWALTUNG AG (IN LIQUIDATION)	MUNICH	MUNICH	1	UNICREDIT SPA	100.00	
	Issued capital EUR 50,000						
200	FINECOBANK SPA	MILAN	REGGIO EMILIA	1	UNICREDIT SPA	35.39	
	Issued capital EUR 200,545,404						
201	FINN ARSENAL LEASING GMBH	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	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
202	FMC LEASING INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
203	FMZ SAVARIA SZOLGALTATO KORLATOLT FELELOESSEG TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT LEASING KFT	75.00	
204	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	
205	FOLIA LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
	Issued capital EUR 36,336				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
206	FONDIARIA LASA SPA Issued capital EUR 3,102,000	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
207	FOOD & MORE GMBH Issued capital EUR 100,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
208	FUGATO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
209	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 27,434				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
210	GARAGE AM HOF GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	IMMOBILIEN HOLDING GMBH	90.60	
	Issued capital EUR 220,000				SCHOELLERBANK AKTIENGESELLSCHAFT	2.00	
211	GEBAEUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAF T 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	
212	GELDILUX-TS-2013 S.A.	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
213	GELDILUX-TS-2015 S.A.	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
214	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	
215	GEMMA VERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG Issued capital EUR 68,272,038	PULLACH	PULLACH	4	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	..	(3)
216	GENERAL LOGISTIC SOLUTIONS LLC Issued capital RUB 2,342,309,444	MOSCOW	MOSCOW	1	UCTAM RU LIMITED LIABILITY COMPANY	100.00	
217	GIMMO IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH Issued capital EUR 25,600	MUNICH	MUNICH	1	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	100.00	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
218	GOLF- UND COUNTRY CLUB SEDDINER SEE IMMOBILIEN GMBH Issued capital EUR 52,500	MUNICH	MUNICH	1	ANTUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	6.00	
					HVB PROJEKT GMBH	94.00	
219	GRAND CENTRAL FUNDING CORPORATION	NEW YORK	NEW YORK	4	UNICREDIT BANK AG	..	(3)
220	GRUNDSTUCKSAKTIENGESELLSCHAFT AM POTSDAMER PLATZ (HAUS VATERLAND) Issued capital EUR 4,086,245	MUNICH	MUNICH	1	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	98.24	
221	GRUNDSTUCKSGESELLSCHAFT SIMON BESCHRANKT HAFTENDE KOMMANDITGESELLSCHAF Issued capital EUR 51,500	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
222	GRUNDSTUECKSVERWALTUNG LINZ-MITTE GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
223	H & B IMMOBILIEN GMBH & CO. OBJEKTE KG Issued capital EUR 5,000	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
224	H.F.S. IMMOBILIENFONDS GMBH Issued capital EUR 25,565	EBERSBERG	EBERSBERG	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
225	H.F.S. LEASINGFONDS DEUTSCHLAND 1 GMBH & CO. KG (IMMOBILIENLEASING) Issued capital EUR 97,114,528	MUNICH	MUNICH	4	BIL IMMOBILIEN FONDS GMBH	..	(3)
					HVB IMMOBILIEN AG	99.43	
226	H.F.S. LEASINGFONDS DEUTSCHLAND 7 GMBH & CO. KG Issued capital EUR 56,605,126	MUNICH	MUNICH	4	HVB PROJEKT GMBH	..	(3)
					WEALTHCAP REAL ESTATE MANAGEMENT GMBH	0.08	
227	HAWA GRUNDSTUCKS GMBH & CO. OHG HOTELVERWALTUNG Issued capital EUR 276,200	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	99.50	
					TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	0.50	
228	HAWA GRUNDSTUCKS GMBH & CO. OHG IMMOBILIENVERWALTUNG Issued capital EUR 54,300	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	99.50	
					TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	0.50	
229	HELICONUS SRL (CARTOLARIZZAZIONE: HELICONUS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
230	HERKU 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	
231	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH Issued capital EUR 25,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
232	HONEU LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	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	
233	HUMAN RESOURCES SERVICE AND DEVELOPMENT GMBH Issued capital EUR 18,168	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
234	HVB CAPITAL LLC Issued capital USD 10,000	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	

					OWNERSHIP RELATIONSHIP		
	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	HELD BY	HOLDING %	VOTING RIGHTS % (2)
235	HVB CAPITAL LLC II Issued capital USD 11	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
236	HVB CAPITAL LLC III Issued capital USD 10,000	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
237	HVB CAPITAL PARTNERS AG Issued capital EUR 2,500,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
238	HVB EXPORT LEASING GMBH Issued capital EUR 25,600	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
239	HVB FUNDING TRUST	WILMINGTON	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
240	HVB FUNDING TRUST II Issued capital USD 2,331	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
241	HVB FUNDING TRUST III	WILMINGTON	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
242	HVB GESELLSCHAFT FUR GEBAUDE BETEILIGUNGS GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
243	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG Issued capital EUR 10,000,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
244	HVB HONG KONG LIMITED Issued capital USD 129	HONG KONG	HONG KONG	1	UNICREDIT BANK AG	100.00	
245	HVB IMMOBILIEN AG Issued capital EUR 520,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
246	HVB INVESTMENTS (UK) LIMITED Issued capital GBP 2	GEORGE TOWN	GEORGE TOWN	1	UNICREDIT BANK AG	100.00	
247	HVB LEASING CZECH REPUBLIC S.R.O. Issued capital CZK 49,632,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
248	HVB LIFE SCIENCE GMBH & CO. BETEILIGUNGS-KG Issued capital EUR 1,025,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
249	HVB LONDON INVESTMENTS (AVON) LIMITED (IN LIQUIDAZIONE) Issued capital GBP 2	LONDON	LONDON	1	UNICREDIT BANK AG	100.00	
250	HVB PROFIL GESELLSCHAFT FUR PERSONALMANAGEMENT MBH Issued capital EUR 26,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
251	HVB PROJEKT GMBH Issued capital EUR 24,543,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	94.00	
					UNICREDIT BANK AG	6.00	
252	HVB SECUR GMBH Issued capital EUR 50,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
253	HVB TECTA GMBH Issued capital EUR 1,534,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	94.00	94.00
					UNICREDIT BANK AG	6.00	
254	HVB VERWA 1 GMBH Issued capital EUR 51,200	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
255	HVB VERWA 4 GMBH Issued capital EUR 26,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
256	HVB VERWA 4.4 GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB VERWA 4 GMBH	100.00	
257	HVB-LEASING FORTE INGATLANHASNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
258	HVB-LEASING GARO INGATLANHSZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,100,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
259	HVB-LEASING JUPITER INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
260	HVB-LEASING LAMOND INGATLANHASZNOSITO KFT (IN LIQUIDAZIONE) Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
261	HVB-LEASING ROCCA INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
262	HVB-LEASING RUBIN KFT. Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
263	HVB-LEASING SMARAGD KFT. Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
264	HVBFF INTERNATIONAL GREECE GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVBFF INTERNATIONALE LEASING GMBH	100.00	
265	HVBFF INTERNATIONALE LEASING GMBH Issued capital EUR 26,000	MUNICH	MUNICH	1	HVBFF OBJEKT BETEILIGUNGS GMBH	10.00	
					WEALTHCAP PEIA MANAGEMENT GMBH	90.00	
266	HVBFF OBJEKT BETEILIGUNGS GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
267	HVZ GMBH & CO. OBJEKT KG Issued capital EUR 148,090,766	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
268	HYPO-BANK VERWALTUNGSZENTRUM GMBH Issued capital EUR 25,600	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
269	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	
270	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	
271	HYPOVEREINSFINANCE N.V. Issued capital EUR 181,512	AMSTERDAM	AMSTERDAM	1	UNICREDIT BANK AG	100.00	
272	I-FABER SPA Issued capital EUR 5,652,174	MILAN	MILAN	1	UNICREDIT SPA	88.32	
273	IDEA FIMIT SGR FONDO SIGMA IMMOBILIARE Issued capital EUR 180,100,960	ROME	ROME	4	UNICREDIT SPA	..	(3)

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
274	IMMOBILIEN HOLDING GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 36,336						
275	IMMOBILIEN RATING GMBH	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	61.00	
	Issued capital EUR 50,000				UNICREDIT BANK AUSTRIA AG	19.00	
					UNICREDIT LEASING (AUSTRIA) GMBH	19.00	
276	IMMOBILIENLEASING 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	
277	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	
278	INTRO LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
	Issued capital EUR 36,336						
279	ISB UNIVERSALE BAU GMBH	BERLIN	BERLIN	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital EUR 6,288,890						
280	ISTITUTO IMMOBILIARE DI CATANIA SPA	CATANIA	CATANIA	1	CAPITAL DEV SPA	93.92	
	Issued capital EUR 7,700,000				UNICREDIT SPA	1.12	
281	ISTITUTO PER L'EDILIZIA POPOLARE DI SAN BERILLO SRL IN LIQUIDAZIONE	CATANIA	CATANIA	1	ISTITUTO IMMOBILIARE DI CATANIA SPA	99.90	
	Issued capital EUR 154,800						
282	IVONA BETEILIGUNGSVERWALTUNG GMBH	VIENNA	VIENNA	1	BA IMMO GEWINNSCHEIN FONDS1	100.00	
	Issued capital EUR 18,168						
283	JAUSERN-LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 36,336						
284	JOHA GEBAEUDE- ERRICHTUNGS- UND VERMIETUNGS- GESELLSCHAFT M.B.H.	LEONDING	LEONDING	1	BACA INVESTOR BETEILIGUNGS GMBH	0.97	
	Issued capital EUR 37,000				UNO-EINKAUFSZENTRUM-VERWALTUNGSGESELLSCHAFT M.B.H.	99.03	
285	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
286	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	
287	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	
288	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	
289	KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CARD COMPLETE SERVICE BANK AG	100.00	
	Issued capital EUR 44,000						
290	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	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
291	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	
292	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	
293	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	
294	LARGE CORPORATE ONE SRL (CARTOLARIZZAZIONE: LARGE CORPORATE ONE)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
295	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	
296	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	
297	LEASFINANZ ALPHA ASSETVERMIETUNG GMBH	VIENNA	VIENNA	1	LEASFINANZ GMBH	100.00	
	Issued capital EUR 35,000						
298	LEASFINANZ BANK GMBH	VIENNA	VIENNA	1	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
	Issued capital EUR 36,500						
299	LEASFINANZ GMBH	VIENNA	VIENNA	1	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
	Issued capital EUR 218,019						
300	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	
301	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	
302	LIFE MANAGEMENT ERSTE GMBH	MUNICH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
	Issued capital EUR 25,000						
303	LIFE MANAGEMENT ZWEITE GMBH	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
	Issued capital EUR 26,000						
304	LINDENGASSE BUROHAUSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	KLEA TERRAIN- UND BAU-GESELLSCHAFT M.B.H.	100.00	
	Issued capital EUR 37,000						
305	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	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
306	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	
307	LIVA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
308	LOCAT CROATIA DOO	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
	Issued capital HRK 39,000,000						
309	LOCAT SV SRL (CARTOLARIZZAZIONE: SERIE 2006)	CONEGLIANO	CONEGLIANO	4	UNICREDIT LEASING S.P.A.	..	(3)
310	LOCAT SV SRL (CARTOLARIZZAZIONE: SERIE 2014)	CONEGLIANO	CONEGLIANO	4	UNICREDIT LEASING S.P.A.	..	(3)
311	LOCAT SV SRL (CARTOLARIZZAZIONE: SERIE 2016)	CONEGLIANO	CONEGLIANO	4	UNICREDIT LEASING S.P.A.	..	(3)
312	M. A. V. 7., BANK AUSTRIA LEASING BAUTRAEGER GMBH & CO.OG.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	1.96	
	Issued capital EUR 3,707				UNICREDIT LUNA LEASING GMBH	98.04	
313	MARTIANEZ COMERCIAL, SOCIEDAD ANONIMA	PUERTO DE LA CRUZ	PUERTO DE LA CRUZ	1	BF NINE HOLDING GMBH	100.00	
	Issued capital EUR 3,449,740						
314	MBC 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	
315	MCL RE LJUBLJANA, POSLOVNI NAJEM NEPREMI NIN, D.O.O.	LJUBLJANA	LJUBLJANA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital EUR 7,500						
316	MENUETT GRUNDSTUECKSVERWALTUNGS-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	
317	MERKURHOF GRUNDSTUCKSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 5,112,919						
318	MILLETERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
	Issued capital EUR 25,000						
319	MM OMEGA 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	
320	MOBILITY CONCEPT GMBH	OBERHACHING	OBERHACHING	1	UNICREDIT LEASING GMBH	60.00	
	Issued capital EUR 4,000,000						
321	MOC VERWALTUNGS GMBH & CO. IMMOBILIEN KG	MUNICH	MUNICH	4	HVB PROJEKT GMBH	..	(3)
	Issued capital EUR 5,112,940						
322	MOEGRA 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	
323	MOVIE MARKET BETEILIGUNGS GMBH	MUNICH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
	Issued capital EUR 25,000						

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
324	MY DREI HANDELS GMBH Issued capital EUR 17,500	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
325	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	
326	NF OBJEKT FFM GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
327	NF OBJEKT MUNCHEN GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
328	NF OBJEKTE BERLIN GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
329	NOE HYPO LEASING ASTRICTA GRUNDSTUECKVERMIETUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
330	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	
331	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA Issued capital EUR 200,000	ROME	ROME	1	UNICREDIT SPA	100.00	
332	OCEAN BREEZE ASSET GMBH & CO. KG Issued capital EUR 2,000	BREMEN	BREMEN	1	OCEAN BREEZE ENERGY GMBH & CO. KG	100.00	
333	OCEAN BREEZE ENERGY GMBH & CO. KG	BREMEN	BREMEN	1	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH	100.00	
334	OCEAN BREEZE FINANCE S.A. - COMPARTMENT 1	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
335	OCEAN BREEZE GMBH Issued capital EUR 25,000	BREMEN	BREMEN	1	OCEAN BREEZE ENERGY GMBH & CO. KG	100.00	
336	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	
337	OLG HANDELS- UND BETEILIGUNGSVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
338	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	
339	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	
340	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
341	OOO UNICREDIT LEASING Issued capital RUR 149,160,248	MOSCOW	MOSCOW	1	AO UNICREDIT BANK	100.00	
342	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH Issued capital EUR 10,149,150	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	

					OWNERSHIP RELATIONSHIP		
	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	HELD BY	HOLDING %	VOTING RIGHTS % (2)
343	OSI OFF-SHORE SERVICE INVEST GMBH	HAMBURG	HAMBURG	4	UNICREDIT BANK AG	..	(3)
344	OTHMARSCHEN PARK HAMBURG GMBH & CO. CENTERPARK 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	
345	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	
346	OWS LOGISTIK GMBH	EMDEN	EMDEN	4	OSI OFF-SHORE SERVICE INVEST GMBH	..	(3)
347	OWS NATALIA BEKKER GMBH & CO. KG	EMDEN	EMDEN	4	OSI OFF-SHORE SERVICE INVEST GMBH	..	(3)
348	OWS OCEAN ZEPHYR GMBH & CO. KG	EMDEN	EMDEN	4	OSI OFF-SHORE SERVICE INVEST GMBH	..	(3)
349	OWS OFF-SHORE WIND SOLUTIONS GMBH	EMDEN	EMDEN	4	OSI OFF-SHORE SERVICE INVEST GMBH	..	(3)
350	OWS WINDLIFT 1 CHARTER GMBH & CO. KG	EMDEN	EMDEN	4	OWS LOGISTIK GMBH	..	(3)
351	PALAIS ROTHSCHILD VERMIETUNGS GMBH & CO OG Issued capital EUR 2,180,185	VIENNA	VIENNA	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
352	PARCO DELLE ACACIE DUE S.P.A. Issued capital EUR 90,000	ROME	ROME	1	CAPITAL DEV SPA	100.00	
353	PARSEC 6 SPA Issued capital EUR 90,000	ROME	ROME	1	CAPITAL DEV SPA	100.00	
354	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
355	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	
356	PENSIONSKASSE DER HYPO VEREINSBANK VVAG	MUNICH	MUNICH	4	UNICREDIT BANK AG	..	(3)
357	PERIKLES 20092 VERMOGENSVERWALTUNG GMBH Issued capital EUR 25,000	BREMEN	BREMEN	1	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH	100.00	
358	PIANA LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
359	PIONEER ALTERNATIVE INVESTMENT MANAGEMENT (BERMUDA) LIMITED Issued capital USD 12,000	HAMILTON	HAMILTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
360	PIONEER ALTERNATIVE INVESTMENT MANAGEMENT LTD Issued capital EUR 1,032,000	DUBLIN	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
361	PIONEER ALTERNATIVE INVESTMENTS (ISRAEL) LTD Issued capital ILS 50,000	RAMAT GAN.	RAMAT GAN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
362	PIONEER ALTERNATIVE INVESTMENTS (NEW YORK) LTD Issued capital USD 1	DOVER	NEW YORK	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
363	PIONEER ASSET MANAGEMENT AS Issued capital CZK 27,000,000	PRAGUE	PRAGUE	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
364	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	
365	PIONEER ASSET MANAGEMENT SA Issued capital EUR 10,000,000	LUXEMBOURG	LUXEMBOURG	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
366	PIONEER FUNDS DISTRIBUTOR INC Issued capital USD 2,060	BOSTON	BOSTON	1	PIONEER INVESTMENT MANAGEMENT INC	100.00	
367	PIONEER GLOBAL ASSET MANAGEMENT SPA Issued capital EUR 1,219,463,434	MILAN	MILAN	1	UNICREDIT SPA	100.00	
368	PIONEER GLOBAL FUNDS DISTRIBUTOR LTD Issued capital EUR 12,900	HAMILTON	HAMILTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
369	PIONEER GLOBAL INVESTMENTS (AUSTRALIA) PTY LIMITED Issued capital AUD 3,980,000	SYDNEY	SYDNEY	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
370	PIONEER GLOBAL INVESTMENTS (TAIWAN) LTD. Issued capital TWD 70,000,000	TAIPEI	TAIPEI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
371	PIONEER GLOBAL INVESTMENTS LIMITED Issued capital EUR 752,500	DUBLIN	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
372	PIONEER INSTITUTIONAL ASSET MANAGEMENT INC Issued capital USD 1,000	WILMINGTON	BOSTON	1	PIONEER INVESTMENT MANAGEMENT USA INC.	100.00	
373	PIONEER INVESTMENT COMPANY AS Issued capital CZK 61,000,000	PRAGUE	PRAGUE	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
374	PIONEER INVESTMENT FUND MANAGEMENT LIMITED Issued capital HUF 100,000,000	BUDAPEST	BUDAPEST	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
375	PIONEER INVESTMENT MANAGEMENT INC Issued capital USD 20,990	WILMINGTON	BOSTON	1	PIONEER INVESTMENT MANAGEMENT USA INC.	100.00	
376	PIONEER INVESTMENT MANAGEMENT LIMITED Issued capital EUR 1,032,912	DUBLIN	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
377	PIONEER INVESTMENT MANAGEMENT SOC. DI GESTIONE DEL RISPARMIO PER AZ Issued capital EUR 51,340,995	MILAN	MILAN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
378	PIONEER INVESTMENT MANAGEMENT USA INC. Issued capital USD 1	WILMINGTON	BOSTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
379	PIONEER INVESTMENTS (SCHWEIZ) GMBH Issued capital CHF 20,000	ZURICH	ZURICH	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
380	PIONEER INVESTMENTS AUSTRIA GMBH Issued capital EUR 5,000,000	VIENNA	VIENNA	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
381	PIONEER INVESTMENTS KAPITALANLAGEGESELLSCHAFT MBH Issued capital EUR 6,500,000	MUNICH	MUNICH	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
382	PIONEER PEKAO INVESTMENT FUND COMPANY SA (POLISH NAME: PIONEER PEKAO TFI SA) Issued capital PLN 50,504,000	WARSAW	WARSAW	1	PIONEER PEKAO INVESTMENT MANAGEMENT SA	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
383	PIONEER PEKAO INVESTMENT MANAGEMENT SA Issued capital PLN 28,914,000	WARSAW	WARSAW	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
384	PIRTA VERWALTUNGS GMBH Issued capital EUR 2,067,138	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
385	PISANA S.P.A. Issued capital EUR 1,000,000	ROME	ROME	1	CAPITAL DEV SPA	100.00	
386	POLLUX IMMOBILIEN GMBH	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
	Issued capital EUR 36,500				UNICREDIT BANK AUSTRIA AG	99.80	
387	POMINVEST DD Issued capital HRK 17,434,000	SPLIT	SPALATO	1	ZAGREBACKA BANKA D.D.	88.66	88.95
388	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG Issued capital EUR 500,013,550	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
389	PORTIA GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG Issued capital EUR 25,600	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
390	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	
391	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	
392	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	
393	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H.	74.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
394	PRVA STAMBENA STEDIONICA DD ZAGREB Issued capital HRK 80,000,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
395	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	
396	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	
397	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	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
398	RAMSES IMMOBILIEN GESELLSCHAFT M.B.H. & CO OG Issued capital EUR 36,500	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.50	
					RAMSES-IMMOBILIENHOLDING GMBH	0.20	
					UNICREDIT BANK AUSTRIA AG	99.30	
399	RANA-LIEGENSCHAFTSVERWERTUNG GMBH Issued capital EUR 72,700	VIENNA	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	99.90	
400	REAL ESTATE MANAGEMENT POLAND SP. Z O.O. Issued capital PLN 124,500	WARSAW	WARSAW	1	UNICREDIT LEASING S.P.A.	100.00	
401	REAL INVEST EUROPE D BA RI KAG	VIENNA	VIENNA	4	UNICREDIT BANK AUSTRIA AG	..	(3)
402	REAL INVEST IMMOBILIEN GMBH Issued capital EUR 36,400	VIENNA	VIENNA	1	BACA INVESTOR BETEILIGUNGS GMBH	1.00	
					TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	99.00	
403	REAL-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
404	REAL-RENT LEASING GESELLSCHAFT M.B.H. Issued capital EUR 73,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
405	REDSTONE MORTGAGES LIMITED Issued capital GBP 100,000	LONDON	LONDON	1	UNICREDIT BANK AG	100.00	
406	REGEV REALITAETENVERWERTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 726,728	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
407	RHOTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
					UNICREDIT BANK AG	6.15	
408	RIGEL IMMOBILIEN GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
					UNICREDIT BANK AUSTRIA AG	99.80	
409	ROLIN GRUNDSTUCKSPLANUNGS- UND -VERWALTUNGSGESELLSCHAFT MBH Issued capital EUR 30,678	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
410	RONCASA IMMOBILIEN-VERWALTUNGS GMBH Issued capital EUR 256,000	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
411	ROSENKAVALIER 2008 GMBH	FRANKFURT	FRANKFURT	4	UNICREDIT BANK AG	..	(3)
412	ROSENKAVALIER 2015 UG	FRANKFURT	FRANKFURT	4	UNICREDIT BANK AG	..	(3)
413	RSB ANLAGENVERMIETUNG GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	100.00	
414	S. MARIA DELLA GUARDIA S.R.L. Issued capital EUR 210,000	CATANIA	CATANIA	1	ISTITUTO IMMOBILIARE DI CATANIA SPA	51.00	
415	SALONE SPA Issued capital EUR 100,000	ROME	ROME	1	UNICREDIT SPA	100.00	
416	SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG SAARLAND Issued capital EUR 1,533,900	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
417	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	
418	SALVATORPLATZ-GRUNDSTUECKSGESELLSCHAFT MIT BESCHRAENKTER HAFTUNG Issued capital EUR 511,300	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
419	SAMAR SPA Issued capital EUR 50,000	ROME	ROME	1	CAPITAL DEV SPA	100.00	
420	SANITA' - S.R.L. IN LIQUIDAZIONE Issued capital EUR 5,164,333	ROME	ROME	1	UNICREDIT SPA	99.60	
421	SAS-REAL INGATLANUEZEMELTETOE ES KEZELOE KFT. (ENGLISH :SAS-REAL KFT) Issued capital HUF 750,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
422	SCHOELLERBANK AKTIENGESELLSCHAFT Issued capital EUR 20,000,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
423	SCHOELLERBANK INVEST AG Issued capital EUR 2,543,549	SALZBURG	SALZBURG	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
424	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	
425	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	
426	SELFOSS BETEILIGUNGSGESELLSCHAFT MBH Issued capital EUR 25,000	GRUNWALD	GRUNWALD	1	HVB PROJEKT GMBH	100.00	
427	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	
428	SIA UNICREDIT INSURANCE BROKER Issued capital EUR 15,080	RIGA	RIGA	1	SIA UNICREDIT LEASING	100.00	
429	SIA UNICREDIT LEASING Issued capital EUR 15,569,120	RIGA	RIGA	1	UNICREDIT SPA	100.00	
430	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	
431	SIMON VERWALTUNGS-AKTIENGESELLSCHAFT I.L. Issued capital EUR 2,556,459	MUNICH	MUNICH	1	UNICREDIT BANK AG	99.98	
432	SIRIUS IMMOBILIEN GMBH	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
	Issued capital EUR 36,500				UNICREDIT BANK AUSTRIA AG	99.80	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
433	SIRIUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH Issued capital EUR 30,000	MUNICH	MUNICH	1	HVB PROJEKT GMBH	5.00	
					SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG	95.00	
434	SOCIETA' DI GESTIONI ESATTORIALI IN SICILIA SO.G.E.SI. S.P.A. IN LIQ. Issued capital EUR 36,151,500	PALERMO	PALERMO	1	UNICREDIT SPA	80.00	
435	SOCIETA' ITALIANA GESTIONE ED INCASSO CREDITI S.P.A. IN LIQUIDAZIONE Issued capital EUR 341,916	ROME	ROME	1	UNICREDIT SPA	100.00	
436	SOCIETA' VERONESE GESTIONE COMPRAVENDITA IMMOBILI A R.L. Issued capital EUR 108,500	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
437	SOFIGERE SOCIETE PAR ACTIONS SIMPLIFIEE Issued capital EUR 3,960,000	PARIS	PARIS	1	UNICREDIT SPA	100.00	
438	SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG Issued capital EUR 35,800	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
439	SONATA LEASING-GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H.	1.00	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	98.8	
440	SPECTRUM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
441	SPREE GALERIE HOTELBETRIEBSGESELLSCHAFT MBH Issued capital EUR 511,300	MUNICH	MUNICH	1	ARGENTAURUS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH	100.00	
442	STEWE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	24.00	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	75.80	
443	STRUCTURED INVEST SOCIETE ANONYME Issued capital EUR 125,500	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
444	STRUCTURED LEASE GMBH Issued capital EUR 250,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
445	SUCCESS 2015 B.V.	AMSTERDAM	AMSTERDAM	4	UNICREDIT LEASING (AUSTRIA) GMBH	..	(3)
446	SVILUPPO IMMOBILIARE PESCACCIO - SOCIETA' A RESPONSABILITA' LIMITATA Issued capital EUR 10,000	ROME	ROME	1	CAVE NUOVE SPA	100.00	
447	T & P FRANKFURT DEVELOPMENT B.V. Issued capital EUR 4,938,271	AMSTERDAM	AMSTERDAM	1	HVB PROJEKT GMBH	100.00	
448	T & P VASTGOED STUTTGART B.V. Issued capital EUR 10,769,773	AMSTERDAM	AMSTERDAM	1	HVB PROJEKT GMBH	87.50	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
449	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG Issued capital EUR 920,400	MUNICH	MUNICH	1	HVB TECTA GMBH	75.00	
450	TERRONDA DEVELOPMENT B.V. Issued capital EUR 1,252,433	AMSTERDAM	AMSTERDAM	1	HVB PROJEKT GMBH	100.00	
451	TERZ 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	
452	TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT Issued capital EUR 6,240,000	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	99.67	
453	TRANSTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
					UNICREDIT BANK AG	6.15	
454	TREDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
455	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 365,000	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
456	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H. U. CO. ARBEITERHEIM FAVORITEN REVITALISIERUNGS KG Issued capital EUR 6,983,859	VIENNA	VIENNA	1	BACA INVESTOR BETEILIGUNGS GMBH	0.16	0.00
					TREUCONSULT PROPERTY EPSILON GMBH	99.84	100.00
457	TREUCONSULT PROPERTY EPSILON GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	100.00	
458	TRICASA GRUNDBESITZ GESELLSCHAFT MBH & CO. 1. VERMIETUNGS KG Issued capital EUR 6,979,476	MUNICH	MUNICH	1	HYPO-REAL HAUS- UND GRUNDBESITZ GESELLSCHAFT MBH	..	
					ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	
459	TRICASA GRUNDBESITZGESELLSCHAFT DES BURGERLICHEN RECHTS NR. 1 Issued capital EUR 13,687,272	MUNICH	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	
460	TRIESTE ADRIATIC MARITIME INITIATIVES SRL Issued capital EUR 6,232,500	TRIESTE	TRIESTE	3	UNICREDIT SPA	36.68	
461	TRINITRADE VERMOGENSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG Issued capital EUR 102,300	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
462	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG Issued capital EUR 10,000	VIENNA	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	90.00	
					BA-CA ANDANTE LEASING GMBH	10.00	
463	UCTAM BALTICS SIA Issued capital EUR 4,265,585	RIGA	RIGA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
464	UCTAM BULGARIA EOOD Issued capital BGN 20,000	SOFIA	SOFIA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
465	UCTAM CZECH REPUBLIC SRO Issued capital CZK 45,500,000	PRAGUE	PRAGUE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.96	
					UNICREDIT TURN-AROUND MANAGEMENT GMBH	0.04	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
466	UCTAM D.O.O. BEOGRAD	BELGRADE	BELGRADE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
	Issued capital RSD 631,564,325						
467	UCTAM HUNGARY KFT	BUDAPEST	BUDAPEST	1	EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.)	1.00	
	Issued capital HUF 10,300,000				UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.00	
468	UCTAM RETAIL HUNGARY KFT.	BUDAPEST	BUDAPEST	1	EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.)	1.00	
	Issued capital HUF 10,000,000				UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.00	
469	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	..	
470	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	
471	UCTAM SVK S.R.O.	BRATISLAVA	BRATISLAVA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	85.00	
	Issued capital EUR 5,000				UNICREDIT TURN-AROUND MANAGEMENT GMBH	15.00	
472	UCTAM UKRAINE LLC	KIEV	KIEV	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.99	
	Issued capital UAH 0						
473	UCTAM UPRAVLJANJE D.O.O.	LJUBLJANA	LJUBLJANA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
	Issued capital EUR 7,500						
474	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	
475	UNI IT SRL	TRENTO	TRENTO	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	51.00	
	Issued capital EUR 1,000,000						
476	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	
477	UNICREDIT (CHINA) ADVISORY LIMITED (IN LIQUIDAZIONE)	BEIJING	BEIJING	1	UNICREDIT BANK AG	100.00	
	Issued capital CNY 826,410						
478	UNICREDIT AURORA LEASING GMBH	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 219,000						
479	UNICREDIT BANK A.D. BANJA LUKA	BANJA LUKA	BANJA LUKA	1	UNICREDIT SPA	98.46	
	Issued capital BAM 97,055,000						
480	UNICREDIT BANK AG	MUNICH	MUNICH	1	UNICREDIT SPA	100.00	
	Issued capital EUR 2,407,151,016						
481	UNICREDIT BANK AUSTRIA AG	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
	Issued capital EUR 1,681,033,521						
482	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	PRAGUE	PRAGUE	1	UNICREDIT SPA	100.00	
	Issued capital CZK 8,754,617,898						
483	UNICREDIT BANK D.D.	MOSTAR	MOSTAR	1	ZAGREBACKA BANKA D.D.	99.35	93.31
	Issued capital BAM 119,195,000						

					OWNERSHIP RELATIONSHIP		
	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	HELD BY	HOLDING %	VOTING RIGHTS % (2)
484	UNICREDIT BANK HUNGARY ZRT. Issued capital HUF 24,118,220,000	BUDAPEST	BUDAPEST	1	UNICREDIT SPA	100.00	
485	UNICREDIT BANK IRELAND PLC Issued capital EUR 1,343,118,650	DUBLIN	DUBLIN	1	UNICREDIT SPA	100.00	
486	UNICREDIT BANK S.A. Issued capital RON 1,101,604,066	BUCHAREST	BUCHAREST	1	UNICREDIT SPA	98.33	
487	UNICREDIT BANK SERBIA JSC Issued capital RSD 23,607,620,000	BELGRADE	BELGRADE	1	UNICREDIT SPA	100.00	
488	UNICREDIT BANKA SLOVENIJA D.D. Issued capital EUR 20,383,765	LJUBLJANA	LJUBLJANA	1	UNICREDIT SPA	100.00	
489	UNICREDIT BETEILIGUNGS GMBH Issued capital EUR 1,000,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
490	UNICREDIT BIZTOSITASKOEZVETITO KFT Issued capital HUF 5,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
491	UNICREDIT BPC MORTAGE SRL (COVERED BONDS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
492	UNICREDIT BPC MORTGAGE S.R.L. Issued capital EUR 12,000	VERONA	VERONA	1	UNICREDIT SPA	60.00	
493	UNICREDIT BROKER D.O.O. SARAJEVO BROKERSKO DRUSTVO U OSIGURANJU Issued capital BAM 7,823	SARAJEVO	SARAJEVO	1	UNICREDIT BANK D.D.	49.00	
					UNICREDIT INSURANCE MANAGEMENT CEE GMBH	51.00	
494	UNICREDIT BROKER S.R.O. Issued capital EUR 8,266	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
495	UNICREDIT BULBANK AD Issued capital BGN 285,776,674	SOFIA	SOFIA	1	UNICREDIT SPA	99.45	
496	UNICREDIT BUSINESS INTEGRATED SOLUTIONS AUSTRIA GMBH Issued capital EUR 1,200,000	VIENNA	VIENNA	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	100.00	
497	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI Issued capital EUR 237,523,160	MILAN	MILAN	1	CORDUSIO SIM SPA	..	
					CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	..	
					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	
498	UNICREDIT CAPITAL MARKETS LLC Issued capital USD 100,100	NEW YORK	NEW YORK	1	UNICREDIT U.S. FINANCE LLC	100.00	
499	UNICREDIT CENTER AM KAISERWASSER GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
500	UNICREDIT CONSUMER FINANCING EAD Issued capital BGN 2,800,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
501	UNICREDIT CONSUMER FINANCING IFN S.A. Issued capital RON 103,269,200	BUCHAREST	BUCHAREST	1	UNICREDIT BANK S.A.	50.10	
					UNICREDIT SPA	49.90	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
502	UNICREDIT DIRECT SERVICES GMBH Issued capital EUR 767,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
503	UNICREDIT FACTORING CZECH REPUBLIC AND SLOVAKIA, A.S. Issued capital CZK 222,600,000	PRAGUE	PRAGUE	1	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	100.00	
504	UNICREDIT FACTORING EAD Issued capital BGN 1,000,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
505	UNICREDIT FACTORING SPA Issued capital EUR 414,348,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
506	UNICREDIT FLEET MANAGEMENT EOOD Issued capital BGN 100,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
507	UNICREDIT FLEET MANAGEMENT S.R.O. Issued capital CZK 5,000,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
508	UNICREDIT FLEET MANAGEMENT S.R.O. Issued capital EUR 6,639	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
509	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH Issued capital EUR 57,000	VIENNA	VIENNA	1	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
510	UNICREDIT GLOBAL LEASING EXPORT GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
511	UNICREDIT GLOBAL LEASING PARTICIPATION MANAGEMENT GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UNICREDIT LEASING S.P.A.	100.00	
512	UNICREDIT INGATLANLIZING ZRT Issued capital HUF 81,000,000	BEKESCABA	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
513	UNICREDIT INSURANCE BROKER EOOD Issued capital BGN 5,000	SOFIA	SOFIA	1	UNICREDIT LEASING EAD	100.00	
514	UNICREDIT INSURANCE BROKER SRL Issued capital RON 150,000	BUCHAREST	BUCHAREST	1	UNICREDIT LEASING CORPORATION IFN S.A.	100.00	
515	UNICREDIT INSURANCE MANAGEMENT CEE GMBH Issued capital EUR 156,905	VIENNA	VIENNA	1	DV ALPHA GMBH	100.00	
516	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA Issued capital EUR 10,000,000	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT SPA	100.00	
517	UNICREDIT JELZALOGBANK ZRT. Issued capital HUF 3,000,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
518	UNICREDIT KFZ LEASING GMBH Issued capital EUR 648,000	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	100.00	
519	UNICREDIT LEASING (AUSTRIA) GMBH Issued capital EUR 17,296,134	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	
					PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.02	
					UNICREDIT BANK AUSTRIA AG	89.98	
520	UNICREDIT LEASING ALPHA ASSETVERMIETUNG GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
521	UNICREDIT LEASING AVIATION GMBH Issued capital EUR 1,600,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
522	UNICREDIT LEASING CORPORATION IFN S.A. Issued capital RON 90,989,013	BUCHAREST	BUCHAREST	1	UNICREDIT BANK S.A.	99.96	
					UNICREDIT CONSUMER FINANCING IFN S.A.	0.04	
523	UNICREDIT LEASING CROATIA D.O.O. ZA LEASING Issued capital HRK 28,741,800	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
524	UNICREDIT LEASING CZ, A.S. Issued capital CZK 981,452,000	PRAGUE	PRAGUE	1	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	100.00	
525	UNICREDIT LEASING D.O.O. Issued capital BAM 7,975,432	SARAJEVO	SARAJEVO	1	UNICREDIT BANK D.D.	100.00	
526	UNICREDIT LEASING EAD Issued capital BGN 2,605,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
527	UNICREDIT LEASING FINANCE GMBH Issued capital EUR 17,580,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
528	UNICREDIT LEASING FLEET MANAGEMENT S.R.L. Issued capital RON 680,000	BUCHAREST	BUCHAREST	1	DV ALPHA GMBH	90.02	
					UNICREDIT LEASING CORPORATION IFN S.A.	9.98	
529	UNICREDIT LEASING FUHRPARKMANAGEMENT GMBH Issued capital EUR 364,000	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
530	UNICREDIT LEASING GMBH Issued capital EUR 15,000,000	HAMBURG	HAMBURG	1	UNICREDIT BANK AG	100.00	
531	UNICREDIT LEASING HUNGARY ZRT Issued capital HUF 50,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
532	UNICREDIT LEASING IMMOTRUCK ZRT. Issued capital HUF 50,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
533	UNICREDIT LEASING INSURANCE SERVICES S.R.O. Issued capital EUR 5,000	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
534	UNICREDIT LEASING KFT Issued capital HUF 3,100,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
535	UNICREDIT LEASING LUNA KFT Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	80.00	
536	UNICREDIT LEASING MARS KFT Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	80.00	
537	UNICREDIT LEASING S.P.A. Issued capital EUR 1,670,131,062	MILAN	MILAN	1	UNICREDIT SPA	100.00	
538	UNICREDIT LEASING SLOVAKIA A.S. Issued capital EUR 26,560,000	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING CZ, A.S.	100.00	
539	UNICREDIT LEASING SRBIJA D.O.O. BEOGRAD Issued capital RSD 1,078,133,000	BELGRADE	BELGRADE	1	UNICREDIT BANK SERBIA JSC	100.00	
540	UNICREDIT LEASING TECHNIKUM GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	LEASFINANZ GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	OWNERSHIP RELATIONSHIP HOLDING %	VOTING RIGHTS % (2)
541	UNICREDIT LEASING URANUS KFT Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	80.00	
542	UNICREDIT LEASING VERSICHERUNGSSERVICE GMBH & CO KG Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
543	UNICREDIT LEASING, LEASING, D.O.O. Issued capital EUR 25,039,658	LJUBLJANA	LJUBLJANA	1	UNICREDIT BANKA SLOVENIJA D.D.	100.00	
544	UNICREDIT LUNA LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
545	UNICREDIT LUXEMBOURG FINANCE SA Issued capital EUR 350,000	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	100.00	
546	UNICREDIT LUXEMBOURG S.A. Issued capital EUR 238,000,000	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
547	UNICREDIT MOBILIEN UND KFZ LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
548	UNICREDIT OBG S.R.L. Issued capital EUR 10,000	VERONA	VERONA	1	UNICREDIT SPA	60.00	
549	UNICREDIT OBG SRL (COVERED BONDS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
550	UNICREDIT OPERATIV LIZING KFT Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
551	UNICREDIT PARTNER D.O.O. EOGRAD Issued capital RSD 2,001,875	BELGRADE	BELGRADE	1	UNICREDIT BANK SERBIA JSC	100.00	
552	UNICREDIT PARTNER D.O.O. ZA TRGOVINU I USLUGE Issued capital HRK 200,000	ZAGREB	ZAGREB	1	UNICREDIT INSURANCE MANAGEMENT CEE GMBH	20.00	
					UNICREDIT LEASING CROATIA D.O.O. ZA LEASING	80.00	
553	UNICREDIT PARTNER LLC Issued capital UAH 53,557	KIEV	KIEV	1	UNICREDIT INSURANCE MANAGEMENT CEE GMBH	100.00	
554	UNICREDIT PEGASUS LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	74.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
555	UNICREDIT POJISTOVACI MAKLERSKA SPOL.S R.O. Issued capital CZK 510,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
556	UNICREDIT POLARIS LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
557	UNICREDIT RENT D.O.O. BEOGRAD Issued capital RSD 3,285,948,900	BELGRADE	BELGRADE	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
558	UNICREDIT SUBITO CASA SPA Issued capital EUR 500,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
559	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	
560	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH Issued capital EUR 750,000	VIENNA	VIENNA	1	UNICREDIT TURN-AROUND MANAGEMENT GMBH	100.00	
561	UNICREDIT TURN-AROUND MANAGEMENT GMBH Issued capital EUR 72,673	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
562	UNICREDIT U.S. FINANCE LLC Issued capital USD 130	WILMINGTON	NEW YORK	1	UNICREDIT BANK AG	100.00	
563	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	
564	UNICREDIT-LEASING HOSPES KFT Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
565	UNICREDIT-LEASING NEPTUNUS KFT Issued capital HUF 3,010,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	96.35	
566	UNIVERSALE INTERNATIONAL REALITAETEN GMBH Issued capital EUR 32,715,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
567	UNO-EINKAUFSZENTRUM-VERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 37,000	LEONDING	LEONDING	1	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	100.00	
568	UNTERNEHMENGEWINNSCHEINFOND 1	VIENNA	VIENNA	4	UNICREDIT BANK AUSTRIA AG	..	(3)
569	V.M.G. VERMIETUNGSGESELLSCHAFT MBH Issued capital EUR 25,565	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
570	VANDERBILT CAPITAL ADVISORS LLC Issued capital USD 0	WILMINGTON	CHICAGO	1	PIONEER INSTITUTIONAL ASSET MANAGEMENT INC	100.00	
571	VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
572	VERBA VERWALTUNGSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG Issued capital EUR 1,023,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
573	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
574	VERWALTUNGSGESELLSCHAFT KATHARINENHOF MBH Issued capital EUR 511,292	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
575	VICOVARO RE SRL Issued capital EUR 10,000	ROME	ROME	1	CAPITAL DEV SPA	100.00	
576	VIENNA DC BAUTRAEGER GMBH Issued capital EUR 18,168	VIENNA	VIENNA	1	WED DONAU-CITY GESELLSCHAFT M.B.H.	100.00	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
577	VIENNA DC TOWER 1 LIEGENSCHAFTSBESITZ GMBH Issued capital EUR 17,500	VIENNA	VIENNA	1	WED DONAU-CITY GESELLSCHAFT M.B.H.	100.00	
578	VILLINO PACELLI SRL Issued capital EUR 41,600	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
579	VISCONTI SRL Issued capital EUR 11,000,000	MILAN	MILAN	1	UNICREDIT SPA	76.00	
580	WEALTH MANAGEMENT CAPITAL HOLDING GMBH Issued capital EUR 26,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
581	WEALTHCAP AIRCRAFT 27 GMBH & CO GESCHLOSSENE INVESTMENTKG Issued capital USD 2,000	GRUNWALD	GRUNWALD	1	WEALTHCAP AIRCRAFT 27 KOMPLEMENTAR GMBH	49.95	33.33
					WEALTHCAP INVESTORENBETREUUNG GMBH	50.00	33.33
					WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	0.05	33.33
582	WEALTHCAP AIRCRAFT 27 KOMPLEMENTAR GMBH Issued capital EUR 25,000	GRUNWALD	GRUNWALD	1	WEALTHCAP ENTITY SERVICE GMBH	100.00	
583	WEALTHCAP ENTITY SERVICE GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	100.00	
584	WEALTHCAP EQUITY GMBH Issued capital EUR 500,000	MUNICH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
585	WEALTHCAP EQUITY MANAGEMENT GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP EQUITY GMBH	100.00	
586	WEALTHCAP FONDS GMBH Issued capital EUR 512,000	MUNICH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
587	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG Issued capital EUR 5,000	MUNICH	MUNICH	1	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	100.00	50.00
					WEALTHCAP VORRATS-2 GMBH	..	50.00
588	WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG Issued capital EUR 10,600	MUNICH	MUNICH	1	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	94.34	50.00
					WEALTHCAP VORRATS-2 GMBH	5.66	50.00
589	WEALTHCAP INITIATOREN GMBH Issued capital EUR 1,533,876	MUNICH	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
590	WEALTHCAP INVESTMENT SERVICES GMBH Issued capital EUR 4,000,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	10.00	
					WEALTH MANAGEMENT CAPITAL HOLDING GMBH	90.00	
591	WEALTHCAP INVESTMENTS INC. Issued capital USD 312,000	WILMINGTON	ATLANTA	1	WEALTHCAP FONDS GMBH	100.00	
592	WEALTHCAP INVESTORENBETREUUNG GMBH Issued capital EUR 60,000	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
593	WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH Issued capital EUR 125,000	MUNICH	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
594	WEALTHCAP LEASING GMBH Issued capital EUR 25,000	GRUNWALD	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	

					OWNERSHIP RELATIONSHIP		
	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	HELD BY	HOLDING %	VOTING RIGHTS % (2)
595	WEALTHCAP LOS GATOS 131 ALBRIGHT WAY L.P. Issued capital USD 1,000	WILMINGTON	WILMINGTON	1	WEALTHCAP INVESTMENTS INC.	100.00	
596	WEALTHCAP MANAGEMENT SERVICES GMBH Issued capital EUR 50,000	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
597	WEALTHCAP OBJEKT-VORRAT 20 GMBH & CO. KG Issued capital EUR 10,000	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	6.00	25.00
					WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	6.00	25.00
					WEALTHCAP MANAGEMENT SERVICES GMBH	88.00	25.00
					WEALTHCAP OBJEKT-VORRAT 20 KOMPLEMENTAER GMBH	..	25.00
598	WEALTHCAP OBJEKTE SUEDWEST GMBH & CO. KG Issued capital EUR 10,000	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	6.00	25.00
					WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	6.00	25.00
					WEALTHCAP IMMOBILIEN 40 KOMPLEMENTAER GMBH	..	25.00
					WEALTHCAP MANAGEMENT SERVICES GMBH	88.00	25.00
599	WEALTHCAP PEIA KOMPLEMENTAR GMBH Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
600	WEALTHCAP PEIA MANAGEMENT GMBH Issued capital EUR 1,023,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	6.00	
					WEALTH MANAGEMENT CAPITAL HOLDING GMBH	94.00	
601	WEALTHCAP PORTLAND PARK SQUARE, L.P. Issued capital USD 1,000	WILMINGTON	WILMINGTON	1	WEALTHCAP INVESTMENTS INC.	99.90	
					WEALTHCAP PORTLAND PARK SQUARE GP INC.	0.10	
602	WEALTHCAP REAL ESTATE MANAGEMENT GMBH Issued capital EUR 60,000	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
603	WEALTHCAP SPEZIAL-AIF 5 GMBH & CO. GESCHLOSSENE INVESTMENT KG Issued capital EUR 10,000	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	6.00	
					WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	94.00	
604	WEALTHCAP STIFTUNGSTREUHAND GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP FONDS GMBH	100.00	
605	WEALTHCAP USA IMMOBILIEN VERWALTUNGS GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP FONDS GMBH	100.00	
606	WEALTHCAP VORRATS-2 GMBH Issued capital EUR 25,000	GRUNWALD	BAD SODEN	1	WEALTHCAP FONDS GMBH	100.00	
607	WED DONAU-CITY GESELLSCHAFT M.B.H. Issued capital EUR 726,728	VIENNA	VIENNA	1	IMMOBILIEN HOLDING GMBH	100.00	
608	WMC AIRCRAFT 27 LEASING LIMITED Issued capital USD 1	DUBLIN	DUBLIN	1	WEALTHCAP AIRCRAFT 27 GMBH & CO GESCHLOSSENE INVESTMENTKG	100.00	
609	WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
610	WOHNPARK BRANDENBURG-GORDEN GMBH Issued capital EUR 51,150	BRANDENBURG	BRANDENBURG	1	IMMOBILIEN HOLDING GMBH	5.18	
					KLEA TERRAIN- UND BAU-GESELLSCHAFT M.B.H.	94.82	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
611	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	
612	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	
613	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	
614	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	
615	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	
616	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	
617	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	
618	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	
619	Z LEASING HEBE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	GEBAEUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAF T M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
620	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	
621	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	
622	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	
623	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	
624	Z LEASING KALLISTO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
625	Z LEASING KAPA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
626	Z LEASING LYRA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
627	Z LEASING NEREIDE 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	
628	Z LEASING OMEGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
629	Z LEASING PERSEUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
					UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
630	Z LEASING SCORPIUS 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	
631	Z LEASING TAURUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 73,000	VIENNA	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
632	Z LEASING VENUS 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	
633	Z LEASING VOLANS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT PEGASUS LEASING GMBH	99.80	
634	ZABA PARTNER DOO ZA POSREDOVANJE U OSIGURANJU I REOSIGURANJU Issued capital HRK 1,500,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
635	ZAGREB NEKRETNINE DOO Issued capital HRK 5,000,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
636	ZAGREBACKA BANKA D.D. Issued capital HRK 6,404,839,100	ZAGREB	ZAGREB	1	UNICREDIT SPA	84.48	
637	ZANE BH DOO Issued capital BAM 131,529	SARAJEVO	SARAJEVO	1	ZAGREB NEKRETNINE DOO	100.00	
638	ZAO LOCAT LEASING RUSSIA Issued capital RUR 107,000,000	MOSCOW	MOSCOW	1	OOO UNICREDIT LEASING	100.00	
639	ZAPADNI TRGOVACKI CENTAR D.O.O. Issued capital HRK 20,000	RIJEKA	RIJEKA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
640	ZB INVEST DOO Issued capital HRK 4,000,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	

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)
	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 SPA	50.00	
4	OBJEKT-LEASE GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	7	2	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	49.23	
						UNICREDIT LEASING (AUSTRIA) GMBH	0.77	
5	PALATIN GRUNDSTUECKVERWALTUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,336	STOCKERAU	STOCKERAU	7	2	UNICREDIT LEASING (AUSTRIA) GMBH	50.00	
6	PURGE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	7	2	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	50.00	
7	STICHTING CUSTODY SERVICES YKB Issued capital EUR 125,000	AMSTERDAM	AMSTERDAM	7	2	YAPI KREDI BANK NEDERLAND N.V.	40.90	
8	YAPI KREDI BANK MALTA LTD. Issued capital EUR 60,000,000	ST. JULIAN'S	ST. JULIAN'S	7	1	KOC FINANSAL HIZMETLER AS	..	-
						YAPI KREDI HOLDING BV	40.90	
9	YAPI KREDI BANK AZERBAIJAN CLOSED JOINT STOCK COMPANY Issued capital AZN 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	
10	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	
11	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	
12	YAPI KREDI DIVERSIFIED PAYMENT RIGHTS FINANCE Issued capital USD 1,000	GEORGE TOWN	GEORGE TOWN	7	2	YAPI VE KREDI BANKASI AS	40.90	(7)
13	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	
14	YAPI KREDI FINANSAL KIRALAMA AO Issued capital TRY 389,927,705	ISTANBUL	ISTANBUL	7	2	YAPI VE KREDI BANKASI AS	40.90	
15	YAPI KREDI HOLDING BV Issued capital EUR 102,000,000	AMSTERDAM	AMSTERDAM	7	2	YAPI VE KREDI BANKASI AS	40.90	
16	YAPI KREDI INVEST LIMITED LIABILITY COMPANY Issued capital AZN 110,000	BAKU	BAKU	7	2	YAPI KREDI BANK AZERBAIJAN CLOSED JOINT STOCK COMPANY	40.90	
17	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	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	NATURE OF RELATIONSHIP (5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
18	YAPI KREDI YATIRIM MENKUL DEGERLER AS	ISTANBUL	ISTANBUL	7	2	YAPI KREDI FINANSAL KIRALAMA AO	..	
	Issued capital TRY 197,682,787					YAPI VE KREDI BANKASI AS	40.89	
19	YAPI VE KREDI BANKASI AS	ISTANBUL	ISTANBUL	7	1	KOC FINANSAL HIZMETLER AS	40.90	
	Issued capital TRY 4,298,165,828							
	B.2 COMPANIES UNDER SIGNIFICANT INFLUENCE							
20	ADLER FUNDING LLC	DOVER	NEW YORK	8	5	UNICREDIT BANK AG	32.81	
	Issued capital USD 2,142,857							
21	ALLIANZ YASAM VE EMEKLILIK AS	ISTANBUL	ISTANBUL	8	2	YAPI KREDI FAKTORING AS	0.04	
	Issued capital TRY 139,037,203					YAPI KREDI FINANSAL KIRALAMA AO	19.93	
						YAPI KREDI YATIRIM MENKUL DEGERLER AS	0.04	
						YAPI VE KREDI BANKASI AS	..	
22	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	
23	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	
24	ASSET BANCARI II	MILAN	MILAN	8	2	UNICREDIT SPA	23.15	
	Issued capital EUR 17,523,740							
25	AVIVA SPA	MILAN	MILAN	8	4	UNICREDIT SPA	49.00	
	Issued capital EUR 247,000,387							
26	BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	INNSBRUCK	INNSBRUCK	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	37.53	40.83
	Issued capital EUR 61,875,000					UNICREDIT BANK AUSTRIA AG	9.85	5.96
27	BANQUE DE COMMERCE ET DE PLACEMENTS SA	GENEVA	GENEVA	8	1	YAPI VE KREDI BANKASI AS	30.67	
	Issued capital CHF 75,000,000							
28	BARN BV	AMSTERDAM	AMSTERDAM	8	2	UNICREDIT SPA	40.00	
	Issued capital EUR 195,020,000							
29	BKS BANK AG	KLAGENFURT	KLAGENFURT	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	23.15	24.25
	Issued capital EUR 79,279,200					UNICREDIT BANK AUSTRIA AG	6.63	6.10
30	BULKMAX HOLDING LTD	LA VALLETTA	LA VALLETTA	8	5	HVB CAPITAL PARTNERS AG	45.00	
	Issued capital USD 3,200							
31	CAMFIN S.P.A.	MILAN	MILAN	8	5	UNICREDIT SPA	12.00	
	Issued capital EUR 286,931,949							
32	CASH SERVICE COMPANY AD	SOFIA	SOFIA	8	5	UNICREDIT BULBANK AD	20.00	
	Issued capital BGN 12,500,000							
33	CBD INTERNATIONAL SP.ZO.O.	WARSAW	WARSAW	8	2	ISB UNIVERSALE BAU GMBH	49.75	
	Issued capital PLN 100,500							
34	CNP UNICREDIT VITA S.P.A.	MILAN	MILAN	8	4	UNICREDIT SPA	38.80	
	Issued capital EUR 381,698,528							
35	COMPAGNIA AEREA ITALIANA S.P.A.	FIUMICINO (ROME)	FIUMICINO (ROME)	8	5	UNICREDIT SPA	32.55	
	Issued capital EUR 358,391,437							
36	COMTRADE GROUP B.V.	ROTTERDAM	AMSTERDAM	8	5	HVB CAPITAL PARTNERS AG	21.05	
	Issued capital EUR 4,522,000							
37	CREDIFARMA SPA	ROME	ROME	8	2	UNICREDIT SPA	16.25	
	Issued capital EUR 10,462,000							
38	CREDITRAS ASSICURAZIONI SPA	MILAN	MILAN	8	4	UNICREDIT SPA	50.00	
	Issued capital EUR 52,000,000							

Part A - Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP [1]	NATURE OF RELATIONSHIP [5]	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % [2]
						HELD BY	HOLDING %	
39	CREDITRAS VITA SPA Issued capital EUR 112,200,000	MILAN	MILAN	8	4	UNICREDIT SPA	50.00	
40	DA VINCI S.R.L. Issued capital EUR 100,000	ROME	ROME	8	5	FONDO SIGMA IMMOBILIARE	25.00	
41	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	
42	EUROPROGETTI & FINANZA S.P.A. IN LIQUIDAZIONE Issued capital EUR 5,636,400	ROME	ROME	8	2	UNICREDIT SPA	39.79	
43	FENICE HOLDING S.P.A. IN LIQUIDAZIONE Issued capital EUR 25,682,932	CALENZANO	CALENZANO	8	5	UNICREDIT SPA	25.91	
44	FOCUS INVESTMENTS SPA Issued capital EUR 50,000	MILAN	MILAN	8	5	UNICREDIT SPA	8.33	25.00
45	INCONTRA ASSICURAZIONI S.P.A. Issued capital EUR 5,200,000	MILAN	MILAN	8	4	UNICREDIT SPA	49.00	
46	MACCORP ITALIANA SPA Issued capital EUR 1,134,020	MILAN	MILAN	8	2	UNICREDIT SPA	25.45	
47	MEDIOBANCA BANCA DI CREDITO FINANZIARIO SPA Issued capital EUR 435,510,047	MILAN	MILAN	8	1	UNICREDIT SPA	8.46	
48	MEGAPARK OOD Issued capital BGN 50,936,362	SOFIA	SOFIA	8	5	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	49.24	
49	MULTIPLUS CARD D.O.O. ZA PROMIDZBU I USLUGE Issued capital HRK 5,000,000	ZAGREB	ZAGREB	8	2	ZAGREB NEKRETNINE DOO	25.00	
50	NAUTILUS TANKERS LIMITED Issued capital USD 2,000	LA VALLETTA	LA VALLETTA	8	5	HVB CAPITAL PARTNERS AG	45.00	
51	NOTARTREUHANDBANK AG Issued capital EUR 8,030,000	VIENNA	VIENNA	8	1	UNICREDIT BANK AUSTRIA AG	25.00	
52	OBERBANK AG Issued capital EUR 105,869,525	LINZ	LINZ	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	23.76	25.97
						UNICREDIT BANK AUSTRIA AG	3.41	1.32
53	OESTERREICHISCHE HOTEL- UND TOURISMUSBANK GESELLSCHAFT M.B.H. Issued capital EUR 11,628,000	VIENNA	VIENNA	8	1	UNICREDIT BANK AUSTRIA AG	50.00	
54	OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT Issued capital EUR 130,000,000	VIENNA	VIENNA	8	1	CABET-HOLDING GMBH	24.75	
						SCHOELLERBANK AKTIENGESELLSCHAFT	8.26	
						UNICREDIT BANK AUSTRIA AG	16.14	
55	OESTERREICHISCHE WERTPAPIERDATEN SERVICE GMBH Issued capital EUR 36,336	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	29.30	
56	PAYDIREKT BETEILIGUNGSGESELLSCHAFT PRIVATER BANKEN MBH Issued capital EUR 104,082	BERLIN	BERLIN	8	5	UNICREDIT BANK AG	24.02	
57	PSA PAYMENT SERVICES AUSTRIA GMBH Issued capital EUR 285,000	VIENNA	VIENNA	8	2	CAFU VERMOEGENSVERWALTUNG GMBH & CO OG	4.50	
						SCHOELLERBANK AKTIENGESELLSCHAFT	0.02	4.52
						UNICREDIT BANK AUSTRIA AG	19.48	
58	RCI FINANCIAL SERVICES S.R.O. Issued capital CZK 70,000,000	PRAGUE	PRAGUE	8	2	UNICREDIT LEASING CZ, A.S.	50.00	49.86
59	RISANAMENTO SPA Issued capital EUR 382,301,503	MILAN	MILAN	8	5	UNICREDIT SPA	22.23	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	NATURE OF RELATIONSHIP (5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
60	SVILUPPO GLOBALE GEIE (IN LIQUIDAZIONE) Issued capital EUR 45,000	ROME	ROME	8	5	UNICREDIT SPA	33.33	
61	SWANCAP PARTNERS GMBH Issued capital EUR 1,010,000	MUNICH	MUNICH	8	2	UNICREDIT BANK AG	75.25	49.00
62	TORRE SGR S.P.A. Issued capital EUR 3,200,000	ROME	ROME	8	2	UNICREDIT SPA	37.50	
63	UNI GEBAEUDEMANAGEMENT GMBH Issued capital EUR 18,168	LINZ	LINZ	8	2	BA GVG-HOLDING GMBH	50.00	
64	WKBG WIENER KREDITBUERGSCHAFTS- UND BETEILIGUNGSBANK AG Issued capital EUR 15,550,309	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	21.54	
65	YAPI KREDI KORAY GAYRIMENKUL YATIRIM ORTAKLIGI AS Issued capital TRY 40,000,000	ISTANBUL	ISTANBUL	8	2	YAPI VE KREDI BANKASI AS	30.45	

Notes to the table showing the investments in subsidiaries and valued at equity:

(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 IFRS10.
(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 96.10% and its option on minority interests representing 3.90% of the share capital.
(6) Nature of relationship:
- 1= Banks
- 2= Financial entities
- 3= Ancillary banking entities services
- 4= Insurance enterprises
- 5= Non-financial enterprises
- 6= Other equity investments

(7) SPV consolidated IFRS11.
We remind that, starting from January 1, 2014, after the endorsement of IFRS11 the option to consolidate joint controlled entities proportionally has been eliminated, imposing the net equity method for those companies that fall in the scope of the aforementioned IFRS11.

Part A - Accounting Policies

Changes in the scope of consolidation
Companies consolidated line by line, including the Parent Company, decreased by 40 entities compared with December 31, 2016 (5 inclusions and 45 exclusions as a result of disposals, changes of the consolidation method and mergers) from 680 as at December 31, 2016 to 640 as at June 30, 2017.

Companies consolidated at equity remain 65 at the end of June 2017 as well as at the end of December 2016, due to 1 new incoming and 1 disposal.

We remind that after the application of IFRS11, 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 IFRS11.

With reference to June 30, 2017, it can be noted that 182 controlled entities (of which 9 belonging to the Bankig Group) were not consolidated, of which 167 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 15 entities can be outlined:
- 7 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;
- 7 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)	**680**
B. Increased by	**5**
B.1 Newly established companies	1
B.2 Change of the consolidation method	-
B.3 Entities consolidated for the first time in the year	4
C. Reduced by	**45**
C.1 Disposal/Liquidation	40
C.2 Change of the consolidation method	2
C.3 Absorption by other Group entities	3
D. Closing balance	**640**

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

Increases

Newly established companies
Refers to the new established company B A I PROJEKTENTWICKLUNG GMBH with headquarters in Vienna.

Entities consolidated for the first time in the year

COMPANY NAME	MAIN OFFICE
VICOVARO RE SRL	ROME
UNICREDIT LEASING ALPHA ASSETVERMIETUNG GMBH	VIENNA

COMPANY NAME	MAIN OFFICE
CANDOUR FIVE GMBH & CO KG	VIENNA
LEASFINANZ ALPHA ASSETVERMIETUNG GMBH	VIENNA

Reductions

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

Disposal

COMPANY NAME	MAIN OFFICE
KUR- UND SPORTHOTEL GESELLSCHAFT M.B.H.	KITZBUHEL
EKAZENT GEBAEUDEVERMIETUNG GMBH	VIENNA
CA-LEASING EURO, S.R.O.	PRAGUE
LOCAT SV SRL (CARTOLARIZZAZIONE: SERIE 2005)	CONEGLIANO
DONAUMARINA PROJEKTENTWICKLUNG GMBH	VIENNA
HBF PROJEKTENTWICKLUNG DREI GMBH & CO KG	VIENNA
B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	VIENNA
FORUM POLSKIEGO BIZNESU MEDIA SP.Z O.O.	WARSAW
HBF PROJEKTENTWICKLUNG ZWEI GMBH & CO KG	VIENNA
HBF PROJEKTENTWICKLUNG EINS GMBH & CO KG	VIENNA
DR. W. W. DONATH IMMOBILIENVERWALTUNG GMBH	VIENNA
U2 ASPERN BAUPLATZ 1 BETEILIGUNGS-GMBH	VIENNA
EUROGATE BETEILIGUNGSVERWALTUNG GMBH	VIENNA
PEKAO PROPERTY SA	WARSAW
PEKAO FAKTORING SP. ZOO	LUBLIN
PEKAO FINANCIAL SERVICES SP. ZOO	WARSAW
PEKAO INVESTMENT BANKING SA	WARSAW
CENTRUM BANKOWOSCI BEZPOSREDNIEJ SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSC	KRAKOW
HVB-LEASING MAESTOSO INGATLANHASZNOSITO KFT.	BUDAPEST
GBS GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA

COMPANY NAME	MAIN OFFICE
EKAZENT REALITAETENGESELLSCHAFT M.B.H.	VIENNA
UNICREDIT LEASING TOB	KIEV
DOMUS CLEAN REINIGUNGS GMBH	VIENNA
BANKHAUS NEELMEYER AG	BREMAN
INV TOTALUNTERNEHMER GMBH	VIENNA
EUROGATE PROJEKTENTWICKLUNG GMBH & CO	VIENNA
B 03 IMMOBILIEN GMBH & CO KG	VIENNA
BAREAL IMMOBILIENTREUHAND GMBH	VIENNA
BAI WOHNUNGSEIGENTUMSGESELLSCHAFT M.B.H.	VIENNA
DOBLERHOF IMMOBILIEN GMBH & CO KG	VIENNA
EUROGATE PROJEKTENTWICKLUNG GMBH	VIENNA
U2 ASPERN BAUPLATZ 1 GMBH & CO KG	VIENNA
NEWSTONE MORTGAGE SECURITIES NO.1 PLC	LONDON
PEKAO BANK HIPOTECZNY S.A.	WARSAW
PEKAO LEASING SP ZO.O.	WARSAW
CDM CENTRALNY DOM MAKLERSKI PEKAO SA	WARSAW
CENTRUM KART SA	WARSAW
IMU IMMOBILIENENTWICKLUNG MUTHGASSE GMBH & CO KG	VIENNA
PEKAO FUNDUSZKAPITA OWY SP. Z O.O. IN LIQUIDATION	WARSAW
BANK PEKAO SA	WARSAW

Change of the consolidation method

COMPANY NAME	MAIN OFFICE
DOM INWESTYCYJNY XELION SP. Z O.O.	WARSAW

COMPANY NAME	MAIN OFFICE
PEKAO PIONEER P.T.E. SA	WARSAW

The changes in the consolidation method refer to previously controlled entities belonging to Pekao sub-Group on a non-exclusive basis. Such companies have been reclassified to Item “150. Non-current assets and disposal groups classified as held for sale” as at December 31, 2016 and, as a result of the execution of Pekao sub-Group disposal occurred during H1 2017, are currently consolidated under equity method.

Absorption by other Group entities

COMPANY NAME OF THE MERGERED ENTITY	MAIN OFFICE		COMPANY NAME OF THE TAKING IN ENTITY	MAIN OFFICE
SUVREMENE POSLOVNE KOMUNIKACIJE D.O.O	ZAGREB	>>>	ZAGREB NEKRETNINE DOO	ZAGREB
RVT BAUTRAEGER GESELLSCHAFT M.B.H.	VIENNA	>>>	IMMOBILIEN HOLDING GMBH	VIENNA
HVB ASSET MANAGEMENT HOLDING GMBH	MUNICH	>>>	HVB VERWA 4 GMBH	MUNICH

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

COMPANY NAME	MAIN OFFICE
WEALTHCAP OBJEKTE SUEDWEST GMBH & CO. KG (ex.WEALTHCAP OBJEKT-VORRAT 19 GMBH & CO. KG)	MUNICH
B A I PROJEKTENTWICKLUNG GMBH (ex.B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH)	VIENNA
HVB LONDON INVESTMENTS (AVON) LIMITED (IN LIQUIDAZIONE) (ex.HVB LONDON INVESTMENTS (AVON) LIMITED)	LONDON
EUROPA INGATLANBEFEKTETESI ALAP (EUROPE REAL-ESTATE INVESTMENT FUND) (ex. EUROPE REAL-ESTATE INVESTMENT FUND)	BUDAPEST

COMPANY NAME	MAIN OFFICE
B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH (ex.B A I PROJEKTENTWICKLUNG GMBH)	VIENNA
IDEA FIMIT SGR FONDO SIGMA IMMOBILIARE (ex. FONDO SIGMA IMMOBILIARE)	ROME
WEALTHCAP SPEZIAL-AIF 5 GMBH & CO. GESCHLOSSENE INVESTMENT KG (ex. WEALTHCAP SPEZIAL-AIF 5 GMBH & CO. KG)	MUNICH

Companies consolidated at equity remain 65 at the end of June 2017 as well as at the end of December 2016, due to 1 new incoming and 1 disposal.

Part A - Accounting Policies

It should be noted that as a result of the merger by incorporation of the associated COINV SPA into its subsidiary CAMFIN SPA during the first half of 2017, the latter on June 30, 2017 is among the associated companies consolidated at equity method in place of COINV SPA.

The following table shows changes in equity investments in Joint Ventures and in companies under significant influence consolidated at net equity.

Equity investments in joint ventures and in companies under significant influence (consolidated at net equity): annual changes

	NUMBER OF COMPANIES
A. Opening balance (from previous year)	**65**
B. Increased by	**1**
B.1 Newly established companies	-
B.2 Change of the consolidation method	-
B.3 Entities consolidated for the first time in the year	1
C. Reduced by	**1**
C.1 Disposal/Liquidation	1
C.2 Change of the consolidation method	-
C.3 Absorption by other entities	-
C.4 Other changes	-
D. Closing balance	**65**

It should be noted that among "Non-current assets and disposal groups classified as held for sale" there are 6 entities consolidated at net equity.

Increases

Entities consolidated for the first time in the year

COMPANY NAME	MAIN OFFICE
RISANAMENTO SPA	MILAN

For the company Risanamento S.p.A., as well as for the legal entities Compagnia Aerea Italiana S.p.A., Creditfarma S.p.A., ES Shared Service Center S.p.A., Maccorp Italiana S.p.A., Fenice Holding S.p.A., Focus Investment S.p.A., the book value in the consolidated financial statements reflects the results of a valuation of the investments taking into account the relevant contractual agreements.

Reductions

Disposal/ Liquidation

COMPANY NAME	MAIN OFFICE
CONSORZIO SE.TEL. SERVIZI TELEMATICI IN LIQUIDAZIONE	NAPLES

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	COMPANY NAME	MAIN OFFICE
YAPI KREDI BANK NEDERLAND N.V.	AMSTERDAM	YAPI KREDI BANK MALTA LTD.	ST. JULIAN'S
YAPI KREDI BANK AZERBAIJAN CLOSED JOINT STOCK COMPANY	BAKU	YAPI KREDI FINANSAL KIRALAMA AO	ISTANBUL
YAPI VE KREDI BANKASI AS	ISTANBUL	YAPI KREDI HOLDING BV	AMSTERDAM
YAPI KREDI BANK MOSCOW	MOSCOW	YAPI KREDI FAKTORING AS	ISTANBUL
KOC FINANSAL HIZMETLER AS	ISTANBUL	YAPI KREDI YATIRIM MENKUL DEGERLER AS	ISTANBUL
STICHTING CUSTODY SERVICES YKB	AMSTERDAM	YAPI KREDI INVEST LIMITED LIABILITY COMPANY	BAKU
YAPI KREDI DIVERSIFIED PAYMENT RIGHTS FINANCE	GEORGE TOWN	YAPI KREDI PORTFOEY YOENETIMI AS	ISTANBUL
FIDES LEASING GMBH	VIENNA	HETA BA LEASING SUED GMBH	KLAGENFURT

Section 4 - Subsequent Events

No material events have occurred after the balance sheet date that would make it necessary to change any of the information given in the Consolidated First Half Financial Report as at June 30, 2017. For further details and information please refer to the Consolidated Interim Report on Operations.

Section 5 - Other Matters

In the first half of 2017 neither new accounting standards nor amendments, interpretations or revisions have become effective.

As of June 30, 2017 the European Commission, endorsed the following accounting principles that will be applicable for reporting periods beginning on or after January 1, 2018:

- IFRS9 Financial Instruments (EU Regulation 2016/2067);
- IFRS15 Revenue from Contracts with Customers EU Regulation 2016/1905).

As of June 30, 2017 the IASB issued the following standards, amendments, interpretations or revisions whose application is subject to completion of the approval process by the competent bodies of the European Commission:

- IFRS14 - Regulatory Deferral Accounts (January 2014);
- IFRS16 - Leases (January 2016);
- IFRS17 - Insurance Contracts (May 2017);
- Amendments to IFRS10 and IAS28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (September 2014);
- Amendments to IAS12: Recognition of Deferred Tax Assets for Unrealised Losses (January 2016);
- Amendments to IAS7: Disclosure Initiative (January 2016);
- Clarifications to IFRS15: Revenue from Contracts with Customers (April 2016);
- Amendments to IFRS2: Classification and Measurement of Share-based Payment Transactions (June 2016);
- Amendments to IFRS4: Applying IFRS9 Financial Instruments with IFRS4 Insurance Contracts (September 2016);
- Annual Improvements to IFRS Standards 2014-2016 Cycle (December 2016);
- IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration (December 2016);
- Amendments to IAS40: Transfers of Investment Property (December 2016);
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (June 2017).

With particular reference to the accounting standards which will be effective in future periods, we highlight that IFRS9:

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

In order to grant the prompt compliance with the requirements set by the accounting principles, the Group is implementing a project with the aim at creating accounting and risk monitoring methodologies harmonized across Group legal entities.

Mirroring the main changes required by IFRS9, the Group wide project has been organized through work-streams specifically dedicated to analyze Classification and Measurement, aimed at reviewing the classification of the financial instruments according to new IFRS9 criteria, and Impairment, aimed at developing and implementing models and methodologies for impairment calculation.
These work-streams are further integrated by a specific work-stream dedicated to adapting the models and methodologies developed to the peculiarities of Corporate & Investment Banking (CIB).
The whole project is being developed with the involvement of all the relevant departments of the Bank and with an active involvement of Board of Directors and senior management.

Part A - Accounting Policies

With reference to “Classification and Measurement” work-stream, the Group has finalized the identification of the different business model adopted by the different lines of business, while is currently ongoing the analysis of the existing loan and security portfolio to assess whether their contractual cash flows characteristics allows them to be measured at amortized cost.
This analysis is performed either on a contract by contract basis or on a cluster basis depending on the peculiarities of the deals being analyzed and leverages on a specifically internally developed tool (“SPPI Tool”), aimed at analyzing the contractual features of the deals compared with IFRS9 requirements as well as external data providers.
With reference to the equity instruments is currently under assessment the possibility to apply the option granted by the standard to measure them at fair value through other comprehensive income.

With reference to the “Impairment” work-stream, the Group has mostly finalized the development of models and methodologies for the calculation of Loan Loss provisions under the new expected loss model and the identification of whether a significant increase in “credit risk” has occurred in order to transfer the credit exposure from Stage1 to Stage2 (“Transfer Logic”).

These models and methodologies starts from the parameters already calculated for regulatory purposes (Probability of Default, Loss Given Default and Exposure at Default) and adjust it in order to eliminate the conservatism required by regulatory rules and to introduce forward looking information through a multi scenario analysis based on macroeconomic analysis.
With reference to the “Transfer Logic” the Group assesses whether there has been a significant increase in credit risk has occurred on the basis of the actual Probability of Default of the credit exposure compared with the Probability of Default foreseen at the time of initial recognition on the basis of internal rating.

Finally with reference to hedge accounting the Group elected to continue to apply the existing hedge accounting requirements in IAS39 for all hedge accounting until the IASB will have completed its project on the accounting for macro hedging.

In order to implement the methodological framework and the tools explained above in its daily operations, the Group has defined the final IT architecture, whose development is in line with the set project timeline and is currently improving its current organizational processes and procedures in order to integrate them with the changes requested by the standard.
Finalization of these activities is currently ongoing and will be finalized in time for the IFRS9 first time application.
As a result the Group plans to use the transitional relief allowed by the standard and will not publish comparatives figures in its 2018 IFRS9 financial reports.

The UniCredit group IFRS9 project has been part of European Central Bank Thematic Review.
The aim of such Thematic Review is to measure the degree of readiness of the bank in view of the approaching adoption of IRFS9 and the impacts on the methodologies used for the determination of the impairment; the outcome will be disclosed the coming month of September.

Finally the methodological approaches adopted by the UniCredit group in within the IFRS9 project have been subject to structured review by the External Auditors.
In this regard, we highlight that from the analysis performed no criticalities have arisen that may cast doubts on the overall adequacy of the mentioned methodological approaches, pursuant to the requirements of the new principle.

At the date of first time application, the main impacts of IFRS9 on UniCredit group are expected to come from the application of the new model for impairment based on an expected losses approach, that will result in an increase of write-downs on not impaired assets (especially loans and receivables with customers), as well as the application of the new transfer logic between the different Stages provided for by the new standard.
In particular it is expected that a greater volatility in the financial results between different reporting periods will be generated, due to the dynamic changes between different “Stages” of the financial assets recognized in the financial statements (especially between “Stage1”, which will include the new positions originated as well as all Performing loans, and “Stage2” which will include positions in financial instruments that have suffered a significant credit risk deterioration since the initial recognition). Adjustments to the carrying value of financial instruments due to IFRS9 transition will be accounted for through Equity as of January 1, 2018.
On the contrary, with reference to the measurement criteria to be adopted, no significant reclassification of loans and debt instruments at fair value through profit or loss due to the characteristics of the cash flows (SPPI criterion) is expected.

On November 10, 2016, the EBA has issued a report that synthesizes the main results of the impact analysis realized on a sample of 50 European banks (including UniCredit) with reference to December 31, 2015. With reference to the qualitative component of the questionnaire, the authority has pointed out that the sample of relevant banks has indicated an operational complexity, in particular concerning the aspects linked to data quality, and technology for the introduction of the new principle. The report also pointed out that the change in the impairment model would result in the sample of banks surveyed an average growth of provision IAS39 (approximately 18%), as well as an impact on the Common equity tier 1 and Total capital equal respectively to 59 and 45 basis points. In the context of this impact analysis, UniCredit group has estimated a negative impact, on the date of initial application of IFRS9, of about 34 basis points on CET1.

EBA on November 26, 2016 launched a 2nd impact assessment exercise on the same sample of banks, in order to gather more detailed and updated insights regarding the implementation of the new Standard. UniCredit group performed this exercise using as reference date September 30, 2016. The outcome of the analysis substantially confirms the impacts estimated for the 1st impact assessment.

Further to the enter into force of IFRS9, a review of the regulatory treatment for the calculation of the capital absorption of expected credit losses is foreseen.

In that regard, the proposals under discussion would allow financial institutions to adopt a transitional regime where the additional loan loss provisions could be included in CET1 with a "phase-in" mechanism over 5 years starting from 2018. Nevertheless the final terms of that mechanism are not yet known.

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

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

The activities aimed at assessing the impacts of the adoption of the new accounting principles and at ensuring the compliance with it are currently ongoing.

IFRS16, effective starting from January 1, 2019, subject to the completion of the currently ongoing endorsement process by the European Union, modifies the current set of international accounting principles and interpretations on leases and, in particular, IAS17.
IFRS16 introduces a new definition for leases and confirms the current distinction between two types of leases (operating and finance) with reference to the accounting treatment to be applied by the lessor.
With reference to the accounting treatment to be applied by the lessee, the new accounting standard sets, for all the leasing typologies, the recognition as an asset, representing the right of use of the underlying asset and, at the same time, a liability reflecting the future payments of the lease contract.
At the initial recognition such asset is measured on the basis of the lease contract cash flows, which include in addition to the present value of lease payments, any initial direct cost attributable to the lease and any other costs required for the dismantling/removing the underlying asset at the end of the contract. After the initial recognition the right-of-use will be measured on the basis of the previsions set for tangible assets applying the cost model less any accumulated depreciation and any eventual accumulated impairment losses, the revaluation model or the fair value model set by IAS16 or by IAS40.
In order to ensure compliance with this accounting principle, the Group intends to initiate activities aimed at analyzing the effects of adopting the new standard and providing the necessary implementation solutions.

It should also be noted that, following the approval of the 2016-2019 Strategic Plan in December 2016, in the last quarter of 2016, UniCredit S.p.A. launched "Project FINO" regarding customer loans held for sale that had originally been classified as Non-Performing (the FINO Portfolio), which, based on the specific features of the aforementioned Project, had been valued on the basis of the relevant sales prices, pursuant to IAS39 and paragraphs 63 and AG 84 in particular. In this case too, for more detailed information please see Part E - Information on risks and hedging policies, below, at the bottom of Table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net amounts)".

The Consolidated First Half Financial Report as at June 30, 2017 has been approved by the Board of Directors' meeting of August 2, 2017, which authorized its disclosure to the public, also pursuant to IAS10.

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

Part A - Accounting Policies

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, 2016.

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

The amendments to IAS39 and to IFRS7 “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, 2017 (broken down by type of underlying asset and portfolio) of assets which were reclassified in the second half of 2008 and in the first half of 2009. The 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, 2017, if these assets had not been reclassified, would have been a gain of €70,299 thousand, while the impact actually recognized was a gain of €80,810 thousand.

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

(€ '000)

INSTRUMENTS TYPE	ACCOUNTING PORTFOLIO BEFORE RECLASSIFICATION	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION	BOOK VALUE AS AT 06.30.2017	FAIR VALUE AS AT 06.30.2017	INCOME/EXPENSES ABSENT RECLASSIFICATION (BEFORE TAX)		INCOME/EXPENSE RECOGNIZED DURING THE PERIOD (BEFORE TAX)	
					FROM	OTHER	FROM	OTHER
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A. Debt securities			**1,425,044**	**1,565,635**	**16,464**	**52,688**	**19,802**	**55,226**
	Held for trading	Available for sale	1,629	1,629	(216)	53	(216)	61
	Held for trading	Held to maturity	-	-	-	-	-	-
	Held for trading	Loans to Banks	204,067	239,503	(2,999)	3,828	-	7,081
	Held for trading	Loans to Customers	1,219,348	1,324,503	19,679	48,807	20,018	48,084
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	-	-	-	-	-	-
	Available for sale	Held to maturity	-	-	-	-	-	-
B. Equity instruments			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
C. Loans			**161,571**	**167,629**	**(2,225)**	**3,372**	**4,013**	**1,769**
	Held for trading	Available for sale	-	-	-	-	-	-
	Held for trading	Held to maturity	-	-	-	-	-	-
	Held for trading	Loans to Banks	4,976	5,672	(90)	99	-	207
	Held for trading	Loans to Customers	156,595	161,957	(2,135)	3,273	4,013	1,562
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	-	-	-	-	-	-
D. Units in investment funds			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
Total			**1,586,615**	**1,733,264**	**14,239**	**56,060**	**23,815**	**56,995**

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 €774,342 thousand as at June 30, 2017.

A.4 - Information on fair value

Qualitative information

For this section please refer to the last “2016 Consolidated Reports and Accounts”.

Credit and Debit valuation adjustment

As of June 30, 2017, net CVA/DVA cumulative adjustment amounts to €409 million negative. The part related to own credit spread evolution, which is filtered out from regulatory capital (accordingly to CRDIV), amounts to €126 million positive.

Part A - Accounting Policies

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

For this section please refer to the last “2016 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							
		Equity	508.02	443.46	Option Pricing Model	Volatility	10%	120%
						Correlation	-95%	95%
					Option Pricing Model/ Discounted Cash Flows	Dividends Yield	0%	8%
		Foreign Exchange	338.65	132.35	Option Pricing Model	Volatility	1%	40%
					Discounted Cash Flows	Interest rate	-25%	20%
		Interest Rate	92.64	286.21	Discounted Cash Flows	Swap Rate (bps)	-40 bps	1000 bps
						Inflation Swap Rate	0 bps	230 bps
					Option Pricing Model	Inflation Volatility	1%	10%
						Interest Rate	1%	100%
						Correlation	0%	100%
		Hybrid			Option Pricing Model	Volatility	0%	0%
						Correlation	0%	0%
	Credit		17.67	50.89	Hazard Rate Model	Credit Spread	0%	29%
						Recovery rate	6%	61%
						Correlation	25%	85%
					Option Pricing Model	Volatility	55%	81%
Debt Securities and Loans		Corporate/ Government/Other	1,158.33	833.88	Market Approach	Price (% of used value)	0%	146%
		Mortgage & Asset Backed Securities	8.07		Discounted Cash Flows	Credit Spread (% of used value)	68 bps	9%
						Recovery rate	20%	70%
						Default Rate	1%	3%
						Prepayment Rate	0%	30%
Equity Securities		Unlisted Equity & Holdings	688.12		Market Approach	Price (% of used value)	0%	100%
					Gordon Growth Model	Ke	2.5%	21%
						Growth Rate	0.5%	3%
Units in Investment Funds		Real Estate & Other Funds	528.45		Adjusted Nav	PD	1%	30%
						LGD	35%	60%

A.4.2 Valuations processes and sensitivities

For this section please refer to the last "2016 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			
		Equity & Commodities	+/-	74.73
		Foreign Exchange	+/-	28.04
		Interest Rate	+/-	6.86
		Hybrid	+/-	-
	Credit		+/-	17.94
Debt Securities and Loans				
		Corporate/Government/Other	+/-	3.29
		Mortgage & Asset Backed Securities	+/-	0.22
Equity Securities				
		Unlisted Equity & Holdings	+/-	202.96
Units in Investment Funds				
		Real Estate & Other Funds	+/-	14.33

Within the unlisted Level 3 Units in Investments Funds, measured using a model, are classified the shares in Atlante and Atlante II Funds (for a combined value of €113.6 million at June 30, 2017). The quantitative disclosure presented in this section does not include the effects of changes in the unobservable parameters in the valuation of Atlante Funds. For further information, please refer to Part B - Section 4 - Available for sale financial assets.

A.4.3 Fair value hierarchy

For this section please refer to the last "2016 Consolidated Reports and Accounts".

A.4.4 Other information

For this section please refer to the last "2016 Consolidated Reports and Accounts".

Part A - Accounting Policies

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 06.30.2017			AMOUNTS AS AT 12.31.2016		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets held for trading	33,029,290	45,098,306	1,401,679	29,669,303	56,545,545	1,251,990
2. Financial assets at fair value through P&L	9,605,889	14,993,631	93,877	10,086,475	18,573,814	41,372
3. Available for sale financial assets	92,512,717	7,689,067	1,844,430	100,306,037	7,232,456	1,964,645
4. Hedging derivatives	9	3,764,853	-	6	4,514,591	-
5. Property, plant and equipment	-	-	46,422	-	-	57,728
6. Intangible assets	-	-	-	-	-	-
Total	**135,147,905**	**71,545,857**	**3,386,408**	**140,061,821**	**86,866,406**	**3,315,735**
1. Financial liabilities held for Trading	12,420,279	41,373,016	1,711,650	14,231,094	52,647,554	1,482,689
2. Financial liabilities at fair value through P&L	-	3,009,781	35,167	-	2,452,582	44,150
3. Hedging derivatives	6	4,030,336	-	63	4,921,401	-
Total	**12,420,285**	**48,413,133**	**1,746,817**	**14,231,157**	**60,021,537**	**1,526,839**

Transfers between level of fair value occurring between December 31, 2016 and June 30, 2017 mainly reflect the evolution of market of reference in the period and the enhancement of processes for fair value level attribution in some Group entities.

The item “3. Available-for-sale financial assets” at level 3 as of June 30, 2017 does not include €503 million measured at cost (€677 million as of December 31, 2016), decrease mainly due to the transfer to level 2 of the investments in F2i ed FII Funds (with a carrying value as of June 30, 2017 equal to €237.7 million), and it does include the investments in Atlante and Atlante II Funds (carrying value €113.6 million).
See Part B - Section 4 - Available for sale financial assets 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 €483 million;
  - of financial assets measured at fair value through reserves (available for sale financial assets) for approximately €64 million;
  - of financial liabilities measured at fair value through profit & loss (financial liabilities held for trading and carried at fair value) for approximately €6 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 €1,652 million;
  - of financial assets measured at fair value through reserves (financial assets available for sale) for approximately €189 million;
  - of financial liabilities measured at fair value through profit & loss (financial liabilities held for trading and carried at fair value) for approximately €29 million.

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

(€ '000)

	CHANGES IN FIRST HALF 2017					
	HELD FOR TRADING FINANCIAL ASSETS	AT FAIR VALUE TROUGH P&L FINANCIAL ASSETS	AVAILABLE FOR SALE FINANCIAL ASSETS	HEDGING DERIVATIVES	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS
1. Opening balances	**1,251,990**	**41,372**	**1,964,645**	**-**	**57,728**	**-**
2. Increases	**1,118,176**	**60,452**	**446,068**	**-**	**1,214**	**-**
2.1 Purchases	607,473	59,402	379,205	-	729	-
2.2 Profits recognized in:	183,602	643	25,886	-	-	-
2.2.1 Income Statement	183,602	643	2,291	-	-	-
- of which Unrealized gains	*92,185*	*643*	*743*	-	-	-
2.2.2 Equity	X	X	23,595	-	-	-
2.3 Transfers from other levels	322,161	-	11,336	-	-	-
2.4 Other increases	4,940	407	29,641	-	485	-
3. Decreases	**968,487**	**7,947**	**566,283**	**-**	**12,520**	**-**
3.1 Sales	735,125	-	275,505	-	10,944	-
3.2 Redemptions	23	5,674	37,961	-	-	-
3.3 Losses recognized in:	197,857	1,213	161,512	-	1,372	-
3.3.1 Income Statement	197,857	1,213	143,851	-	1,372	-
- of which Unrealized losses	*179,335*	*1,212*	*143,385*	-	*973*	-
3.3.2 Equity	X	X	17,661	-	-	-
3.4 Transfers to other levels	22,339	-	51,287	-	-	-
3.5 Other decreases	13,143	1,060	40,018	-	204	-
4. Closing balances	**1,401,679**	**93,877**	**1,844,430**	**-**	**46,422**	**-**

The items "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 Income Statement 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, 2016 and June 30, 2017 mainly reflect the evolution of market of reference in the period and the enhancement of processes for fair value level attribution in some Group entities and mostly refer to exposure held by UniCredit Bank AG.

Part A - Accounting Policies

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

(€ '000)

	CHANGES IN FIRST HALF 2017		
	FINANCIAL LIABILITIES HELD FOR TRADING	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH P&L	HEDGING DERIVATIVES
1. Opening balances	**1,482,689**	**44,150**	**-**
2. Increases	**1,117,517**	**-**	**-**
2.1 Issuance	648,501	-	-
2.2 Losses recognized in:	139,375	-	-
2.2.1 Income Statement	139,375	-	-
- of which Unrealized losses	*124,948*	-	-
2.2.2 Equity	X	X	-
2.3 Transfers from other levels	323,724	-	-
2.4 Other increases	5,917	-	-
3. Decreases	**888,556**	**8,983**	**-**
3.1 Redemptions	375,410	-	-
3.2 Purchases	59,362	-	-
3.3 Profits recognized in:	306,390	8,657	-
3.3.1 Income Statement	306,390	8,657	-
- of which Unrealized gains	*267,316*	-	-
3.3.2 Equity	X	X	-
3.4 Transfers to other levels	125,793	-	-
3.5 Other decreases	21,601	326	-
4. Closing balances	**1,711,650**	**35,167**	**-**

The items "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 90: Fair value adjustments in hedge accounting;
- Item 110: Gains and losses on financial assets/liabilities at fair value through profit or loss.

Transfers between levels of fair value occurring between December 31, 2016 and June 30, 2017 mainly reflect the evolution of market of reference in the period and the enhancement of processes for fair value level attribution in some Group entities and mostly refer to exposure held by UniCredit Bank AG.

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 06.30.2017				AMOUNTS AS AT 12.31.2016			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Held-to-maturity investments	4,722,484	3,514,677	1,222,729	38,403	3,963,222	2,724,622	1,249,727	39,902
2. Loans and receivables with banks	65,224,777	672,409	45,785,884	19,104,113	74,691,847	532,140	44,610,982	30,375,329
3. Loans and receivables with customers	450,298,251	1,059,713	163,015,415	297,039,192	444,607,482	1,066,238	158,640,473	294,399,899
4. Property, plant and equipment held for investment	1,923,906	-	103,724	2,310,609	2,059,867	-	91,311	2,560,417
5. Non-current assets and disposal groups classified as held for sale	4,052,459	-	26,988	481,313	45,853,911	-	40,158,983	743,537
Total	**526,221,877**	**5,246,799**	**210,154,740**	**318,973,630**	**571,176,329**	**4,323,000**	**244,751,476**	**328,119,084**
1. Deposits from banks	129,844,440	-	92,900,450	36,128,441	103,851,521	-	57,873,938	45,539,602
2. Deposits from customers	433,016,527	-	147,511,689	286,161,606	452,419,189	-	157,185,292	296,070,875
3. Debt securities in issue	110,664,283	47,722,043	47,208,721	21,198,132	115,435,500	51,858,536	48,393,679	20,783,312
4. Liabilities included in disposal groups classified as held for sale	617,505	-	-	141,427	35,868,601	-	33,984,196	122,208
Total	**674,142,755**	**47,722,043**	**287,620,860**	**343,629,606**	**707,574,811**	**51,858,536**	**297,437,105**	**362,515,997**

Between December 31, 2016 and June 30, 2017 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 items "5. Non-current assets and disposal groups classified as held for sale" (Assets) and "4. Liabilities included in disposal groups classified as held for sale" (Liabilities) includes amounts referred to assets and liabilities measured on Balance Sheet on the basis of their cost, respectively for €3,544 million and €476 million. For further details on these two sub-items see Part B - Section 15 - table 15.1.

A.5 - Information on "day one profit/loss"

The value at which financial instruments are 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 2016 Consolidated Reports and Accounts) and instruments designated at fair value (see sections 5 and 15 of Part A.2 of the Notes to the Consolidated Accounts of 2016 Consolidated Reports and Accounts), 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, 2016 to €26,500 thousand at June 30, 2017.

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 06.30.2017			AMOUNTS AS AT 12.31.2016		
ITEM/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A) Financial assets (non-derivatives)						
1. Debt securities	**15,832,635**	**2,562,572**	**325,815**	**14,317,875**	**1,939,258**	**260,847**
1.1 Structured securities	11,132	1,326,628	3,323	12,180	823,650	901
1.2 Other debt securities	15,821,503	1,235,944	322,492	14,305,695	1,115,608	259,946
2. Equity instruments	**13,040,278**	**15,378**	**740**	**11,297,289**	**11,805**	**1,261**
3. Units in investment funds	**1,912,659**	**345,338**	**118,141**	**1,574,664**	**372,105**	**65,524**
4. Loans	**311,467**	**6,001,532**	**-**	**756,965**	**10,642,450**	**-**
4.1 Reverse Repos	-	4,989,889	-	-	10,569,976	-
4.2 Other	311,467	1,011,643	-	756,965	72,474	-
Total (A)	**31,097,039**	**8,924,820**	**444,696**	**27,946,793**	**12,965,618**	**327,632**
B) Derivative instruments						
1. Financial derivatives	**1,900,999**	**35,887,905**	**936,119**	**1,711,191**	**43,209,229**	**900,084**
1.1 Trading	1,900,995	34,444,328	935,189	1,711,178	39,977,731	900,084
1.2 Related to fair value option	-	9,605	-	-	10,225	-
1.3 Other	4	1,433,972	930	13	3,221,273	-
2. Credit derivatives	**31,252**	**285,581**	**20,864**	**11,319**	**370,698**	**24,274**
2.1 Trading	31,252	283,650	20,864	11,319	369,866	24,274
2.2 Related to fair value option	-	-	-	-	-	-
2.3 Other	-	1,931	-	-	832	-
Total (B)	**1,932,251**	**36,173,486**	**956,983**	**1,722,510**	**43,579,927**	**924,358**
Total (A+B)	**33,029,290**	**45,098,306**	**1,401,679**	**29,669,303**	**56,545,545**	**1,251,990**
Total Level 1, Level 2 and Level 3			**79,529,275**			**87,466,838**

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 and Reverse repos managed through Central Counterparty Clearing Houses (CCPs) are offset when (i) the clearing systems of CCPs guarantee the elimination or reduce to immaterial the credit and liquidity risks of these contracts and (ii) the entity intends to settle these contracts on a net basis, in accordance with IAS32 - Offsetting, in order to improve the presentation of the liquidity profile and counterparty risk connected with them.

The effect as at June 30, 2017, already included in the net presentation of these transactions, totaled €15,740,032 (€16,025,111 as at December 31, 2016).

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 06.30.2017			AMOUNTS AS AT 12.31.2016		
ITEM/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**9,104,468**	**13,943,197**	**27,294**	**10,069,803**	**17,339,439**	**27,668**
1.1 Structured securities	-	-	-	-	7	-
1.2 Other debt securities	9,104,468	13,943,197	27,294	10,069,803	17,339,432	27,668
2. Equity instruments	**485,215**	**-**	**-**	**13**	**-**	**2**
3. Units in investment funds	**16,206**	**-**	**66,583**	**16,659**	**145,099**	**13,702**
4. Loans	**-**	**1,050,434**	**-**	**-**	**1,089,276**	**-**
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	1,050,434	-	-	1,089,276	-
Total	**9,605,889**	**14,993,631**	**93,877**	**10,086,475**	**18,573,814**	**41,372**
Cost	**9,585,933**	**14,813,913**	**93,439**	**9,992,072**	**18,284,990**	**41,084**
Total Level 1, Level 2 and Level 3			**24,693,397**			**28,701,661**

The decrease in the financial assets at fair value through profit or loss, equal to 4,008 million, is mainly attributable to the evolution in the volume of investments belonging to the UniCredit Bank Ag "liquidity portfolio", whose risk profile is managed with other instruments measured through profit or loss.
The sub-item "Equity instruments" includes residual shares of Bank Pekao S.A. with a value of €485 million as at June 30, 2017, reclassified into such category after the sale of the 32.8% stake to PZU and PFR (with subsequent loss of control) occurred in first half of 2017 in the same way of the "mandatorily settled equity-linked" certificates already included into financial liabilities at fair value through profit and loss.
Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information see Part A - Accounting Policies - A.4 Information on fair value.

Section 4 - Available for sale financial assets - Item 40

4.1 Available for sale financial assets:breakdown by product

(€ '000)

	AMOUNTS AS AT 06.30.2017			AMOUNTS AS AT 12.31.2016		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**92,266,524**	**6,187,247**	**813,299**	**100,031,464**	**5,826,127**	**805,687**
1.1 Structured securities	77,612	5,013	13,415	-	1	13,850
1.2 Other	92,188,912	6,182,234	799,884	100,031,464	5,826,126	791,837
2. Equity instruments	**141,532**	**1,232,703**	**1,016,764**	**160,676**	**1,378,350**	**1,016,444**
2.1 Measured at fair value	141,532	1,232,703	687,405	160,676	1,378,350	689,702
2.2 Carried at cost	-	-	329,359	-	-	326,742
3. Units in investment funds	**84,214**	**269,117**	**517,150**	**90,241**	**27,979**	**720,216**
4. Loans	**20,447**	**-**	**-**	**23,656**	**-**	**99,234**
Total	**92,512,717**	**7,689,067**	**2,347,213**	**100,306,037**	**7,232,456**	**2,641,581**
Total Level 1, Level 2 and Level 3			**102,548,997**			**110,180,074**

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 (i) Banca d'Italia stake (presented among level 2 instruments), with a value of €1,096 million and (ii) ABH Holding SA investments (presented among level 3 instruments and being hedged agst Fx Risk) acquired in contemplation of the sale of PJSC Ukrsotbank to Alfa Group, with a value at June 30, 2017 of €378 million. Investment in the *"Schema Volontario"* (qualified as level 3 instruments) has been already entirely impaired as at December 2016.
Sub-item "3. Units in investments fund" includes (i) Atlante and Atlante II funds stake (presented among level 3 instruments) with a value of €113.6 million basically related to the subscriptions of last May referred to securitization notes related to Non-Performing loans and (ii) F2i and FII funds stake (presented among level 2 instruments) with a value of €237.7 million which includes a period revaluation of approximately €90 million consistent with the sale agreement signed with Ardian on July 28, 2017.

Part B - Consolidated Balance Sheet - Assets

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. 7.5% of Banca d'Italia share capital, reducing its shareholding to 14.6% (book value of €1,096 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 dividend rights would be applicable to shares exceeding the above limit. In accordance with the Law, the shareholdings can belong to (i) banks and insurance and re-insurance companies that have their registered and head offices in Italy, (ii) foundations pursuant to Art.27 of Italian Legislative Decree No.153 of May 17, 1999 and (iii) 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.

Since 2015, shareholders with excess shares began selling, finalizing sales, as of June 30, 2017, for around 24.0% 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, 2017, in line with the figure at the end of the last period and the outcome of the measurement conducted by the committee of high-level experts on behalf of Banca d'Italia at the time of the capital increase in 2013, is supported by the price of the transactions. In the first half of 2017, the main shareholders sold about 7.4% of Banca d'Italia share capital for a price equal to the carrying value (€554 million or €25 thousand per share). In the same period UniCredit sold about 5,800 shares (equal to 1.9% of the share capital) for a price equal to the carrying value (€144.8 million or €25 thousand per share). The relevant measurement was therefore 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.

With regard to regulatory treatment at June 30, 2017 (effects on regulatory capital and capital ratios):

- the value of the investment measured at fair value in the balance sheet is given a weighting of 100% (in accordance with Article 133 "Exposures in Equity Instruments" of the CRR);
- the revaluation recognized through profit or loss at December 31, 2013 is not subject to the filter.

Information about the units of Atlante and Atlante II funds

Atlante is a closed-end alternative investment fund (FIA) ruled by Italian law (the "Atlante fund"), reserved to professional investors, and managed by Quaestio Capital Management SGR S.p.A. Unipersonale (the "Quaestio SGR"). The size of the fund was equal to €4,249 million, of which UniCredit S.p.A. invested for about 19.9%.

The investment policy of Atlante foresees that the fund may be invested (i) in banks with regulatory capital ratios lower than the minimum level set down in the SREP process and, thus, realize, upon request of the supervisory authority, actions of capital strengthening through capital increases and (ii) in Non-Performing Loans (NPLs) of a plurality of Italian banks.

On May and June 2016 Quaestio SGR has underwritten (in the name, on behalf and in the interest of Atlante) No.15 billion of newly issued ordinary shares of Banca Popolare di Vicenza S.p.A (BPVi) for a price of €0.10 per share and a total consideration of €1.5 billion and No.9,885,823,295 of newly issued ordinary shares of Veneto Banca S.p.A (VB). for a price of €0.10 per share and a total consideration of €988,582,329.50 obtaining an investment representing 99.33% and 97.64% of share capital of the two banks respectively.

On August 2016, it was launched the Atlante II fund (the "Atlante II fund"), a closed-end investment alternative fund reserved to professional investors, also managed by Quaestio SGR, which, unlike the Atlante fund, may invest only in NPL and instruments linked to NPL transactions (such as warrants) in order to reduce the risk in line with the parameters used by the largest world institutional investors.

On December 21, 2016, Quaestio SGR has committed (in the name and on behalf of Atlante fund) for future payments (to be made by January 5, 2017) connected to Banca Popolare di Vicenza S.p.A. e Veneto Banca S.p.A. capital increases, respectively for €310 million and €628 million (partially paid on December 31, 2016 respectively for €164 million and €332 million).

As of June 30, 2017 UniCredit S.p.A.:

- with reference to Atlante fund holds No.845 shares (out of No.4,249 total shares) classified as financial assets available for sale; following cash investment of €742million (€56 million carried in 2017) and December 2016 impairment for €547 million according to an internal evaluation model based on multiples of a banking basket, integrated with estimates on Atlante's banks NPL credit portfolio and related equity/capital needs, an additional impairment for €136 million has been recognized as at June 2017, zeroing-out the residual share of Atlante's investment into the Banks according to an internal model based on evidences arising from the liquidation process managed under the Italian banking law (*ex* Art.80 TUB) by winding down operations splitted in "good banks" (sold to an Italian Government's selected buyer within an open, fair and transparent sales process in order not to breach EU "state-aid" rules) and "bad banks" where existing shareholders and subordinated debt bondholders will fully contribute to liquidation costs. In addition UniCredit S.p.A. has a residual commitment to invest in Atlante for residual €103 million;
- with reference to Atlante II fund holds shares with a carrying value, in line with the subscription price, of €55.7 million (equal to amounts already

paid), classified as financial assets available for sale. In addition UniCredit S.p.A. has a residual commitment to invest in Atlante II for residual €99 million.

The regulatory treatment of the units of Atlante and Atlante II funds reflect the application of the look-through method to the underlying investments, i.e. as at June 30, 2017 the stakes indirectly held in NPLs. A credit conversion factor of 100% has been allocated to the commitments of both funds, qualified as “high risk”.

Information about the investments in the “Schema Volontario”

UniCredit group has joined to the *"Schema Volontario"* (the "Schema Volontario"), introduced by FITD, with appropriate modification of its statute, in November 2015. The “Schema Volontario” is an instrument for the resolution of bank crises through support measures in favor of its member banks, if specific conditions laid down by the legislation occurring. The “Schema Volontario” has an independent funding and the participating banks are committed to supply the relevant resources upon demand, when resources are needed to fund interventions.
The “Schema Volontario”, as a private entity, has provided in April 2016 the restructuring of the support of the action that FITD had operated in July 2014 in favor of Bank Tercas, operation that generated no further charges for participating banks. Subsequently, the participating size of the “Schema Volontario” was increased up to €700 million (the share of investments overall ascribable to UniCredit group, according to the latest updates on the amount due, amounts approximately to €125 million).
In this context, on June 2016 the “Schema Volontario” approved an action in support of Cassa di Risparmio di Cesena, in relation to a capital increase approved by the same bank on June 8, 2016 for €280 million (commitment relating to UniCredit group amounted to €51 million).
On September 30, 2016 this commitment has been converted into a monetary payment which has led to the recognition of capital instruments classified as “available for sale" for €51 million (consistent with the monetary payment), with a consequent reduction of the residual commitment to €76 million. The update of evaluation of the instruments as at June 30, 2017 confirms the full impairment already carried out during the drawing up of 2016 Consolidated Financial Statements, according to an internal evaluation model based on multiples of a banking baskets, integrated with estimates on Cassa di Risparmio di Cesena’s credit portfolio and related equity/capital needs.

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

5.1 Held-to-maturity investments: breakdown by product

(€ '000)

	AMOUNTS AS AT 06.30.2017				AMOUNTS AS AT 12.31.2016			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**4,722,484**	**3,514,677**	**1,222,729**	**38,403**	**3,963,222**	**2,724,622**	**1,249,727**	**39,902**
- Structured securities	-	-	-	-	-	-	-	-
- Other securities	4,722,484	3,514,677	1,222,729	38,403	3,963,222	2,724,622	1,249,727	39,902
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**4,722,484**	**3,514,677**	**1,222,729**	**38,403**	**3,963,222**	**2,724,622**	**1,249,727**	**39,902**
Total Level 1, Level 2 and Level 3				**4,775,809**				**4,014,251**

The €759 million increase in the Held-to-maturity investments is mainly attributable to purchases carried-out by FinecoBank S.p.A..

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.

Part B - Consolidated Balance Sheet - Assets

Section 6 - Loans and receivables with banks - Item 60

6.1 Loans and receivables with banks: breakdown by product

(€ '000)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 06.30.2017				AMOUNTS AS AT 12.31.2016			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Loans to Central Banks	**19,601,004**	**-**	**8,329,429**	**11,017,223**	**22,641,061**	**-**	**5,092,017**	**17,523,333**
1. Time deposits	1,127,983	X	X	X	983,654	X	X	X
2. Compulsory reserves	10,913,265	X	X	X	17,250,565	X	X	X
3. Reverse repos	7,419,987	X	X	X	4,348,510	X	X	X
4. Other	139,769	X	X	X	58,332	X	X	X
B. Loans to banks	**45,623,773**	**672,409**	**37,456,455**	**8,086,890**	**52,050,786**	**532,140**	**39,518,965**	**12,851,996**
1. Loans	**43,080,811**	**69**	**35,530,123**	**8,078,108**	**48,964,198**	**-**	**36,901,308**	**12,837,286**
1.1 Current accounts and demand deposits	13,584,757	X	X	X	18,199,235	X	X	X
1.2 Time deposits	6,720,686	X	X	X	5,146,155	X	X	X
1.3 Other loans	22,775,368	X	X	X	25,618,808	X	X	X
- Reverse repos	*14,360,230*	*X*	*X*	*X*	*17,576,435*	*X*	*X*	*X*
- Finance leases	*1,994*	*X*	*X*	*X*	*2,087*	*X*	*X*	*X*
- Other	*8,413,144*	*X*	*X*	*X*	*8,040,286*	*X*	*X*	*X*
2. Debt securities	**2,542,962**	**672,340**	**1,926,332**	**8,782**	**3,086,588**	**532,140**	**2,617,657**	**14,710**
2.1 Structured	*29,477*	*X*	*X*	*X*	-	*X*	*X*	*X*
2.2 Other	*2,513,485*	*X*	*X*	*X*	*3,086,588*	*X*	*X*	*X*
Total	**65,224,777**	**672,409**	**45,785,884**	**19,104,113**	**74,691,847**	**532,140**	**44,610,982**	**30,375,329**

Loans to Central Banks decrease is due to the combined effect of (i) a reduction in the Compulsory reserves mostly ascribable to UniCredit S.p.A. and to (ii) the increase in the Reverse Repos mainly attributable to Unicredit Bank Czech Republic and Slovakia.

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)

TYPE OF TRANSACTION/VALUES	AMOUNTS AS AT 06.30.2017						AMOUNTS AS AT 12.31.2016					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
		NON-PERFORMING						NON-PERFORMING				
	PERFORMING	PURCHASED	OTHERS	LEVEL 1	LEVEL 2	LEVEL 3	PERFORMING	PURCHASED	OTHERS	LEVEL 1	LEVEL 2	LEVEL 3
Loans	**417,834,963**	**13,001**	**22,973,415**	**-**	**155,906,158**	**295,486,154**	**409,855,130**	**14,867**	**24,920,275**	**-**	**151,338,775**	**292,745,983**
1. Current accounts	33,511,510	2,990	2,569,032	X	X	X	31,464,935	3,182	2,727,017	X	X	X
2. Reverse repos	29,643,305	-	75	X	X	X	26,739,078	-	1	X	X	X
3. Mortgages	151,167,507	7,148	10,500,256	X	X	X	149,827,411	7,848	11,125,551	X	X	X
4. Credit cards and personal loans, including wage assignment loans	14,729,838	1	244,892	X	X	X	13,962,078	3	265,778	X	X	X
5. Finance leases	19,446,971	-	3,252,134	X	X	X	20,022,356	-	3,327,619	X	X	X
6. Factoring	9,671,949	-	256,966	X	X	X	9,863,969	-	316,317	X	X	X
7. Other loans	159,663,883	2,862	6,150,060	X	X	X	157,975,303	3,834	7,157,992	X	X	X
Debt securities	**9,307,480**	**-**	**169,392**	**1,059,713**	**7,109,257**	**1,553,038**	**9,757,429**	**-**	**59,781**	**1,066,238**	**7,301,698**	**1,653,916**
8. Structured securities	-	-	-	X	X	X	-	-	-	X	X	X
9. Other debt securities	9,307,480	-	169,392	X	X	X	9,757,429	-	59,781	X	X	X
Total	**427,142,443**	**13,001**	**23,142,807**	**1,059,713**	**163,015,415**	**297,039,192**	**419,612,559**	**14,867**	**24,980,056**	**1,066,238**	**158,640,473**	**294,399,899**

Total carrying amount Performing and Non-Performing	**450,298,251**	**444,607,482**

Following the start of "Project FINO" regarding customer loans held for sale originally classed as Non-Performing (the FINO Portfolio), in line with the IFRS5 Standard, the receivables included in the FINO Portfolio (equal to a net amount of €16,211 million and a net book value of €1,762 million at June 30, 2017) were recognized in item "150. Non-current assets and disposal groups classified as held for sale", consistently with the December 31, 2016 classification, given the Group's intention to progressively sell the portfolio. In this case too, for more detailed information, see Part E - Information on risks and hedging policies, below, at the bottom of Table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net amounts)".

The sub-item "7. Other loans" includes:
- €60,634 million for other non-current account loans (€65,000 million as at December 31, 2016);
- €9,262 million for pooled transactions (€9,876 million as at December 31, 2016);
- €12,913 million advances to customers for import/export (€11,925 million as at December 31, 2016);
- €9,674 million for advances to ordinary customers (€9,607 million as at December 31, 2016);
- €8,050 million 'hot money' transactions (€7,367 million as at December 31, 2016).

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.

The column "NPE - purchased" includes impaired loans purchased as part of disposals other than business combinations.

Loans and receivables with customers are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements. Fair value measurements are classified according to a three level hierarchy that reflects the significance of the inputs used in the measurements.
The fair value of demand items was estimated to be equal to their net book value by exercising the option provided for by IFRS7.29. According to this assumption, demand items were classified as level 3 in the fair value hierarchy.

The fair value of impaired loans was estimated by considering that the analytical realizable value represents by their net book value being the best estimate of the future expected cash flows discounted at the valuation date, further adjusted to incorporate, when available, a premium derived from significant market's transaction for similar instruments. According to this assumption, impaired loans were classified as level 3 in the fair value hierarchy.

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, 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, 2017 intangible assets amounted to €3,247 million, increased in comparison to €3,191 million as at December 31, 2016. The increase is mainly related software.

13.1 Intangible assets: breakdown by asset type

(€' 000)

	AMOUNTS AS AT 06.30.2017		AMOUNTS AS AT 12.31.2016	
ASSETS/VALUES	**FINITE LIFE**	**INDEFINITE LIFE**	**FINITE LIFE**	**INDEFINITE LIFE**
A.1 Goodwill	**X**	**1,483,721**	**X**	**1,483,721**
A.1.1 attributable to the Group	X	1,483,721	X	1,483,721
A.1.2 attributable to minorities	X	-	X	-
A.2 Other intangible assets	**1,670,486**	**92,957**	**1,614,702**	**92,957**
A.2.1 Assets carried at cost:	1,670,486	92,957	1,614,702	92,957
a) Intangible assets generated internally	*1,233,095*	-	*1,228,358*	-
b) Other assets	*437,391*	*92,957*	*386,344*	*92,957*
A.2.2 Assets valued at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**1,670,486**	**1,576,678**	**1,614,702**	**1,576,678**
Total finite and indefinite life		**3,247,164**		**3,191,380**

The Group does not use the revaluation model (fair value) to measure intangible assets.
Intangible Assets - Other - Indefinite life include trademarks/brands (Fineco).
Intangible Assets - Other - Definite life, valued at cost, include:

- Customer Relationships of €2 million;
- Software of €318 million;
- Licenses, patents and similar rights of €109 million.

13.2 Intangible assets: annual changes

(€' 000)

		CHANGES IN FIRST HALF 2017				
		OTHER INTANGIBLE ASSETS				
		GENERATED INTERNALLY		OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross opening balance	**16,871,469**	**2,826,061**	**-**	**5,437,608**	**994,734**	**26,129,872**
A.1 Total net reduction in value	(15,387,748)	(1,597,703)	-	(5,051,264)	(901,777)	(22,938,492)
A.2 Net opening balance	**1,483,721**	**1,228,358**	**-**	**386,344**	**92,957**	**3,191,380**
B. Increases	**-**	**141,105**	**-**	**122,869**	**-**	**263,974**
B.1 Purchases	-	10,680	-	121,118	-	131,798
B.2 Increases in intangible assets generated internally	X	127,726	-	-	-	127,726
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	-	1,590	-	851	-	2,441
B.6 Other changes	-	1,109	-	900	-	2,009
C. Reduction	**-**	**136,368**	**-**	**71,822**	**-**	**208,190**
C.1 Disposals	-	5,236	-	67	-	5,303
C.2 Write-downs	-	128,356	-	67,034	-	195,390
- amortization	X	125,051	-	66,868	-	191,919
- write-downs	-	3,305	-	166	-	3,471
+ in equity	*X*	-	-	-	-	-
+ through profit or loss	-	*3,305*	-	*166*	-	*3,471*
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	-	1	-	-	-	1
C.5 Negative exchange differences	-	2,367	-	3,583	-	5,950
C.6 Other changes	-	408	-	1,138	-	1,546
D. Net Closing Balance	**1,483,721**	**1,233,095**	**-**	**437,391**	**92,957**	**3,247,164**
D.1 Total net write-down	(15,364,801)	(1,743,638)	-	(5,073,029)	(901,777)	(23,083,245)
E. Gross closing balance	**16,848,522**	**2,976,733**	**-**	**5,510,420**	**994,734**	**26,330,409**
F. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

The book value of goodwill as June 30, 2017 (€1,484 million) is aligned with the value as at December 2016 since it refers only to subsidiaries belonging to the Euro area.
For further details of impairment test on goodwill and other intangible assets with definite and indefinite life, recognized 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 IFRS3 to the accounting for business combinations revealed in the course of time significant amounts of intangible assets and goodwill. The following table shows the change in the values posted for the various intangible assets identified during the period, including the valuation effects described below.

(€ million)

INTANGIBLE ASSETS (EXCEPT SOFTWARE)	TOTAL 12.31.2016	AMORTIZATION	IMPAIRMENT	OTHER CHANGES	TOTAL 06.30.2017
Trademarks	93	-	-	-	93
Core deposits and Customer Relationships	2	-	-	-	2
Goodwill	1,484	-	-	-	1,484
TOTAL	**1,579**	**-**	**-**	**-**	**1,579**

The residual value of indefinite-useful-life intangible assets (trademarks) refers to FinecoBank 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 including 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 3 years and it refers solely to Romania.

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

Refer to 2016 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, 2017 was €1,484 million, in line with the figure for December 31, 2016.

Following IAS36.99, the results of the goodwill impairment test executed as at December 31, 2016 were also used for the test as at June 30, 2017 (for the Group and for the Cash Generating Units - CGUs - to which residual goodwill is allocated). In particular an analysis of qualitative indicators has been performed on the mail hypotheses underlying the calculations for the goodwill impairment test as at December 31, 2016.

Estimating cash flows to determine the value in use as at December 31, 2016
The impairment test at December 31, 2016 was performed on the basis of the financial projections (Net Profit and RWA) included in the Strategic Plan approved by the Board of Directors on December 12, 2016.

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, 2016.

Analysis of indicators as at June 30, 2017
With the aim of assessing potential variations occurred in the first half of 2017 in the assumptions underlying latest impairment test calculation, a trigger analysis of the key indicators has been carried out.

Pursuant to IAS36.99, the result of the analysis of changes in the prevailing circumstances as at June 30, 2017 compared to December 31, 2016 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, 2016; following this analysis, the results have therefore been confirmed also with respect to the June 30, 2017 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 are above the yearly targets underlying December 2016 Impairment Test, at both Group and CGUs' level;
- at Group level and for most of the CGUs, RWAs are below budget target;
- cost of Equity updated as of June 2017 at about 9.8% is continuing its decreasing trend both at Group level (about 10.0% as of December 2016) 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:
- latest release of the planning macro-scenario confirms broadly the scenario underlying the latest Strategic Plan Transform 2019;
- economic growth should be higher than Transform 2019, supported by a steady demand and a recovery in world trade;
- latest forecasts (based on market forwards for swap rates, coherently with what done for Transform 2019) confirm the conservativeness of interest rate assumptions.

Results of the impairment test
Based on analysis of events that have occurred and circumstances that have changed since December 2016, pursuant to IAS36.99, the results of December 2016 impairment test, that led to a write-off of the goodwill allocated to CBK Germany CGU in the previous year, are also confirmed for June 2017.

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, 2017, compared with December 31, 2016, we note that the companies of Pekao group and the companies Bankhaus Neelmayer AG and UniCredit Leasing TOB have been sold and the following has been attributed to the non-current assets and asset disposal groups pursuant to IFRS5: company OSI Off-Shore Service Invest GmbH Group and its subsidiaries and the company Salone S.p.A.

Data at June 30, 2017 refer mainly, as regards the single assets and liabilities held for sale, to Fino loans portfolio, to the company OSI Off-Shore Service Invest GmbH Group and its subsidiaries and the company Salone SpA 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, 2017 refers to the following companies:
- the companies of the Pioneer Group (except only for the following five companies: Pioneer Global Funds Distributor Ltd, Pioneer Alternative Investment Management Ltd, Pioneer Alternative Investment Management (Bermuda) Ltd, Pioneer Alternative Investments (New York) Ltd and Pioneer Alternative Investments (Israel) Ltd, belonging to Pioneer Group and not subject to sale);
- the companies of the Immobilien Holding Group.

Valuation of Pioneer Group has been done according to IFRS5 (measured at the lower of their carrying amount and fair value less cost to sell). In this valuation process Pioneer Group remains at its carrying amount cause the fair value is higher.

The economic effects arising from the sale of Pekao Group, whose loss of control occurred on June 7, 2017, has been booked in item Income (loss) from discontinued operations - Others, mostly representing the reversal in the income statement of the negative Fx reserve as at the date of disposal, equal to €151 million and the cash flow hedge reserve related to the FX Fwd Outright contract, equal to €159 million. The FX Fwd Outright contracts essentially led to the reversal in the income statement of the Fx Reserve existing as at December 31, 2016.

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

(€'000)

	AMOUNTS AS AT	
	06.30.2017	12.31.2016
A. Individual assets		
A.1 Financial assets	1,761,922	3,072,684
A.2 Equity investments	391	384
A.3 Property, Plant and Equipment	379,723	438,529
A.4 Intangible assets	8	264
A.5 Other non-current assets	20,247	7,767
Total A	**2,162,291**	**3,519,628**
of which carried at cost	*2,101,991*	*3,458,513*
of which designated at fair value - level 1	-	-
of which designated at fair value - level 2	*22,990*	*24,303*
of which designated at fair value - level 3	*37,310*	*36,812*
B. Assets groups classified as held for sale		
B.1 Financial assets held for trading	-	590,204
B.2 Financial assets at fair value through profit or loss	65,994	40,668
B.3 Available for sale financial assets	62,134	7,358,309
B.4 Held to maturity investments	-	687,534
B.5 Loans and receivables with banks	307,708	1,514,319
B.6 Loans and receivables with customers	2	27,791,588
B.7 Equity investments	26,625	52,178
B.8 Property, Plant and Equipment	5,965	333,965
B.9 Intangible assets	840,709	1,877,181
B.10 Other assets	581,031	2,088,337
Total B	**1,890,168**	**42,334,283**
of which carried at cost	*1,442,167*	*1,492,878*
of which designated at fair value - level 1	-	-
of which designated at fair value - level 2	*3,998*	*40,134,680*
of which designated at fair value - level 3	*444,003*	*706,725*
Total A+B	**4,052,459**	**45,853,911**
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	117	1,129,870
C.2 Securities	-	-
C.3 Other liabilities	10,084	44,162
Total C	**10,201**	**1,174,032**
of which carried at cost	*10,201*	*1,174,032*
of which designated at fair value - level 1	-	-
of which designated at fair value - level 2	-	-
of which designated at fair value - level 3	-	-
D. Liabilities included in disposal groups classified as held for sale		
D.1 Deposits from banks	157	956,146
D.2 Deposits from customers	-	31,134,013
D.3 Debt securities in issue	-	345,321
D.4 Financial liabilities held for trading	-	584,626
D.5 Financial liabilities at fair value through profit or loss	-	-
D.6 Provisions	45,278	123,190
D.7 Other liabilities	561,869	1,551,273
Total D	**607,304**	**34,694,569**
of which carried at cost	*465,877*	*588,165*
of which designated at fair value - level 1	-	-
of which designated at fair value - level 2	-	*33,984,196*
of which designated at fair value - level 3	*141,427*	*122,208*
Total C+D	**617,505**	**35,868,601**

It should be noted that item "A.1 Financial Assets" includes customer loans and receivables belonging to "FINO Portfolio" (equal to a net amount of €16,211 million and a net book value of €1,762 million at June 30, 2017), classed as Non-current assets held for sale in accordance to IFRS5.

Part B - Consolidated Balance Sheet - Assets

For more detailed information on "Project FINO", please refers to Part E - Information on risks and hedging policies, below Table “A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net amounts)”
The reduction of item “Intangible assets” of assets groups classified as held for sale refers mainly to the goodwill of Pekao Group, sold during the first half of 2017. As at June 30, 2017 the goodwill referred to Pioneer Group is equal to €821 million.

Fair value measurements, made for disclosure purposes only, are classified into a fair value hierarchy that reflects the significance of inputs used in the valuations. For further information see Part A - Accounting Policies - A.4 Information on fair value.

With reference to the fair value levels we must specify that the figures referred to companies of the Immobilien Holding Group are presented at June 30, 2017 among level 3 assets and liabilities (as at December 31, 2016), reflecting their measurement using a valuation model. Figures referred to companies of the Pioneer Group are presented at June 30, 2017 among assets and liabilities at cost (as at December 31, 2016), since the fair value is higher than the consolidated carrying amount of the Group.

Liabilities

Section 1 - Deposits from banks - Item 10

1.1 Deposits from banks: product breakdown

(€ '000)

TYPE OF TRANSACTIONS/GROUP COMPONENTS	AMOUNTS AS AT	
	06.30.2017	12.31.2016
1. Deposits from central banks	**58,788,909**	**36,574,160**
2. Deposits from banks	**71,055,531**	**67,277,361**
2.1 Current accounts and demand deposits	16,767,237	13,728,317
2.2 Time deposits	5,787,331	7,849,784
2.3 Loans	47,217,602	44,792,547
2.3.1 repos	*22,812,399*	*20,381,123*
2.3.2 other	*24,405,203*	*24,411,424*
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Other liabilities	1,283,361	906,713
Total	**129,844,440**	**103,851,521**
Fair value - level 1	-	-
Fair value - level 2	92,900,450	57,873,938
Fair value - level 3	36,128,441	45,539,602
Total fair value	**129,028,891**	**103,413,540**

The €22,215 million increase in sub-item “1. Deposits from central banks” is mainly attributable to UniCredit S.p.A. and UniCredit Bank AG, following the growth in TLTRO II facilities launched by Governing Council of European Central Bank with Decision (EU) 2016/810 (equal to €51 billion as at June 30, 2017).

The sub-item “2.3 Loans” includes repos executed using proprietary securities issued by Group companies, which were eliminated from assets on consolidation.
The same sub-item does 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.

Part B - Consolidated Balance Sheet - Liabilities

Section 2 - Deposits from customers - Item 20

2.1 Deposits from customers: breakdown by product

(€ '000)

	AMOUNTS AS AT	
TYPE OF TRANSACTIONS/GROUP COMPONENTS	06.30.2017	12.31.2016
1. Current accounts and demand deposits	311,529,671	311,518,380
2. Time deposits	67,262,007	67,168,405
3. Loans	48,907,631	68,685,007
3.1 repos	*38,072,704*	*56,384,703*
3.2 other	*10,834,927*	*12,300,304*
4. Liabilities in respect of commitments to repurchase treasury shares	-	-
5. Other liabilities	5,317,218	5,047,397
Total	**433,016,527**	**452,419,189**
Fair value - level 1	-	-
Fair value - level 2	147,511,689	157,185,292
Fair value - level 3	286,161,606	296,070,875
Total fair value	**433,673,295**	**453,256,167**

Item “3. Loans” also include liabilities relating to repos executed using proprietary securities issued by Group companies, which were eliminated from assets on consolidation.
The same item does not include the type of securities lending transactions collateralized by securities or not collateralized. See also the section “Other information” of Part B.

The €18,312 million increase in sub-item “3.1 Loans - repos” is mainly attributable to UniCredit S.p.A., UniCredit Bank AG and UniCredit Ireland.

Deposits from customers are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements. Fair value measurements are classified according to a three level hierarchy that reflects the significance of the inputs used in the measurements.
The fair value of demand items was estimated to be equal to their net book value by exercising the option provided for by IFRS7.29. According to this assumption, demand items were classified as level 3 in the fair value hierarchy.
For further information see Part A - Accounting Policies - A.4 Information on fair value.

Section 3 - Debt securities in issue - Item 30

3.1 Debt securities in issue: breakdown by product

(€ '000)

TYPE OF SECURITIES/VALUES	AMOUNTS AS AT 06.30.2017 BOOK VALUE	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	AMOUNTS AS AT 12.31.2016 BOOK VALUE	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3
A. Listed securities								
1. Bonds	98,785,815	47,722,043	43,434,526	13,075,896	105,841,164	51,858,536	44,229,253	14,354,263
1.1 structured	3,610,185	162,481	3,504,579	-	5,362,749	1,241,383	4,141,908	-
1.2 other	95,175,630	47,559,562	39,929,947	13,075,896	100,478,415	50,617,153	40,087,345	14,354,263
2. Other securities	11,878,468	-	3,774,195	8,122,236	9,594,336	-	4,164,426	6,429,049
2.1 structured	169,499	-	189,682	-	168,383	-	204,693	-
2.2 other	11,708,969	-	3,584,513	8,122,236	9,425,953	-	3,959,733	6,429,049
Total	**110,664,283**	**47,722,043**	**47,208,721**	**21,198,132**	**115,435,500**	**51,858,536**	**48,393,679**	**20,783,312**
Total Level 1, Level 2 and Level 3				**116,128,896**				**121,035,527**

The sum of the sub-items “1.1 Bonds - structured” and “2.1 Other securities -structured” was equal to €3,780 million and accounted for 3% of total debt securities. They mainly refer to interest-rate linked instruments with closely related embedded derivatives identified according to the classification rules of Mifid.

Issued bonds (mainly by UniCredit S.p.A. and its subsidiary UniCredit Bank Austria AG) reduce due to joint effect of maturities and new issuances.

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 €66 million negative.

Fair value measurements solely for financial disclosure purposes only are classified according to a hierarchy of levels reflecting the significance of the inputs used.
For further information see Part A - Accounting Policies - A.4 Information on fair value.

Part B - Consolidated Balance Sheet - Liabilities

Section 4 - Financial liabilities held for trading - Item 40

Financial liabilities held for trading: product breakdown

(€ '000)

TYPE OF OPERATIONS/GROUP COMPONENTS	AMOUNTS AS AT					
	06.30.2017			12.31.2016		
	FAIR VALUE			FAIR VALUE		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A. Financial liabilities						
1. Deposits from banks	1,579,926	144,100	-	1,247,218	127,441	1
2. Deposits from customers	8,343,927	2,230,115	60,267	10,820,901	5,535,157	61,195
3. Debt securities	-	6,649,579	738,465	-	6,366,900	496,868
3.1 Bonds	-	4,516,422	606,462	-	4,419,127	388,291
3.1.1 Structured	-	*4,186,589*	*606,462*	-	*4,082,677*	*388,291*
3.1.2 Other	-	*329,833*	-	-	*336,450*	-
3.2 Other securities	-	2,133,157	132,003	-	1,947,773	108,577
3.2.1 Structured	-	*2,133,157*	*132,003*	-	*1,947,773*	*108,577*
3.2.2 Other	-	-	-	-	-	-
Total A	**9,923,853**	**9,023,794**	**798,732**	**12,068,119**	**12,029,498**	**558,064**
B. Derivatives instruments						
1. Financial derivatives	2,468,772	32,004,399	863,269	2,142,528	40,208,652	859,695
1.1 Trading	2,468,772	31,720,211	799,516	2,142,528	39,878,894	798,333
1.2 Related to fair value option	-	140,050	-	-	170,622	-
1.3 Other	-	144,138	63,753	-	159,136	61,362
2. Credit derivatives	27,654	344,823	49,649	20,447	409,404	64,930
2.1 Trading derivatives	27,654	344,461	49,649	20,447	407,554	64,877
2.2 Related to fair value option	-	-	-	-	-	-
2.3 Other	-	362	-	-	1,850	53
Total B	**2,496,426**	**32,349,222**	**912,918**	**2,162,975**	**40,618,056**	**924,625**
Total A+B	**12,420,279**	**41,373,016**	**1,711,650**	**14,231,094**	**52,647,554**	**1,482,689**

Total Level 1, Level 2 and Level 3	**55,504,945**	**68,361,337**

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 and Repos 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, 2017, already included in the net presentation of these transactions, totaled €15,584,540 (€18,628,360 as at December 31, 2016).

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 COMPONENT	AMOUNTS AS AT 06.30.2017					AMOUNTS AS AT 12.31.2016				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE(*)	NOMINAL VALUE	FAIR VALUE			FAIR VALUE(*)
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
1. Deposits from banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
2. Deposits from customers	**33,557**	**-**	**-**	**33,557**	**33,557**	**42,214**	**-**	**-**	**42,214**	**42,214**
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	33,557	-	-	33,557	X	42,214	-	-	42,214	X
3. Debt securities	**2,870,908**	**-**	**3,009,781**	**1,610**	**2,907,955**	**2,364,004**	**-**	**2,452,582**	**1,936**	**2,432,717**
3.1 Structured	2,869,298	-	3,009,781	-	X	2,362,068	-	2,452,582	-	X
3.2 Other	1,610	-	-	1,610	X	1,936	-	-	1,936	X
Total	**2,904,465**	**-**	**3,009,781**	**35,167**	**2,941,512**	**2,406,218**	**-**	**2,452,582**	**44,150**	**2,474,931**
Total Level 1, Level 2 and Level 3				**3,044,948**					**2,496,732**	

(*) Fair value: calculated excluding the value changes due to the change of credit worthiness of the issues compared to the issue date.

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 item "3.1 Debt securities - Structured" includes "Certificates", structured debt securities, issued by UniCredit S.p.A. starting from the first quarter of 2016, equal to €2,237 million and €471 million of "mandatorily-settled secured equity linked certificates" (so-called Mando) referred to the disposal of Bank Pekao S.A. These securities are classified as measured at fair value through profit or loss not being separable their embedded derivative component.

Section 12 - Provisions for risks and charges - Item 120

As at June 30, 2017 Provision for risks and charges amounted increase in respect of 2016 mainly due to reductions into provisions related to staff expenses, due to definition of corresponding debt position.

The sub-item "2. Other provisions for risks and charges" consists of:

- legal disputes: provisions for legal disputes, cases in which the Group is a defendant, and post-insolvency clawback petitions (see Part E - Section 4 - Operational Risk - B. Legal Risks 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 06.30.2017	AMOUNTS AS AT 12.31.2016
1. Pensions and other post-retirement benefit obligations	**4,622,540**	**5,241,807**
2. Other provisions for risks and charges	**4,042,120**	**5,299,641**
2.1 Legal disputes	1,298,501	1,402,678
2.2 Staff expenses	1,223,830	2,322,484
2.3 Other	1,519,789	1,574,479
Total	**8,664,660**	**10,541,448**

Decrease in sub item "2.2 Staff expenses" reflects reversals (allocated in "Other liabilities" when subject to deferred liquidation) related to the implementation of the Strategic Plan 2016-2019.

Part B - Consolidated Balance Sheet - Liabilities

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 (i)for 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, (ii) for the defined-benefits plans (In UK, Italy and in Luxembourg)set up by UniCredit S.p.A. and UCB AG.
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 IAS19.
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, UniCredit refined its Discount Rate setting methodology by limiting the number of "investment grade" bonds whose rating is lower than AA (i.e. No.15 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, 2017 compared to December 31, 2016 for pensions and post-retirement benefits rise by 20 to 25 bps (depending on different plan duration), and 20 bps 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.

As of January 2, 2017 the restructuring of the Italian pension funds was completed through the transfer to Group's Retirement Pension Funds of the residual position (relating beneficiaries who did not subscribe the offer of capitalization of pensions completed in 2016) with contextual constitution of a segregated plan assets equal to €294 million.
The remeasurement at June 30, 2017 of such commitments (including employee severance pay for so called "Trattamento di fine rapporto del personale") leads to a reduce in the negative balance of the revaluation reserve referred to actuarial gains/losses on defined benefit plans of €222 million, net of tax (balance moves from €2,650 million at December 31, 2016 to €2,428 million at June 30, 2017).
For additional information on amount, timing and uncertainty of cash flows (sensitivities) see Consolidated Reports and Accounts as at December 31, 2016.

The Group, with regard to the law approved by the Austrian Parliament on the transfer of pension obligations regarding active employees of subsidiary UniCredit Bank Austria AG ("UCBA") to the Austrian national pension system, has been recently informed the Federal Administrative Court (Bundesverwaltungsgericht BVwG) referred the case to the constitutional Court (Verfassungsgerichtshof - VfGH) to rule on the law's constitutionality; pending Courts' resolution the whole payment to the national pension insurance carrier (Pensionsversicherungsanstalt - PVA) has been returned to UCBA on April 20, 2017 (the amount is shown as a liability in the Consolidated Financial Statement).

12.4 Provisions for risks and charges - other provisions

(€ '000)

	AMOUNTS AS AT	
	06.30.2017	12.31.2016
2.3 Other provisions for risks and charges - other		
- Real estate risks and costs	70,979	71,776
- Restructuring costs	67,380	64,643
- Out-of-court settlements and legal costs	11,706	11,706
- Allowances payable to agents	161,171	162,669
- Disputes regarding financial instruments and derivatives	102,605	112,269
- Tax Disputes	113,630	144,827
- Costs for liabilities arising from equity investment disposals	96,902	103,557
- Other	895,416	903,032
Total	**1,519,789**	**1,574,479**

The sub-item "Disputes regarding financial instruments and derivatives" reduces mainly due to utilizations made by subsidiaries UniCredit Bank AG and UniCredit Bank Austria.

The sub-item "Tax Disputes" decreases mainly due to utilizations made by subsidiaries UniCredit Bank AG and its Milan branch and UniCredit Leasing S.p.A.

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

At June 30, 2017 the **Group Shareholders' Equity**, including the profit for the period of €1,853 million, amounted to €55,161 million, against €39,336 million at the end of 2016.
The table below shows a breakdown of Group Equity and the changes over the previous year.

Group capital: breakdown

(€ '000)

	AMOUNTS AS AT		CHANGES	
	06.30.2017	12.31.2016	AMOUNT	%
1. Share capital	20,880,550	20,846,893	33,657	0.2%
2. Share premium reserve	13,399,799	14,384,918	-985,119	-6.9%
3. Reserves	19,345,361	17,553,781	1,791,580	10.2%
4. Treasury shares	(4,162)	(4,107)	-55	-1.3%
a. Parent Company	(2,440)	(2,440)	-	-
b. Subsidiaries	(1,722)	(1,667)	-55	-3.3%
5. Revaluation reserve	(3,933,839)	(4,039,304)	105,465	2.6%
6. Equity instruments	3,620,463	2,383,463	1,237,000	51.9%
7. Net profit (loss)	1,852,645	(11,790,094)	13,642,739	115.7%
Total	**55,160,817**	**39,335,550**	**15,825,267**	**40.2%**

The €15,825 million increase in Group Equity resulted from:

• Capital increase: - fully paid, as approved by the Extraordinary Shareholders Meeting of January 12, 2017, by issuing No.1,606,876,817 ordinary shares; the capital increase fully paid-up was attributed for €16 million to share capital and €12,984 million as share premium; - free, for the issue of the shares connected to the medium term incentive plan for Group Personnel following the resolution of the Board of Directors of March 13, 2017 executed through a withdrawal from the specifically constituted reserve.	13,000 million 18 million
• Use of "Share premium reserve" following the resolution of Shareholders' Meeting of April 20, 2017 for the coverage of the Holding's loss from the 2016 financial year for €11,460 million and the coverage of negative reserves for €2,509 million.	(13,969) million
An increase in the reserves, including the change in treasury shares arising from: • coverage of negative reserves through the use of "Share premium reserve" as resolved by the Shareholder's meeting of the last April 20, 2017; • the attribution to the reserve, net of charity, of the result of the previous year for €11,790 million and coverage of the Holding loss of the financial year 2016 for €11,460 million through the use of "Share premium reserve"; • the decrease resulting from the use of reserve set aside specifically for the purpose of the issue of performance shares connected with the personnel incentive plan as resolved by the Board of Directors of the March 13, 2017; • the charge to reserve of the expenses related to capital increase, net of taxes and fees paid to legal entities belonging to Unicredit Group for the related placement; • the sale of unexercised options relative to the aforementioned capital increase; • the allocation to the reserve of the coupon paid to subscribers of the Additional Tier 1 instruments, net of the related taxes and fees paid to legal entities belonging to UniCredit group for the placement indicated below; • the use of the reserve for the usufruct fee associated with the "Cashes"; • an increase in the reserve connected with Share-Based Payments; • other increases.	2.509 million (331 million) (18 million) (327) million 15 million (69) million (32) million 36 million 9 million
A change in valuation reserves owing to: • decrease in the value of financial assets available for sale; • decrease in the value of hedging for financial risks and increase of assets held for sale; • increase in the value of the reserve on actuarial gains (losses) on defined-benefit plans; • increase in exchange rate differences; • decrease in the value of the valuation reserve of companies carried at equity.	(71) million (18) million 222 million 160 million (188) million
Issue of Additional Tier1 recognized net of the related transaction costs	1,237 million
An increase of the profit for the period compared with that of December 31, 2016.	13,643 million

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

Part B - Consolidated Balance Sheet - Liabilities

During the first half of 2017 Share Capital, which at December 31, 2016 was represented by No.6,177,818,177 ordinary shares and No.2,524,896 savings shares with no per-share face value, changed due to the reasons illustrated in the paragraph "Capital Strengthening" of the "Consolidated Interim Report on Operations".
On January 12, 2017 the Extraordinary Shareholders' Meeting resolved a reverse stock split of ordinary and savings shares based on a ratio of 1 new ordinary or savings share for every 10 existing ordinary or savings shares.

Furthermore, share capital rose from €20,846,893 thousand at the end of 2016 to €20,880,550 thousand following:

- €16,069 thousand paid-up share capital increase resolved by the Extraordinary Shareholders' Meeting on January 12, 2017 through the issuance of No.1.606.876.817 no par value new ordinary shares;
- €17,588 thousand free share capital increases resolved by the Board of Directors' meeting of March 13, 2017, 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 of No.1,034,172 ordinary shares.

As a result of the above at June 30, 2017, the share capital is represented by No.2,225,692,806 ordinary shares and No.252,489 savings shares. Thenumber of treasury shares outstanding was No.4,760 ordinary shares, changed compared to the end of 2016 only due to stock split, as indicated above, as no other transactions in respect of treasury shares were carried out in the first half of 2017.

Note the following significant changes in the first half of 2017 which, though reflected among the various components of shareholders' equity, did not change the overall amount thereof:
- following the resolutions of the Shareholders' Meeting of April 20, 2017 occurred: (i) the coverage of the loss from the 2016 financial year (€11,460 million) through the use of the Share premium reserve; (ii) coverage of the negative reserves totaling €3,511 million through use of Profit reserves (€369 million), Capital reserves (€633 million) and Share premium reserve (€2,509 million); (iii) allocation to the reserve for the issue of the shares connected to the medium term incentive plan for Group Personnel (€60 million) through withdrawal from Statutory reserve;
- the increase of €18 million in share capital following the resolution of the Board of Directors of March 13, 2017 executed through a withdrawal from the specifically constituted reserve, for the issue of the shares connected to the medium term incentive plan for Group Personnel.

In addition, during 2017 UniCredit S.p.A. issued Additional Tier 1 instruments for a total amount of €1.236.999 thousand net of transaction costs, classified in item 160 "Equity Instruments" of Balance Sheet liabilities.

15.4 Reserves from allocation of profit: other information

(€ '000)

	AMOUNTS AS AT	
	06.30.2017	12.31.2016
Legal Reserve(*)	1,517,514	1,517,514
Statutory Reserve	679,464	840,018
Other Reserves	9,246,658	9,791,488
Total	**11,443,636**	**12,149,020**

(*) The Legal Reserve of UniCredit S.p.A. also includes €2,683,391 thousand deriving from usage of resources, as resolved by the Shareholders' Meeting of May 11, 2013, May 13, 2014 and April 13,2016 through a withdrawal from the Share premium reserve and therefore not classified among reserves from allocation of profit from previous year.

15.5 Other Information

Revaluation reserve: breakdown

(€ '000)

ITEM/TYPES	AMOUNTS AS AT 06.30.2017	12.31.2016
1. Available-for-sale financial assets	1,493,937	1,564,503
2. Property, plant and equipment	-	-
3. Intangible assets	-	-
4. Hedges of foreign investments	-	-
5. Cash-flow hedges	286,913	329,819
6. Exchange differences	(1,903,676)	(2,063,807)
7. Non-current assets classified as held for sale	(12,522)	(37,387)
8. Actuarial gains (losses) on defined benefit plans	(2,428,064)	(2,649,778)
9. Revaluation reserves of investments valued at net equity	(1,647,447)	(1,459,674)
10. Special revaluation laws	277,020	277,020
Total	**(3,933,839)**	**(4,039,304)**

The FX currency reserves as at June 30, 2017 mainly refer to the following currencies:

- Turkish Lira: 1,838 million (negative), included in the share of the revaluation reserves of the investments valued at equity in accordance with IFRS11;
- Ruble: 1,692 million (negative).

With reference to the exchange fluctuations reserve related to the polish currency and in connection with the disposal of the investment in Bank Pekao S.A and its subsidiaries, classified as held for sale in accordance with IFRS5, it is noted that they were sold during last June 2017.
The economic effects related to the disposal were mainly already included in 2016 profit and loss except for the effect on exchange fluctuations reserve, negative for €310 million, accounted in 2017 P&L losses.

Part B - Consolidated Balance Sheet - Liabilities

Other information

1. Guarantees given and commitments

(€ '000)

TRANSACTIONS	AMOUNTS AS AT 06.30.2017	AMOUNTS AS AT 12.31.2016
1) Financial guarantees given to	**21,071,826**	**21,330,371**
a) Banks	9,145,525	9,020,669
b) Customers	11,926,301	12,309,702
2) Commercial guarantees given to	**51,302,858**	**52,612,003**
a) Banks	8,957,722	9,390,583
b) Customers	42,345,136	43,221,420
3) Other irrevocable commitments to disburse funds	**113,467,549**	**107,133,554**
a) Banks:	4,227,025	4,172,554
i) usage certain	*2,891,521*	*2,641,037*
ii) usage uncertain	*1,335,504*	*1,531,517*
b) Customers:	109,240,524	102,961,000
i) usage certain	*36,450,765*	*22,889,794*
ii) usage uncertain	*72,789,759*	*80,071,206*
4) Underlying obligations for credit derivatives: sales of protection	**-**	**-**
5) Assets used to guarantee others' obligations	**44,102**	**3,339**
6) Other commitments	**7,153,531**	**1,470,882**
Total	**193,039,866**	**182,550,149**

2. Assets used to guarantee own liabilities and commitments

(€ '000)

PORTFOLIOS	AMOUNTS AS AT 06.30.2017	AMOUNTS AS AT 12.31.2016
1. Financial assets held for trading	17,223,121	21,666,433
2. Financial assets designated at fair value	13,089,934	16,559,666
3. Financial assets available for sale	46,994,580	51,122,007
4. Financial assets held to maturity	926,055	1,213,345
5. Loans and receivables with banks	5,756,478	1,333,958
6. Loans and receivables with customers	88,923,740	91,207,479
7. Property, plant and equipment	5,685	6,621

Deposits from Banks include €58,538 million related to Central Banks' refinancing operations collateralized by securities and loans respectively amounting to nominal €47,014 million and €18,875 million.
Regarding collateral securities, those not recognized on balance-sheet, since they represent repurchased or retained Group's financial liabilities, amount to nominal €17,171 million.

Security borrowing transactions collateralized by securities or not collateralized

(€ '000)

	AMOUNTS AS AT 06.30.2017			
	AMOUNTS OF THE SECURITIES BORROWED/TRANSACTION PURPOSES			
LENDER BREAKDOWN	GIVEN AS COLLATERAL IN OWN FUNDING TRANSACTIONS	SOLD	SOLD IN REPO TRANSACTIONS	OTHER PURPOSES
A. Banks	833,176	4,632,604	2,713,867	206,923
B. Financial companies	-	1,139,178	368,388	122,037
C. Insurance companies	-	178,569	489	-
D. Non-Financial companies	-	815,908	311,867	103,067
E. Others	5,500	22,440	1,575,494	121,381
Total	**838,676**	**6,788,699**	**4,970,105**	**553,408**

Part C - Consolidated Income Statement

In accordance with IFRS5, the amounts shown in this Part C related to previous period were restated to increase comparability while the opening balances of the tables showing the annual changes were unchanged. Refer to paragraph "Changes made to increase comparability" of Note to the Consolidated First Half Financial Report for further details.

Part C - Consolidated Income Statement

Section 1 - Interests - Items 10 and 20

1.1 Interest income and similar revenues: breakdown

(€ '000)

	AS AT 06.30.2017				AS AT 06.30.2016
ITEMS/TYPE	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	TOTAL
1. Financial assets held for trading	92,403	(11,879)	247,093	327,617	304,357
2. Financial assets at fair value through profit or loss	72,983	16,818	-	89,801	178,863
3. Available-for-sale financial assets	675,654	-	-	675,654	816,856
4. Held-to-maturity investments	28,081	-	-	28,081	19,614
5. Loans and receivables with banks	27,410	108,074	-	135,484	153,271
6. Loans and receivables with customers	94,586	5,498,664	-	5,593,250	5,959,748
7. Hedging derivatives	X	X	560,491	560,491	806,240
8. Other assets	X	X	81,036	81,036	61,795
Total	**991,117**	**5,611,677**	**888,620**	**7,491,414**	**8,300,744**

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 €1 million and €366 million, respectively.

1.4 Interest expense and similar charges: breakdown

(€ '000)

	AS AT 06.30.2017				AS AT 06.30.2016
ITEMS/TYPE	DEBTS	SECURITIES	OTHER TRANSACTIONS	TOTAL	TOTAL
1. Deposits from central banks	62,557	X	-	62,557	(32,553)
2. Deposits from banks	(128,039)	X	-	(128,039)	(220,150)
3. Deposits from customers	(398,738)	X	-	(398,738)	(539,619)
4. Debt securities in issue	X	(1,406,814)	-	(1,406,814)	(1,712,046)
5. Financial liabilities held for trading	3,161	(44,911)	(403,755)	(445,505)	(435,700)
6. Financial liabilities at fair value through profit or loss	-	(1,256)	-	(1,256)	(1,350)
7. Other liabilities and funds	X	X	41,959	41,959	(58,777)
8. Hedging derivatives	X	X	-	-	(1)
TOTAL	**(461,059)**	**(1,452,981)**	**(361,796)**	**(2,275,836)**	**(3,000,196)**

Interest expenses include a positive “one-off” effect, equal to €90 million, recognized by UniCredit Bank AG and referred to the reversal of costs accrued in previous periods.
The negative interest components on financial assets and financial liabilities, contributing to net interest margin, amount respectively to €161 million and €301 million.
Negative interest related to “Deposits from central banks” include €99 million benefit arising from TLTRO II facilities.

Section 2 - Fees and commissions - Items 40 and 50

2.1 Fee and commission income: breakdown

(€ '000)

TYPE OF SERVICES/VALUES	AS AT 06.30.2017	AS AT 06.30.2016
a) guarantees given	**257,004**	**258,915**
b) credit derivatives	**(89)**	**-**
c) management, brokerage and consultancy services:	**1,558,689**	**1,382,949**
1. securities trading	127,999	149,609
2. currency trading	51,600	52,420
3. portfolio management	176,164	162,945
3.1 individual	*76,499*	*71,644*
3.2 collective	*99,665*	*91,301*
4. custody and administration of securities	96,513	100,777
5. custodian bank	17,381	17,382
6. placement of securities	324,741	214,801
7. reception and transmission of orders	74,226	77,497
8. advisory services	40,527	44,496
8.1 related to investments	*30,102*	*24,161*
8.2 related to financial structure	*10,425*	*20,335*
9. distribution of third party services	649,538	563,022
9.1 portfolio management	168,046	144,064
9.1.1 individual	*246*	*388*
9.1.2 collective	*167,800*	*143,676*
9.2 insurance products	464,295	399,387
9.3 other products	17,197	19,571
d) collection and payment services	**751,135**	**701,618**
e) securitization servicing	**1,769**	**2,435**
f) factoring	**37,897**	**38,284**
g) tax collection services	**-**	**-**
h) management of multilateral trading facilities	**-**	**-**
i) management of current accounts	**615,185**	**594,453**
j) other services	**446,405**	**458,605**
k) security lending	**11,742**	**13,124**
Total	**3,679,737**	**3,450,383**

Starting from 2017, in order to better represent costs and revenues from leasing contracts with its customers, the subsidiary Unicredit Leasing S.p.A. has represented into commission income some elements previously exposed into other operating revenues.

Item “j) other services” mainly comprise:
- fees on loans granted: €276 million in 2017, €305 million in 2016 (-10%);
- fees for foreign transactions and services of €37 million in 2017, €32 million in 2016 (+19%);
- fees for various services provided to customers (e.g. treasury, merchant banking, etc.) of €34 million in 2017, €20 million in 2016 (+72%);
- fees for ATM and credit card services not included in collection and payment services, amounting to €37 million in 2017, €33 million in 2016 (+13%).

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2.2 Fee and commission expense: breakdown

(€ '000)

SERVICES/VALUES	AS AT 06.30.2017	AS AT 06.30.2016
a) guarantees received	**(64,117)**	**(62,161)**
b) credit derivatives	**-**	**-**
c) management,brokerage and consultancy services:	**(285,348)**	**(258,320)**
1. trading financial instruments	(28,709)	(28,319)
2. currency trading	(6,008)	(6,735)
3. portfolio management	(11,316)	(9,339)
3.1 own portfolio	*(4,826)*	*(3,798)*
3.2 third party portfolio	*(6,490)*	*(5,541)*
4. custody and administration of securities	(81,261)	(76,695)
5. placement of financial instruments	(18,327)	(16,524)
6. off-site distribution of financial instruments, products and services	(139,727)	(120,708)
d) collection and payment services	**(200,454)**	**(174,416)**
e) other services	**(56,071)**	**(77,009)**
f) security borrowing	**(13,954)**	**(14,935)**
Total	**(619,944)**	**(586,841)**

Starting from 2017, in order to better represent costs and revenues from leasing contracts with its customers, the subsidiary Unicredit Leasing S.p.A. has represented into commission expenses some elements previously exposed into other operating expenses.

Section 3 - Dividend income and similar revenues - Item 70

Dividends are recognized when the right to receive payment is established.
In 2017 dividend income, totaled €230 million, or €248 million if income from units in investment funds is also considered, as against overall €341 million in the same period in 2016.

3.1 Dividend income and similar revenue: breakdown

(€ '000)

	AS AT 06.30.2017		AS AT 06.30.2016	
ITEMS/REVENUES	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS
A. Financial assets held for trading	204,754	7,857	209,062	7,729
B. Available for sale financial assets	24,460	10,323	118,236	5,764
C. Financial assets at fair value through profit or loss	-	-	-	-
D. Investments	544	X	446	X
Total	**229,758**	**18,180**	**327,744**	**13,493**
Total dividends and income from units in investment funds		**247,938**		**341,237**

Sub-item "B. Available for sale financial assets" includes €10 million in dividends received relating to the shareholding in Banca d'Italia (€61 million in the first half of 2016). In the same period of 2016 this item included also €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 Euro Kartensysteme Gesellschaft mit Beschraenkter Haftung.

Section 4 - Gains (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 06.30.2017	AS AT 06.30.2016	CHANGE
Financial assets held for trading	202	(1,304)	1,506
Financial liabilities held for trading	(123)	57	- 180
Financial assets and liabilities in currency: exchange differences	702	139	563
Financial and credit derivatives	(114)	1,559	- 1,673
Total	**667**	**451**	**216**

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

(€ '000)

	AS AT 06.30.2017				
TRANSACTIONS/P&L ITEMS	UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets held for trading	**1,048,410**	**2,458,255**	**(1,676,914)**	**(1,627,692)**	**202,059**
1.1 Debt securities	240,921	416,605	(215,236)	(404,470)	37,820
1.2 Equity instruments	197,180	1,953,634	(1,336,179)	(430,224)	384,411
1.3 Units in investment funds	36,283	63,854	(26,830)	(18,426)	54,881
1.4 Loans	238,734	5,413	(98,066)	(179,610)	(33,529)
1.5 Other	335,292	18,749	(603)	(594,962)	(241,524)
2. Financial liabilities held for trading	**249,371**	**241,845**	**(335,108)**	**(278,851)**	**(122,743)**
2.1 Debt securities	130,032	74,834	(228,317)	(108,393)	(131,844)
2.2 Deposits	-	-	(133)	(2,015)	(2,148)
2.3 Other	119,339	167,011	(106,658)	(168,443)	11,249
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**701,776**
4. Derivatives	**41,321,194**	**22,865,548**	**(41,350,280)**	**(22,586,814)**	**(114,389)**
4.1 Financial derivatives:	40,407,894	22,558,735	(40,443,613)	(22,265,614)	(106,635)
- on debt securities and interest rates	*33,338,502*	*19,202,412*	*(33,572,040)*	*(18,635,425)*	*333,449*
- on equity securities and share indices	*6,347,676*	*2,647,978*	*(6,263,407)*	*(3,017,053)*	*(284,806)*
- on currency and gold	*X*	*X*	*X*	*X*	*(364,037)*
- other	*721,716*	*708,345*	*(608,166)*	*(613,136)*	*208,759*
4.2 Credit derivatives	913,300	306,813	(906,667)	(321,200)	(7,754)
Total	**42,618,975**	**25,565,648**	**(43,362,302)**	**(24,493,357)**	**666,703**

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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 06.30.2017	AS AT 06.30.2016
A. Gains on:		
A.1 Fair value hedging instruments	7,044,210	11,589,191
A.2 Hedged asset items (in fair value hedge relationship)	630,939	1,862,462
A.3 Hedged liability items (in fair value hedge relationship)	1,265,053	113,009
A.4 Cash-flow hedging derivatives	4,283	1,577
A.5 Assets and liabilities denominated in currency	1,961	-
Total gains on hedging activities	**8,946,446**	**13,566,239**
B. Losses on:		
B.1 Fair value hedging instruments	(7,651,538)	(11,085,805)
B.2 Hedged asset items (in fair value hedge relationship)	(1,222,748)	(807,275)
B.3 Hedged liability items (in fair value hedge relationship)	(16,141)	(1,707,912)
B.4 Cash-flow hedging derivatives	(4,196)	(7,699)
B.5 Assets and liabilities denominated in currency	-	(41)
Total losses on hedging activities	**(8,894,623)**	**(13,608,732)**
C. Net hedging result	**51,823**	**(42,493)**

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

As at June 30, 2017 the disposal/repurchase of financial assets/liabilities generated net gains in the amount of +€248 million (+€585 million in 2016), of which +€237 million on assets and +€11million on liabilities.

In the first half 2017 net result on financial asset (+€237 million) principally relates to sub-item "3. Available-for-sale financial assets - 3.1 Debt securities" which is equal to +€217 million and includes gains on disposal realized by UniCredit S.p.A. (+€166 million, mainly due to disposal of Italian Government securities), AO UniCredit Bank (+€11 million, mainly due to disposal of Russian Government securities), UniCredit Bank S.A. (+€9 million, mainly due to disposal of Romanian Government securities), UniCredit Bank AG (+€8 million, mainly due to disposal of Italian and Spanish Government securities), Unicredit Bank Czech Republic and Slovakia, A.S. (+€8 million, mainly due to disposal of Czech Republic Government securities).

The net profit on financial liabilities (+€11 million) principally relates to deposits with banks.

6.1 Gains and losses on disposals/repurchases: breakdown

(€ '000)

ITEMS/P&L ITEMS	AS AT 06.30.2017			AS AT 06.30.2016		
	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
Financial assets						
1. Loans and receivables with banks	**1,794**	**(8)**	**1,786**	**-**	**-**	**-**
2. Loans and receivables with customers	**80,991**	**(67,115)**	**13,876**	**106,899**	**(63,455)**	**43,444**
3. Available-for-sale financial assets	**409,098**	**(187,330)**	**221,768**	**697,405**	**(158,106)**	**539,299**
3.1 Debt securities	404,455	(187,329)	217,126	424,633	(158,065)	266,568
3.2 Equity instruments	4,621	(1)	4,620	272,275	(39)	272,236
3.3 Units in Investment funds	22	-	22	497	(2)	495
3.4 Loans	-	-	-	-	-	-
4. Held-to-maturity investments	**-**	**-**	**-**	**485**	**-**	**485**
Total assets	**491,883**	**(254,453)**	**237,430**	**804,789**	**(221,561)**	**583,228**
Financial liabilities						
1. Deposits with banks	**19,423**	**(10,463)**	**8,960**	**9,742**	**(5,358)**	**4,384**
2. Deposits with customers	**478**	**(2,719)**	**(2,241)**	**2,980**	**(3,922)**	**(942)**
3. Debt securities in issue	**56,706**	**(52,456)**	**4,250**	**71,196**	**(73,113)**	**(1,917)**
Total liabilities	**76,607**	**(65,638)**	**10,969**	**83,918**	**(82,393)**	**1,525**
Total financial assets and liabilities			**248,399**			**584,753**

Section 7 - Gains (Losses) on financial assets/liabilities at fair value through profit or loss - Item 110

Gains and losses on financial assets/liabilities at fair value comprise net gains arising from the valuation of financial assets and liabilities 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 06.30.2017	AS AT 06.30.2016	CHANGE
Financial assets	(182)	200	(382)
Financial liabilities	(141)	80	(221)
Financial assets and liabilities in currency: exchange differences	-	-	-
Financial and credit derivatives	207	(249)	456
Total	**(116)**	**31**	**(147)**

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

(€ '000)

	AS AT 06.30.2017				
TRANSACTIONS/P&L ITEMS	UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets	**30,214**	**38,487**	**(224,872)**	**(26,198)**	**(182,369)**
1.1 Debt securities	27,842	36,894	(183,996)	(24,400)	(143,660)
1.2 Equity securities	-	-	(2,295)	-	(2,295)
1.3 Units in investment funds	588	1,593	(629)	-	1,552
1.4 Loans	1,784	-	(37,952)	(1,798)	(37,966)
2. Financial liabilities	**18,040**	**115**	**(142,045)**	**(16,663)**	**(140,553)**
2.1 Debt securities	9,383	115	(142,045)	(16,663)	(149,210)
2.2 Deposits from banks	-	-	-	-	-
2.3 Deposits from customers	8,657	-	-	-	8,657
3. Financial assets and liabilities in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**-**
4. Credit and financial derivatives	**403,564**	**35,465**	**(228,230)**	**(3,749)**	**207,050**
Total	**451,818**	**74,067**	**(595,147)**	**(46,610)**	**(115,872)**

Debt securities into financial liabilities include the bond "mandatorily settled equity-linked certificates" issued in the contest of the sale of Bank Pekao which has contributed for -€56 million to the result for the period.

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Section 8 - Impairment losses - Item 130

8.1 Impairment losses on loans and receivables: breakdown

(€ '000)

	AS AT 06.30.2017								AS AT 06.30.2016
	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	**-**	**(112)**	**(74,667)**	**1**	**1,131**	**-**	**11,504**	**(62,143)**	**(1,947)**
- Loans	-	(112)	(74,667)	1	1,131	-	11,104	(62,543)	(1,843)
- Debt securities	-	-	-	-	-	-	400	400	(104)
B. Loans and receivables with customers	**(146,142)**	**(3,697,516)**	**(491,342)**	**270,383**	**2,092,792**	**-**	**619,579**	**(1,352,246)**	**(1,762,168)**
Impaired related to purchase agreements	**(133)**	**(6,787)**	**-**	**669**	**3,076**	**-**	**-**	**(3,175)**	**(2,235)**
- Loans	(133)	(6,787)	X	669	3,076	X	X	(3,175)	(2,235)
- Debt securities	-	-	X	-	-	X	X	-	-
Other loans	**(146,009)**	**(3,690,729)**	**(491,342)**	**269,714**	**2,089,716**	**-**	**619,579**	**(1,349,071)**	**(1,759,933)**
- Loans	(146,009)	(3,599,352)	(491,022)	269,714	2,088,717	-	614,892	(1,263,060)	(1,811,447)
- Debt securities	-	(91,377)	(320)	-	999	-	4,687	(86,011)	51,514
C. Total	**(146,142)**	**(3,697,628)**	**(566,009)**	**270,384**	**2,093,923**	**-**	**631,083**	**(1,414,389)**	**(1,764,115)**

Loans included in the FINO Portfolio, recognized in item “150. Non-current assets held for sale”, were valued based on their sales price, pursuant to IAS39 and paragraphs 63 and AG 84 in particular. For more detailed information, see Part E - Information on risks and hedging policies, below, at the bottom of Table “A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net amounts)”.

Section 11 - Administrative costs - Item 180

11.1 Payroll: breakdown

(€ '000)

TYPE OF EXPENSES/SECTORS	AS AT 06.30.2017	AS AT 06.30.2016
1) Employees	**(3,484,139)**	**(3,979,431)**
a) wages and salaries	(2,463,021)	(2,606,840)
b) social charges	(609,483)	(631,477)
c) severance pay	(23,739)	(29,220)
d) social security costs	-	-
e) allocation to employee severance pay provision	(8,780)	(10,835)
f) provision for retirements and similar provisions:	(89,663)	(687,016)
- defined contribution	*(518)*	*(788)*
- defined benefit	*(89,145)*	*(686,228)*
g) payments to external pension funds:	(131,129)	(132,315)
- defined contribution	*(130,580)*	*(131,794)*
- defined benefit	*(549)*	*(521)*
h) costs related to share-based payments	(34,697)	(25,984)
i) other employee benefits	(137,646)	132,573
l) recovery payments seconded employees	14,019	11,683
2) Other staff	**(23,756)**	**(27,882)**
3) Directors and Statutory Auditors	**(4,684)**	**(5,090)**
4) Early retirement costs	**-**	**-**
Total	**(3,512,579)**	**(4,012,403)**

The decrease in the sub-item “f) defined benefits provision for retirements” is due to the “one-off” effects already recognized in the 2016 first half, resulting from a law approved by the Austrian Parliament to 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.

See Part I for details on sub-item “h) costs related to share-based payments”.

The net credit balance reported in sub-item “i) other employee benefits” is attributable to the reduction of the charges estimation linked to the restructuring plans of UCBA , already recognized in the 2016 first half.

11.5 Other administrative expenses: breakdown

(€ '000)

TYPE OF EXPENSES/SECTORS	AS AT 06.30.2017	AS AT 06.30.2016
1) Indirect taxes and duties	**(381,235)**	**(411,864)**
1a. Settled	(380,562)	(411,458)
1b. Unsettled	(673)	(406)
2) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)	**(383,156)**	**(345,129)**
3) Guarantee fee for DTA conversion	**10,062**	**(190,933)**
4) Miscellaneous costs and expenses	**(1,958,186)**	**(1,951,980)**
a) advertising marketing and communication	**(130,271)**	**(145,609)**
b) expenses related to credit risk	**(175,051)**	**(162,549)**
c) indirect expenses related to personnel	**(79,124)**	**(89,243)**
d) Information & Communication Technology expenses	**(625,518)**	**(583,226)**
lease of ICT equipment and software	(35,315)	(41,596)
software expenses: lease and maintenance	(115,743)	(111,409)
ICT communication systems	(35,796)	(34,101)
services ICT in outsourcing	(373,237)	(331,682)
financial information providers	(65,427)	(64,438)
e) consulting and professionals services	**(154,229)**	**(165,093)**
consulting	(127,193)	(101,576)
legal expenses	(27,036)	(63,517)
f) real estate expenses	**(432,903)**	**(453,148)**
premises rentals	(243,199)	(255,975)
utilities	(77,920)	(82,724)
other real estate expenses	(111,784)	(114,449)
g) operative costs	**(361,090)**	**(353,112)**
surveillance and security services	(24,942)	(25,799)
money counting services and transport	(27,493)	(26,706)
printing and stationery	(19,289)	(23,607)
postage and transport of documents	(43,639)	(45,244)
administrative and logistic services	(126,393)	(121,127)
insurance	(46,963)	(42,518)
association dues and fees and Contributions to the administrative expenses Deposit Guarantee Schemes	(40,675)	(35,811)
other administrative expenses - Other	(31,696)	(32,300)
Total (1+2+3)	**(2,712,515)**	**(2,899,906)**

Expenses related to personnel include the expenses that do not represent remuneration of the working activity of an employee in compliance with IAS19.

Contributions to Resolution and Guarantee Funds

The item “Other administrative costs” holds the contributions to deposit guarantee schemes, harmonised and non harmonized, for €79 million and resolution funds, equal to €304 million. It is noted that the deposit guarantee schemes contributions do not include Italy, 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 IFRIC21 does not allow the pro-rata attribution to the interim periods.

In relation to the contribution obligations described below, such schemes have led to expenses during the period and will result in expenses in future periods as ordinary contribution scheme and potential extraordinary contributions.

- With the introduction of the European Directive 2014/59/EU, the Regulation on the Single Resolution Mechanism (“BRRD Directive” Regulation (EU) No.806/2014 of the European Parliament and of the Council dated 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 area. 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

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shall resume until that level has been recovered. Additionally, having reached the target level for the first time and, in the event that the available financial resources fall to less than two thirds of the target level, these contributions are set at the level which allows the target level to be reached within a period of six years. The contribution mechanism provides for ordinary annual contributions, with the aim of distributing the costs evenly over time for the contributing banks, and extraordinary additional contributions, of up to three times the expected annual contributions, when the available financial resources are not sufficient to cover the losses and costs of the interventions. A transitional phase of contributions to the national compartments of the SRF and a progressive mutualisation of these are expected.

- The Directive 2014/49/EU of 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.

Directives No.49 and No.59 specify the possibility of introducing irrevocable payment commitments as an alternative to collection of fund contributions lost through cash, up to a maximum of 30% of the total resources target.
With reference to Directive No.59 (SRF contributions) the instrument of the irrevocable payment commitments has been used by UniCredit S.p.A and by the German subsidiary UniCredit Bank AG for an amount equal to 15% of full contributions paid in May 2016, resulting in the payment of guarantees in the form of cash, €16 million and €12 million respectively. With reference to 2017 ordinarily contribution, only UniCredit Bank AG has adopted this faculty for €14 million. The cash collateral has been 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 and 2016 financial years, the ordinary contribution to the SRF for UniCredit S.p.A. was respectively €73 million and €107 million. In its capacity as National Resolution Authority (“NRA”), Banca d’Italia, with its Provisions dated 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 No.59, established at the maximum rate of three times the ordinary contribution due for 2015. Therefore, UniCredit S.p.A made an extraordinary contribution of €219 million (equal to 3 times the ordinary annual contribution due in 2015 for the Single Resolution Fund). The liquidity needed to fund this intervention was provided through a loan in which UniCredit participated. In particular, the intervention of UniCredit entailed:

- the provision of a loan in favour of the National Resolution Fund for about €783 million (portion of a total loan of €2,350 million disbursed together with other banks), fully repaid on December 21, 2015 through the liquidity inflow from the ordinary and extraordinary contributions of 2015;
- the provision of a further tranche of the loan in favour of the National Resolution Fund for a numina equal to €516 million (portion of a total loan of €1,550 million disbursed together with other banks) and the payment commitment to the National Resolution Fund for an amount of €33 million (portion of a total commitment of €100 million for a further tranche of the loan together with other banks), both closed in June 2017.
- the provision of a loan in favour of the National Resolution Fund for about €210 million (portion of a total loan of €1,240 million disbursed together with other banks)

In respect of the loan and the commitment, Cassa Depositi e Prestiti has assumed a commitment of financial support in favour of National Resolution Fund in the event of insufficient liquidity to the date of loan maturity, while awaiting that the National Resolution Fund finds the necessary resources through ordinary and/or extraordinary contributions.

With reference to the financing of the resolution of the four banks mentioned above, Italian Legislative Decree 183/2015 (converted into Law 208/2015) also introduced an additional payment commitment for 2016, due to the National Resolution Fund, for the payment of contributions of up to twice the ordinary contribution quotas to the Single Resolution Fund, which could be activated if the funds available to the National Resolution Fund net of recoveries arising from the disposal transactions carried out by the Fund from the assets of the four banks mentioned above were not sufficient to cover the bonds, losses and costs payable by the Fund in relation to the measures provided for by the Provisions launching the resolution. In application of this faculty, in December 2016 additional €214 million (two times the ordinary contribution) have been requested by Banca d’Italia and posted into UniCredit S.p.A. profit and loss and subsequently paid during 2017.

Guarantee fees for DTA conversion

Guarantee fee for DTA conversion, introduced by D.L. May 3, 2016 No.59, Art.11 ("Decreto Banche", converted into Law No.119 of June 30, 2016), allows, under some conditions, option to convert into fiscal credits some deferred tax assets provided that such options is irrevocably exercised under payment of an annual fee originally for the period 2015-2029, then modified into 2016-2030 by some amendments introduced by D.L. No.237 of December 23, 2016 ("salva-risparmio") converted into Law No.15 of February 17, 2017.
In 2016, the first relevant year, according to relevant rules existing as at December 31, 2016, a total amount for € 254 million, corresponding to the fee effectively paid for the year 2015 (€127 million) and an equal estimated amount for year 2016, was booked. Following the described changes in law effective from February 22, 2017, in the first half 2017 figures the estimated amount of €127 million booked in 2016 has been reversed and a cost for the period for €117 million, corresponding to the amount effectively paid on June 28, 2017 for year 2017, has been booked.
Refer to the Consolidated Interim Report on Operations - Other information for further details.

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

Net provisions for risks and charges are referable to revocatory action, claims for compensation, legal and other disputes, and are updated on the basis of the evolution of cases in progress and to the assessment of their foreseen outcomes.

12.1 Net provisions for risks and charges: breakdown

(€ '000)

ASSETS/P&L ITEMS	AS AT 06.30.2017			AS AT 06.30.2016
	PROVISIONS	REALLOCATION SURPLUS	TOTAL	TOTAL
1. Other provisions				
1.1 legal disputes	(80,452)	65,518	(14,934)	(32,043)
1.2 staff costs	(1,227)	-	(1,227)	-
1.3 other	(192,038)	59,988	(132,050)	(210,884)
Total	**(273,717)**	**125,506**	**(148,211)**	**(242,927)**

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.

Provisions for "Other Funds - 1.3 Others" include €40.6 million for legal expenses, due for own defense, pertaining to civil litigation pending at the reference date.

Part C - Consolidated Income Statement

Section 15 - Other net operating income - Item 220

Other net operating income is a residual item comprising sundry gains and expenses not attributable to other income statement items.

Other net operating income: breakdown

(€ '000)

P&L ITEMS/VALUE	AS AT 06.30.2017	AS AT 06.30.2016
Total other operating expenses	(354,027)	(340,602)
Total other operating income	870,399	906,409
Other net operating income	**516,372**	**565,807**

15.1 Other operating expenses: breakdown

(€ '000)

TYPE OF EXPENSE/VALUE	AS AT 06.30.2017	AS AT 06.30.2016
Costs for operating leases	(2,585)	(2,565)
Non-deductible tax and other fiscal charges	(735)	(1,026)
Write-downs on leasehold improvements	(34,401)	(35,055)
Costs related to the specific service of financial leasing	(45,704)	(63,521)
Other	(270,602)	(238,435)
Total other operating expenses	**(354,027)**	**(340,602)**

Starting from 2017, in order to better represent costs and revenues from leasing contracts with its customers, the subsidiary UniCredit Leasing S.p.A. has represented into commission expenses some elements previously exposed into other operating expenses.

The sub-item "Other" includes:
- various settlements and indemnities of €94 million, €59 million in 2016;
- additional costs for the leasing business of €19 million, €10 million in 2016;
- non-banking business costs €47 million, €47 million in 2016;
- charges relating to Group property of €16 million, €25 million in 2016;
- various payments relating to prior years of €5 million, €1 million in 2016;
- additional costs relating to customer accounts of €11 million, €2 million in 2016.

15.2 Other operating income: breakdown

(€ '000)

TYPE OF REVENUE/VALUES	AS AT 06.30.2017	AS AT 06.30.2016
A) Recovery of costs	**308,439**	**348,869**
B) Other revenues	**561,960**	**557,540**
Revenues from administrative services	24,148	37,792
Revenues on rentals Real Estate investments (net of operating direct costs)	62,750	60,876
Revenues from operating leases	79,542	85,686
Recovery of miscellaneous costs paid in previous years	5,397	1,375
Revenues on Financial Leases activities	62,158	68,397
Others	327,965	303,414
Total operating income (A+B)	**870,399**	**906,409**

Starting from 2017, in order to better represent costs and revenues from leasing contracts with its customers, the subsidiary Unicredit Leasing S.p.A. has represented into commission income some elements previously exposed into other operating revenues.

The sub-item "Others" includes:
- additional income received from leasing business of €17 million, €16 million in 2016;
- income from non-banking business of €171 million, €146 million in 2016;
- various income from Group property of €10 million, €10 million in 2016;
- payments of indemnities and compensation of €32 million, €15 million in 2016.

Section 24 - Earnings per share

24.1 and 24.2 Average number of diluted shares and other information

	AS AT 06.30.2017	AS AT 06.30.2016
Net profit for the period attributable to the Group (thousands of €)	1,820,514	1,256,778
Average number of outstanding shares	1,674,177,976	594,292,363
Average number of potential dilutive shares	8,959,132	909,768
Average number of diluted shares	1,683,137,109	595,202,130
Earnings per share (€)	**1.087**	**2.110**
Diluted earnings per share (€)	**1.082**	**2.110**

€32,131 thousand has been deducted from 2017 first half net profit of €1,852,645 thousand due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the "Cashes" transaction (€64,578 thousand was deducted from 2016 first half net profit).

Net of the average number of treasury shares and of further 9,675,641 shares held under a contract of usufruct, and reflects the effects of reverse stock split and capital increase operations, carried out during the 2017 first half, already describes in Part B - Section 15 - Group Shareholders' Equity.

The data for the previous period has been consistently restated.

Part E - Information on risks and hedging policies

Note:
The document “Disclosure by Institutions” (Pillar III of Basel 3) is published on UniCredit group’s website (https://www.unicreditgroup.eu/it/investors/third-pillar-basel-two-and-threehtml) according to the deadline defined in the relevant regulations.

Part E - Information on risks and hedging policies

The information provided in Part E in this report refers to IFRS10 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 the phases of the economic cycle.
The control and steering of the Group's risks is performed by the Parent Company's Group Risk Management function, which pursues its steering, coordination and control role in particular through the "Portfolio Risk Managers" which are responsible for the relevant risks from a Group perspective. From October 1, 2016, following the transfer of the CEE Division from UniCredit Bank Austria AG to UniCredit S.p.A, the "CRO CEE" department has been set up directly reporting to the Group CRO and responsible for managing and controlling the activities of credit operations as well as for managing the credit risks belonging to the CEE perimeter. In addition, 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 the 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 Entity level are coherent;
- strengthening a risk culture across the Group by risk training initiatives and developing highly qualified staff, in cooperation with the competent COO functions;
- helping to find ways to rectify asset imbalances, where needed in cooperation with Planning, Finance and Administration;
- supporting the Business Functions to achieve their goals, including by assisting in the development of products and business initiatives (e.g. innovation of credit products, competitive business opportunities);
- supporting the CEO in defining the Group Risk Appetite proposal, to be shared in the Group Risk & Internal Control Committee and submitted for approval to the Board of Directors, as preliminary and preparatory step for the annual and multi-year budget plan pertaining to the CFO. Furthermore, the Group CRO is responsible for ensuring the CEO and the Board of Directors the coherence of the Group Risk Appetite with the Group strategic guidelines, as well as the coherence of the budget goals with the Group Risk Appetite setting and the periodical monitoring of the Risk Appetite Framework (RAF). The CFO remains responsible for monitoring the performances of the Group and of the business functions, in order to identify possible underperforming areas and the related corrective measures.

Consistently with the Risk Management function architecture and in order to strengthen the capacity of independent steering, coordination and control of Group risks, to improve the efficiency and the flexibility on the risk decision process and to address the interaction among the relevant risk stakeholders, four distinct levels of Risk Committees are in place:
- the "Group Risk & Internal Control Committee" responsible for the Group strategic risk decisions: establishing policies, guidelines, operational limits and the methodologies for the measurement, management and control of risks. In addition, it is supporting the Group CEO in the management and oversight of the Internal Control System ("ICS").
- the "Group Portfolio Risks Committees", tasked with addressing, controlling and managing the different portfolio risks;
- the "Group Credit Risk Governance Committee", responsible for ensuring steering, coordination and control on the Group credit risk topics, with focus on Credit Risks Pillar 1, Pillar 2 (limited to Credit Portfolio Model/CPM) and on managerial models, ensuring consistency among the Holding Company and the different Group Legal Entities;
- the "Transactional Committees" in charge of evaluating and approving the single counterparties/transactions impacting the overall portfolio risk profile.

The Board of Directors, pursuant to the provisions of the Self-Regulatory Code, and under Banca d'Italia supervisory provisions, is supported by the Internal Control & Risk Committee, established among Board members, in order to foster an efficient information and advisory system that enables it to better assess risk related topics for which it is responsible. Further information on corporate governance, inclusive of the Internal Control & Risk Committee and the number of times this committee has met, is included in the document "Corporate Governance Report", published on the Group Internet site in the section: Governance » Governance system & policies » Corporate Governance report (https://www.unicreditgroup.eu/en/governance/governance-system-and-policies.html).

Internal Capital Adequacy Assessment Process (ICAAP) and Risk Appetite
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 of ensuring 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 includes the Group Risk Appetite Statement and the Group Risk Appetite KPIs Dashboard.
The Risk Appetite Statement defines the positioning of the bank in terms of strategic targets and related risk profiles to address internal and external stakeholders' expectations and includes:
- a guidance on the overall key boundaries for the Group in terms of focus of activity;
- a definition of the desired risk-return profile, in coherence with the Group's overall strategy;
- the risks the bank is willing to accept taking 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:
- Pillar 1 KPIs: 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), including KPIs which are of primary importance for steering the Group B&S;
- Managerial KPIs: to include KPIs which are key from strategic and Risk Appetite standpoint; consistently with lean Holding Company steering (e.g. Credit Risk, Liquidity Risk and Profitability);
- Specific Risks KPI: complementary with the above categories, to ensure steering of all key risks (e.g. Market Risk, Operational Risk, Liquidity Risk, Interest Rate Risk, Shadow Banking, Risk Culture).

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For each of the above dimensions, one or more KPIs are identified, in order to quantitatively measure the position of the Group in different ways: absolute values, ratios, sensitivities to defined parameters.
Various levels of thresholds are defined such to act as early warning indicators anticipating potential risk situations that will be promptly escalated at relevant 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 a series of transversal operative limits and metrics that cover the main risk profiles in order to supplement the Risk Appetite Framework.

According to the EBA guidelines, every year ICAAP information are collected for SREP purposes and sent to the Regulator. The Board of Directors, that authorizes the sending of this information to the Authorities, also acknowledges that the risk governance of the Group is deemed adequate, guaranteeing that the risk management system in place is in line with the risk profile and strategy of the Group. Moreover, the Chairman of the Board of Directors, the CEO, the Co-Chief Operating Officer and the Chief Risk Officer declared in the Capital Adequacy Statement submitted to the last Board of Directors' meeting held in April 11, 2017 that the current Capital of the Group is adequate to cover its risk profile and the operation of its business model, which is also grounded on the actions planned within the MYP "Transform 2019". In addition the usage of the RAF as a key tool and cornerstone for risk strategy appraisal will continue to represent a fundamental pillar of the ICAAP and allow to activate prompt actions in case of regulatory and/or internal capital trigger/limit breaches.

Section 1 - Credit Risk

Qualitative information

1. General aspects
With reference to the Group's risk management model, the risk governance has two levels of control: the Group Risk Governance functions and the Risk functions by Countries. The Group Risk Governance functions perform a managerial coordination with respect to the relevant Group Legal Entities' functions, which perform the control and the management of the risks portfolio at country level.

In the context of the Risk Appetite Framework approval, UniCredit's Board of Directors also approves the "Credit Risk Strategies".

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 group- wide credit portfolios (Sovereign, Banks, Multinationals and Global Project Finance) and for credit portfolios (corporate and retail) of the relevant subsidiaries. With reference to the Italian mid-corporate and small business portfolios, PD and LGD parameters are used under regulatory approach; for mortgages loans in UCI S.p.A., beyond PD and LGD, also EAD parameter is used for regulatory purposes.

In the first stage, the Advanced method has been adopted for the relevant portfolios by the Parent Company and by some Italian subsidiaries, subsequently merged in UniCredit S.p.A. in 2010, by UniCredit Bank AG and UniCredit Bank Austria AG. According to the rollout plan for progressive extension of the IRB rating system, approved by the Group and shared with the Regulator, starting from 2008 these methods have been extended to UniCredit Bank Luxembourg S.A., UniCredit Leasing Finance GmbH (and its subsidiaries) and UniCredit Bank Czech Republic and Slovakia a.s. (portfolio in Czech Republic), UniCredit Bulbank AD, as well as, through the adoption of the IRB Foundation method, to UniCredit Bank Ireland p.l.c, UniCredit Banka Slovenija dd, UniCredit Bank Czech Republic and Slovakia a.s. (portfolio in Slovakia), UniCredit Bank Hungary, UniCredit Bank a.s.in Romania and ZAO UniCredit Bank in Russia.

Credit economic capital estimation is available on a unique technological platform ("CPM") and with a common methodology for Holding functions and several Legal Entities of UniCredit group. The rollout 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 management in Holding Company breaks down into two organizational 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 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 Integrated Risk" department, responsible for providing top management with an integrated and forward-looking view of the risks affecting the Group, defining and monitoring the Group Risk Appetite, 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 Standards & Reporting" department, responsible for defining the credit risk reporting framework and the risks integrated reporting, both regarding the definition of rules, standards and taxonomies and regarding the design of the reporting elaboration processes. It is responsible for the preparation of the regulatory reporting for the credit component of competence of "Group Credit & Integrated Risks" structure as well as of the second level controls of reference. Moreover, it is responsible for mapping the Economic Groups as well as for coordinating and monitoring the initiatives and projects of the "Group Credit & Integrated Risks" structure;
  - "Group Credit Risks Strategies and Monitoring" department, responsible for providing Top Management with an current vision of the Group credit risk. It is also responsible for the definition and the monitoring process of the Group strategies (both performing and problem loans), the monitoring, on a periodic basis, of the Group overall credit portfolio, the AQ planning, the provisions, the RWAs and the capital absorption for performing and problem loans.
- the "Group Credit Risk Governance" department, responsible for guaranteeing at Group level the coordination and steering of Pillar I Credit Risk models and architectural framework/ information flow and credit processes, also ensuring their integration and alignment. 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 provide guidelines, coordinating, interacting with and supporting local development functions in order to guarantee an harmonized 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 in UniCredit S.p.A, defining the Group Credit Rules and monitoring their approval and implementation by the Legal Entities and, in cooperation with other Holding Company competent departments, 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 measurement methodologies, the related processes, the IT components and the data quality, for Pillar I and Pillar II risks, providing adequate reporting for Company Bodies and the Supervisory Authority;
  - "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 the department, for managing the communication to Governance Bodies and Supervisory Authorities, coordinating key projects, monitoring performance KPIs, planning the activities related to IRB systems, processes and information flow;
- the "Group Credit Transactions" department, responsible for the group-wide assessment, monitoring and oversight of large credit transactions and financial institutions, banks and sovereigns global credit model management, as well as the assessment, approval and daily management of Country risks and cross-border credit risk-taking. The department is composed by the following structures:
  - the "GCT Coordination and Committees 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. Furthermore, it is responsible for the continuous optimization of the department´s activities, following the Group's simplification targets and the evolution of the regulatory framework;
  - "FIBS Credit Transactions" department, responsible for the management and the monitoring of the counterparties, single and economic groups,

Part E - Information on risks and hedging policies

belonging to the client segments Financial Institutions, Banks and Sovereigns ("FIBS") within the perimeter in its remit. Moreover, it is responsible for supporting the development and implementation of group-wide risk appetite strategies at overall FIBS portfolio level and more granular sub-portfolios;
- "Large Credit Transactions & Country Risk" department, 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 as well as for the assessment, approval and daily management of Country risk and cross-border credit risk-taking.

From October 1, 2016, following the transfer of the CEE Division from UniCredit Bank Austria AG to UniCredit S.p.A, the "CRO CEE" department has been set up directly reporting to the "Group CRO", breaking down in the "Underwriting CEE", "Monitoring & Special Credit CEE" and "Credit Risk CEE" units, responsible for managing and controlling the activities of credit operations as well as for managing the credit risks belonging to the CEE perimeter. In parallel, the above mentioned functions within the Group Risk Management, having responsibilities at Group level, enlarged their accountability by acting also on the CEE perimeter.

At Country level, steering and credit risk control activities, as well as the operational ones (e.g. credit underwriting, monitoring, etc.) are now under the responsibility of the CRO function of the controlled subsidiaries.

With reference to the Italian perimeter of UniCredit S.p.A. ("Italy" and "CIB Italy"), organizational changes led to merge structures which were part of Risk Management Italy into the Holding Company functions in order to further enhance reporting consistency between central and local functions and to have a unique entry point with the Regulator in UniCredit S.p.A. for both Group and Italian perimeter. Consequently, the "CRO Italy" department, reporting to the "Group CRO" is responsible for managing credit, operational and reputational risks through the coordination and management of credit underwriting activities for UniCredit S.p.A. customers, as well as the overseeing of the post-decision phases of the credit process and 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 "Credit Underwriting" department, responsible for credit underwriting activities related to the "Central Credit Risk Underwriting Italy", "Territorial Credit Risk Underwriting Italy", "Territorial Credit Risk Underwriting Special Portfolio Italy" structures and to Consumer and mortgage non-banking products and to post-sales phases. The structure is also responsible for the administrative management of the Credit Committees activities within the Italian 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;
- the "Special Credit" department, responsible for coordinating and managing non-revoked doubtful positions (i.e. doubtful loans with active credit line) and for workout activities for the Italian perimeter of UniCredit S.p.A. (e.g. "Italy" and "CIB Italy") identifying and controlling the implementation of the interventions aimed to the cost of risk reduction. It is also responsible for managing the administrative/accountable activities within its area of responsibility according to the current rules, managing potential Debt to Equity and Debt to Asset transactions as well as the resulting shareholdings within its perimeter of competence;
- the "Restructuring Italy" department is responsible for coordinating positions in restructuring management with reference to customers in the Italian perimeter of UniCredit S.p.A. (e.g. "Italy" and "CIB Italy") and for assessment and credit decisions within the limits of its assigned powers, or formulating the related proposal to the competent decision-making Bodies). It also monitors compliance with the agreements defined in the restructuring plan and with any covenants established, manage potential Debt-to-Equity and Debt-to-Asset transactions as well as the resulting shareholdings within its perimeter of competence;
- the "Credit Monitoring" department, responsible for coordinating, addressing and managing the monitoring activities for all customers within the Italian perimeter of UniCredit S.p.A. In particular, the structure ensures the quality of the loan portfolio through performance monitoring of the positions, risk analysis and identification of corrective measures; the Department ensures supervision over the "IO-WR" or "non-revoked doubtful" positions in order to confirm, with a regular check, the existence of characteristics related to the classification itself in line with Supervisory Authorities regulation; it coordinates and addresses the monitoring activities performed by central and network structures, as well as by "Customer Recovery" department; it ensures the proper execution of the decision making activities carried out by central and network structures, as well as by "Customer Recovery" department.

Furthermore, with respect to credit risk, the following Transactional Committees are active:
- the "Group Risk & Internal Control Committee is a "Top management Committee" and has responsibility of steering, coordinating and monitoring the risks at Group level as well as supporting the CEO in the management and oversight of the Group's and UniCredit S.p.A.'s internal control system. With specific reference to management and control of risks, the Committee has responsibility of establishing policies, guidelines, operational limits and methodologies for the measurement, management and control of the risks as well as for the definition of the methodologies for the measurement and control of internal capital and for the evaluation of risks reporting and estimates of provisions on risks. In this scope, the Committee has consulting and suggestion functions for the definition and periodic review of the Group's Risk Appetite Framework (RAF), special reference for the overall risk control framework, in order to ensure their consistency with the strategic guidelines and risk appetite established for the limit setting related to the various types of risks and respective allocation;
- the "Group Credit Committee", in charge of discussing and approving competent credit proposals referring to all files, including

restructuring/workout ones, status classification of files, relevant strategies and corrective actions to be taken for watch list files, specific limits for transactions related to Debt Capital Markets on trading book, single issuer exposures limits on trading book, Debt to Equity transactions and transactions related to Equity participations deriving from Debt to Equity transactions;
- the "Group 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 of UniCredit S.p.A. The 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” is responsible, within its delegated powers, for approving rating overrides.

2.2 Factors that generate Credit Risk
In the course of its credit business activities the Group is exposed to the risk that an unexpected change in a counterparty's creditworthiness may generate a corresponding unexpected change in the value of the associated credit exposure and may thus result in a partial or full write-off. This risk is always inherent in traditional lending operations regardless of the form of the credit facility (whether cash or credit commitments, secured or unsecured, etc.).

The main reasons for a default lie in the borrower’s lacking the autonomous ability to service and repay the debt (due to a lack of liquidity, insolvency, etc.), as well as the occurrence of events that are affecting the debtor’s operating and financial condition, such as country risk or the impact of operational risk. Other banking operations, in addition to traditional lending and deposit activities, can expose the Group to other credit risks. For example, 'non-traditional' credit risk may arise from:
- entering into derivative contracts;
- purchasing and selling securities, futures, currencies or commodities;
- holding third-party securities.

The counterparties in these transactions or issuers of securities held by Group Legal Entities could default as a result of insolvency, political and economic events, lack of liquidity, operating problems or other reasons. Defaults of a large number of transactions, or one or more large transactions, could have a material adverse impact on the Group’s operations, financial condition and operating results. The Group therefore monitors and manages the specific risk of each counterparty as well as the overall risk of loan portfolios through procedures, structures and rules that steer, govern and standardize the assessment and management of credit risk, in line with the Group principles and best practice, also aimed to extend their effectiveness to all phases of the economic cycle.

2.2.1 Country risk
Country risk is the risk of losses caused by events identified at country level and not at level of specific transaction, counterparty or counterparty group. It is therefore a collection of risks that mainly includes sovereign risk, transfer and convertibility risk, delivery risk, risk related business environment and jurisdiction, political and geopolitical risk, and economic risk. Country risk is primarily managed by determining the appropriate group-wide maximum risk levels (Country Plafonds), that can be assumed by the Legal Entities belonging to the Group towards all counterparties (sovereigns, government entities, banks, financial institutions, corporate customers, small businesses, individuals, project finance, etc.) residing in or related to the country for cross-border transactions (from the standpoint of the Entity providing the loan).

Country risk management processes are mainly concentrated at Holding Company in terms of both methodological aspects and the decision-making process, in order to ensure a uniform assessment and monitoring approach, particularly for the rating assignment - PD (probability of default) and LGD (loss given default) - as well as control of risk concentration.

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

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Group-wide cross-border Country risk Plafonds are calculated at single Country level in a top-down/bottom-up process considering, among other factors, the risk of the Country (incl. the rating), the size of the Country, the amount of business opportunities, the guidance of the valid Risk Appetite Framework as well as the current exposure and Country plafond utilization. Cross-border plafonds are renewed at least on a yearly basis.
The evolution country risk, incl. the macroeconomic and political risk assessment, is constantly monitored. Country risk monitoring activities aim at detecting and promptly reacting to the symptoms of possible deterioration of the risk quality of a Country with cross-border credit exposures.
In case of need, necessary countermeasures may be defined. As one of the countermeasures, the Internal Ratings of the mentioned countries may be updated to reflect any changes in Country risk assessment.
With specific reference to the sovereign risk, i.e. direct counterparty risk to sovereigns (and central administrations) is managed through the normal counterparty approval process. Limits and exposures to sovereigns - in both the trading and banking books - are managed in a prudent way to ensure such limits/exposures are sized primarily by both regulatory and liquidity requirements of the Group.

2.3 Credit Risk Management, Measurement and Control

2.3.1 Reporting and Monitoring Activities

Group Risk Management function is responsible for the credit risk reporting at consolidated portfolio level, producing reports both on a recurring and specific basis (on demand of Senior Management or external entities, e.g., regulators or rating agencies). Credit portfolio performance is analyzed with reference to its main risk drivers (such as growth and risk indicators) customer segments, industrial sectors, regions, and impaired credits performance and related coverage. Additionally, reporting and asset-reporting functions monitor credit risk positions on their perimeters of competence.

The key objective of the reporting and monitoring of the credit portfolio is to detect promptly any signs of deterioration and, therefore, to take appropriate corrective actions by analyzing the main components of credit risk such as EAD (Exposure to Default), EL (Expected Loss), Migration, Risk Cost, etc.

Portfolio reporting activities are performed in close collaboration with the Risk Management Functions at Legal Entities level.

At Group level, reporting and monitoring activities are assigned to different Organizational Units in the "Group Credit and Integrated Risks" Department.

The “Group Credit Risk Data Standards & Reporting” Function is in charge of defining the Group framework for reporting on risks and producing standard/customized reporting on credit risk, and is a reference point for the Supervisory Authorities in case of credit risk reporting and data requests. It is also in charge of defining the taxonomies and data processing rules for reporting requirements on credit risk, interfacing with Group Data Office for their implementation, for developing convergence strategies of risk management information system and for promoting the use of business intelligence tools at Group level.
The Unit “Group Consolidated Credit Risk Strategies and Monitoring” Function is in charge of analyzing and monitoring the breakdown and risk of the loan portfolio according to the main credit risk metrics at Group/LE/Division level, thereby providing to the CFO and the competent Planning & Finance functions with useful factors to highlight deviations from budgets/forecasts and produce the periodic analyses that provide the top management with a comprehensive view of Group risks, as well as the analyses for rating agencies, investors and "customized" requests from external Entities/Bodies.

The Group's reporting and monitoring activities have benefited from the completion of the pursued activities - from 2015 - as part of PERDAR Project, focused to ensure compliance with the principles established by the Basel Committee on the subject of "data aggregation & reporting" (so-called BCBS239 Principles).
The initiative has been a key factor in achieving the goal of streamlining risks in their reporting to Senior Management and Regulators in terms of quality, completeness, reduced data representation, convergence towards single reporting on Integrated risks and the process to support their consolidation, and has led to the dismantling of the ERM - from 1Q17 and its replacement with the Integrated Risk Reporting that meets the requirements of the new framework

2.3.2 Governance and policies

Specific credit governance rules define the allocation of responsibilities and mechanisms of interaction between the Holding Company and the Group Legal Entities with respect to credit risk management topics and ensure compliance of the overall Group Credit Risk Management framework with the regulatory framework to which the Holding Company is subject to. In this context, the Holding Company is assigned with the role of guidance, support and control for the following areas: credit rules (principles, policies and processes), credit strategies and credit risk limits, models development, rating systems validation, large exposures management, issuance of credit products, monitoring and reporting portfolio credit risk.

In particular, Group Legal Entities are required to request the Group Risk Management function’s opinion before granting new or reviewing existing credit lines to individual borrowers or economic groups, whenever they exceed defined thresholds, also with reference to compliance with the credit risk concentration limits being measured with respect to the regulatory capital.

According to the role assigned by the Group governance to the Holding Company, specifically to the Group RiskManagement function , general provisions are established ("General principles for credit activities") defining 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 specific topics (e.g. business areas, segment activities, type of counterpart/transaction). Such policies are divided into two categories:

- policies on group-wide topics, drafted and issued by the Holding Company and sent to all the Legal Entities. Some examples are the policies on FIBS counterparties (Financial Institutions, Banks and Sovereigns), on Country Risk Limits, on Project Finance and Acquisition & Leveraged Finance transactions, on underwriting risk limits for Syndicated Loan portfolio, on Commercial Real Estate Financing (CREF) and on Structured Trade and Export Finance (STEF):
- policies developed locally by single Legal Entities Such documents provide detailed credit rules for specific regions, subsidiaries, etc., if required by local market peculiarities, and are applicable only within the specific Legal Entity perimeter.

At both, Legal Entity and Holding Company level, the policies (if necessary) are further detailed through operative instructions, describing specific rules and instructions for the management of day-by-day activities.

Credit Policies have generally a "static" approach and are revised when necessary. Therefore, they are supplemented with Credit Risk Strategies that are updated at least annually and define customers/products, industry segments and geographical areas and form the target of the Legal Entity/the Group's relevant credit business.

2.3.3 Management and Measurement Methods
Credit Risk generally represents the risk of losses of the value of a credit exposure arising from an unexpected worsening of the counterparty's credit quality.

For the purpose of credit risk measurement, credit risk can be defined as the risk of incurring losses arising from the possibility that a counterparty, a borrower or an issuer of a financial obligation (bond, note, etc.) is not able to repay interest and/or principal or any other amount due (default risk). In a broader sense, credit risk can also be defined as potential losses arising either from default of the borrower/issuer or a decrease of the market value of financial obligation due to a deterioration in its credit quality.
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. application for instruments such as bonds, loans and derivatives belonging to corporates, financial and sovereign counterparties). For Available for Sale/Fair Value Option positions in the banking book, migration risk is already covered by spread VaR in market risk and to avoid double counting these assets are excluded from migration risk assessment in Group Credit Portfolio Model.

Credit risk is measured both by single borrower/transaction and for the whole portfolio. The tools and processes used for lending to single borrowers during both the approval and monitoring phases include a credit rating process, which is differentiated by customer segment/product to ensure maximum effectiveness.

The assessment of a counterpart's creditworthiness within the credit proposal evaluation begins with an analysis of the financial statements and the qualitative data (competitive positioning, corporate and 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 synthetic assessment of the risk associated to each monitored customer. This synthesis is obtained using a statistical function that summarizes available information using a set of proven significant variables that are predictors of an event of default within a 12-months horizon.

The internal rating, or risk level assigned to the customer/transaction, is considered in the delegated credit approval powers. In other words, at a constant credit amount the approval powers granted to the competent Bodies are gradually reduced in proportion to an increased borrower/transaction-related risk level.
The organizational model includes also a dedicated function, which is separated from loan approval and business functions and is responsible for the management of the so-called rating overrides, i.e. any changes to the automatic rating calculated by the model.

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Each borrower's credit rating is reviewed at least annually on the basis of new/updated information. Each borrower is also assessed in the context of the economic group with which it is affiliated by, as a general rule, taking into account the calculated maximum risk for the entire economic group.
In addition to one-year horizon risk parameters, multi-period risk parameters are estimated according to a point-in-time and forward looking perspective allowing for compliance with the recent updates of accounting principles and a more robust risk adjusted performance evaluation.

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

There are three fundamental portfolio credit risk measures that are calculated and are evaluated on a one-year time horizon:
- Expected Loss (EL);
- Credit Value at Risk (Credit VaR);
- Expected Shortfall (ES).

In order to derive the Credit VaR of the portfolio, the portfolio loss distribution is specified; it is represented by the probabilities of getting different values of the portfolio loss on the given time horizon (“discrete loss case”). The loss associated to a specific probability is the product of the percentage of losses given default (LGD) and exposures at default (EAD) 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.

To evaluate the effectiveness of securitizations in transferring credit risk, a tool (Structured Credit Risk Analyzer) has been developed. It allows to simulate credit losses in collateral portfolios and allocate the resulting losses to the tranches which 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.

Starting from the macroeconomic and credit scenario, the outlook at industry level and the business strategy initiatives, credit risk strategies define a set of guidelines and operative targets for all the Group countries and business lines. The aim is to identify their risk profile and to steer the Group growth coherent with that.

Portfolio risk management pays special attention to credit concentration risk, defined as any single exposure or group of 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 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. Consistent with the ”Regulation (EU) No.575/2013 of the European Parliament and of the Council of June 26, 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 purposes of calculating the credit risk capital requirement.

With specific reference to credit risk mitigation, general guidelines are in force, issued by the Parent Company, defining group-wide rules and principles with the aim to guide, govern and 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 system of credit risk mitigation techniques is embedded in the credit approval process and in the credit risk monitoring process, which widely support the evaluation and data quality checks of collaterals/guarantees and their appropriate linking to the categories defined for LGD estimates purposes. Controls and related responsibilities are duly formalized and documented in internal rules. 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 credit worthiness and risk profile.

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

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

2.5 Non-Performing Exposures

The Group's approach to the Non-Performing portfolio is based on the following fundamental aspects:

- prompt action, using a solid and effective monitoring and reporting process. The early identification of possible credit quality deterioration allows the Group to put in place the necessary restrictive management measures aimed at risk reduction in the early phases prior to the potential default;
- proper assessment of the non-performing loans, in order to define the strategies and actions to be taken and the applicable default classification;
- initiating focused recovery procedures on the basis of the type and amount of exposure and the specific characteristics of the obligor;
- appropriate provisioning through profit and loss, in line with the relevant recovery strategies and plans as well as the type of exposure. Provisioning is carried out in line with the principles of IAS39 and Basel 2 rules;
- accurate and regular reporting in order to monitor aggregate portfolio risk over time.

UniCredit, in its role as Holding Company, has issued a global policy to provide group-wide guidelines on principles for the 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.

In order to strengthen the Group Governance regarding the Non-Performing Exposures (NPE), under the direct responsibility of Group Deputy Chief Risk Officer the following structure/committee have been set up:

- “Group NPE” structure to develop the strategy and oversee the management, process, targets and disposals of Non-Performing Exposures, repossessed assets and any other distressed assets for the entire Group;
- “Group NPE Governance Committee” to ensure, at Group level, the steering, the coordination and the control of NPE Strategy and targets as well as an effective alignment on common goals between the Holding Company and other Legal Entities.

Part of “Group NPE” is the specialized “Group Distressed Asset Solutions” structure assessing and initiating alternative strategies to the conventional solutions, aimed at selling portfolios or individual exposures on the secondary market, also through securitization. UniCredit also adopts alternative recovery strategies, such as restructuring joint ventures focusing on specific sectors, as well as other outsourcing or benchmarking measures to leverage market expertise as promptly as possible. The sale of non-performing exposures is carried out by using a competitive auction mechanism. A full costing analysis is performed to assess how effective this will be, with the objective of maximising the net present value for the Group. The “Group Distressed Asset Solutions” structure has a coordinating role within the Group's Risk Management and, with respect to the Italian and Foreign Entities, it implements strategies and finalizes asset sales, according to what was approved by the relevant governing bodies.

Moreover, within Transform 2019, the “NPE Transformation Program” has been launched in order to address the goals on asset quality of the strategic plan “Transform2019” and to progressively converge towards the “Guidance to banks on non-performing loans” issued by The European Central Bank in March 2017. The “NPE Operational Plan” of UniCredit S.p.A. for 2017-2019, approved by Board of Director and sent to the European Central Bank in April 2017, is currently being executed with a continuous alignment with the Supervisory Authority.

The classification in the different "impaired" classes must be done in accordance with legal and regulatory provisions issued by the local Supervisory Authorities. The regulation regarding the impaired loans is the Circular issued by Banca d’Italia (No.272 of July 30, 2008 - "Accounts Matrix") in accordance with the EBA standard (EBA/ITS /2013/03/rev1 24/7/2014) that reviewed in 2014 the classification of impaired loans for regulatory and Supervisory reporting purposes.

The regulatory framework related to definition of “default” has been envolving following the issuance of the “Guidelines on the application of the definition of default under Article 178 of Regulation (EU) 575/2013”, on September 28, 2016, by EBA, after a consultation process ended up January 22, 2016. The Paper defines specific and homogeneous criteria at European level on the classification of “Past Due” exposures and “Ulikely to Pay” exposures, ruling also the principles underlying the regulatory re-classification to “bonis”. The first application of this guidelines is planned for January 2021. Simultaneously, EBA issued new guidelines on the materiality threshold of past due exposures (“Draft Regulatory Technical Standards on the materiality threshold for credit obligations past due under Article 178 of Regulation (EU) No 575/2013”), whose consultation process was concluded on January 31, 2015. As expected by EBA, the National Competent Authorities will define the new rules to determine past due exposures coherently with the threshold ranges provided by EBA in the RTS final paper.

Banca d’Italia Circular:
- allocates impaired loans into the categories of bad loans, unlikely to pay and past-due loans. The total of these classes corresponds to the overall amount of Non-Performing Exposures mentioned in the ITS EBA standards;
- eliminates the previous concepts of doubtful and restructured loans including them in the new categorize of “unlikely to pay”;
- introduces the qualification of forborne exposures in accordance with the definition of “Forborne exposures” as ruled with EBA Implementing Technical Standards (EBA/ITS /2013/03/rev1 24/7/2014) (see next paragraph).

Loan Categorization in the risk categories and forborne exposures
In accordance with EBA Iimplementing Technical Standards, a transaction has to be considered as forborne when both of the following conditions are simultaneously met:
- a concession exits, either (i) contractual modification in favour of the debtor or (ii) refinancing aimedat ensuring the repayment of preexisting obligation;
- the debtor is facing or about to face financial difficulties.

In order to progressively converge to the above-mentioned regulatory provisions,UniCredit S.p.A:
- launched some activities to align the currently exiting credit process to the new classification rules;
- defined a monitoring process of the dynamics of Forborne Exposures
- ensured necessary Reporting to the Supervisory Authority.

To assess the existence of a concession, the approach adopted by UniCredit Group has enabled the tracking of a concession when:
- the loan is renegotiated through collective agreements, or through internal initiatives supporting certain debtors categories, or through initiatives designed to support the debtor in case of natural disasters;
- the installment/repayment plan of a loan is changed;
- pool loans are subject to renogatiation;
- the loan is subject to a refinancing practice.

For the evaluation of debtor’s financial difficulty, UniCredit submits the positions (subject to concession) to an ad hoc test based on specific objective criteria (i.e.Troubled Debt Test).

In March 2017 the European Central Bank issued the final version of the document “Guidance to Banks on Non-Performing Loans”
which holistically includes the guidelines defined by the Supervisory Authority on Non Performing Exposures. The Paper, that will become effective starting from 2018, layouts specific recommendations to Banks for the definition of a clear NPL Strategy which, coherently with the industrial plan, ultimately aims at the reduction of NPE Stock, by means of ad hoc risk management initiatives.

Part E - Information on risks and hedging policies

Quantitative information

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 IFRS11 (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	3,200	41,318	-	-	99,242,999	99,287,517
2. Held-to-maturity financial instruments	-	6,715	-	-	4,715,769	4,722,484
3. Loans and receivables with banks	240	4	3	-	65,224,530	65,224,777
4. Loans and receivables with customers	10,039,857	12,262,437	844,284	9,230	427,142,443	450,298,251
5. Financial assets at fair value	-	8,057	-	-	24,117,336	24,125,393
6. Financial instruments classified as held for sale	1,761,046	888	-	-	310,599	2,072,533
Total 06.30.2017	**11,804,343**	**12,319,419**	**844,287**	**9,230**	**620,753,676**	**645,730,955**
Total 12.31.2016	**13,382,979**	**13,531,590**	**927,188**	**8,373**	**671,037,829**	**698,887,959**

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	-	2,998	-	-	-	2,998
2. Held-to-maturity financial instruments	-	-	-	-	-	-
3. Loans and receivables with banks	-	-	-	-	-	-
4. Loans and receivables with customers	1,974,186	6,666,309	101,355	655	5,752,797	14,495,302
5. Financial assets at fair value	-	8,057	-	-	-	8,057
6. Financial instruments classified as held for sale	40,136	-	-	-	-	40,136
Total 06.30.2017	**2,014,322**	**6,677,364**	**101,355**	**655**	**5,752,797**	**14,546,493**
Total 12.31.2016	**2,274,897**	**7,106,905**	**129,904**	**654**	**6,291,219**	**15,803,579**

See table related to “On Balance sheet credit exposure with customers: gross and net values and past-due buckets” for more details about volumes of forborne exposures.

Breakdown of performing past-due financial assets by portfolio and past-due bucket (gross value) (€ '000)

PORTFOLIOS/QUALITY	PAST-DUE LESS THAN 30 DAYS	PAST-DUE BETWEEN 30 AND 60 DAYS	PAST-DUE BETWEEN 60 AND 90 DAYS	PAST-DUE OVER 90 DAYS	TOTAL
1. Available-for-sale financial assets	-	-	-	-	-
2. Held-to-maturity financial instruments	-	-	-	-	-
3. Loans and receivables with banks	26,811	1,164	350	433	28,758
4. Loans and receivables with customers	4,029,506	1,230,394	1,129,327	2,480,727	8,869,954
5. Financial assets at fair value	-	-	-	-	-
6. Financial instruments classified as held for sale	-	-	-	-	-
Total 06.30.2017	**4,056,317**	**1,231,558**	**1,129,677**	**2,481,160**	**8,898,712**
Total 12.31.2016	**5,087,649**	**1,493,260**	**1,438,745**	**2,521,045**	**10,540,699**

The amounts past due over 90 days refer to loans that do not meet the definition of Non-performing past due (below the materiality threshold).

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

(€ '000)

	NON-PERFORMING ASSETS			PERFORMING ASSETS			06.30.2017
PORTFOLIOS/QUALITY	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	TOTAL (NET EXPOSURE)
1. Available-for-sale financial assets	61,429	16,911	44,518	99,242,999	-	99,242,999	99,287,517
2. Held-to-maturity financial instruments	8,477	1,762	6,715	4,715,769	-	4,715,769	4,722,484
3. Loans and receivables with banks	52,567	52,320	247	65,319,327	94,797	65,224,530	65,224,777
4. Loans and receivables with customers	52,990,880	29,835,072	23,155,808	429,231,118	2,088,675	427,142,443	450,298,251
5. Financial assets at fair value	8,057	-	8,057	X	X	24,117,336	24,125,393
6. Financial instruments classified as held for sale	16,210,994	14,449,060	1,761,934	310,599	-	310,599	2,072,533
Total 06.30.2017	**69,332,404**	**44,355,125**	**24,977,279**	**598,819,812**	**2,183,472**	**620,753,676**	**645,730,955**
Total 12.31.2016	**75,403,929**	**47,553,799**	**27,850,130**	**644,838,618**	**2,318,562**	**671,037,829**	**698,887,959**

Progetto FINO (Project FINO)

"Project FINO" (hereinafter, also "Project"), is aimed at selling "Non-Core" assets of the UniCredit Group through a market transaction. It pertains to loans originally classified as non-performing that originate from different sectors and were grouped into a portfolio conventionally known as "FINO Portfolio".

In particular, the FINO Portfolio consists in customer loans and receivables due to UniCredit S.p.A. and Arena NPL One S.r.l. (transferee Vehicle for securitized receivables originated by the Bank and for which the latter holds 100% of the asset-backed securities issued), which are recognized in UniCredit S.p.A.'s Balance Sheet in a coherent manner.

Project FINO, which is analysed in more depth in the disclosure in UniCredit's Consolidated Financial Statements at December 31, 2016 (Part E - Information on risks and hedging policies - Section 1. Credit risk, at the bottom of Table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net amounts)"), consists of 2 stages, whose guidelines were defined in the Framework Agreements signed by UniCredit S.p.A. (also in its capacity as Sole Note-holder of the securities issued by Arena NPL One S.r.l.) and by qualified third-party Investors (Pimco and Fortress):

- "**Stage 1**", which entails the launch of one or several securitization transactions through the establishment of several Special Purpose Vehicles ("SPVs" or "Vehicles") that will purchase the loans held for sale. SPVs shall constitute separate assets depending on the loan funds in the portfolio purchased, issuing, for each of them, Senior, Mezzanine and Junior asset-backed securities (ABSs) with different levels of subordination. It is provided that 50.1% of each class of the aforementioned securities will be underwritten by third-party Investors (related to Pimco and Fortress), whilst the remaining 49.9% by UniCredit S.p.A.;
- "**Stage 2**", for which the parties had priorly identified in the relevant Framework Agreements guidelines and strategies aimed at considering, inter alia: (a) UniCredit's S.p.A. gradual disposal of the securities it had underwritten, also to third-party Investors, in compliance with the requirement for UniCredit to maintain a net economic interest in the securitization transactions identified by each Framework Agreement in line with applicable statutory regulations; and (b) the optimization of the financial structure of the securities issued as part of "Stage 1", including any obtainment of a guarantee on securitizations of non-performing loans ("GACS") by the Italian Ministry of the Economy and Finance (MEF). It should be noted that the implementation methods for "Stage 2" are yet to be fine-tuned and finalized by the parties and, therefore, shall be the subject of additional agreements between them on the basis of the guidelines and strategies agreed in the relevant Framework Agreements.

As defined in "Stage 1" of the Project and in compliance with the transaction's time scales, on July 17, 2017 UniCredit S.p.A. announced that it had entered into final agreements for the disposal of the FINO Portfolio with Pimco and Fortress. Pursuant to these agreements, the Securitisation Vehicles have purchased the loans included in the portfolio for the various funds (sub-portfolios) pertaining to the relevant equity interests of Pimco and Fortress, as set out in the contractual documentation (Transfer Agreement) signed on July 14, 2017 by the Bank and ONIF Finance S.r.l. (the loan transferee SPV that refers to Pimco), and by the Bank and Arena NPL One S.r.l. and Fino 1 Securitisation S.r.l. and Fino 2 Securitisation S.r.l. (the latter are the loan transferee SPVs that refer to Fortress).

Securitisation transactions were finalized by end of July 2017 with the signing of the remaining contractual documentation that allowed asset-backed securities (ABS) to be issued by the SPVs and subscribed by UniCredit (49.9% of all classes of ABSs issued) and by third-party Investors (50.1% of all classes of ABSs issued).

Also in line with the contractual documentation, the 50.1% share subscribed by third-party investors was also settled (by around 60% of its amount) by means of a Deferred Subscription Price (DSP), whose mechanism provides for a term of maximum three years and no interest. The DSP was subject to an assumption, based on which third-party entities belonging to the relevant third-party Investor's groups - with suitable credit rating and a capital structure that can guarantee that the repayment the DSP does not depend, either in full or in the main, on the payment of ABSs - fully assumed the obligation to pay any amounts due as DSP. The aforementioned DSP was also assigned without recourse by the Vehicles to UniCredit S.p.A. as consideration for the purchase of the securities.

Part E - Information on risks and hedging policies

As at June 30, 2017, based on the features and the structure of the transaction as a whole, the conditions required to write off the loans from the Financial Statements of UniCredit S.p.A. (derecognition assessment of financial assets) pursuant to IAS39.15 standard et seq. did not apply. In particular, since the rights to collect the cash flows arising from the receivables had yet to be assigned, and since no obligation to pay part of the aforementioned flows to third parties had been assumed, the credit exposures included in the FINO Portfolio as at June 30, 2017 continue to be recorded in the Bank's and the Group's Balance Sheet Assets.
In particular, pursuant to IFRS5 and consistently with the classification made at December 31, 2016, the aforementioned credit exposures will continue to be recognized in Item “150. Non-current assets and disposal groups classified as held for sale”, considering the Group's intention to gradually dispose of the portfolio within 12 months.
In tables shown in the Notes to the Financial Statements, Part E - Information on risks and hedging policies, the FINO Portfolio is shown at Item 6. “Financial assets held for sale”. For a description of the receivables item that includes the FINO Portfolio, see the Consolidated Interim Report on Operations - Group Results - Main results and performance for the period.
It should be noted that, as provided for by IFRS5.5, the aforementioned portfolio was valued based on measurement and valuation criteria set out by IAS39. In this regard, the loans and receivables included in the FINO Portfolio were valued, considering the specific features of Project FINO as a whole, in line with the sales price specified for the various sub-funds (sub-portfolios) in the respective Transfer Agreements, pursuant to the aforementioned IAS39 and paragraphs 63 and AG 84 in particular.
To this end, ECB Guidelines were taken into account (in particular see Chapter 6.2.4 Estimating future cash flows), which show that the Authority confirms the need to consider the methods with which Non Performing Exposures are managed when producing forecasts for expected future cash flows for the purpose of the accounting valuation of the aforementioned assets. In particular, in a strategy for the management of deteriorated loans geared towards their sale rather than their recovery through contractual flows, the forecast of future cash flows (and, therefore, the impairment) should reflect the market price realizable from the aforementioned sale.
Overall, the FINO Portfolio, consisting in non-performing loans with a gross nominal value of €17,700 million at June 30, 2016, dropped to €16,211 million as at June 30, 2017 as a result of the “work out” activity in the period, which produced write-downs of €14,449 million in total.

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	231,535	333,535	63,763,206
2. Hedging derivatives	-	-	3,764,862
Total 06.30.2017	**231,535**	**333,535**	**67,528,068**
Total 12.31.2016	**260,107**	**379,939**	**78,934,361**

On-balance sheet credit exposure with banks: gross and net values and past-due buckets

(€ '000)

EXPOSURE TYPES/AMOUNTS	AMOUNT AS AT 06.30.2017							
	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	42,540	-	-	9,811	X	52,112	X	239
- of which: forborne exposures	*4,316*	*-*	*-*	*-*	*X*	*4,316*	*X*	*-*
b) Unlikely to pay	8	-	-	179	X	183	X	4
- of which: forborne exposures	*-*	*-*	*-*	*-*	*X*	*-*	*X*	*-*
c) Non-Performing past due	-	3	1	26	X	26	X	4
- of which: forborne exposures	*-*	*-*	*-*	*-*	*X*	*-*	*X*	*-*
d) Performing past-due	X	X	X	X	28,758	X	10	28,748
- of which: forborne exposures	*X*	*X*	*X*	*X*	*-*	*X*	*-*	*-*
e) Other performing exposures	X	X	X	X	83,200,122	X	94,787	83,105,335
- of which: forborne exposures	*X*	*X*	*X*	*X*	*-*	*X*	*-*	*-*
Total	**42,548**	**3**	**1**	**10,016**	**83,228,880**	**52,321**	**94,797**	**83,134,330**

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

(€ '000)

EXPOSURE TYPES/AMOUNTS	AMOUNT AS AT 06.30.2017							
	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	2,410,980	263,513	697,370	42,781,642	X	34,345,828	X	11,807,677
- of which: forborne exposures	*1,484,859*	*174,985*	*367,022*	*2,434,918*	*X*	*2,486,943*	*X*	*1,974,841*
b) Unlikely to pay	4,320,946	1,344,116	1,799,619	14,367,228	X	9,511,099	X	12,320,810
- of which: forborne exposures	*2,442,361*	*624,180*	*1,051,556*	*7,557,736*	*X*	*4,990,812*	*X*	*6,685,021*
c) Non-Performing past-due	179,459	424,409	273,333	417,221	X	445,877	X	848,545
- of which: forborne exposures	*67,443*	*19,271*	*26,526*	*21,181*	*X*	*33,066*	*X*	*101,355*
d) Performing past-due	X	X	X	X	8,869,954	X	284,833	8,585,121
- of which: forborne exposures	*X*	*X*	*X*	*X*	*1,799,482*	*X*	*145,255*	*1,654,227*
e) Other performing exposures	X	X	X	X	555,872,390	X	1,803,842	554,068,548
- of which: forborne exposures	*X*	*X*	*X*	*X*	*4,224,763*	*X*	*126,193*	*4,098,570*
Total	**6,911,385**	**2,032,038**	**2,770,322**	**57,566,091**	**564,742,344**	**44,302,804**	**2,088,675**	**587,630,701**

Performing assets evidence in the two tables here above contain also trading assets

Part E - Information on risks and hedging policies

B. Distribution and concentration of credit exposures

B.4 Large exposures

	06.30.2017
a) Amount book value (€ million)	244,554
b) Amount weighted value (€ million)	17,788
c) Number	10

In compliance with Art.4.1 39 of Regulation (EU) No.575/2013 (CRR), in case of exposures towards a group of connected clients formed by a Central Government and other groups of connected clients, such exposure towards the Central Government is reported for each group of connected clients when remitting regulatory reporting; despite the 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 "2016 Consolidated Reports and Accounts" (except for what is reported in paragraph "Developments of the period").

Developments of the period
During first half 2017 no new traditional or synthetic securitization transaction was carried out, while the traditional transaction Newstone Mortgage Securities No.1 was closed.
The traditional securitization transaction named Sandokan, concerning a portfolio of UniCredit S.p.A. mortgage loans, lasts in warehousing as at June 30, 2017, pending the issuance of ABS securities by the Special Purpose Vehicle.

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 "2016 Consolidated Reports and Accounts".

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)

	AMOUNTS AS AT 06.30.2017						
BALANCE SHEET ITEM/SPV TYPE	ACCOUNTING PORTFOLIO (ASSETS)	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIO (LIABILITIES)	TOTAL LIABILITIES (B)	NET ACCOUNTING VALUE (C=A-B)	MAXIMUM EXPOSURE TO LOSS (D)	DIFFERENCE BETWEEN MAXIMUM EXPOSURE TO LOSS AND ACCOUNTING VALUE (E=D-C)
ABS Issuing vehicles		**6,907,930**		**72,486**	**6,835,444**	**6,857,819**	**22,375**
	HFT	47,768	Debiti	72,486			
	FVO	10,989	Titoli	-			
	AFS	7,418	HFT	-			
	HTM	51,267	FVO	-			
	LAR	6,790,488					
Commercial Paper Conduits (Sponsor)		**-**		**10,969**	**-10,969**	**849,512**	**860,481**
	HFT	-	Debiti	10,969			
	FVO	-	Titoli	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	-					
Own securitizations		**187,880**		**26,143**	**161,737**	**161,737**	**-**
	HFT	-	Debiti	26,143			
	FVO	-	Titoli	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	187,880					
Total		**7,095,810**		**109,598**	**6,986,212**	**7,869,068**	**882,856**

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

Part E - Information on risks and hedging policies

Exposures toward ABS Issuing vehicles are constituted for the most part, €6,862,452 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 95% of these instruments are rated A or better and over 63% of the portfolio is triple-A rated.
As at December 31, 2016 over 90% of these exposures were rated equal to or better than A (over 58% of the portfolio was rated triple-A).
Over 77% 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 (11.05%).

Structured credit product exposures broken down by rating class

EXPOSURE TYPE	AAA	AA	A	BBB	BB	B	CCC	CC	C	NR
RMBS	37.91%	51.33%	5.36%	3.15%	1.76%	0.49%	0.00%	0.00%	0.00%	0.00%
CMBS	33.69%	0.00%	19.12%	27.95%	19.25%	0.00%	0.00%	0.00%	0.00%	0.00%
CDO	0.00%	0.00%	84.02%	12.44%	0.00%	3.54%	0.00%	0.00%	0.00%	0.00%
CLO/CBO	94.93%	5.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other ABS	47.75%	40.30%	3.88%	1.37%	0.45%	0.00%	0.00%	0.00%	0.00%	6.25%
Total	**63.56%**	**28.25%**	**3.72%**	**2.06%**	**1.11%**	**0.21%**	**0.00%**	**0.00%**	**0.00%**	**1.09%**

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	23.16%	76.52%	0.00%	0.00%	0.05%	0.27%
CMBS	15.56%	80.02%	0.00%	0.00%	4.42%	0.00%
CDO	0.00%	5.55%	0.00%	0.00%	56.23%	38.22%
CLO/CBO	1.20%	49.33%	0.00%	0.00%	37.26%	12.21%
Other ABS	22.96%	73.26%	0.00%	0.00%	0.33%	3.45%
Total	**13.43%**	**63.86%**	**0.00%**	**0.00%**	**16.51%**	**6.20%**

Exposure to US Subprime and Alt-A mortgages amounts to €1,181 thousand, i.e. a reduction from December 31, 2016 when this figure amounted to €1,635 thousand.

Exposures toward Commercial Paper Conduit comprise non revocable credit line provided to the purchase companies that acquires the receivables from the originators. 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 IFRS10 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 IAS39.

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 IFRS10 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 ITEMS/SPV TYPE	TOTAL ASSETS	OFF-BALANCE SHEET EXPOSURES
Leasing SPV	2,414,539	-
Project Finance SPV	1,457,994	33,420
Real Estate SPV	28,419	10,050
Funding SPV	315,258	-
Investment funds	1,016,118	32,707
Warehousing SPV	1,011,862	22,745
Total	**6,244,190**	**98,922**

Part E - Information on risks and hedging policies

D.2 Non-consolidated for accounting purposes structured entities

D.2.1 Consolidated for regulatory purposes structured entities
The Group has not exposure toward structured entities consolidated for regulatory purpose but that are not consolidated for accounting 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 IFRS12 definition.

In particular, unconsolidated structured entities in which the Group is exposed to belong to the following categories:

- **Acquisition and Leveraged Finance structured entities** are set up for providing funding for the acquisition of a target business, where Sponsors participate with equity contribution and lenders structure their facilities according to the cash flow profile of the target.
  The Group provides funding to these Structured entities according to the applicable internal credit policies described in Part E - Section 1 that also define the level of equity that has to be provided by the sponsor.
  The Group has no control over these Structured Entities because it neither manages the company whose acquisition is being financed nor is significantly exposed to the associated variability;
- **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.

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 06.30.2017						
BALANCE SHEET ITEM/SPV TYPE	ACCOUNTING PORTFOLIO (ASSETS)	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIO (LIABILITIES)	TOTAL LIABILITIES (B)	NET ACCOUNTING VALUE (C=A-B)	MAXIMUM EXPOSURE TO LOSS (D)	DIFFERENCE BETWEEN MAXIMUM EXPOSURE TO LOSS AND ACCOUNTING VALUE (E=D-C)
Acquisition and Leverage Finance SPV		**349,288**		**2,493**	**346,795**	**394,743**	**47,948**
	HFT	-	Debiti	2,493			
	FVO	-	Titoli	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	349,288					
Leasing SPV		**156,957**		**1,342**	**155,615**	**156,055**	**440**
	HFT	-	Debiti	1,342			
	FVO	-	Titoli	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	156,957					
Market Related SPV		**688,111**		**642**	**687,469**	**694,771**	**7,302**
	HFT	8,078	Debiti	642			
	FVO	-	Titoli	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	680,033					
Notes Issuing Vehicles		**112,036**		**219**	**111,817**	**111,817**	**-**
	HFT	6,811	Debiti	-			
	FVO	-	Titoli	-			
	AFS	57,999	HFT	219			
	HTM	-	FVO	-			
	LAR	47,226					
Project Finance SPV		**611,942**		**55,024**	**556,918**	**803,856**	**246,938**
	HFT	-	Debiti	55,024			
	FVO	-	Titoli	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	611,942					
Real Estate SPV		**2,849,239**		**148,086**	**2,701,153**	**3,047,252**	**346,099**
	HFT	-	Debiti	148,086			
	FVO	-	Titoli	-			
	AFS	**49,870**	HFT	-			
	HTM	-	FVO	-			
	LAR	2,799,369					
Shipping Aircraft SPV		**213,432**		**778**	**212,654**	**246,549**	**33,895**
	HFT	-	Debiti	778			
	FVO	-	Titoli	-			
	AFS	-	HFT	-			
	HTM	-	FVO	-			
	LAR	213,432					
Investment funds		**7,720,214**		**5,080,458**	**2,639,756**	**4,046,391**	**1,406,635**
	HFT	2,381,433	Debiti	4,997,324			
	FVO	82,789	Titoli	16,597			
	AFS	870,481	HFT	66,537			
	HTM	-	FVO	-			
	LAR	4,385,511					
Total		**12,701,219**		**5,289,042**	**7,412,177**	**9,501,434**	**2,089,257**

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

Part E - Information on risks and hedging policies

Information on Sovereign Exposures

With reference to the Group's sovereign exposures[5], the book value of sovereign debt securities as at June 30, 2017 amounted to €117,315 million, of which over 89% concentrated in eight countries; Italy, with €53,587 million, represents about 46% 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, 2017.

Breakdown of Sovereign Debt Securities by Country and Portfolio (€ '000)

	AMOUNTS AS AT 06.30.2017		
COUNTRY/PORTFOLIO	NOMINAL VALUE	BOOK VALUE	FAIR VALUE
- Italy	**50,400,228**	**53,587,443**	**53,620,349**
financial assets/liabilities held for trading (net exposures *)	3,241,302	2,930,669	2,930,669
financial assets at fair value through profit or loss	3	3	3
available for sale financial assets	44,783,138	48,166,816	48,166,816
loans and receivables	174,291	176,381	180,884
held to maturity investments	2,201,494	2,313,574	2,341,977
- Spain	**15,348,191**	**16,844,356**	**16,849,294**
financial assets/liabilities held for trading (net exposures *)	317,160	336,446	336,446
financial assets at fair value through profit or loss	18,917	20,395	20,395
available for sale financial assets	13,529,000	14,785,241	14,785,241
loans and receivables	-	-	-
held to maturity investments	1,483,114	1,702,274	1,707,212
- Germany	**16,296,335**	**16,588,476**	**16,623,342**
financial assets/liabilities held for trading (net exposures *)	41,858	43,525	43,525
financial assets at fair value through profit or loss	14,325,377	14,536,550	14,536,550
available for sale financial assets	894,100	972,262	972,262
loans and receivables	1,035,000	1,036,139	1,071,005
held to maturity investments	-	-	-
- Austria	**7,603,642**	**8,508,719**	**8,519,284**
financial assets/liabilities held for trading (net exposures *)	143,071	116,452	116,452
financial assets at fair value through profit or loss	146,000	202,520	202,520
available for sale financial assets	7,218,710	8,093,851	8,093,851
loans and receivables	-	-	-
held to maturity investments	95,861	95,896	106,461
- France	**3,918,751**	**4,078,153**	**4,078,153**
financial assets/liabilities held for trading (net exposures *)	(19,249)	(67,732)	(67,732)
financial assets at fair value through profit or loss	493,000	499,364	499,364
available for sale financial assets	3,445,000	3,646,521	3,646,521
loans and receivables	-	-	-
held to maturity investments	-	-	-
- Hungary	**1,656,028**	**1,928,595**	**1,928,595**
financial assets/liabilities held for trading (net exposures *)	130,519	148,979	148,979
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,525,509	1,779,616	1,779,616
loans and receivables	-	-	-
held to maturity investments	-	-	-
- Bulgaria	**1,604,399**	**1,750,585**	**1,750,585**
financial assets/liabilities held for trading (net exposures *)	(1,657)	6,649	6,649
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,603,624	1,741,507	1,741,507
loans and receivables	2,432	2,429	2,429
held to maturity investments	-	-	-
- Romania	**1,581,236**	**1,659,506**	**1,659,506**
financial assets/liabilities held for trading (net exposures *)	170,703	178,547	178,547
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,410,533	1,480,959	1,480,959
loans and receivables	-	-	-
held to maturity investments	-	-	-
Total on-balance sheet exposures	**98,408,810**	**104,945,833**	**105,029,108**

(*) Including exposures in Credit Derivatives.
Negative amount indicates the prevalence of liabilities positions.

5 Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies.
To the purpose of this risk exposure are not included:
- Sovereign exposures of Group's Legal entities classified as held for sale as at June 30, 2017;
- Sovereign exposures possibly underlying to ABSs.

The weighted duration of the Sovereign bonds shown in the table above, divided by the *Banking*[6] and *Trading Book*, is the following:

Weighted duration (years)

	BANKING BOOK	TRADING BOOK	
		assets positions	liabilities positions
- Italy	2.51	2.68	3.02
- Spain	2.57	6.08	9.76
- Germany	2.54	4.32	2.77
- Austria	3.96	11.79	7.34
- France	3.74	4.93	7.43
- Hungary	3.81	4.07	7.97
- Bulgaria	5.44	2.69	9.85
- Romania	3.36	4.63	7.51

The remaining 11% of the total of sovereign debt securities, amounting to €12,369 million with reference to the book values as at June 30, 2017, is divided into 37 countries, including Russia (€1,229 million), the US (€450 million), Slovenia (€383 million), Portugal (€105 million), Ireland (€28 million) and Argentina (€5 million). The sovereign exposure to Greece and Ukraine is immaterial.
With respect to these exposures, as at June 30, 2017 there were no indications that impairment may have occurred.

It should moreover be noted that among the aforementioned remaining part of Sovereign debt securities as at June 30, 2017 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 €3,510 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 06.30.2017				
	FINANCIAL ASSETS AT FAIR VALUE	AVAILABLE FOR SALE FINANCIAL ASSETS	LOANS	HELD TO MATURITY INVESTMENTS	TOTAL
Book value	17,047,126	89,456,563	1,239,751	4,575,809	112,319,249
% Portfolio	69.04%	87.23%	0.24%	96.89%	17.35%

In addition to the exposures to Sovereign debt securities, loans[7] 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, 2017 of loans given to countries towards which the overall exposure exceeds €130 million, representing over 94% of the total.

Breakdown of Sovereign Loans by Country (€ '000)

	AMOUNTS AS AT 06.30.2017
COUNTRY	BOOK VALUE
- Italy	6,583,359
- Germany(*)	6,494,344
- Austria(**)	5,023,528
- Croatia	2,571,784
- Indonesia	252,935
- Bosnia and Herzegovina	197,337
- Slovenia	176,938
- Gabon	169,686
- Bulgaria	169,001
- Egitto	168,409
- Turkey	162,147
- Oman	138,471
- Angola	133,150
Total on-balance sheet exposures	**22,241,089**

(*) of which 1,063,992 thousand in financial assets held for trading and those at fair value through profit or loss.
(**) of which 246,622 thousand in financial assets held for trading and those at fair value through profit or loss.

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

Part E - Information on risks and hedging policies

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 Protectionism, China slowdown & Turkey shock 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" - instructions, there are no transactions of this kind to report.

In September 2016 the available-for-sale financial assets portfolio including investments in Italian and Spanish government bonds held by the Irish subsidiary UniCredit Bank Ireland Plc simultaneously financed with maturity match repos (so-called "long-term structured repos") has fully matured.

The accounting treatment of these transactions, with respect to their individual contractual components (an investment in securities shown under item "Available-for-sale financial assets" of assets, a series of repos classified under item "Deposits from banks" of liabilities and derivative contracts shown under "Hedging derivatives"), 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.

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, 2017 (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 €776 million at June 30, 2017, 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 €776 million at June 30, 2017, with the economic purpose of obtaining the availability of more liquid securities (compared with the security ITALY 19EUR FRN) - with the same maturity and similar underlying risks - that can be therefore used more easily for refinancing operations.

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

Information on 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, only retaining the relevant counterparty risk. The commercial banks also place or collect orders on behalf of other customers for investment products with embedded derivatives (e.g., structured bonds);
- by the CIB Division operating with large corporate and financial institutions, in respect of which it assumes and manages both market and counterparty risk;
- by CEE Banks, which transact business directly with their customers.

The UniCredit group trades OTC derivatives on a wide range of underlying, e.g.: interest rates, currency rates, share prices and indexes, commodities (precious metals, base metals, petroleum and energy materials) and credit rights.

OTC derivatives offer considerable scope for 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 (usually) entail the use of margin calls, whereas with institutional counterparties (dealt with by the CIB Division) recourse may be made to "credit-risk mitigation techniques" (CRM), for example netting and/or collateral agreements.

Write-downs and write-backs for counterparty risk on derivatives are determined in line with the procedure used to assess other credit exposure, specifically:

- performing exposure to customers are mapped by deriving EAD (Exposure at Default) that take into account the *Wrong Way Risk* and measured with PD (Probability of Default) and LGD (Loss Given Default) implied by current market default rates obtained from credit & loan-credit default swaps, in order to obtain a value in terms of "expected loss" (EL) to be used for items designated and measured at fair value maximizing usage of market's inputs;
- non-performing positions are valued in terms of estimated expected future cash flows 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 €39,063 million (with a notional value of €1,135,993 million) including €20,351 million with customers. The notional value of derivatives with customers amounted to €753,207 million including €742,899 million in plain vanilla (with a fair value of €19,776 million) and €10,309 million in structured derivatives (with a fair value of €575 million). The notional value of derivatives with banking counterparties totaled €382,786 million (fair value of €18,711 million) including €24,936 million related to structured derivatives (fair value of €526 million).

The balance of item "40. Financial liabilities held for trading" of the consolidated accounts with regard to derivative contracts totaled €35,759 million (with a notional value of €950,452 million) including €13,926 million with customers. The notional value of derivatives with customers amounted to €552,767 million including €546,908 million in plain vanilla (with a fair value of €13,576 million) and €5,859 million in structured derivatives (with a fair value of €350 million). The notional value of derivatives with banking counterparties totaled €397,685 million (fair value of €21,832 million) including €17,104 million related to structured derivatives (fair value of €376 million).

Part E - Information on risks and hedging policies

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 Offshore1 (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	€1.35 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 December 31, 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, including construction vessel, amounts to €1.35 billion, net of €53 million grants provided by the European Union which have been classified as government grants in accordance with IAS20 - Governments Grants and, in compliance with IAS20.24, deducted from the initial cost of the power plant on the assets side of the balance sheet.

The current book value of the wind farm has been confirmed by an appraisal exercise performed by an independent expert by December 2016; no trigger events has been experienced in 2017 potentially affecting wind farm carrying value.

With year-end 2013 the wind farm was finalized and transferred to Ocean Breeze Energy GmbH & Co. KG; to cover dismantling/refurbishing costs of the power plants it has been posted a provision of about €21 million by Ocean Breeze GmbH & Co. KG.

After grid outage experienced in 2014, connection is available and stable; wind farm availability has been improved steadily since 2015, with about 75 WECs on average available feeding-in by the end of June 2017.

Final settlement of 2014 outage from grid operator (TenneT) according to relevant compensation regime is still pending and subject to court deliberations; 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 invoiced to TenneT have neither been recognized in income nor capitalized as receivables on the balance sheet.

Section 2 - Market Risk

Market risk derives from the effect that changes in market variables (interest rates, securities prices, exchange rates, etc.) can cause to the economic value of the Group's portfolio, including the assets held both in the Trading Book, as well as those posted in the Banking Book, both on the operations characteristically involved in commercial banking and in the choice of strategic investments. Market risk management within the UniCredit group accordingly includes all activities related to cash transactions and capital structure management, both for the Parent company, as well as for the individual companies making up the Group.

The current 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 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.
Moreover, the current policy also defines the process which guarantees the correct assignment on an ongoing basis, i.e. analysis and verification of trading intent, marketability and hedgeability have to be performed regularly to confirm a position in the regulatory trading book, or instead to move it to the regulatory banking book. The final responsibility for the regulatory classification of the positions is held by LE functions (Market Risk, Accounting and Regulatory reporting), that are in charge of implementing a local monitoring process according to the guidelines provided by the Global Policy.

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.

Part E - Information on risks and hedging policies

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 main target of IRRBB strategy is the reduction of net interest income volatility in a multiyear horizon. The strategy does not imply any intended directional or discretional positioning to generate additional earnings, unless approved by relevant bodies and separately monitored. The only exceptions is for those functions 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 interest rate management strategy takes into account the main impact from prepayments. Based on historical prepayment data as well as trend analysis the prepayment behavior is estimated. In Italy the prepayment expected profile is implicitly taken into account by treasury while hedging for commercial assets interest risk. The prepayment risk for the German mortgage portfolio is driven by the level of the interest rates and by the behavior of the customers independent of the level of the interest rates. The interest rate sensitive prepayments are rather small at the current level of the interest rates and are hedged via swaptions. The not interest rate sensitive prepayments are hedged via swaps according to the Interest Rate Risk strategy of the bank. The prepayment risk in the Austria and CEE countries loan portfolio is deemed residual therefore no prepayment hedging strategy is applied.

The overall interest risk exposure on Banking Book perimeter is periodically reported, at least on a monthly basis, to the Group ALCO. The committee's involvement in interest rate risk management includes:
- the definition of granular interest rate Banking Book limits;
- the initial approval and fundamental modifications for the measurement and control system of Banking Book interest rate risks with the support of internal validation function (where necessary);

- 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 Italian perimeter;
- consulting and suggestion functions to Group Risk & Internal Control Committee with respect to the contribution to Risk Appetite Framework, Global Policy for Interest Rate Banking Book definition and changes of behavioral models for Interest Rate Banking Book and other critical/important issues with potential impact on Banking Book interest rate.

A third risk type is FX risk. The sources of this exposure refer mainly to capital investment in foreign currency. The current strategy is not to hedge the capital. The general policy is to hedge the foreign currency exposure related to dividends and P&L taking into account hedging cost and market circumstances. The exposure is most relevant for CEE Legal Entities. The FX exposure is hedged using forwards and options that are classified as Trading Book. This general rule is valid for the Parent Company. The hedge strategy is reviewed by the relevant risk committees on a periodic basis.

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 "Group Managerial Golden Rules" (GMGR) 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.

In order to effectively manage Group financial risks, the 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 Financial Risk Methodologies & Models"** 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

Part E - Information on risks and hedging policies

Risk measurement and reporting systems

Trading Book
During 2016, 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.

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 Entity of the Group, plus the Group itself (relevant for RWA calculation on a consolidated level). The SVaR window at Group level changed in the first half of 2017, from “Sovereign Debt Crisis” (2012)

Part E - Information on risks and hedging policies

to "Lehman Crisis" (2008/09). For UniCredit S.p.A. the stressed window corresponds to the "Sovereign Debt Crisis" (2012), while for UCB AG and UCBA AG to the "Lehman Crisis" (2008/09).
The 10-day capital requirement is however obtained 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 not applicable due to the 1-year time horizon of the measure. Consequently, while validation of the IRC model relied heavily on indirect methods (including stress tests, sensitivity analysis and scenario analysis) in order to assess the qualitative and quantitative reasonableness of the model, special focus has indeed been given to the specific situation of the UniCredit portfolios.
Group Internal Validation kept the scope of their analyses as wide as possible in order to comprise the many diverse issues that are acting concurrently in such a model (general model design, regulatory compliance, numerical implementation, outcomes explanation).
Group Internal Validation performed a full spectrum of validation analyses on the IRC measure calculation using its internal replica libraries. The replica allows a simple verification of the results provided by the productive environment, and in addition opens up the door to a more dynamical and tailored implementation of the needed tests. The spectrum of analysis encompassed Monte Carlo stability, correlation analysis and stressing, calculation of parameters sensitivity, marginal contribution analysis, alternative models comparisons. All major parameters were tested, i.e. correlation matrices, transition probabilities matrices, transition shocks, recovery rates, probabilities of default, number of scenarios. To understand the overall performance of the model in replicating the real-world migration and default phenomena, Group Internal Validation performed also a historical performance exercise comparing the migrations and defaults predicted by UniCredit IRC model with the ones actually observed since 1981 (due to data availability).

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 Bank Austria 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 Bank Austria Group of those positions held in sub Legal Entities not subject to the Internal Model for regulatory purposes;
- inclusion in the managerial run of the CEE Legal Entities that are not subject to the Internal Model for regulatory purposes.

Measure	View	UniCredit Bank AG	UniCredit BankAustria AG	UniCredit Spa	CEE Legal Entities
FX Risk BB	Reg	YES	YES	NO	
	Mng	NO	YES	NO	YES
Non IMA Legal Entities	Reg	NO	NO	NO	
	Mng	YES	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 CEE countries are the main companies of the Group that are using the standardized approach for calculating capital requirements related to trading positions. However, the VaR measure is used for the management of market risk in these latter companies.

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 companies of the Group 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.

Part E - Information on risks and hedging policies

Risk measures

VaR, SVaR and IRC
Diversified VaR, SVaR and IRC are calculated taking into account the diversification arising from positions taken by different companies within the Imod perimeter (i.e. for which the use of the internal model for the risk calculation is approved). VaR, SVaR and IRC measures are however in place for all LEs and their values are reported thereafter for informative purpose, together with Undiversified Group VaR, SVaR and IRC, calculated as sum of the values of all LEs (without considering Diversification Benefit), considering the Regulatory perimeter when applicable.

Fluctuations in the risk metrics in the first half of the year are ascribable to the standard trading activity. The SVaR window at Group level changed in the first half of 2017, from “Sovereign Debt Crisis” (2012) to “Lehman Crisis” (2008/09).

Risk on trading book

Daily VaR on Regulatory Trading Book

(€ million)

I-MOD PERIMETER	End of June 2017	AVERAGE LAST 60 DAYS	2017 AVERAGE	2017 MAX	2017 MIN	2016 AVERAGE
Diversified UniCredit Group VaR	**12.1**	**14.9**	**15.8**	**22.8**	**11.0**	**15.8**

Daily VaR on Managerial Trading Book

(€ million)

STANDARDIZED APPROACH PERIMETER	End of June 2017	AVERAGE LAST 60 DAYS	2017 AVERAGE	2017 MAX	2017 MIN	2016 AVERAGE
Russia	1.1	1.4	1.5	2.1	1.1	2.7
Turkey	0.5	0.6	0.6	0.9	0.4	0.8
Bosnia Herzegovina	0.0	0.0	0.0	0.0	0.0	0.0
Serbia	0.1	0.1	0.1	0.1	0.0	0.1
Romania	0.3	0.3	0.4	0.7	0.2	0.5
Bulgaria	0.2	0.2	0.3	0.4	0.2	0.1
Hungary	0.7	0.7	0.7	1.0	0.5	0.7
Czech Republic	2.2	3.3	3.1	4.2	0.5	0.5
Croatia	0.1	0.2	0.2	0.3	0.1	0.2
Slovenia	0.1	0.1	0.0	0.1	0.0	0.0
Baltics	0.0	0.0	0.0	0.0	0.0	0.0
Fineco	0.2	0.3	0.3	0.5	0.1	0.2
Undiversified Unicredit Group VaR	**20.0**	**24.9**	**25.8**	**33.0**	**19.9**	**33.1**

Risk on trading book

SVaR on Regulatory Trading Book

(€ million)

I-MOD PERIMETER	End of June 2017	AVERAGE LAST 12 WEEKS	2017 AVERAGE	2017 MAX	2017 MIN	2016 AVERAGE
Diversified UniCredit Group	**33.0**	**32.1**	**29.2**	**39.2**	**21.7**	**24.7**

SVaR on Managerial Trading Book

(€ million)

STANDARDIZED APPROACH PERIMETER	End of June 2017	AVERAGE LAST 12 WEEKS	2017 AVERAGE	2017 MAX	2017 MIN	2016 AVERAGE
Russia	13.2	13.3	10.4	22.1	5.1	7.8
Turkey	1.5	1.5	1.4	1.7	1.0	1.8
Bosnia Herzegovina	0.0	0.0	0.0	0.0	0.0	0.0
Serbia	1.3	0.8	0.7	1.3	0.2	0.6
Romania	1.8	2.4	2.7	5.1	1.7	4.0
Bulgaria	0.8	0.7	0.7	0.8	0.6	0.6
Hungary	2.5	2.9	2.4	4.0	0.7	2.2
Czech Republic	2.7	3.8	4.2	5.8	1.5	1.2
Croatia	0.5	0.4	0.4	0.8	0.3	0.5
Slovenia	0.1	0.1	0.1	0.2	0.1	0.1
Baltics	0.0	0.0	0.0	0.0	0.0	0.0
Undiversified UniCredit Group	**67.9**	**67.6**	**66.0**	**81.3**	**55.0**	**60.6**

Risk on trading book

IRC on Regulatory Trading Book

(€ million)

I-MOD PERIMETER	End of June 2017	AVERAGE LAST 12 WEEKS	2017 AVERAGE	2017 MAX	2017 MIN	2016 AVERAGE
Diversified UniCredit Group	**300.1**	**266.6**	**309.7**	**424.1**	**222.3**	**389.1**

IRC on Managerial Trading Book

(€ million)

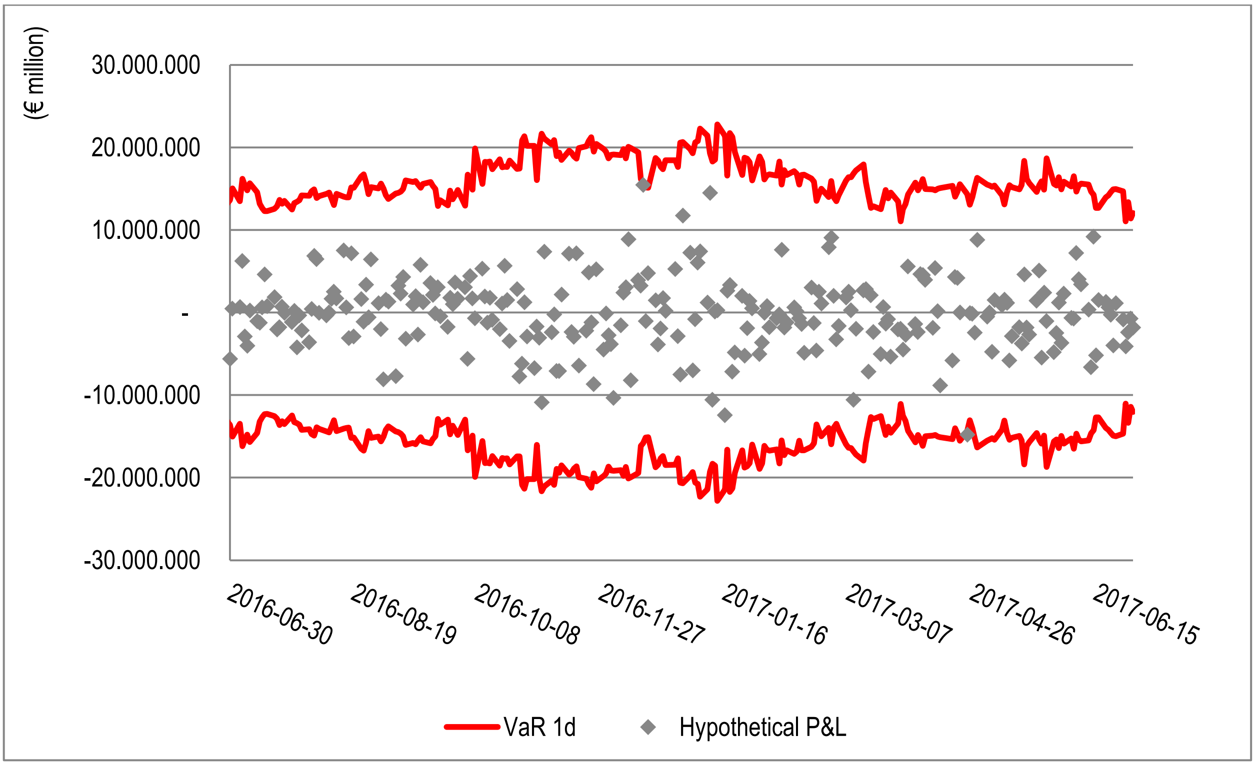
STANDARDIZED APPROACH PERIMETER	End of June 2017	AVERAGE LAST 12 WEEKS	2017 AVERAGE	2017 MAX	2017 MIN	2016 AVERAGE
Russia	9.8	6.3	6.4	24.8	1.1	5.8
Turkey	2.8	3.7	4.1	6.1	2.6	3.1
Serbia	13.6	10.8	10.3	16.3	5.4	10.3
Romania	23.9	22.3	24.4	34.8	10.6	23.7
Bulgaria	1.6	0.3	0.2	1.6	0.0	1.7
Hungary	25.1	20.6	20.8	31.3	4.2	26.7
Czech Republic	0.7	0.9	1.2	2.1	0.6	4.4
Croatia	3.0	6.7	6.3	10.1	0.3	2.2
Undiversified UniCredit Group	**478.1**	**448.9**	**499.6**	**644.5**	**358.8**	**546.5**

Part E - Information on risks and hedging policies

VaR back-testing
The following graph shows back-testing results referred to the market risk on the Trading Book, in which VaR results for the last twelve months are compared to the hypothetical "profit and loss" results for Group (I-Mod Perimeter).

In the reporting period taken in consideration (January 2017 - June 2017), an overshooting was observed by comparing Value-at-Risk (€14.34 million) calculated as of April 24, 2017 with the corresponding realization of the Hypothetical P/L (-€14.83 million) over the days 21st and 25th April, 2017 (2 days P/L).

Group (I-Mod Perimeter)



Managerial VaR
Shown below are the Managerial Diversified Trading Book VaR as of end of June 2017 at Group and Regional Center levels and the Undiversified Trading Book VaR at Group level, calculated as sum of the values of all LEs (without considering Diversification Benefit). Difference with Regulatory Trading Book has been described above.

Daily VaR on Managerial Trading Book (€ million)

TRADING BOOK	End of June 2017
Diversified Unicredit Group as per internal model	**9.69**
RC Germany	7.18
RC Italy	4.21
RC Austria	0.35
RC CEE	2.08
Undiversified Unicredit Group	**17.07**

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.

Fluctuations in the CVA in the first half of the year are ascribable to the standard trading activity.

Risk on trading book

CVA trading book

(€ million)

	2017		2016
	Q1	Q2	Q4
CVA	271.2	255.3	273.3
CVA VaR	48.2	39.9	50.9
CVA SVaR	165.0	162.9	171.5
CVA SA	58.0	52.5	50.9

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. Risk Management Processes and Measurement Methods

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

In addition to the monitoring of Granular Market Limits, Group Market Risk functions conduct sensitivity analysis at least on monthly basis, in order to determine the effect on the income statement of changes in the value of individual risk factors or several risk factors of the same type. Results are reported to top management on a monthly basis.

In addition to the sensitivity of financial instruments to changes in the underlying risk factor, it also calculated sensitivity to the volatility of interest rates assuming positive and negative shifts of 30% in volatility curves or matrices.

Quantitative information

Sensitivity to changes in interest rates is determined using both parallel shifts of interest-rate curves and changes in the curve itself.

The curves are 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 hedging 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 BP	+10 BP	-100 BP	+100 BP	CW	CCW
Total	**0.1**	**-0.5**	**0.0**	**-0.4**	**0.1**	**0.6**	**-1.1**	**-1.3**	**10.8**	**-13.0**	**146.4**	**-110.7**	**33.1**	**-20.8**
of which: EUR	0.1	-0.4	-0.2	-0.4	0.1	0.4	-1.3	**-1.6**	13.6	-15.7	177.8	-132.0	43.1	-31.0
USD	0.0	-0.2	0.2	0.0	0.0	0.2	-0.2	**0.0**	0.6	-0.6	7.8	-7.6	1.7	-0.3
GBP	0.0	0.1	-0.1	0.0	0.0	-0.1	0.4	**0.3**	-3.2	3.2	-37.0	28.3	-14.0	12.9
CHF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	-0.1	0.1	-1.6	-0.5	0.3	-0.4
JPY	0.0	0.0	0.1	0.0	0.0	0.0	0.0	**0.1**	-0.6	0.6	-6.5	6.3	0.9	-0.9

(€ million)

	-30%	+30%
Interest Rates	**15.22**	**-9.47**
EUR	14.61	-8.15
USD	0.33	-1.01

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).

As of end of June 2017 the sensitivity of net interest income to an immediate and parallel shift of +100bps was +€854 million.
The sensitivity of the economic value of shareholders' equity to an immediate and parallel shift in interest rates of +200bps was -€1,767 million[8].

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, which might have similar re-pricing features;
- 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.

8 The figures include modeled maturity assumptions for balance sheet items with an expected profile different from the contractual one, for example mortgages, or with no specific time bucketing, such as sight items

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.
- 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 200bps parallel shift.

The interest rate risk is monitored in terms of Economic value sensitivity for an instantaneous and parallel shock of +1bp value of the interest rate term structure. On a monthly basis the Economic Value sensitivity for interest rate term structure shock of +200bps 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 hedging 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 positive and negative shifts of 30% in volatility curves or matrices.
In addition, sensitivity to commodity price changes is calculated according to the above criteria. Given its secondary importance as compared to other risk exposures, this is calculated as a single class.

The tables below show Trading Book sensitivities.

(€ million)

EQUITIES ALL MARKETS	DELTA CASH-EQUIVALENT	-20%	-10%	-1%	+1%	+10%	+20%
Europe	24.3	-	-	-	0.2	-	-
USA	-1.5	-	-	-	0.0	-	-
Japan	0.1	-	-	-	0.0	-	-
Asia ex-Japan	20.0	-	-	-	0.2	-	-
Latin America	0.8	-	-	-	0.0	-	-
Other	15.1	-	-	-	0.2	-	-
Total	**58.9**	**-93.9**	**-21.4**	**-0.3**	**0.6**	**-8.7**	**-46.9**
Commodity	**2.0**	**4.7**	**1.2**	**0.0**	**0.0**	**0.6**	**1.0**

(€ million)

	-30%	+30%
Equities	**-18.05**	**18.02**

2.4 Price Risk - Banking Book

Qualitative information

A. General Aspects, Risk Management Processes and Measurement Methods

Banking Book price risk primarily originates from equity interests held by the Parent Company and its subsidiaries as stable investments, as well as units in mutual investment funds not included in the Trading Book as they are also held as stable investments. The assessment of the whole Banking Book also takes account of this type of risk.

2.5 Exchange Rate Risk - Regulatory Trading Book

Qualitative information

A. General Information, Risk Management Processes and Measurement Methods

As described above, risk relating to exchange rates and related derivative products included in the Trading Book, originates from positions taken by Group specialist 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 positive and negative shifts of 30% in volatility curves or matrices.

The tables below show Trading Book sensitivities.

(€ million)

EXCHANGE RATES	DELTA CASH-EQUIVALENT	-10%	-5%	-1%	+1%	+5%	+10%
USD	-222.9	42.9	19.7	2.2	-2.2	1.5	19.8
GBP	-222.2	33.5	14.3	2.2	-2.2	-9.4	-14.4
CHF	19.0	-2.1	-0.3	-0.2	0.2	1.5	4.4
JPY	47.2	-2.8	-1.8	-0.5	0.5	1.9	5.2

(€ million)

	-30%	+30%
Exchange Rates	**0.63**	**0.66**

2.6 Exchange Rate Risk - Banking Book

Qualitative information

A. General Aspects, Risk Management Processes and Measurement Methods

Exchange rate risk originates both from banks in the Group operating in currency areas other than the Eurozone and from positions taken by specialist 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.

Part E - Information on risks and hedging policies

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/+10bps/+100bps in the credit spread curves.
These sensitivities are calculated both inclusively, assuming a parallel shift of all the credit spread curves and in respect of specific rating classes and economic sectors.

The table below shows Trading Book sensitivities.

(€ million)

	+1BP LESS THAN 1 MONTH	+1BP 1 MONTH TO 6 MONTHS	+1BP 6 MONTHS TO 1 YEAR	+1BP 1 YEAR TO 2 YEARS	+1BP 2 YEARS TO 5 YEARS	+1BP 5 YEARS TO 10 YEARS	+1BP OVER 10 YEARS	+1 BP TOTAL	+10BP	+100BP
Total	**0.0**	**-0.1**	**-0.1**	**-0.3**	**-0.2**	**-0.7**	**-0.8**	**-2.1**	**-23.4**	**-214.2**
Rating										
AAA	0.0	0.0	0.0	0.0	0.2	-0.4	-0.2	-0.4	-4.2	-35.7
AA	0.0	0.0	0.0	-0.1	-0.1	-0.2	-0.3	-0.6	-6.1	-58.2
A	0.0	0.0	0.0	0.0	-0.2	0.0	0.1	-0.1	-3.1	-28.4
BBB	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3	-0.8	-8.8	-80.1
BB	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.9	-9.0
B	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4
CCC and NR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	-3.6
Sector										
Sovereigns & Related	0.0	-0.1	-0.1	-0.2	0.2	-0.3	-0.7	-1.2	-12.0	-107.2
ABS and MBS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-1.9
Financial Services	0.0	0.0	0.0	-0.1	-0.3	-0.2	0.0	-0.5	-8.3	-79.4
All Corporates	0.0	0.0	0.0	-0.1	-0.1	-0.1	0.0	-0.3	-3.0	-26.5
Basic Materials	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-1.7
Communications	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.5	-4.1
Consumer Cyclical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.8	-7.3
Consumer Non cyclical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-2.9
Energy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-1.6
Technology	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-1.2
Industrial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-2.9
Utilities	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1	-0.8	-7.6
All other Corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1

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.

A description of complex scenarios, which combine changes in interest rate, price, exchange-rate and credit spread risk factors is reported below. For the description of simple scenarios, please refer to the previous paragraphs.

As far as complex scenarios are concerned, different scenarios have been applied to the whole Group Trading Book on a monthly basis and reported to Top Management.

Widespread Contagion

In this scenario, we assume an intensification of political risks across the EU. Confidence of financial markets, businesses and households sours, leading to tighter financial conditions and lower economic activity.

UK growth suffers from increased uncertainty following the vote to leave the EU and would be further hit by the intensification of political risks in the rest of the EU. This will weigh on UK business investment, trade and capital flows, with knock-on effects on consumer confidence. Brexit negotiations might suffer too.

In GDP space, Italy and Spain are most impacted, while Germany is the least affected. At the eurozone level, GDP growth is seen slowing to 0.4% in 2017 and contracting 0.1% in 2018, with a cumulative loss vs. baseline of 3 percentage points.

Inflation in the eurozone would remain low in 2017 and 2018, reflecting a wider output gap and lower oil prices, while the weaker euro is expected to partially offset some of these drags. The unemployment rate would resume rising, putting further downward pressure on nominal wage growth from the current weak levels.

The ECB would cut the deposit rate, now de facto the true policy rate, by 10bps, while keeping the refi rate at 0.00%. The size of the rate cut is modest compared to the magnitude of the growth and inflation shock, but we believe the ECB is very close to the effective lower bound as side effects of negative rates start becoming more evident. Another dose of QE appears very likely at a time of meaningful deviation from the price stability target.

In the UK, economic activity slows and virtually comes to a halt in 2017 and 2018. The opening up of a sizable output gap and the fall in sterling import prices (with lower USD oil prices more than offsetting sterling depreciation) means inflation stays subdued for longer. The rise in unemployment and the fall in inflation moderates wage growth. Capital outflows force a rapid adjustment of the UK’s large current account deficit. The response of fiscal authorities is to ease policy, while the BoE remains in hold at 0.25%.

The US economy should be less affected than EU. The reason is that most of the growth in the US comes from domestic demand, notably consumer spending, therefore direct and indirect trade linkages with Europe are not going to be a huge drag, even when accounting for the spillover on US investment activity. The main transmission channel of the shock is lower stock prices, which directly affect US household finances and balance sheets. Although not particularly severe for the US economy, the shock will significantly limit the scope for further rate increases.

Protectionism, China slowdown & Turkey shock

In this risk scenario, we assume the introduction of protectionist policies in the US (this, however, does not escalate into a global trade war), which intensify downward pressure on GDP growth in emerging markets, especially China, where growth slows from just below 7% to 3% by the end of 2018. On top of this, we assume a large growth shock in Turkey, mainly related to the deterioration of the domestic political picture.

This scenario implies a more global shock than Widespread Contagion and the main transmission channels are trade and financial markets, the latter predominantly via an aggressive sell-off in risky assets and its negative impact on confidence and investment plans. Moreover, as China is a big commodity importer, its slowdown is expected to increase downward pressure on commodity prices, damaging commodity producers like Russia.

Part E - Information on risks and hedging policies

The drag on eurozone GDP via the trade channel is supposed to account for a smaller share of the total growth shock, as most of the hit comes from the financial and confidence channel. In general, we assume the overall drag to reflect the openness of the economy and the weight of China as an export destination, with China accounting for 3-4% of total eurozone exports (i.e. intra + extra EMU exports). Among the main euro area countries, Germany has by far the largest exposure to trade and China. The latter accounts for about 6% of German exports, followed by France (about 4%), Italy (about 2.5%) and Spain (less than 2.0%). As a consequence, Germany is expected to be the most damaged country in this risk scenario, while Spain is likely to be the least impacted. Austria is treated differently, because it has only a small direct trade exposure to China, but very large exposure to Germany. In our estimates, this implies a growth shock that exceeds that for the eurozone.

In this risk scenario, eurozone growth is assumed to slide in negative territory already in 2017 (-0.4%), with the pace of contraction stabilizing in 2018 (-0.7%). The cumulative GDP loss vs. baseline would be almost 4.5pp. Germany would experience a GDP contraction of 1.4% in 2017 and 2.0% in 2018. The negative impact of the trade and financial shocks on the German economy is assumed to be partly mitigated by fiscal policy (with the main aim to support labor income), while in the other eurozone countries, where room for maneuver on fiscal policy is smaller, the fiscal deficit deterioration will largely reflect automatic stabilizers, like an increase in unemployment benefits. Lower oil prices work as automatic stabilizer, reducing the scale of the GDP shock in energy-importing countries.

Inflation in the eurozone will likely be lower compared to Widespread Contagion, as higher tariffs on international trade are more than offset by the large decline in oil prices and increasing economic slack.

In a context of a global growth slowdown amid weaker commodity prices, the ECB would act further by cutting the deposit rate by a cumulative 20bp, while keeping the refi rate at 0.00%. The size of the rate cut is modest compared to the magnitude of the growth and inflation shock, but we believe the ECB is very close to the effective lower bound as side effects of negative rates start becoming more evident. Another dose of QE appears very likely at a time of meaningful deviation from the price stability target.

The UK is an open economy, although the trade exposure to China is small. We assume a large adverse growth impact via the shock to global confidence and capital flows. The UK economy enters a mild recession in 2017, which intensifies in 2018. The steep fall in oil prices and other global commodity prices results in a lower path for UK inflation. Unemployment rises as the economy slows.

The US economy should be less affected than the eurozone, due to some short term positive impact of protectionist measures and to its stronger reliance on domestic demand. However, in this scenario of a more global shock, weaker global growth is expected to slow the US recovery (GDP at 1.1% in 2017 and 1.5% in 2018) through weaker exports and a cutback in investment activity, which eventually will weigh on the labor market and thus on consumer spending as well. The Federal Reserve is likely to remain on hold in 2017 and to hike only by 25bp in 2018.

Interest Rate Shock

In this risk scenario, we assume that interest rates in the eurozone move sharply higher, by 250bp at the short end (refi rate) and by 300bp at the long end (10Y). Importantly, this IR increase is assumed to be totally exogenous, i.e. not driven by macro fundamentals like faster growth or inflation, therefore this scenario should mainly be seen as a purely technical exercise. We also assume that the IR increase is totally passed on to households and firms, meaning that there is no ECB facility that is capable to stop the full pass-through to the real economy. In the second year of the forecast horizon, IR start responding endogenously to macro developments and we assume that the ECB eases monetary policy to counter the material deterioration in the growth and inflation outlook triggered by the IR jump. We assume that half of the refi rate increase is reversed in 2018; the refi rate falls to 1.25% at the end of 2018.

The sharp rise in IR along with its pass-through is highly damaging for growth in the eurozone (GDP: -0.5% in 2017, -1.2% in 2018), with a 5 percentage points cumulative loss vs. baseline. Within the eurozone, Italy is hit because of still weak profitability of the corporate sector and high public debt while Spain because of the still high leverage of the private sector. The growth damage is smaller in Germany, where leverage (both private and public) is relatively low. The recession causes a clear deterioration of the labor market, with the eurozone unemployment rate seen rising back to an average of 11.5% in 2018.

The eurozone witnesses broadly flat growth in consumer prices in both years, due to the mix of falling oil prices and widening output gap.

The substantial tightening of financial conditions in the euro area is transmitted to the UK economy via the significant trade and capital flows between the two economic areas. Growth comes to a standstill in 2017 and turns clearly negative in 2018, dragged down by high household and public debt. Inflation fluctuates in the 1-1.8% range through 2018 as a result of the fall in oil prices and growing spare capacity. The external nature of the shock hits exports. Nonetheless, the current account deficit improves slightly faster than in the baseline scenario as capital markets force a more pronounced adjustment. The BoE holds the Bank Rate at 0.25% and increases its stock of asset purchases.

The US economy should remain relatively less affected than the eurozone also in this scenario. As consumer spending is expected to remain the main growth driver, the main transmission channels of this shock are higher interest rates and lower stock prices, which directly affect household finances and balance sheets. In particular, this shock with its sizeable negative impact on the stock market should have the largest effect on economic activity in the US, with GDP recording the largest cumulative deviation from the baseline. The Federal Reserve is expected to remain on hold in 2017 and hike by 25bps in 2018.

Stress Test on Trading Book (€ million)

	End of June 2017		
	WIDESPREAD CONTAGION	PROTECTIONISM	IR SHOCK
UniCredit Group Total	**-216**	**-463**	**-137**
RC Germany	-156	-399	-40
RC Italy	-73	-77	-84
RC Austria	2	0	-3
RC CEE	11	12	-10

Most of conditional losses in Trading Book are in UniCredit SpA and UCB AG Group, mainly Equity & Commodity Products Trading and Fixed Income & Currencies Trading business lines in CIB perimeter. Conditional profits in RC CEE are due to FX positions.

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 Reference Banks
The Group aims to maintain liquidity at a level that enables to fund its operations at the best rate conditions under normal operating circumstances, and to remain always in a position to meet payment obligations.
To this end, the Group complies accurately with the legal and regulatory provisions imposed by the national Central Banks and by the national authorities of each country where it operates.

In addition to local legal and regulatory requirements, the Group, the Parent Company, under the responsibility of the Group Risk Management, defines policies and metrics to be applied at 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 Reference Bank.
The Liquidity Reference Banks are Legal Entities that act in their responsibility as liquidity hub. They are in charge:
- of the liquidity management and concentration process of liquidity flows of the Legal Entities falling within their perimeter of responsibility;
- of the funding 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.

Part E - Information on risks and hedging policies

A particularly important role is played by the Holding Company, as a "supervisory and overarching liquidity reference bank" with its role of steering, coordinating, and controlling all the aspects regarding liquidity for the whole Group. The Holding Company has the responsibility to set the overall Group Risk Appetite and sub-allocate the limits in agreement with the Liquidity Reference Banks and/or Legal Entities. 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[9].

As a general rule, the Large Exposure Regime, which came into force on December 31, 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.

For these reasons, the "Liquidity Management & Control Group Policy" provides for a further principle in order to enhance a sound liquidity risk management; that is, each Legal Entity with market access has to increase its liquidity self-sufficiency, fostering in this way the exploitation of its strengths. In addition to this, the Group rule states that each LE (including the Liquidity Reference Bank) should be self-sufficient in terms of liquidity in its local currency, either on its own or by leveraging on the relevant Liquidity Reference Bank. This self-sufficiency principle is reflected in a specific "limit structure": limits are set both at Group and at individual level, with the purpose of avoiding/controlling significant imbalances among legal entities.

This type of 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 "Group Planning, Finance, Shareholding and Investor Relations" function, and the "Treasury" function (within the "Markets" Business Unit), each with different roles and responsibilities. In particular, the operational responsibilities reside in the Finance and the Treasury functions, while the Risk Management function has responsibilities of independent controls and independent reporting compared to the operational functions (in line with the current requirements of Banca d'Italia).

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.

Group Planning, Finance, Shareholding And Investor Relations competence line is responsible for the coordination of the overall financial planning process at Group, Liquidity Reference Banks and relevant LEs level, aiming to efficiently ensure the stability and the sustainability of the financial structure through time, addressing assets and liabilities composition and maturities, in compliance with the limits and triggers set for liquidity and balance sheet metrics. It is also responsible for the execution of the medium long term Group's funding strategy (including securitization operations), coordinating the access to national and international capital markets for all the Liquidity Reference Banks and relevant LEs, exploiting local market opportunities in order to reduce the costs of funding and diversify the financing sources.

9 Also Banca d'Italia Rules, Circolare 285, foresees that the Group should ensure the maintenance through the time of adequate reserves in each legal entity, in order to take into account possible regulatory constraints (First Part, Title IV, Chapter 6, Section III, paragraph 7).

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 Reference Banks.

Such models are subject to analyses carried out by the local Risk Management or equivalent structure with the same responsibilities in coordination with the Group's Risk Management to ensure that they comply with the metrics and the objectives of the Group's liquidity framework.
Moreover, the regional rules must conform to national law and regulatory requirements.

Risk measurement and reporting systems

Techniques for risk measurement

The different types of liquidity risk managed by the bank are:

- Short Term Liquidity Risk refers to the risk of non-conformity between the amounts and/or the maturities of cash inflows and cash outflows in the short term (below one year).
- Market Liquidity Risk is the risk that the bank may face a considerable (and unfavorable) price change generated by exogenous or endogenous factors and incur losses as a result of the sale of assets deemed to be liquid. In the worst case, the bank might not be able to liquidate such positions.
- Intraday Liquidity Risk appears when a bank is not able "to meet payment and settlement obligations on a timely manner basis under both normal and stressed conditions".
- Structural Liquidity Risk is defined as the inability to raise the necessary funds to maintain an adequate ratio between medium to long-term (over one year) assets and liabilities at reasonable pricing level, in a stable and sustainable way, without affecting the daily operations or the financial condition of the Bank. It could have a potential impact on the cost of funding (own credit and market funding spreads), affecting future income of the institution.
- contingency risk, or stress liquidity is related to future and unexpected obligations (i. e. draw on committed facilities, deposits withdrawal, increase in collateral pledging) could require the bank a greater amount of liquidity compared to what is considered the amount to run the ordinary business.
- Intragroup liquidity risk, that might generate from an excessive exposure or dependency towards/from specific Group counterparts;
- Funding Concentration Risk arises when the bank leverages on such a limited number of funding sources, that they become of such significance that the withdrawal of one or few could trigger liquidity problems.
- Foreign exchange (FX) liquidity risk, generated by the current and projected liquidity mismatch between cash inflows and cash outflows in foreign currencies (FX refinancing risk) or related with the maturity distribution of the assets and liabilities in FX (FX structural mismatch risk).

Liquidity risk, for its particular nature, is addressed by means of gap analyses, liquidity stress testing, and complementary measures (mainly through a set of indicators: e.g. loans to deposits gap, liquidity coverage ratio). In particular, gap analyses are performed within two distinct time horizons:

- liquidity imbalance mismatch approach on a daily basis, which controls the short-term liquidity risk arising from the overnight up to a 12 months maturity;
- gap ratios on a monthly basis, which control the medium to long-term risk (structural liquidity) from the 1Y maturity onwards.

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 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.

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Moreover, the liquidity risk is included in the Group's Risk Appetite framework through some specific liquidity indicators. One of these is the Funding Gap (an improved loans-to-deposits gap), which 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 Reference Banks.

The *Operative Maturity Ladder* is composed by the net contractual cash flows (in/outflows) affecting the cash position at Central Banks or "Nostro Account". Therefore, these flows impact directly the "Core liquidity" of the bank, over pre-defined time buckets.
The *Operational Maturity Ladder* is composed of the following building-blocks:
- Primary Gap, which shows the net wholesale refinancing requirements over the various time-buckets of the horizon.
- Counterbalancing Capacity, which shows the amount of unencumbered securities that are accepted as collateral by Central Banks and/or market counterparties. The Counterbalancing Capacity is considered at its "Liquidity Value" (i.e. the Market Value minus the applicable Haircut).
- Cumulative Gap, which is the sum of the previous components.
- Reservation for Unexpected Flows, which consists of liquidity adjustment to the Operative Maturity Ladder, to consider a buffer that can be used by the Treasury to refinance unexpected outflows impacting the Central Bank position (included in the short-term buckets). The Reservation for Unexpected Flows takes into account the volatility of the funding needs of the commercial asset portfolio, the volatility of the commercial funding sources, including potential concentration effects, the change of liquidity value of the Counterbalancing Capacity due to observed market price changes.

The Operative Maturity Ladder is included in the Group Risk Appetite Framework, with a limit of 0 on the 3 months bucket.

The Group also adopts 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 Net Stable Funding Ratio.
This is the ratio between the "available amount of stable funding" and the "required amount of stable funding" that are calculated applying defined weighting factors to on and off-balance sheet items. The relevant instructions for its calculation are included in the documents "Basel III: the net stable funding ratio" and "Instructions for Basel III monitoring".
The internal limit is set in compliance with the regulatory requirement of having this indicator at a level higher than 100%.

A key structural metric, aimed at measuring the funding needs originated from the commercial activity of the Bank, is the Funding Gap. It measures the need of funding the bank has to finance on the wholesale market. The indicator is integrated in the Risk Appetite Framework with the aim of monitoring and managing the level of funding coverage of net loans to customers, coming from funding sources not exclusively obtained through Treasury/Finance activity.

Liquidity Stress Test

Stress testing is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific event and/or movement in a set of financial variables. As a forward looking tool, liquidity stress testing diagnostics the institution's liquidity risk. In particular the results of the Stress tests are used to:

- 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 Reference Banks, the Group has a centralized approach to stress testing, requiring each local Liquidity Reference Bank to run the same scenario set under the coordination of the Group Risk Management. The Group runs liquidity scenarios and sensitivity analyses on a regular basis, the latter by assessing the impact on an institution's financial condition of a move in one particular risk factor, whereas scenario tests tend to consider the impact of simultaneous moves in a number of risk factors, based on an hypothetical, well defined and consistent stress scenario.

Liquidity scenarios

At macro level the Group identifies three different types of potential liquidity crisis:

- market (systemic, global or sector) related crisis: market downturn scenario. This scenario consists of a sudden turmoil in a monetary and capital market, which may be caused by closure (or limited access) to market/settlement system, critical political events, country crisis, credit crunch, etc.;
- specific to the Group, or part of it (idiosyncratic): name crisis; the assumptions could be operational risk, events related to the worsened perception of the Group reputational risk and a downgrade in UniCredit S.p.A. rating or other Group Legal Entities;
- a combination of market and specific crisis: combined scenario.

These scenarios are expected to cause a substantial reduction in the funding coming from rating-sensitive customers, CD/CPs' investors and inter-bank markets. In addition, a possible usage of the undrawn portion of the Committed Lines is considered.

The *combined scenario* is defined as a general negative development in the market environment and also as a factual or market-hypothesized problem specific to the Group.

During the first half of 2017 the Group liquidity stress test result on the combined scenario was always positive.

Regulatory metrics

The Group is also adopting Basel Committee regulatory ratios, such as Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), as integral part of the overall liquidity management analysis. The necessity to meet the LCR and the NSFR requirement is effectively taken into account both in the Group Funding Plan as well as within the Group Risk Appetite framework, where the limits for both metrics are set at a level that ensure that the Group will be always the minimum regulatory requirements of 100%.

Monitoring and reporting

In the Group the governance and control of liquidity risk is mainly performed through the setting and monitoring of operating restrictions 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 their exposure against limits are monitored and reported on a monthly basis. The survival period and the result of the liquidity stress test are reported and monitored on a weekly basis.

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;

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- an effective Contingency Liquidity Policy (CLP) with feasible and up-to-date Contingency Action Plan (CAP) to be executed in case of crisis;
- a liquidity buffer to face unexpected outflows;
- robust and regular up-to-date stress testing performed on a regular basis;
- a system of early warning indicators such to anticipate any potential liquidity crisis and give enough time to the Group to restore its safe liquidity profile.

Funding Plan

The Funding Plan plays a fundamental role in the overall liquidity management influencing both the short-term and the structural position. The Funding Plan, defined at each level (i.e. Group, Liquidity Reference Bank and Legal Entity level), is developed consistently with a sustainable analysis of uses and sources, both on short-term and structural positions. One of the objectives of accessing the medium and long-term channels is to avoid the pressure on the short-term liquidity position.
The Funding Plan is updated at least on a yearly basis and is approved by the Board of Directors. Moreover, it is aligned with the Budgeting process and the Risk Appetite framework.
The Holding Company accesses the market for Group capital instruments.

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

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* Global Policy has the objective of ensuring effective interventions starting from the very outset (initial hours) of the liquidity crisis, through the definition of specific guidelines on activation, meetings, decisions, actions and communications.

This is achieved through:
- a set of Early Warning Indicators that may help to identify emerging vulnerabilities in the Group liquidity risk position;
- activation of extraordinary liquidity governance and operating model linked to indicators included in both the risk appetite and recovery and resolution plan framework;
- a set of available standby mitigating liquidity actions;
- consistent internal and external communication.

A relevant part of the contingency liquidity management is the Contingency Funding Plan. Such a plan consists of a set of potential but concrete management actions to be performed in time of crisis. Such actions are described in terms of 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.

Section 4 - Operational Risk

Qualitative information

A. General aspects, operational processes and methods for measuring operational risk

Operational risk
For this section please refer to the last "2016 Consolidated Reports and Accounts".

Group operational risk framework
For this section please refer to the last "2016 Consolidated Reports and Accounts".

Organizational structure
For this section please refer to the last "2016 Consolidated Reports and Accounts".

Internal validation process
For this section please refer to the last "2016 Consolidated Reports and Accounts".

Reporting
For this section please refer to the last "2016 Consolidated Reports and Accounts".

Operational risk management and mitigation
For this section please refer to the last "2016 Consolidated Reports and Accounts".

Risk capital measurement and allocation mechanism
For this section please refer to the last "2016 Consolidated Reports and Accounts".

B. Legal Risks

UniCredit and other UniCredit group companies are named as defendants in several legal proceedings. In particular, as of June 30, 2017, UniCredit and other UniCredit group companies were named as defendants in about 20,500 legal proceedings (excluding labor law cases, tax cases and credit recovery actions in which counterclaims were asserted or objections raised with regard to the credit claims of Group companies). Moreover, from time to time, past and present directors, officers and employees may be involved in civil and/or criminal proceedings, the details of which UniCredit group may not lawfully know about or communicate.
The Group is also required to appropriately fulfill various legal and regulatory requirements in relation to certain aspects of its activity, such as conflicts of interest, ethical issues, anti-money laundering laws, US and international sanctions, client assets, competition law, privacy and information security rules and others. Actual or alleged failure to do so may lead, to additional litigation and investigations and subjects the Group to damages claims, regulatory fines, other penalties and/or reputational damages. In addition, one or more Group companies and/or their current and/or former directors are subject or may in the future be subject to investigations by the relevant supervisory or prosecutorial authority in a number of countries in which the Group operates. These include investigations and/or proceedings relating, inter alia, to aspects of systems and controls and instances of actual and potential regulatory infringement by the relevant Group companies and/or its clients. Given the nature of UniCredit group's business and its reorganization over time there is a risk that claims or matters that initially involve one Group company may affect or involve other Group entities.
In many cases, there is substantial uncertainty regarding the outcomes of the proceedings and the amount of possible losses. These cases include criminal proceedings, administrative proceedings brought by the relevant supervisory or prosecution authorities and/or claims in which the claimed compensation and/or potential liability of the Group is not and cannot be determined, either because of how the claims is presented and/or because of the nature of the actual proceedings. In such cases, until the time when it will be possible to reliably estimate the potential outcome, no provisions are 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 to the extent UniCredit, or any of the Group companies involved, deemed appropriate based on the circumstances of the case and in compliance with International Accounting Standards (IAS).

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To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labor law cases, tax cases and credit recovery actions), as of June 30, 2017, UniCredit group set aside a provision for risks and charges of €1,279 million.
As of June 30, 2017, the total amount of claimed damages relating to judicial proceedings other than labor, tax and debt collections proceedings was €10.4 billion. This figure is affected by both the heterogeneous nature of the pending proceedings and the number of involved jurisdictions and their corresponding characteristics in which UniCredit group is named as a defendant.
The estimate for reasonably possible liabilities and this provision are based upon information available as of June 30, 2017, however, given the many uncertainties inherent in legal proceedings, they involve significant elements of judgment. In particular, in some cases it is not possible to form a reliable estimate, for instance where proceedings have not yet been commenced or where the extent of legal and factual uncertainties makes any estimate speculative. Therefore any provision may not be sufficient to meet entirely the legal costs and the fines and penalties that may result from pending legal actions.
Set out below is a summary of information, including, if material and/or indicated, the single requests of the plaintiffs, relating to matters involving UniCredit group which are not considered groundless or in the ordinary course of the Group's business.
This section also describes pending proceedings against UniCredit and/or other UniCredit group companies and/or employees (even former employees) that UniCredit considers relevant and which, at present, are not characterized by a defined claim or for which the respective claim cannot be quantified.
Unless expressly mentioned below, labor law and tax claims are excluded from this section and are described elsewhere in the notes of this section.
In accordance with IAS37, information that would seriously prejudice the relevant company's position in the dispute may be omitted.

Madoff

Background

UniCredit and several of its direct and indirect subsidiaries have been subject to legal action or investigated in the wake of a Ponzi Scheme perpetrated by Bernard L. Madoff ("Madoff") through his company Bernard L. Madoff Investment Securities LLC ("BLMIS"), which was exposed in December 2008. The background of such litigations and investigations, and the connections between UniCredit S.p.A. and certain of its affiliates with BLMIS, have been more fully disclosed in prior reporting periods.

Proceedings in the United States

Claims by the SIPA Trustee

In December 2010, the bankruptcy administrator (the "SIPA Trustee") for the liquidation of BLMIS filed, as one of a number of cases, a case before a US Federal Court against about 60 defendants, including HSBC, UniCredit and certain of its affiliates (i.e. PAI, PGAM, UCB Austria, BAWFM and Bank Austria Cayman Islands Ltd) (the "HSBC" case).
In the HSBC case, the SIPA Trustee sought to recover a damage compensation for an overall amount of more than 6 billion US dollars (to be later determined over the course of the proceedings) against all 60 or so defendants for common law claims (i.e. claims for aiding and abetting the violations by BLMIS) and avoidance claims (also known as claw-back claims). No separate claim for damages was brought against UniCredit group. All claims against UniCredit and other companies of UniCredit group, both relating to common law claims and those related to claw-back actions, were rejected without any possibility of appeal, with the exception of (i) UCB Austria, where on July 21, 2015 the SIPA Trustee has voluntarily waived, with possibility to appeal, the claw-back actions against UCB Austria; and (ii) BAWFM, where, on November 22, 2016, the bankruptcy court issued a decision that required the dismissal of the claw-back claims against BAWFM. On March 16, 2017, the SIPA Trustee filed a notice of appeal from the dismissal of the claims. The appeal remains pending. However, if that appeal were successful, the potential claim for damage is non-material and, therefore, there are no specific risk profiles for UniCredit group. Certain current or formerly affiliated persons named as defendants in the HSBC case may have rights to indemnification from UniCredit and its affiliated entities. Furthermore, to date and to the knowledge of UniCredit, there are no further actions commenced by parties other than the SIPA Trustee in relation to this matter.

Claim by SPV OSUS Ltd

UniCredit and certain of its affiliates (UCB Austria, BAWFM and PAI) have been summoned, together with approximately 40 other defendants, in a lawsuit filed before the Supreme Court of the State of New York, County of New York, on December 12, 2014, by SPV OSUS Ltd. The plaintiffs' claims are based on common law, and are only aimed at obtaining monetary compensation, vis-à-vis all defendants in connection with alleged aiding and abetting a breach of fiduciary duty, aiding and abetting a fraud, aiding and abetting a conversion and knowing participation in a breach of trust in connection with the Madoff Ponzi Scheme. The case is brought on behalf of investors in BLMIS, with no specification of the claimed amount. The action filed by SPV OSUS Ltd is in the initial stage.

Proceedings outside the United States

Investors in the Primeo and Herald funds brought numerous civil proceedings in Austria. As of June 30, 2017, 41 civil proceedings remain pending with a claimed amount totaling €14.9 million plus interest, of which: 38 are pending before a judge of first instance with no judgment yet, 2 are on

appeal before the Court of Appeal and in one case an extraordinary appeal has been brought before the Supreme Court. The claims in these proceedings pertain to UCB Austria alleged breach by of certain duties regarding its function as prospectus controller (i.e. regarding the review of prospectuses for accuracy and completeness), or that UCB Austria improperly advised certain investors (directly or indirectly) to invest in funds in Madoff-related investments or a combination of these claims. The Austrian Supreme Court issued 22 final decisions with respect to prospectus liability claims asserted in the legal proceedings. With respect to claims related to the Primeo funds, 13 final Austrian Supreme Court decisions have been issued in favor of UCB Austria. In two cases the Supreme Court did not accept UCB Austria's extraordinary appeal, thus making the decisions of the Court of Appeal in favor of the claimant final and binding. With respect to the Herald fund, the Austrian Supreme Court ruled 5 times with respect to prospectus liability, 2 in favor of UCB Austria and 3 times in favor of the claimants. In a prospectus liability case with Primeo and Herald investments the Austrian Supreme Court ruled in favor of UCB Austria; in one further prospectus liability case with Primeo and Herald investments the Supreme Court did not accept the claimant’s extraordinary appeal, thus rendering binding the decision of the Court of Appeal in favor of Bank Austria.
While the impact of these decisions on the remaining cases cannot be predicted with certainty, future rulings may be adverse to UCB Austria.
In respect of the Austrian civil proceedings pending as against UCB Austria related to Madoff's matter, UCB Austria has made provisions for an amount considered appropriate to the current risk.
UCB Austria has been named as a defendant in criminal proceedings in Austria concerning the Madoff case on allegations that UCB Austria breached provisions of the Austrian Investment Fund Act as prospectus controller of the Primeo fund. The criminal proceedings are still at the investigation stage; Investigations relating to these proceedings are still pending and no official indictments against UCB Austria have been brought by the Austrian prosecutor, therefore, it is not possible to estimate the sanctions (if any) that would be imposed on UCB Austria as well as the potential joint liability of UCB Austria. A criminal tax investigation in view of business relating to the Primeo fund investments has also been conducted and in April 2015 the tax authorities confirmed, after several investigations, that all taxes had been paid correctly. In September 2016, the tax matters were finally dismissed by the Vienna Office of the Prosecutor.

Certain potential consequences
In addition to the foregoing proceedings and investigations stemming from the Madoff case against UniCredit, its subsidiaries and some of their respective employees and former employees, subject to any applicable limitations on the time by when proceedings must be brought, additional Madoff-related proceedings may be filed in the future in the United States, Austria or elsewhere. Such potential future proceedings could be filed against UniCredit, its subsidiaries, their respective employees or former employees or entities with which UniCredit is affiliated or may have investments in. The pending or possible future proceedings may have negative consequences for UniCredit group.
Save as described above, at the moment, it is not possible to estimate reliably the timing and results of the various proceedings, nor determine the level of liability, if any responsibility exists. Save as described above, in compliance with international accounting standards, no provisions have been made for specific risks associated with Madoff related claims and charges.

Alpine Holding GmbH
Alpine Holding GmbH (a limited liability company) undertook a bond offering every year from 2010 to 2012. In 2010 and 2011, UCB Austria acted as joint lead manager, together with another bank. In June/July 2013, Alpine Holding GmbH and Alpine Bau GmbH became insolvent and insolvency proceedings began. Numerous bondholders then started to send letters to the banks involved in issuing the bonds, setting out their claims.
Insofar as UCB Austria is concerned, bondholders based their claims primarily on prospectus liability of the joint lead managers; only in a minority of cases they also claimed an alleged misselling due to bad investment advice by the banks that sold the bonds to their customers. UCB Austria, among other banks, has been named as defendant in civil proceedings initiated by investors including three class actions filed by the Federal Chamber of Labor (with the claimed amount totaling about €20.5 million). The principal claim is prospectus liability. These civil proceedings are mainly pending in the first instance.
At present no final decisions have been issued against UCB Austria. In addition to the foregoing proceedings against UCB Austria stemming from the Alpine insolvency, additional Alpine-related actions have been threatened and may be filed in the future. The pending or future actions may have negative consequences for UCB Austria. At the moment, it is not possible to estimate reliably the timing and results of the various actions, nor determine the level of liability, if any.
In addition, several involved persons have been named as defendants in criminal proceedings in Austria which concern the Alpine bankruptcy case. UCB Austria has joined these proceedings as private party. Unknown responsible persons of the issuing banks involved are formally also investigated by the public prosecutor’s office. In May 2017, the Public Prosecutors Office against Corruption decided to close the proceedings against unknown responsible persons of the issuing banks. Private parties appealed against this decision. The criminal proceedings are at the pre-trial stage.

Proceedings arising out of the purchase of UCB AG by UniCredit and the related Group reorganization
Squeeze-out of UCB AG minority shareholders (Appraisal Proceeding)
In 2008, approximately 300 former minority shareholders of UCB AG filed a request before the District Court of Munich I to have a review of the price paid to them by UniCredit, equal to €38.26 per share, in the context of the squeeze out of minority shareholders (Appraisal Proceeding). The dispute

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mainly concerns the valuation of UCB AG, which is the basis for the calculation of the price to be paid to the former minority shareholders. UniCredit believes that the amount paid to the minority shareholders was adequate. At present the proceeding is pending in the first instance. The District Court of Munich has appointed experts for the valuation of UCB AG at the time of the squeeze-out, which is a customary step in such proceedings. The court-appointed experts are in the process of finalizing their written expert opinion, which is expected to be submitted to the court during the third quarter of 2017. At this point, there are no indications as to the conclusions of the court-appointed experts. All parties will then have an opportunity to comment, and the court is likely to hold an oral hearing thereafter. It will then be upon the court of first instance to decide on the request of the minority shareholders based on the expert opinion and the legal issues that are relevant and material to the decision of the court. The decision of first instance will be subject to appeal. Thus, at this stage, it is not possible to estimate the duration of the proceeding, which might also last for a number of years and could result in UniCredit having to pay additional cash compensation to the former shareholders. No estimate on the amount in dispute can be made at the current stage of the proceeding.

Squeeze-out of UCB Austria's minority shareholders (Appraisal Proceeding)
In 2008, approximately 70 former minority shareholders in UCB Austria commenced proceedings before the Commercial Court of Vienna claiming that the squeeze-out price paid to them, equal to €129.4 per share, was inadequate, and asking the court to review the adequacy of the amount paid (Appraisal Proceeding).
The Commercial Court of Vienna referred the case to a panel, called the "Gremium", to investigate the facts of the case in order to review the adequacy of the cash compensation. UniCredit, considering the nature of the valuation methods used, believes that the amount paid to the minority shareholders was adequate. In December 2011, the expert appointed by the Gremium rendered its expert opinion on the adequacy of the cash compensation already paid. In May 2013, a supplement opinion was prepared. The results of such opinions are, in general, positive for UniCredit. Due to several formal issues, the proceeding before the Gremium is still not finalized. The next oral hearing before the Gremium is expected to take place in 2017. If no settlement is reached in such hearing, the Gremium will refer the case back to the Commercial Court of Vienna, which will have to decide on the price evaluation as well as on the legal issues.
At present the proceeding is pending in the first instance. Currently, it is not possible to evaluate the amount under dispute and the possible risk connected with the above described Appraisal Proceeding.

Financial sanctions matters
In the past years, violations of US sanctions and certain US dollar payment practices have resulted in certain financial institutions entering into settlements and paying substantial fines and penalties to various US authorities, including the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), the U.S. Department of Justice ("DOJ"), the District Attorney for New York County ("NYDA"), the U.S. Federal Reserve ("Fed") and the New York Department of Financial Services ("DFS"). More specifically, in March 2011, UCB AG received a subpoena from the NYDA relating to historical transactions involving certain Iranian entities designated by OFAC and their affiliates. In June 2012, the DOJ opened an investigation of OFAC-related compliance by UCB AG and its subsidiaries more generally.
In this context, UCB AG is conducting a voluntary investigation of its U.S. dollar payments practices and its historical compliance with applicable U.S. financial sanctions, in the course of which certain historical non-transparent practices have been identified. In addition, UCB Austria has independently initiated a voluntary investigation of its historical compliance with applicable U.S. financial sanctions and has similarly identified certain historical non-transparent practices. UniCredit is also in the process of conducting a voluntary review of its historical compliance with applicable U.S. financial sanctions. The scope, duration and outcome of any such review or investigation will depend on facts and circumstances specific to each individual case. Each of these entities is cooperating with the relevant U.S. authorities and remediation activities relating to policies and procedures have commenced and are ongoing. Each Group entity subject to investigations is updating its regulators as appropriate.
It is also possible that investigations into historical compliance practices may be extended to other companies within the Group or that new investigations or proceedings may be commenced against UniCredit and/or the Group. These investigations and/or proceedings into certain Group companies could result in UniCredit and/or the Group being required to pay material fines and/or being the subject of criminal or civil penalties (which at present cannot be quantified).
UniCredit and the Group companies have not yet entered into any agreement with the various U.S. authorities and therefore it is not possible to determine the form, extent or the timing of any resolution with any relevant authorities, including what final costs, remediation, payments or other legal liability that may occur in connection therewith.
While the timing of any agreement with the various U.S. authorities is currently not determinable, it is possible that the investigations into one or all of the Group entities could be completed in 2017.
Recent violations of U.S. sanctions and certain U.S. dollar payment practices by other European financial institutions have resulted in those institutions entering into settlements and paying material fines and penalties to various U.S. authorities. At present, UniCredit and the Group companies have no reliable basis on which to compare the ongoing investigations relating to the Group companies to any settlements involving other European institutions, however, it is not possible to assure that any settlement, if any, will not be material.
The investigation costs, remediation required and/or payment or other legal liability incurred in connection with the proceedings could lead to liquidity outflows and could potentially negatively affect our net assets and net results and those of one or more of our subsidiaries. Such an adverse

outcome to one or more of the Group entities subject to investigation could have a material adverse effect, also on a reputational basis, on the business, results of operations or financial condition of the Group, as well as on the ability of the Group to meet the relevant capital requirements.

Proceedings related to claims for withholding tax credits

On July 31, 2014, the Supervisory Board of UCB AG concluded its internal investigation into the so-called "cum-ex" transactions (the short selling of equities around dividend dates and claims for withholding tax credits) at UCB AG. The findings of the Supervisory Board's investigation indicated that the bank sustained losses due to certain past acts/omissions of individuals.

The Supervisory Board has submitted a claim for compensation against three individual former members of the management board, not seeing reasons to take any action against the current members. These proceedings are ongoing. UniCredit, UCB AG's parent company, supports the decisions taken by the Supervisory Board. In addition, criminal investigations have been conducted against current or former employees of UCB AG by the Prosecutors in Frankfurt on the Main, Cologne and Munich with the aim of verifying alleged tax evasion offences on their part. UCB AG cooperated, and continues to cooperate, with the aforesaid Prosecutors who investigated offences that include possible tax evasion in connection with cum-ex transactions both for UCB AG's own book as well as for a former customer of UCB AG. Proceedings in Cologne against UCB AG and its former employees were closed in November 2015 with, inter alia, the payment by UCB AG of a fine of €9.8 million. The investigations by the Frankfurt on the Main Prosecutor against UCB AG under section 30 of the Administrative Offences Act (the Ordnungswidrigkeitengesetz) were closed in February 2016 by the payment of a fine of €5 million. The investigation by the Munich Prosecutor against UCB AG was closed as well in April 2017 following the payment of a forfeiture of €5 million. At present, all criminal proceedings against UCB AG are terminated.

The Munich tax authorities are currently performing a regular field audit of UCB AG for the years 2009 to 2012 which inter alia includes review of other transactions in equities around the dividend record date. During these years UCB AG performed, *inter alia*, securities-lending with different domestic counterparts which *inter alia* include different types of securities transactions around the dividend date. It remains to be clarified whether, and under what circumstances, tax credits can be obtained or taxes refunded with regard to different types of transactions carried out close to the distribution of dividends, and which are the further consequences for the bank in case of different tax treatment. The same applies for the years 2013 until 2015 following the current regular tax audit mentioned above. It cannot be ruled out that UCB AG might be exposed to tax-claims in this respect by relevant tax-offices or third party claims under civil law. UCB AG is in communication with relevant Supervisory Authorities and competent tax authorities regarding these matters. UCB AG has made provisions deemed appropriate.

Proceeding relating to certain forms of banking operations

UniCredit group is named as a defendant in several proceedings in matters connected to its operations with clients, which are not specific to UniCredit group, rather affect the financial sector in general.

In this regard, as of June 30, 2017 (i) proceedings against UniCredit pertaining to compound interest, typical of the Italian market, had a total claimed amount of €1.125 million, mediations included; (ii) proceedings pertaining to derivative products, mainly affecting the Italian market (for which the claimed amount against UniCredit was €828 million, mediations included and the German market (for which the claimed amount against UCB AG was €133 million); and (iii) proceedings relating to foreign currency loans, mainly affecting the CEE countries (for which the claimed amount was around €21 million).

The proceedings pertaining to compound interest mainly involve damages requests from clients arising from the alleged unlawfulness of the calculation methods of the amount of interest payable in connection with certain banking contracts. Starting from the first years of 2000, there has been a progressive increase in claims brought by the account holders due to the unwinding of the interest payable arisen from the quarterly compound interest. In the first semester 2017, the number of claims for refunds/compensation for compound interest decreased slightly compared to the same semester of 2016. At present, UniCredit has made provisions that it deems appropriate for the risks associated with these claims.

With regard to the litigation connected to derivative products, several financial institutions, including UniCredit group companies, entered into a number of derivative contracts, both with institutional and non-institutional investors. In Germany and in Italy there are a number of pending proceedings against certain Group companies that relate to derivative contracts concluded by both institutional and non-institutional investors. The filing of such litigations affects the financial sector generally and is not specific to UniCredit and its Group companies. At present, it is not possible to assess the full impact of these legal challenges on the Group.

With respect to proceedings relating to foreign currency loans, in the last decade, a significant number of customers in the Central and Eastern Europe area took out loans and mortgages denominated in a foreign currency ("FX"). In a number of instances customers, or consumer associations acting on their behalf, have sought to renegotiate the terms of such FX loans and mortgages, including having the loan principal and associated interest payments redenominated in the local currency at the time that the loan was taken out, and floating rates retrospectively changed to fixed rates. In addition, in a number of countries legislation that impacts FX loans was proposed or implemented. These developments resulted in litigation against subsidiaries of UniCredit in a number of CEE countries including Croatia, Hungary, Romania, Slovenia and Serbia.

In Croatia, following the implementation in September 2015 of a new law that rewrote the terms of FX loan contracts, a number of these lawsuits were withdrawn as customers took advantage of the benefits of the new law. Zagrebačka Banka ("Zaba") challenged the new law before the Croatian Constitutional Court. On April 4, 2017, the Constitutional Court rejected Zaba's constitutional challenge and no further remedies are available under local laws.

At September 21, 2016 UCB Austria and Zaba initiated a claim against the Republic of Croatia under the Agreement between the Government of the Republic of Austria and the Government of the Republic of Croatia for the promotion and protection of investments in order to recover the losses

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suffered as a result of amendments in 2015 to the Consumer Lending Act and Credit Institutions Act mandating the conversion of Swiss franc-linked loans into Euro-linked. In the interim, Zaba complied with the provisions of the new law and adjusted accordingly all the respective contracts where the customers requested so.
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 complied. Some legacy litigation remains pending. At present, 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 UniCredit group.

Medienfonds/closed-end funds
Various investors in VIP Medienfonds 4 GmbH & Co. KG to whom the UCB AG issued loans to finance their participation, brought legal proceedings against UCB AG. In the context of the conclusion of the loan agreements the plaintiffs claim an inadequate advice by the bank about the fund structure and the related tax consequences. A settlement was reached with the vast majority of the plaintiffs. An outstanding final decision with respect to the question of UCB AG's liability for the prospectus in the proceeding pursuant to the Capital Markets Test Case Act (Kapitalanleger-Musterverfahrensgesetz) which is pending at the Higher Regional Court of Munich, will affect only a few pending cases.
Furthermore, at present, UCB AG is defending lawsuits concerning other closed-end funds. Investors filed lawsuits against HVB and claim insufficient advice by the bank within the scope of their investment in closed-end funds. In particular, the investors claim that UCB AG did not or did not fully disclose any refunds or because of an allegedly incorrect prospectus. The questions regarding a correct and sufficient advice of a customer as well as questions regarding the limitation period and thus the success prospects in a trial depend on individual circumstances of the particular case and therefore can hardly be prognosticated. As far as these proceedings were disputed, the experience in the past has shown that the deciding courts have largely ruled in favour of UCB AG. Relating to one retail fund with investment target in heating plants, a number of investors brought legal proceedings against UCB AG pursuant to the Capital Markets Test Case Act. Munich Higher Regional Court has ordered several court expert opinions to be obtained in order to assess the question of an alleged prospectus liability. After it can be expected that investors of this fund retain their invested capital mainly through fund payout, the consequences of a possibly negative decision of the Higher Regional Court are essentially limited to the compensation of lost profit and process interest rates.

Vanderbilt related litigations
Claims brought or threatened by or on behalf of the State of New Mexico or any of its agencies or funds
In August 2006, the New Mexico Educational Retirement Board (“ERB”) and the New Mexico State Investment Council (“SIC”), both US state funds, invested $90 million in Vanderbilt Financial, LLC (“VF”), a vehicle sponsored by Vanderbilt Capital Advisors, LLC (“VCA”). VCA is a subsidiary of Pioneer Investment Management USA Inc. and an indirect subsidiary of UniCredit. 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 relating to the dealings between VCA and the State of New Mexico. These lawsuits include proceedings launched by a former employee of the State of New Mexico who claimed the right, pursuant to the law of the State of New Mexico, to act as a representative of the State for the losses suffered by the State of New Mexico with regard to investments managed by VCA. In these proceedings, in addition to VCA, Pioneer Investment Management USA Inc., PGAM and UniCredit were also named as defendants, by virtue of their respective corporate affiliation with VCA, as described in the previous paragraph. In addition, two class actions were launched with regard to VCA on behalf of the public pension fund managed by ERB and the State of New Mexico threatened to launch a case against VCA if its claim was not satisfied. These suits threatened or instigated relate to losses suffered by the ERB and/or SIC on their VF investments, with additional claims threatened in relation to further losses suffered by SIC on its earlier investments in other VCA-managed CDOs. The lawsuits threatened or instigated allege fraud and kickback practices. Damages claimed in the lawsuits filed by or on behalf of the State of New Mexico are computed based on multiples of the original investment, up to a total of $365 million.
In 2012, VCA reached an agreement with the ERB, SIC and State of New Mexico to settle for the sum of $24.25 million all claims brought or threatened by or on behalf of the State of New Mexico or any of its agencies or funds. The settlement amount was deposited into escrow at the beginning of 2013. The settlement is contingent on the Court’s approval, but that process was temporarily delayed, and the original litigation was stayed, pending the determination by the New Mexico Supreme Court of a legal matter in a lawsuit brought against a different set of defendants in other proceedings. The New Mexico Supreme Court issued its ruling on the awaited legal matter in June 2015 and in December 2015 VCA, the ERB, SIC, and the State of New Mexico renewed their request for Court approval of the settlement. The Court held a hearing on the matter in April 2016 and in June 2017 approved the settlement and directed that the claims against VCA be dismissed. That order remains subject to issuance of a final judgment and to a possible appeal. If the judgment is entered and not appealed the escrowed amount will be paid over to the State of New Mexico and VCA, Pioneer Investment Management USA Inc., PGAM and UniCredit will all be released from all claims that were or could have been brought by or on behalf of the State or any of its agencies or funds.

Other litigations

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 went bankrupt and was placed into rehabilitation proceedings by the Indiana State Insurance Commissioner ("ISIC"). In 2010, ISIC filed a lawsuit in an 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. 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 (equal to respectively €94 and €335 million). The defendants deny all the claims. In January 2017, VCA reached an agreement to settle all the claims. All costs were paid by insurance and the case has been dismissed.

Divania S.r.l.

In the first half of 2007, Divania S.r.l. (now in bankruptcy) ("Divania") filed a suit in the Court of Bari against UniCredit Banca d'Impresa S.p.A. (then UniCredit Corporate Banking S.p.A. and now "UniCredit") alleging violations of law and regulation (relating, inter alia, to financial products) in relation to certain rate and currency derivative transactions created between January 2000 and May 2005 first by Credito Italiano S.p.A. and subsequently by UniCredit Banca d'Impresa S.p.A. (now "UniCredit"). The plaintiff requests that the contracts be declared non-existent, or failing that, null and void or to be cancelled or terminated, and that UniCredit Banca d'Impresa S.p.A. pay the plaintiff a total of €276.6 million as well as legal fees and interest. It also seeks the nullification of a settlement that the parties reached in 2005 under which Divania had agreed to waive any claims in respect of the transactions.

UniCredit rejects Divania demands. Without prejudice to its rejection of liability, it maintains that the amount claimed has been calculated by aggregating all the debits made (for an amount much larger than the actual amount), without taking into account the credits received that significantly reduce the plaintiff's demands. In 2010, the Court-appointed expert witness submitted a report that largely confirms the Bank's position stating that there was a loss on derivatives amounting to about €6.4 million (which would increase to €10.884 million should the out-of-court settlement, challenged by the plaintiff, be judged unlawful and thus null and void).

The expert opinion states that interest should be added in an amount between €4.137 million (contractual rate) and €868,000 (legal rate). On September 29, 2014, the judges reserved their decision. A new expert report was then ordered, which essentially confirmed the conclusions of the previous expert report. At the hearing held on June 6, 2016 the judges reserved again their decision. On January 16, 2017, the Court issued a decision declaring not to be competent to decide on part of the plaintiff's claims and ordered UniCredit to pay, in favor of Divania's bankruptcy Receiver an overall amount of approximately €7.6 million plus legal interests and part of the expenses. The decision has been appealed.

Two additional lawsuits have also been filed by Divania., (i) one for €68.9 million (which was subsequently increased up to € 80.5 million pursuant to Article 183 of the Code of Civil Procedure); and (ii) a second for €1.6 million.

As for the first case, in May 2016 the Court ordered UniCredit to pay approximately €12.6 million plus costs. UniCredit appealed against the decision and at the first hearing the case was adjourned to June 22, 2018 for the filing of detailed conclusions.

In respect of the second case, on November 26, 2015, the Court of Bari rejected the original claim of Divania. The judgment has res judicata effect.

UniCredit has made a provision for an amount it deems appropriate to cover the risk of the lawsuit.

Valauret S.A.

In 2004, Valauret S.A. and Hughes de Lasteyrie du Saillant filed a civil claim for losses resulting from the drop in the share price between 2002 and 2003, allegedly caused by earlier fraudulent actions by members of the company's Board of directors and others. UCB Austria (as successor to Creditanstalt) was joined as the fourteenth defendant in 2007 on the basis that it was banker to one of the defendants. Valauret S.A. is seeking damages of €129.8 million in addition to legal costs and Hughes de Lasteyrie du Saillant damages of €4.39 million.

In 2006, before the action was extended to UCB Austria, the civil proceedings were stayed following the opening of criminal proceedings by the French State that are ongoing. In December 2008, the civil proceedings were also stayed against UCB Austria. In UCB Austria's opinion, the claim is groundless and at present no provisions have been made.

I Viaggi del Ventaglio Group (IVV)

In 2011 foreign companies IVV DE MEXICO S.A., TONLE S.A. and the bankruptcy trustee IVV INTERNATIONAL S.A. filed a lawsuit in the Court of Milan for approximately €68 million. In 2014, the bankruptcy trustees of IVV Holding S.r.l. and IVV S.p.A. filed two additional lawsuits in the Court of Milan for €48 million and €170 million, respectively.

The three lawsuits are related. The first and third relate to allegedly unlawful conduct in relation to loans. The second relates to disputed derivative transactions. UniCredit's view is that the claims appear to be groundless based on its preliminary analysis. In particular: (i) as far as the first lawsuit is concerned (a claim amounting to approximately €68 million), UniCredit won in first instance. Respectively, in July 2016 and in September 2016 the plaintiffs filed an appeal against the decision and the next hearing is scheduled for November 15, 2017; (ii) as far as the second lawsuit is concerned

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(a claim amounting to approximately €48 million), relating mainly to disputed derivative transactions, in 2015, all the pre-trial claims, including the expert opinion, have been rejected and a decision is awaited; and (iii) lastly, with regard to the third lawsuit (a claim amounting to approximately €170 million), it is currently at the evidentiary stage and the requests made by the judge to the court-appointed expert seems not related to UniCredit's position. The next hearing for the cross examination of the court-appointed expert is set for November 22, 2017.

Lawsuit brought by "Paolo Bolici"

In May 2014, the company wholly owned by Paolo Bolici sued UniCredit in the Court of Rome seeking the return of approximately €12 million for compound interest (including alleged usury component) and €400 million for damages. The company then went bankrupt. The Court of Rome issued the decision on May 16, 2017 rejecting all the claims and ordering the bankruptcy procedure to reimburse UniCredit with the legal costs. UniCredit decided not to make provisions. On June 17, 2017 the bankruptcy procedure appealed the decision. The first hearing is scheduled on November 28, 2017.

Mazza Group

The civil lawsuit originates from a criminal proceeding before the Court of Rome for illicit lending transactions of disloyal employees of UniCredit in favor of certain clients for approximately €84 million. These unlawful credit transactions involve: (i) unlawful supply of funding, (ii) early use of unavailable large sums, (iii) irregular opening of accounts which the employees, in increasingly important roles, facilitated in violation of the regulations and procedures of Banca di Roma S.p.A. (later "UniCredit Banca di Roma S.p.A." and afterwards merged by incorporation into UniCredit).

In May 2013, certain criminal proceedings - related to act and offences representatives of a group of companies (the "Mazza Group") committed in 2005 with the collaboration of disloyal UniCredit's employees - came to an end with an exculpatory ruling (no case to answer). The Public Prosecutor and UniCredit appealed this decision set for January 9, 2018..

Currently two lawsuits are pending for compensation claims against UniCredit:

- the first filed in June 2014 by the Mazza notary in the Court of Rome, demanding from UniCredit compensation for damage allegedly suffered following the criminal complaint brought by the former Banca di Roma S.p.A. The plaintiff makes use of the exculpatory ruling in the criminal proceedings to claim a traumatic experience with repercussions on their health, marriage, social and professional life, with financial, moral, existential and personal injury damages of approximately €15 million. The proceeding is at the evidence collection stage; and
- the second filed in March 2016 by Como S.r.l. and Camillo Colella in the Court of Rome, demanding damages from UniCredit in the amount of approximately €379 million. Similarly to the Mazza notary, the plaintiffs complain that the initiatives of the former Banca di Roma S.p.A. in the criminal and civil proceedings, caused financial, moral, existential and personal injury damages to Camillo Colella, as well as damages for the loss of important commercial opportunities, as well as image, reputational and commercial damage to Como S.r.l. The proceeding is in its conclusive phase.

In UniCredit's view, these lawsuits currently appear to be unfounded. UniCredit has made a provision it deems consistent to cover the risk resulting from unlawful credit transactions, which is essentially equal to the residual credit of UniCredit.

Di Mario Group

At present, 8 lawsuits are pending: one claw-back action pending in the first instance and other 7 damage/ordinary claw-back claims for a total amount of €157.1 million, where the plaintiffs allege that UniCredit (together with other banks) facilitated debt restructuring agreements aimed at sterilizing the risk of possible claw-back actions and obtaining privileges.

3 of these lawsuits are in the preliminary stage and one at the evidence collection phase, one at the final stage and in one case the decision is awaited. Three lawsuits have been decided: (i) one with decision issued in October 2016 rejecting all the claims, never appealed and thus become final; (ii) one decided with a unfavourable decision served on January 3, 2017 appealed by UniCredit, which considers the reasoning of the decision to be objectionable under several aspects; and (iii) the last one decided on January 17, 2017, with judgment rejecting all plaintiff's claims, appealed by the bankruptcy Receiver. UniCredit has made a provision for an amount that it deems appropriate to handle the risks of the lawsuit.

So.De.Co. - Nuova Compagnia di Partecipazioni S.p.A.

So.De.Co. S.r.l. (So.De.Co.), following to a restructuring transaction by which it acquired the "oil" business from the parent company Nuova Compagnia di Partecipazione S.p.A. (NCP), was sold to Ludoil Energy Srl in November 2014.

In March 2016, So.De.Co., then controlled by Ludoil, summoned before the Court of Rome its former directors, NCP, UniCredit (in its capacity as holding company of NCP) and the external auditors (PricewaterhouseCoopers S.p.A. and Deloitte & Touche S.p.A.) claiming damages of approximately €94 million against the defendants, on a several and joint liability basis allegedly deriving from the failure to quantify, since at least 2010, the statutory capital loss, from the insufficient provisions for charges and risks related to environmental issues, and from the unreasonably high price paid for the acquisition of the "oil" business units and subsidiaries from NCP in the context of the group reorganization.

UniCredit has been sued by deducing the unfounded nature of the claim and the absence of the damage complained of. On May 9, 2017, the judge rejected all plaintiffs' requests for evidence collection and scheduled the hearing for filing the conclusions for December 18, 2017.

On June 2017 So.De.Co. filed a request for a mediation procedure against NCP and former directors, claiming for the annulment of the contracts for the sale of OIL business to So.De.Co. allegedly executed with conflict of interest of the directors.

According to UniCredit and its legal counsels the action appears to be ungrounded.

Criminal proceedings

UniCredit group and its representatives (including those no longer in office), are involved in various criminal proceedings and/or, as far as UniCredit is aware, are under investigation by the competent authorities who are ascertaining whether there are possible liabilities of UniCredit's representatives with regard to various cases linked to banking transactions, including, specifically, in Italy, investigations related to checking any liability profiles in relation to the offence pursuant to Art.644 (usury) of the Criminal Code.

At present, these criminal proceedings have not had significant negative impacts on the operating results and capital and financial position of UniCredit and/or the Group, however there is a risk that if UniCredit and/or other UniCredit group companies or their representatives (including those no longer in office) were to be convicted following the confirmed violation of laws prosecutable by criminal law this situation could have an impact on the reputation of UniCredit and/or the UniCredit group.

For the sake of completeness, note that, on October 13, 2016 and May 16, 2017, the Public Prosecutor of the Court of Tempio Pausania informed UniCredit of two notices pursuant to Art.415-bis (notice of the conclusion of the preliminary investigations) pursuant to the Code of Civil Procedure as the party responsible for the administrative offence set out in Art.24-ter of Legislative Decree 231/2001 as a result of offences contested by the former representatives of the Banca del Mezzogiorno - MedioCredito Centrale S.p.A. ("MCC"), later renamed "Capitalia Merchant S.p.A.", then "UniCredit Merchant S.p.A." and then merged by incorporation into UniCredit, as well as Sofipa SGR S.p.A. and Capitalia S.p.A. (then merged by incorporation into UniCredit).

The offences being investigated are those pursuant to Art.5 and 11 of Legislative Decree 74/2000 (offences involving income tax and VAT), Art.416 of the Criminal Code (conspiracy) and Art.318 of the Criminal Code (corruption of a public official).

The main proceedings RGNR 207/15 brings together three other separate ones (RGNR 608/16 - 375/15 and 2658/15) whereby UniCredit was only previously aware of 2658/15.

The offences being investigated with regard to the former representative of Capitalia S.p.A. are those pursuant to Art.110 of the Criminal Code (participation in the crime) and Articles 5 and 11 of Legislative Decree 74/2000.

The investigation concerns a complex case involving UniCredit as the successor of MCC, relating to shareholdings owned by the above-mentioned MCC in the group for which Colony Sardegna S.à r.l. is the parent company. The directors of this company are charged with decisions concerning financial transactions which resulted in capital gains on behalf of third-party companies and to the detriment of the company managed, as well as failures to declare IRES income; the charges involving UniCredit refer to the years 2003/2011 (in May 2011 UniCredit Merchant S.p.A. actually sold its shareholding).

C. Risks arising from employment law cases

UniCredit is involved in employment law disputes. In general, 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 €384 million. No provisions were made as these actions are considered to be unfounded.

D. Risks arising from tax disputes

In the previous financial statements, information was given on the service of tax assessment notices relating to the registration tax allegedly due for the registration of the rulings that had settled a number of opposition proceedings regarding the liability status of the companies of the Costanzo Group. For all the aforementioned assessments, the company has filed claims with the Tax Court and the litigations are pending. For one of these notices of assessment, following a first degree decision favorable to the company, the Revenue Agency did not file a claim with the second degree Tax Court. Therefore, the total amount of these litigations currently pending which, as of December 31, 2016, was equal to €29.6 million, is currently equal to €27.1 million.

New pending cases

In the first half of 2017 UniCredit S.p.A. was served several notices of assessment totaling over €25.7 million. The matters of particular significance include those served with regard to:

- registration tax, plus interest and penalties, for a total amount of €8.7 million, requested with respect to a notice of assessment of €6.3 million and referred to the registration tax allegedly due for the registration of the rulings that had settled a number of opposition proceedings regarding the liability status of the companies of the Costanzo Group. Also for this payment request the company has filed a claim with the Tax Court. Currently, the payment due date has been postponed and the litigation is pending before the first degree Tax Court of Catania;
- a notice of assessment referred to the company Dicembre 2007 S.p.A., liquidated, of which UniCredit S.p.A. was a shareholder. The notice of assessment has been served on April 7, 2017 and related to the alleged incorrect application of the participation exemption regime. The total amount is equal to €14.6 million, plus interest (€7.7 million for higher IRES and €6.9 million for penalties). UniCredit S.p.A. is liable up to 46.67% of the higher sums requested; therefore, the share referred to UniCredit S.p.A. is equal to €6.9 million. The company has filed a claim with the Tax Court.

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In June and July 2017 the Revenue Agency - Regional Office of Lombardia has started the following controls:
- with respect to UniCredit Bank Austria A.G. - Milan branch, it has notified a request of information pursuant to Art.10 of Law No.212/2000, referred to the fiscal years 2013, 2014 and 2015 and relating to intragroup transactions and dividends received;
- with respect to UniCredit Leasing S.p.A., it has notified a request of information pursuant to Art.10 of Law No.212/2000, relating to the purchase by UniCredit Bank Austria A.G. of credits towards UniCredit Leasing Ukraine and the subsequent sale both of the share in UniCredit Leasing Ukraine and of the credits;
- with respect to UniCredit Bank A.G. - Milan branch, it has started a general tax audit relating to the fiscal years 2013 and 2014.

The aforementioned requests of information have been answered within the due date indicated by the Tax Authorities.

Updates on pending proceedings and tax audits
In the previous year's financial statements, notices of assessment were reported mainly referred to the substitute tax on loans. The company has promptly submitted appeals to the competent Tax Courts and at the same time submitted a request for administrative cancellation to the Tax Authorities. As of June 30, 2017, all the assessments relating to the substitute tax on loans have been canceled either by the Tax Court or by the Tax Authorities.
Moreover, in the first half of 2017, the following updates are indicated:
- the litigation regarding UniCredit Business Integrated Solutions S.C.p.A. (and UniCredit S.p.A. as the consolidating entity) referred to IRES and IRAP 2011, for a total amount of €10.2 million, has been settled out of Court. Pursuant to such settlement the company paid a total amount of €2.5 million;
- with respect UniCredit Bank A.G. - Milan branch, the tax Authorities had served a tax audit report referred to withholding tax on income from capital allegedly omitted in 2011. Subsequently, two notices of assessment have been notified for IRES and IRAP purposes, for a total amount of about €18 thousand. Such notices of assessment have been canceled by the Tax Authorities since they have been served beyond the legal term;
- the second degree Tax Court of Piemonte issued the decision No.220/05/2017, partially favorable to the company, relating to IRES and IRAP for the fiscal years 2006 and 2007. The total amount of the litigations is equal to €5.1 million;
- certain decisions of the second degree Tax Court of Liguria, favorable to the company, have not been challenged by the Tax Authorities and, therefore, are definitive. The decisions refer to IRES 2005 for the companies UniCredit Private Banking S.p.A. and UniCredit Xelion Banca S.p.A., for a total amount of €0.7 million.

As of December 31, 2016 the total amount of provisions for tax risks amounted to about €96 million. As of June 30, 2017, the total amount of the provisions has not changed.

Tax proceedings in Germany
See paragraph "B. 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 Art.2447 of the Italian Civil Code;
5) the commitment of the creditor banks to converting into SFP the residual credits that should remain in place after the disposal of all the available-for-sale assets of Carlo Tassara;
6) the business continuity of Carlo Tassara will be ensured by enterprises with historical links with the Valcamonica area.

The existing collateral (pledge on Intesa Sanpaolo, Eramet and Cattolica Assicurazioni shares) remained in place after the signing of the above-mentioned agreements. On 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.

In 2016 the disposal of the portfolio securities allowed Carlo Tassara S.p.A. to get a revenue of approximately €220 million, of which €190 million realized through the disposal of the Eramet securities held by the subsidiary Carlo Tassara France S.A. to the creditor banks, against a debt compensation of the same amount. On December 16, 2016 when subscribing the disposal agreement, the creditor banks signed a commitment aimed at converting the residual loans in additional SFPs, should certain conditions precedent not be fulfilled.

In light of these agreements and following the realized disposal activities, UniCredit S.p.A. credit exposure at June 30, 2017 amounted to approximately €3 million gross (fully written-off), equal to December 31, 2016. It should also be noted that following the abovementioned operation occurred in the fourth quarter of 2016, UniCredit S.p.A. holds No.1,080,000 Eramet S.A. shares (with an investor's share of 4.07%) recognized based on the published price quotation (of June 2017-end) worth approximately €46 million. For the purpose of providing complete information, it should be noted that as at June 30, 2017 UniCredit S.p.A. also holds overall No.32,237,751 SFPs issued by Carlo Tassara S.p.A., each with a nominal value of €1.00).

F. Other claims by customers

Supporting the business structures, the Compliance function oversees the regulatory environment evolution related to banking services and products in areas like transparency, financial and investment services and anti-usury. Compliance, as control function, develops rules, checks processes and procedures and monitors complaints trends. The Compliance function, along with the Legal one, also supports analysis and evaluation stages of adequacy of potential "customer care" actions or other initiatives designed to compose particular situations in which the Bank might be involved in order to define them.
Considering the regulatory complexity and interpretations not always homogeneous, the Bank time-to-time assess the accounting of provisions for risk and charges, aimed at facing costs, deemed probable, in a contest that has increased the litigiousness at baking system level.

The trend in market interest rates resulted in the main benchmark reference for indexed loans and in particular for mortgages due from private customers, the Euribor, being negative. This has originated the issue of how to measure the overall interest rate for the clients, creating a fact pattern not existing so far. In light of such complexity, the underlying contracts with clients were subject to a deep monitoring. In this regard, and in compliance with the regulations in force, the Bank takes the necessary initiatives, also allocating a provision for risks according to the likelihood of disbursement.

Part E - Information on risks and hedging policies

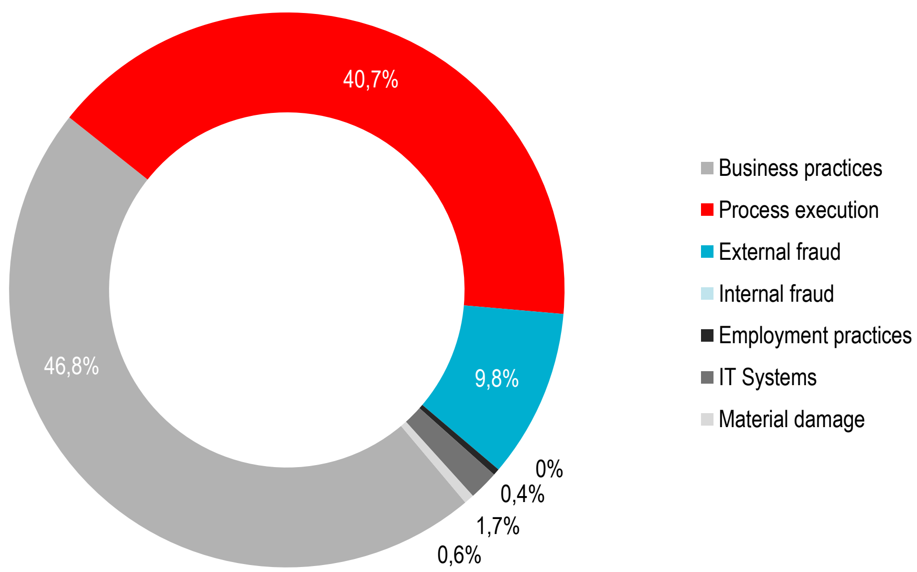
Quantitative information

Detailed below is the percentage composition, by type of event, of operational risk sources as defined by the New Basel Capital Accord and acknowledged by the Regulations for the Prudential Supervision of Banks issued by Banca d'Italia in December 2013 (Circular No.285/2013 and following updates).

The major categories are as follows:

- internal fraud: losses owing to 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 1H 2017 divided by risk category (%)



In 2017, the main source of operational risk was "Clients, products and business practices", a category which includes losses arising from the non-fulfillment of professional obligations towards clients or from the nature or characteristics of the products or services provided, as well as any sanctions for violating regulations. The second largest contribution to losses came from "Process Management, Execution and Delivery", a category which includes losses arising 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, IT systems and employment practices.
The internal fraud is set to 0% even if in 1H 2017 it had a positive impact due to some releases of funds.

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 or participation risk;
- reputational risk.

For further details on the risks above mentioned (definitions and measurement methods), please refer to the "2016 Consolidated Reports and Accounts", Explanatory Notes - Part E - Section 5 - Other Risks.

Developments of the periods

In April 2017 the new Global Process Regulation "Reputational Risk management for Material Events" has been issued. This process aims at defining a straightforward escalation process to the Holding Company's Top Management for events not managed via existing Reputational Risk processes in order to allow it to react promptly in managing the potential consequences.

Regarding Stress Testing, from 2017 also the Pillar I perspective has been introduced in addition to the Pillar II one. Stress test exercise is run in order to assess the viability of the regulatory capital under adverse scenarios (specifically the same scenarios used for Pillar II scope). Credit, Market and Operational RWAs as well as losses are simulated under stress conditions with the aim to measure stressed capital ratios (CET 1, Tier 1, Total Capital Ratio).

Top and emerging risks

In UniCredit, the management and monitoring of risks is based on a dynamic approach; Top Management is promptly informed on top risks and/or emerging risks through a strict monitoring process embedded in the risk assessment process.
The Risk Management identifies and estimates these risks and submits them regularly to senior/top management and Board of Directors which take the appropriate actions to manage and mitigate risks.

Until the first half of 2017, 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 Regulatory environment** and in particular regarding Regulatory developments that could affect Group profitability:

1) Geopolitical Risks

In **Turkey**, political uncertainty is increasing together with the future impacts of the deepest split between Arab states for decades bringing the "difficult security situation" in foreign politics. On domestic side, following the outcome of the April constitutional referendum, activity ought to pick up and markets should stabilize, pushing growth to 3.5% in 2018. At the bottom line, domestic political risks are more profound in Turkey with the outcome of the constitutional referendum unclear harmonized with tensions with the EU and Gulf countries are rising.

In **Russia**, although retail spending remains subdued, we expect consumption to pick up amid stabilizing real wages (aided by further disinflation) and the propensity to save normalizing among the population. This, along with higher oil prices, has led us to raise our 2017 GDP growth forecast to 1.2% from 0.9% initially. For 2018, however, we now expect a slowdown to 0.7% (from 1.1% before). The 2017 outlook has improved across the board: real GDP growth is likely to be stronger and the RUB firmer compared to our previous projections, and inflation lower and much closer to the CBR's target.

2) Economic Consequences coming from "Brexit" event

In the UK, the Prime Minister Theresa May stated that Article 50 will be triggered by the end of March next year and hinted at a "hard Brexit". This event coupled by a deterioration of the UK economic picture have led to an acceleration, widely expected, of the GBP depreciation.
Overall current Unicredit Group direct exposure to UK is limited and does not show major concerns while credit exposure to obligors resident in UK are mostly Financial Institutions and Clearing Houses.
Also from liquidity risk there is no major issue on the GBP given the limited exposures in UK instruments.
The results of the recent elections in UK is clearly not lead to any change in the position of EU: Merkel's office already urged the British to "hurry up". Before the election, EU officials warned UK in order not to go into "unreasonable expectations".

All these evolutions addresses a "hard" Brexit due to the fact that the election result has: (1) increased the probability of a "hard" Brexit (that is, the UK will be outside the single market and the EU Customs Union); and (2) increased the uncertainty over an orderly transition.

Part E - Information on risks and hedging policies

A relatively weaker government is about to face severe discussions in the British Parliament vs Brussels is expecting concrete movements from UK about article 50.

3) Current Macroeconomic and Regulatory environments

a. Evolution of Regulatory development

Over the last few years the regulatory framework in which financial institutions act has become increasingly complex and stricter. This complexity, which is going to increase in the coming year, has been fed by the introduction of new financial regulations, some of them being still under discussion, and by the ECB central role in the supervision of a large portion of the European banking system. All these changes might significantly affect our Group and introduce additional challenges for the general banking sector profitability and capital requirements.
The most relevant changes are the following:

- Revision to the Basel III framework for the calculation of risk weighted assets for credit, operational and market risk. Although these new rules (known as Basel IV) have not been defined in detail yet, the regulator's ultimate goal is to restrict the usage of internal models for measuring credit risk on some specific portfolios and the return to a more stringent standardized approach, to eliminate internal models for operational risks, and to introduce more stringent and sophisticated internal models and standardized approaches for measuring market risk in the trading portfolios. With regard to internal model for credit risk, alongside the regulatory proposal of the Basel Committee, EBA issued new guidelines which will impose tighter criteria for risk parameter estimation, further increasing capital requirement for banks using internal models extensively.
- Entry into force of the leverage ratio, an additional regulatory requirement compared to the risk based indicators envisaged in the Basel III package. The leverage ratio aims to constrain the building up of financial leverage in the banking industry, as well as to reinforce the capital requirements with a supplementary measure not based on risk parameters. The final regulation for the European Union is expected in 2018 for application starting in 2019.
- Entry into force of the liquidity requirements envisaged in Basel III. These requirements are basically two: a short term indicator (liquidity coverage ratio, "LCR"), with the goal to have banks to maintain a liquidity buffer to survive a 30-days period of stress (which is being phased in since October 2015), and a structural liquidity indicator (the net stable funding ratio, "NSFR") referring to a time horizon over one year, introduced to ensure that assets and liabilities have a sustainable structure in terms of maturity. The NSFR will be introduced in the European Union through the regulatory proposals named "CRR II/CRD V" and the entry into force will depend on the related legislative process, currently deemed likely to finish by the end of 2018, for application starting in 2020.
- Adoption of the IFRS9 accounting standard, which envisages a new framework for provisioning computation based on expected loss rather than on incurred loss (as in the current accounting standard IAS39). The quantification of the expected loss is based on forward looking indicators and macroeconomic factors, which will ultimately lead to increased provisions as a first time adoption effect, in the beginning of 2018. However, a European regulatory proposal envisages a five-year phase-in period, in order to smooth the impact of the IFRS9 implementation on capital.
- Entry into force of the Bank Recovery and Resolution Directive ("BRRD") which implies the implementation of a framework where, in case of severe crises, the losses of the banks can be transferred to the shareholders, holders of subordinated debt, of non-subordinated and non-guaranteed debt, and finally to the depositors for the part exceeding the deposit guarantee (€100.000), known as "bail-in". In this context, the same BRRD introduces a requisite for bail-inable liabilities, the Minimum Requirement for Own Funds and Eligible Liabilities ("MREL"), in order to ensure that the bank, in case bail-in is applied, has enough liabilities to absorb the losses and to guarantee compliance with primary capital requirements applicable for the authorisation of banking activities, as well as to produce sufficient confidence in the bank. At a global regulatory level instead, the Financial Stability Board has finalized an international standard that determines the minimum amount of liabilities and own funds subject to bail-in for Systemically Important Banks (like UniCredit): the Total Loss Absorbency Capacity ("TLAC"), applicable from 2019. A proposal by the European Commission was published in November 2016 for the implementation of TLAC in the European Union, taking into account also the above mentioned MREL; the relative EU legislative process will probably last until the end of 2018.
- Likely eliminations of preferential treatment of sovereign exposure in banks' banking book banks' exposures to the home sovereign currently benefit of a zero risk weight. There is no concrete proposal yet, but policy makers and regulators are discussing which approach to adopt to remove this preferential treatment, whether to introduce a concentration limit or to apply a risk weight to these exposures.

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

UniCredit Group deems as priority the activities of capital management and capital allocation based on the risks taken, with the aim of expanding the Group's operations in a value creation perspective. These activities are structured in the different phases of the Group planning and monitoring process and, in particular, in:

- planning and budgeting processes:
  - proposals as to risk propensity and capitalization objectives;
  - analysis of risks associated with value drivers and allocation of capital to business areas and units;
  - assignment of risk-adjusted performance objectives;
  - analysis of the impact on the Group's value and the creation of value for shareholders;
  - preparation and proposal of the equity plan and dividend policy;
- monitoring processes:
  - analysis of performance achieved at Group and business unit level and preparation of management reports for internal and external use;
  - analysis and monitoring of limits;
  - analysis and performance monitoring of the capital ratios of the Group and individual companies.

The Group has committed itself to generate income in excess to that necessary to remunerate risk (cost of equity) and to create value for its shareholders by allocating capital to the various business areas and business units on the basis of specific risk profiles. To support the processes of planning and monitoring, the Group adopts a methodology based on risk-adjusted performance measurement (RAPM - Risk Adjusted Performance Management) which provides a number of indicators that combine and summarize the operating, financial and risk-related variables to be considered.

Therefore, the Group capital and its allocation are of relevant importance in the definition of corporate strategies, as, on one hand, the Group Capital represents the shareholders' investment in the Group, which needs to be adequately remunerated, and on the other hand, it is a scarce resource subject to the external constraints set by regulators.

In the allocation process, the definitions of capital adopted are as follows:

- risk or employed capital: this is the equity component provided by shareholders (employed capital) which must be remunerated through an income generation greater than or equal to expectations (cost of equity);
- capital at risk: this is the portion of capital and reserves that is used (the budgeted amount or allocated capital) or was used to cover (at period-end - absorbed capital) the risks taken to pursue the objective of creating value.

If capital at risk is measured through risk management methods, then it is defined as economic capital; if it is measured through regulatory provisions, then 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 the exposure taken, while the latter is based on schedules specified in regulatory provisions.
Economic capital is set at such a level to cover adverse events with a high level of probability, while regulatory capital is quantified on the basis of a CET1 target ratio in line with that of major international banking groups and taking into account the impacts of the supervisory regulations in force or that will be adopted.

The process of capital allocation is based on a "dual track" logic, which takes into account both the economic capital, measured through the full evaluation of risks by risk management models, and the regulatory capital, quantified through the application of internal capitalization targets to regulatory capital requirements.
The capital management activity, performed by the Capital Management unit of Planning and Capital Management, is aimed at defining the target level of capitalization for the Group and its companies in line with supervisory regulations and the propensity to risk.
UniCredit group has identified a Fully Loaded Common Equity Tier 1 Ratio Target above 12.5% as of 2019, as communicated in December 2016 within the Strategic Plan 2019.
The Strategic Plan defines the reference macroeconomic scenario, the Group strategic guidelines and the main economic and financial targets as well as the dividend payout assumptions in coherence with the Common Equity Tier 1 Ratio Target.
The complete Strategic Plan presentation is available on the Group website, at the following link:
(https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/press-and-media/price-sensitive/2016/PR_2016StrategicPlan_Eng_13.12.16.pdf).

In the dynamic activity of capital management, the Capital Management unit defines the capital plan and monitors the regulatory capital ratios.
The monitoring activity is focused, on one hand, on capital, according to both accounting and regulatory definition (Common Equity Tier 1, Additional Tier 1, and Tier 2 Capital), and, on the other hand, on the planning and performance of risk-weighted assets (RWA).

The dynamic approach to the capital management activity aims at identifying the most suitable investment and capital instruments (ordinary shares and other capital instruments) for achieving the defined targets. If there is a capital shortfall, the gaps to be filled and capital generation measures are indicated, and their cost and efficiency are measured through the RAPM methodology.
In this context, value analysis is enhanced by the joint role played by the Capital Management unit in the fields of, among others, regulatory, accounting, financial, tax-related, risk management and with respect to the changing regulations affecting these aspects; in this way, the Capital Management unit will be able to perform the necessary assessments and to provide with the necessary instructions the other Group HQ areas or companies asked to perform these tasks.

Section 2 - Own funds and banking regulatory ratios

2.1 Regulatory framework

Banca d'Italia Circular No.285 of December 17, 2013, and subsequent amendments, 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.262/2005).
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.115/1990.

2.2 Banking Own funds

A. Qualitative information

Starting from January 1, 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 IV - "CRDIV"), also according to their adoption by Italian Laws.

Such regulation foresees the following breakdown of Own Funds:
- Tier 1 Capital (T1), made by
  - Common Equity Tier 1 Capital (CET1) and
  - Additional Tier 1Capital (AT1);
- Tier 2 Capital (T2);
- the sum of T1 and T2 generates the Total Own Funds (Total Capital).

2017 transitional capital requirements[10] and buffers for UniCredit group

The capital requirements applicable to the Group as of June 30, 2017 in coherence with CRR article 92 are the following (Pillar 1):
- CET1: **4.50%**
- T1: **6.00%**
- Total Capital: **8.00%**

10 CET1 Systemic risk buffer (aimed at preventing and mitigating long-term, non-cyclical, systemic or macro-prudential risks that are not provided for by the CRR) is not applicable as of June 30, 2017.

Part F - Consolidated Shareholders' Equity

In addition to such requirements, the Group shall also meet, through CET1 capital, the following additional requirements:
- **2.50%**, as Pillar 2 Requirements for 2017 in coherence with SREP results;
- **1.25%**, as Capital Conservation buffer[11] (CCB) according to CRDIV article129;
- **0.50%**, as Global Systemically Important Institutions ("G-SII") buffer[12] required by Financial Stability Board[13];
- **0.02%**, as Countercyclical Capital buffer[14] (CCyB) according to the CRDIV Article 160 (paragraphs from 1 to 4), to be calculated on a quarterly basis[15].

Therefore, the Group shall meet the following overall capital requirements:
- CET1: **8.77%**
- T1: **10.27%**
- Total Capital: **12.27%**

Please, find below a scheme of UniCredit Group transitional capital requirements and buffers which also provide evidences of TSCR (Total SREP Capital Requirement) and OCR (Overall Capital Requirement) related to the outcome of the SREP process held in 2016 and applicable for 2017:

2017 Transitional capital requirements and buffers for UniCredit group

REQUIREMENT	CET1	T1	TOTAL CAPITAL
A) Pillar 1 Requirements	**4.50%**	**6.00%**	**8.00%**
B) Pillar 2 Requirements	**2.50%**	**2.50%**	**2.50%**
C) TSCR (A+B)	**7.00%**	**8.50%**	**10.50%**
D) Combined capital buffer requirement, of which:	**1.77%**	**1.77%**	**1.77%**
1. Capital Conservation buffer (CCB)	*1.25%*	*1.25%*	*1.25%*
2. Global Systemically Important Institution buffer (G-SII)	*0.50%*	*0.50%*	*0.50%*
3. Institution-specific Countercyclical Capital buffer (CCyB)	*0.02%*	*0.02%*	*0.02%*
E) OCR (C+D)	**8.77%**	**10.27%**	**12.27%**

11 On October 6, 2016, Bank of Italy published the 18th update of the Circular No.285 that modifies the capital conservation buffer requirement. In publishing this update, Bank of Italy reviewed the decision, made at the time the CRD IV was transposed into national law in January 2014, where the fully loaded CCB at 2.50% was requested, by aligning national regulation the transitional regime allowed by CRD IV. Specifically, with reference to CCB's gradual adoption, the CRD IV requires banks, both at an individual level and at a consolidated level, to respect the following requirements: 1.25% for 2017; 1.875% for 2018; and 2.50% from January 1, 2019 onward.
12 To be increased by 0.25% per year till the target of 1.00% in 2019.
13 Please note that UniCredit Group was identified by the Bank of Italy as an O-SII authorized to operate in Italy, and it has to maintain a CET1 capital buffer equal to 0% for 2017; such level will be increased starting from 2018 by 0.25% on a yearly basis reaching the target of 1.00% from January 1, 2021. Nevertheless, it is worth mentioning that according to the CRDIV article 131.14, the higher of the G-SII and the O-SII buffer will apply: hence, UniCredit will be subject to the application of 0.50% G-SII buffer for 2017.
14 With reference to June 30, 2017: (I) countercyclical capital rates have generally been set at 0%, except for the following countries: Czech Republic (0.50%); Hong Kong (1.25%); Iceland (1.00%); Norway (1.50%); Sweden (2.00%); (II) with reference to the exposures towards Italian counterparties, Bank of Italy has set the rate equal to 0%.
15 In coherence with the transitional regime granted by Bank of Italy, for 2017 institution-specific countercyclical capital buffer shall consist of CET1 capped to 1.25% of the total RWA of the institution.

Transitional consolidated Own Funds

Regarding the amount of transitional adjustments as of June 30, 2017 it is worth mentioning that such amounts, compared to December 31, 2016, also reflect the gradual reduction of the transitional adjustment requested for 2017, mainly:

- 20% for the items to be deducted from CET1 (40% in 2016);
- 20% for unrealized gains on AFS securities (40% in 2016);
- 40% for the actuarial losses calculated according to CRR Article 473 (60% for 2016).

Profit eligible

The profit eligible as of June 30, 2017 (€1,853 million, net of tax effect) is recognized in CET1 capital for €1,420 million, i.e. excluding €433 million related to the Group foreseeable dividends calculated at the date.

The net profit 2017 as of June 30, 2017 is included in CET1 capital following the request submitted to the competent Authority according to CRR Article 26(2).

Disposal of Bank Pekao SA

In June 2017, UniCredit has completed the disposal of the 32.8% shareholding held in Bank Pekao S.A. to Powszechny Zakład Ubezpieczeń S.A. ("PZU") e Polski Fundusz Rozwoju S.A. ("PFR") for the agreed price consideration equal to PLN 123 per share, and therefore equal to PLN 10.6 billion for the shareholding sold.

With reference to March 31, 2017 the following main effects are generated on the 2nd quarter 2017 consolidated transitional Own Funds[16:]

- positive effect due to goodwill for €811 million;
- positive effect due to intangible assets for €197 million;
- negative effect due the exclusion of eligible minority interests for approx. €1.5 billion.

As of June 30, 2017 UniCredit holds a residual minority shareholding of 6.26% in Bank Pekao SA.

Atlante Fund and Atlante Fund II

The regulatory treatment of the quotes held by UniCredit in Atlante Fund and Atlante Fund II is based on the application of the look-through method to the underlying investments owned by the same Funds; specifically:

- the stakes indirectly held in Banca Popolare di Vicenza and Veneto Banca (classified as non-significant holdings in financial sector entity, according to the provisions set by EU Regulation 2015/923), by the way fully impaired as of June 30, 2017;
- the investments held in the securitization notes linked to not performing loans.

With reference to the commitment held by UniCredit towards Atlante Fund and Atlante Fund II, the regulatory treatment foresees the application of a Credit Conversion Factor equal to 100% (“full risk” according to the Annex I of CRR), for the calculation of related Risk Weighted Assets.

Stake in Bank of Italy’s capital

With reference to the regulatory treatment of UniCredit’s stake in Bank of Italy, the carrying value as of June 30, 2017 - equal to €1,096 million - is risk weighted at 100% (according to the CRR Article 133 “Equity exposure”); the revaluation recognized on P&L as of December 31, 2013 is not filtered out.

Deductions of investments in financial sector entities and deferred tax assets that rely on future profitability and arise from temporary differences

The first quarter 2017 capital increase led to overcome the December 31, 2016 thresholds exceedance. Hence, as of June 30, 2017 UniCredit does not anymore exceed the thresholds related to (i) not significant investments in financial sector entities, (ii) significant investments in CET1 instruments issued by financial sector entities and (iii) deferred tax assets that rely on future profitability and arise from temporary differences.

Financial conglomerate

With reference to June 30, 2017 reporting date, UniCredit Group is not classified as financial conglomerate; such indication was published by Consob (Italian Market Authority) on 9 September, 2016.

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)

16 Moreover CET1 ratio is positively impacted by the ceased contribution of Pekao’s RWA to UniCredit Group consolidated RWA.

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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) exposures deducted from CET1 as an alternative to the application of 1,250% risk weight; (VII) the applicable amount of direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities where the institution does not have a significant investment in those entities (deducted for the amount exceeding the thresholds foreseen by the regulation); (VIII) deferred tax assets (DTA) that rely on future profitability and arise from temporary differences, and the applicable amount of direct, indirect and synthetic holdings by the institution of the Common Equity Tier 1 instruments of financial sector entities where the institution has a significant investment in those entities (deducted for the amount exceeding the thresholds foreseen by the regulation).

As of June 30, 2017, CET1 includes ordinary shares issued by UniCredit S.p.A, equal to €20,224 million, among the others elements, such amount does not include the shares, in support to Cashes[17] (€609 million), reclassified under AT1.

2. Additional Tier 1 Capital - AT1

The main AT1 elements are the represented by the following items: (I) capital instruments, where the conditions laid down in CRR article 52 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).

On May 15, 2017, UniCredit S.p.A. launched Additional Tier 1 notes, denominated in EUR, for a total of 1.25 billion. The securities are perpetual and can be called by the Issuer after 6 years and thereafter at any interest payment date. Notes pay fixed rate coupons of 6.625%. The notes were allocated to institutional investors, based in the main financial European venues (UK, Italy and France, etc.).
The coupon payment is fully discretionary. The notes have a 5.125% Common Equity Tier 1 (CET1) trigger, if the Group or Issuer CET1 at any time falls below the trigger level, the instrument will be temporarily written down to cure the breach, taking into consideration other instruments with similar write down triggers.

17 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 No.9.675.641 ordinary shares of UniCredit S.p.A. (reduced from No.967,564,061 after the reverse split occurred in 2011 and 2017) underwritten by Mediobanca in the context of the capital increase approved by the UniCredit Extraordinary Shareholders' Meeting on November 14, 2008. Therefore, since such shares are legitimately issued, they are fully loss absorbing as any other ordinary share.

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	211	500	EUR	No maturity	07.21.2020	Fixed to Floating	9.375% from issue date to 07.21.2020, equivalent to MS + 6.49%; Euribor 3M + 7.49% from 07.21.2020	Non convertible	yes	Tier 2
no	UNICREDIT SPA	XS1046224884	898	1,250	USD	No maturity	06.03.2024	Fixed	8% p.a. until 06.03.2024; therafter fixed every 5 years for 5-Year Mid-Swap Rate + 518bps	Non convertible	yes	Tier 2
no	UNICREDIT SPA	XS1107890847	991	1,000	EUR	No maturity	09.10.2021	Fixed	6.75% p.a until 09.10.2021; therafter fixed every 5 years for 5-Year Mid-Swap Rate + 610bps	Non convertible	yes	Tier 2
no	UNICREDIT SPA	XS1539597499	495	500	EUR	No maturity	06.03.2022	Fixed	9.25% p.a. until 06.03.2022; thereafter fixed every 5 years for 5-year Mid-Swap Rate + 930bps	Non convertible	yes	Tier 2
no	UNICREDIT SPA	XS1619015719	1,237	1,250	EUR	No maturity	06.03.2023	Fixed	6.625% p.a. until 06.03.2023, thereafter fixed every 5 years for 5-year Mid-Swap Rate +638.7 bps	Non convertible	yes	Tier 2
yes	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	XS0372556299	133	350	GBP	No maturity	06.27.2018	Fixed to Floating	8.5925% from issue date to 06.27.2018 payable semi-annually, equivalent to MS + 2.95%; Libor 3M + 3.95% from 06.27.2018	Non convertible	yes	Tier 2
yes	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	XS0470937243	393	750	EUR	No maturity	12.10.2019	Fixed to Floating	8.125% from issue date to 12.10.2019; Euribor 3M + 6.650%	Non convertible	yes	Tier 2
yes	HVB FUNDING TRUST II	XS0102826673	16	100	GBP	10.13.2036	10.13.2034	Fixed	7.76% p.a	Non convertible	yes	Tier 2
yes	ALPINE CAYMAN ISLANDS LTD.	DE000A0DD4K8	95	250	EUR	No maturity	10.28.2011	Fixed to Floating	1Y 6.00%, max between 8.00% and CMS euro 10y + 0.10% from 10.28.2005. Payable semi-annually	Non convertible	no	Tier 2
yes	ALPINE CAYMAN ISLANDS LTD.	DE000A0DYW70	50	150	EUR	No maturity	03.22.2012	Fixed to Floating	1Y 7.5% payable in arrear, max between 8.00% and euro CMS 10 y + 0.15% from second year to maturity.	Non convertible	no	Tier 2
yes	HVB FUNDING TRUST	US404398AA77	18	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.

Part F - Consolidated Shareholders' Equity

3. Tier 2 Capital - T2

The main T2 elements are the represented by the following items: (I) capital instruments and subordinated loans where the conditions laid down in 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).

On June, 2017, UniCredit S.p.A. launched following Tier 2 notes:
- denominated in EUR, for a total of 50 million. The securities have a legal maturity of 15 years and pay a fixed rate coupon of 4.5% per annum, paid on an semi-annual basis. The Notes were distributed to one single institutional investor. Bonds are listed on the Luxembourg Stock Exchange.
- denominated in USD, for a total of 1 billion. The securities have a legal maturity of 15 years and pay fixed rate coupons of 5.861% per annum, paid on an semi-annual basis, for the first 10 year. The instrument has a one-time Issuer's call option exercisable after 10 years subject to regulatory approval; if not called at year 10 the coupon will reset at the prevailing 5 years US mid-swap rate plus the initial spread. The Notes were distributed to different institutional investors' categories, mainly funds (83%) and banks and insurance companies. The demand has mainly come from US/Canada (59%), France (12%) and UK (9%).

As of June 30, 2017 T2:
- does not include instruments having a contractual amortization plan in line with regulatory rules stated by CRR Article 63;
- 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;
- includes saving for a total amount of €2,4 million.

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	44	1,000	EUR	09.26.2017	-	Fixed	5.75% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0332831485	15	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	9	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	2	15	EUR	04.10.2018	-	Floating	Max between 5.535% and 10 y Euro CMS	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0356629369	16	100	EUR	04.24.2018	-	Floating	Max between 5% and 10 y Euro CMS + 0.67%	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0367777884	130	1,000	EUR	06.05.2018	-	Fixed	6.70% p.a.	Non Convertible	yes	Lower Tier 2
no	UNICREDIT SPA	XS0372227982	20	125	EUR	06.25.2018	-	Floating	Euribor 6M + 1.7%	Non Convertible	yes	Lower Tier 2
no	UNICREDIT SPA	XS0503612250	38	50	EUR	04.21.2021	-	Fixed	5% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0504566414	48	50	EUR	04.25.2022	-	Fixed	5.05% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0503708280	28	50	EUR	04.26.2020	-	Fixed	4.75% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004605074	194	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	30	50	EUR	06.14.2020	-	Fixed	5.16% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004698418	67	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

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	IT0004698426	106	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	482	750	EUR	04.19.2021	-	Fixed	6.125% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004723927	75	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	4	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	35	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	2	10	EUR	07.21.2018	-	Floating	Euribor 3M + 2.637% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004764004	105	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	159	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	188	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	654	750	USD	05.02.2023	05.02.2018	Fixed to Floating	1-5Y 6.375%. 6-10Y USD MS + 5.51%	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0986063864	996	1,000	EUR	10.28.2025	10.28.2020	Fixed	5.75% p.a.. after the call. 5Y Swap + 410 bps	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0001	1	10	EUR	10.30.2017	-	Fixed	5.45% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0002	1	10	EUR	10.30.2017	-	Fixed	5.45% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0003	1	10	EUR	11.13.2017	-	Fixed	5.54% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0004	0	5	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0005	0	5	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0006	2	20	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0007	2	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	3	40	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0010	0	5	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior

Part F - Consolidated Shareholders' Equity

SUBJECT TO TRANSITIONAL RULES (GRANDFATHERING)	ISSUER	UNIQUE IDENTIFIER [1]	COMPUTABLE CRR AMOUNT (€/MLN) [2]	NOMINAL AMOUNT IN ORIGINAL CURRENCY (MLN)	CURRENCY	MATURITY DATE	OPTIONAL CALL DATE	FIXED OR FLOATING DIVIDEND / COUPON	COUPON RATE AND ANY RELATED INDEX	CONVERTIBLE OR NON-CONVERTIBLE	WRITE-DOWN FEATURES	POSITION IN SUBORDINATION HIERARCHY IN LIQUIDATION [3]
no	UNICREDIT SPA	135_SL0011	2	20	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0012	0	5	EUR	11.27.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0013	1	10	EUR	01.30.2018	-	Fixed	5.74% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0014	1	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	42	10,000	JPY	03.12.2021	-	Fixed	6.3% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000541719	13	20	EUR	10.06.2020	-	Fixed	6.5% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000541669	3	5	EUR	08.01.2020	-	Fixed to Floating	7.1% payable until 07.31.2005, thereafter 1.8 x 10yJPYCMS. floor: 3.25%, cap: 8.25%	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0122710188	20	20	EUR	01.24.2031	-	Floating	Euribor 3M + 0.39% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0123313636	30	30	EUR	01.25.2031	-	Floating	Euribor 6M + 0.3925% payable semi-annually	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0123117292	46	46	EUR	01.25.2031	-	Floating	Euribor 3M + 0.35% payable quarterly	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	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	XS0137905153	12	12	EUR	10.30.2031	-	Fixed	5.935% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0138428684	60	60	EUR	12.31.2031	-	Floating	Euribor 3M + 0.50% payable quarterly	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0139264682	35	40	USD	12.05.2031	-	Fixed	6.21% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	A111_SL0040	24	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
no	UNICREDIT BANK AUSTRIA AG	XS0140907626	45	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	57	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	90	100	EUR	12.28.2021	-	Floating	Euribor 6M +0.48% payable semi-annually	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000539481	35	40	EUR	11.29.2021	-	Fixed	6% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	A111_SL0050	22	25	EUR	10.19.2021	-	Fixed	6.01% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	A111_SL0053	18	20	EUR	12.02.2021	-	Fixed	5.51% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000246814	1	15	EUR	02.26.2021	02.26.2016	Floating	Euribor 6M + 0.20% payable semi-annually	Non Convertible	no	Senior

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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	9	60	DEM	12.21.2018	-	Fixed	5.43% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0097425226	11	40	EUR	05.14.2019	-	Fixed to Floating	5.00% from issue date to 05.14.2009; 5.00% + 16% of Euro CMS 10y from 05.14.2009.	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0097950900	1	3	EUR	05.28.2019	-	Fixed to Floating	4.50% from issue date to 05.28.2004; max between 4.50% and 90% of Euro CMS 10y from 05.28.2004.	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0098170003	14	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	10	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	8	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	5	8	EUR	08.03.2020	-	Floating	Euribor 6M + 0.65%	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0119485885	9	14	EUR	10.23.2020	-	Floating	Euribor 3M + 0.70%	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0120851174	7	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	1	10	EUR	11.27.2017	-	Fixed	5.85% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0150812872	0	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	1	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	AT000B074141	0	8	EUR	10.22.2017	-	Fixed	4.625% p.a.	Convertible - AT1	no	Senior
no	UNICREDIT LUXEMBOURG FINANCE SA	US90466GAC69	44	750	USD	10.31.2017	-	Fixed	6.00% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	IT0005087116	2,493	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

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 SPA	XS1632222565	50	50	EUR	06.14.2032	06.14.2027	Fixed to Floating	4.50% p.a. from Issue Date to 06.14.2019 payable semiannually; 2.24% p.a. + Euribor 6m after 06.14.2019	Non Convertible	no	Senior
no	UNICREDIT SPA	XS1631415582	871	1,000	USD	06.19.2032	06.19.2027	Fixed to Floating	5.861% p.a. from Issue Date to 06.19.2027 payable semiannually; 3.703% p.a. + 5Y US Dollar Mid Swap Rate after 06.19.2027 payable semiannually	Non Convertible	no	Senior

Notes:
(1) 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.

B. Quantitative information

(€ '000)

OWN FUNDS	06.30.2017	12.31.2016
A. Common Equity Tier 1 Capital (CET1) before prudential filters	**50,675,935**	**49,711,726**
of/w grandfathered CET1 instruments	-	-
B. CET1 Prudential Filters (+/-)	**(851,352)**	**(1,243,350)**
C. CET1 gross of deductions and transitional adjustments (A +/- B)	**49,824,583**	**48,468,376**
D. Items to be deducted from CET1	**4,630,043**	**19,376,328**
E. Transitional adjustments - Effect on CET1 (+/-), including minority interests subject to transitional adjustments	**421,671**	**2,445,154**
F. Common Equity Tier 1 Capital (C - D +/-E)	**45,616,211**	**31,537,202**
G. Additional Tier 1 Capital (AT1) gross of deductions and transitional adjustments	**4,912,355**	**3,732,353**
of/w grandfathered AT1 instruments	*1,292,090*	*1,348,890*
H. Items to be deducted from AT1	**71,112**	**125,123**
I. Transitional adjustments - Effect on AT1 (+/-), including qualifying instruments issued by subsidiaries and computable in AT1 due to transitional provisions	**4,406**	**(139,582)**
L. Additional Tier 1 Capital (G - H +/- I)	**4,845,649**	**3,467,648**
M. Tier 2 (T2) Capital gross of deductions and transitional adjustments	**10,879,607**	**10,686,356**
of/w grandfathered T2 instruments	*800,065*	*1,073,554*
N. Items to be deducted from T2	**758,529**	**844,400**
O. Transitional adjustments - Effect on T2 (+/-), including qualifying instruments issued by subsidiaries and computable in T2 due to transitional provisions	**265,087**	**302,961**
P. Tier 2 Capital (M - N +/- O)	**10,386,165**	**10,144,917**
Q. Total Own Funds (F + L + P)	**60,848,025**	**45,149,767**

Own Funds are calculated according to the transitional adjustments requested as applicable time to time.
The changes in the Own Funds as at June 30, 2017 compared to the previous year, are shown in detail in the Disclosure by UniCredit group as at June 30, 2017, in the "Own Funds" chapter, on the Group website to the link https://www.unicreditgroup.eu/en/investors/third-pillar-basel-two-and-three.html.

Description of main capital items as of June 30, 2017

A. Common Equity Tier 1 Capital (CET1) before prudential filters

The item includes:

- Paid up instruments for €20,224 million;
- Share premium for €13,382 million: compared to December 31, 2016 this item includes the effects of (i) capital increase as approved by the Shareholders' Meeting on January 12, 2017 (equal to €12,984 million[18]); (ii) reduction of the share premium (for €13,960 million) for the allocation of the 2016 year-end loss[19] of the Parent Company UniCredit S.p.A. and the coverage of negative reserves, as approved by the Shareholders' Meeting on April 20, 2017;
- other reserves for €20,766 million including retained earnings. Such amount includes the net profit of the first half of 2017, equal to €1,853 million, recognized in Own Funds reduced by foreseeable dividends calculated at the date for 433 million, according to formal authorization by the competent Authority as of CRR article 26(2);
- minority interests eligible in CET1 capital for €238 million; compared to December 31, 2016 (where eligible minority interests were equal to €1,613) this item basically reflects the disposal of Bank Pekao;
- accumulated other comprehensive income, negative for €3,934 million; among the others, such item includes the following items whose regulatory treatment is outlined below:
  - reserves for actuarial losses (IAS19)[20]:
    - amount of the negative reserve included in the present item: €2,443 million;
    - amount of the positive transitional filter included in section "*E. Transitional adjustments - Effect on CET1 (+/-), including minority interests subject to transitional adjustments*": €589 million;
  - reserves on available for sale (AFS) securities:
    - amount of the positive reserve included in the present item: €1.679 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*": €336 million, of/w €203 million referred to securities issued by UE Central Administrations;
  - revaluation reserve on exchange differences: amount of the negative reserve included in this item for € 3,765 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 (€2 million) reclassified in the Item "*M. Tier 2 (T2) Capital gross of deductions and transitional adjustments*".

B. CET1 Prudential Filters

The item includes:

- filters required by CRR, referred to:
  - negative filter on cash flow hedge reserve of financial instruments (CRR Art.33), equal to €317 million;
  - negative filter on gains on liabilities of the institutions related to changes in own credit standing (CRR Art.33), equal to €8 million;
  - negative filter on additional value adjustments (CRR Art.34), equal to €148 million;
- national filters as required by Bank of Italy Circular No.285, referred to:
  - multiple goodwill redemption ("affrancamenti mutipli"), equal to € 351 million[21];
  - gain on sale of properties mainly used in operations ("cessione in blocco"), equal to €27 million.

D. Items to be deducted from CET1

The item includes the following main elements:

- goodwill and other intangible assets, for €4,029 million;
- deferred tax assets that rely on future profitability and do not arise from temporary differences, for € 358 million;
- deductions for securitizations, for €200 million.

E. Transitional adjustments - Effect on CET1, including minority interests subject to transitional adjustments

The item includes the following main elements:

- €133 million related to the exclusion of 20% of unrealized gains related to (I) exposures towards EU Central Administrations classified in the portfolio "Available For Sale - AFS", equal to €203 million and (II) debt instruments other than those issued by EU Central Administration, and capital instruments classified in the portfolio "Available For Sale - AFS";
- €589 million related to the positive adjustment on reserves for actuarial losses (IAS19) equal to 40% of the amount calculated according to CRR

18 In addition to the amount of €22 million registered under the accounting item Capital.

19 As of December 31, 2016 the loss was reported in item "D. Items to be deducted from CET1".

20 As of January 1, 2013, following the entry into force of the amendments to IAS19 (IAS19R), the elimination of the corridor method - requiring recognition of present value of defined benefit obligations - will result in an impact on the Group's net equity related to the recognition in the revaluation reserves of actuarial net losses not previously recognized in line with such method.

21 The amount of the filter refers to 5/5 of the amount subject to neutralization calculated according to Bank of Italy communication issued on May 9, 2013; the calculation takes into account the provisions of the Resolution No.55/E of the Italian Revenue Agency (Agenzia delle Entrate) issued on May 29, 2015 concerning "Discipline of the tax credit resulting from the processing of deferred tax assets recorded in the financial statements referred to in Article 2, paragraphs 55 to 58 of Decree-Law 29 December 2010, No.225" ("Disciplina del credito d'imposta derivante dalla trasformazione di attività per imposte anticipate iscritte in bilancio di cui all'articolo 2, commi da 55 a 58, del decreto legge 29 dicembre 2010, No.225"). The decrease in the amount of the filter compared to December 31, 2016 is related to the cancellation of deferred tax assets following the conversion in tax credits of the accounting losses.

Part F - Consolidated Shareholders' Equity

Article 473;

- €69 million related to the positive adjustment for the 20% of the deduction related to deferred tax assets that rely on future profitability and do not arise from temporary differences;
- €98 million related to the positive adjustment due to the inclusion of minority interests subject to transitional adjustments.

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 €4 million equal to:

- 20% (€9 million) of the amount of the deduction (€45 million) related to direct positions in AT1 instruments issued by financial sector entities (FSE) in which a significant investment is held;
- net of 50% of the related residual amount of the deduction (€5 million).

M. Tier 2 (T2) Capital gross of deductions and transitional adjustments

The present item includes, among the other elements, the excess of credit risk adjustments compared to expected losses on positions under IRB approach for €874 million, included in Tier 2 Capital up to 0,6 % of risk-weighted exposures, in accordance with CRR Art.62.

O. Transitional adjustments - Effect on T2, including qualifying instruments issued by subsidiaries and computable in T2 due to transitional provisions

The item includes the following main transitional adjustments:

- €5 million related to the deduction of 50% of the residual amount referred to direct positions held in AT1 instruments issued by FSE in which a significant investment is held;
- €203 million related to the positive adjustment due to the inclusion of instruments issued by subsidiaries and included in Tier 2 Capital according to transitional provisions;
- €67 million related to the national positive filter as regulated by Bank of Italy Circular No.285, equal to 20% of 50% of unrealized gains on AFS.

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 06.30.2017	UNWEIGHTED ASSETS 12.31.2016	WEIGHTED ASSETS/EQUIREMENTS 06.30.2017	WEIGHTED ASSETS/EQUIREMENTS 12.31.2016
A. RISK ASSETS				
A.1 CREDIT AND COUNTERPARTY RISK	**866,626,501**	**877,285,582**	**301,095,517**	**331,181,087**
1. Standardized approach[1]	**380,137,479**	411,492,617	153,008,963	180,075,863
2. IRB approaches	465,957,446	443,048,947	145,661,572	148,202,706
2.1 Foundation	*15,637,948*	*17,371,475*	*10,228,614*	*11,905,651*
2.2 Advanced	*450,319,498*	*425,677,472*	*135,432,958*	*136,297,055*
3. Securitizations	20,531,576	22,744,018	2,424,982	2,902,518
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			**24,087,640**	**26,494,487**
B.2 Credit valuation adjustment risk			**255,337**	**292,528**
B.3 Settlement risk			**5,685**	**2,278**
B.4 Market Risk			**939,670**	**1,100,151**
1. Standard approach			147,741	158,445
2. Internal Models			791,929	941,706
3. Concentration Risk			**-**	-
B.5 Operational Risk			**2,925,153**	**3,081,431**
1. Basic indicator approach			203,362	233,540
2. Traditional standardized approach			281,031	285,337
3. Advanced measurement approach			2,440,760	2,562,554
B.6 Other calculation elements			**-**	-
B.7 Total capital requirements			**28,213,485**	**30,970,875**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk Weighted Assets			**352,668,561**	**387,135,931**
C.2 Common Equity Tier 1 Capital/Risk weighted assets (CET1 capital ratio)			**12.93%**	**8.15%**
C.3 Tier 1 Capital/Risk weighted assets (Tier 1 capital ratio)			**14.31%**	**9.04%**
C.4 Total Own Funds/Risk weighted assets (Total capital ratio)			**17.25%**	**11.66%**

Note:
(1) The weighted amounts as at June 30, 2017 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 IAS24 applies, which defines the concept of related party and identifies the relations between that party and the entity producing the financial statements. IAS24 also explains that the disclosure must include transactions entered into with subsidiaries of associates and subsidiaries of joint ventures.
Pursuant to IAS24, UniCredit S.p.A.'s related parties include:

- companies belonging to the UniCredit group and companies controlled by UniCredit but not consolidated[22];
- 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 2017, transactions carried out with related parties reported in the data streams provided by the reference standards, were executed, on market or standard conditions and were carried out based on assessments of the economic interests of the Group.
See also paragraph "Certifications and other communications" in Consolidated Interim Report on Operations of this document.

22 For the purposes of this Consolidated First Half Financial Report as at June 30, 2017 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, 2017, for each group of related-parties, pursuant to IAS24:

Related-party transactions: balance sheet items

(€ '000)

	AMOUNT AS AT 06.30.2017								
	NON-CONSOLIDATED SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON CONSOLIDATED	SHAREHOLDERS (*)	% ON CONSOLIDATED
Financial asset held for trading	-	24,256	843,478	-	3,150	870,884	1.10%	24,246	0.03%
Financial asset designated at fair value	-	-	-	-	59,383	59,383	0.24%	-	-
Available for sale financial asset	-	-	116,914	-	7,013	123,927	0.12%	-	-
Held to maturity investments	-	-	-	-	-	-	-	-	-
Loans and receivables with banks	-	2,325,668	872,006	-	-	3,197,674	4.90%	-	-
Loans and receivables with customers	66,610	1,156,824	1,267,256	3,344	258,155	2,752,189	0.61%	1,052,876	0.23%
Hedging derivatives (assets)	-	-	-	-	-	-	-	-	-
Non current assets and disposal groups classified as held for sale	-	-	6,032	-	32	6,064	0.15%	-	-
Other assets	1,176	2,733	158,293	-	13	162,215	1.81%	-	-
Total Assets items	**67,786**	**3,509,481**	**3,263,979**	**3,344**	**327,746**	**7,172,336**	**0.96%**	**1,077,122**	**0.14%**
Deposits from banks	31	51,982	7,895,994	-	-	7,948,007	6.12%	20,481	0.02%
Deposits from customers	17,020	28,493	438,341	6,176	260,639	750,669	0.17%	4,512	-
Debt securities in issue	-	12,539	150,781	20	-	163,340	0.10%	-	-
Hedging derivatives (liabilities)	-	-	-	-	-	-	-	-	-
Liabilities included in disposal groups classified as held for sale	-	-	13,664	-	-	13,664	2.21%	-	-
Other liabilities	11	800	11,734	-	115	12,660	0.06%	-	-
Total Liabilities items	**17,062**	**93,814**	**8,510,514**	**6,196**	**260,754**	**8,888,340**	**1.17%**	**24,993**	**-**
Guarantees given and commitments	293	1,574,959	2,182,596	-	68,557	3,826,405	1.98%	121	-

(*) Shareholders and related companies holding more than 2% of voting shares in UniCredit.

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 06.30.2017								
	NON-CONSOLIDATED SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMET PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON CONSOLIDATED	SHAREHOLDERS (*)	% ON CONSOLIDATED
Interest income and similar revenues	386	52,235	41,693	8	1,741	96,063	1.28%	2,530	0.03%
Interest expense and similar charges	(1)	(417)	(13,437)	(3)	(7)	(13,865)	0.61%	(517)	0.02%
Fee and commission income	24	2,811	377,304	3	5,034	385,176	10.47%	3,053	0.08%
Fee and commission expense	(43)	(58)	(7,454)	-	-	(7,555)	1.22%	(93)	0.02%
Impairment losses on:	(67)	11	(14,200)	(1)	643	(13,614)	0.97%	(51)	-
a) loans	*2*	*5*	*(11,630)*	*(1)*	*649*	*(10,975)*	0.78%	*(51)*	-
b) available for sale assets	*(69)*	-	*(2,745)*	-	-	*(2,814)*	1.49%	-	-
c) held-to-maturity assets	-	-	-	-	-	-	-	-	-
d) other financial assets	-	*6*	*175*	-	*(6)*	*175*	0.09%	-	-
Operating costs	29	1,026	(314,041)	4	(14,345)	(327,327)	5.12%	(1,970)	0.03%

(*) 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.
- In 2012 the subsidiary UniCredit Business Integrated Solutions S.C.p.A. (UBIS) assumed the role of operating sub-holding to provide the Group's support services both in Italy and abroad.
  - Against this backdrop, on February 15, 2013 the Board of Directors of UBIS approved the executive plan relating to the "Invoice Management" transaction aimed at the formation of a joint venture with the partner Accenture S.p.A. (Accenture) for the provision of back office services with respect to the "active and passive cycle" (issuance, receipt, verification, recording and payment of invoices). In relation to this, UBIS transferred, with effect from April 1, 2013, its "active and passive cycle" business unit to the company formed by Accenture and called "Accenture Back Office and Administration Services S.p.A." and sold to Accenture some of the shares resulting from the transfer. Following the transaction, UBIS holds 49% of Accenture Back Office and Administration Services S.p.A.'s share capital; the remaining 51% is held by Accenture (which is the controlling shareholder).
  - Afterwards, on April 19, 2013, the Board of Directors of UBIS approved the executive plan of the project aimed at the formation of a joint venture with another major player in the industry, IBM Italia S.p.A. (IBM), for the provision of technological infrastructure services (hardware, data center, etc.) to Commercial Banking. The transaction was completed when UBIS transferred, with effect from September, 1, 2013, of 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. Following the transaction, UBIS holds 49% of V-TServices's share capital; the remaining 51% is held by IBM (which is therefore the controlling shareholder). In December 2016 a contractual renegotiation, with extention of expiry to December 2026, between UniCredit Business Integrated Solution e V-TService has been concluded with the aim to increase value creation and ability to catch new opportunities from technological evolution.

  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 the year 2017 the fourth installment referred to the 2015 result has been paid for €32 million; as contractual conditions for installment payments referred to 2016 result have not been met, the four related instalments (May 2017, August 2017, November 2017 and February 2018) will not be paied.

  As part of the "CASHES" transaction, Mediobanca also acts as a custodian of the shares issued by UniCredit S.p.A.

  Following a different qualification by Agenzia delle Entrate (Italian Tax Authority) of the fiscal regime of returns of CASHES compared to the interpretation used by UniCredit S.p.A (as Depositary Bank), notified to the investors qualified as related parties or subjects that can be assimilated, conciliatory definitive transactions with such investors were defined in order to consistently compose the recourses.
- During June 2017 a contract for the "pro solute" sale in three tranches of bad loans belonging to consumer credits portfolios to MBCredit Solution, a company belonging to Mediobanca Group, has been signed. During June 2017 the first sale has been concluded; the second and third tranche will be performed respectively in second half 2017 and first half 2018.
- At June 30, 2017 the Group's exposure to Nuova Compagnia Partecipazioni (formerly Italpetroli Group), considered part of the intragroup transactions, consisted mainly of the credit exposure.
- In April 2013, UniCredit S.p.A. started to act as primary dealer and market maker on the Italian, Portuguese, Spanish and Greek government bond markets (these roles were previously played by UniCredit Bank AG). In light of the fact that the model developed provides for the regular provision 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 2017, considered among intercompany transactions.
- In August 2014, Alitalia sealed an investment agreement with Etihad Airways aimed at strengthening Alitalia in terms of competitiveness and sustainable income, which also includes: (i) an investment of €560 million by Etihad, which thus became a non-controlling shareholder of the company; (ii) the commitment by the main stakeholders (in addition to UniCredit, Intesa Sanpaolo, Poste Italiane, Atlantia, Immsi, Pirelli, Gavio and Macca) to support an additional 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 about at 32.6%.

- It should be noted that distribution agreements concerning insurance products were signed with the following associates:
  - Aviva S.p.A.;
  - CNP UniCredit Vita S.p.A.;
  - Creditras Assicurazioni S.p.A.;
  - Creditras Vita S.p.A.;
  - Incontra Assicurazioni S.p.A.
- The relationships with other related parties include the relationships with external pension funds (for UniCredit employees), since they have separate legal personality. These transactions were conducted on the same terms and conditions as those applied to transactions with independent third parties. The relationships with these pension funds are almost entirely represented by the relationships included in Deposits from customers (and related interests).

Part I - Share-Based Payments

Part I - Share-Based Payments

A. Qualitative information

1. Description of payment agreements based on own equity instruments

1.1 Outstanding instruments

Group Medium & Long Term Incentive Plans for selected employees include the following categories:
- Equity-Settled Share Based Payments;
- Cash Settled Share Based Payments[23].

The first category includes the following:
- **Stock Options** allocated to selected top & senior managers and key talents of the Group and represented by subscription rights of UniCredit shares;
- **Group Executive Incentive System** that offers to eligible Group executive a variable remuneration for which payment will be made within five years. The beneficiary will receive the payment in cash and/or in UniCredit shares; the payment is related to the achievement of performance conditions (other than market conditions) stated in the plan rules;
- **Group Executive Incentive System (Bonus Pool)** that offer to eligible Group executives and relevant employees identified following regulatory rules, a bonus structure composed by upfront (following the moment of performance evaluation) and deferred payments in cash and in shares, to be paid over a period of ranging from 1 to 6 years. This payment structure will guarantee the alignment to shareholder interest and will be subjected to *malus* (which applies in case specific profitability, capital and liquidity thresholds are not met at both Group and country/division level) and claw back conditions (as legally enforceable) 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 opportunity to buy UniCredit ordinary shares with the advantages to foresee the granting of free ordinary shares ("Free Shares") or rights to receive them measured on the basis of the shares purchased by each participant ("Investment Shares") during the "enrolment period". The granting of free ordinary shares is subordinated to vesting conditions stated in the plan rules;
- **Long Term Incentive 2017-2019** that offers to eligible executives and key players of the Group an incentive 100% based on ordinary UniCredit shares, subject to 3-years deferral and to malus and claw-back conditions, as legally enforceable, as defined in plan rules. The plan is structured on 3-years performance period, aligned to the new UniCredit strategic plan and provides for the allocation of one award based on gateway conditions on profitability, liquidity, capital and risk position and a set of performance conditions focused on Group targets, aligned with Transform 2019;
- **FinecoBank Stock granting for employees and for PFA** offering the allocation of free shares of FinecoBank to beneficiaries belonging to top management, executives and employees of the Bank (other than top management) and the selected network's Personal Financial Advisors. The shares shall be allocated to the beneficiaries in three or four annual instalments. The plans are subject to entry conditions (profitability and capital thresholds) and clawback clauses (as legally applicable) in accordance with the plan rules;
- **FinecoBank PFA incentive system** that offer to selected financial advisors, identified as key personnel in accordance with regulatory requirements, an incentive system consisting of immediate cash payments (following performance evaluation) and deferred payments, in cash and FinecoBank ordinary shares, over a period of 5 years. This payment structure ensures that bonuses are aligned to shareholders' interests and is subject to *malus* clauses (which apply when specific earnings, liquidity and capital thresholds are not met at Group and/or at country/division level) and clawback clauses (to the extent they are legally applicable) in accordance with the plan rules (which are both vesting conditions other than market conditions).

The second category includes the following:
- **Group Long Term Incentive Plan 2015-2018** that offers to selected Top Managers of the UniCredit S.p.A. other equity instruments (Phantom Shares) with the right to receive a future cash incentives determined by the market price of UniCredit ordinary shares. This right is subject to the achievement of specific performance indicators and *malus* and clawback conditions (as legally enforceable) as defined in the Plan Rules. This payment structure will guarantee the alignment to the shareholders and Top Management interests, rewarding long term value creation, share price and Group performance appreciation. This plan was forfeited during the 2017 first half;
- other equity instruments (Phantom Shares) used for Group Incentive System 2015 of selected FinecoBank Personal Financial Advisors, subject to malus (which apply in the event that specific profitability, liquidity and capital thresholds are not met at Group and/or at country/division level) and clawback clauses (to the extent they are legally applicable) in accordance with the plan rules (both vesting conditions other than market conditions).

It is also noted that, according to Banca d'Italia Circular 285 (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 so-called golden parachute (e.g. severance) for the relevant employees.

23 Linked to the economic value of instruments representing a subsidiary's Shareholders' Equity.

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 2017.

1.2.2 Group Executive Incentive System

The amount of the incentive is determined on a basis of the achievement of quantitative and qualitative goals stated by the plan. In particular, the overall evaluation of the employee's relevant manager is expressed as a percentage, from a minimum of 0% to a maximum of 150% (non-market vesting conditions).
This percentage, adjusted by the application of a risk/opportunity factor - Group Gate - at first payment multiplied by the bonus opportunity, determines the effective amount that will be paid to the beneficiary.
Economic and net equity effects will be accrued on a basis of instruments' vesting period.

1.2.3 Group Executive Incentive System (Bonus pool)

The economic value of performance shares is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period.

Economic and net equity effects will be accrued on a basis of instruments' vesting period.

Group Executive Incentive System "Bonus pool 2016" - Shares

The plan is divided into clusters, each of which can have three or four installments of share-based payments spread over a period defined according to plan rules.

	SHARES GRANTED GROUP EXECUTIVE INCENTIVE SYSTEM - BONUS POOL 2016			
	INSTALLMENT (2019)	INSTALLMENT (2020)	INSTALLMENT (2021)	INSTALLMENT (2022)
Date of Bonus Opportunity Economic Value granting	Feb-09-2016	Feb-09-2016	Feb-09-2016	Feb-09-2016
Date of Board resolution (to determine number of shares)	Mar-13-2017	Mar-13-2017	Mar-13-2017	Mar-13-2017
Vesting Period start date	Jan-01-2016	Jan-01-2016	Jan-01-2016	Jan-01-2016
Vesting Period end date	Dec-31-2016	Dec-31-2018	Dec-31-2019	Dec-31-2020
UniCredit Share Market Price [€]	13.057	13.057	13.057	13.057
Economic Value of Vesting conditions [€]	-0.231	-0.562	-0.993	-1.421
Performance Shares' Fair Value per unit at Grant Date [€](*)	**12.826**	**12.495**	**12.064**	**11.636**

(*) 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 2017 (Bonus Pool)

The new Group Incentive System 2017 is based on a bonus pool approach, aligned with regulatory requirements and market practices, which defines:

- sustainability, through direct link with entity results and alignment with relevant risk categories, utilizing specific indicators linked to risk-appetite framework;
- link between bonuses and organization structure, defining the pool at country/division level with further review at Group level;
- bonuses allocated to Executives and other relevant employee, identified on a basis of European Bank Authority (EBA) rules, according to local regulations;
- payment structure has been defined in accordance with regulatory provisions qualified by Directive 2013/36/EU (CRD IV) and will be distributed in a period of six years by using a mix of shares and cash.

All profit and loss and net equity effects related to the plan will be booked during the vesting period.

Part I - Share-Based Payments

1.2.4 Employee Share Ownership Plan (Let's share for 2017)

The following tables show the measurements and parameters used in relation to free shares (or rights to receive them) connected to the "Employee Share Ownership Plan" approved in 2016.

Measurement of Free Shares ESOP 2017

	FREE SHARES
Date of Free Shares delivery to Group employees	Jul-31-2017
Vesting Period Start-Date	Jul-31-2017
Vesting Period End-Date	Jul-31-2018
Discount Shares' Fair Value per unit [€]	**To be defined**

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).
Let's share for 2017 plan provides for the use of shares to be purchased on the market.

1.2.5. Long Term Incentive 2017-2019

The economic value of performance shares is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period.
The plan is divided into clusters, based on the beneficiary position, each of which can have from one to four installments of share-based payments spread over a period defined according to plan rules.

	SHARES GRANTED LONG TERM INCENTIVE 2017-2019			
	INSTALLMENT (2020)	INSTALLMENT (2021)	INSTALLMENT (2022)	INSTALLMENT (2023)
Date of Bonus Opportunity Economic Value granting	Jan-09-2017	Jan-09-2017	Jan-09-2017	Jan-09-2017
Date of Board resolution (to determine number of shares)	Jan-09-2017	Jan-09-2017	Jan-09-2017	Jan-09-2017
Vesting Period start date	Jan-01-2017	Jan-01-2017	Jan-01-2017	Jan-01-2017
Vesting Period end date	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022
UniCredit Share Market Price [€]	13.816	13.816	13.816	13.816
Economic Value of Vesting conditions [€]	-0.563	-0.995	-1.425	-1.853
Performance Shares' Fair Value per unit at Grant Date [€]	**13.253**	**12.821**	**12.391**	**11.963**

1.2.6. FinecoBank stock granting to employees and personal financial advisor (PFA)

The economic value of performance shares is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period.

1.2.7 FinecoBank Group incentive system 2015 PFA - cash settled share based payments plan

The economic value of phantom shares allocated corresponds to the market price of the FinecoBank shares.
The plan was assigned in 2015 and the income statement and the balance sheet effects will be recognized during the vesting period of the instruments.

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 2017		FIRST HALF 2016(*)	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
(Costs)/Revenues(1)	**(34,697)**		**(33,358)**	
- connected to Equity-Settled Plans(2)	*(36,803)*		*(26,962)*	
- connected to Cash-Settled Plans(3)	*2,106*		*(334)*	
Debts for Cash-Settled Plans	**5,446**	**-**	**203**	**-**

(*) Figures refer to the previous periods have been consistently restated considering since December 31, 2016 the classification of some Group entities under Asset and Liabilities Held for sale items.
(1) Includes costs/revenues and debts for Plans referred to equity instruments of other Group's entities (e.g. FinecoBank).
(2) Includes costs for €4.3 million related to golden parachute.
(3) The decrease in the costs for Cash-Settled Plans is due to the forfeiting of the Group Long Term Incentive Plan 2015-2018 occurring during the 2017 first half.

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, Corporate & Investment Banking (CIB), Central and Eastern Europe (CEE), Asset Gathering, Group Corporate Center and Non-Core.

Commercial Banking Italy

Commercial Banking Italy is composed by UniCredit S.p.A. 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 3,150 branches and multichannel services provided thanks to new technologies.
In relation to corporate customers, Commercial Banking Italy operates trying to guarantee both the support to the economic and entrepreneurial system and the profitability and quality of its portfolio. The current Corporate channel is organized on the territory with about 648 Managers divided in 56 Corporate Areas.
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 574 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, private banking, small business and corporate, commercial real estate and wealth management. In particular: the Corporate segment employs a different "Mittelstand" bank model to its competitors in that it serves both business and personal needs across the whole bandwidth of German enterprises and firms operating in Germany; the private clients segment serves retail customers and private banking customers with banking and insurance solutions across all areas of demand. In detail, all-round advisory offering reflects the individual and differentiated needs of these customer groups in terms of relationship model and product offering.The Segment also includes the local Corporate Center, which performs tasks as sub-holding towards other sub-group legal entities.

Commercial Banking Austria

Commercial Banking Austria provides all Austrian customers (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking Division) with a complete range of banking products and services. It is composed of: Retail, Corporate (excluding CIB clients, but including the product factories Factoring and Leasing), Private Banking (with its two well-known brands Bank Austria Private Banking and Schoellerbank AG) and the local Corporate Center. Retail covers business with private individuals, ranging from mass-market to affluent customers and business customers. Corporates covers the entire range of SMEs and medium-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 approximately 150 branches.
The goal of Commercial Banking Austria is to strengthen regional responsibility, to increase synergies, effectiveness and to improve time-to-market; therefore customer service teams can now adjust more quickly to local market changes.
Commercial Banking Austria holds significant market shares and a strategic market position in retail banking, private banking and especially in business with local corporate customers and is one of the leading providers of banking services in Austria.
Commercial Banking Austria has launched Smart Banking Solutions, an integrated new service model, allowing clients to decide when, where and how they contact UniCredit Bank Austria. This approach combines classic branches which are continuously modernized, new formats of advisory service centres and modern self-service branches, internet solutions, mobile banking with innovative apps and contact to relationship managers via video-telephony.

Corporate & Investment Banking ("CIB")

The CIB Division targets mainly Large Corporate and Multinational clients with highly sophisticated financial profile and needs for investment banking services, as well as institutional clients of UniCredit Group. CIB serves UniCredit Group's clients across 35 countries with a wide range of specialized products and services, combining geographical proximity with an high expertise in all segments in which it is active.
The organizational structure of CIB is based on a matrix that integrates market coverage (carried out through an extensive network in Western, Central and Eastern Europe and an international network of branches and representative offices) and product offering (divided into three Product Lines that consolidate the breadth of the Group's CIB know-how).
The dedicated country-specific commercial networks (CIB Network Italy, CIB Network Germany, CIB Network Austria, CIB Network France, International Network) are responsible for the relationships with corporate clients, banks and financial institutions as well as the sale of a broad

range of financial products and services, ranging from traditional lending and merchant banking operations to more sophisticated services with high added value, such as project finance, acquisition finance and other investment banking services and operations in international financial markets.
The three following Product Lines supplement and add value to the activities of the commercial networks and the marketing of the relevant products:

Financing and Advisory ("F&A")

F&A is the expertise center for all business operations related to credit and advisory services for corporate and institutional clients. It is responsible for providing a wide variety of products and services ranging from plain vanilla and 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, Structured Trade and Export Finance.

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, e-banking, Supply Chain Finance and Trade Finance products and global securities services.

Moreover CIB acts as products and solutions provider for the commercial network, provides structured financing, hedging and treasury solutions for corporate and investment products for private and retail, according to the "CIB fully plugged-in concept". In the light of a more integrated client offering, Joint Venture between Commercial Banking and CIB division have been set up in Italy and Germany, with the objective to increase cross selling of Investment Banking products such as M&A, Capital Markets and Derivatives to Commercial Banking clients.

Central and Eastern Europe ("CEE")

The Group operates, through the CEE business segment, in 12 Central and Eastern Europe countries: Azerbaijan, Bosnia- Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia and Turkey; having, in addition, Leasing activities in the 3 Baltic countries. The CEE business segment operates through approximately 2,000 branches (including about 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 group is able to offer its retail customers in the CEE countries a broad portfolio of products and services similar to those offered to its Italian, German and Austrian customers.
With respect to corporate clients, UniCredit group is constantly engaged in 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. In Italy it is one of the largest advisory networks and is the leading bank for equity trades in terms of volumes of orders and in Europe it is the top online broker for number of order executed. Fineco Bank offers an integrated business model combining direct banking and financial advice, with a full range of banking, credit, trading and investment services which are also available through mobile applications.

Group Corporate Center

The Group 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. In this framework, an important objective is to optimize costs and internal processes guaranteeing operating excellence and supporting the sustainable growth of the Business Lines.
According to actions included in the Strategic Plan 2016-2019 approved on December 12, 2016 and to IFRS5 principles, Group Corporate Center includes the P&L results of Bank Pekao and PGAM sub-group (previously part of the "Poland" and the "Asset Management" business segments) booked in the "Net profit (loss) of discontinued operations" P&L item, till the closing of the sale deals (May 2017 for Poland and July 2017 for Asset Management).

Non-Core

Starting from the first quarter 2014 the Group decided to introduce a clear distinction between above described activities defined as "Core" segment, meaning strategic business segments and in line with risk strategies, and activities defined as "Non-Core" segment, including non-strategic assets and those with a poor fit to the Group's risk-adjusted return framework, with the aim of reducing the overall exposure of this last segment in the course of time and to improve the risk profile. Specifically, the "Non-Core" segment includes selected assets of Commercial Banking Italy (identified on a single deal/client basis) to be managed with a risk mitigation approach and some special vehicles for securitization operations.

Part L - Segment Reporting

A - Primary Segment

Segment Reporting by Business Segment 2017

A.1 - Breakdown by business segment: income statement

(€ '000)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET GATHERING	GROUP CORPORATE CENTER	NON CORE	CONSOLIDATED GROUP TOTAL 06.30.2017
Net interest	1,845,383	878,455	344,482	1,287,879	1,072,566	126,860	(320,893)	(18,970)	5,215,762
Dividends and other income from equity investments	40,653	549	68,032	189,230	11,628	12	43,200	-	353,304
Net fees and commissions	1,917,912	421,334	308,045	432,335	318,691	129,598	(497,979)	(41,592)	2,988,344
Net trading income	24,122	59,186	14,863	216,303	737,111	25,992	(29,371)	4,578	1,052,784
Net other expenses/income	(45,081)	77,384	32,391	18,114	34,303	(233)	(5,366)	(33,816)	77,696
OPERATING INCOME	**3,782,989**	**1,436,908**	**767,813**	**2,143,861**	**2,174,299**	**282,229**	**(810,409)**	**(89,800)**	**9,687,890**
Payroll costs	(1,275,956)	(530,885)	(309,120)	(367,543)	(318,316)	(38,924)	(638,055)	(20,984)	(3,499,783)
Other administrative expenses	(1,099,744)	(390,232)	(239,624)	(340,858)	(519,203)	(123,881)	612,115	(93,917)	(2,195,344)
Recovery of expenses	186,771	1,973	-	20	732	46,492	56,454	51,438	343,880
Amortisation, depreciation and impairment losses on tangible and intangible assets	(32,386)	(20,403)	(6,895)	(58,600)	(1,283)	(4,845)	(268,309)	(12)	(392,733)
Operating expenses	**(2,221,315)**	**(939,547)**	**(555,639)**	**(766,981)**	**(838,070)**	**(121,158)**	**(237,795)**	**(63,475)**	**(5,743,980)**
OPERATING PROFIT	**1,561,674**	**497,361**	**212,174**	**1,376,880**	**1,336,229**	**161,071**	**(1,048,204)**	**(153,275)**	**3,943,910**
Net writedowns of loans and provisions for guarantees and commitments	(468,392)	(52,412)	82,060	(265,969)	(69,520)	(1,541)	(3,583)	(455,151)	(1,234,508)
OPERATING NET PROFIT	**1,093,282**	**444,949**	**294,234**	**1,110,911**	**1,266,709**	**159,530**	**(1,051,787)**	**(608,426)**	**2,709,402**
Provision for risks and charges	(138,184)	(70,363)	(80,230)	(141,838)	(104,956)	(3,150)	(24,972)	(34,441)	(598,134)
Integration costs	(2,375)	(1,907)	(32)	(10,038)	(665)	(13)	2,817	(28)	(12,241)
Net income from investments	(3,924)	1,382	7,250	9,131	(18,185)	(353)	(144,374)	(291)	(149,364)
PROFIT BEFORE TAX	**948,799**	**374,061**	**221,222**	**968,166**	**1,142,903**	**156,014**	**(1,218,316)**	**(643,186)**	**1,949,663**

A.2 - Breakdown by business segment: balance sheet amounts and RWA

(€ '000)

BALANCE SHEET AMOUNTS	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET GATHERING	GROUP CORPORATE CENTER	NON CORE	CONSOLIDATED GROUP TOTAL 06.30.2017
CUSTOMERS LOANS (NET REPOS AND IC)	138,209,077	83,133,538	44,626,417	59,773,904	74,904,672	1,303,148	2,312,998	16,391,164	**420,654,918**
CUSTOMERS DEPOS (NET REPOS AND IC)	134,829,647	84,392,978	46,375,180	59,676,579	46,838,991	19,281,005	2,514,011	1,035,420	**394,943,811**
TOTAL RISK WEIGHTED ASSETS (BASEL 3)	81,405,205	35,230,791	21,959,616	87,389,759	70,378,906	2,063,002	31,499,004	22,742,280	**352,668,561**

A.3 - Staff

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET GATHERING	GROUP CORPORATE CENTER	NON CORE	CONSOLIDATED GROUP TOTAL 06.30.2017
STAFF (KFS group fully considered)									
Employees (FTE)	34,295	10,375	5,329	24,224	3,417	1,067	16,082	500	**95,288**

Segment Reporting by Business Segment 2016

A.1 - Breakdown by business segment: income statement

(€ '000)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET GATHERING	GROUP CORPORATE CENTER	NON CORE	CONSOLIDATED GROUP TOTAL 06.30.2016
Net interest	1,999,355	774,257	394,262	1,211,466	1,195,886	123,153	(332,534)	(64,629)	5,301,216
Dividends and other income from equity investments	42,869	44,124	60,421	227,614	48,741	-	82,852	-	506,621
Net fees and commissions	1,840,473	368,351	292,295	397,207	331,115	117,691	(516,827)	(12,018)	2,818,287
Net trading income	59,086	5,805	70,514	249,521	594,189	46,926	150,368	20,186	1,196,595
Net other expenses/income	(20,668)	73,179	8,728	24,885	26,546	759	19,749	(19,198)	113,980
OPERATING INCOME	**3,921,115**	**1,265,716**	**826,220**	**2,110,693**	**2,196,477**	**288,529**	**(596,392)**	**(75,659)**	**9,936,699**
Payroll costs	(1,347,575)	(547,347)	(338,618)	(352,075)	(324,485)	(37,716)	(694,875)	(26,098)	(3,668,789)
Other administrative expenses	(1,151,489)	(389,772)	(283,004)	(335,797)	(534,543)	(117,715)	689,419	(104,130)	(2,227,031)
Recovery of expenses	212,626	483	-	128	789	42,337	53,342	60,409	370,114
Amortisation, depreciation and impairment losses on tangible and intangible assets	(30,964)	(22,162)	(11,529)	(52,944)	(1,525)	(4,618)	(308,606)	(9)	(432,357)
Operating expenses	**(2,317,402)**	**(958,798)**	**(633,151)**	**(740,688)**	**(859,764)**	**(117,712)**	**(260,720)**	**(69,828)**	**(5,958,063)**
OPERATING PROFIT	**1,603,713**	**306,918**	**193,069**	**1,370,005**	**1,336,713**	**170,817**	**(857,112)**	**(145,487)**	**3,978,636**
Net writedowns of loans and provisions for guarantees and commitments	(470,512)	28,607	6,875	(326,120)	(129,261)	(2,801)	(6,430)	(744,046)	(1,643,688)
OPERATING NET PROFIT	**1,133,201**	**335,525**	**199,944**	**1,043,885**	**1,207,452**	**168,016**	**(863,542)**	**(889,533)**	**2,334,948**
Provision for risks and charges	(167,659)	(50,342)	(96,205)	(103,304)	(119,701)	(2,554)	(277,286)	(40,679)	(857,730)
Integration costs	(79,539)	(239)	(204,174)	(5,814)	(11,831)	(7)	(29,419)	(3,461)	(334,484)
Net income from investments	(6,175)	20,229	5,890	7,408	(56,861)	-	21,379	(9,504)	(17,634)
PROFIT BEFORE TAX	**879,828**	**305,173**	**(94,545)**	**942,175**	**1,019,059**	**165,455**	**(1,148,868)**	**(943,177)**	**1,125,100**

A.2 - Breakdown by business segment: balance sheet amounts and RWA

(€ '000)

BALANCE SHEET AMOUNTS	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET GATHERING	GROUP CORPORATE CENTER	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2016
CUSTOMERS LOANS (NET REPOS AND IC)	134,906,368	80,659,910	44,983,587	59,935,258	75,469,900	910,299	2,040,848	18,962,233	**417,868,403**
CUSTOMERS DEPOS (NET REPOS AND IC)	134,495,059	86,603,143	47,095,655	59,175,367	45,770,420	18,569,697	3,299,836	970,287	**395,979,464**
TOTAL RISK WEIGHTED ASSETS (BASEL 3)	79,043,099	36,108,529	23,674,618	91,403,272	74,977,317	1,889,913	53,843,331	26,195,852	**387,135,930**

A.3 - Staff

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET GATHERING	GROUP CORPORATE CENTER	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2016
STAFF (KFS group on a proportional basis)									
Employees (FTE)	35,250	10,946	5,596	24,271	3,453	1,052	17,207	529	**98,304**
STAFF (KFS group fully considered)									
Employees (FTE)	35,250	10,946	5,596	24,271	3,453	1,052	17,207	529	**98,304**

Annexes

Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

Consolidated Balance Sheet

(€ million)

ASSETS		AMOUNTS AS AT 06.30.2017	AMOUNTS AS AT 12.31.2016	SEE THE NOTES PART B - ASSETS
Cash and cash balances		48,428	13,858	
Item 10.	*Cash and cash balances*	*48,428*	*13,858*	*Section 1*
Financial assets held for trading		79,529	87,467	
Item 20.	*Financial assets held for trading*	*79,529*	*87,467*	*Section 2*
Loans and receivables with banks		65,225	74,692	
Item 60.	*Loans and receivables with banks*	*65,225*	*74,692*	*Section 6*
Loans and receivables with customers		450,298	444,607	
Item 70.	*Loans and receivables with customers*	*450,298*	*444,607*	*Section 7*
Financial investments		138,209	149,004	
Item 30.	*Financial assets at fair value through profit or loss*	*24,693*	*28,702*	*Section 3*
Item 40.	*Available-for-sale financial assets*	*102,549*	*110,180*	*Section 4*
Item 50.	*Held-to-maturity investments*	*4,722*	*3,963*	*Section 5*
Item 100.	*Equity Investments*	*6,244*	*6,159*	*Section 10*
Hedging instruments		5,975	6,872	
Item 80.	*Hedging derivatives*	*3,765*	*4,515*	*Section 8*
Item 90.	*Changes in fair value of portfolio hedged items (+/-)*	*2,210*	*2,357*	*Section 9*
Property, plant and equipment		8,947	9,092	
Item 120.	*Property, plant and equipment*	*8,947*	*9,092*	*Section 12*
Goodwill		1,484	1,484	
Item 130.	*Intangible assets of which: goodwill*	*1,484*	*1,484*	*Section 13*
Other intangible assets		1,763	1,708	
Item 130.	*Intangible assets net of goodwill*	*1,763*	*1,708*	*Section 13*
Tax assets		14,252	15,161	
Item 140.	*Tax assets*	*14,252*	*15,161*	*Section 14*
Non-current assets and disposal groups classified as held for sale		4,052	45,854	
Item 150.	*Non-current assets and disposal groups classified as held for sale*	*4,052*	*45,854*	*Section 15*
Other assets		8,966	9,735	
Item 160.	*Other assets*	*8,966*	*9,735*	*Section 16*
Total assets		**827,128**	**859,533**	

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY		AMOUNTS AS AT 06.30.2017	AMOUNTS AS AT 12.31.2016	SEE THE NOTES PART B - LIABILITIES
Deposits from banks		129,844	103,852	
Item 10.	*Deposits from banks*	*129,844*	*103,852*	*Section 1*
Deposits from customers		433,017	452,419	
Item 20.	*Deposits from customers*	*433,017*	*452,419*	*Section 2*
Debt securities in issue		110,664	115,436	
Item 30.	*Debt securities in issue*	*110,664*	*115,436*	*Section 3*
Financial liabilities held for trading		55,505	68,361	
Item 40.	*Financial liabilities held for trading*	*55,505*	*68,361*	*Section 4*
Financial liabilities at fair value through profit or loss		3,045	2,497	
Item 50.	*Financial liabilities at fair value through profit or loss*	*3,045*	*2,497*	*Section 5*
Hedging instruments		7,245	9,406	
Item 60.	*Hedging derivatives*	*4,030*	*4,921*	*Section 6*
Item 70.	*Changes in fair value of portfolio hedged items (+/-)*	*3,214*	*4,484*	*Section 7*
Provisions for risks and charges		8,665	10,541	
Item 120.	*Provisions for risks and charges*	*8,665*	*10,541*	*Section 12*
Tax liabilities		1,188	1,399	
Item 80.	*Tax liabilities*	*1,188*	*1,399*	*Section 8*
Liabilities included in disposal groups classified as held for sale		618	35,869	
Item 90.	*Liabilities included in disposal groups classified as held for sale*	*618*	*35,869*	*Section 9*
Other liabilities		21,354	16,566	
Item 100.	*Other liabilities*	*20,309*	*15,440*	*Section 10*
Item 110.	*Provision for employee severance pay*	*1,045*	*1,126*	*Section 11*
Minorities		823	3,853	
Item 210.	*Minorities (+/-)*	*823*	*3,853*	*Section 16*
Group Shareholders' Equity:		55,161	39,336	
- Capital and reserves		53,955	51,881	
Item 140.	*Revaluation reserves, of which: Special revaluation laws*	*277*	*277*	*Section 15*
Item 140.	*Revaluation reserves, of which: Exchange differences*	*(1,904)*	*(2,064)*	*Section 15*
Item 140.	*Revaluation reserves, of which: equity investments valued at equity method*	*(1,647)*	*(1,460)*	*Section 15*
Item 140.	*Revaluation reserves, of which: non current assets classified held for sale*	*(13)*	*(37)*	*Section 15*
Item 160.	*Equity instruments*	*3,620*	*2,383*	*Section 15*
Item 170.	*Reserves*	*19,345*	*17,554*	*Section 15*
Item 180.	*Share premium*	*13,400*	*14,385*	*Section 15*
Item 190.	*Share capital*	*20,881*	*20,847*	*Section 15*
Item 200.	*Treasury shares (+/-)*	*(4)*	*(4)*	*Section 15*
- AfS assets fair value reserve, Cash-flow hedging reserve and Defined benefits plans reserve		(647)	(755)	
Item 140.	*Revaluation reserves, of which: Available-for-sale financial assets*	*1,494*	*1,565*	*Section 15*
Item 140.	*Revaluation reserves: actuarial gains (losses) on defined benefits plans*	*(2,428)*	*(2,650)*	*Section 15*
Item 140.	*Revaluation reserves, of which: Cash-flow hedges*	*287*	*330*	*Section 15*
- Net profit (loss)		1,853	(11,790)	
Item 220.	*Net Profit (loss) for the period (+/-)*	*1,853*	*(11,790)*	*Section 15*
Total liabilities and Shareholders' Equity		**827,128**	**859,533**	

Note:
An explanation for the restatement of comparative figures is provided in the previous sections.

Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

Consolidated Income Statement

(€ million)

		H1 2017	H1 2016	SEE THE NOTES PART C
Net interest		5,216	5,301	
Item 30.	*Net interest margin*	*5,216*	*5,301*	*Section 1*
	less: Net interest margin of industrial companies	-	-	
less: Purchase Price Allocation effect		-	-	
Dividends and other income from equity investments		353	507	
Item 70.	*Dividend income and similar revenue*	*248*	*341*	*Section 3*
	less: Dividends from held for trading equity instruments included in item 70	*(213)*	*(217)*	
Item 240.	*Profit (Loss) of investments - of which: Profit (Loss) of equity investments valued at equity*	*318*	*382*	*Section 16*
Net fees and commissions		2,988	2,818	Section 2
Item 60.	*Net fees and commissions*	*3,060*	*2,864*	*Section 2*
	less: Other administrative expenses - of which: outsourced services for the management of Non-Performing loans	*(79)*	*(67)*	
	+ Other operating income - of which: recovery of costs - commissioni istruttoria veloce (CIV)	*8*	*22*	
Net trading income		1,053	1,197	
Item 80.	*Gains (Losses) on financial assets and liabilities held for trading*	*667*	*451*	*Section 4*
	+ Dividends from held for trading equity instruments (from item 70)	*213*	*217*	
	+ Gains (Losses) on disposal not realized on Pekao equity stake underlying the Equity-linked Certificates issued by UniCredit S.p.A. (from item 310)	*5*	-	
Item 90.	*Fair value adjustments in hedge accounting*	*52*	*(42)*	*Section 5*
Item 100.	*Gains (Losses) on disposal or repurchase of: d) financial liabilities*	*11*	*2*	*Section 6*
	+ Gains (Losses) on disposal or repurchase of: b) available-for-sale financial assets (from item 100)	*222*	*539*	*Section 6*
Item 110.	*Gains (Losses) on financial assets and liabilities at fair value through profit or loss*	*(116)*	*31*	*Section 1*
Net other expenses/income		78	114	
	Gains (losses) on disposals/repurchases on loans and receivables - not impaired position (from item 100 a)	*27*	*50*	
Item 220.	*Other net operating income*	*516*	*566*	*Section 15*
	less: Other operating income - of which: recovery of costs	*(300)*	*(327)*	
	less: Other operating income - of which: recovery of costs - commissioni istruttoria veloce (CIV)	*(8)*	*(22)*	
	Net write-downs/-backs of tangible operating lease assets (from item 200)	*(68)*	*(63)*	
	less: Write-downs on leasehold improvements (on non-separable assets) - No Group	*32*	*36*	
	less: Other operating income - Other income from invoicing JVs (only with respect to Ubis)	*(43)*	*(43)*	
	+ Result of industrial companies	*(86)*	*(86)*	
	less: Integration costs	*2*	-	
	Gains (Losses) on disposals of investments - assets leasing operation (from item 270)	*6*	*4*	
OPERATING INCOME		**9,688**	**9,937**	
Payroll costs		(3,500)	(3,669)	
Item 180.	*Administrative costs: a) staff expense*	*(3,513)*	*(4,012)*	*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	*9*	*11*	
	less: Integration costs	*3*	*(251)*	
Other administrative expenses		(2,195)	(2,227)	
Item 180.	*Administrative costs: b) other administrative expense*	*(2,713)*	*(2,900)*	*Section 11*
	less: Administrative costs: b) other administrative expense of industrial companies	*17*	*18*	
	less: Administrative costs - contributions to Resolution Funds, Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA	*451*	*621*	
	less: outsourced services for the management of Non-Performing loans	*79*	*67*	
	Write-downs on leasehold improvements (on non-separable assets) - No Group	*(32)*	*(36)*	
	less: Integration costs	*3*	*3*	
Recovery of expenses		344	370	
Item 220.	*Other net operating income - of which: Operating income - recovery of costs*	*300*	*327*	*Section 15*
	+ Other operating income - Other income from invoicing JVs (only with respect to Ubis)	*43*	*43*	
Amortization, depreciation and impairment losses on intangible and tangible assets		(393)	(432)	
Item 200.	*Impairment/write-backs on property, plant and equipment*	*(343)*	*(334)*	*Section 13*
	less: Impairment losses/write backs on property owned for investment	*17*	*2*	
	less: Net write-downs/-backs of tangible operating lease assets (from item 200)	*68*	*63*	
	less: Integration costs	*1*	-	
Item 210.	*Impairment/write-backs on intangible assets*	*(195)*	*(221)*	*Section 14*
	Net write-downs on property, plant and equipment and intangible assets of industrial companies	*57*	*57*	
less: Purchase Price Allocation effect		*3*	*1*	
Operating costs		**(5,744)**	**(5,958)**	
OPERATING PROFIT (LOSS)		**3,944**	**3,979**	

(€ million)

		H1		SEE THE NOTES
		2017	2016	PART C
OPERATING PROFIT (LOSS)		**3,944**	**3,979**	
Net impairment losses on loans and provisions for guarantees and commitments		(1,235)	(1,644)	
Item 100.	*Gains (Losses) on disposal and repurchase of: a) loans*	*16*	*43*	*Section 6*
	less: Gains (Losses) on disposals/repurchases on loans and receivables - not impaired position (from item 100 a)	*(27)*	*(50)*	
Item 130.	*Net losses/recoveries on impairment: a) loans*	*(1,414)*	*(1,764)*	*Section 8*
Item 130.	*Net losses/recoveries on impairment: d) other financial assets*	*188*	*131*	*Section 8*
	less: Net losses on impairment other financial assets - contribution to National Interbank Deposit Guarantee Fund (F.I.T.D.)	*3*	*(4)*	
NET OPERATING PROFIT (LOSS)		**2,709**	**2,335**	
Other charges and provisions		(598)	(858)	
Item 190.	*Provisions for risks and charges*	*(148)*	*(243)*	*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	*(451)*	*(621)*	
	+ Provisions for risks and charges - contribution to National Interbank Deposit Guarantee Fund (F.I.T.D.)	*(3)*	*5*	
	Surplus on release of integration provision	*3*	*-*	
Integration costs		(12)	(334)	
	+ Administrative expenses: a) employee payroll costs - Provision for post retirement benefit obligations - Settlement Gains (Losses)	*-*	(583)	
	Integration costs before Purchase Price Allocation effect	*(12)*	*249*	
less: Purchase Price Allocation effect		*-*	*-*	
Net income from investments		(149)	(18)	
Item 130.	*Net losses/recoveries on impairment: b) available-for-sale financial assets*	*(189)*	*(52)*	*Section 8*
Item 130.	*Net losses/recoveries on impairment: c) held-to-maturity investments*	*6*	*-*	*Section 8*
	Impairment losses/write backs on property owned for investment (from item 200)	*(17)*	*(2)*	
Item 240.	*Profit (Loss) of investments of which: write-backs/impairment losses and gains/losses on disposal of associates valued at equity*	*(14)*	*(32)*	*Section 16*
Item 250.	*Gains (Losses) on tangible and intangible assets measured at fair value*	*(1)*	*-*	*Section 17*
Item 270.	*Gains (Losses) on disposal of investments*	*72*	*73*	*Section 19*
	less: Gains (Losses) on disposals of investments - assets leasing operation (from item 270)	*(6)*	*(4)*	
	less: Industrial companies	*-*	*-*	
PROFIT (LOSS) BEFORE TAX		**1,950**	**1,125**	
Income tax for the period		(346)	(339)	
Item 290.	*Tax expense (income) related to profit or loss from continuing operations*	*(348)*	*(339)*	*Section 20*
	less: Tax expense related to profit from continuing operations of industrial companies	*3*	*(1)*	
less: Purchase Price Allocation effect		*(1)*	*1*	
NET PROFIT (LOSS)		**1,604**	**786**	
Profit (Loss) after tax from discontinued operations		456	778	
Item 310.	*Profit (Loss) after tax from discontinued operations*	*460*	*778*	*Section 21*
	less: Gains (Losses) on disposal not realized on Pekao equity stake underlying the Equity-linked Certificates issued by UniCredit S.p.A.	*(5)*	*-*	
PROFIT (LOSS) FOR THE PERIOD		**2,059**	**1,564**	
Minorities		(204)	(240)	
Item 330.	*Minorities*	*(204)*	*(240)*	*Section 22*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA		**1,855**	**1,323**	
Purchase Price Allocation effect		(2)	(2)	
Impairment of goodwill		-	-	
Item 260.	*Impairment of goodwill*	*-*	*-*	*Section 18*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP		**1,853**	**1,321**	

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” (see item) set up to securitize various types of assets and financed by Commercial Paper (see item).
Commercial Paper generally matures in 270 days, with payment of principal and interest depending on the cash flow generated by the underlying assets.
ABCP Conduits may be single-sellers or multi-sellers according to the number of issues they make. Conduits generally require several SPVs. The first-level vehicles issue the Commercial Paper and finance one or more second-level vehicles or Purchase Companies (see item) which purchase the assets to be 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” (see item) guaranteed by assets of various types such as mortgage loans, consumer credits, credit card receivables, etc. Principal and interest payments are subject to the performance of the 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.

Allocated capital
It represents the amount of capital absorbed by the Group and the Divisions to perform their business activities and to cover all the types of related risks. It is measured by Regulatory Capital obtained by multiplying risk-weighted assets by target Common Equity tier 1 ratio, minus certain regulatory deductions. Only for Asset Management, Asset Gathering and Private, it is measured by the maximum between the result of the Regulatory Capital and Internal Capital. The Internal Capital is the capital needed to cover, with an high level of confidence, the risks faced by the Group measured according to internal models.

ALM - Asset & Liability Management
Integrated management of assets and liabilities, designed to allocate resources in such a manner as to 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 (see item), have a risk profile with high loan-to-value and installment-to-income ratios or incomplete documentation of the debtor's income.

Alternative investment
Alternative investments cover a wide range of forms of investment, including investments in Private Equity (see item) and Hedge Funds (see item).

AMA (Advanced Measurement Approach)
Applying this methodology the operational risk requirement is obtained with calculation models based on operational loss data and other evaluation elements collected and processed by the bank. Admittance threshold and specific suitability requirements have been provided for the use of the 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.

Bank Levy
Charges applied at national level specifically to financial institutions, mainly based on Balance Sheet figures, or parts of it.

Basel 2
New international capital agreement redefining the guidelines for determining the minimum capital requirements for banks.
The new prudential regulations, which came into force in Italy in 2008, are based on three pillars.

- Pillar 1: while the objective of a level of 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 (see item) with bonds as underlyings.

CCF - Credit Conversion Factor
Ratio between (a) the unused portion of the line of credit that it is estimated may be used in the event of default and (b) the portion currently unused.

Definition of Terms and Acronyms

CDO - Collateralized Debt Obligations
Bonds issued by a vehicle with loans, bonds, ABS - Asset Backed Securities (see item) or other CDOs as underlyings. CDOs make it possible to 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 (see item) or similar security.
These bonds may be further subdivided as follows:
- CDOs of ABSs, which in turn have tranches of ABSs as underlyings;
- Commercial Real Estate CDOs (CRE CDOs), with commercial property loans as underlyings;
- Balance Sheet CDOs which enable the Originator (see item), usually a bank, to transfer its credit risk to outside investors, and, where possible under local law and supervisory regulations, to 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 (see item) 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 (see item) with loans made by authorized lenders such as commercial banks as underlyings.

CMBS - Commercial Mortgage Backed Securities
ABS - Asset Backed Securities (see item) with commercial mortgages as underlyings.

Commercial Paper
Short-term securities issued to raise funds from third-party subscribers as an alternative to other forms of debt.

Consumer ABS
ABS (see item) in which the collateral consists of consumer credits.

Corporate
Customer segment consisting of medium to large businesses.

Cost/Income Ratio
The ratio between operating expenses and operating income. It is one of the main key performance indicators of the bank's efficiency: the lower the ratio, the more efficient the bank.

Cost of risk
The ratio between loan loss provisions and loans and receivables with customers. It is one of the indicators of the bank assets' level of risk: the lower the ratio, the less risky the bank assets.

Counterparty Credit Risk
The risk that the counterparty to a transaction involving financial instruments might default prior to completing all agreed cash-flows exchanges.

Covenant
A loan agreement clause whereby the lender is entitled to restructure or call in the loan on occurrence of the events specified in the clause, which ties changes in the borrower's profits and financial situation to events of default or restructuring (modifying e.g. the repayment schedule or the interest rate charged).

Covered bond
A bond which, as well as being guaranteed by the issuing bank, may also be covered by a portfolio of mortgages or other high-quality loans transferred, to this end, to a suitable SPV - Special Purpose Vehicle (see item).

CRD (Capital Requirement Directive)
EU directives No.2006/48 and 2006/49, incorporated into Banca d'Italia circular 263/2006 of 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 (see item) advanced approach are allowed to estimate EAD (see item). Other banks are required to refer to regulatory estimations.

EBA - European Banking Authority
The European Banking Authority is an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector. Its overall objectives are to maintain financial stability in the EU and to safeguard the integrity, efficiency and orderly functioning of the banking sector.

ECA
Export Credit Agency.

ECAI
External credit assessment institution.

ECB European Central Bank
The ECB is the central bank for Europe's single currency, the euro. The ECB's main task is to preserve the purchasing power of the single currency thus ensuring the maintenance of price stability in the euro area

Economic capital
Capital level that is required to cover the bank's losses that may occur with at a time horizon of one year and a certain probability or confidence level. Economic Capital is a measure of the variability of the Expected Loss of the portfolio and depends on the degree of diversification of the portfolio itself.

EL
Expected Losses are the losses recorded on average over a one year period on each exposure (or pool of exposures).

EPS - Earnings Per Share
An indicator of a company's profitability calculated as: Net Profit divided by Average total outstanding shares (excluding treasury shares)

EVA - Economic Value Added
Expresses the ability to create value in monetary terms. EVA is equal to the difference between the Net Operating Profit After Tax ("NOPAT" Net Operating Profit After Tax - see item) and the cost of the absorbed capital.

Factoring
Contract for the sale without recourse (with credit risk borne by the buyer) or with recourse (with credit risk borne by the seller) of commercial credits to banks or specialist companies, for the purposes of management and collection. May be associated with financing in favor of the seller.

Fair value
The sum for which, in a freely competitive market, an item can be exchanged or a liability extinguished between aware and independent parties.

FINREP
Document issued by the Committee of European Banking Supervisors (CEBS). The Committee gives advice to the European Commission on policy and regulatory issues related to banking supervision; it also promotes cooperation and convergence of supervisory practice across the European Union. The objective of FINREP is to provide guidelines for implementation of the consolidated Financial Reporting framework for supervisory purposes; it is based on International Financial Reporting Standards (IFRSs).

Forbearance/Forborne exposures
According to EBA Implementing Technical Standards, forborne exposures consist of exposures to which forbearance measures have been extended, i.e. concessions towards a debtor who is facing or about to face difficulties in meeting its financial commitments ("financial difficulties").

Forwards
Forward contracts on interest rates, exchange rates or share indices, generally traded on "OTC - Over-the-Counter" (see item) markets, in which the conditions are fixed when the contract is agreed but execution will take place at a predetermined future date, by means of the collection or payment of differentials calculated with reference to various parameters according to the subject of the contract.

FRA - Forward Rate Agreement
Contract whereby the parties agree to receive (pay) at maturity the difference between the value calculated by applying a predetermined interest rate to the transaction amount and the value obtained on the basis of the level reached by a reference rate preselected by the parties.

FTE - Full Time Equivalent
The number of a company's full-time employees. Part-time employees are considered on a pro-rata temporis basis.

Funding
Provision, in various forms, of the funds necessary to finance business activities or particular financial transactions.

Futures
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 (see item).

IBNR
Incurred But Not Reported (losses).

ICAAP - Internal Capital Adequacy Assessment Process
See "Basel 2 - Pillar 2".

IMA
Internal Models Approach is an approach to calculate market risk capital requirement using internal models

Impaired loans
Loans are subjected to periodic examination in order to identify those which, following events occurring after their entry in the accounts (at the market value, normally equal to the disbursed amount including the transaction costs and revenues directly attributable to the disbursement of the loan), show objective signs of a possible loss of value. This category includes loans that have been classed as bad, doubtful, restructured or overdue, in accordance with Banca d'Italia rules consistent with IAS/IFRS (see item).

Definition of Terms and Acronyms

Impairment
Within the framework of the IAS/IFRS (see item), this refers to the loss of value of a balance sheet asset, recorded when the book value is greater than the recoverable value, i.e. the sum that can be obtained by selling or using the asset.

Index linked
Policies whose performance at maturity depends on a benchmark parameter that may be a share index, a basket of securities or another indicator.

(Internal) validation
Expert unit, internal but sufficiently independent, that verifies the adequacy of internal models for internal and regulatory purposes and issues a formal opinion about their usefulness and effectiveness. Usually a prerequisite for the validation process carried out by the authorities.

Investment banking
Banking segment devoted to the subscription and placement of newly issued securities, as well as the trading of financial instruments.

Investor
Any entity other than the Sponsor (see item) or Originator (see item) with exposure to a 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 (see item). The rules are applied to the exposures of the banking portfolio. Furthermore, in the IRB methods the risk weightings of the assets are determined on the basis of the bank's own internal evaluations of the debtors (or, in some cases, of the transactions). Using systems based on internal ratings, the banks determine the weighted risk exposure. The IRB methods consist of a basic method and an advanced method, which differ in terms of the risk parameters that the bank must estimate: in the basic method, the banks use their own estimates for "PD - Probability of Default" and the regulatory values for the other risk parameters; in the advanced method, the banks use their own estimates for " PD - Probability of Default ", "LGD - Loss Given Default", "CCF - Credit Conversion Factors" and, where provided for, "M - Maturity" (see item). The use of IRB methods for the calculation of capital requirements is subject to 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", see item).

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" (see item) or US municipal bonds - on default by the issuer, which enables the guaranteed bond to obtain a better rating than similar unguaranteed issues.

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 after tax and minority interests, adjusted by elements that would not allow to assess the capability to create value through ordinary operations.
It represents the share of Group Net Profit produced by typical business activities, gross of the costs of capital.

Notch
Level, referred to a scale.

Operational risk
The risk of losses due to errors, violations, interruptions, damages caused by internal processes, personnel or systems, or by external events. This definition includes legal and compliance risk, but excludes strategic and reputational risk.
For example, operational risks include losses deriving from internal or external fraud, employment contracts and employment protection regulations, customer claims, distribution of products, fines and other sanctions arising from breaches of regulations, damages to the company's assets, interruption of operations, malfunction of systems and the management of processes.

Option
The right, but not the commitment, acquired by the payment of a premium, to buy (call option) or sell (put option) a financial instrument at a given price (strike price) by or at a determined future date (American option/European option).

Originator
The entity that originated the assets to be 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 material obligation, as required by the relevant prudential regulation. Past due can be determined either at individual debtor or at single transaction level according to the relevant local prudential regulation.

Payout ratio
It indicates the percentage of net income that is distributed to shareholders. The percentage distributed is determined mainly on the basis of the company's self-financing needs and the return expected by shareholders.

PD - Probability of Default
Probability of a counterparty entering into a situation of "default" (see item) within a time horizon of one year.

Preference shares
Capital instruments that associate forms of remuneration tied to market rates with particularly pronounced subordination conditions, such as non-recovery in subsequent years of the interest not paid by the bank and bearing a share of its losses in the event that these produce a significant reduction in the capital requirements. The regulatory authorities set the conditions under which preference shares may be counted among the core capital of banks and banking groups.

Private banking
Financial services aimed at so-called "high-end" private customers for the global management of financial needs.

Private equity
Investments in the risk capital of companies, generally unlisted but with high growth potential and the ability to generate constant cash flows. Investments in private equity include a wide range of operations that vary according to both the development phase of the company concerned and the investment techniques used. These techniques include closed-end private equity funds.

Purchase Companies
Vehicle used by “ABCP Conduits - Asset Backed Commercial Paper Conduits” (see item) to purchase the assets to be 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 (see item) with residential mortgages as underlyings.

ROA - Return On Asset
Ratio between Net Profit/(Loss) of the year and Total Assets as per IFRS balance sheet.

ROAC - Return On Allocated Capital
Annualized ratio between the net profit and the average absorbed capital. It shows in percentage terms the earning capacity for absorbed capital units. A corrective factor is applied to net profit where capitalization is substantially higher than Group’s target.

RUF
Revolving Underwriting Facility.

RWA - Risk Weighted Assets
On-balance sheet assets and off-balance sheet assets (derivatives and guarantees) classified and weighted by different coefficients referring to risks, following banking rules issued by local Supervisors (i.e. Banca d’Italia, Bafin, etc.), to calculate solvency ratios.

Securitization
Transfer of a portfolio of assets to an “SPV - Special Purpose Vehicle” (see item) and the issue of securities with various levels of seniority to meet any default by the underlying assets.
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” (see item).
- 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 (see item) 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 (see item) do not hold equity in them. The equity is held by other entities in order to ensure that there is no shareholder relationship with the Sponsor (see item). SPVs are usually bankruptcy-remote, in that their assets cannot be claimed by the creditors of the sponsor, even if the latter becomes insolvent.

Subprime (Residential Mortgages)
Although Subprime has no univocal definition, this category includes mortgages granted to borrowers who have had repayment difficulties in the past, e.g. delayed installments, insolvency or bankruptcy, or who are more likely to default than the average due to high loan-to-value and installment-to-income ratios.

SVaR
Stressed VaR is a quantification of exposures to particular extreme losses that can be inflicted to a Bank during market tensions, by modeling the portfolio response conditional on historical data from a (continuous 12-month) period of significant financial stress.

Swap
A transaction that generally consists of the exchange of financial streams between operators according to different contractual arrangements.
In the case of an interest rate swap (IRS), the counterparties exchange payment streams that may or may not be linked to interest rates, calculated on a notional principal amount (for example, one counterparty pays a stream on the basis of a fixed rate, while the other does so on the basis of a variable rate).
In the case of a currency swap, the counterparties exchange specific amounts in two different currencies, with these amounts being exchanged back in due course according to predefined arrangements that may concern both the capital (notional) and the streams of interest payments.

Tier 1 Capital
The most reliable and liquid part of a bank's capital, as defined by regulatory rules.

Tier 1 Capital Ratio
The percentage of a bank's Tier 1 Capital to its risk weighted assets "RWA - Risk Weighted Assets" (see item).

TSR - Total Shareholder Return
It is the full reward, in terms of capital gain and dividends, that a shareholder gets from holding one share.

UCI - Undertakings for Collective Investment
This term includes "UCITS" (see item) and other collective investment Funds (real estate collective investment funds, closed-end investment funds).

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.

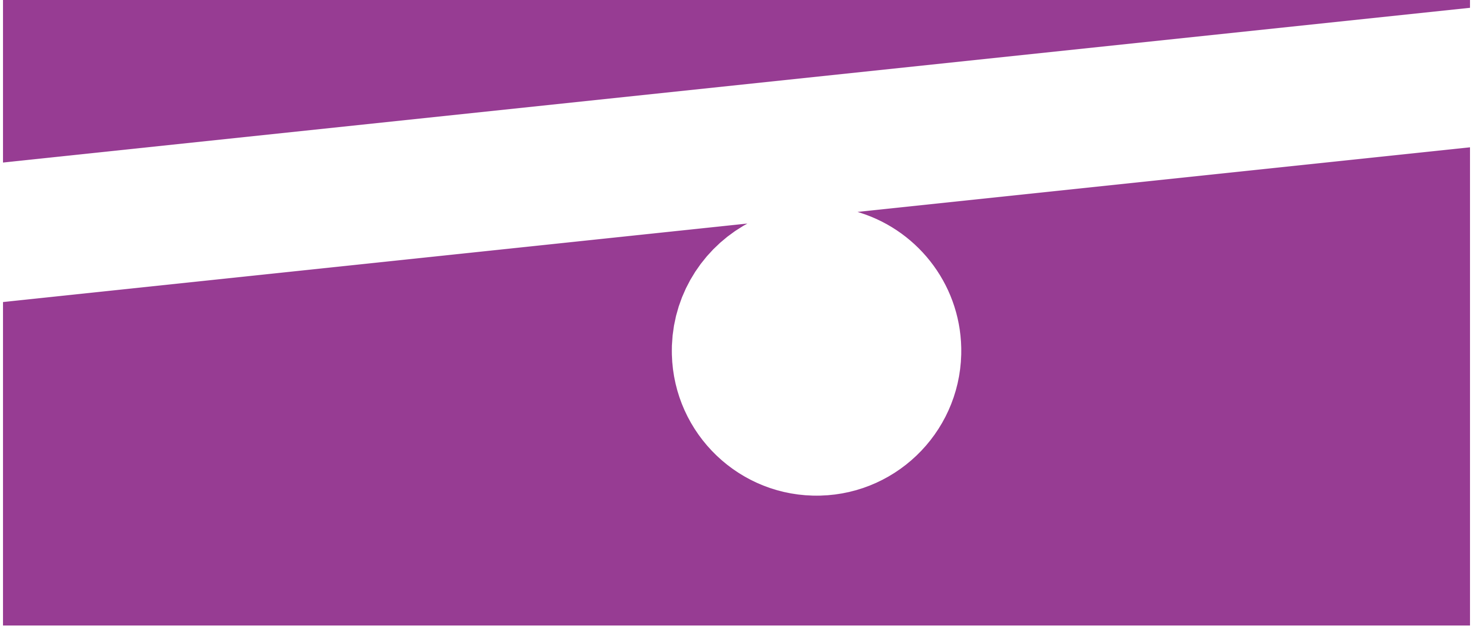
US GAAP - United States Generally Accepted Accounting Principles
Accounting principles issued by the FASB (Financial Accounting Statement Board), generally accepted in the USA.

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” (see item) acquires assets for a certain period of time until it reaches a sufficient quantity to be able to issue an ABS.

Risk Management



In order to be successful in what we do we must take risks, but we must rigorously manage our risks. We must be fully aware of the impacts of our decisions, we must take risks but we must take the right risks. And to do that, we must apply strong risk management to everything we do.

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 Francesco Giordano (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 2017 Condensed Interim Consolidated Financial Statements.

2. The adequacy of administrative and accounting procedures employed to draw up the 2017 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 2017 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 2, 2017

Jean Pierre MUSTIER

Francesco GIORDANO

Execution & Discipline

We know that to do well we must be extremely disciplined in the execution of everything we do. In addition to our strategic plan, we have performance measures in place which provide all our teams with clear targets and regularly follow-up on progress to ensure we are always on track.

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, 2017 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, 2017 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, 2017

This report has been translated into the English language solely for the convenience of international readers.

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

Welcome to UniCredit

unicreditgroup.eu